
*Auditor's Report
on the Statutory consolidated
accounting reports of OAO Gazprom
and its subsidiaries
2013*





Auditor's Report on the Statutory consolidated accounting reports

To the Shareholders and Board of Directors of OAO Gazprom:

Client

OAO Gazprom.

State registration certificate № 022.726 was issued by the Moscow Registration Bureau on 25 February 1993.

Certificate of inclusion in the Unified State Register of Legal Entities regarding the legal entity registered before 1 July 2002 No. 1027700070518 issued by the Moscow Department of the Russian Ministry of Taxes and Levies No. 2 on August 2, 2002.

Russian Federation, 117997, Moscow, Nametkina str., 16.

Auditor

ZAO PricewaterhouseCoopers Audit (ZAO PwC Audit) located at: 125047, Russian Federation, Moscow, Butyrsky Val, 10.

State registration certificate No. 008.890, issued by Moscow Registration Bureau on 28 February 1992.

Certificate of inclusion in the Unified State Register of Legal Entities regarding the legal entity registered before 1 July 2002 No. 1027700148431 issued by the Moscow Department of the Russian Ministry of Taxes and Levies No. 39 on 22 August 2002.

Member of non-profit partnership "Audit Chamber of Russia" (NP ACR) being a self-regulating organisation of auditors – registration number 870 in the register of NP ACR members.

Major registration record number (ORNZ) in the register of auditors and audit organisations – 10201003683.

ZAO PricewaterhouseCoopers Audit
White Square Office Center 10 Butyrsky Val Moscow, Russia, 125047
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TRANSLATION NOTE: Our report has been prepared in Russian and in English. In all matters of interpretation of information, views or opinions, the Russian version of our report takes precedence over the English version.



***Auditor's Report
on the Statutory consolidated accounting reports of
OAO Gazprom and its subsidiaries prepared in accordance
with the legislation of Russian Federation***

To the Shareholders and Board of Directors of OAO Gazprom:

We have audited the accompanying Statutory consolidated accounting reports of OAO Gazprom and its subsidiaries (the Group), which comprise the Consolidated balance sheet as of 31 December 2013, and the Consolidated statement of financial results, the Consolidated statement of changes in shareholders' equity and the Consolidated statement of cash flow for the year ended 31 December 2013 and Notes to the consolidated accounting reports (hereinafter all the reports together are referred to as the "Statutory consolidated accounting reports"). The reports were prepared by the management of OAO Gazprom in accordance with the reporting rules established in the Methodology recommendations on preparing consolidated accounting reports, approved by the Order of the Russian Ministry of Finance dated 30 December 1996 No. 112 (Methodology recommendations).

Management's Responsibility for the Statutory consolidated accounting reports

Management is responsible for the preparation and fair presentation of these Statutory consolidated accounting reports in accordance with the reporting rules established in the Methodology recommendations, and for such internal control as management determines is necessary to enable the preparation of the Statutory consolidated accounting reports that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion as to whether the Statutory consolidated accounting reports are fairly presented based on our audit. We conducted our audit in accordance with Russian Federal Auditing Standards and International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statutory consolidated accounting reports are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statutory consolidated accounting reports. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the Statutory consolidated accounting reports, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the Statutory consolidated accounting reports in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management of OAO Gazprom, as well as evaluating the presentation of the Statutory consolidated accounting reports.

We believe that the audit evidence we have obtained is sufficient to provide a basis for our audit opinion on the Statutory consolidated accounting reports.



Opinion

In our opinion, the Statutory consolidated accounting reports of the Group for the year ended 31 December 2013 have been prepared in all material respects in accordance with the reporting rules established in the Methodology recommendations.

Basis of preparation of the Statutory consolidated accounting reports

Without modifying our opinion on the fairness of the Statutory consolidated accounting reports we draw attention to Note 2 which describes the basis of preparation of the Statutory consolidated accounting reports. The Statutory consolidated accounting reports have been prepared in accordance with the reporting rules established in the Methodology recommendations. Therefore these reports may not be applicable for other purposes.

Director of ZAO PricewaterhouseCoopers Audit

28 April 2014



M.E. Timchenko


ОАО ГАЗПРОМ
CONSOLIDATED BALANCE SHEET
as of 31 December 2013
(in million Roubles)

Note	ASSETS	As of 31 December 2013	As of 31 December 2012	As of 31 December 2011
I. NON-CURRENT ASSETS				
	Intangible assets, including:	914,204	889,763	859,874
5	goodwill on subsidiaries	907,085	885,672	855,290
	Results of research and development	6,711	5,728	5,968
6	Intangible exploration assets	106,479	59,841	53,873
6	Tangible exploration assets	77,893	51,449	41,056
	Fixed assets, including:	9,131,301	8,522,501	7,857,434
7	Objects of fixed assets, including:	7,511,539	7,120,971	6,160,585
	buildings, constructions, machinery and equipment	7,354,415	6,972,686	6,029,193
8	Construction in progress	1,619,762	1,401,530	1,696,849
9, 20	Financial investments, including:	991,949	905,275	980,888
	investments in subsidiaries	115,306	59,982	51,359
	investments in associates	566,722	540,289	608,117
	investments in other companies	168,938	160,434	180,174
	loans issued to companies beyond 12 months	110,944	113,715	107,197
	other financial investments	30,039	30,855	34,041
16	Deferred tax assets	75,272	106,668	69,727
	Other non-current assets	<u>201,513</u>	<u>196,971</u>	<u>184,344</u>
	TOTAL Section I	11,505,322	10,738,196	10,053,164
II. CURRENT ASSETS				
10	Inventories, including:	638,398	498,273	447,625
	raw materials and other inventories	151,799	131,015	126,381
	work in progress	15,541	12,558	8,601
	finished goods and goods for resale	460,465	342,497	300,436
	goods dispatched	10,593	12,203	12,207
	Value added tax on purchased goods	341,870	404,572	303,287
11	Accounts receivable, including:	1,339,174	1,269,286	1,225,352
	Accounts receivable (payment expected beyond 12 months of the reporting date), including:	62,389	84,614	116,205
	buyers and customers	16,967	14,569	10,178
	advances paid	12,291	25,112	31,818
	other accounts receivable	33,131	44,933	74,209
	Accounts receivable (payment expected within 12 months of the reporting date), including:	1,276,785	1,184,672	1,109,147
	buyers and customers	739,138	592,944	551,635
	advances paid	217,200	328,351	277,667
	other accounts receivable	320,447	263,377	279,845
	Financial investments (less cash equivalents), including:	204,659	165,693	142,936
	loans issued to companies due within 12 months	105,496	97,194	90,994
12	other financial investments	99,163	68,499	51,942
13	Cash and cash equivalents, including:	699,612	438,746	517,955
	cash on hand	570	475	533
	rouble bank accounts	442,138	203,106	274,313
	non-rouble bank accounts	134,131	114,850	127,615
	other monetary assets and cash equivalents	122,773	120,315	115,494
	Other current assets	<u>13,421</u>	<u>14,446</u>	<u>9,783</u>
	TOTAL Section II	<u>3,237,134</u>	<u>2,791,016</u>	<u>2,646,938</u>
	TOTAL ASSETS	14,742,456	13,529,212	12,700,102

OA O GAZPROM
CONSOLIDATED BALANCE SHEET
as of 31 December 2013
(in million Roubles)

Note	EQUITY AND LIABILITIES	As of 31 December 2013	As of 31 December 2012	As of 31 December 2011
14	III. EQUITY AND RESERVES			
	Charter capital	118,368	118,368	118,368
	Treasury shares	(126,786)	(126,961)	(127,472)
	Revaluation of non-current assets	4,773,210	4,736,497	4,718,645
	Additional capital (less revaluation)	210,031	66,163	113,990
	Legal reserves	32,955	30,483	27,840
	Retained earnings	6,030,775	5,371,407	4,774,147
2, 7	Social government fund	<u>632</u>	<u>741</u>	<u>730</u>
	TOTAL Section III	11,039,185	10,196,698	9,626,248
	Minority interest	291,268	264,596	250,689
	IV. NON-CURRENT LIABILITIES			
15	Borrowings, including:	1,480,903	1,178,381	1,173,207
	bank borrowings due for repayment beyond 12 months of the reporting date	353,479	306,514	384,752
	loans due for repayment beyond 12 months of the reporting date	1,127,424	871,867	788,455
16	Deferred tax liabilities	363,768	265,550	227,350
25	Estimated liabilities	119,861	124,027	114,227
	Other liabilities	<u>30,168</u>	<u>4,712</u>	<u>6,401</u>
	TOTAL Section IV	<u>1,994,700</u>	<u>1,572,670</u>	<u>1,521,185</u>
	V. CURRENT LIABILITIES			
15	Borrowings, including:	330,479	325,447	366,037
	bank borrowings due for repayment within 12 months of the reporting date	35,338	57,749	36,968
	loans due for repayment within 12 months of the reporting date	3,111	11,788	27,028
	current portion of loans and borrowings due for repayment beyond 12 months of the reporting date	292,030	255,910	302,041
	Accounts payable, including:	956,872	941,881	834,961
	suppliers and contractors	592,530	609,608	530,284
	salaries payable	17,926	14,186	10,947
	payable to state non-budget funds	5,252	4,208	2,304
	payable to budget	151,807	119,654	135,230
	advances received	131,224	129,241	106,271
	other accounts payable	54,342	63,205	48,037
	dividends payable	3,791	1,779	1,888
	Income of future periods	2,551	2,362	3,512
25	Estimated liabilities	<u>127,401</u>	<u>225,558</u>	<u>97,470</u>
	TOTAL Section V	<u>1,417,303</u>	<u>1,495,248</u>	<u>1,301,980</u>
	TOTAL EQUITY AND LIABILITIES	14,742,456	13,529,212	12,700,102


