



OIL TRANSPORTING
JOINT STOCK COMPANY
"TRANSNEFT"

**CONSOLIDATED INTERIM CONDENSED
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013**



**WE TRANSPORT OIL,
SO IT SETS THE WORLD IN MOTION**

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Auditors' Report on Review of Consolidated Interim Condensed Financial Information

To Board of Directors

ОАО АК Транснефт

Introduction

We have reviewed the accompanying consolidated interim condensed statement of financial position of ОАО «АК «Транснефт» (the “Company”) and its subsidiaries (the “Group”) as at 30 September 2013, and the related consolidated interim condensed statements of profit or loss and other comprehensive income for the three- and nine-month periods then ended, changes in equity and cash flows for the nine-month period then ended, and notes to the consolidated interim condensed financial information (the “consolidated interim condensed financial information”). Management is responsible for the preparation and presentation of this consolidated interim condensed financial information in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this consolidated interim condensed financial information based on our review.

Scope of Review

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

Audited entity: ОАО АК Транснефт

Registered by Moscow Registration Chamber on 26 August 1993,
Registration No. 026.800

Registered in the Unified State Register of Legal Entities/Entered in
the Unified State Register of Legal Entities on 24 July 2002 by
Department of Ministry of Taxes and Duties, Registration No.
1027700049486, Certificate series 77 No. 007893052.

119180, Moscow, ul. Bolshaya Polyanka, 57

Independent auditor: ZAO KPMG, a company incorporated under the
Laws of the Russian Federation, a part of the KPMG Europe LLP group,
and a member firm of the KPMG network of independent member
firms affiliated with KPMG International Cooperative (“KPMG
International”), a Swiss entity.

Registered by the Moscow Registration Chamber on 25 May 1992,
Registration No. 011.585.

Entered in the Unified State Register of Legal Entities on 13 August
2002 by the Moscow Inter-Regional Tax Inspectorate No.39 of the
Ministry for Taxes and Duties of the Russian Federation, Registration
No. 1027700125628, Certificate series 77 No. 005721432.

Member of the Non-commercial Partnership “Chamber of Auditors of
Russia”. The Principal Registration Number of the Entry in the State
Register of Auditors and Audit Organisations: No.10301000804.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim condensed financial information as at 30 September 2013 and for the three and nine-month periods then ended is not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.



Shvetsov A.V.
General Director

ZAO KPMG

05 December 2013

Moscow, Russian Federation



OAO AK TRANSNEFT
CONSOLIDATED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 30 SEPTEMBER 2013
(in millions of Russian roubles, if not stated otherwise)

ASSETS

Non-current assets	Notes	30 September 2013	31 December 2012
Intangible assets		2,575	2,101
Property, plant and equipment	5	1,530,713	1,454,147
Available-for-sale financial assets		209	241
Investments in associates and jointly controlled entities	7	41,658	38,622
VAT assets	11	43	35
Receivables and prepayments	11	656	877
Other financial assets	9	49,822	39,307
Total non-current assets		1,625,676	1,535,330
Current assets			
Inventories	10	28,383	25,623
Receivables and prepayments	11	37,298	39,808
VAT assets	11	48,235	84,059
Current income tax prepayments		1,375	14,181
Other financial assets, including derivatives	9	272,205	213,481
Cash and cash equivalents	12	103,863	84,517
Assets of disposal group classified as held for sale	6	16,704	-
Total current assets		508,063	461,669
Total assets		2,133,739	1,996,999

EQUITY AND LIABILITIES

Equity

Share capital		308	308
Share premium reserve		52,553	52,553
Merger reserve		(13,080)	(13,080)
Retained earnings		1,224,510	1,096,088
Attributable to the shareholders of OAO AK Transneft		1,264,291	1,135,869
Non-controlling interests		24,545	37,186
Total equity		1,288,836	1,173,055

Non-current liabilities

Loans and borrowings	14	519,878	544,103
Deferred income tax liabilities	15	42,740	39,300
Provisions for liabilities and charges	16	87,853	92,598
Total non-current liabilities		650,471	676,001

Current liabilities

Trade and other liabilities	17	122,186	122,261
Current income tax payable		8,307	151
Loans and borrowings	14	55,443	25,531
Liabilities of disposal group classified as held for sale	6	8,496	-
Total current liabilities		194,432	147,944
Total liabilities		844,903	823,944
Total equity and liabilities		2,133,739	1,996,999

Approved on 30 September 2013 by:

N.P. Tokar

President

M.V. Russki

General director of OOO Transneft Finance,
a specialized organization, which performs
the accounting function for OAO AK Transneft

The accompanying notes set out on pages 9 to 24 are an integral part of these consolidated interim condensed financial statements



OAO AK TRANSNEFT
 CONSOLIDATED INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER
 COMPREHENSIVE INCOME (UNAUDITED)
 FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013
 (in millions of Russian roubles, if not stated otherwise)

	Notes	Three months ended 30 September 2013	Nine months ended 30 September 2013	Three months ended 30 September 2012	Nine months ended 30 September 2012
Revenue	18	192,217	561,586	187,021	548,314
Operating expenses	19	(130,617)	(370,509)	(131,800)	(362,621)
Operating profit		61,600	191,077	55,221	185,693
Financial items:					
Exchange gain		18,217	50,197	28,478	110,116
Exchange loss		(18,040)	(56,030)	(22,665)	(102,131)
Interest income	20	5,733	13,057	3,042	8,159
Interest expense	20	(9,243)	(28,035)	(7,324)	(21,807)
Net change in fair value of derivatives	9	583	343	375	1
Total financial items		(2,750)	(20,468)	1,906	(5,662)
Share of profit from associates and jointly controlled entities	7	827	1,264	1,514	2,870
Profit before income tax		59,677	171,873	58,641	182,901
Income tax expense	15	(16,188)	(39,000)	(11,008)	(39,908)
Profit for the period		43,489	132,873	47,633	142,993
Other comprehensive income after tax					
<i>Items that may be reclassified to profit and loss</i>					
Currency translation differences, net of tax		10	-	(42)	(35)
Fair value losses on available- for-sale financial assets, net of tax		-	-	(3)	(25)
Total items that may be reclassified to profit and loss		10	-	(45)	(60)
<i>Items that will not be reclassified to profit and loss</i>					
Remeasurement of defined benefit plan obligation		(199)	323	-	-
Total items that will not be reclassified to profit and loss		(199)	323	-	-
Total comprehensive income after tax		43,300	133,196	47,588	142,933
Profit attributable to:					
Shareholders of OAO AK Transneft		41,697	128,599	47,532	140,776
Non-controlling interests		1,792	4,274	101	2,217
Total comprehensive income attributable to:					
Shareholders of OAO AK Transneft		41,508	128,922	47,487	140,716
Non-controlling interests		1,792	4,274	101	2,217

