

Unaudited interim condensed
consolidated financial statements

Open Joint Stock Company "Vimpel-Communications"
(a wholly-owned subsidiary of VimpelCom Ltd.)

for the three and nine months ended 30 September 2014

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Independent Auditor's Report

To the Board of Directors and Shareholders of OJSC Vimpel-Communications

We have reviewed the accompanying interim condensed consolidated financial statements of Open Joint Stock Company Vimpel-Communications (a wholly-owned subsidiary of VimpelCom Ltd.) and its subsidiaries (hereinafter collectively referred to as "**VimpelCom**"), which comprise the interim consolidated statement of financial position as of 30 September 2014, and the related interim consolidated income statements, interim consolidated statements of comprehensive income and changes in equity for the three-month and nine-month periods ended 30 September 2014, and the related interim consolidated statement of cash flows for the nine-month period ended 30 September 2014. The accompanying interim consolidated income statements, interim consolidated statements of comprehensive income and interim consolidated statements of changes in equity for the three-month and nine-month period ended 30 September 2013 and the related interim consolidated statement of cash flows for the nine-month period ended 30 September 2013 were reviewed by other auditors whose report dated 8 November 2013 stated that based on their review, they were not aware of any material modifications that should be made to those statements in order for them to be in conformity with International Accounting Standard IAS 34, *Interim Financial Reporting*. The consolidated statement of financial position of VimpelCom as of 31 December 2013, and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended (not presented herein), were audited by other auditors whose report dated 23 May 2014 expressed an unmodified opinion on that statement.

Management's Responsibility for the Interim Condensed Consolidated Financial Statements

VimpelCom's management is responsible for the preparation and fair presentation of the interim condensed consolidated financial statements in accordance with International Accounting Standard IAS 34, *Interim Financial Reporting*; this responsibility includes the design, implementation, and maintenance of internal control sufficient to provide a reasonable basis for the preparation and fair presentation of the interim condensed consolidated financial statements in accordance with International Accounting Standard IAS 34, *Interim Financial Reporting*.

Auditor's Responsibility

Our responsibility is to conduct our review in accordance with auditing standards generally accepted in the United States of America applicable to reviews of interim financial statements. A review of interim financial statements consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim condensed consolidated financial statements for them to be in accordance with International Accounting Standard IAS 34, *Interim Financial Reporting*.

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Other Matter

As described in Note 2 to VimpelCom's unaudited interim condensed consolidated financial statements for the three- and nine-month period ended 30 September 2014, on 1 January 2014 VimpelCom adopted amendments to International Accounting Standard IAS 32, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*, on a retrospective basis resulting in a revision of the consolidated statement of financial position as of 31 December 2013. We have not audited or reported on the revised consolidated statement of financial position reflecting the adoption of the amendments to IAS 32, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*.

PwC PricewaterhouseCoopers Audit

14 November 2014

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Open Joint Stock Company "Vimpel-Communications"
(a wholly-owned subsidiary of VimpelCom Ltd.)

Interim consolidated income statements
for the three and nine months ended 30 September 2014 and 2013

	Note	Three months ended 30 September		Nine months ended 30 September	
		2014 (unaudited)	2013 (unaudited)	2014 (unaudited)	2013 (unaudited)
<i>(All amounts in thousands of US dollars unless otherwise stated)</i>					
Service revenue		2,465,632	2,734,500	7,143,699	8,007,039
Sale of equipment and accessories		53,725	51,108	135,611	299,678
Other revenue		5,494	6,847	16,266	18,182
Total operating revenue	5	2,524,851	2,792,455	7,295,576	8,324,899
Operating expenses					
Service costs		(678,757)	(785,231)	(1,970,846)	(2,227,702)
Cost of equipment and accessories		(59,450)	(61,408)	(159,668)	(312,520)
Selling, general and administrative expenses		(739,805)	(754,495)	(2,138,134)	(2,271,487)
Depreciation	7	(354,008)	(337,018)	(1,061,614)	(1,102,270)
Amortization	8	(63,547)	(55,932)	(177,307)	(199,303)
Impairment loss		-	(26,481)	-	(57,366)
Loss on disposal of non-current assets		(13,918)	(16,593)	(35,355)	(24,652)
Total operating expenses		(1,909,485)	(2,037,158)	(5,542,924)	(6,195,300)
Operating profit		615,366	755,297	1,752,652	2,129,599
Finance costs		(195,338)	(182,783)	(598,542)	(583,428)
Finance income		85,818	91,390	272,218	290,920
Net foreign exchange (loss)/gain		(173,268)	(17,982)	(218,068)	64,543
Other non-operating losses, net		(25,112)	(20,039)	(55,280)	(7,639)
Share of profit/(loss) of associates and joint ventures accounted for using the equity method		821	4,946	(21,032)	11,219
Profit before tax		308,287	630,829	1,131,948	1,905,214
Income tax expense	6	(105,173)	(130,729)	(270,675)	(356,840)
Profit for the period		203,114	500,100	861,273	1,548,374
Attributable to:					
The owners of the parent		192,965	476,270	809,822	1,499,779
Non-controlling interests		10,149	23,830	51,451	48,595
		203,114	500,100	861,273	1,548,374

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

Open Joint Stock Company "Vimpel-Communications"
(a wholly-owned subsidiary of VimpelCom Ltd.)

Interim consolidated statements of comprehensive income
for the three and nine months ended 30 September 2014 and 2013

Note	Three months ended 30 September		Nine months ended 30 September	
	2014 (unaudited)	2013 (unaudited)	2014 (unaudited)	2013 (unaudited)
	<i>(All amounts in thousands of US dollars unless otherwise stated)</i>			
Profit for the period	203,114	500,100	861,273	1,548,374
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Cash flow hedge reserve	885	5	(149)	3,419
Income tax effect	-	-	-	-
Share of exchange differences on translation of associates and joint ventures accounted for using the equity method	(57,395)	4,826	(68,863)	(29,552)
Income tax effect	-	-	-	-
Net gain/(loss) arising on revaluation of available-for-sale financial assets at fair value through other comprehensive income	9,025	14,224	(29,455)	10,109
Income tax effect	-	-	-	-
Exchange differences arising on net investment in foreign operations and translation to the presentation currency	(166,515)	20,941	(169,621)	(168,829)
Income tax effect	(14,659)	1,043	(17,305)	(5,806)
Other comprehensive income items not being reclassified to profit or loss in subsequent periods:				
Exchange differences arising on translation of OJSC VimpelCom's operations	(195,863)	21,780	(411,755)	(86,872)
Income tax effect	-	-	-	-
Other comprehensive (loss)/income for the period, net of tax	(424,522)	62,819	(697,148)	(277,531)
Total comprehensive (loss)/income for the period, net of tax	(221,408)	562,919	164,125	1,270,843
Attributable to:				
The owners of the parent	(222,676)	542,321	171,889	1,227,717
Non-controlling interests	1,267	20,598	(7,765)	43,126
	(221,409)	562,919	164,124	1,270,843

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

Open Joint Stock Company "Vimpel-Communications"
(a wholly-owned subsidiary of VimpelCom Ltd.)

