



25 September 2015

Volga Gas plc
('Volga Gas' or 'the Company' or 'the Group')
RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

Volga Gas, the oil and gas exploration and production group operating in the Volga region of Russia, announces its results for the six months ended 30 June 2015.

HIGHLIGHTS

OIL, GAS AND CONDENSATE PRODUCTION

- As previously announced, production volumes in H1 2015 were materially impacted by disruptions to the regional markets for condensate.
- Group production averaged 2,624 barrels of oil equivalent per day ("boepd") in H1 2015 (H1 2014: 4,419 boepd). However, production during March and April 2015 averaged 4,163 boepd, more closely reflecting actual well capacity.
- Group production capacity after placing the new VM#3 and VM#4 wells on production is expected to rise to over 6,000 boepd.

FINANCIAL RESULTS

- The financial performance reflects previously announced lower sales volumes and prices and materially higher formula rates of production taxes introduced on 1 January 2015.
- Revenues of US\$7.9 million (H1 2014: US\$23.2 million).
- EBITDA of negative US\$0.3 million (H1 2014: positive US\$11.2 million).
- Loss before tax of US\$1.6 million (H1 2014: profit of US\$8.0 million) including US\$0.4 million provision for loss on fraudulent cash withdrawal (H1 2014: nil).
- Net loss of US\$1.6 million (H1 2014: net profit of US\$6.2 million).
- Net cash flow from operations before working capital movements of negative US\$0.5 million (H1 2014: positive US\$10.7 million).
- Cash at 30 June 2015 of US\$11.5 million (31 December 2014 US\$15.8 million at) and no debt (US\$ nil at 31 December 2014).

DEVELOPMENT ACTIVITY

- Successful drilling of sidetrack to VM#4 and completion of drilling on VM#3 production wells.
- Including the new wells, production capacity on the Vostochny Makarovskoye ("VM") field is expected to be sufficient to deliver the target 1 million cubic metres per day (35.3 mmcf/d) production plateau.
- Front-end engineering and design study on a new two-stage amine sweetening and LPG extraction project for a major redevelopment of the Dobrinskoye gas processing plant.
- Commenced drilling sidetracks to two existing oil wells on the Uzen and Sobolevskoye fields to rebuild declining oil production.

BOARD AND MANAGEMENT

- On 5 May 2015, Andrey Zozulya was appointed to the Board of Volga Gas and as Group Chief Executive Officer.
- The former CEO, Mikhail Ivanov remains on the Board and has as of 6 June 2015 become Chairman.

Andrey Zozulya, Chief Executive Officer of Volga Gas, said:

"Since the start of 2015, the business environment has been very challenging for a small, domestically oriented Russian oil gas and condensate producer like Volga Gas. It is fortunate that the Group entered this challenging period in robust financial condition so that it has been able to continue with the development of its assets. Now, with the majority of the current capital programme executed, the Group should be able to benefit from its increased production capacity and has a solid base from which to grow its production.

As incoming Chief Executive, I am excited about the Group's assets and the longer term potential to deliver future growth in the assets and the value of the business both organically and by selective acquisition."

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Editors' notes:

Volga Gas is an independent oil and gas exploration and production company operating in the Volga region of Russia. The company has 100% interests in its four licence areas.

The information contained in this announcement has been reviewed and verified by Mr. Andrey Zozulya, Director and Chief Executive Officer of Volga Gas plc, for the purposes of the Guidance Note for Mining, Oil and Gas companies issued by the London Stock Exchange in June 2009. Mr. Andrey Zozulya has a degree in Geophysics and Engineering from the Groznensky Oil & Gas Institute and is a member of the Society of Petroleum Engineers.

Glossary

Bopd	Barrels of oil per day
Boepd	Barrels of oil equivalent per day, in which 6,000 cubic feet of natural gas is equated to one barrel of oil
Bpd	Barrels per day
mcf	thousands of standard cubic feet
mcm	thousands of standard cubic metres
mcm/d	thousands of standard cubic metres per day
m ³	standard cubic metre
mmcf/d	millions of standard cubic feet per day
mmcm/d	millions of standard cubic metres per day
RUR	Russian Rouble

Interim Management Report

Volga Gas and its subsidiaries (together, the "Group") are involved in the production of and exploration for oil and gas in four licence areas in the Volga Region of Russia.

The key operational activities of H1 2015 were the successful drilling of a sidetrack to the VM#4 production well on the VM field. On conclusion of testing of this well and of the ongoing development of the VM#3 well, a significant increase in total production capacity is expected to be realised.