Approved on December 2013 by:

N.P. Tokarev

President

M.V. Russkikh

General director of OOO Transneft Finance,
 a specialized organization, which performs
 the accounting function for OAO AK Transneft

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OAO AK TRANSNEFT
CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013
(in millions of Russian roubles, if not stated otherwise)

	Notes	Nine months ended 30 September 2013	Nine months ended 30 September 2012
Cash flows from operating activities			
Cash receipts from customers		589,015	565,488
Cash paid to suppliers and employees, and taxes other than profit tax		(384,012)	(403,672)
Interest paid		(27,254)	(27,991)
Income tax paid		(23,823)	(50,153)
Income tax refunds		8,966	14,075
VAT and other taxes refunds		92,150	49,500
Other cash used in operating activities		(1,510)	(849)
Net cash from operating activities		253,532	146,398
Cash flows used in investing activities			
Purchase of property, plant and equipment		(148,660)	(136,625)
Proceeds from sales of property, plant and equipment		327	180
Interest and dividends received		5,974	7,144
Repayment of loans issued		-	338
Purchase of notes		(254,409)	(188,687)
Sale of notes		209,343	166,012
Purchase of shares in associates and jointly controlled entities, including advances		(7,371)	(550)
Other cash proceeded from investing activities		96	153
Net cash used in investing activities		(194,700)	(152,035)
Cash flows used in financing activities			
Repayment of long and short-term loans and borrowings		(19,227)	(46,192)
Dividends paid		(4,738)	(2,768)
Purchase of non-controlling interest	8	(12,550)	(3,600)
Other cash (used in)/ proceeded from financing activities		(127)	82
Net cash used in financing activities		(36,642)	(52,478)
Change in cash due to deviation of currency exchange rate		2,856	(2,582)
Net increase / (decrease) in cash and cash equivalents		25,046	(60,697)
Cash and cash equivalents at the beginning of the period	12	84,517	145,546
Less cash and cash equivalents of disposal group	6	(5,700)	-
Cash and cash equivalents at the end of the period	12	103,863	84,849

Approved on December 2013 by:

N.P. Tokarev

President

M.V. Russkikh

General director of OOO Transneft Finance, a specialized organization, which performs the accounting function for OAO AK Transneft

The accompanying notes set out on pages 9 to 24 are an integral part of these consolidated interim condensed financial statements



OAO AK TRANSNEFT
 CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
 FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013
 (in millions of Russian roubles, if not stated otherwise)

	Attributable to the shareholders of OAO AK Transneft					Non-controlling interests	Total equity
	Share capital	Share premium reserve	Merger reserve	Retained earnings	Total		
Balance at 1 January 2012	308	52,553	(13,080)	919,690	959,471	37,056	996,527
Profit for the period	-	-	-	140,776	140,776	2,217	142,993
Fair value loss on available-for sale financial assets, net of tax	-	-	-	(25)	(25)	-	(25)
Currency translation differences, net of tax	-	-	-	(35)	(35)	-	(35)
Total comprehensive income for the period	-	-	-	140,716	140,716	2,217	142,933
Acquisition of non-controlling interest	-	-	-	490	490	(4,090)	(3,600)
Dividends paid on							
- ordinary shares	-	-	-	(1,671)	(1,671)	(122)	(1,793)
- preference shares	-	-	-	(1,114)	(1,114)	-	(1,114)
Balance at 30 September 2012	308	52,553	(13,080)	1,058,111	1,097,892	35,061	1,132,953
Balance at 1 January 2013	308	52,553	(13,080)	1,096,088	1,135,869	37,186	1,173,055
Profit for the period	-	-	-	128,599	128,599	4,274	132,873
Defined benefit plan actuarial gains	-	-	-	323	323	-	323
Total comprehensive income for the period	-	-	-	128,922	128,922	4,274	133,196
Purchase of non-controlling interest	-	-	-	4,365	4,365	(16,915)	(12,550)
Dividends paid on							
- ordinary shares	-	-	-	(3,800)	(3,800)	-	(3,800)
- preference shares	-	-	-	(1,065)	(1,065)	-	(1,065)
Balance at 30 September 2013	308	52,553	(13,080)	1,224,510	1,264,291	24,545	1,288,836

Approved on 5 December 2013 by:

N.P. Tokarev

President

M.V. Ruskiy

General director of OOO Transneft Finance, a specialized organization, which performs the accounting function for OAO AK Transneft

The accompanying notes set out on pages 9 to 24 are an integral part of these consolidated interim condensed financial statements



1 NATURE OF OPERATIONS

OAO AK Transneft (the "Company") was established as an open joint stock company and incorporated on 14 August 1993 by the Russian Government Resolution No. 810 under Presidential Decree No. 1403 dated 17 November 1992. The Company's registered office is at 119180 Moscow, Ul. Bolshaya Polyanka 57, Russian Federation.

The Company and its subsidiaries (the "Group") operate the oil pipeline system in the Russian Federation totalling 53,604 km at 30 September 2013 and the oil products pipeline system in the Russian Federation and in the Republics of Belarus and Ukraine totalling 19,071 km as at 30 September 2013. Its associate OOO LatRosTrans operates an interconnected system in the Latvian Republic.

During the nine months ended 30 September 2013, the Group transported 359.9 million tons of crude oil to domestic and export markets (nine months ended 30 September 2012 - 360.0 million tons), which represents a substantial majority of the crude oil produced in the territory of the Russian Federation during that period, and 24.0 million tons of oil products (20.6 million tons for the nine months ended 30 September 2012).

2 ECONOMIC ENVIRONMENT IN THE RUSSIAN FEDERATION

The Russian Federation displays certain characteristics of an emerging market, including relatively high inflation and high interest rates. There can be different developments in the economic environment which can have a varying impact on the Group's operations and management is unable to predict their potential effect on the financial position of the Group. The impact of recent economic crisis on the Group's operations is limited due to the fact that prices for its services are regulated by the state. Furthermore, the Group's monopoly position on the Russian oil and oil product pipeline transportation market ensures sustainable demand for the Group's services. Group management believes that cash flows from ongoing operations are sufficient to finance the Group's current operations and to service its debt obligations.