Interim consolidated statements of financial position
as of 30 September 2014 and 31 December 2013

	30 September 2014	31 December 2013*	
Note	(unaudited)	(unaudited)	
<i>(All amounts in thousands of US dollars unless otherwise stated)</i>			
Assets			
Non-current assets			
Property and equipment	7	6,532,446	7,681,837
Intangible assets	8	706,274	881,227
Goodwill	8	2,855,315	3,357,221
Investments in associates and joint ventures		332,945	426,924
Deferred tax assets		16,107	5,609
Other financial assets	9, 13	4,396,504	791,759
Other non-current non-financial assets	10	14,335	16,799
Total non-current assets		14,853,926	13,161,376
Current assets			
Inventories		82,473	129,618
Trade and other receivables		663,078	639,977
Other current non-financial assets	10	196,249	187,228
Current income tax assets		14,446	78,715
Other current financial assets	9, 13	168,648	3,655,102
Cash and cash equivalents	11	1,295,504	997,752
Total current assets		2,420,398	5,688,392
Assets classified as held for sale		4,507	–
Total assets		17,278,831	18,849,768
Equity and liabilities			
Equity			
Equity attributable to equity owners of the parent		5,019,813	4,845,936
Non-controlling interests		172,664	200,999
Total equity		5,192,477	5,046,935
Non-current liabilities			
Financial liabilities	9	7,711,666	9,109,653
Provisions		123,401	127,161
Other non-current non-financial liabilities	10	24,589	36,403
Deferred tax liabilities		454,782	532,364
Total non-current liabilities		8,314,438	9,805,581
Current liabilities			
Trade and other payables		1,272,045	1,715,694
Dividends payable	12	–	461,299
Other current non-financial liabilities	10	620,277	697,178
Other financial liabilities	9	1,774,426	1,005,686
Current income tax payables		17,071	4,013
Provisions		88,097	113,382
Total current liabilities		3,771,916	3,997,252
Total equity and liabilities		17,278,831	18,849,768

* Certain amounts shown here do not correspond to the 2013 consolidated financial statements and reflect adjustments made as described in Note 2.

Open Joint Stock Company "Vimpel-Communications"
(a wholly-owned subsidiary of VimpelCom Ltd.)

Interim consolidated statement of changes in equity
for the three months ended 30 September 2014

Attributable to the owners of the parent										
Note	Issued capital	Capital surplus	Other capital reserves	Retained earnings	Foreign currency translation reserve	Cash flow hedge reserve	Available-for-sale reserve	Total	Non-controlling interests	Total equity
<i>(All amounts in thousands of US dollars unless otherwise stated)</i>										
As of 30 June 2014 (unaudited)	92	1,433,396	667,337	4,216,113	(1,092,788)	(929)	(9,025)	5,214,196	179,538	5,393,734
Profit for the period	–	–	–	192,965	–	–	–	192,965	10,149	203,114
Other comprehensive income	–	–	–	–	(425,550)	885	9,025	(415,640)	(8,882)	(424,522)
Total comprehensive income	–	–	–	192,965	(425,550)	885	9,025	(222,675)	1,267	(221,408)
Effect of options over non-controlling interests in subsidiaries	9	–	–	2,928	–	(1,727)	–	1,201	(7,342)	(6,141)
Divestment of subsidiary	–	–	–	–	–	–	–	–	(799)	(799)
Share-based payment transactions	–	–	193	–	–	–	–	193	–	193
Transactions under common control	4	–	–	6,575	–	20,323	–	26,898	–	26,898
As of 30 September 2014 (unaudited)	92	1,433,396	677,033	4,409,078	(1,499,742)	(44)	–	5,019,813	172,664	5,192,477

Interim consolidated statement of changes in equity
for the three months ended 30 September 2013

Attributable to the owners of the parent										
Note	Issued capital	Capital surplus	Other capital reserves	Retained earnings	Foreign currency translation reserve	Cash flow hedge reserve	Available-for-sale reserve	Total	Non-controlling interests	Total equity
<i>(All amounts in thousands of US dollars unless otherwise stated)</i>										
As of 30 June 2013 (unaudited)	92	1,433,396	619,853	5,179,118	(883,780)	105	5,131	6,353,915	7,237	6,361,152
Profit for the period	–	–	–	476,270	–	–	–	476,270	23,830	500,100
Other comprehensive income	–	–	–	–	51,822	5	14,224	66,051	(3,232)	62,819
Total comprehensive income	–	–	–	476,270	51,822	5	14,224	542,321	20,598	562,919
Dividends declared	–	–	–	(1,461,593)	–	–	–	(1,461,593)	(131)	(1,461,724)
Effect of options over non-controlling interests in subsidiaries	–	–	14,170	–	(3,565)	–	–	10,605	(24,849)	(14,244)
Gain of control over a former joint venture	–	–	–	–	3,102	–	–	3,102	30,345	33,447
Transactions under common control	–	–	(47,424)	–	5,590	–	–	(41,834)	(31,902)	(73,736)
As of 30 September 2013 (unaudited)	92	1,433,396	586,599	4,193,795	(826,831)	110	19,355	5,406,516	1,298	5,407,814

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

Open Joint Stock Company "Vimpel-Communications"
(a wholly-owned subsidiary of VimpelCom Ltd.)

Interim consolidated statement of changes in equity
for the nine months ended 30 September 2014

Note	Attributable to the owners of the parent							Total	Non-controlling interests	Total equity
	Issued capital	Capital surplus	Other capital reserves	Retained earnings	Foreign currency translation reserve	Cash flow hedge reserve	Available-for-sale reserve			
<i>(All amounts in thousands of US dollars unless otherwise stated)</i>										
As of 1 January 2014	92	1,433,396	663,971	3,599,256	(880,339)	105	29,455	4,845,936	200,999	5,046,935
Profit for the period	–	–	–	809,822	–	–	–	809,822	51,451	861,273
Other comprehensive income	–	–	–	–	(608,328)	(149)	(29,455)	(637,932)	(59,216)	(697,148)
Total comprehensive income	–	–	–	809,822	(608,328)	(149)	(29,455)	171,890	(7,765)	164,125
Effect of options over non-controlling interests in subsidiaries	9	–	–	6,388	–	(31,398)	–	(25,010)	(19,771)	(44,781)
Divestment of subsidiary	–	–	–	–	–	–	–	–	(799)	(799)
Share-based payment transactions	–	–	–	99	–	–	–	99	–	99
Transactions under common control	4	–	–	6,575	–	20,323	–	26,898	–	26,898
As of 30 September 2014 (unaudited)	92	1,433,396	677,033	4,409,078	(1,499,742)	(44)	–	5,019,813	172,664	5,192,477

Interim consolidated statement of changes in equity
for the nine months ended 30 September 2013

