Gazprom Neft Group

Interim Condensed Consolidated Financial Statements (Unaudited)

September 30, 2013

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Report on Review of Interim Financial Information

To the Shareholders and Board of Directors of JSC "Gazprom Neft":

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of JSC Gazprom Neft and its subsidiaries (the "Group") as of 30 September 2013 and the related interim condensed consolidated statement of profit and loss and other comprehensive income for the three- and nine-month periods then ended, and of changes in equity and of cash flows for the nine-month period then ended. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim financial reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

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

ZAO PricewaterhouseCoopers Audit

5 November 2013
Moscow, Russian Federation

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Interim Condensed Consolidated Statement of Financial Position (Unaudited) Currency – RUB millions

	Notes	September 30, 2013	December 31, 2012 Restated
Assets			
Current assets			
Cash and cash equivalents	*5*	70,076	79,199
Short-term financial assets	*6*	52,208	15,889
Trade and other receivables	*7*	87,506	66,614
Inventories	*8*	84,078	91,214
Current income tax prepayments		7,891	8,393
Other current assets	*9*	90,239	107,082
Assets classified as held for sale		3	2,179
Total current assets		**392,001**	**370,570**
Non-current assets			
Property, plant and equipment	*10*	845,083	758,212
Goodwill and other intangible assets		53,521	49,878
Investments in associates and joint ventures	*11*	111,057	105,643
Long-term trade and other receivables		139	160
Long-term financial assets	*12*	15,116	23,256
Deferred income tax assets		16,979	12,664
Other non-current assets		18,912	7,827
Total non-current assets		**1,060,807**	**957,640**
Total assets		**1,452,808**	**1,328,210**
Liabilities and shareholders' equity			
Current liabilities			
Short-term debt and current portion of long-term debt	*13*	47,401	77,193
Trade and other payables	*14*	73,128	50,007
Other current liabilities		26,362	31,079
Current income tax payable		6,012	3,158
Other taxes payable	*15*	50,441	43,024
Provisions for liabilities and charges		9,056	7,301
Liabilities associated with assets classified as held for sale		-	42
Total current liabilities		**212,400**	**211,804**
Non-current liabilities			
Long-term debt	*16*	195,833	166,447
Other non-current financial liabilities		7,851	5,232
Deferred income tax liabilities		57,151	48,904
Provisions for liabilities and charges		26,439	23,895
Other non-current liabilities		3,604	1,999
Total non-current liabilities		**290,878**	**246,477**
Equity			
Share capital		98	98
Treasury shares		(1,170)	(1,170)
Additional paid-in capital		19,233	16,125
Retained earnings		887,541	815,731
Other reserves		1,805	(1,402)
Equity attributable to the Company's owners		**907,507**	**829,382**
Non-controlling interest		42,023	40,547
Total equity		**949,530**	**869,929**
Total liabilities and shareholders' equity		**1,452,808**	**1,328,210**

A. V. Dyukov
Chief Executive Officer
JSC Gazprom Neft

A. V. Yankevich
Chief Financial Officer
JSC Gazprom Neft

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements

	Notes	Three months ended September 30, 2013	Three months ended September 30, 2012 Restated	Nine months ended September 30, 2013	Nine months ended September 30, 2012 Restated
Sales		402,312	400,390	1,117,346	1,125,533
Less export duties and sales related excise tax		(55,174)	(66,553)	(179,493)	(211,509)
Total revenue from sales	**21**	**347,138**	**333,837**	**937,853**	**914,024**
Costs and other deductions					
Purchases of oil, gas and petroleum products		(88,002)	(93,225)	(236,307)	(247,132)
Production and manufacturing expenses		(39,145)	(35,305)	(109,619)	(98,176)
Selling, general and administrative expenses		(19,731)	(18,721)	(50,973)	(48,902)
Transportation expenses		(24,228)	(23,590)	(75,634)	(68,643)
Depreciation, depletion and amortization		(20,173)	(18,025)	(57,300)	(51,605)
Taxes other than income tax	**15**	(83,970)	(76,324)	(234,898)	(227,412)
Exploration expenses		(1,146)	(2,365)	(1,981)	(3,039)
Total operating expenses		**(276,395)**	**(267,555)**	**(766,712)**	**(744,909)**
Other loss, net		(1,595)	(2,218)	(2,044)	(692)
Operating profit		**69,148**	**64,064**	**169,097**	**168,423**
Share of profit of equity accounted investments		5,200	6,415	7,839	9,613
Net foreign exchange gain / (loss)		226	1,962	(2,274)	(367)
Finance income		1,585	529	4,287	2,186
Finance expense		(2,886)	(2,899)	(8,796)	(7,800)
Total other income		**4,125**	**6,007**	**1,056**	**3,632**
Profit before income tax		**73,273**	**70,071**	**170,153**	**172,055**
Current income tax expense		(10,458)	(12,024)	(25,076)	(26,710)
Deferred income tax expense		(2,153)	(1,232)	(3,938)	(4,573)
Total income tax expense		**(12,611)**	**(13,256)**	**(29,014)**	**(31,283)**
Profit for the period		**60,662**	**56,815**	**141,139**	**140,772**
Other comprehensive income / (loss):					
Currency translation differences		44	(7,838)	9,173	(4,380)
Cash flow hedge		1,396	3,140	(3,302)	1,215
Other comprehensive income / (loss) for the period		**1,440**	**(4,698)**	**5,871**	**(3,165)**
Total comprehensive income for the period		**62,102**	**52,117**	**147,010**	**137,607**
Profit attributable to:					
- Gazprom Neft shareholders		57,533	55,951	135,154	134,677
- Non-controlling interest		3,129	864	5,985	6,095
Profit for the period		**60,662**	**56,815**	**141,139**	**140,772**
Total comprehensive income / (loss) attributable to:					
- Gazprom Neft shareholders		58,854	52,814	138,361	131,872
- Non-controlling interest		3,248	(697)	8,649	5,735
Total comprehensive income for the period		**62,102**	**52,117**	**147,010**	**137,607**
Earnings per share attributable to Gazprom Neft shareholders					
Basic earnings (RUB per share)		12.19	11.86	28.65	28.55
Diluted earnings (RUB per share)		12.19	11.86	28.65	28.55
Weighted-average number of common shares outstanding Basic and Diluted (millions)		4,718	4,718	4,718	4,718

Interim Condensed Consolidated Statement of Changes in Shareholders' Equity (Unaudited) Currency – RUB millions