Furthermore, the tax, currency and customs legislation within the Russian Federation is subject to varying interpretations and frequent changes, and other legal and fiscal impediments contribute to the challenges faced by entities currently operating in the Russian Federation. The future economic direction of the Russian Federation is largely dependent upon the effectiveness of economic, financial and monetary measures undertaken by the Russian Government, together with tax, legal, regulatory, and political developments.

3 BASIS OF PRESENTATION

The consolidated interim condensed financial statements are prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") and should be read together with the consolidated financial statements for the year ended 31 December 2012 prepared in accordance with International Financial Reporting Standards ("IFRS").

Certain comparative amounts have been corrected to conform with the current period presentation.

The official US dollar ("USD") to Russian Rouble ("RUB") exchange rate as determined by the Central Bank of the Russian Federation was 32.3451 and 30.3727 as at 30 September 2013 and 31 December 2012, respectively. The official Euro ("EURO") to Russian Rouble ("RUB") exchange rate as determined by the Central Bank of the Russian Federation was 43.6497 and 40.2286 as at 30 September 2013 and 31 December 2012, respectively.



4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATIONS MADE

The principal accounting policies followed by the Group and the critical accounting estimates in applying accounting policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2012 except for amendments relating to implementation of new standards and interpretations which have become effective after 1 January 2013.

Changes in accounting policies

The Group has adopted certain standards and amendments requiring remeasurement of financial statements for prior periods. These standards and amendments include IFRS 13 Fair Value Measurement, as well as amendments to IAS 1 Presentation of financial statements. In accordance with IAS 34 the description of the nature and effect of these changes is presented below.

Amendment to IAS 1 Presentation of Items of Other Comprehensive Income

The amendment requires that an entity presents separately items of other comprehensive income that may be reclassified to profit or loss in the future from those that will never be reclassified to profit or loss. Additionally, the amendment changes the title of the statement of comprehensive income to statement of profit or loss and other comprehensive income.

The amendment only concerns presentation and does not affect the Group's consolidated financial performance or its results.

IFRS 13 Fair Value Measurement presents the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. Comparative disclosure information is not required for periods before the date of initial application.

The adoption of IFRS 13 has not significantly influenced the fair value measurement calculated by the Group.

IFRS 13 requires specific disclosures to be made relating to the fair value, some of them have replaced current requirements contained in other IFRSs including IFRS 7 Financial instruments: Disclosure. IAS 34.16 A (j) requires specific disclosures in relation to the consolidated interim condensed financial statements. The Group has disclosed these disclosures in Note 14.

The Group has not earlier adopted new standards and interpretations which have been published but have not yet become effective.

A number of new standards and amendments including IFRS 10 Consolidated financial statements, IFRS 11 Joint Arrangements have been applied in 2013 for the first time. Besides, the adoption of IFRS 12 *Disclosure of Interests in Other Entities* will require additional disclosures in the annual consolidated financial statements. The adoption of these standards did not significantly impact the consolidated financial position as well as results of the Group.



5 PROPERTY, PLANT AND EQUIPMENT

	Buildings and facilities	Pipelines and tanks	Other plant and equipment	Line fill	Assets under construction including prepayments	Total
At 1 January 2013						
Cost	157,566	1,037,518	654,543	100,647	124,206	2,074,480
Accumulated depreciation and impairment	(40,355)	(313,166)	(266,812)	-	-	(620,333)
Net book value at 1 January 2013	117,211	724,352	387,731	100,647	124,206	1,454,147
Depreciation	(4,230)	(29,518)	(42,632)	-	-	(76,380)
Additions (including prepayments)	3,503	-	-	2,079	158,825	164,407
Transfers from assets under construction	3,007	15,380	18,417	-	(36,804)	-
Net change in dismantlement provision	-	(10,530)	-	-	44	(10,486)
Reclassification of property, plant and equipment of disposal group (cost)	-	-	(141)	-	-	(141)
Reclassification of property, plant and equipment of disposal group (depreciation)	-	-	91	-	-	91
Disposals/retirements at cost	(520)	(1,679)	(1,769)	(424)	-	(4,392)
Accumulated depreciation and impairment on disposals/retirements	315	1,595	1,557	-	-	3,467
Net book value at 30 September 2013	119,286	699,600	363,254	102,302	246,271	1,530,713
At 30 September 2013						
Cost	163,556	1,040,689	671,050	102,302	246,271	2,223,868
Accumulated depreciation and impairment	(44,270)	(341,089)	(307,796)	-	-	(693,155)
Net book value at 30 September 2013	119,286	699,600	363,254	102,302	246,271	1,530,713



5 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings and facilities	Pipelines and tanks	Other plant and equipment	Line fill	Assets under construction including prepayments	Total
At 1 January 2012						
Cost	130,793	807,460	499,225	84,502	358,831	1,880,811
Accumulated depreciation and impairment	(36,019)	(278,766)	(222,525)	-	-	(537,310)
Net book value at 1 January 2012	94,774	528,694	276,700	84,502	358,831	1,343,501
Depreciation	(3,352)	(27,879)	(33,433)	-	-	(64,664)
Additions (including prepayments)	-	-	-	14,793	138,503	153,296
Transfers from assets under construction	7,823	65,784	54,343	-	(127,950)	-
Net change in dismantlement provision	-	(570)	-	-	289	(281)
Disposals/retirements at cost	(330)	(1,872)	(1,319)	(154)	-	(3,675)
Accumulated depreciation and impairment on disposals/retirements	215	290	982	-	-	1,487
Net book value at 30 September 2012	99,130	564,447	297,273	99,141	369,673	1,429,664
At 30 September 2012						
Cost	138,286	870,802	552,249	99,141	369,673	2,030,151
Accumulated depreciation and impairment	(39,156)	(306,355)	(254,976)	-	-	(600,487)
Net book value at 30 September 2012	99,130	564,447	297,273	99,141	369,673	1,429,664

In value terms line fill represents RUB 94,675 of crude oil and RUB 7,627 of oil products as at 30 September 2013 (as at 31 December 2012 – RUB 93,431 of crude oil and RUB 7,216 of oil products).

During the nine months ended 30 September 2013, borrowing costs in the amount of RUB 1,266 were capitalised as part of cost of assets under construction (for the nine months ended 30 September 2012 – RUB 6,644) including interests to be capitalised in the amount of RUB 2,941 less interest income on the temporary investment of borrowings in the amount of RUB 2,387 as disclosed in Note 20.