A.B. Miller
Chairman of the Management Committee



E.A. Vasilieva
Chief Accountant

28 April 2014

OAO GAZPROM
CONSOLIDATED STATEMENT OF FINANCIAL RESULTS
for the year ended 31 December 2013
(in million Roubles)

Note		For 2013	For 2012
17	Sales	5,247,300	5,002,902
18	Cost of sales	(3,603,425)	(3,428,321)
	Gross profit	1,643,875	1,574,581
18	Commercial expenses	(422)	(486)
18	Administrative expenses	(213,570)	(217,491)
	Profit from sales	1,429,883	1,356,604
	Income from investments in other companies	4,750	7,994
	Interest income	34,170	27,805
	Interest expense	(88,756)	(88,524)
19	Other income	5,656,376	5,553,537
19	Other expenses	(5,950,244)	(5,954,755)
9	Capitalized profit of associates	93,481	151,705
	Profit before profit tax	1,179,660	1,054,366
16	Profit tax, including:		
	current profit tax	(207,478)	(284,756)
	previous years' profit tax	(197,644)	(297,718)
	including: permanent tax liabilities	(9,834)	12,962
		99,654	72,714
16	Change in deferred tax liabilities	(90,981)	(35,683)
16	Change in deferred tax assets	(36,526)	36,761
	Other	(5,630)	(107)
	Net profit of the reporting period before minority interest	839,045	770,581
	Minority interest	(27,503)	(24,859)
	Net profit of the reporting period	811,542	745,722
	FOR REFERENCE:		
7	Results of fixed assets revaluation not included into net profit of the reporting period	21,413	24,128
	Results of other transactions not included into net profit of the reporting period	51,596	(29,140)
	Comprehensive income of the reporting period attributable to the owners of OAO Gazprom	884,551	740,710
22	Basic earnings per share for profit attributable to the owners of OAO Gazprom (in Roubles)	35.36	32.49


A.B. Miller
Chairman of the Management Committee



E.A. Vasilieva
Chief Accountant

28 April 2014

OA O GAZPROM
CONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY
for the year ended 31 December 2013
(in million Roubles)

Note	Share capital	Treasury shares	Additional capital	Legal reserves	Retained earnings	Social government fund	Total
	Equity as of 31 December 2011	118,368	(127,472)	4,832,635	27,840	4,774,147	730 9,626,248
	For 2012						
	Change of capital – total, including:						
	net profit	-	511	9,512	4	560,412	11 570,450
7	revaluation of property	-	-	-	-	745,722	- 745,722
	differences resulting from the translation of foreign investments	-	-	24,117	-	-	11 24,128
	change in the Group structure and change of interest in subsidiaries	-	-	(29,140)	-	-	- (29,140)
	dividends	-	-	14,265	4	21,861	- 36,130
	other	-	511	-	-	(205,866)	- (205,866)
	Change of additional capital	-	-	270	-	(1,305)	- (524)
	Change of legal reserves	-	-	(39,487)	-	39,487	- -
		-	-	-	2,639	(2,639)	- -
	Equity as of 31 December 2012	118,368	(126,961)	4,802,660	30,483	5,371,407	741 10,196,698
	For 2013						
	Change of capital – total, including:						
	net profit	-	175	186,288	558	655,575	(109) 842,487
7	revaluation of property	-	-	-	-	811,542	- 811,542
	differences resulting from the translation of foreign investments	-	-	21,413	-	-	- 21,413
	change in the Group structure and change of interest in subsidiaries	-	-	51,565	-	-	- 51,565
	dividends	-	-	112,803	558	(15,737)	- 97,624
	social assets transferred to state authorities	-	-	-	-	(137,464)	- (137,464)
	other	-	175	507	-	-	(109) (109)
	Change of additional capital	-	-	-	-	(2,766)	- (2,084)
	Change of legal reserves	-	-	(5,707)	-	5,707	- -
		-	-	-	1,914	(1,914)	- -
	Equity as of 31 December 2013	118,368	(126,786)	4,983,241	32,955	6,030,775	632 11,039,185



A.B. Miller
Chairman of the Management Committee



E.A. Vasilieva
Chief Accountant

28 April 2014

ОАО ГАЗПРОМ
CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2013
(in million Roubles)

Note	For 2013	For 2012
Cash flows from operating activities		
Total cash received, including:	6,161,981	5,782,761
sales of products, goods, works and services	5,876,391	5,603,101
other receipts, including:	285,590	179,660
indirect taxes	189,089	75,736
advances received from buyers (customers)	30,692	42,694
Total cash paid, including:	(4,496,017)	(4,424,457)
payment for purchased raw materials, works and services	(2,020,241)	(2,068,992)
wages and salaries	(337,960)	(292,454)
interests on borrowings	(84,194)	(89,719)
profit tax	(196,530)	(283,619)
other payments, including:	(1,857,092)	(1,689,673)
settlements with customs	(744,933)	(684,179)
settlements with budget (less profit tax)	(730,642)	(633,021)
advances paid	(78,724)	(125,566)
Net cash provided by operating activities	1,665,964	1,358,304
Cash flows from investing activities		
Total cash received, including:	255,192	334,575
sales of non-current assets (less financial investments)	12,976	6,064
sales of other entities' shares (equity interests)	3,875	4,519
return of loans issued, sales of debt securities (assignment of cash from third parties)	52,625	126,916
dividends, interest from debt financial investments and receipts from participation in other entities	120,441	152,300
other receipts	65,275	44,776
Total cash paid, including:	(1,632,098)	(1,496,932)
purchase, construction, modernization, reconstruction and preparation for use of non-current assets, including:	(1,168,176)	(1,129,652)
purchase of exploration assets	(62,997)	(22,208)
23, 24 purchase of other entities' shares (equity interests)	(154,247)	(89,196)
purchase of debt securities (assignment of cash from third parties), loans issued	(62,196)	(76,088)
other payments, including:	(247,479)	(201,996)
indirect taxes	(169,489)	(160,507)
Net cash used for investing activities	(1,376,906)	(1,162,357)
Cash flows from financing activities		
Total cash received, including:	568,734	404,786
loans and borrowings, issue of bonds, promissory notes and other debt securities	567,434	404,780
other receipts	1,300	6
Total cash paid, including:	(618,326)	(669,212)
dividends and other distributions to owners (participants)	(171,482)	(227,201)
redemption (buyback) of promissory notes and other debt securities, loan repayment	(426,066)	(421,108)
other payments	(20,778)	(20,903)
Net cash used for financing activities	(49,592)	(264,426)
Net cash for the reporting period	239,466	(68,479)
Cash and cash equivalents at the beginning of the reporting period	438,674	517,887
Cash and cash equivalents at the end of the reporting period	699,520	438,674
Impact of changes in exchange rates	21,380	(10,734)


A.B. Miller
Chairman of the Management Committee


E.A. Vasilieva
Chief Accountant

28 April 2014

ОАО ГАЗПРОМ
NOTES TO THE CONSOLIDATED ACCOUNTING REPORTS
(in million Roubles)

1. GENERAL INFORMATION

ОАО Газпром and its subsidiaries (the “Group”) operate one of the largest gas pipeline systems in the world and are responsible for substantially all gas production and high pressure gas transportation in the Russian Federation. The Group is a major exporter of gas to European countries. The Group is engaged in oil production, refining activities and electricity/heat generation.

The Group is involved in the following principal activities:

- Exploration and production of gas;
- Transportation of gas;
- Sales of gas within the Russian Federation and abroad;
- Gas storage;
- Production of crude oil and gas condensate;
- Processing of oil, gas condensate and other hydrocarbons, and sales of refined products;
- Electric and heat energy generation and sales.

Other financial and operational activities include mainly production of other goods, works and services.

On average, the Group employed 422,767 and 406,577 people in 2013 and 2012, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Accounting principles

The statutory consolidated accounting reports of the Group have been prepared in accordance with the accounting rules effective in the Russian Federation, in particular, the Federal Law On Accounting dated 6 December 2011 No. 402-FZ and the Regulation on Accounting and Reporting in the Russian Federation adopted by Order of the Ministry of Finance of the Russian Federation dated 29 July 1998 No. 34n, other statutory accounting and reporting regulatory acts included in accounting and reporting regulatory system of organizations in the Russian Federation and the Methodology recommendations on preparing consolidated accounting reports, approved by Order of the Russian Ministry of Finance dated 30 December 1996 No. 112.

Assets and liabilities are accounted for at actual purchase costs, except for fixed assets that are revalued on a regular basis, investments for which fair value is determinable, and other assets against which impairment provisions have been formed in accordance with the applicable accounting rules and regulations.

Basis of consolidation

In accordance with the Methodology recommendations on preparing consolidated accounting reports, approved by Order of the Russian Ministry of Finance dated 30 December 1996 No. 112, the Consolidated Balance Sheet, Consolidated Statement of Financial Results, Consolidated Statement of Changes in Shareholder’s Equity, Consolidated Statement of Cash Flow and the Notes to the consolidated accounting reports (together, the “statutory consolidated accounting reports”) comprise a consolidation of the statutory accounting reports of ОАО Газпром and its principal subsidiaries and associates.

Accounting policy for the year 2013 of ОАО Газпром and its subsidiaries is approved by Order No. 424 dated 28 December 2012.