	Attributable to equity holders of the Company							
	Share capital	Treasury shares	Additional paid-in capital	Retained earnings	Other reserves	Total	Non-controlling interest	Total equity
Balance as of January 1, 2013 (Restated)	**98**	**(1,170)**	**16,125**	**815,731**	**(1,402)**	**829,382**	**40,547**	**869,929**
Profit for the period	-	-	-	135,154	-	135,154	5,985	141,139
Other comprehensive income / (loss)								
Currency translation differences	-	-	-	-	6,509	6,509	2,664	9,173
Cash flow hedge	-	-	-	-	(3,302)	(3,302)	-	(3,302)
Total comprehensive income for the period	**-**	**-**	**-**	**135,154**	**3,207**	**138,361**	**8,649**	**147,010**
Transactions with owners, recorded in equity								
Dividends to equity holders	-	-	-	(63,344)	-	(63,344)	(2,804)	(66,148)
Acquisition of non-controlling interest	-	-	3,108	-	-	3,108	(4,369)	(1,261)
Total transactions with owners	**-**	**-**	**3,108**	**(63,344)**	**-**	**(60,236)**	**(7,173)**	**(67,409)**
Balance as of September 30, 2013	**98**	**(1,170)**	**19,233**	**887,541**	**1,805**	**907,507**	**42,023**	**949,530**

	Attributable to equity holders of the Company							
	Share capital	Treasury shares	Additional paid-in capital	Retained earnings	Other reserves	Total	Non-controlling interest	Total equity
Balance as of January 1, 2012 (Restated)	**98**	**(1,170)**	**10,022**	**673,870**	**(939)**	**681,881**	**47,213**	**729,094**
Profit for the period	-	-	-	134,677	-	134,677	6,095	140,772
Other comprehensive (loss) / income								
Currency translation differences	-	-	-	-	(4,020)	(4,020)	(360)	(4,380)
Cash flow hedge	-	-	-	-	1,215	1,215	-	1,215
Total comprehensive income for the period	**-**	**-**	**-**	**134,677**	**(2,805)**	**131,872**	**5,735**	**137,607**
Transactions with owners, recorded in equity								
Dividends to equity holders	-	-	-	(34,435)	-	(34,435)	(704)	(35,139)
Acquisition of non-controlling interest and other	-	-	129	-	-	129	(185)	(56)
Total transactions with owners	**-**	**-**	**129**	**(34,435)**	**-**	**(34,306)**	**(889)**	**(35,195)**
Balance as of September 30, 2012 (Restated)	**98**	**(1,170)**	**10,151**	**774,112**	**(3,744)**	**779,447**	**52,059**	**831,506**

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements

Interim Condensed Consolidated Statement of Cash Flows (Unaudited) Currency – RUB millions

	Nine months ended September 30, 2013	Nine months ended September 30, 2012 Restated
Cash flows from operating activities		
Profit before income tax	170,153	172,055
Adjustments for:		
Share of profit of equity accounted investments	(7,839)	(9,613)
Loss / (gain) on foreign exchange differences	7,957	(3,770)
Finance income	(4,287)	(2,186)
Finance expense	8,796	7,800
Depreciation, depletion and amortization	57,300	51,605
Allowance for doubtful accounts	84	3,140
Other non-cash items	1,637	2,771
Changes in working capital:		
Accounts receivable	(18,341)	(5,122)
Inventories	9,546	(9,763)
Other assets	17,723	(10,165)
Accounts payable	2,375	7,163
Taxes payable	6,949	9,665
Other liabilities	(6,636)	(6,873)
Income taxes paid	(21,801)	(21,164)
Interest paid	(8,560)	(7,749)
Dividends received	4,856	1,638
Net cash provided by operating activities	**219,912**	**179,432**
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	(2,263)	(971)
Acquisition of equity-accounted investments	(1,187)	-
Bank deposits placement	(51,856)	(31,742)
Repayment of bank deposits	29,827	27,484
Acquisition of other investments	(283)	(3,867)
Proceeds from sales of other investments	890	1,206
Short-term loans issued	(2,505)	(3,727)
Repayment of short-term loans issued	624	8,107
Long-term loans issued	(10,568)	(6,920)
Repayment of long-term loans issued	620	129
Capital expenditures	(142,437)	(115,111)
Proceeds from sale of property, plant and equipment	3,627	536
Interest received	2,892	1,876
Net cash used in investing activities	**(172,619)**	**(123,000)**
Cash flows from financing activities		
Proceeds from short-term borrowings	13,489	9,156
Repayment of short-term borrowings	(25,797)	(4,920)
Proceeds from long-term borrowings	46,614	57,080
Repayment of long-term borrowings	(44,976)	(35,383)
Transaction costs directly attributable to the borrowings received	(699)	-
Dividends paid to the Company's shareholders	(44,032)	(34,429)
Dividends paid to non-controlling interest	(2,808)	(623)
Acquisition of non-controlling interest in subsidiaries	(1,680)	(285)
Net cash used in financing activities	**(59,889)**	**(9,404)**
(Decrease) / increase in cash and cash equivalents	(12,596)	47,028
Effect of foreign exchange on cash and cash equivalents	3,473	(1,173)
Cash and cash equivalents as of the beginning of the period	**79,199**	**29,807**
Cash and cash equivalents as of the end of the period	**70,076**	**75,662**

1. General

Description of Business

JSC Gazprom Neft (the "Company") and its subsidiaries (together referred to as the "Group") is a vertically integrated oil company operating in the Russian Federation, CIS and internationally. The Group's principal activities include exploration, production and development of crude oil and gas, production of refined petroleum products and distribution and marketing operations through its retail outlets.

The Company was incorporated in 1995 and is domiciled in the Russian Federation. The Company is a joint stock company and was set up in accordance with Russian regulations. JSC Gazprom ("Gazprom", a state controlled entity), the Group's ultimate parent company, owns 95.68% shares in the Company.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Group maintains its books and records in accordance with accounting and taxation principles and practices mandated by legislation in the countries in which it operates (primarily the Russian Federation). The accompanying Interim Condensed Consolidated Financial Statements were primarily derived from the Group's statutory books and records with adjustments and reclassifications made to present them in accordance with International Financial Reporting Standards ("IFRS").

The Interim Condensed Consolidated Financial Statements have been prepared in accordance with International Accounting Standard IAS 34 *Interim Financial Reporting*. IAS 34 for interim financial reporting does not require all disclosures that would be necessarily required by IFRS.

The Group does not disclose information which would substantially duplicate the disclosures contained in its audited Consolidated Financial Statements for 2012, such as significant accounting policies, significant estimates and judgements, financial risk disclosures or disclosures of financial line items, which have not changed significantly in amount or composition. Management of the Group believes that the disclosures in these Interim Condensed Consolidated Financial Statements are adequate to make the information presented not misleading if these Interim Condensed Consolidated Financial Statements are read in conjunction with the Group's Consolidated Financial Statements for 2012.