6 ASSETS AND LIABILITIES OF DISPOSAL GROUP HELD FOR SALE

In September 2013 OAO AK Transneft held an open tender for sale of shares of ZAO SK Transneft. The winner of the tender for 98.9 per cent of the shares of ZAO SK Transneft offered RUB 9,396. The deal is expected to be closed in the 4th quarter of 2013. Due to the fact that ZAO SK Transneft does not represent a separate major line of business for the Group its results of operations are not presented as discontinued operations. As at 30 September 2013 the Group classified assets and liabilities of ZAO SK Transneft were disclosed in the segment of Oil Transportation as held for sale. Assets and liabilities of ZAO SK Transneft as at 30 September 2013 are presented in the table below:

Property, plant and equipment	51
Receivables and prepayments	3,275
Deposits	7,562
Cash and cash equivalents	5,700
Other assets	116
Creditors	(645)
Accruals	(7,831)
Other liabilities	(20)
	8,208



7 INVESTMENTS IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

Summarised financial information of associates and jointly controlled entities was as follows:

	30 September 2013	31 December 2012
Assets	255,680	242,944
Liabilities	(100,867)	(97,495)

	Nine months ended 30 September 2013	Nine months ended 30 September 2012
Revenue	55,633	57,416
Profit for the period	5,903	13,241

During nine months ended 30 September 2013 the Group additionally acquired 2.33% of ordinary shares of OAO Novorossiysk Commercial Sea Port ("NCSP") for RUB 1,748. As a result of this transaction the Group's effective share in NCSP increased from 25.05% to 27.38%.

8 ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTEREST

In August 2013 the Group acquired from the Republic of Bashkortostan 24.5% and 13.8% of non-controlling interests in OAO Uralsibnefteprovod and OAO Uraltransnefteproduct for a cash consideration of RUB 10,438 and RUB 2,112 respectively. As a result of these transactions the Group's share in OAO Uralsibnefteprovod and OAO Uraltransnefteproduct increased from 75.5% and 86.2% to 100% respectively. The carrying amount of net assets in the consolidated financial statements as at the date of acquisition amounted to RUB 72,763. The Group recognised the decrease in non-controlling interest in the amount of RUB 16,915 and net increase of retained earnings amounting to RUB 4,365.

In September 2013 the Group acquired 100% interest in OOO Avesta and Co for USD 110 mln (RUB 3,510 at the CBR exchange rate at the date of acquisition). The main asset of OOO Avesta and Co is the office premises which is planned to be used by the Group. The Group classified this acquisition as purchase of an asset and recognised the consideration paid as the cost of acquired asset.

In May 2012 the Group acquired the additional share of 49% of OAO VOSTOKNEFTETTRANS for the consideration of RUB 3,600 which was paid out in cash. The acquisition resulted in increase of a total share in OAO VOSTOKNEFTETTRANS from 51% to 100%. As at the date of acquisition the book value of net assets in the Group's consolidated financial statements amounted to RUB 8,348. The Group recognized a decrease in non-controlling interests in the amount of RUB 4,090 and an increase in retained earnings amounting to RUB 490.

9 OTHER FINANCIAL ASSETS, INCLUDING DERIVATIVES

During the nine months ended 30 September 2013 following long-term financial assets were purchased by the Group:

- zero-coupon notes which are subject to repayment on demand but not earlier than October 2014. The notes were purchased for a consideration of USD 100 million (RUB 3,182 at the CBR exchange rate effective at the purchase date), with nominal value of USD 103 million, which have a carrying value of RUB 3,235 (at the CBR exchange rate effective as at 30 September 2013).

During the nine months ended 30 September 2013 following short-term financial assets were purchased by the Group:

- zero-coupon notes which are subject to repayment on demand but not earlier than January 2014 – September 2014. The notes were purchased for a consideration of USD 5,043 million (RUB 158,842 at the CBR exchange rate effective at the purchase date), with nominal value of USD 5,175 million, which have a carrying value of RUB 164,112 (at the CBR exchange rate effective as at 30 September 2013);
- interest notes which are subject to repayment in October 2013 – August 2014. The notes were purchased for a consideration of USD 594 million (RUB 18,608 at the CBR exchange rate effective at the purchase date), have a carrying value of RUB 19,200 (at the CBR exchange rate effective as at 30 September 2013);
- interest notes which are subject to repayment in May 2014. The notes were purchased for a consideration of RUB 2,500;
- placement of deposits nominated in US Dollars amounting to RUB 8,733 with maturity dates from October 2013 till May 2014;
- placement of deposits nominated in Russian roubles in the amount RUB 43,568 with maturity dates in October 2013 – September 2014.

These notes were purchased from entities, which are under common control or significant influence of the state.



9 OTHER FINANCIAL ASSETS, INCLUDING DERIVATIVES (CONTINUED)

According to IAS 39 *Financial Instruments: Recognition and Measurement* these notes were classified as loans and receivables and the Group does not intend to dispose these notes prior to the maturity date.

As at 30 September 2013 receivables amounting to RUB 5,247 referring to acquisition of ordinary shares of NMTP were recognised as other non-current financial assets.

Derivatives

In March – August 2013 in order to reduce the adverse effects associated with decreasing of exchange rate of the US dollar the Group has simultaneously purchased put options and sold written call options for the amount of USD 2,342 million with the exercise dates during October 2013 – July 2014 period and the carrying amount of RUB 343 as at 30 September 2013. The Group qualifies these contracts as financial instruments at fair value through profit and loss.

Fair value measurement is based on Black-Scholes model, the inputs for which are observable in the market and the Group classified them to Level 2 in accordance with the hierarchy of fair value.

10 INVENTORIES

	30 September 2013	31 December 2012
Materials and supplies	20,774	19,104
Sundry goods for resale	7,598	6,503
Other items	11	16
	28,383	25,623

Materials and supplies are presented net of provisions for obsolescence of RUB 140 as at 30 September 2013 (as at 31 December 2012 – RUB 138).