As announced, during H1 2015 the financial performance of Volga Gas as reported in US dollars has been substantially impacted by the sharp reduction in oil prices, the devaluation of the Russian Ruble and disruptions to the regional market for oil products. As a consequence of the market disruptions, total production reported for H1 2015 is well below the capabilities of our existing wells and revenue for the period is significantly below that reported in H1 2014. However, thanks to the strong financial position of the Group at the start of the year, Volga Gas has been able to continue the development of its key assets and has been able to meet its current capital expenditure commitments. Based on these developments, and subject to market conditions, the Group expects to be able to increase its revenues and profits at the current low oil prices.

Production Operations

Gas and condensate production – Dobrinskoye and VM fields

The Dobrinskoye and VM fields are managed as a single business unit. Production from the fields is processed at the gas plant located next to the Dobrinskoye field, extracting the condensate and processing the gas to pipeline standards before input into Gazprom's regional pipeline system via an inlet located at the plant. During normal market conditions, the plant continues to operate at a rate of 500 mcm/d (approximately 17.7 mmcf/d). Under the current operating configuration, the plant is expected to be able to process up to 750 mcm/d (21.2 mmcf/d). The Board of Volga Gas has sanctioned further development of the gas plant in order to increase the operational capacity and significantly enhance its economic performance.

During H1 2015, the combined gas and condensate production derived from both fields averaged 9.7 mmcf/d of gas and 543 bpd of condensate (H1 2014: 15.9 mmcf/d of gas and 1,025 bpd of condensate). The major cause of this reduction in output was extended periods of disruption to the market for condensate during which the fields had to be shut in for lack of sales. These market effects had major impacts during H1 2015. During March and April 2015 production averaged 17.0 mmcf/d of gas and 908 bpd of condensate, which more accurately reflect the actual capabilities of the fields.

Gas continues to be sold to Trans Nafta at a fixed Ruble price. During H1 2015, the average price realised was equivalent to approximately US\$1.55 per mcf, net of VAT (H1 2014: US\$2.63). The change in the US dollar equivalent price is entirely attributable to the devaluation of the Russian Ruble.

During H1 2015 the average condensate sales price was US\$28.01 per barrel (H1 2014: US\$48.45 per barrel). This primarily reflects the fall in international oil prices but also the effect of a wider discount to netback pricing that has occurred in the domestic market in the Volga region experienced particularly during January and February 2015.

Unit production costs on the gas-condensate fields were approximately level at US\$6.44 per boe (H1 2014: US\$6.23). Although the actual expenses incurred were down significantly as a result of the Ruble devaluation, the lower production levels and the non-volume related component of costs had an impact on the unit production costs.

As of 1 January 2015, new rates of Mineral Extraction Tax ("MET") came into effect, with increased rates applying to gas and a large (4.5 fold) increase applying to the formula rate for condensate. As a result, the MET charged on our gas and condensate production has increased to 33.6% of revenue during H1 2015 (H1 2014: 10.9%). This has had a significant impact on the economics of gas-condensate production.

Oil production – Uzenskoye fields

During H1 2015, oil production averaged 471 bopd (H1 2014: 738 bopd). There was some market-

related disruption to oil sales during the period, but the main cause for the drop in oil production was natural decline in the existing wells on the Uzenskoye field and the cessation of production from the Sobolevskoye field.

Sales prices realised from crude oil decreased, averaging US\$29.84/bbl net of VAT in H1 2015 (H1 2014: US\$50.15/bbl). Production costs remained low at \$3.10/bbl (H1 2014: \$2.99/bbl). MET formula rates applying to oil production also increased significantly at the start of 2015. As a result, the MET expense in H1 2015 rose to 54% of revenues (H1 2014: 44%).

Development

VM Field

During H1 2015, Eurasia Drilling mobilised a rig onto the VM licence to drill a sidetrack to the VM#4 well, originally drilled in 2008/9, and to complete the drilling of the VM#3 production well which commenced in 2014 with another contractor which did not reach target depth.

By May 2015, drilling on the VM#4 sidetrack was concluded, the deviated well section having intersected a total reservoir of 40 metres. Based on flow testing, management anticipates that this well could be the most productive on the VM field, being capable of sustaining a flow rate of up to 350 mcm/d (12.4 mmcf/d).