All significant investments in subsidiary undertakings which exercise a significant influence on the financial position and financial results of the Group have been included in the consolidated accounting reports in compliance with the consolidation Methodology. Investments in companies with 50% interest and more owned by the Group and in case the Group does not exercise control over these companies are accounted for as investments in associates in the Consolidated Balance Sheet.

Statutory consolidated accounting reports include investments in associates, acquisition price and financial results of which are stated on the equity basis in these consolidated accounting reports.

Assets and liabilities denominated in foreign currency

Business transactions denominated in foreign currencies have been recorded using the official Rouble exchange rate determined by Central Bank of Russian Federation as of the date of the relevant transaction. Cash on currency and deposit accounts, cash on hand, securities (except for shares) and settlement balances, including loans issued and raised (except for advances received and issued, prepayments and down payments) denominated in foreign currency were recorded using the official Rouble exchange rate as at reporting date. The rate of exchange as of 31 December 2013 was RR 32.7292 to USD 1 (as of 31 December 2012 – RR 30.3727, as of 31 December 2011 – RR 32.1961) and RR 44.9699 to EUR 1 (as of 31 December 2012 – RR 40.2286, as of 31 December 2011 – RR 41.6714).

ОАО ГАЗПРОМ
NOTES TO THE CONSOLIDATED ACCOUNTING REPORTS
(in million Roubles)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

Exchange differences resulting from transactions with assets and liabilities denominated in foreign currency during the year, and from their recalculation as of the reporting date, are included in the Consolidated Statement of Financial Results as other income and expenses.

Exchange differences arising from the translation of the assets and liabilities of foreign subsidiaries and associates are included into additional capital. Statements of Financial Results of foreign entities are translated at average exchange rate of relevant foreign currency for the year.

Current and non-current assets and liabilities

In the Consolidated Balance Sheet accounts receivable and accounts payable, including loans and borrowings, are treated as current if the term of their circulation (maturity) does not exceed 12 months after the reporting date or is not specified. All other assets and liabilities are treated as non-current.

Investments are classified as current or non-current based on the estimated period of use (circulation, possession or maturity) after the reporting date.

Goodwill of subsidiaries

In the consolidated accounting reports goodwill arising on the acquisition of subsidiary undertakings represents the positive difference between the historic cost of acquired investments in subsidiaries and the nominal value of their shares at the date of acquisition. Goodwill is amortized on a straight-line basis over 20 years starting from the month following the month of acquisition. Amortization charge of goodwill for the period is represented within other expenses in the Consolidated Statement of Financial Results.

Results of research and development

Results of research and development in the Consolidated Balance Sheet include expenditure on completed research and development, which met recognition criteria, which are not subject to legal protection under the existing laws and are used for production or managerial needs of the Group. These expenses are written off to cost of production of goods and services throughout the year from the moment they were first used on a straight-line basis. Expenditure on acquisition and development of research and development in progress, which are accounted within other non-current assets, are also included into this line.

Intangible and tangible exploration assets

Exploration costs accounted within tangible exploration assets include:

- expenditure on drilling and infrastructure development of prospecting, exploration and advance development wells (drilled at the exploration stage before the commercial practicability of minerals extraction is proved) broken down by fields (areas);
- acquisition and set-up costs of property, constructions, plant, equipment, vehicles used for prospecting, valuation of minerals fields and minerals exploration.

Tangible exploration assets include wells, property, plant, equipment, constructions, sets, vehicles, metalwork, special gear and tools.

Exploration costs accounted within intangible exploration assets include expenditure on acquisition of the rights to use subsurface resources.

Intangible exploration assets include geological exploration and mining licences.

Minerals prospecting and exploration licences are amortized on a straight-line basis during the period of the validity of the licenses.

Combined licences with rights on minerals prospecting, exploration and extraction are not amortised till the commercial practicability of minerals extraction is proved.

Equipment acquisition costs are depreciated on a straight-line basis during the period of their useful life. Depreciation charges are attributed to cost of geological exploration of an associated field. The Group determines useful lives of exploration assets similarly to determination of fixed assets useful lives. The cost of a self-developed exploration asset includes depreciation charge of the exploration asset used to develop this exploration asset.

In case the commercial practicability of minerals extraction in a particular area of the field is proved the exploration assets are tested for impairment and transferred to fixed assets, intangible assets or other non-current assets, which are intended for mining and extraction of minerals.

The Group tests exploration assets for impairment as of 31 December of the reporting year and in case the commercial practicability of minerals extraction in a particular area of a field is proved.

OA O GAZPROM
NOTES TO THE CONSOLIDATED ACCOUNTING REPORTS
(in million Roubles)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

Fixed assets

Fixed assets include assets which conform to the requirements of the Russian accounting rule "Accounting for Fixed Assets" (RAR 6/01) approved by Order of the Russian Ministry of Finance dated 30 March 2001, No. 26n, accounted for in accordance with the established procedure.

Completed fixed assets, which have been put into operation but documents for the state registration of title for which have not been submitted to the State Register are accounted separately within fixed assets.

In the consolidated accounting reports fixed assets are recorded at replacement cost (as of 31 December 2013) net of depreciation accumulated for the period of their use.

Certain assets of the certain entities of the Group (including Gazprom нефт Group entities, OAO WGC-2, OAO TGC-1) are reported at historical cost net of depreciation accumulated for the period of their use. The management of OAO Gazprom does not believe that this has a material impact on the consolidated accounting reports.

Fixed assets recorded on the subsidiaries' balance sheets include state social assets. The Group's companies received these assets without title transfer, in the course of restructuring of the unified gas supply system and assets of the state gas concern Gazprom. These assets were accounted for in accordance with the procedures effective at that period by creating the fund of social assets in the amount equal to their net book value. When the subsidiaries were restructured to the subsidiary undertakings of the Group these assets jointly with the fund of social assets were transferred to the Group's companies. When these assets are transferred to the municipal authorities (or disposed otherwise) their net book value is charged to the above mentioned fund recorded in line "Social government fund" of the Consolidated Balance Sheet. Although this practice represents a deviation from the established procedure, Management of OAO Gazprom believes that it ensures fair presentation of the Group's property relations as the assets are used according to their functional purposes and the Group is held liable for their maintenance and safety.

Fixed assets accounted before 1 January 2002 are depreciated based on uniform depreciation rates approved by Decree of the USSR Council of Ministers dated 22 October 1990, No. 1072 "On Uniform Depreciation Rates of Fixed Assets of the USSR National Economy". Fixed assets acquired after 1 January 2002 are depreciated at rates based on estimated useful lives of these assets. Classification of fixed assets by depreciation groups approved by Government Resolution of the Russian Federation No.1 dated 1 January 2002, is used as one of the sources of information about useful lives of fixed assets. The Group has adopted the following useful lives for fixed asset groups:

	Useful lives of assets recorded on the balance sheet (number of years)	
	before 1 January 2002	after 1 January 2002
Trunk pipelines	33	25
Wells	12 – 15	7 – 15
Machinery and equipment	10 – 18	5 – 25
Buildings and roads	8 – 100	10 – 50
Social assets	5 – 50	5 – 50

All fixed assets are depreciated on a straight-line basis.

The following assets are not depreciated:

- land;
- suspended assets (above 3 months);
- state social assets;
- fully depreciated assets that are still on the balance sheet;
- housing assets commissioned prior to 1 January 2006 (similar assets acquired after 1 January 2006 are depreciated in accordance with the general procedure), public amenities and other similar assets.

ОАО ГАЗПРОМ
NOTES TO THE CONSOLIDATED ACCOUNTING REPORTS
(in million Roubles)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

Investments in non-current assets

Investments in non-current assets include projects under construction which are not put into operation, equipment requiring assembly and other investments in non-current assets not accounted within fixed and intangible assets. Equipment requiring assembly which is in storage and which is meant for projects under construction is accounted within construction in progress separately.

Depending on how these assets will be accounted for after the investments into non-current assets are completed the items stated above are represented in lines "Intangible assets", "Results of research and development", "Intangible exploration assets", "Tangible exploration assets", or "Construction in progress".

Financial investments

Investments are recorded at their historical cost (actual acquisition costs) except for investments for which market value is determinable and investments for which impairment provision is created.

Investments for which market value is determinable are restated to their market value as of the end of the reporting year. The change in the investment value at the reporting date and the date of previous valuation is recorded in other income and expenses.

Investments for which market value is non-determinable and there are indications as of the reporting date that the decline in their value is significant and constant are recorded on the Consolidated Balance Sheet as of the end of the reporting year at their carrying (book) value net of impairment provision. The investment impairment provision is determined annually based on the stock taking results as of 31 December. While determining the provision, the Group calculated the estimated value of investments, showing significant steady decline, based on available information and created the investment impairment provision in the amount by which the carrying value of investments exceeded their estimated value. Changes in provision introduced based on stock-taking results as of 31 December are posted to other expenses and income.

Securities which do not have market value (except for those individually identifiable, including promissory notes and certificates of deposit) are recorded by types in the statutory accounting reports upon disposal under the first in, first out (FIFO) method. Other investments (including individually identifiable securities such as promissory notes and certificates of deposit) for which the market value is not determinable are recorded upon disposal at the historical cost of each unit.

Income and expenses related to investments are included within other income and expenses.

Inventories and costs

Raw materials are recognized at their actual cost of purchase or production. Dispatch into production or other disposals of inventories are recorded using the average cost method.

Oil and gas produced and purchased but unsold and retained in storages and pipelines as of the end of the reporting period are reported in line "Finished goods and goods for resale" of the Consolidated Balance Sheet. Disposals of finished goods and goods for resale are recorded using the average cost method.