11 RECEIVABLES AND PREPAYMENTS AND VAT ASSETS

Receivables and prepayments

	30 September 2013	31 December 2012
Financial assets		
Other long-term receivables	656	877
Total long-term receivables	656	877

	30 September 2013	31 December 2012
Short-term receivables		
Financial assets		
Trade receivables	19,803	22,084
Other receivables	9,440	9,366
less: provision for doubtful debts	(3,048)	(3,130)
Total financial assets	26,195	28,320

Non-financial assets		
Prepayments and advances and other non-financial assets	11,103	11,488
Total short-term receivables	37,298	39,808

VAT assets

	30 September 2013	31 December 2012
Recoverable VAT related to construction projects	2,474	40,747
Recoverable VAT related to ordinary activity	45,804	43,347
Total VAT assets	48,278	84,094
Less: short-term VAT	(48,235)	(84,059)
Long-term VAT	43	35

12 CASH AND CASH EQUIVALENTS

	30 September 2013	31 December 2012
Balances denominated in Russian roubles	30,840	38,461
Balances denominated in US dollars	72,193	44,405
Balances denominated in Euro	748	1,596
Balances denominated in other currency	82	55
	103,863	84,517



13 DIVIDENDS

In June 2013 the shareholders of the Company approved the payment of dividends for the year ended 31 December 2012 in the amount of RUB 4,865 (preference shares – RUB 1,065, ordinary shares – RUB 3,800). Dividends were paid out in August 2013.

14 LOANS AND BORROWINGS

	30 September 2013	31 December 2012
Loans and borrowings	575,321	569,634
Less: current loans and borrowings, current portion of long-term loans and borrowings	(55,443)	(25,531)
	519,878	544,103
Maturity of non-current loans and borrowings		
Between one and five years	289,868	281,042
After five years	230,010	263,061
	519,878	544,103

The non-convertible interest-bearing documentary bonds amounting to RUB 135,000 which mature in 2019 with a possibility of earlier repayment required by bond-holders or by intention of the issuer in 2015 are included in non-current borrowings and loans with maturity ranging between one and five years.

In August 2013 the Group repaid in full and in time Eurobonds in the amount of USD 600 million which were issued in August 2008 with a maturity of 5 years.

Type of bonds	Interest rate	Currency	Carrying amounts		Fair value	
			30 September 2013	31 December 2012	30 September 2013	31 December 2012
Non-convertible interest-bearing documentary	Floating	RUB	135,000	135,000	142,008	142,713
Non-convertible interest-bearing documentary	Fixed	RUB	34,000	34,000	34,187	34,136
Eurobonds	Fixed	USD	76,011	89,600	84,497	101,661

Fair values of loans and borrowings with floating interest rate except for above-disclosed do not differ materially from their carrying amounts as at 30 September 2013 and 31 December 2012.

15 DEFERRED TAX LIABILITIES AND INCOME TAX EXPENSE

Differences between the recognition criteria in Russian statutory taxation regulations and IFRS give rise to certain temporary differences between the carrying value of certain assets and liabilities for financial reporting purposes and for profit tax purposes. In the interim condensed consolidated financial statements income tax expense is recognised based on the best estimation of the average annual income tax rate expected for the financial year. Income tax expense in the consolidated interim condensed financial statements is accrued based on full-year effective rate applied to the pre-tax income of the interim period.

The Group recognised a deferred tax liability in respect of excess of the amount of the transaction for the sale of shares of ZAO SK Transneft over the cost of the Group's investment in ZAO SK Transneft. Also as a result of changes in the structure of participation in the share capital of the individual subsidiaries of OAO AK Transneftproduct the Group received taxable income.

16 PROVISIONS FOR LIABILITIES AND CHARGES

	30 September 2013	31 December 2012
Dismantlement provision	71,492	78,266
Pension provision	9,885	10,153
Other	6,476	4,179
	87,853	92,598

Dismantlement provision

The provision is established for the expected cost of dismantling parts of the existing pipeline network based on the average current cost per kilometre of removal according to an estimated plan of replacement over the long term. The calculation of oil pipeline provision is based on the assumption that dismantlement activities are expected to cover the same number of kilometres each year over the useful life of the network. The calculation of oil products pipeline provision is based on the assumption of accomplishment of approved long-term programs for capital repair of oil products pipeline and that dismantlement activity which are expected to cover the same number of kilometers each year over the useful life of the network.



16 PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

The cost of dismantlement is added to the cost of property, plant and equipment and depreciated over the useful economic life of the pipeline network. Additional provisions are made when the total length of the network increases and reductions occur when sections of the pipeline are decommissioned. Other changes are made when the expected pattern or unit cost of dismantlement is changed. The expected costs at the dates of dismantlement have been discounted to net present value using a nominal average rate of 8.06% per annum (31 December 2012 – 7.34% per annum).

Should the nominal average rate increase/(decrease) by 1%, dismantlement provision would (decrease)/increase by RUB (8,349)/11,116 as at 30 September 2013 accordingly (RUB (8,908)/12,238 as at 31 December 2012 accordingly).

Pension provision

Under collective agreements with Group's employees, an amount ranging from one to five months final salary is payable upon retirement to those who have worked for the Group for more than three years. Also under collective agreements with the employees the Group provides regular payments to those retired employees who have not entered in an agreement with the Non-state pension fund of the Group, and an amount ranging from one to five months minimal salary is payable to retired employees for anniversary milestones and to cover funeral costs. Management has assessed the net present value of these obligations, following the guidelines set out in IAS 19 *Employee Benefits*. For the calculation of obligations the projected unit method was applied.

Current service cost and past service cost amounting to RUB 271 and RUB 225 for the nine months ended 30 September 2013 and 2012, respectively, are included in staff costs in the consolidated interim condensed statement of profit and loss and other comprehensive income, interest expense in the amount of RUB 530 and RUB 463 for the nine months ended 31 September 2013 and 2012, respectively, are included in interest expenses.

Actuarial gains amounting to RUB 323 for the nine months ended 30 September 2013 are included in other comprehensive income and total actuarial losses amounted to RUB 968 as at 30 September 2013 (RUB 1,291 as at 31 December 2012). Actuarial losses amounting to RUB 364 for the nine months ended 30 September 2012 were included in salaries and pension expenses in the consolidated interim condensed statement of profit and loss and other comprehensive income.

17 TRADE AND OTHER LIABILITIES

	30 September 2013	31 December 2012
Trade payables	45,093	30,459
Other payables	10,510	9,192
Total financial payables	55,603	39,651
Advances received for oil and oil product transportation services	31,887	40,161
Accruals	20,017	31,356
VAT payable	11,578	9,334
Other taxes payable	3,101	1,759
Total liabilities	122,186	122,261



OAO AK TRANSNEFT
NOTES TO CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013
(in millions of Russian roubles, if not stated otherwise)

18 REVENUE

	Three months ended 30 September 2013	Nine months ended 30 September 2013	Three months ended 30 September 2012	Nine months ended 30 September 2012
Revenues from crude oil transportation services				
Domestic tariff	56,938	161,898	53,382	156,456
Export tariff	71,555	217,041	71,128	213,212
Total revenues from crude oil transportation services	128,493	378,939	124,510	369,668
Revenues from crude oil sales	44,544	124,107	43,860	126,893
Revenues from oil products transportation services	10,650	33,088	9,256	24,056
Other revenues	8,530	25,452	9,395	27,697
	192,217	561,586	187,021	548,314

Revenues from crude oil sales for the nine months ended 30 September 2013 include, mostly, revenues from supplying of crude oil according to the agreement signed by the Company in February 2009. According to the agreement the oil will be supplied to China during 20 years since 1 January 2011 amounting to 6 million tons of oil per annum. The Group purchases oil from OAO NK Rosneft under the contract signed in April 2009 (refer to Note 22).