Note	Attributable to the owners of the parent							Total	Non-controlling interests	Total equity
	Issued capital	Capital surplus	Other capital reserves	Retained earnings	Foreign currency translation reserve	Cash flow hedge reserve	Available-for-sale reserve			
<i>(All amounts in thousands of US dollars unless otherwise stated)</i>										
As of 1 January 2013	92	1,433,396	620,210	5,334,545	(544,061)	(3,309)	9,246	6,850,119	(10,524)	6,839,595
Profit for the period	–	–	–	1,499,779	–	–	–	1,499,779	48,595	1,548,374
Other comprehensive income	–	–	–	–	(285,590)	3,419	10,109	(272,062)	(5,469)	(277,531)
Total comprehensive income	–	–	–	1,499,779	(285,590)	3,419	10,109	1,227,717	43,126	1,270,843
Dividends declared	–	–	–	(2,615,959)	–	–	–	(2,615,959)	(131)	(2,616,090)
Effect of options over non-controlling interests in subsidiaries	–	–	–	13,599	–	(6,322)	–	7,277	(54,186)	(46,909)
Gain of control over a former joint venture	–	–	–	–	–	3,102	–	3,102	30,345	33,447
Share-based payment transactions	–	–	–	214	–	–	–	214	–	214
Divestment of subsidiary	–	–	–	(24,570)	–	450	–	(24,120)	24,570	450
Transactions under common control	–	–	–	(47,424)	–	5,590	–	(41,834)	(31,902)	(73,736)
As of 30 September 2013 (unaudited)	92	1,433,396	586,599	4,193,795	(826,831)	110	19,355	5,406,516	1,298	5,407,814

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

Open Joint Stock Company "Vimpel-Communications"
(a wholly-owned subsidiary of VimpelCom Ltd.)

Interim consolidated statements of cash flows
for the nine months ended 30 September 2014 and 2013

	Note	Nine months ended 30 September	
		2014 (unaudited)	2013 (unaudited)
<i>(All amounts in thousands of US dollars unless otherwise stated)</i>			
Operating activities			
Profit for the period		861,273	1,548,374
Income tax expense	6	270,675	356,840
Profit before tax		1,131,948	1,905,214
Non-cash adjustments to reconcile profit before tax to net cash flows from operating activities:			
Depreciation	7	1,061,614	1,102,270
Impairment loss		–	57,366
Amortization	8	177,307	199,303
Loss on disposals of non-current assets		35,355	24,652
Finance income		(272,218)	(290,920)
Finance costs		598,542	583,428
Other non-operating losses, net		55,280	7,639
Net foreign exchange loss/(gain)		218,068	(64,543)
Share of loss/(gain) of associates and joint ventures accounted for using the equity method		21,032	(11,219)
Movements in provisions		(9,956)	17,232
Operating profit before working capital adjustments, interest and income taxes		3,016,972	3,530,422
Working capital adjustments			
Change in trade and other receivables and prepayments		(191,922)	(112,162)
Change in inventories		34,670	(38,651)
Change in trade and other payables		172,553	33,162
Interest and income taxes			
Interest paid		(566,014)	(577,645)
Interest received		22,710	86,291
Income tax paid		(232,350)	(367,269)
Net cash flows from operating activities		2,256,619	2,554,148
Investing activities			
Proceeds from sale of property, equipment and intangible assets		8,249	26,182
Purchase of property, equipment and intangible assets		(1,664,029)	(1,458,124)
Issue of loans		(206,944)	(1,337,121)
Repayment of loans issued		224,497	2,507,544
Inflows/(outflows) from deposits, net		84,663	(155,596)
Proceeds from sale of available-for-sale financial assets		2,806	5,051
Proceeds from sale of associates		–	11,467
Disposal of subsidiaries, net of cash disposed		(4,863)	27,758
Acquisition of subsidiaries, net of cash acquired		–	1,799
Receipt of dividends		113	14,827
Net cash flows used in investing activities		(1,555,508)	(356,213)
Financing activities			
Proceeds from borrowings, net of fees paid		937,810	929,889
Repayment of borrowings		(811,525)	(1,518,548)
Dividends paid to equity holders	12	(442,033)	(1,155,081)
Dividends paid to non-controlling interests		(501)	(1,012)
Net cash flows used in financing activities		(316,249)	(1,744,752)
Net increase in cash and cash equivalents		384,862	453,183
Net foreign exchange differences		(87,110)	(49,435)
Cash and cash equivalents at the beginning of the period		997,752	981,845
Cash classified as asset held for sale		–	(250,498)
Cash and cash equivalents at the end of the period		1,295,504	1,135,095

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

Open Joint Stock Company "Vimpel-Communications"
(a wholly-owned subsidiary of VimpelCom Ltd.)

Notes to the unaudited interim condensed consolidated financial statements

(All amounts in thousands of US dollars unless otherwise stated)

1. General information

Open Joint Stock Company "Vimpel-Communications" (**OJSC "VimpelCom"**, together with its subsidiaries referred to as the "**Group**", "**VimpelCom**", the "**Company**" or "**we**") was registered in the Russian Federation ("**Russia**") on 15 September 1992 as a closed joint stock company, re-registered as an open joint stock company on 28 July 1993 and began full-scale commercial operations in June 1994.

The registered office of VimpelCom is located at Russian Federation, 127083, Moscow, Ulitsa 8-Marta, Dom 10, Building 14.

The interim condensed consolidated financial statements are presented in United States dollars ("**US dollars**" or "**US\$**"), as this is the functional and reporting currency of our controlling shareholder VimpelCom Ltd. In these notes, United States dollar amounts are presented in thousands, all values are rounded to the nearest thousand (USD thousand) unless otherwise indicated.

VimpelCom earns revenues by providing voice, data and other telecommunication services through a range of wireless, fixed and broadband internet services, as well as selling related equipment and accessories. As of 30 September 2014, the Company provided telecommunications services in Russia, Kazakhstan, Armenia, Uzbekistan, Georgia, Kyrgyzstan and Laos primarily under the "Beeline" brand name.

The unaudited interim condensed consolidated financial statements of the Company for the three- and nine-month periods ended 30 September 2014 were authorized for issue by General Director on 14 November 2014.

2. Basis of the interim condensed consolidated financial statements

Basis of preparation

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("**IAS**") 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required for a complete set of consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2013 prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**").

VimpelCom maintains its accounting records and prepares its financial statements in accordance with the regulations on accounting, reporting and tax legislation in the Russian Federation. VimpelCom's subsidiaries outside the Russian Federation maintain their accounting records in accordance with local regulations and tax legislation. The accompanying interim condensed consolidated financial statements have been prepared from these accounting records and adjusted as necessary in order to comply with IFRS.

The interim condensed consolidated financial statements have been prepared on a historical cost basis, unless disclosed otherwise.