Transportation costs related to the transportation of natural gas on the territory of Russia and abroad are allocated between volumes of gas sold and gas in pipelines and storage as of the end of the reporting period. Transit costs for gas, oil and refined products are shown as Cost of sales of the Consolidated Statement of Financial Results.

Impairment provision is created for raw materials and other inventories used in production, works and services, if current market value of those goods, works and services is less than their actual cost as of reporting date.

Work in progress is carried at actual cost of production less general administrative expenses.

Finished goods are carried at the simplified actual cost of production less general administrative expenses.

Accounts receivable

Trade receivables are recorded based on prices contracted between the Group and buyers (customers) taking account of all discounts (markups) provided by the Group. Bad debts are written off when recognized as such.

Doubtful accounts receivable with high probability of nonredemption are represented net of bad debt provision. Bad debt provision is recorded within other expenses in the Consolidated Statement of Financial Results. Corresponding amount of provision is recorded in other income (recognized as bad debt) upon repayment of doubtful receivables.

ОАО ГАЗПРОМ
NOTES TO THE CONSOLIDATED ACCOUNTING REPORTS
(in million Roubles)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

Cash equivalents and representation of cash flows in the Consolidated Statement of Cash Flow

Cash equivalents include most liquid financial investments, which are easily convertible into a known amount of cash and are not subject to risk of change in price.

The Group classifies short-term bank deposits with maturity up to 3 months as cash equivalents and represents them in the line "Cash and cash equivalents" in the Consolidated Balance Sheet.

Cash flows of the Group which are not clearly identified as cash flows from operating, investment or financial activities are represented within operating activities in the Consolidated Statement of Cash Flow. Such cash flows include tax payments and reimbursement of indirect tax from the state budget.

For cash flow statement purposes cash flows denominated in foreign currency are recalculated using the official Rouble exchange rate set by the Central bank of the Russian Federation as at the date of transaction.

Forex effect, arising from recalculation of cash flows and closing balances of cash and cash equivalents denominated in foreign currency using exchange rates as at date of transaction and reporting date, is included into the line "Impact of changes in Exchange rates" in the Consolidated Statement of Cash Flows.

In the Consolidated Statements of Cash Flows the following cash flows are netted:

- cash outflow and cash inflow arising from foreign exchange operations;
- settlements with commissioner or agent in relation to rendering services (except for commission itself);
- cash flows with high turnover, large amounts and short pay-back period;
- other settlements that relate rather to the activity of counterparties than to the activity of the Group itself.

In the context of recent revision of composition of Consolidated Statement of Cash Flow, initiated by Russian accounting rule «Cash flow statement» (RAR 23/2011), adopted by the Order of the Ministry of Finance dated 2 February 2011 No.11n, indirect taxes within settlements with suppliers and contractors and settlements with debtors are netted.

Loans and borrowings received

Interest on credits and loans received and additional costs attributable to the receipt of credits and loans are included in other expenses in the reporting period, in which they are incurred.

ОАО Газпром is the Group's main credit raiser. The majority of the finance acquired are general purpose loans and borrowings which are passed on to subsidiaries under investment agreements (the subsidiaries are acting as developers). Due to investment process specifics and following the principle of rational accounting the Group does not calculate any loan interest on non-investment activities for inclusion in the cost of investment assets.

The Group accounts for loans or credits payable in the amounts actually received.

Commitments and contingencies

The Group recognizes the following contingent liabilities in accounting:

- bonus payments at the year end;
- vacations;
- retirement benefits payable as a lump sum;
- fixed assets liquidation and environmental restoration in the context of subsurface use;
- other contingent liabilities.

The amount of contingent liabilities for bonus payments at the year end is defined based on the stock-taking results and adopted procedure for accrual of bonus payments at the year end.

The amount of contingent liabilities for vacations is defined based on the quantity of days of annual and excess leave earned but not used by employees during the whole period of employment as at reporting date and the average daily salary. It is revised at reporting date.

Contingent liabilities for retirement benefits payable as a lump sum are accrued at the date when an employee becomes of pensionable age and are written off 6 months after this date.

The Group recognized contingent liabilities for gas price adjustment arising from the claims of European customers based on the contracts terms. The effect of gas price adjustment including corresponding impacts on profit tax are recorded when they become probable and a reliable estimate of the amounts can be made.

ОАО ГАЗПРОМ
NOTES TO THE CONSOLIDATED ACCOUNTING REPORTS
(in million Roubles)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)

Contingent liabilities are attributed to general expenses and to other expenses in the Consolidated Statement of Financial Results.

Contingent liabilities for fixed assets liquidation and environmental restoration in the context of subsurface use are recognized within fixed assets value. Increase or decrease of the amount of contingent liability due to change of its value is attributed to other income and other expenses.

Contingent liabilities are represented in the line "Commitments and contingencies" in the Consolidated Balance Sheet.

Deferred taxes

For the purposes of consolidated accounting reports the Group recognizes non-temporary tax assets and non-temporary tax liabilities, deferred tax assets and deferred tax liabilities, i.e. amounts that can affect current profit tax expenses in the current or future reporting periods.

Information about non-temporary and temporary differences is based on the supporting documents. Current profit tax is determined based on theoretical expense (theoretical income) related to profit tax, non-temporary tax assets and liabilities, deferred tax assets and liabilities for accounting purposes. The amount corresponds to current tax according to profit tax return. On the Consolidated Balance Sheet deferred tax assets and deferred tax liabilities are recorded within non-current assets or non-current liabilities on a gross-up basis.

Revenue and other income recognition

Revenues from sales of goods and services rendering are recognized at the moment when goods are shipped (or services rendered) and corresponding settlement documents are submitted to customers. In the consolidated accounting reports revenues are presented net of value added tax, customs duties and other similar mandatory payments.

Other income primarily include transactions related to the sale of foreign currency, positive exchange differences arising from foreign currency transactions, income from trading operations without actual delivery.

Expenses recognition

General expenses are those related to production, rendering of work and services, sales of goods.

Administrative expenses are general business expenses which are monthly written off to Cost of sales of the reporting period in full amount.

Other expenses primarily include expenses related to the sale and purchase of foreign currency, negative exchange differences arising from foreign currency transactions, expenses associated with trading operations without actual delivery.

In the Consolidated Statement of Financial Results other expenses are represented netted in relation to relevant income, if this is directly prescribed or is not prohibited by the accounting regulation and if expenses and related income resulted from the same or similar economic event are not material for financial characteristics of the entity of the Group.

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NOTES TO THE CONSOLIDATED ACCOUNTING REPORTS
(in million Roubles)

3. CHANGES IN THE ACCOUNTING POLICIES AND COMPARATIVE INFORMATION FOR THE PREVIOUS REPORTING PERIODS

Changes in the 2013 accounting policies

There were no significant changes in the 2013 accounting policies.

Changes in the 2014 accounting policies

There were no significant changes in the 2014 accounting policies.

Changes in the comparative periods

Columns "As of 31 December 2012" and "As of 31 December 2011" of the Consolidated Balance Sheet as of 31 December 2013 were formed by the way of adjusting closing balances of the Consolidated Balance Sheet as of 31 December 2012 and 2011 due to the following:

- Expenditure on acquisition of minerals prospecting, exploration and extraction licences in the areas of minerals fields in respect of which the commercial practicability of minerals extraction has not yet been proved are presented within intangible exploration assets and are represented in the line "Intangible exploration assets" of the Consolidated Balance Sheet and are not amortized, before 1 January 2013 these expenses were represented in the line "Other non-current assets" and were amortized on a straight-line basis during the period of the validity of the licenses).
- Expenditure on drilling and infrastructure development of prospecting and exploration wells drilled at the exploration stage in the areas of minerals fields in respect of which the commercial practicability of minerals extraction has not yet been proved are represented in the line "Tangible exploration assets" of the Consolidated Balance Sheet, before 1 January 2013 these expenses were represented in lines "Construction in progress" of the Consolidated Balance Sheet.

Adjustments to the amounts as at 31 December 2012 and 2011 in the Consolidated Balance Sheet as at 31 December 2013

Item	As of 31 December 2012			As of 31 December 2011		
	Amount before adjustment	Adjust ment	Amount after adjustment	Amount before adjustment	Adjust ment	Amount after adjustment
I. NON-CURRENT ASSETS						
Intangible exploration assets	69,403	(9,562)	59,841	52,703	1,170	53,873
Tangible exploration assets	37,182	14,267	51,449	29,673	11,383	41,056
Fixed assets, including:	8,528,751	(6,250)	8,522,501	7,868,817	(11,383)	7,857,434
Objects of fixed assets, including:	7,120,971	-	7,120,971	6,160,585	-	6,160,585
buildings, constructions, machinery and equipment	6,972,686	-	6,972,686	6,029,193	-	6,029,193
Construction in progress	1,407,780	(6,250)	1,401,530	1,708,232	(11,383)	1,696,849
Other non-current assets	193,700	3,271	196,971	174,417	9,927	184,344
TOTAL Section I	10,736,470	1,726	10,738,196	10,042,067	11,097	10,053,164
II. CURRENT ASSETS						
Value added tax on purchased goods	394,310	10,262	404,572	303,287	-	303,287
Accounts receivable, including:	1,281,274	(11,988)	1,269,286	1,236,449	(11,097)	1,225,352
Accounts receivable (payment expected beyond 12 months of the reporting date), including:	84,614	-	84,614	116,205	-	116,205
Accounts receivable (payment expected within 12 months of the reporting date), including:	1,196,660	(11,988)	1,184,672	1,120,244	(11,097)	1,109,147
advances paid	340,339	(11,988)	328,351	288,764	(11,097)	277,667
TOTAL Section II	2,792,742	(1,726)	2,791,016	2,658,035	(11,097)	2,646,938

ОАО ГАЗПРОМ
NOTES TO THE CONSOLIDATED ACCOUNTING REPORTS
(in million Roubles)

3. CHANGES IN THE ACCOUNTING POLICIES AND COMPARATIVE INFORMATION FOR THE PREVIOUS REPORTING PERIODS (continued)

Adjustments to the Consolidated Statement of Cash Flow

To ensure comparability of the data for 2013 to comparative amounts for 2012 in the Consolidated Statement of Cash Flow amounts for 2012 were adjusted for the changes of presentation of cash inflows and outflows, including:

- Lease payments and indirect taxes included in lease payments are represented within cash flows from financial activities; previously such payments were represented within cash flows from operating activities.
- Payments to suppliers and contractors related to development and acquisition of exploration assets are represented within Cash flows from investment.