Drilling of the VM#3 well continued into H2 2015 and was concluded towards the end of August 2015. In this well, the top of the reservoir section was found higher than anticipated and total pay of up to 100 metres is expected. Testing and evaluation is ongoing and should be concluded by the end of September 2015.

Based on this successful drilling and with continuing management of the existing well stock including, as appropriate, acid wash treatments, it seems likely that no further drilling will be required to produce the VM field at the target plateau rate of 1.0 mmcm/d (35.3 mmcf/d).

Gas plant upgrade

During H1 2015 minor upgrades on the gas plant have been carried out to meet specifications required by the regulatory authorities. Following completion of these works, the plant is capable of processing up to 750 mcm/d (26.5 mmcf/d) of gas, the principal constraint being the logistics of handling the waste chemicals generated from the sweetening process used at the plant.

Having examined a number of alternatives, the Group has decided to pursue a two staged re-development of the gas plant. The first stage of this is to introduce amine based gas sweetening. The appropriate equipment has been identified and the capital cost for this stage of the upgrade has been estimated at less than US\$10.0 million. This is expected to take less than one year from sanction to commissioning. Completion of this first stage would enable the plant to achieve operational capacity of 1.0 mmcm/d (35.3 mmcf/d) and would, at that rate of operations lead to an annualised cost saving of over US\$6.0 million as well as higher revenues from the incremental gas and condensate volumes.

The second stage of the redevelopment would be a further upgrade the gas plant to include recovery of liquefied petroleum gases ("LPG"), principally propane and butane that are currently flared in the process of stabilization of condensate. This, also, is believed to be a value enhancing investment albeit of a larger scale.

Uzen and Sobolevskoye oil fields

Drilling of sidetracks to two existing non-producing oil wells on these fields is under way currently and expected to be concluded by October 2015. If successful, these wells will enable higher levels of oil production before the end of 2015.

Financial Review

Results of Operations

For the six months ended 30 June 2015, Group revenue decreased to US\$7.9 million (H1 2014: US\$23.2 million) reflecting, as previously announced, lower production volumes, lower oil prices and the devaluation of the Russian Ruble. As a result of significant increases in the formula rates of Mineral Extraction Tax applied to oil and especially to condensate, the Group achieved only a small gross profit of US\$0.3 million (H1 2014: US\$10.7 million) for the period.

With no exploration expenses (H1 2014: nil) and administrative expenses of US\$1.5 million (H1 2014: US\$2.2 million), there was an operating loss of US\$1.2 million (H1 2014: profit of US\$8.5 million).

During May 2015 an external cyber-attack on certain bank accounts held by the Group's Russian subsidiaries resulted in fraudulent transfers from these accounts. Some of the funds transferred were returned immediately, a proportion of RUR35.4 million (US\$0.6 million) has been frozen by Court order and is expected to be recovered shortly while a further sum of RUR22.1 million (US\$0.4 million) was moved onwards before the recipient accounts could be frozen. While the Group continues to seek full recovery, a provision of US\$0.4 million has been made in the accounts.

After these and other net losses of US\$62,000 (H1 2014: US\$0.6 million), arising in both years mainly from foreign exchange, the loss before tax was US\$1.6 million (H1 2014: profit of US\$8.0 million). In H1 2015 there was a no tax charge (H1 2014: deferred tax charge of US\$1.9 million).

EBITDA, calculated as operating income before exploration expenses, depletion and depreciation was negative US\$0.3 million (H1 2014: positive US\$11.2 million).

Oil and condensate sales are made at the field facilities and the gas plant respectively and are sold to domestic customers and accounted in H1 2015 for US\$5.2 million of sales (H1 2014: US\$15.6 million). Average realizations for the six months to 30 June 2015 were US\$28.87 per barrel of oil and condensate (H1 2014: US\$48.45 per barrel). Gas sales during H1 2015 amounted to US\$2.7 million (H1 2014: US\$7.6 million) reflecting lower sales volumes and the devaluation of the Ruble which led to a decline in the US dollar equivalent average gas price from US\$2.63/mcf in H1 2014 to US\$1.55/mcf in H1 2015. In RUR terms, the gas price was unchanged in the period.

For the six months to 30 June 2015, Mineral Extraction Tax accounted for 39.1% of revenues (H1 2014: 20.7%), reflecting the previously announced significant increases in the formula rates applied to oil and especially to condensate that came into effect on 1 January 2015.