19 OPERATING EXPENSES

	Three months ended 30 September 2013	Nine months ended 30 September 2013	Three months ended 30 September 2012	Nine months ended 30 September 2012
Depreciation	23,681	73,868	20,424	61,133
Staff costs:				
Salaries and pension expense	26,721	70,392	24,277	62,281
Social Funds contributions	4,708	15,648	4,124	13,609
Social expenses	1,185	2,438	1,314	2,678
Cost of oil sold	24,663	67,625	25,540	69,937
Export custom duties	18,969	55,168	17,965	56,705
Energy	8,245	23,787	7,765	23,503
Materials	5,245	14,726	5,335	12,687
Repairs services and maintenance of relevant technical condition of pipeline	4,735	10,033	4,775	9,328
Transportation of oil using railways and related services	1,339	4,783	7,989	23,686
Other	11,126	32,041	12,292	27,074
	130,617	370,509	131,800	362,621



20 INTEREST INCOME AND INTEREST EXPENSE

Interest income	Three months ended 30 September 2013	Nine months ended 30 September 2013	Three months ended 30 September 2012	Nine months ended 30 September 2012
Interest income on cash and cash equivalents	1,698	5,113	1,426	5,031
Interest income from other financial assets	4,740	10,118	2,416	5,927
Other interest income	40	213	108	285
Total interest income	6,478	15,444	3,950	11,243
Less interest income on the temporary investment of borrowings	(745)	(2,387)	(908)	(3,084)
Total interest income recognised in the statement of profit and loss and other comprehensive income	5,733	13,057	3,042	8,159
Interest expense	Three months ended 30 September 2013	Nine months ended 30 September 2013	Three months ended 30 September 2012	Nine months ended 30 September 2012
Interest expense on borrowing cost	8,603	25,860	8,197	25,645
Interest expense on dismantlement provision	1,439	4,335	1,807	5,421
Other interest expenses	270	781	160	469
Total interest expense	10,312	30,976	10,164	31,535
Less interest expense to be capitalised	(1,069)	(2,941)	(2,840)	(9,728)
Total interest expense recognised in the statement of profit and loss and other comprehensive income	9,243	28,035	7,324	21,807

21 CONTINGENT LIABILITIES AND OTHER RISKS

Legal proceedings

A number of entities of the Group were participating in a legal proceedings arising in the ordinary course of business. In the opinion of the Group's management, there are no current legal proceedings or claims not presented in these financial statements as at 30 September 2013, which could have a material adverse effect on the results of operations or financial position of the Group.

22 RELATED PARTIES AND KEY MANAGEMENT PERSONNEL COMPENSATION

The Russian Federation, through the Federal Agency for the Management of Federal Property, owns 100% of the ordinary shares of the Company and controls its operations through Board of directors represented by the Federal bodies (professional agents) and independent directors as at 30 September 2013. The Russian Government also appoints the members of the Federal Tariff Agency which sets the tariff rates.

As at 30 September 2013 and 31 December 2012 the Company holds in trust on behalf of the Russian Federation 100% of the shares of the CPC Investments Company, 100% of the shares of the CPC Company (owns 7% of the shares of the ZAO CPC-R and 7% of the shares of AO CPC-K), 24% of the shares of the ZAO CPC-R and 24% of the shares of AO CPC-K. These interests are not recognised in these consolidated interim condensed financial statements as the Company is acting as a trustee over the shares of the above entities.

The Group's transactions with other state-controlled entities occur in the normal course of business and include, but are not limited to the following: purchases of electric energy, transportation of oil produced by state-owned entities and transactions with state-controlled banks.



22 RELATED PARTIES AND KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

The Group had the following significant transactions with entities, which are under common control or significant influence of the Russian Federation:

	Three months ended 30 September 2013	Nine months ended 30 September 2013	Three months ended 30 September 2012	Nine months ended 30 September 2012
Revenue from oil transportation services	71,818	172,215	43,548	128,999
OAO NK Rosneft and its subsidiaries	64,338	151,590	37,049	109,749
OAO Gazprom and its subsidiaries	7,361	20,246	6,359	18,799
Others	119	379	140	451
Revenue from oil products transportation services	6,009	14,856	3,061	7,508
OAO NK Rosneft and its subsidiaries	3,130	6,414	790	1,787
OAO Gazprom and its subsidiaries	2,879	8,442	2,271	5,721
Purchases of oil (OAO NK Rosneft)	21,522	58,290	21,213	61,147
Transportation of goods using railways and related services (OAO RZD and its subsidiaries)	2,043	5,463	6,865	20,960
Electricity expenses	93	294	91	274
Interest income from other financial assets	4,310	9,048	1,790	4,711
Other expenses	230	635	-	-

Transactions with companies controlled by the state include taxes which are detailed in the consolidated interim condensed statement of financial position, and in the consolidated interim condensed statement of profit and loss and other comprehensive income.

During the nine months ended 30 September 2013 and 30 September 2012, Group had following transactions with associates and jointly controlled entities:

	Three months ended 30 September 2013	Nine months ended 30 September 2013	Three months ended 30 September 2012	Nine months ended 30 September 2012
Revenue	324	1,432	297	1,091
Purchases of goods and services	8,199	23,431	7,960	23,677

As at 30 September 2013 and 31 December 2012, the Group had the following balances with related parties and associates:

	30 September 2013	31 December 2012
Trade and other receivables	1,410	1,560
Trade and other payable	808	113
Loan issued	5,612	5,270
Loan received	652	-

Key management personnel compensation

Key management personnel (the members of the Board of directors and Management Committee of the Company and general directors of subsidiaries) receive short-term compensations, including salary, bonuses, other payments and long-term and short-term interest-free loans. Short-term compensations payable to key management personnel of the Company and subsidiaries consists of contractual remuneration for their services in full time executive positions. The remunerations for the members of the Boards of Directors of Company are subject to approval by the General Meeting of Shareholders. According to Russian legislation, the Group makes contributions to the Russian Federation State pension fund for all of its employees including key management personnel. Key management personnel also participate in certain post-retirement compensation programs. The programs include pension benefits provided by the non-governmental pension fund, NPF Transneft, and one-time payments at the retirement date.