Item	Amount before adjustment for 2012	Adjustment	Amount after adjustment for 2012
Cash flows from operating activities			
Total cash received	5,782,761	-	5,782,761
Total cash paid	(4,432,416)	7,959	(4,424,457)
Net cash provided by operating activities	1,350,345	7,959	1,358,304
Cash flows from investing activities			
Total cash received	328,781	5,794	334,575
Total cash paid	(1,487,457)	(9,475)	(1,496,932)
Net cash used for investing activities	(1,158,676)	(3,681)	(1,162,357)
Cash flows from financial activities			
Total cash received	404,786	-	404,786
Total cash paid	(664,934)	(4,278)	(669,212)
Net cash provided by financial activities	(260,148)	(4,278)	(264,426)

OA O GAZPROM
NOTES TO THE CONSOLIDATED ACCOUNTING REPORTS
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4. SEGMENT INFORMATION

The Group operates as a vertically integrated business with substantially all external gas sales generated by the Distribution segment.

The Board of Directors and Management Committee of OAO Gazprom (chief operating decision maker (CODM)) provide general management of the Group, an assessment of the operating results and allocate resources using different internal financial information.

Based on that the following reportable segments within the Group were determined:

- Production of gas - geologic exploration and production of gas;
- Transportation - transportation of gas;
- Distribution of gas - sales of gas on internal and external markets;
- Gas storage - storage of extracted and purchased gas in underground gas storages;
- Production of crude oil and gas condensate - exploration and production of oil and gas condensate, sales of crude oil and gas condensate;
- Refining - processing of oil, gas condensate and other hydrocarbons, and sales of refined products;
- Electric and heat energy generation and sales - electric and heat energy generation and sales;
- Other - other activities.

The inter-segment sales mainly consist of:

- Production of gas - sales of gas to the Distribution of gas and Refining segments;
- Transportation - rendering transportation services to the Distribution of gas segment;
- Distribution of gas - sales of gas to the Transportation segment for own needs and to the Electric and heat energy generation and sales segment;
- Gas storage - sales of gas storage services to Distribution of gas segment;
- Production of crude oil and gas condensate - sales of oil and gas condensate to the Refining segment for further processing;
- Refining - sales of refined hydrocarbon products to other segments.

Internal transfer prices, mostly for Production of gas, Transportation and Gas storage segments, are established by the management of the Group with the objective of providing specific funding requirements of the individual subsidiaries within each segment. Prices are determined based on principle “cost plus normal profit”.

The CODM assesses the performance, assets and liabilities of the operating segments based on the internal financial reporting. Segment revenues (income) of the Group are generated from transactions with customers. Profit tax expense and other similar mandatory payments, interest income and expense, income from investments in other companies are not included in the segment profit (loss). Other income and expenses are not allocated by segments because it is deemed impracticable and as the required allocation base is not available.

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NOTES TO THE CONSOLIDATED ACCOUNTING REPORTS
(in million Roubles)

4. SEGMENT INFORMATION (continued)

		Production of gas	Transportation	Distribution of gas	Gas storage	Production of crude oil and gas condensate	Refining	Electric and heat energy generation and sales	All other segments	Total
For 2013										
Total	segment									
revenues		662,593	910,595	3,123,217	37,640	678,457	1,361,434	376,162	232,740	7,382,838
Inter-segment sales		653,921	783,653	247,053	35,679	404,531	10,701	-	-	2,135,538
External sales		8,672	126,942	2,876,164	1,961	273,926	1,350,733	376,162	232,740	5,247,300
Segment result		81,416	31,966	1,031,918	5,172	94,594	145,221	32,763	10,113	1,433,153
Depreciation		132,068	365,686	14,228	15,206	74,673	33,706	31,895	15,723	683,185
Capitalized profit of associates		852	7,755	12,442	374	68,631	2,116	-	1,311	93,481
For 2012										
Total	segment									
revenues		553,945	823,320	3,021,485	33,598	726,707	1,201,934	340,769	231,764	6,933,522
Inter-segment sales		544,819	732,434	235,430	32,286	375,724	9,927	-	-	1,930,620
External sales		9,126	90,886	2,786,055	1,312	350,983	1,192,007	340,769	231,764	5,002,902
Segment result		56,931	34,200	990,793	5,666	144,390	100,447	24,613	3,226	1,360,266
Depreciation		111,285	328,720	10,504	13,427	58,225	29,070	21,468	13,035	585,734
Capitalized profit (loss) of associates		1,032	(814)	35,551	(165)	98,287	2,382	-	15,432	151,705

A reconciliation of total operating segment results to total profit before profit tax in the Consolidated Statement of Financial Results is provided as follows:

		For 2013	For 2012
	Segment result	1,433,153	1,360,266
	Income from investments in other companies	4,750	7,994
	Interest income	34,170	27,805
	Interest expense	(88,756)	(88,524)
19	Other income	5,656,376	5,553,537
19	Other expense	(5,950,244)	(5,954,755)
	Difference in depreciation	(3,270)	(3,662)
9	Capitalized profit (loss) of associates	93,481	151,705
	Profit before profit tax	1,179,660	1,054,366

Segment assets include primarily tangible and intangible exploration assets, fixed assets, construction in progress, inventory, work in progress, accounts receivable and other non-current assets. Investments into unconsolidated subsidiaries, associates, equity investments and joint activity are allocated to the reporting segments on the basis of primary activity of these entities. Goodwill, deferred tax assets, value added tax, cash and cash equivalents, other financial investments, as well as loans issues to other entities are not included in segment assets as they are not directly related to the reporting segments and the required allocation base is not available.

Inter-segment operations represent the balance of intercompany transactions.

Segment capital expenditures include capital investments in fixed assets of the corresponding periods.

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NOTES TO THE CONSOLIDATED ACCOUNTING REPORTS
(in million Roubles)

4. SEGMENT INFORMATION (continued)

	Production of gas	Transportation	Distribution of gas	Gas storage	Production of crude oil and gas condensate	Refining	Electric and heat energy generation and sales	All other segments	Total
As of 31 December 2013									
Segment assets	2,194,752	5,265,289	1,405,879	242,631	1,204,678	1,001,352	715,677	754,932	12,785,190
Investments in associated undertakings	31,032	93,325	76,484	6,209	252,691	12,628	448	93,905	566,722
Capital expenditure	190,581	380,543	36,085	23,524	189,069	109,362	71,458	102,513	1,103,135
As of 31 December 2012									
Segment assets	1,996,958	5,262,632	1,245,007	220,928	1,019,330	887,233	512,769	655,676	11,800,533
Investments in associated undertakings	27,698	67,550	85,731	4,025	259,407	8,414	448	87,016	540,289
Capital expenditure	232,705	563,822	47,166	18,247	85,161	128,529	52,002	61,470	1,189,102
As of 31 December 2011									
Segment assets	1,906,130	4,955,286	1,242,506	206,467	946,078	937,702	490,906	543,129	11,228,204
Investments in associated undertakings	27,914	66,655	107,502	-	291,252	47,250	48	67,496	608,117
Capital expenditure	246,635	740,910	48,802	19,978	72,440	111,267	67,181	29,700	1,336,913

Reportable segments' assets are reconciled to total assets in the Consolidated Balance Sheet as follows:

Note	As of 31 December 2013	As of 31 December 2012	As of 31 December 2011
	12,030,258	11,144,857	10,685,075
	<u>754,932</u>	<u>655,676</u>	<u>543,129</u>
	12,785,190	11,800,533	11,228,204
5	907,085	885,672	855,290
Loans issued to companies beyond 12 months	110,944	113,715	107,197
Other long-term financial investments	30,039	30,855	34,041
Deferred tax assets	75,272	106,668	69,727
Value added tax on purchased goods	341,870	404,572	303,287
Loans issued to companies due within 12 months	105,496	97,194	90,994
Other short-term financial investments	99,163	68,499	51,942
Cash and cash equivalents	699,612	438,746	517,955
Decommissioning costs	57,414	52,111	51,452
Inter-segment assets	(673,902)	(647,567)	(801,796)
Other	<u>204,273</u>	<u>178,214</u>	<u>191,809</u>
Total assets per the balance sheet	14,742,456	13,529,212	12,700,102

Segment liabilities include primarily short-term liabilities except for profit tax and other taxes payable to the budget for which there is no basis for allocation and loans and borrowings received to finance the Group operations.