Subsequent events occurring after September 30, 2013 were evaluated through November 5, 2013 the date these Interim Condensed Consolidated Financial Statements were authorised for issue.

The results for the nine months ended September 30, 2013 are not necessarily indicative of the results expected for the full year.

Changes in significant accounting policies

Significant accounting policies, judgements and estimates applied while preparing these Interim Condensed Consolidated Financial Statements are consistent with those applied during the preparation of Consolidated Financial Statements as of and for the year ended December 31, 2012, except for those described in Application of new IFRS paragraph.

Application of new IFRS

A number of new IFRS standards and interpretation became effective for the periods beginning on or after January 1, 2013: IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interest in Other Entities, IFRS 13 Fair Value Measurement, IFRIC 20 Stripping Cost in the Production Phase of a Surface Mine, Annual Improvements 2012. Additionally, the following amended standards also became effective for the periods beginning on or after January 1, 2013: IFRS 7 Financial Instruments: Disclosures, IAS 1 Presentation of Financial Statements, IAS 28 Investments in Associates and Joint Ventures.

The Group has applied these standards while preparing these Interim Condensed Consolidated Financial Statements. The standards have no significant impact on the Group's Interim Condensed Consolidated Financial Statements, except for the application of IFRS 11 Joint Arrangements.

Under IFRS 11 joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined investments in Tomksneft and Salym Petroleum Development as joint operations. Tomskneft and Salym Petroleum Development are engaged with production of oil and gas and all of the production is required to be sold to the parties to the joint arrangement (that is, the Group and its partner). The joint arrangements determined to be joint ventures will continue to be accounted for under the equity method of accounting.

In accordance with the transition provisions of IFRS 11, the Group has applied the new policy for interests in joint operations occurring on or after 1 January 2012. The Group derecognised the investment that was previously accounted for using the equity method and recognised its share of each of the assets and the liabilities in respect of the interest in the joint operations, including any goodwill that might have been part of the carrying amount of the investment.

The Group measured the initial carrying amount of the assets and liabilities by disaggregating them from the carrying amount of the investment as of January 1, 2012 on the basis of the information used in applying the equity method. Any differences arising from the investment previously accounted for using the equity method and the amount of the assets and liabilities recognised, including any goodwill, was adjusted against Retained Earnings.

Subsequently, each participant of the joint arrangement accounts for the assets and revenue it controls and the liabilities and expenses to which it is obliged, including its share of any assets and liabilities held and incurred jointly.

Effect of the change in the accounting policy on the Statement of Financial Position as of December 31, 2012 and Statement of Profit and Loss and Other Comprehensive Income for the nine months ended September 30, 2012 is presented below:

For nine months ended September 30, 2013 Currency – RUB millions

Reconciliation of shareholders' equity as of December 31, 2012	Previously reported	Adjustment due to change in accounting policy	Restated
Assets			
Current assets			
Cash and cash equivalents	76,012	3,187	79,199
Short-term financial assets	15,863	26	15,889
Trade and other receivables	66,596	18	66,614
Inventories	88,284	2,930	91,214
Current income tax prepayments	8,384	9	8,393
Other current assets	106,265	817	107,082
Assets classified as held for sale	2,179	-	2,179
Total current assets	**363,583**	**6,987**	**370,570**
Non-current assets			
Property, plant and equipment	669,425	88,787	758,212
Goodwill and other intangible assets	40,162	9,716	49,878
Investments in associates and joint ventures	185,087	(79,444)	105,643
Long-term trade and other receivables	159	1	160
Long-term financial assets	23,253	3	23,256
Deferred income tax assets	10,670	1,994	12,664
Other non-current assets	7,769	58	7,827
Total non-current assets	**936,525**	**21,115**	**957,640**
Total assets	**1,300,108**	**28,102**	**1,328,210**
Liabilities and shareholders' equity			
Current liabilities			
Short-term debt and current portion of long-term debt	66,195	10,998	77,193
Trade and other payables	51,348	(1,341)	50,007
Other current liabilities	31,128	(49)	31,079
Current income tax payable	2,631	527	3,158
Other taxes payable	35,908	7,116	43,024
Provisions for liabilities and charges	6,987	314	7,301
Liabilities associated with assets classified as held for sale	42	-	42
Total current liabilities	**194,239**	**17,565**	**211,804**
Non-current liabilities			
Long-term debt	166,417	30	166,447
Other non-current financial liabilities	5,232	-	5,232
Deferred income tax liabilities	38,759	10,145	48,904
Provisions for liabilities and charges	18,062	5,833	23,895
Other non-current liabilities	1,968	31	1,999
Total non-current liabilities	**230,438**	**16,039**	**246,477**
Equity			
Share capital	98	-	98
Treasury shares	(1,170)	-	(1,170)
Additional paid-in capital	16,125	-	16,125
Retained earnings	818,808	(3,077)	815,731
Other reserves	1,023	(2,425)	(1,402)
Equity attributable to the Company's owners	**834,884**	**(5,502)**	**829,382**
Non-controlling interest	40,547	-	40,547
Total equity	**875,431**	**(5,502)**	**869,929**
Total liabilities and shareholders' equity	**1,300,108**	**28,102**	**1,328,210**

For nine months ended September 30, 2013 Currency – RUB millions

Reconciliation of comprehensive income for the period ended September, 30 2012	**Previously reported**	**Adjustment due to change in accounting policy**	**Restated**
Sales	1,123,829	1,704	1,125,533
Less export duties and sales related excise tax	(211,509)	-	(211,509)
Total revenue from sales	**912,320**	**1,704**	**914,024**
Costs and other deductions			
Purchases of oil, gas and petroleum products	(315,165)	68,033	(247,132)
Production and manufacturing expenses	(88,736)	(9,440)	(98,176)
Selling, general and administrative expenses	(47,289)	(1,613)	(48,902)
Transportation expenses	(68,643)	-	(68,643)
Depreciation, depletion and amortization	(43,439)	(8,166)	(51,605)
Taxes other than income tax	(192,122)	(35,290)	(227,412)
Exploration expenses	(2,903)	(136)	(3,039)
Total operating expenses	**(758,297)**	**13,388**	**(744,909)**
Other loss, net	(645)	(47)	(692)
Operating profit	**153,378**	**15,045**	**168,423**
Share of profit of equity accounted investments	22,039	(12,426)	9,613
Net foreign exchange loss	(540)	173	(367)
Finance income	2,140	46	2,186
Finance expense	(7,862)	62	(7,800)
Total other income	**15,777**	**(12,145)**	**3,632**
Profit before income tax	**169,155**	**2,900**	**172,055**
Current income tax expense	(23,687)	(3,023)	(26,710)
Deferred income tax expense	(4,696)	123	(4,573)
Total income tax expense	**(28,383)**	**(2,900)**	**(31,283)**
Profit for the period	**140,772**	**-**	**140,772**
Other comprehensive (loss) / income:			
Currency translation differences	(2,728)	(1,652)	(4,380)
Cash flow hedge	1,215	-	1,215
Other comprehensive loss for the period	**(1,513)**	**(1,652)**	**(3,165)**
Total comprehensive income for the period	**139,259**	**(1,652)**	**137,607**
Profit attributable to:			
- Gazprom Neft shareholders	134,677	-	134,677
- Non-controlling interest	6,095	-	6,095
Profit for the period	**140,772**	**-**	**140,772**
Total comprehensive income attributable to:			
- Gazprom Neft shareholders	133,524	(1,652)	131,872
- Non-controlling interest	5,735	-	5,735
Total comprehensive income for the period	**139,259**	**(1,652)**	**137,607**