The preparation of these interim condensed consolidated financial statements required management to apply accounting policies and methodologies based on complex and subjective judgments, estimates based on past experience and assumptions determined to be reasonable and realistic based on the related circumstances. The use of these estimates and assumptions affects the amounts reported in the statements of financial position, the income statements and statements of comprehensive income as well as the notes. The final amounts for items for which estimates and assumptions are made in these interim condensed consolidated financial statements may differ from those reported in these statements due to the uncertainties that characterize the assumptions and conditions on which the estimates are based. The results for the interim period are not necessarily indicative of results for the full year.

Open Joint Stock Company "Vimpel-Communications"
(a wholly-owned subsidiary of VimpelCom Ltd.)

Notes to the unaudited interim condensed consolidated financial statements

(All amounts in thousands of US dollars unless otherwise stated)

2. Basis of the interim condensed consolidated financial statements (continued)

Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries as of and for the three -and nine-month periods ended 30 September 2014. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

Intercompany accounts and transactions within the Group have been eliminated.

Non-controlling interests are reported in the interim condensed consolidated statement of financial position as a separate component of equity. Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the owners of the parent.

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2013, except for the adoption of new standards and interpretations effective as of 1 January 2014, as described below.

The Group has applied, for the first time, the amendments to IAS 32 *Offsetting Financial Assets and Financial Liabilities*. These amendments permit financial assets and liabilities to be offset against each other for balance sheet presentation only where a currently existing, legally enforceable, unconditional right of offset applies to all counterparties of the financial instruments in all situations, including both normal operations and insolvency. The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous.

VimpelCom enters into interconnect contracts with various counterparties that are settled on a net basis in the normal course of business. However, following the Russian legislation, net settlement is not possible in the event of bankruptcy of a counterparty. Consequently, the offsetting of the respective financial assets and liabilities relevant for the Russian jurisdiction is not allowed in light of the amendments to IAS 32. As a result of the retrospective application of the amendments to IAS 32, the outstanding receivables and payables balances under the interconnect contracts included in the 31 December 2013 statement of financial position presented as comparative information in these interim condensed consolidated financial statements have been presented on a gross basis leading to the increase of the Trade and other receivables and Trade and other payables by US\$ 130,300. No additional statement of financial position as of 1 January 2013 is presented because the application of the amendments to IAS 32 did not result in a change of equity in any of the prior periods.

Several other new standards and amendments apply for the first time in 2014, i.e. IFRIC 21 *Levies, Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27* and IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39*. However, they do not materially impact the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

In 2013, the Company early adopted IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36* that became effective for annual periods beginning on or after 1 January 2014. Since the amended/additional disclosures provide useful information as intended by the IASB, the Company decided to early adopt the Standard in 2013. The amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognized or reversed during the period.

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3. Seasonality of operations

Due to seasonality of the Group's operations, higher revenues and operating profits are usually expected in the third quarter of the year and the month of December. These expectations are mainly attributable to the increased demand for telecommunication services during the peak holiday seasons from private customers. This information is provided to allow for a proper assessment of the results, however management has concluded that this does not constitute a "highly seasonal" business as described by IAS 34 *Interim Financial Reporting*.

4. Significant transactions

Golden Telecom (Ukraine)

On 18 August 2014, VimpelCom signed an agreement to sell its entire indirect 100% stake in "Golden Telecom" L.L.C. (Ukraine), a subsidiary operated in Ukraine, to a related party PJSC "Kyivstar", a subsidiary of VimpelCom Ltd., for cash consideration of 96,100,000 UAH (the equivalent of US\$ 7,329 as of 21 August 2014 at the exchange rate provided by National Bank of Ukraine). The sale was completed on 21 August 2014. As of 21 August 2014, net liabilities of "Golden Telecom" L.L.C. (Ukraine) were US\$ 19,835.

5. Segment information

Management analyzes the Company's operating segments separately because of different economic environments and stages of development in different geographical areas, requiring different investment and marketing strategies. Management does not analyze assets or liabilities by reportable segments. The segment data for acquired operations are reflected herein from the date of their respective acquisition.

Management evaluates the performance of the Company's segments on a regular basis, primarily based on earnings before interest (both finance income and finance costs), income tax, depreciation, amortization, impairment loss, loss on disposals of non-current assets, net foreign exchange gain/(loss), other non-operating losses and share of profit/(loss) of associates and joint ventures ("**EBITDA**").

Financial information by reportable segment for the three- and nine-month periods ended 30 September 2014 and 30 September 2013 is presented in the following tables.

Information by reportable segments for the three months ended 30 September 2014

	Russia	CIS	Ukraine	Total	All other	Group
Revenue						
External customers	2,007,211	458,339	4,839	2,470,389	54,462	2,524,851
Inter-segment	14,280	52,397	243	66,920	(66,920)	-
Total operating revenues	2,021,491	510,736	5,082	2,537,309	89,368	2,524,851
EBITDA	826,952	218,685	1,758	1,047,395	(556)	1,046,839
Capital expenditures	418,468	59,140	-	477,608	846	478,454

Information by reportable segments for the three months ended 30 September 2013

	Russia	CIS	Ukraine	Total	All other	Group
Revenue						
External customers	2,281,255	478,227	12,513	2,771,995	20,460	2,792,455
Inter-segment	16,301	16,959	513	33,773	(33,773)	-
Total operating revenues	2,297,556	495,186	13,026	2,805,768	(13,313)	2,792,455
EBITDA	979,620	241,847	1,773	1,223,240	(31,919)	1,191,321
Capital expenditures	394,663	125,167	3,545	523,375	1,629	525,004

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5. Segment information (continued)

Information by reportable segments for the nine months ended 30 September 2014

	Russia	CIS	Ukraine	Total	All other	Group
Revenue						
External customers	5,853,718	1,298,399	23,425	7,175,542	120,034	7,295,576
Inter-segment	25,218	74,854	1,077	101,149	(101,149)	-
Total operating revenues	5,878,936	1,373,253	24,502	7,276,691	120,711	7,295,576
EBITDA	2,400,593	609,998	7,200	3,017,791	9,137	3,026,928
Capital expenditures	1,136,607	133,504	1,598	1,271,709	846	1,272,555

Information by reportable segments for the nine months ended 30 September 2013

	Russia	CIS	Ukraine	Total	All other	Group
Revenue						
External customers	6,889,104	1,350,983	36,554	8,276,641	48,258	8,324,899
Inter-segment	47,145	47,745	1,672	96,562	(96,562)	-
Total operating revenues	6,936,249	1,398,728	38,226	8,373,203	(48,304)	8,324,899
EBITDA	2,939,459	701,330	3,690	3,644,479	(131,289)	3,513,190
Capital expenditures	970,180	295,825	5,764	1,271,769	3,004	1,274,773

The following table provides the reconciliation of consolidated EBITDA to consolidated profit for the three- and nine-month period ended 30 September 2014:

	Three months ended 30 September		Nine months ended 30 September	
	2014	2013	2014	2013
EBITDA	1,046,839	1,191,321	3,026,928	3,513,190
Depreciation	(354,008)	(337,018)	(1,061,614)	(1,102,270)
Amortization	(63,547)	(55,932)	(177,307)	(199,303)
Impairment loss	-	(26,481)	-	(57,366)
Loss on disposal of non-current assets	(13,918)	(16,593)	(35,355)	(24,652)
Finance costs	(195,338)	(182,783)	(598,542)	(583,428)
Finance income	85,818	91,390	272,218	290,920
Other non-operating losses, net	(25,112)	(20,039)	(55,280)	(7,639)
Share of profit/(loss) of associates and joint ventures accounted for using the equity method	821	4,946	(21,032)	11,219
Net foreign exchange (loss)/gain	(173,268)	(17,982)	(218,068)	64,543
Income tax expense	(105,173)	(130,729)	(270,675)	(356,840)
Profit for the period	203,114	500,100	861,273	1,548,374

6. Income taxes

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to the expected total annual profit or loss. Tax effects of significant non-recurring items are excluded from the determination of the average annual effective tax rate, and are recognized using the statutory tax rates enacted or substantively enacted as of the end of the interim periods, as the related income and expense, giving rise to such tax effects, are recognized. Significant changes in deferred taxes resulting from origination and reversal of temporary differences are reflected in the interim consolidated statement of financial position.

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6. Income taxes (continued)

Income tax expense consisted of the following for the three-and nine-month periods ended 30 September 2014:

	Three months ended 30 September		Nine months ended 30 September	
	2014	2013	2014	2013
Current income taxes	(80,093)	(137,737)	(295,385)	(463,884)
Deferred income taxes	(25,080)	7,008	24,710	107,044
Income tax expense reported in the income statement	(105,173)	(130,729)	(270,675)	(356,840)
Effective tax rates	34%	21%	24%	19%

The increase in the effective tax rate ("ETR") for the nine-month period ended 30 September 2014 compared with the ETR for the nine-month period ended 30 September 2013 relates to the higher withholding tax accrued in 2014 compared to 2013 for dividends that will be distributed in the foreseeable future and the increase in temporary differences related to the translation differences between functional and local currencies in CIS segment. This increase was partly offset as a result of prior year adjustments due to refile of tax returns.

7. Property and equipment

During the nine months ended 30 September 2014 and 2013, the Company had the following changes in property and equipment:

	Nine months ended 30 September	
	2014	2013
Opening net book value as of 1 January	7,681,837	7,763,187
Additions	1,140,817	1,184,904
Net book value of assets disposed	(41,005)	(52,198)
Translation adjustment	(1,182,903)	(373,131)
Depreciation charge	(1,061,614)	(1,102,270)
Assets reclassified as held for sale	(4,686)	(811,356)
Gain of control over a former joint venture	-	37,666
Impairment	-	(788)
Closing net book value as of 30 September	6,532,446	6,646,014

8. Intangible assets and goodwill

During the nine months ended 30 September 2014 and 2013, the Company had the following changes in intangible assets and goodwill:

	Nine months ended 30 September			
	2014		2013	
	Other intangible assets	Goodwill	Other intangible assets	Goodwill
Opening net book value as of 1 January	881,227	3,357,221	1,067,164	3,603,922
Additions	135,650	-	89,869	-
Net book value of assets disposed	(2,762)	-	(1,448)	-
Translation adjustment	(130,534)	(501,906)	(50,198)	(177,243)
Gain of control over a former joint venture	-	-	23,085	18,523
Impairment	-	-	(681)	(25,012)
Amortization charge	(177,307)	-	(199,303)	-
Assets reclassified as held for sale	-	-	(62,030)	(405,994)
Closing net book value as of 30 September	706,274	2,855,315	866,458	3,014,196

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8. Intangible assets and goodwill (Continued)

Goodwill is tested for impairment annually at 1 October and when circumstances indicate the carrying value may be impaired. The Company's impairment test for goodwill is primarily based on value-in-use calculations that use a discounted cash flow model. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual financial statements for the year ended 31 December 2013.

There were no indicators of impairment of goodwill during the nine months ended 30 September 2014.

9. Financial assets and liabilities

There were no significant changes in the financial assets and liabilities in the nine months ended 30 September 2014, except as described below.

On 4 February 2014, the Company entered into Subordination Deed to rank the liabilities owed by VimpelCom to each of OJSC Sberbank ("Sberbank Liabilities"), Vimpelcom Amsterdam B.V., Vimpelcom Holdings B.V. and Weather Capital Special Purpose 1 S.A ("Subordinated Liabilities") if an Insolvency Event occurs in respect of the Company. If such Event occurs in respect of the Company, and for so long as such Event continues, the Subordinated Liabilities shall be subordinated in full to the Sberbank Liabilities and the Sberbank Liabilities shall rank in priority to the Subordinated Liabilities.

On 1 December 2011, the Company entered into Revolving Credit Facility with OJSC Sberbank for the amount of RUB 15,000 million (the equivalent of US\$ 380,840 as of 30 September 2014 at the exchange rate provided by the Central Bank of Russia). The facility bears interest at the rate of MosPrime plus 1.8% p.a. On 1 April 2014, VimpelCom drew down under this Revolving Credit Facility an amount of RUB 7,300 million (the equivalent of US\$ 205,026 at the exchange rate as of 1 April 2014 provided by the Central Bank of Russia). On 20 June 2014, VimpelCom fully repaid the loan in the amount of RUB 7,300 million (the equivalent of US\$ 212,812 at the exchange rate as of 20 June 2014 provided by the Central Bank of Russia). The agreement was terminated on 23 June 2014.

On 30 April 2014, VimpelCom signed a loan facility agreement with CISCO Systems Finance International. The loan was a Russian ruble denominated export credit facility for a total amount of RUB 1,500 million (the equivalent of US\$ 42,019 as of 30 April 2014 at the exchange rate provided by the Central Bank of Russia). The purpose of the facility is to finance equipment purchased by VimpelCom from CISCO Systems Finance International on a reimbursement basis. The first tranche was drawn on 7 May 2014 in the amount of RUB 1,312 million (the equivalent of US\$ 36,797 as of 7 May 2014 at the exchange rate provided by the Central Bank of Russia). The second tranche was drawn on 9 July 2014 in the amount of RUB 188 million (the equivalent of US\$ 5,473 as of 9 July 2014 at the exchange rate provided by the Central Bank of Russia). The facility bears interest at the rate of 8.85% for the first tranche and 9.35% for the second tranche. The facility matures on 9 July 2017.