Production costs in H1 2015 were 45.0% of revenues (H1 2014: 20.7%). In spite of a reduction in the level of fixed costs as a result of the RUR devaluation, the constrained gas and condensate production impacted the cost ratio significantly. The Depletion and Depreciation charge was 12.3% of revenues (H1 2014: 11.5%).

Cash flow from operating activities before working capital movements in H1 2015 was negative US\$0.5million (H1 2014: positive \$10.7 million).

Capital Expenditure

For the six months ended 30 June 2015, the Group incurred capital expenditures of US\$2.1million (H1 2014: US\$2.4 million). The capital expenditure in H1 2015 was mainly incurred on the drilling of VM#4 well and other additions to the VM field and the gas plant.

Cash Position

The Group had cash balances at 30 June 2015 of US\$11.5 million (31 December 2014: US\$15.8 million), and no debt (31 December 2014: nil). The cash balance for 30 June 2015 excludes amounts of US\$0.562 million expected to be recovered from the funds fraudulently transferred from Group accounts in May 2015.

Dividend

On 10 July 2014, the Company announced the Board's dividend policy, which is to pay out up to 50% of net income as cash dividends. Given the interim losses, it is not expected that dividends will be paid in respect of the current financial year. The policy remains unchanged, although in addition to the net income, the Board will consider the financial requirements of the Group when judging on dividend payments or other distributions.

Outlook

During July and early August 2015, gas production was constrained by scheduled pipeline maintenance by Gazprom and in those two months Group production averaged 3,474 boepd.. Since the pipeline maintenance was completed on 7 August 2015 production has been running consistently at approximately 4,300 boepd. This level of production is expected to be sustained, subject to domestic market conditions. Having successfully completed drilling and testing of VM#3 and VM#4, these new wells are planned to be brought on stream during 4Q 2015 and 1Q 2016. During this

period, gas production is planned to be increased from 500 to 750 mcm/d, which would take Group production capacity to a level of approximately 6,000 boepd.

International oil prices have weakened since June 2015 as has the Russian Ruble, both of which would impact the reported financial results for the full year 2015 if continued through the rest of 2015.

Based on current activity and plans for 2015, the Group's capital expenditure in H2 2015 is expected to be approximately US\$8.6 million, making a total for the full year 2015 of US\$11.0 million. The current cash resources combined with cash generated from operations are expected to be sufficient to meet these expenditures.

Management has proposed to pursue a two staged redevelopment of the existing gas processing plant with the first stage being the construction of an amine-based sweetening unit. The capital expenditure associated with this is currently estimated to be US\$10.0 million. This would require the Group to raise additional finance and is contingent on the required debt funding being secured on acceptable terms.

The continuing operational focus of management is on managing the existing asset base so as to maximize the production and cash generation capabilities so as to lay a foundation for future growth.

Principle Risks and Uncertainties

The risks described on pages 12-13 and in Note 3 - Financial Risk Management on pages 34-36 of the 2014 Annual Report, a copy of which can be obtained from www.volgagas.com, remain extant. One such risk highlighted there is changes to Mineral Extraction Taxes. Under existing legislation, the formulae used for calculation of these taxes are scheduled to lead to further increases in 2016. In addition, the Russian government is reported to have proposed additional measures that may further increase extraction taxes and duty rates. The potential impact of these additional measures is yet to be assessed in detail.

Forward-Looking Statements

Certain statements in this interim report are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements.

VOLGA GAS plc

IFRS CONSOLIDATED INTERIM FINANCIAL INFORMATION
(UNAUDITED)

AS OF AND FOR THE SIX MONTHS ENDED 30 JUNE 2015

Group Interim Income Statement (Unaudited)

(presented in US\$000, except for profit per ordinary share and number of shares)

Six months ended 30 June	Notes	2015	2014
Continuing operations			
Revenue		7,851	23,156
Cost of sales	4	(7,572)	(12,425)
Gross profit		279	10,731
Exploration and evaluation expense		-	-
General and administrative expenses	5	(1,515)	(2,238)
Operating (loss)/profit		(1,236)	8,493
Interest income		109	95
Other net expenses	6	(446)	(551)
(Loss)/profit before tax		(1,573)	8,037
Tax credit/(provision)		-	(1,882)
(Loss)/profit attributable to equity holders		(1,573)	6,155
Basic and diluted (loss)/profit per ordinary share (in US dollars)		(0.019)	0.076
Weighted average number of shares outstanding		81,017,800	81,017,800