The application of IFRS 11 had no effect on Group's earnings per share data previously reported.

Change in the accounting policy due to application of IFRS 11 had no significant impact on the Group's cash flows previously reported.

Seasonality of operations

The Group as a whole is not subject to significant seasonal fluctuations.

For nine months ended September 30, 2013 Currency – RUB millions

Foreign currency translation

The following exchange rates for Russian Roubles applied during the period:

	Average rate				**Reporting date spot rate**	
	Three months ended September 30, 2013	**Three months ended September 30, 2012**	**Nine months ended September 30, 2013**	**Nine months ended September 30, 2012**	**September 30, 2013**	**December 31, 2012**
USD 1	32.80	32.01	31.62	31.10	32.35	30.37
EUR 1	43.43	40.01	41.65	39.83	43.65	40.23
SRD 1	0.38	0.35	0.37	0.36	0.38	0.35

3. New Accounting Standards

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2013 or later, and that the Group has not early adopted.

IFRS 9, Financial Instruments Part 1: Classification and Measurement. IFRS 9, issued in November 2009, replaces those parts of IAS 39 relating to the classification and measurement of financial assets. IFRS 9 was further amended in October 2010 to address the classification and measurement of financial liabilities.

Key features of the standard:

- Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.
- An instrument is subsequently measured at amortised cost only if it is a debt instrument and both (i) the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and (ii) the asset's contractual cash flows represent payments of principal and interest only (that is, it has only "basic loan features"). All other debt instruments are to be measured at fair value through profit or loss.
- All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.
- Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.

Application of IFRS 9 is mandatory for the periods beginning on or after January 1, 2015, earlier adoption is permitted. The Group does not plan to adopt the standard before 2015 and is currently assessing the impact of the new standard on its Consolidated Financial Statements.

Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment entities (issued on October 31, 2012 and effective for annual periods beginning on or after January 1, 2014). The amendment introduced a definition of an investment entity as an entity that (i) obtains funds from investors for the purpose of providing them with investment management services, (ii) commits to its investors that its business purpose is to invest funds solely for capital appreciation or investment income and (iii) measures and evaluates its investments on a fair value basis. An investment entity will be required to account for its subsidiaries at fair value through profit or loss, and to consolidate only those subsidiaries that provide services that are related to the entity's investment activities.

IFRS 12 was amended to introduce new disclosures, including any significant judgements made in determining whether an entity is an investment entity and information about financial or other support to an unconsolidated subsidiary, whether intended or already provided to the subsidiary. The Group is currently assessing the impact of the amendments on its Consolidated Financial Statements.

Amendments to IAS 32 - Offsetting Financial Assets and Financial Liabilities (issued in December 2011, effective for annual periods beginning on or after January 1, 2014). The amendment added application guidance to IAS 32 to address inconsistencies identified in applying some of the offsetting criteria. This includes clarifying the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement. The Group is currently assessing the impact of the amendments on its Consolidated Financial Statements.

Amendments to IAS 36 - Impairment of assets (issued in May 2013 and effective for annual periods beginning on or after January 1, 2014) on required disclosures when recoverable amount is determined based on fair value less costs of disposal. IAS 36 was amended as follows: to remove the requirement to disclose recoverable amount when a cash generating unit (CGU) contains goodwill or indefinite lived intangible assets but there has been no impairment; to require disclosure of the recoverable amount of an asset or CGU when an impairment loss has been recognised or reversed; and to require detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognised or reversed.

IFRIC 21 - Levies (issued in May 2013 and effective to annual periods beginning on or after January 1, 2014). Provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. It provides the following guidance on recognition of a liability to pay levies: the liability is recognised progressively if the obligating event occurs over a period of time; if an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached. The Group is currently assessing the impact of the amendments on its Consolidated Financial Statements.

Amendment to IAS 39 - Financial instruments: Recognition and measurement (issued in June 2013 and effective for annual periods beginning on or after January 1, 2014), on novation of derivatives and hedge accounting. IAS 39 was amended to provide relief from discontinuing hedge accounting when novation of a hedging instrument to a clearing counterparty (CCP) meets specified criteria. The amendments will not result in the expiration or termination of the hedging instrument if: as a consequence of laws or regulations, the parties to the hedging instrument agree that a CCP, or an entity (or entities) acting as a counterparty in order to effect clearing by a CCP, replaces their original counterparty; and other changes, if any, to the hedging instrument are limited to those that are necessary to effect such replacement of the counterparty. These changes include changes in the contractual collateral requirements, rights to offset receivables and payables balances, and charges levied.

The Group is currently assessing the impact of the amendments on its Consolidated Financial Statements.

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Group's Consolidated Financial Statements.

4. Acquisitions of Non-controlling Interests in Subsidiaries

In September 2013 the Group has accounted for the acquisition of additional 38.2% interest in CJSC "Gazprom neft Orenburg" where control is maintained in the amount of RUB 859 million. As a result of this transaction the Group increased additional paid-in-capital by RUB 2.2 billion for the period ended September 30, 2013. This amount represents the excess of the carrying value of the investments acquired of RUB 3.1 billion over the consideration paid.

For nine months ended September 30, 2013 Currency – RUB millions

5. Cash and Cash Equivalents

Cash and cash equivalents as of September 30, 2013 and December 31, 2012 comprise the following:

	September 30, 2013	December 31, 2012
Cash on hand	519	416
Cash in bank	39,733	27,383
Deposits with original maturity of less than three months	28,122	48,604
Cash equivalents	1,702	2,796
Total cash and cash equivalents	**70,076**	**79,199**

As of September 30, 2013 and December 31, 2012, the majority of bank deposits are held in Russian Ruble.