On 30 May 2014, the Company entered into Credit Facility agreement with OJSC Sberbank for the amount of RUB 25,000 million (the equivalent of US\$ 721,540 as of 30 May 2014 at the exchange rate provided by the Central Bank of Russia). The facility bears interest at a rate ranging from 10.75% to 12.00% p.a. and is subject to certain conditions. VimpelCom fully drew down the facility by three tranches: (1) RUB 2.5 billion on 29 September 2014 (the equivalent of US\$ 64,559 at the exchange rate as of 29 September 2014 provided by the Central Bank of Russia); (2) RUB 10 billion on 13 October 2014 (the equivalent of US\$ 248,679 at the exchange rate as of 13 October 2014 provided by the Central Bank of Russia); (3) RUB 12.5 billion on 10 November 2014 (the equivalent of US\$ 261,084 at the exchange rate as of 10 November 2014 provided by the Central Bank of Russia). Credit Facility matures on 29 May 2017.

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9. Financial assets and liabilities (continued)

On 30 May 2014, the Company entered into Revolving Credit Facility with OJSC Sberbank for the amount of RUB 15,000 million (the equivalent of US\$ 432,924 as of 30 May 2014 at the exchange rate provided by the Central Bank of Russia). The facility bears interest at a rate of MosPrime plus the margin from 2.1% to 2.8% p.a. which is subject to certain conditions. On 2 July 2014, VimpelCom drew down under this Revolving Credit Facility an amount of RUB 8,000 million (the equivalent of US\$ 233,730 at the exchange rate as of 2 July 2014 provided by the Central Bank of Russia) which was fully repaid on 29 September 2014. The facility matures on 29 May 2017.

On 8 July 2014, VimpelCom repaid Russian ruble-denominated bonds in an aggregate principal amount of RUB 10 billion (the equivalent of US\$ 289,276 at the exchange rate as of 8 July 2014 provided by the Central Bank of Russia) issued on 14 July 2009.

Changes in the foreign exchange contracts are driven by the respective changes in their fair values in the reported period.

For available-for-sale financial investments, the Company assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost.

Based on these criteria, the Company identified impairment of available-for-sale investment in quoted shares of US\$ 18,281, which is recognised within other non-operating losses, (net) in the income statement for the nine-month period ended 30 September 2014.

Significant changes in financial assets and liabilities also relate to the loans received from related parties and the amount of interest due on them, loans granted to related parties and the amount of interest due on them as further described in Note 13.

Derivatives over non-controlling interest – Put and call options

On 24 August 2011, the Company entered into put and call agreements representing up to 28.5% of the shares in its indirect subsidiary Limnotex Developments Ltd. ("Limnotex"), which owns 100% of KaR-Tel, the Company's Kazakhstan operator and 100% of Sky Mobile, the Company's Kyrgyzstan operator. As of 30 September 2014, the non-controlling shareholder of Limnotex, holds one put option for 15% of Limnotex shares exercisable during 2017 at a fixed price of US\$ 330,000. The put option gives rise to a financial liability at the present value of the redemption amount with the value accretion recorded in the non-controlling interest. The financial liability as of 30 September 2014 amounted to US\$ 249,250. The call option allows the Company to acquire the total of 28.5% of Limnotex shares held by the non-controlling shareholder of Limnotex at a multiple of Adjusted EBITDA. The call option is exercisable until May 2018. Management has reassessed the expected exercise term of the call option. As a result of this reassessment, management has concluded that the fair value of the call option is US\$ 0 (nil) leading to a revaluation expense of US\$ 34,874 recorded in Other non-operating losses (net).

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9. Financial assets and liabilities (continued)

Fair values

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments as of 30 September 2014 except for cash and cash equivalents, trade and other receivables and trade and other payables where the carrying amount is a reasonable approximation of fair value:

	Carrying value		Fair value	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Financial assets at fair value through profit or loss				
Derivatives over non-controlling interest	–	34,874	–	34,874
Foreign exchange contracts	8,418	301	8,418	301
Financial assets at fair value through other comprehensive income				
Available-for-sale financial assets	58,888	109,827	58,888	109,827
Total financial assets at fair value	67,306	145,002	67,306	145,002
Loans granted, deposits and other financial assets at amortised cost				
Loans granted to related parties	4,091,714	4,077,478	4,090,233	4,484,501
Interest receivable	256,364	4,890	257,745	4,890
Bank deposits	126,347	209,066	126,347	209,066
Other financial assets	23,421	10,425	23,421	10,425
Total loans granted, deposits and other financial assets at amortised cost	4,497,846	4,301,859	4,497,746	4,708,882
Total other financial assets	4,565,152	4,446,861	4,565,052	4,853,884
Financial liabilities at fair value through profit or loss or equity				
Derivatives over non-controlling interest	249,250	204,469	249,250	204,469
Total financial liabilities at fair value through profit or loss or equity	249,250	204,469	249,250	204,469
Other financial liabilities at amortised cost				
Bank loans, bonds and equipment financing, principal	6,848,918	7,881,489	6,956,407	8,304,292
Loans payables to related parties, principal	2,273,815	1,907,845	2,189,313	1,903,960
Unamortised fees	(32,386)	(44,761)	–	–
Interest payable	146,495	166,297	146,318	166,297
Total other financial liabilities at amortised cost	9,236,842	9,910,870	9,292,038	10,374,549
Total other financial liabilities	9,486,092	10,115,339	9,541,288	10,579,018

The fair value of the financial assets and liabilities are included at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of our publicly traded bonds was estimated based on quoted market prices. The fair value of other loans and borrowings was determined using discounted cash flows under the agreement at the rate applicable for the instruments with similar maturity and risk profile.

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9. Financial assets and liabilities (continued)

Fair value hierarchy

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.

Level 2 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable).

Level 3 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

For financial instruments that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period (including interim reporting periods).

The following table provides the disclosure of fair value measurements separately for each major class of assets and liabilities measured at fair value except for those with carrying amounts that are reasonable approximations of fair values.

	As of 30 September 2014		
	(Level 1)	(Level 2)	(Level 3)
Financial assets at fair value through profit or loss			
Foreign exchange contracts	–	8,418	–
Financial assets at fair value through other comprehensive income			
Available-for-sale financial asset	58,888	–	–
Total financial assets at fair value	58,888	8,418	–
Assets for which fair values are disclosed			
Loans granted to related parties	–	4,090,233	–
Interest receivable	–	257,745	–
Bank deposits	–	126,347	–
Other financial assets	–	23,421	–
Total assets for which fair values are disclosed	–	4,497,746	–
Financial liabilities at fair value through profit or loss or equity			
Derivatives over non-controlling interest	–	–	249,250
Total financial liabilities at fair value	–	–	249,250
Liabilities for which fair values are disclosed			
Financial liabilities at amortised cost	4,727,468	4,564,570	–
Total liabilities for which fair values are disclosed	4,727,468	4,564,570	–

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9. Financial assets and liabilities (continued)

Fair value hierarchy (continued)