	Production of gas	Transportation	Distribution of gas	Gas storage	Production of crude oil and gas condensate	Refining	Electric and heat energy generation and sales	All other segments	Total
As of 31 December 2013									
Segment liabilities	155,578	290,775	511,433	9,599	218,783	281,666	46,491	124,989	1,639,314
As of 31 December 2012									
Segment liabilities	135,554	427,157	585,171	9,844	154,023	241,356	29,469	146,500	1,729,074
As of 31 December 2011									
Segment liabilities	115,136	422,037	468,773	7,940	260,749	166,963	35,559	137,010	1,614,167

OA O GAZPROM
NOTES TO THE CONSOLIDATED ACCOUNTING REPORTS
(in million Roubles)

4. SEGMENT INFORMATION (continued)

Reportable segments' liabilities are reconciled to total liabilities in the Consolidated Balance Sheet as follows:

Note		As of 31 December 2013	As of 31 December 2012	As of 31 December 2011
	Segment liabilities for reportable segments	1,514,325	1,582,574	1,477,157
	Other segments' liabilities	124,989	146,500	137,010
	Total segments liabilities	1,639,314	1,729,074	1,614,167
15	Long-term loans and borrowings	1,480,903	1,178,381	1,173,207
	Deferred tax liabilities	363,768	265,550	227,350
15	Short-term loans and borrowings and current portion of long-term loans and borrowings	330,479	325,447	366,037
	Dividends payable	3,791	1,779	1,888
	Income of future periods	2,551	2,362	3,512
25	Contingent liabilities regarding fixed assets liquidation and environmental restoration in the context of subsurface use	116,483	121,930	110,890
	Inter-segment liabilities	(673,902)	(647,567)	(801,796)
	Other	148,616	90,962	127,910
	Total liabilities per the balance sheet	3,412,003	3,067,918	2,823,165

Information on sales by geographical segments is presented in Note 17. Information on assets by geographical segments is not disclosed as assets of the Group are mainly located on the territory of the Russian Federation.

Cash flows from operating, investing and financial activities for reporting segments are represented in the table below:

	Production of gas	Transportation	Distribution of gas	Gas storage	Production of crude oil and gas condensate	Refining	Electric and heat energy generation and sales	All other segments	Total
For 2013									
Cash flows from operating activities									
Total cash received	7,883	129,556	3,446,632	1,909	298,996	1,534,319	346,479	171,843	5,937,617
Unallocated cash flows									224,364
Total cash paid	(443,992)	(466,447)	(1,334,655)	(13,551)	(669,570)	(829,004)	(251,000)	(135,992)	(4,144,211)
Unallocated cash flows									(351,806)
Cash flows from investing activities									
Total cash received	99	1,633	495	71	13,131	693	552	5,896	22,570
Unallocated cash flows									232,622
Total cash paid	(268,874)	(432,933)	(50,039)	(15,568)	(154,503)	(106,451)	(58,097)	(88,767)	(1,175,232)
Unallocated cash flows									(456,866)
Cash flows from financial activities									
Total cash received	-	-	-	-	-	-	-	-	-
Unallocated cash flows									568,734
Total cash paid	(2,644)	(7,601)	(3,377)	(67)	(87)	(2,552)	(257)	(1,083)	(17,668)
Unallocated cash flows									(600,658)
For 2012									
Cash flows from operating activities									
Total cash received	7,979	118,084	3,256,636	1,356	468,811	1,353,323	316,016	157,855	5,680,060
Unallocated cash flows									102,701
Total cash paid	(401,415)	(541,854)	(1,225,021)	(14,372)	(686,085)	(764,912)	(216,834)	(146,428)	(3,996,921)
Unallocated cash flows									(427,536)
Cash flows from investing activities									
Total cash received	220	1,550	614	-	4,850	257	25	3,693	11,209
Unallocated cash flows									323,366
Total cash paid	(212,679)	(514,915)	(38,766)	(24,742)	(106,127)	(114,877)	(47,578)	(76,119)	(1,135,803)
Unallocated cash flows									(361,129)
Cash flows from financial activities									
Total cash received	-	-	-	-	-	-	-	-	-
Unallocated cash flows									404,786
Total cash paid	(1,913)	(7,662)	(4,012)	(61)	(119)	(3,461)	(225)	(1,077)	(18,530)
Unallocated cash flows									(650,682)

OA O GAZPROM
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(in million Roubles)

5. GOODWILL ON SUBSIDIARIES

Note		Gross book value	Accumulated amortization	Net book value
	As of 31 December 2012			
	OA O Gazprom neft	539,720	(169,951)	369,769
	OA O Gazprom transgaz Belarus	146,316	(7,316)	139,000
	Sibir Energy Ltd.	103,974	(17,348)	86,626
	OA O WGC-2	87,263	(19,804)	67,459
	OA O Gazprom neftekhim Salavat	68,724	(1,829)	66,895
	OA O Mosenergo	46,612	(12,653)	33,959
	OOO Gazprom neft shelf	37,416	(14,565)	22,851
	OA O TGC-1	35,518	(5,328)	30,190
	OA O Sibirskie gazovie seti	17,000	(71)	16,929
	OA O Gazpromneft – MNPZ	15,898	(1,801)	14,097
	OA O Daltransgaz	6,990	(1,280)	5,710
	OA O Yuzhuralneftegaz	6,815	(369)	6,446
	OA O Gazovie Magistraly Tumeny*	6,285	(785)	5,500
	Others	25,373	(5,132)	20,241
	Total	1,143,904	(258,232)	885,672
	Additions for 2013			
23	OA O Moscow Integrated Power Company (OA O MIPC)	69,957	-	69,957
24	OA O Gazprom neftekhim Salavat	2,158	-	2,158
	OA O Gazpromneft-MNPZ	250	-	250
	Sibir Energy Ltd.	234	-	234
	OA O Gazprom gazoraspredelenie Sever*	29	-	29
	Others	11,715	(1,119)	10,596
	Total	84,343	(1,119)	83,224
	Disposals for 2013			
	Sibir Energy Ltd.	(235)	11	(224)
	Others	(3,694)	625	(3,069)
	Total	(3,929)	636	(3,293)
2	Amortization charge			
	OA O Gazprom neft		(26,986)	
	OA O Gazprom transgaz Belarus		(7,316)	
	Sibir Energy Ltd.		(5,189)	
	OA O WGC-2		(4,363)	
	OA O Gazprom neftekhim Salavat		(3,490)	
	OA O Mosenergo		(2,331)	
	OOO Gazprom neft shelf		(1,870)	
	OA O TGC-1		(1,776)	
	OA O MIPC		(873)	
	OA O Sibirskie gazovie seti		(852)	
	OA O Gazpromneft – MNPZ		(802)	
	OA O Daltransgaz		(350)	
	OA O Yuzhuralneftegaz		(341)	
	OA O Gazprom gazoraspredelenie Sever*		(159)	
	OA O Gazovie Magistraly Tumeny*		(157)	
	Others		(1,663)	
	Total		(58,518)	
	As of 31 December 2013			
	OA O Gazprom neft	539,720	(196,937)	342,783
	OA O Gazprom transgaz Belarus	146,316	(14,632)	131,684
	Sibir Energy Ltd.	103,973	(22,526)	81,447
	OA O WGC-2	87,263	(24,167)	63,096
	OA O Gazprom neftekhim Salavat	70,882	(5,319)	65,563
	OA O MIPC	69,957	(873)	69,084

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5. GOODWILL ON SUBSIDIARIES (continued)

	Gross book value	Accumulated amortization	Net book value
OAo Mosenergo	46,612	(14,984)	31,628
OOO Gazprom neft shelf	37,416	(16,435)	20,981
OAo TGC-1	35,518	(7,104)	28,414
OAo Sibirskie gazovie seti	17,000	(923)	16,077
OAo Gazpromneft – MNPZ	16,148	(2,603)	13,545
OAo Daltransgaz	6,990	(1,630)	5,360
OAo Yuzhuralneftegaz	6,815	(710)	6,105
OAo Gazprom gazoraspredelenie Sever*	6,314	(1,101)	5,213
Others	33,394	(7,289)	26,105
Total	1,224,318	(317,233)	907,085

* In November 2012 the sole participant of OAo Gazovie Magistraly Tumeny took a decision to reorganize OAo Gazovie Magistraly Tumeny in the form of a merger with OAo Tyumenmezhraygaz. In June 2013 the reorganization was completed, all assets and liabilities of OAo Gazovie Magistraly Tumeny were transferred to OAo Tyumenmezhraygaz. As a result of this transaction, the Group's share in OAo Tyumenmezhraygaz comprises 90.7%. In July 2013 OAo Tyumenmezhraygaz was renamed to OAo Gazprom gazoraspredelenie Sever.