6. Short-term Financial Assets

Short-term financial assets as of September 30, 2013 and December 31, 2012 comprise the following:

	September 30, 2013	December 31, 2012
Deposits with original maturity more than 3 months less than 1 year	29,442	7,519
Short-term loans issued	22,760	6,832
Forward contracts - cash flow hedge	6	632
Financial assets held to maturity	-	906
Total short-term financial assets	**52,208**	**15,889**

7. Trade and Other Receivables

Trade and other receivables as of September 30, 2013 and December 31, 2012 comprise the following:

	September 30, 2013	December 31, 2012
Trade receivables	94,601	72,820
Other financial receivables	1,679	1,983
Less impairment provision	(8,774)	(8,189)
Total trade and other receivables	**87,506**	**66,614**

Trade receivables represent amounts due from customers in the ordinary course of business and are short-term by nature.

8. Inventories

Inventories as of September 30, 2013 and December 31, 2012 consist of the following:

	September 30, 2013	December 31, 2012
Crude oil and gas	18,245	18,117
Petroleum products and petrochemicals	42,602	48,731
Materials and supplies	20,753	21,714
Other	5,014	5,126
Less provision for impairment	(2,536)	(2,474)
Total inventory	**84,078**	**91,214**

As part of the management of crude inventory, the Group may enter transactions to buy and sell crude oil from the same counterparty. Such transactions are referred to as buy/sell transactions and are undertaken in order to reduce transportation costs or to obtain alternate quality grades of crude oil. The total value of buy / sell transactions undertaken for nine months ended September 30 is as follows:

	2013	2012
Buy/sell crude oil transactions for the period ended September 30	53,543	53,997

For nine months ended September 30, 2013 Currency – RUB millions

9. Other Current Assets

Other current assets as of September 30, 2013 and December 31, 2012 consist of the following:

	September 30, 2013	December 31, 2012
Prepaid custom duties	15,079	30,530
Advances paid	28,413	28,197
Prepaid expenses	720	329
Value added tax receivable	36,299	39,570
Other assets	20,120	19,168
Less impairment provision	(10,392)	(10,712)
Total other current assets	**90,239**	**107,082**

The impairment provision mainly relates to other assets represented by other receivables of our Serbian subsidiary.

10. Property, Plant and Equipment

Movements in property, plant and equipment for nine months ended September 30, 2013 and 2012 are as follows:

Cost	**O&G properties**	**Refining assets**	**Marketing and distribution**	**Other assets**	**Assets under construction**	**Total PPE**
As of January 1, 2013	**709,528**	**183,290**	**84,292**	**7,757**	**59,278**	**1,044,145**
Additions	98,305	1,256	24	1,542	31,255	132,382
Acquisitions through business combinations	-	-	1,367	-	-	1,367
Changes in decommissioning obligations	1,806	-	-	-	-	1,806
Capitalised borrowing costs	714	166	-	-	236	1,116
Transfers	-	10,715	11,170	1,001	(22,886)	-
Internal movement	(351)	(233)	(951)	2,395	(860)	-
Reclassification from assets classified as held for sale	1,217	-	-	-	-	1,217
Disposals	(4,523)	(450)	(2,360)	(34)	(557)	(7,924)
Translation differences	8,622	2,701	2,253	34	458	14,068
As of September 30, 2013	**815,318**	**197,445**	**95,795**	**12,695**	**66,924**	**1,188,177**
Depreciation and impairment						
As of January 1, 2013	**(221,754)**	**(48,021)**	**(15,604)**	**(554)**	**-**	**(285,933)**
Depreciation charge	(43,977)	(5,839)	(5,547)	(606)	-	(55,969)
Internal movement	(74)	1	520	(447)	-	-
Reclassification from assets classified as held for sale	(1,017)	-	-	-	-	(1,017)
Disposals	2,489	85	472	13	-	3,059
Translation differences	(2,604)	(298)	(322)	(10)	-	(3,234)
As of September 30, 2013	**(266,937)**	**(54,072)**	**(20,481)**	**(1,604)**	**-**	**(343,094)**
Net book value						
As of January 1, 2013	**487,774**	**135,269**	**68,688**	**7,203**	**59,278**	**758,212**
As of September 30, 2013	**548,381**	**143,373**	**75,314**	**11,091**	**66,924**	**845,083**

For nine months ended September 30, 2013 Currency – RUB millions

	O&G properties	Refining assets	Marketing and distribution	Other assets	Assets under construction	Total PPE
Cost						
As of January 1, 2012	**614,566**	**145,959**	**70,314**	**11,411**	**49,326**	**891,576**
Additions	75,338	1,420	2,084	245	37,459	116,546
Changes in decommissioning obligations	(1,122)	-	-	-	-	(1,122)
Capitalised borrowing costs	237	-	-	-	1,170	1,407
Transfers	-	6,144	6,472	279	(12,895)	-
Disposals	(3,105)	(407)	(1,312)	(388)	(549)	(5,761)
Translation differences	(4,741)	(514)	(1,086)	(120)	(636)	(7,097)
As of September 30, 2012	**681,173**	**152,602**	**76,472**	**11,427**	**73,875**	**995,549**
Depreciation and impairment						
As of January 1, 2012	**(174,038)**	**(41,903)**	**(9,969)**	**(612)**	**-**	**(226,522)**
Depreciation charge	(40,956)	(4,497)	(4,595)	(344)	-	(50,392)
Disposals	1,916	119	908	53	-	2,996
Translation differences	1,277	81	140	3	-	1,501
As of September 30, 2012	**(211,801)**	**(46,200)**	**(13,516)**	**(900)**	**-**	**(272,417)**
Net book value						
As of January 1, 2012	**440,528**	**104,056**	**60,345**	**10,799**	**49,326**	**665,054**
As of September 30, 2012	**469,372**	**106,402**	**62,956**	**10,527**	**73,875**	**723,132**

11. Investments in Associates and Joint Ventures

The carrying value of the most significant investments as of September 30, 2013 and December 31, 2012 are summarised below:

		Ownership percentage	September 30, 2013	December 31, 2012
Slavneft	Joint venture	49.9	82,258	78,831
SeverEnergy	Joint venture	25.5	24,210	24,285
Others			4,589	2,527
Total investments in associates and joint ventures			111,057	105,643

The reconciliation of carrying amount of joint ventures for the periods ended September 30, 2013 and 2012 is shown below:

	2013	2012
Carrying amount as of January 1	105,643	100,715
Share of profit of associates and joint ventures	7,839	9,613
Dividends declared	(4,324)	(7,052)
Associates and joint ventures acquired	1,887	-
Other changes in cost of associates and joint ventures	12	(258)
Carrying amount as of September 30	111,057	103,018

JSC Slavneft

The Group's investment in JSC Slavneft and various minority stakes in Slavneft subsidiaries ("Slavneft") are held through a series of legal entities. The control over Slavneft is divided equally between the Group and TNK-BP (acquired by Rosneft).