	As of 31 December 2013		
	(Level 1)	(Level 2)	(Level 3)
Financial assets at fair value through profit or loss			
Derivatives over non-controlling interest	–	–	34,874
Foreign exchange contracts	–	301	–
Financial assets at fair value through other comprehensive income			
Available-for-sale financial asset	109,827	–	–
Total financial assets at fair value	109,827	301	34,874
Assets for which fair values are disclosed			
Loans to related parties	–	4,484,501	–
Interest receivable	–	4,890	–
Bank deposits	–	209,066	–
Other financial assets	–	10,425	–
Total assets for which fair values are disclosed	–	4,708,882	–
Financial liabilities at fair value through profit or loss or equity			
Derivatives over non-controlling interest	–	–	204,469
Total financial liabilities at fair value	–	–	204,469
Liabilities for which fair values are disclosed			
Financial liabilities at amortised cost	5,560,202	4,814,347	–
Total liabilities for which fair values are disclosed	5,560,202	4,814,347	–

During the nine months ended 30 September 2014, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

The movement of financial instruments measured at the fair value using unobservable inputs (Level 3) is presented below:

	As of 31 December 2013	Change in fair value reported in profit or loss	Change in fair value reported in equity	As of 30 September 2014
Financial assets at fair value through profit or loss				
Derivatives over non-controlling interest	34,874	(34,874)	–	–
Total financial assets at fair value	34,874	(34,874)	–	–
Financial liabilities at fair value through profit or loss				
Derivatives over non-controlling interest	204,469	–	44,781	249,250
Total financial liabilities at fair value	204,469	–	44,781	249,250

Description of significant unobservable inputs to valuation:

	Valuation technique	Significant unobservable input	Range	Sensitivity of the input
Derivatives over non-controlling interest (liability)	Present value of redemption amount	Discount rate	Discount rate +/- 10 p. p.	Every p. p. decrease in discount rate results in US\$ 7,594 higher fair value

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9. Financial assets and liabilities (continued)

Fair value hierarchy (continued)

Valuation technique

The Company measures the fair value of quoted equity instruments by reference to published price quotations in an active market (Level 1).

The Company measures the fair value of derivatives on a recurring basis, using observable inputs (Level 2), such as LIBOR, EURIBOR and swap curves, basis swap spreads and foreign exchange rates, floating rates with present value techniques.

The Company measures the fair value options over non-controlling interests on a recurring basis, using unobservable inputs (Level 3) such as projected redemption amounts, volatility, fair value of underlying shares using income approach with present value techniques and the Black-Scholes model.

Offsetting arrangements

The Company did not enter into any offsetting arrangements or other related contracts that would impact the Company's financial position or reported performance.

10. Other non-financial assets and liabilities

Other non-current non-financial assets consisted of the following:

	30 September 2014	31 December 2013
Deferred costs related to connection fees	5,013	8,960
Other non-current assets	9,322	7,839
Other non-current non-financial assets	14,335	16,799

Other current non-financial assets consisted of the following:

	30 September 2014	31 December 2013
Input value added tax	87,676	85,228
Advances to suppliers	96,245	89,767
Prepaid taxes	4,737	932
Deferred costs related to connection fees	4,074	7,072
Others	3,517	4,229
Other current non-financial assets	196,249	187,228

Other non-current non-financial liabilities consisted of the following:

	30 September 2014	31 December 2013
Long-term deferred revenue	22,987	33,871
Other non-current liabilities	1,602	2,532
Other non-current non-financial liabilities	24,589	36,403

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10. Other non-financial assets and liabilities (continued)

Other current non-financial liabilities consisted of the following:

	30 September 2014	31 December 2013
Customer advances, net of VAT	263,217	361,318
Other taxes payable	212,590	167,398
Amounts due to employees	72,841	85,190
Short-term deferred revenue	36,842	41,032
Customer deposits	27,487	34,603
Other liabilities	7,300	7,637
Other current non-financial liabilities	620,277	697,178

11. Cash and cash equivalents

Cash and cash equivalents consisted of the following items:

	30 September 2014	31 December 2013
Cash and cash equivalents at banks and on hand	1,259,496	825,595
Short-term deposits with an original maturity of less than 92 days	36,008	172,157
Total cash and cash equivalents	1,295,504	997,752

Cash at banks earns interest at floating rates based on bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

The cash balances as of 30 September 2014 in Uzbekistan of US\$ 448,281 (31 December 2013: US\$ 256,212) are restricted for the use of the Company due to the local government and central bank regulation. The restrictions have effect on international payments only, while such cash can be used for transactions within the country.

12. Dividends

On 17 January 2014, VimpelCom paid the second tranche of dividends to the shareholders based on the financial results for the nine months ended 30 September 2013 in the amount of RUR 7,932.81 million (the equivalent to US\$ 237,500 as of 17 January 2014), net of tax withheld. In accordance with the Russian tax legislation, VimpelCom withheld a tax on dividend payments in the amount of RUR 417.52 million (the equivalent to US\$ 12,500 as of 17 January 2014).

On 31 January 2014, VimpelCom paid the third tranche of dividends to the shareholders based on the financial results for the nine months ended 30 September 2013 in the amount of RUR 4,218.80 million (the equivalent to US\$ 119,700 as of 31 January 2014), net of tax withheld. In accordance with the Russian tax legislation, VimpelCom withheld a tax on dividend payments in the amount of RUR 222.04 million (the equivalent to US\$ 6,300 as of 31 January 2014).

On 14 February 2014, VimpelCom paid the fourth tranche of dividends to the shareholders based on the financial results for the nine months ended 30 September 2013 in the amount of RUR 2,186.89 million (the equivalent to US\$ 62,732 as of 14 February 2014), net of tax withheld. In accordance with the Russian tax legislation, VimpelCom withheld a tax on dividend payments in the amount of RUR 115.10 million (the equivalent to US\$ 3,302 as of 14 February 2014).

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13. Related parties

As of 30 September 2014, OJSC VimpelCom is a wholly-owned subsidiary of VimpelCom Ltd. As of 30 September 2014 VimpelCom Ltd. is primarily owned by two major shareholders: Altimo Coöperatief U.A., a member of the Letter One group of companies (hereinafter: LetterOne), and Telenor East Holding II AS, a member of the Telenor group of companies (hereinafter: Telenor). VimpelCom Ltd. has no ultimate controlling shareholder. VimpelCom Ltd. is also related to the Alfa Group of companies (hereinafter: Alfa Group) through representatives at the Supervisory Board of VimpelCom Ltd.