Group Interim Statement of Comprehensive Income (Unaudited)

(presented in US\$000)

Six months ended 30 June	2015	2014
(Loss)/profit for the Period	(1,573)	6,155
Other comprehensive income that may be reclassified to profit and loss	-	-
Currency translation differences	868	(2,905)
Total comprehensive income for the period	(705)	3,250

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

Group Balance Sheet (Unaudited)

(presented in US\$000)

As at	Notes	30 June 2015	31 December 2014
Assets			
Non-current assets			
Intangible assets	7	3,795	3,746
Property, plant and equipment	7	61,643	57,819
Other non-current assets		55	68
Deferred tax assets		1,000	706
Total non-current assets		66,493	62,339
Current assets			
Cash, cash equivalents and bank deposits		11,538	15,767
Inventories		1,032	1,099
Other receivables	8	1,990	918
Total current assets		14,560	17,784
Total assets		81,053	80,123
Equity and liabilities			
Equity			
Share capital		1,485	1,485
Other reserves		(69,948)	(70,816)
Accumulated profit		142,528	145,114
Total equity		74,065	75,783
Long term liabilities			
Asset retirement obligation		191	189
Deferred tax liabilities		2,794	2,478
Total long term liabilities		2,985	2,667
Current liabilities			
Trade and other payables		4,003	1,673
Total current liabilities		4,003	1,673
Total equity and liabilities		81,053	80,123

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

Group Interim Cash Flow Statement (Unaudited)
(presented in US\$000)

	Six months ended 30 June	
	2015	2014
(Loss)/profit for the period before tax	(1,573)	8,037
Less adjustments for:		
Depreciation, depletion and amortization	990	2,673
Foreign exchange differences	81	-
Total effect of adjustments	1,071	2,673
Net cash flow before working capital movements	(502)	10,710
Working capital changes		
Increase in trade and other receivables	(1,071)	(372)
Decrease in payables	501	142
Decrease in inventory	62	3
(Decrease)/increase in other non-current assets	(4)	561
Net cash from operating activities	(1,014)	11,044
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,131)	(2,426)
Net cash used in investing activities	(2,131)	(2,426)
Cash flows from financing activities		-
Dividends paid	(1,013)	-
Net cash used by financing activities	(1,013)	-
Effect of exchange rate changes on cash and cash equivalents	(71)	61
Net (decrease)/ increase in cash and cash equivalents	(4,229)	8,679
Cash and cash equivalents at beginning of the period	15,767	8,081
Cash and cash equivalents at end of the period	11,538	16,760

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

Group Interim Statement of Changes in Equity (Unaudited)
 (presented in US\$000)

	Share Capital	Share Premium	Other Reserves	Accumulated Loss	Total Equity
Opening equity at 1 January 2014	1,485	165,873	(21,861)	(30,779)	114,718
Profit for the period	-	-	-	6,155	9,005
Currency translation differences	-	-	(2,905)		(2,782)
Closing equity at 30 June 2014	1,485	165,873	(24,766)	(24,624)	117,968
Opening equity at 1 January 2015	1,485	-	(70,816)	145,114	75,783
Loss for the period	-	-	-	(1,573)	(1,573)
Currency translation differences	-	-	868	-	868
Closing equity at 30 June 2015	1,485	-	(69,948)	143,541	75,078

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

Notes to the IFRS Consolidated Interim Financial Statements (Unaudited)

(presented in US\$000 unless otherwise stated)

1. General information

Volga Gas plc (hereinafter referred to as “Company” or “Volga”) is a public liability company registered in England and Wales with registered number 05886534 and quoted on the AIM market of London Stock Exchange plc. The principal activities of the Company and its subsidiaries (hereinafter jointly referred to as the “Group”) are the acquisition, exploration and development of hydrocarbon assets and production of hydrocarbons in the Volga Region of the Russian Federation. The Company’s registered office is at Ground Floor, 17-19 Rochester Row, London SW1P 1QT. This condensed consolidated interim financial information was approved for issue on 24 September 2015.

2. Basis of presentation

This condensed consolidated interim financial information for the half-year ended 30 June 2015 has been prepared in accordance with IAS 34, ‘Interim financial reporting’. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with IFRSs as adopted by the European Union.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Financial Position and performance of the group since the last annual consolidated financial statements.

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2014 were approved by the board of directors on 27 March 2015 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in those annual financial statements.

Going-concern basis The group meets its day-to-day working capital requirements through its cash resources. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated interim financial statements.