For nine months ended September 30, 2013 Currency – RUB millions

The following table summarises the financial information of Slavneft as of September 30, 2013 and December 31, 2012. Revenue and net income are shown for the periods ended September 30, 2013 and 2012:

	September 30, 2013	December 31, 2012
Current assets	38,492	49,939
Non-current assets	231,953	219,681
Total liabilities	112,673	118,183
Revenues	145,678	149,937
Net income	13,584	18,812

SeverEnergy LLC

In December 2010 Yamal Razvitie LLC (a 50%:50% joint venture between the Group and JSC Novatek) acquired a 51% equity interest in SeverEnergy LLC (SeverEnergy) from JSC Gazprom. The respective purchase price paid by the Group comprised RUB 28,123 million. SeverEnergy is developing through its subsidiaries the Samburgskoye and Evo-Yakhinskoye oil fields and some other small oil and gas fields located in the Yamalo-Nenetskiy autonomous region of the Russian Federation.

The following table summarises the financial information of SeverEnergy as of September 30, 2013 and December 31, 2012. Revenue and net income are shown for the periods ended September 30, 2013 and 2012:

	September 30, 2013	December 31, 2012
Current assets	9,226	5,217
Non-current assets	210,385	184,657
Total liabilities	110,631	80,558
Revenues	11,184	2,944
Net loss	(335)	(1,005)

12. Long-term Financial Assets

Long-term financial assets as of September 30, 2013 and December 31, 2012 comprise the following:

	September 30, 2013	December 31, 2012
Long-term loans issued	9,704	15,507
Forward contracts - cash flow hedge	13	342
Available for sale financial assets	6,155	8,106
Less impairment provision	(756)	(699)
Total long-term financial assets	**15,116**	**23,256**

13. Short-term Debt and Current Portion of Long-term Debt

As of September 30, 2013 and December 31, 2012 the Group has short-term debt and current portion of long-term debt outstanding as follows:

	September 30, 2013	December 31, 2012
Bank loans	-	13,084
Other borrowings	17,693	17,083
Current portion of long-term debt	29,708	47,026
Total short-term debt and current part of long-term debt	**47,401**	**77,193**

Current portion includes interest payable on long-term borrowings.

For nine months ended September 30, 2013 Currency – RUB millions

14. Trade and Other Payables

Accounts payable as of September 30, 2013 and December 31, 2012 comprise the following:

	September 30, 2013	December 31, 2012
Trade accounts payable	45,446	46,269
Dividends payable	20,792	1,397
Other accounts payable	5,802	1,436
Other current financial liabilities	1,088	905
Total trade and other payables	**73,128**	**50,007**

15. Other Taxes Payable

Other taxes payable as of September 30, 2013 and December 31, 2012 comprise the following:

	September 30, 2013	December 31, 2012
Mineral extraction tax	19,044	16,761
VAT	20,346	15,941
Excise tax	5,846	5,881
Property tax	1,897	1,617
Other taxes	3,308	2,824
Total other taxes payable	**50,441**	**43,024**

Taxes other than income tax expense for the periods ended September 30, 2013 and 2012 comprise the following:

	Three months ended September 30, 2013	Three months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
Mineral extraction tax	57,291	51,708	157,261	150,791
Property tax	1,840	1,938	5,565	5,734
Excise tax	20,665	19,977	58,769	61,157
Other taxes	4,174	2,701	13,303	9,730
Total other taxes payable	**83,970**	**76,324**	**234,898**	**227,412**

16. Long-Term Debt

As of September 30, 2013 and December 31, 2012 the Group has long-term outstanding debt as follows:

	September 30, 2013	December 31, 2012
Bank loans	79,903	82,240
Bonds	61,131	82,025
Loan Participation Notes	81,185	46,118
Other borrowings	3,322	3,090
less current portion of debt	(29,708)	(47,026)
Total long-term debt	**195,833**	**166,447**

On April 13, 2010, the Group placed three-year Ruble Bonds (05 and 06 series) with the total par value of RUB 20 billion (fully repaid for the period ended September 30, 2013 and all current as of December 31, 2012). The bonds bore interest of 7.15% per year and had semi-annual coupon payments.

On September 19, 2012 the Group has drawn USD 1,500 million (RUB 46,375 million) financed by 10 years Loan Participation Notes (LPN) (Series 1 Issue) with 4.375% coupon to be paid semi-annually at par. On April 26, 2013 the Group raised EURO 750 million (RUB 30,637 million) financed by 2.933% the Loan Participation Notes (LPN) due 2018 (Series 2). Outstanding amount under the loan as of September 30, 2013 is US$ 1.5 billion and EURO 750 million (total amount RUB 81.3 billion, all non-current). Outstanding amount under the loan as of December 31, 2012 is US$ 1.5 billion (RUB 45.6 billion, all non-current). LPNs are listed on the Irish Stock Exchange.

On April 19, 2013 the Group signed an unsecured term and revolving loan agreement with several banks for the amount of US$ 1 billion (31,715 RUB million). The agreement comprises two loan facilities being an amortizing USD 700 million term loan facility with a maturity date falling 5 years and a USD 300 million revolving loan facility with a bullet repayment after 3 years. The term loan facility bears a floating interest rate of LIBOR plus 1.75% per annum while for the revolving part the interest rate is the sum of LIBOR and spread ranging from 1.2% to 1.5% per annum depending on the level of utilization of the revolving loan facility.

17. Fair value measurement

The following assets and liabilities are measured at fair value in the Interim Condensed Consolidated Financial Statements: derivative financial instruments (forward exchange contracts used as hedging instruments), Stock Appreciation Rights plan (SARs) and financial investments classified as available for sale except for unquoted equity instruments whose fair value cannot be measured reliably that are carried at cost less any impairment losses. Derivative financial instruments and SARs refer to Level 2 of the fair value measurement hierarchy, i.e. their fair value is determined on the basis of inputs that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices). The valuation techniques and inputs used in fair value measurements are the same as disclosed in the Consolidated Financial Statements as of December 31, 2012. There were no transfers between the levels of the fair value hierarchy during the interim period. There are no significant assets or liabilities measured at fair value categorised within Level 1 or Level 3 of the fair value hierarchy. Carrying value of other financial assets and liabilities approximate their fair value.