The following tables provide the total amount of transactions that have been entered into with related parties and balances of accounts with them:

	For the three months ended 30 September		For the nine months ended 30 September	
	2014	2013	2014	2013
Revenue from Alfa Group	2,384	2,540	7,375	7,523
Revenue from Telenor	110	388	276	1,239
Revenue from Kyivstar	48,204	21,263	104,490	36,018
Revenue from associates	3,499	3,569	7,886	6,881
Revenue from joint ventures	2,991	5,854	8,514	29,995
Revenue from Teta Telecom or its subsidiaries	13,574	4,890	33,765	4,890
Revenue from other related parties	9,949	2,739	18,902	8,568
	80,711	41,243	181,208	95,114
Services from Alfa Group	1,926	2,652	7,921	8,293
Services from Telenor	751	2,701	66	4,514
Services from Kyivstar	40,865	34,057	103,904	87,681
Services from associates	2,440	–	7,459	4,713
Services from joint ventures	10,443	15,834	29,069	50,566
Services from Teta Telecom or its subsidiaries	33,196	10,803	90,398	10,803
Services from VimpelCom Ltd. or its subsidiaries	47,619	33,958	100,755	88,771
Services from other related parties	(2,718)	–	293	17
	134,522	100,005	339,865	255,358
Finance income from VimpelCom Ltd. or its subsidiaries	83,553	87,553	256,289	276,272
Finance costs from VimpelCom Ltd. or its subsidiaries	37,936	15,239	110,338	33,299
Other (loss)/gain from other related parties	(154)	(4,721)	565	6,589
			30 September	31 December
			2014	2013
Accounts receivable from Alfa Group			32,236	3,047
Accounts receivable from Telenor			5,150	3,835
Accounts receivable from Kyivstar			43,353	9,097
Accounts receivable from associates			2,032	7,537
Accounts receivable from joint ventures			27,005	12,394
Accounts receivable from Teta Telecom or its subsidiaries			6,157	7,069
Accounts receivable from VimpelCom Ltd. or its subsidiaries			28,644	16,679
Accounts receivable from other related parties			6,128	162
			150,705	59,820
Accounts payable to Alfa Group			771	18
Accounts payable to Telenor			3,492	513
Accounts payable to Kyivstar			26,157	10,359
Accounts payable to associates			1,159	1,026
Accounts payable to joint ventures			20,052	9,544
Accounts payable to Teta Telecom or its subsidiaries			48,475	49,700
Accounts payable to VimpelCom Ltd. or its subsidiaries			61,266	44,089
Accounts payable to other related parties			19	–
Dividends payable to VimpelCom Ltd. or its subsidiaries			–	461,159
			161,391	576,408
Loans granted to VimpelCom Ltd. or its subsidiaries			4,091,714	4,077,477
Interest receivable from VimpelCom Ltd. or its subsidiaries			256,364	3,692
Loans received from VimpelCom Ltd. or its subsidiaries			2,273,815	1,907,845
Interest payable to VimpelCom Ltd. or its subsidiaries			44,531	56,378

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13. Related parties (continued)

VimpelCom maintains bank accounts in Alfa Bank (member of the Alfa Group), which are used for payroll and other payments in the ordinary course of business. The balances in these bank accounts as of 30 September 2014 and 31 December 2013 were US\$ 21,226 and US\$ 48,237, respectively.

Loans granted to VimpelCom Ltd. or its subsidiaries

As of 30 September 2014 and 31 December 2013, the principal amount of debt outstanding of loans granted to VimpelCom Ltd. or its subsidiaries was as follows:

Borrower	Date of agreements	Maturity	Interest rate	Currency	30 September 2014	31 December 2013
VimpelCom Amsterdam Finance B.V.	13 May 2011	May, 2017	7.5%	USD	3,408,420	3,408,420
VimpelCom Ltd.	7 Oct 2010	Dec., 2070	LIBOR+7.5%	USD	561,469	561,469
Teta Telecom	2007-2011	2017-2021	10.6%	KZT	55,705	75,078
Golden Telecom L.L.C.	15 Oct 2008	Dec., 2014	6.5%	USD	18,310	–
Golden Telecom L.L.C.	8 June 2004	Jan., 2016	5%	USD	26,300	–
Others					21,510	32,510
Total					4,091,714	4,077,477

On 13 May 2011, VimpelCom signed an agreement to grant an unsecured loan to VimpelCom Amsterdam Finance B.V., a subsidiary of VimpelCom Ltd. On 6 June 2014, the parties signed an addendum to the loan agreement, to extend the maturity date of the loan till 31 May 2017 and to change the interest rate from 8.72% to 7.5%.

Loans received from VimpelCom Ltd. or its subsidiaries

As of 30 September 2014 and 31 December 2013, the principal amount of loans received from VimpelCom Ltd. or its subsidiaries was as follows:

Creditor	Date of agreement	Maturity	Interest rate	Currency	30 September 2014	31 December 2013
VimpelCom Holdings B.V.	14 Feb 2013	Feb., 2018	9.60%	RUR	304,672	366,645
Weather Capital Special Purpose 1 S.A.	3 Oct 2013	Feb., 2020	5.67-6.07%	USD	635,000	635,000
Weather Capital Special Purpose 1 S.A.	13 Nov 2013	Feb., 2020	5.56-5.96%	USD	580,000	430,000
Weather Capital Special Purpose 1 S.A.	22 Apr 2010	Oct., 2021	5.75%	USD	400,000	400,000
Weather Capital Special Purpose 1 S.A.	21 Jan 2014	Feb., 2020	5.44-5.80%	USD	255,000	–
Weather Capital Special Purpose 1 S.A.	13 Apr 2007	Apr., 2017	11%	USD	64,143	41,200
Weather Capital Special Purpose 1 S.A.	27 May 2008	Jun., 2015	3.775%	USD	35,000	35,000
Total					2,273,815	1,907,845

Terms and conditions of transactions with related parties

Outstanding balances at the period-end are unsecured, and settlements occur in cash. For the nine months ended 30 September 2014, there have been no new guarantees provided or received for any related party receivables or payables and no changes occurred during the nine months ended 30 September 2014 to the terms and amounts of the Company's guarantees of the related party loans that existed as of 31 December 2013 and were disclosed in the notes to the respective annual consolidated financial statements except that on 16 April 2014, with effect as from 25 April 2014, VimpelCom Amsterdam B.V. cancelled the existing US\$ 225,000 and EUR 205 million revolving credit facility that VimpelCom Amsterdam B.V., as borrower, had entered into in 2011 and that was guaranteed by the Company. No triggering events under the existing guarantees in favor of related party occurred. The Company believes that probability of these events is remote.

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14. Commitments, contingencies and uncertainties

There has been no material change in the status of the commitments, contingencies and uncertainties from that disclosed in the 2013 annual consolidated financial statements.

The political and economic turmoil witnessed in countries where the Group operates, including the developments in Ukraine, have had and may continue to have a negative impact on the Russian economy, including weakening of the Russian Ruble (RUB) and making it harder to raise international funding. At present, sanctions have been levied, and there is an ongoing threat of sanctions against Russian individuals and entities, the impact of which are at this stage difficult to determine. The financial markets are uncertain and volatile. These and other events may have a significant impact on the Group's operations and financial position, the effect of which is difficult to predict.

15. Events after the reporting period

Currency devaluations

Since 30 September 2014, the Russian Ruble (RUB) has gradually devalued against the USD and other major currencies by approximately 17%. A 15% change in the RUB to USD exchange rate has a decreasing impact on the Group's Revenue and EBITDA of approximately 10.5%. The effect from the Russian Ruble devaluation also can be seen on equity through the change of currency translation reserve.