23 SEGMENT INFORMATION

Generally, Management of the Group analyses information by separate legal entities. These legal entities are further aggregated into three reportable segments: Oil transportation and Oil product transportation and Sales oil to the People's Republic of China (China). Cost elements presented to management of the Group are determined in accordance with the Russian Accounting Standards (RAS). Tables below present consolidated amounts analysed by management of the Group. These amounts are calculated under RAS.

Adjusting entries to reconcile this information with information in the consolidated interim condensed financial statements primarily include adjustments and reclassifications resulting from differences between RAS and IFRS.

Segment information for the three and nine months ended 30 September 2013 as well as for the three and nine months ended 30 September 2012 is as follows:

Three months ended 30 September 2013	Oil transportation services	Oil products transportation services	Oil sales to China	Adjustments	Total IFRS
Sales					
Sales to third parties	137,373	14,004	40,736	104	192,217
Inter-segment sales	1,250	15	-	(1,265)	-
Total sales	138,623	14,019	40,736	(1,161)	192,217
Operating expenses	(97,643)	(8,062)	(39,937)	15,025	(130,617)
including amortisation and depreciation	(27,929)	(960)	-	5,208	(23,681)
Interest income	3,544	193	-	1,996	5,733
Interest expenses	(8,460)	(61)	-	(722)	(9,243)
Exchange gains/(loss)	522	18	(68)	(295)	177
Net change in fair value of derivatives	583	-	-	-	583
Other income/(expenses)	5,013	4,451	-	(9,464)	-
Share of profit from associates and jointly controlled entities	-	-	-	827	827
Profit before income tax	42,182	10,558	731	6,206	59,677
Income tax expense	-	-	-	-	(16,188)
Profit for the period	-	-	-	-	43,489
Other segment disclosures					
Additions to non-current assets (other than financial instruments and deferred tax assets)	59,564	4,008	-	3,231	66,803



23 SEGMENT INFORMATION (CONTINUED)

Nine months ended 30 September 2013	Oil transportation services	Oil products transportation services	Oil sales to China	Adjustments	Total IFRS
Sales					
Sales to third parties	408,028	39,330	114,096	132	561,586
Inter-segment sales	3,254	48	-	(3,302)	-
Total sales	411,282	39,378	114,096	(3,170)	561,586
Operating expenses	(265,068)	(22,362)	(113,182)	30,103	(370,509)
including amortisation and depreciation	(86,217)	(2,793)	-	15,142	(73,868)
Interest income	8,876	381	-	3,800	13,057
Interest expenses	(25,399)	(235)	-	(2,401)	(28,035)
Exchange gains/(loss)	(6,257)	(361)	212	573	(5,833)
Net change in fair value of derivatives	343	-	-	-	343
Other income/(expenses)	14,754	4,318	-	(19,072)	-
Share of profit from associates and jointly controlled entities	-	-	-	1,264	1,264
Profit before income tax	138,531	21,119	1,126	11,097	171,873
Income tax expense	-	-	-	-	(39,000)
Profit for the period	-	-	-	-	132,873

Other segment disclosures

Additions to non-current
assets (other than financial
instruments and deferred tax
assets)

148,537	9,066	-	6,804	164,407
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Three months ended 30 September 2012	Oil transportation services	Oil products transportation services	Oil sales to China	Adjustments	Total IFRS
Sales					
Sales to third parties	137,582	10,331	39,126	(18)	187,021
Inter-segment sales	1,591	16	-	(1,607)	-
Total sales	139,173	10,347	39,126	(1,625)	187,021
Operating expenses	(89,434)	(7,424)	(37,894)	2,952	(131,800)
including amortisation and depreciation	(23,409)	(795)	-	3,780	(20,424)
Interest income	2,692	13	-	337	3,042
Interest expenses	(6,440)	(97)	-	(787)	(7,324)
Exchange gains/(loss)	10,170	401	(463)	(4,295)	5,813
Net change in fair value of derivatives	-	-	-	375	375
Other income/(expenses)	2,616	49	-	(2,665)	-
Share of profit from associates and jointly controlled entities	-	-	-	1,514	1,514
Profit before income tax	58,777	3,289	769	(4,194)	58,641
Income tax expense	-	-	-	-	(11,008)
Profit for the period	-	-	-	-	47,633

Other segment disclosures

Additions to non-current
assets (other than financial
instruments and deferred tax
assets)

53,962	2,274	-	(11,035)	45,201
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23 SEGMENT INFORMATION (CONTINUED)

Nine months ended 30 September 2012	Oil transportation services	Oil products transportation services	Oil sales to China	Adjustments	Total IFRS
Sales					
Sales to third parties	403,517	27,281	117,516	-	548,314
Inter-segment sales	3,313	47	-	(3,360)	-
Total sales	406,830	27,328	117,516	(3,360)	548,314
Operating expenses	(245,706)	(19,452)	(117,325)	19,862	(362,621)
Including depreciation and amortisation	(69,926)	(2,380)	-	11,173	(61,133)
Interest income	9,018	57	-	(916)	8,159
Interest expenses	(19,204)	(293)	-	(2,310)	(21,807)
Exchange gains/(loss)	7,798	275	(15)	(73)	7,985
Net change in fair value of derivatives	-	-	-	1	1
Other income/(expenses)	10,850	(27)	-	(10,823)	-
Share of profit from associates and jointly controlled entities	-	-	-	2,870	2,870
Profit before income tax	169,586	7,888	176	5,251	182,901
Income tax expense	-	-	-	-	(39,908)
Profit for the period	-	-	-	-	142,993

Other segment disclosures

Additions to non-current
assets (other than financial
instruments and deferred tax
assets)

	139,708	5,107	-	8,481	153,296
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Segment information for the nine months ended 30 September 2013 and at 31 December 2012 is as follows:

30 September 2013	Oil transportation services	Oil products transportation services	Oil sales to China	Adjustments	Total IFRS
Investments in associates and jointly controlled entities	-	-	-	41,658	41,658
Total segment assets	2,319,893	136,231	13,421	(335,806)	2,133,739
Trade payables and advances received	75,353	7,903	8,223	(14,498)	76,981
Non-current loans and borrowings	519,544	652	-	(318)	519,878
Current borrowings	63,502	4,221	-	(12,280)	55,443
Total segment liabilities	837,224	21,314	8,223	(21,858)	844,903