18. Commitments and Contingencies

Taxes

Russian tax and customs legislation is subject to frequent changes and varying interpretations. Management's treatment of such legislation as applied to the transactions and activity of the Group, including calculation of taxes payable to federal and regional budgets, may be challenged by the relevant authorities. The Russian tax authorities may take a more assertive position in their treatment of legislation and assessments, and there is a risk that transactions and activities that have not been challenged in the past may be challenged later. As a result, significant additional taxes, penalties and interest may be accrued. Fiscal periods remain open to review by the authorities in respect of taxes for the preceding three calendar years from the year when the tax authorities make decision regarding tax reviews. Under certain circumstances reviews by tax authorities may cover longer periods. The years 2010, 2011 and 2012 are currently open for review. Management believes it has adequately provided for any probable additional tax accruals that might arise from these reviews.

Russian transfer pricing legislation was amended starting from January 1, 2012 to introduce significant reporting and documentation requirements regarding market environment at the date of transaction. Compared to the old rules the new transfer pricing rules appear to be more technically elaborate and better aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD). The new legislation allows the tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controllable transactions (transactions with a related party and some types of transactions with an unrelated party), if the transaction pricing was not at arm's length. The Group’s transactions with related parties are subject to constant internal review for compliance with the new transfer pricing rules. The Group believes that the transfer pricing documentation that the Group has prepared to comply with the new legislation provides sufficient evidence to support the Group’s tax positions and related tax returns. In addition in order to mitigate potential risks, the Group negotiates pricing approaches for major controllable transactions with tax authorities in advance. One of the pricing agreements between the Group and tax authorities regarding most significant intercompany transactions has been concluded in 2012. Given that the practice of implementation of the new transfer pricing rules has not yet developed and some clauses of the new law have contradictions and cannot be called unambiguous, the impact of any challenge to the Group's transfer prices cannot be reliably estimated.

The transfer pricing legislation that is applicable to transactions on or prior to December 31, 2011 also allows the tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controllable transactions if transaction price differs from the market price by more than 20%. Management believes it has adequately provided for any probable losses that might arise and the risk that the Group can be challenged by tax authorities is remote.

Operating Environment

While there have been improvements in the economic situation in the Russian Federation in recent years, the country continues to display some characteristics of an emerging market. These characteristics include, but are not limited to, the existence of a currency that is not freely convertible outside of the Russian Federation, restrictive currency controls, and high level of inflation. The prospects for future economic stability in the Russian Federation are largely dependent upon the effectiveness of economic measures undertaken by the government, together with legal, regulatory, and political developments.

Environmental Matters

The enforcement of environmental regulation in the Russian Federation is evolving and the enforcement posture of government authorities is continually being reconsidered. The Group periodically evaluates its potential obligations under environmental regulation. Management is of the opinion that the Group has met the government’s requirements concerning environmental matters, and the Group does not therefore have any material environmental liabilities.

Capital Commitments

As of September 30, 2013 the Group has entered into contracts to purchase property, plant and equipment for RUB 45,235 million (December 31, 2012: RUB 28,683 million).

For nine months ended September 30, 2013 Currency – RUB millions

19. Group entities

The most significant subsidiaries of the Group and the ownership interest are presented below:

Subsidiary	Country of incorporation	Ownership interest September 30, 2013	Ownership interest December 31, 2012
OJSC "Gazpromneft-Omsk"	Russian Federation	100%	100%
OJSC "Gazpromneft-Tumen"	Russian Federation	100%	100%
OJSC "Gazpromneft-Ural"	Russian Federation	100%	100%
OJSC "Gazpromneft-Novosibirsk"	Russian Federation	100%	100%
OJSC "Gazpromneft-Yaroslavl"	Russian Federation	91%	91%
OJSC "Gazpromneft-Noyabrskneftegaz"	Russian Federation	100%	100%
OJSC "Uzhuralneftegaz"	Russian Federation	88%	88%
OJSC "Gazpromneft-ONPZ"	Russian Federation	100%	100%
OJSC "CNT"	Russian Federation	100%	100%
CJSC "Gazpromneft-Severo-Zapad"	Russian Federation	100%	100%
CJSC "Gazpromneft-Kuzbass"	Russian Federation	100%	100%
CJSC "Gazpromneft-Aero"	Russian Federation	100%	100%
CJSC "Gazprom neft Orenburg"	Russian Federation	100%	62%
LLC "Gazpromneft Marin Bunker"	Russian Federation	100%	100%
LLC "Gazpromneft-Center"	Russian Federation	100%	100%
LLC "Gazpromneftfinance"	Russian Federation	100%	100%
LLC "Gazpromneft-smazochnye materialy"	Russian Federation	100%	100%
LLC "Gazpromneft-Vostok"	Russian Federation	100%	100%
LLC "Zapolyarneft"	Russian Federation	100%	100%
LLC "Gazpromneft-Hantos"	Russian Federation	100%	100%
LLC "Gazprom neft Novy Port"	Russian Federation	90%	90%
Gazprom Neft Trading GmbH	Austria	100%	100%
Naftna industrija Srbije A.D.	Serbia	56%	56%

20. Related party transactions

For the purpose of these Interim Condensed Consolidated Financial Statements parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions as defined by IAS 24 Related Party Disclosures. Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

The Group has applied the exemption as allowed by IAS 24 not to disclose all government related transactions, as the parent of the Company is effectively being controlled by the Russian Government. The table below summarises transactions in the ordinary course of business with either the parent company, parent's subsidiaries and associates or the Group's associates and joint ventures.

The Group enters into transactions with related parties based on market or regulated prices.

For nine months ended September 30, 2013 Currency – RUB millions

As of September 30, 2013 and December 31, 2012 the outstanding balances with related parties were as follows:

September 30, 2013	**Parent company**	**Parent's subsidiaries and associates**	**Associates and joint ventures**
Cash and cash equivalents	-	20,990	-
Short-term financial assets	-	14,844	6,394
Trade and other receivables	1,432	2,164	8,112
Other assets	444	3,323	795
Long-term financial assets	-	-	3,996
Total assets	**1,876**	**41,321**	**19,297**
Short-term debt and other current financial liability	1,042	-	1,235
Trade and other payables	17,947	4,044	2,081
Other current liabilities	-	766	273
Long-term debt and other non-current financial liability	4,906	-	813
Total liabilities	**23,895**	**4,810**	**4,402**

December 31, 2012	**Parent company**	**Parent's subsidiaries and associates**	**Associates and joint ventures**
Cash and cash equivalents	-	23,958	-
Short-term financial assets	-	1,210	4,010
Trade and other receivables	744	1,926	3,679
Other assets	-	1,117	678
Long-term financial assets	-	-	5,675
Total assets	**744**	**28,211**	**14,042**
Trade and other payables	1,378	1,250	1,555
Other current liabilities	79	35	722
Long-term debt and other non-current financial liability	4,231	-	1,162
Total liabilities	**5,688**	**1,285**	**3,439**