Exchange rates. The official rate of exchange of the Russian ruble to the US dollar (“USD”) at 30 June 2015 and 31 December 2014 was 55.524 and 56.258 Russian rubles to USD 1.00, respectively. Any re-measurement of Russian ruble amounts to US dollars or any other currency should not be construed as a representation that such Russian ruble amounts have been, could be, or will in the future be converted into other currencies at these exchange rates.

Taxation. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Segmental reporting follows the Group’s internal reporting structure. The operations of the Group comprise one class of business, being oil and gas exploration, development and production and the Group operates in only one geographic area – the Russian Federation.

3. Accounting policies

The principal accounting policies and methods of computation followed by the Group are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2014.

4. COST OF SALES

Cost of sales is analysed as follows:

	2015 US\$ 000	2014 US\$ 000
Six months ended 30 June		
Production expenses	3,535	4,963
Mineral Extraction Taxes	3,069	4,802
Depletion Depreciation and Amortization	968	2,660
	7,572	12,425

5. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses are analysed as follows:

	2015 US\$ 000	2014 US\$ 000
Six months ended 30 June		
Salaries	845	984
Taxes other than payroll and MET	24	46
Audit fees	49	160
Legal and Consultancy	279	471
Other	319	577
Total general and administrative expenses	1,515	2,238

6. OTHER GAINS AND LOSSES, NET

	Six months ended 30 June	
	2015 US\$ 000	2014 US\$ 000
Foreign exchange loss	(81)	(561)
Provision for loss on fraudulent cash withdrawal	(384)	-
Other Income	19	10
Total other net expenses	(446)	(551)

During May 2015 an external cyber-attack on certain bank accounts held by the Group's Russian subsidiaries resulted in fraudulent transfers from these accounts. Some of the funds transferred were returned immediately, a proportion of RUR 35.4 million (US\$ 0.562 million) has been frozen by Court order and is expected to be recovered shortly while a further sum of RUR 22.1 million (US\$ 0.350 million) was moved onwards before the recipient accounts could be frozen. While the Group continues to seek full recovery, a provision of US\$ 0.384 million has been made in the accounts.

7. PROPERTY PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Property, plant and equipment	Intangible assets
As at 1 January 2014	98,272	6,438
Additions	2,409	-
Depreciation and amortisation	(2,673)	-
Exchange adjustment	(2,668)	(173)
At 30 June 2014	95,340	6,265

	Property, plant and equipment	Intangible assets
As at 1 January 2015	57,819	3,746
Additions	3,885	-
Depreciation and amortisation	(935)	-
Exchange adjustment	874	49
At 30 June 2015	61,643	3,795

8. ACCOUNTS RECEIVABLE

As at	30 June 2015 US\$ 000	31 December 2014 US\$ 000
VAT recoverable	49	81
Prepayments	264	202
Trade receivables	1,012	579
Recoverable amounts of fraudulent cash withdrawal	636	-
Other	29	56
Total accounts receivable	1,990	918

Included in accounts receivable as at 30 June 2016 is a sum of RUR 35.3 million (US\$ 636,000) of fraudulently transferred cash frozen by Court order and that is expected to be returned to the Group's bank accounts.

9. CONTINGENCIES AND COMMITMENTS

The Group has fulfilled all exploration commitments on existing licences. In addition to capital expenditures incurred in H1 2015, the Group has committed to a further approximately US\$[5] million of capital expenditures during the year ending 31 December 2015.

10. RELATED PARTY TRANSACTIONS

The Group is controlled by Baring Vostok Private Equity Fund III and Baring Vostok Private Equity Fund IV, which own 58.66% of the Company's shares as at 30 June 2015. Baring Vostok Private Equity Funds III and IV perform their control through nominee holding companies. The remaining 41.34% of the shares are widely held.

Related party transactions are disclosed in Note 22 to the accounts for the year ended 31 December 2014. There were no material related party transactions in the six months to 30 June 2015.

10. POST BALANCE SHEET EVENTS

[none].

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors confirm that this consolidated interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely:

- an indication of important events that have occurred during the first six months and their impact on the set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

Other than Andrey Zozulya, who was appointed on 5th May 2015, the directors of Volga Gas plc are listed in the Volga Gas plc Annual Report for 31 December 2015.

By order of the Board

Andrey Zozulya
Chief Executive Officer
24 September 2015

Tony Alves
Chief Financial Officer
24 September 2015