31 December 2012	Oil transportation services	Oil products transportation services	Oil sales to China	Adjustments	Total IFRS
Investments in associates and jointly controlled entities	-	-	-	38,622	38,622
Total segment assets	2,124,889	75,304	12,882	(216,076)	1,996,999
Trade payables and advances received	80,845	3,955	-	(14,180)	70,620
Non-current loans and borrowings	544,421	5,367	-	(5,685)	544,103
Current borrowings	25,531	1,101	-	(1,101)	25,531
Total segment liabilities	754,400	15,287	7,658	46,599	823,944



23 SEGMENT INFORMATION (CONTINUED)

Adjustments to income and expenses that form profit before tax are mainly represented by IFRS adjustments to record non-controlling interest, to recognise fixed assets revaluation results required under IAS 29 *Financial reporting in hyper-inflationary economies* and elimination of fixed assets revaluation results performed under RAS, to accrue provision for dismantling and removing of fixed assets and to accrue deferred taxes for IFRS purposes.

Adjusting items for segment's expenses in the amount of RUB -30,103 for the nine months ended 30 September 2013 and RUB -19,862 for the nine months ended 30 September 2012 include the following adjustments and reclassifications due to RAS and IFRS accounting differences:

	Three months ended 30 September 2013	Nine months ended 30 September 2013	Three months ended 30 September 2012	Nine months ended 30 September 2012
Dismantlement provision	252	769	686	2,091
Adjustment to Property, plant and equipment to eliminate RAR revaluation effect and to record adjustment required under IAS 29 "Financial reporting in hyper-inflationary economies"	(7,474)	(17,934)	(5,024)	(14,767)
Financial leasing	-	-	(57)	(172)
Pension liabilities	(127)	(379)	(178)	(376)
Other operating expenses, net	(1,440)	(7,380)	(1,268)	(7,347)
Electricity expenses	-	95	(349)	,830
Intersegment operations	(4,997)	(6,915)	(513)	(2,267)
Others	(1,239)	1,641	3,751	2,146
Total adjusting items for segment's expenses	(15,025)	(30,103)	(2,952)	(19,862)

Adjusting items for segment's assets in the amount of RUB -335,806 as at 30 September 2013 and RUB -216,076 as at 31 December 2012 include the following adjustments and reclassifications due to RAS and IFRS accounting differences:

	30 September 2013	31 December 2012
Increase in property plant and equipment for dismantlement provision	13,518	25,395
Adjustment to Property plant and equipment to eliminate RAR revaluation effect and to record adjustment required under IAS 29 "Financial reporting in hyper-inflationary economies"	(194,023)	(211,952)
Revaluation of linefill oil and oil products required under IAS 29 "Financial reporting in hyper-inflationary economies" and other adjustments	50,549	50,573
Business combination with Transneftproduct	(102,734)	(52,553)
Deferred tax assets	(31,453)	(24,855)
Intersegment assets	(77,230)	(20,953)
Exchange loss and interest expenses recognized in fixed assets and assets under construction	14,249	13,958
Acquisition of non-controlling interest	(12,550)	-
Others	3,868	4,311
Total adjusting items for segment's assets	(335,806)	(216,076)

Adjusting items for segment's liabilities in the amount of RUB -21,858 as at 30 September 2013 and RUB 46,599 as at 31 December 2012 include the following adjustments and reclassifications due to RAS and IFRS accounting differences:

	30 September 2013	31 December 2012
Dismantlement provision	71,492	78,266
Pension liabilities	9,885	10,153
Deferred tax liabilities	(32,260)	(23,549)
Intersegment borrowings and interest expense	(77,230)	(20,953)
Others	6,255	2,682
Total adjusting items for segment's liabilities	(21,858)	46,599



23 SEGMENT INFORMATION (CONTINUED)

Geographical information. Most of the assets of the Group included in reportable segments, located on the territory of the Russian Federation, resulting in economic activity for each segment are primary operated on the territory of the Russian Federation. Revenue from external customers is presented based on the customers domicile (registered office) although the majority of revenues are generated by assets located in the Russian Federation. The oil product transportation segment has certain assets located on the territory of the Latvian Republic, Ukraine and the Republic of Belarus.

Information on the geographical location of the Group's revenue is set out below:

	Three months ended 30 September 2013	Nine months ended 30 September 2013	Three months ended 30 September 2012	Nine months ended 30 September 2012
Russian Federation	145,901	427,533	140,576	409,137
China	40,736	114,096	39,126	117,516
Other countries	5,580	19,957	7,319	21,661
	192,217	561,586	187,021	548,314

Revenue from external customers in other countries mainly includes revenue from services provided to customers in the Republic of Kazakhstan, Republic of Belarus, Ukraine.

Major customers. The Group's major customers are oil production companies which produce oil and transport it for export, domestic sale or refining.

Revenues from customers which individually constitute 10 per cent or more of the Group's total revenue were as follows:

	Three months ended 30 September 2013	Nine months ended 30 September 2013	Three months ended 30 September 2012	Nine months ended 30 September 2012
Companies under control of the Russian Federation	77,827	187,071	46,609	136,507
China National United Oil Corporation	40,736	114,096	39,126	117,516
OAO Surgutneftegaz	21,936	65,885	20,255	61,030
OAO Lukoil	18,254	54,260	18,434	55,484
OAO TNK-BP Holding*	-	13,347	15,914	46,041
	158,753	434,659	140,338	416,578

* Revenue from OAO TNK-BP Holding is considered as revenue from the companies under control of the Russian Federation starting from the date when OAO TNK-BP Holding was acquired by OAO NK Rosneft.

Sales to the major customers are included in the results of the crude oil transportation, oil product transportation and oil sales to China segments.

24 EVENTS SUBSEQUENT TO THE REPORTING DATE

In October 2013 the Group additionally acquired 8.19% of ordinary shares of NSCP for RUB 6,355 of which RUB 5,247 is included in other non-current financial assets as at 30 September 2013. This acquisition resulted in increase of the Group's effective share in NSCP from 27.38% to 35.57%.



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Швецов А. В.
Генеральный Директор ЗАО «КИТМ»

Three months ended 30 September 2013	Three months ended 30 September 2012	Three months ended 30 September 2013	Three months ended 30 September 2012
198,807	43,609	187,071	40,738
117,818	30,130	134,098	67,882
81,030	30,282	85,882	18,214
28,484	18,431	84,203	12,347
46,041	28,818	42,347	434,859
418,778	140,338	434,859	434,859