For the periods ended September 30, 2013 and 2012 the following transactions occurred with related parties:

Nine months ended September 30, 2013	**Parent company**	**Parent's subsidiaries and associates**	**Associates and joint ventures**
Crude oil, gas and oil products sales	6,858	14,621	36,741
Other revenue	158	148	4,953
Purchases of crude oil, gas and oil products	-	22,679	63,532
Production related services	58	9,325	12,635
Transportation costs	2,976	1,592	5,004
Interest income	-	524	332

Nine months ended September 30, 2012	**Parent company**	**Parent's subsidiaries and associates**	**Associates and joint ventures**
Crude oil, gas and oil products sales	4,386	1,990	38,356
Other revenue	-	94	3,759
Purchases of crude oil, gas and oil products	-	11,858	67,021
Production related services	527	7,188	8,094
Transportation costs	2,363	2,829	8,729
Interest income	-	-	280

For nine months ended September 30, 2013 Currency – RUB millions

Transactions with key management personnel

Key management received remunerations: salaries, bonuses and other contributions amounting to RUB 756 million for the period ended September 30, 2013 and to RUB 761 million for the period ended September 30, 2012.

21. Segment information

Presented below is information about the Group's operating segments for the periods ended September 30, 2013 and 2012. Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM), and for which discrete financial information is available.

The Group manages its operations in 2 operating segments: Upstream and Downstream.

Upstream segment (exploration and production) includes the following Group operations: exploration, development and production of crude oil and natural gas (including joint ventures results), oil field services. Downstream segment (refining and marketing) processes crude into refined products and purchases, sells and transports crude and refined petroleum products (refining and marketing). Corporate centre expenses are presented within the Downstream segment.

Eliminations and other adjustments section encompasses elimination of inter-segment sales and related unrealised profits, mainly from the sale of crude oil and products, and other adjustments.

Intersegment revenues are based upon estimated market prices.

Adjusted EBITDA represents the Group's EBITDA and its share in equity accounted investments' EBITDA. Management believes that adjusted EBITDA represents useful means of assessing the performance of the Group's ongoing operating activities, as it reflects the Group's earnings trends without showing the impact of certain charges. EBITDA is defined as earnings before interest, income tax expense, depreciation, depletion and amortisation, foreign exchange gain (loss), other non-operating expenses and includes the Group's share of profit of equity accounted investments. EBITDA is a supplemental non-IFRS financial measure used by management to evaluate operations.

Nine months ended September 30, 2013

	Upstream	Downstream	Eliminations	Total
Segment revenues				
Refined products, oil and gas sales and other revenues :				
External customers	18,819	919,034	-	937,853
Inter-segment	329,239	5,789	(335,028)	-
Total revenues	348,058	924,823	(335,028)	937,853
Segment results				
Adjusted EBITDA	121,850	130,069	-	251,919
Depreciation, depletion and amortisation	45,327	11,973	-	57,300
Segment assets as of September 30, 2013	**954,631**	**809,356**	**(311,179)**	**1,452,808**
Capital expenditure	**105,630**	**36,807**	**-**	**142,437**

For nine months ended September 30, 2013 Currency – RUB millions

Nine months ended September 30, 2012	**Upstream**	**Downstream**	**Eliminations**	**Total**
Segment revenues				
Refined products, oil and gas sales and other revenues :				
External customers	12,856	901,168	-	914,024
Inter-segment	331,412	3,025	(334,437)	-
Total revenues	344,268	904,193	(334,437)	914,024
Segment results				
Adjusted EBITDA	134,871	110,023	-	244,894
Depreciation, depletion and amortisation	37,403	14,202	-	51,605
Segment assets as of December 31, 2012	**812,661**	**734,937**	**(219,388)**	**1,328,210**
Capital expenditure	**70,018**	**45,093**	**-**	**115,111**

The geographical segmentation of the Group's revenue and capital expenditures for the periods ended September 30, 2013 and 2012 are presented below:

Nine months ended September 30, 2013	**Russian Federation**	**CIS**	**Export and international sales**	**Total**
Sales of crude oil	11,103	34,861	155,665	201,629
Sales of petroleum products	462,730	41,865	368,076	872,671
Sales of gas	15,974	-	992	16,966
Other sales	23,244	747	2,089	26,080
Less custom duties and sales related excises	-	(2,161)	(177,332)	(179,493)
Revenues from external customers, net	513,051	75,312	349,490	937,853
Nine months ended September 30, 2012				
Sales of crude oil	9,734	22,683	249,887	282,304
Sales of petroleum products	431,914	45,661	327,185	804,760
Sales of gas	12,438	-	4,651	17,089
Other sales	19,191	465	1,724	21,380
Less custom duties and sales related excises	-	(3,614)	(207,895)	(211,509)
Revenues from external customers, net	473,277	65,195	375,552	914,024

	Russian Federation	**CIS**	**Export and international sales**	**Total**
Non-current assets as of September 30, 2013	890,701	9,274	128,737	1,028,712
Capital expenditures for nine months ended September 30, 2013	121,285	1,546	19,606	142,437
Non-current assets as of December 31, 2012	820,217	7,442	94,061	921,720
Capital expenditures for nine months ended September 30, 2012	94,073	924	20,114	115,111

For nine months ended September 30, 2013 Currency – RUB millions

Adjusted EBITDA for the periods ended September 30, 2013 and 2012 is reconciled below:

	Three months ended September 30, 2013	**Three months ended September 30, 2012**	**Nine months ended September 30, 2013**	**Nine months ended September 30, 2012**
Profit for the period	60,662	56,815	141,139	140,772
Total income tax expense	12,611	13,256	29,014	31,283
Finance expense	2,886	2,899	8,796	7,800
Finance income	(1,585)	(529)	(4,287)	(2,186)
Depreciation, depletion and amortization	20,173	18,025	57,300	51,605
Net foreign exchange gain / (loss)	(226)	(1,962)	2,274	367
Other loss, net	1,595	2,218	2,044	692
EBITDA	96,116	90,722	236,280	230,333
less Share of profit of equity accounted investments	(5,200)	(6,415)	(7,839)	(9,613)
add Share of EBITDA of equity accounted investments	10,436	11,290	23,478	24,174
Total adjusted EBITDA	**101,352**	**95,597**	**251,919**	**244,894**

22. Subsequent events

On October 1, 2013 the Group has drawn a loan facility of USD 700 million (RUB 22,738 million) under unsecured USD 1 billion loan from a group of banks. The facility matures 5 years from the date of the first utilization and bears interest of LIBOR plus 1.75% per annum.

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