6. EXPLORATION ASSETS

	As of 31 December 2012	Changes for 2013				As of 31 December 2013
		additions	disposals	intra- group	depreciation charge	
Total Intangible exploration assets,	59,841	50,089	(3,451)	-	-	106,479
including:						
Licences on minerals prospecting, estimation, exploration and extraction	55,261	2,427	(2,433)	41,807	-	97,062
Expenditure on obtaining rights on subsurface use, expenditure on geological knowledge	4,580	47,662	(1,018)	(41,807)	-	9,417
Total Tangible exploration assets,	51,449	28,703	(2,259)	-	-	77,893
including:						
Wells	2,196	23	(262)	391	-	2,348
Exploration expenses classified as tangible exploration assets	49,253	28,680	(1,997)	(391)	-	75,545
	As of 31 December 2011	Changes for 2012				As of 31 December 2012
		additions	disposals	intra- group	depreciation charge	
Total Intangible exploration assets,	53,873	7,716	(1,748)	-	-	59,841
including:						
Licences on minerals prospecting, estimation, exploration and extraction	50,670	4,641	(1,318)	1,268	-	55,261
Expenditure on obtaining rights on subsurface use, expenditure on geological knowledge	3,203	3,075	(430)	(1,268)	-	4,580
Total Tangible exploration assets,	41,056	12,343	(1,950)	-	-	51,449
including:						
Wells	1,999	-	-	197	-	2,196
Exploration expenses classified as tangible exploration assets	39,057	12,343	(1,950)	(197)	-	49,253

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7. FIXED ASSETS

Note	Trunk pipelines	Wells	Machinery and equipment	Buildings and roads	Other	Total
As of 31 December 2011						
Historical (replacement) cost	9,119,311	1,594,616	2,287,760	1,482,531	1,774,307	16,258,525
Accumulated depreciation	(6,213,593)	(1,061,027)	(1,623,438)	(518,957)	(680,925)	(10,097,940)
Net book value	2,905,718	533,589	664,322	963,574	1,093,382	6,160,585
For 2012						
Additions	588,667	103,684	361,070	137,882	354,032	1,545,335
Disposals	(88)	(115)	(2,886)	(8,155)	(5,390)	(16,634)
Historical (replacement) cost	(3,880)	(8,136)	(17,461)	(11,580)	(11,624)	(52,681)
Accumulated depreciation	3,792	8,021	14,575	3,425	6,234	36,047
4 Depreciation	(251,516)	(73,718)	(132,036)	(46,744)	(85,383)	(589,397)
Revaluation of fixed assets	1,258	43	6,303	4,976	8,502	21,082
Historical (replacement) cost	1,629	2,310	25,603	8,993	15,234	53,769
Accumulated depreciation	(371)	(2,267)	(19,300)	(4,017)	(6,732)	(32,687)
As of 31 December 2012						
Historical (replacement) cost	9,701,580	1,688,677	2,667,113	1,618,022	2,136,862	17,812,254
Accumulated depreciation	(6,457,541)	(1,125,194)	(1,770,340)	(566,489)	(771,719)	(10,691,283)
Net book value	3,244,039	563,483	896,773	1,051,533	1,365,143	7,120,971
For 2013						
Additions	94,656	147,794	275,592	144,850	409,207	1,072,099
Disposals	(70)	(450)	(2,078)	(5,260)	(5,890)	(13,748)
Historical (replacement) cost	(644)	(7,007)	(16,077)	(7,937)	(12,230)	(43,895)
Accumulated depreciation	574	6,557	13,999	2,677	6,340	30,147
4 Depreciation	(268,159)	(85,771)	(166,951)	(52,893)	(112,680)	(686,454)
Revaluation of fixed assets	595	341	1,844	9,675	6,216	18,671
Historical (replacement) cost	(1,100)	57,350	8,494	20,568	16,307	101,619
Accumulated depreciation	1,695	(57,009)	(6,650)	(10,893)	(10,091)	(82,948)
As of 31 December 2013						
Historical (replacement) cost	9,794,022	1,891,789	2,965,778	1,779,721	2,579,956	19,011,266
Accumulated depreciation	(6,722,961)	(1,266,392)	(1,960,598)	(631,816)	(917,960)	(11,499,727)
Net book value	3,071,061	625,397	1,005,180	1,147,905	1,661,996	7,511,539

In Additions for 2013 reflected acquisition of OAO MIPC, including historical (replacement) cost in the amount of RR 162,173 and accumulated depreciation in amount of RR 49,722.

In 2013 and 2012 the Group entities continued to transfer social assets which were obtained in the course of privatization to local authorities (see Note 2). The transferred assets which were obtained in the course of privatization amounted to RR 109 in 2013 (in 2012 – RR 0).

8. CONSTRUCTION IN PROGRESS

	Construction in progress	Equipment for installation	Total
As of 31 December 2011	1,472,503	224,346	1,696,849
For 2012			
Capital expenditures	1,047,652	189,238	1,236,890
Transfer of equipment for installation	205,880	(205,880)	-
Transfer to Fixed assets	(1,511,474)	-	(1,511,474)
Other disposals (incl. write-off)	(15,240)	(5,495)	(20,735)
As of 31 December 2012	1,199,321	202,209	1,401,530

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8. CONSTRUCTION IN PROGRESS (continued)

	Construction in progress	Equipment for installation	Total
For 2013			
Capital expenditures	963,481	170,274	1,133,755
Transfer of equipment for installation	180,133	(180,133)	-
Transfer to Fixed assets	(894,052)	-	(894,052)
Other disposals (incl. write-off)	(18,326)	(3,145)	(21,471)
As of 31 December 2013	1,430,557	189,205	1,619,762

Construction in progress mostly consists of construction of transport infrastructure, including the implementation of projects on construction of the gas pipeline Bovanenkovo – Ukhta, construction of gas chemical complex (Novourengoiysky GCC), as well as development of Bovanenkovskoye field.

9. FINANCIAL INVESTMENTS

Long-term financial assets

Investments in subsidiaries

Investments in subsidiaries in the Consolidated Balance Sheet are stated net of impairment provision in the amount of RR 6,993, RR 6,063 and RR 5,595 as of 31 December 2013, 2012 and 2011, respectively. The impairment provision primarily relates to non-core investments.

Investments in associates

Note		Carrying value			Capitalized profit (loss)	
		As of 31 December 2013	As of 31 December 2012	As of 31 December 2011	For 2013	For 2012
21	OAo Tomskneft VNK and its subsidiaries	88,560	85,414	83,329	8,359	6,707
21	OAo NGK Slavneft and its subsidiaries	84,274	78,093	73,114	9,537	11,377
21	OAo Gazprombank	73,946	76,067	57,163	76	14,027
21,25	Sakhalin Energy Investment Company Ltd.	52,925	73,919	113,706	43,085	70,777
21,25	Nord Stream AG	43,851	35,870	36,692	7,433	(2,593)
21	W & G Beteiligungs-GmbH & Co. KG and its subsidiaries	40,809	38,260	40,481	4,809	4,710
	Shtokman Development AG	23,216	21,783	20,784	(248)	(369)
21,25	STG EuRoPol GAZ S.A.	18,802	17,347	16,253	(240)	386
21,25	Blue Stream Pipeline Company B.V.	14,228	13,353	13,478	415	1,393
21	Salym Petroleum Development N.V.	13,899	15,445	12,776	5,006	8,718
	Wintershall AG	11,528	12,198	11,740	1,492	3,416
21	AO Latvijas Gaze	9,968	8,957	7,603	470	449
	ZAO Achimgaz	9,956	5,933	4,520	4,023	1,413
21	TOO KazRosGaz	9,819	12,819	35,663	4,659	8,485
	AO Amber Grid*	5,703	-	-	25	-
21	AO Gazum	4,515	4,089	4,123	369	425
21	AO Lietuvos dujos*	2,994	8,267	8,542	281	324
21	ZAO Nortgaz	2,258	1,128	5,521	1,130	554
21, 24	OAo Gazprom neftekhim Salavat**	-	-	39,381	-	(420)
21	RosUkrEnergo AG***	-	-	-	-	17,017
	Others	55,471	31,347	23,248	2,800	4,909
	Total	566,722	540,289	608,117	93,481	151,705

* In accordance with the provisions of the Third Energy Package of the European Union regarding the split between the gas transmission and distribution activities in August 2013 AO Lietuvos dujos transferred assets, liabilities and rights related to gas transportation to AO Amber Grid, an associate of the Group.

** During the period from May 2012 to June 2013 as a result of series of transactions, the Group acquired an additional 30.97% interest in the ordinary shares of OAo Gazprom neftekhim Salavat for cash consideration of RR 30,934 increasing its interest to 100% (see Note 24).

*** In June 2012 RosUkrEnergo AG declared dividends related to the results of its operations in 2011. The Group recognized its share of the profit in 2012 in the amount of accrued dividends.

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9. FINANCIAL INVESTMENTS (continued)

Investments in associates in the Consolidated Balance Sheet are stated net of impairment provision in the amount of RR 292, RR 322 and RR 236 as of 31 December 2013, 2012 and 2011, respectively.

Investments in other companies

As of 31 December 2013, 2012 and 2011 the line "Investments in other companies" of the Consolidated Balance Sheet includes an investment in OAO NOVATEK in the amount of 9.99% of shares in charter capital with carrying value amounting to RR 135,910, RR 110,370 and RR 122,270, respectively.

The line "Investments in other companies" of the Consolidated Balance Sheet also includes investments in shares of energy companies, with carrying value amounting to RR 13,537, RR 24,790 and RR 33,021 as of 31 December 2013, 2012 and 2011, respectively.

Investments in other companies in the Consolidated Balance Sheet are stated net of impairment provision in the amount of RR 1,627, RR 1,850 and RR 1,233 as of 31 December 2013, 2012 and 2011, respectively. The impairment provision primarily relates to non-core investments.

Loans issued to companies due beyond 12 months

The line "Loans issued to companies beyond 12 months" of the Consolidated Balance Sheet includes the loan to OAO Gazprom teploenego (former - OAO Mezhhregionteploenergo), denominated in RR maturing in 2025, in the amount of RR 36,937, RR 32,840 and RR 34,224 as of 31 December 2013, 2012 and 2011, respectively.

Loans issued to companies beyond 12 months in the Consolidated Balance Sheet include a foreign currency loan to the associated undertaking W&G Beteiligungs GmbH & Co. KG maturing in 2015 in amount of RR 17,214, RR 15,399 and RR 15,952 as of 31 December 2013, 2012 and 2011, respectively.

In 2013 and 2012 the average interest rate on this loan was 2.1% and 2.6%, respectively.

Other financial investments

	As of 31 December 2013	As of 31 December 2012	As of 31 December 2011
Joint activity, including:	24,691	24,419	21,744
development of a satellite communication system (operator – OAO Gazprom kosmicheskiye sistemy)	3,252	3,252	3,252
Other, including:	5,348	6,436	12,297
long-term deposits	3,209	2,063	9,633
third party promissory notes	1,438	2,288	2,113
South Pars project (oil and gas field in Iran)	<u>370</u>	<u>370</u>	<u>370</u>
Total	30,039	30,855	34,041

Other long-term financial investments in the Consolidated Balance Sheet are stated net of impairment provision in the amount of RR 7,918, RR 7,915 and RR 8,095 as of 31 December 2013, 2012 and 2011, respectively.

10. INVENTORY

Raw materials and other inventories

In the Consolidated Balance Sheet values of raw materials and other inventories in amount of RR 151,799, RR 131,015 and RR 126,381 are disclosed net of impairment allowance in amount of RR 3,560, RR 3,401 and RR 3,962 as of 31 December 2013, 2012 and 2011, respectively.

Finished goods and goods for resale

In the Consolidated Balance Sheet values of finished goods and goods for resale in amount of RR 460,465, RR 342,497 and RR 300,436 are disclosed net of impairment allowance in amount of RR 616, RR 398 and RR 270 as of 31 December 2013, 2012 and 2011, respectively.

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10. INVENTORY (continued)

	As of 31 December 2013	As of 31 December 2012	As of 31 December 2011
Gas in pipelines and storages	384,087	263,460	235,323
Oil, gas condensate and refined products	53,793	54,706	37,449
Goods for resale	<u>22,585</u>	<u>24,331</u>	<u>27,664</u>
Total	460,465	342,497	300,436

11. ACCOUNTS RECEIVABLE

Accounts receivable (payment expected beyond 12 months of the reporting date)

The Accounts Receivable line in the Consolidated Balance Sheet includes long-term receivables for gas in the amount of RR 1,191, RR 1,187 and RR 712 as of 31 December 2013, 2012 and 2011, respectively.

The Advances issued line in the Consolidated Balance Sheet includes an advance issued to NJSC Naftogas of Ukraine on account of gas transportation services in amount of RR 9,095, RR 19,016 and RR 28,938 as of 31 December 2013, 2012 and 2011, respectively.

The Other receivables line in the Consolidated Balance Sheet includes receivables, issued for capital construction purposes in amount of RR 13,151, RR 20,612 and RR 47,726 as of 31 December 2013, 2012 and 2011, respectively.

Accounts receivable (payment expected within 12 months of the reporting date)

Accounts receivable from buyers and customers in the Consolidated Balance Sheet as of 31 December 2013, 2012 and 2011 include the following:

	As of 31 December 2013	As of 31 December 2012	As of 31 December 2011
Receivables from Europe and other countries gas, crude oil, gas condensate and refined products customers	339,313	285,379	257,853
Receivables from Domestic gas, crude oil, gas condensate and refined products customers	141,103	131,128	107,805
Receivables from FSU (excluding Russian Federation) gas, crude oil, gas condensate and refined products customers	111,807	33,560	74,369
Receivables from electric and heat energy sales customers	54,781	43,154	36,440
Other trade debtors	<u>92,134</u>	<u>99,723</u>	<u>75,168</u>
Total	739,138	592,944	551,635

As of 31 December 2013, 2012 and 2011 accounts receivable from buyers and customers are stated net of impairment provision of RR 322,418, RR 255,025 and RR 204,850, respectively. The impairment provision has been calculated net of deferred excise tax on natural gas of RR 119, RR 134 and RR 143 as of 31 December 2013, 2012 and 2011, respectively.

As of 31 December 2013, 2012 and 2011 advances paid in the Consolidated Balance Sheet include advances issued for capital construction purposes in amount of RR 122,999, RR 158,208 and RR 198,435, respectively.

The advances paid include current advances issued to NJSC Naftogas of Ukraine for gas transportation services in the amount of RR 38,370, RR 85,854, RR nil as of 31 December 2013, 2012, 2011, respectively, and current portion of the long-term advance issued to NJSC Naftogas of Ukraine in the amount of RR 9,922 as of 31 December 2013, 2012 and 2011, respectively.

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11. ACCOUNTS RECEIVABLE (continued)

As of 31 December 2013, 2012 and 2011 other accounts receivable of the Consolidated Balance Sheet include the following:

	As of 31 December 2013	As of 31 December 2012	As of 31 December 2011
Overpayment of taxes to the budget	118,624	100,022	128,902
Settlements on custom duties	57,502	67,654	69,375
Settlements on claims	3,404	1,694	17,103
Other	<u>140,917</u>	<u>94,007</u>	<u>64,465</u>
Total	320,447	263,377	279,845

Other accounts receivable are stated net of the impairment provision amounting to RR 32,693, RR 27,149 and RR 11,278 as of 31 December 2013, 2012 and 2011, respectively.

12. OTHER FINANCIAL INVESTMENTS

	As of 31 December 2013	As of 31 December 2012	As of 31 December 2011
Short-term deposits	72,788	49,107	25,194
Shares, bonds and participatory interests	22,355	15,931	21,527
Third party promissory notes	2,246	2,274	2,644
Other	<u>1,774</u>	<u>1,187</u>	<u>2,577</u>
Total	99,163	68,499	51,942

As of 31 December 2013, 2012 and 2011 other financial investments in Consolidated Balance Sheet are stated net of impairment provision of RR 269, RR 629 and RR 182, respectively.

13. CASH AND CASH EQUIVALENTS

Other monetary assets in the Consolidated Balance Sheet include cash balances on bank accounts in amount of RR nil and RR 3,658 and RR 3,877 as of 31 December 2013, 2012 and 2011, respectively, which are restricted as to withdrawal under the terms of certain loans and borrowings.

14. EQUITY

OAo Gazprom's charter capital amounted to RR 118,368. The number of ordinary shares issued and paid did not change in 2013 and amounted to 23,674 million with nominal value of 5 Roubles each.

Treasury shares are recorded in the Consolidated Balance Sheet at their purchase cost. The number of treasury shares held by subsidiaries of the Group totals 723 million, 724 million and 726 million as of 31 December 2013, 2012 and 2011, respectively.

Shares held by subsidiaries are not taken into account in calculation of earnings per share (see Note 22).

The Group retains control over all treasury shares held by its subsidiaries.

In accordance with the decision of the General shareholders meeting, based on the 2012 results of OAo Gazprom, final dividends were paid in 2013 in the amount of 5.99 Roubles per ordinary share. Based on the 2011 results dividends were paid in 2012 in the amount of 8.97 Roubles per ordinary share.

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15. BORROWINGS

Bank borrowings

Lender	Currency	Final maturity	As of 31 December 2013	As of 31 December 2012	As of 31 December 2011
ZAO «Mizuho Corporate Bank (Moscow)»	US dollar	2016	28,606	26,563	28,011
«Natixis SA» ¹	US dollar	2015	23,933	36,232	48,300
«Commerzbank AG»	US dollar	2018	23,026	-	-
ОАО «VTB Bank»	US dollar	2015	22,974	-	-
«Bank of Tokyo-Mitsubishi UFJ Ltd.» ¹	US dollar	2016	18,528	22,887	25,780
«BNP Paribas SA» ¹	Euro	2022	16,550	16,451	15,935
«The Royal Bank of Scotland AG» ¹	US dollar	2015	16,339	15,483	-
GK «Vnesheconombank»	Rouble	2025	14,698	14,808	11,779
«Deutsche Bank AG»	US dollar	2016	13,327	12,387	-
«UniCredit Bank AG» ^{1,6}	US dollar	2018	11,220	13,683	17,983
«UniCredit Bank AG» ^{1,6}	Euro	2018	11,116	13,067	16,797
«Credit Agricole CIB»	Euro	2015	10,813	9,673	-
«Sumitomo Mitsui Finance Dublin Limited»	US dollar	2016	10,504	9,749	10,337
«HSBC Bank plc»	Euro	2022	10,443	-	-
«ОАО Sberbank of Russia»	Euro	2017	10,145	-	-
«ОАО Gazprombank»	Rouble	2018	10,000	10,000	10,000
«ОАО Gazprombank»	Rouble	2017	10,000	10,000	-
«Deutsche Bank AG»	US dollar	2014	9,899	9,186	9,737
«Banc of America Securities Limited»	US dollar	2018	9,894	-	-
«Bank of Tokyo-Mitsubishi UFJ Ltd.»	US dollar	2015	9,874	9,171	9,719
«Bank of Tokyo-Mitsubishi UFJ Ltd.»	US dollar	2016	9,830	9,122	9,672
«Citibank International plc» ¹	US dollar	2021	9,020	8,563	10,262
«Banc of America Securities Limited»	Euro	2017	8,143	7,285	-
«ОАО Sberbank of Russia»	Rouble	2016	7,400	-	-
«Deutsche Bank AG»	US dollar	2014	6,566	6,093	6,460
«UniCredit Bank AG»	US dollar	2018	6,548	-	-
«BNP Paribas SA» ¹	Euro	2023	6,536	6,497	2,530
ОАО «Sberbank of Russia»	Rouble	2014	6,216	-	-
«Banc of America Securities Limited»	US dollar	2016	5,895	5,471	5,800
ОАО «VTB Bank»	US dollar	2014	5,420	-	-
ОАО «Bank ROSSIYA»	Rouble	2016	5,000	-	-
ОАО «Sberbank of Russia»	US dollar	2018	4,915	-	-
ОАО «Bank ROSSIYA»	US dollar	2015	3,960	-	-
ОАО «Sberbank of Russia»	Rouble	2018	3,759	-	-
ОАО «VTB Bank»	Rouble	2018	3,750	-	-
ОАО «Gazprombank»	US dollar	2014	3,273	-	-
«UniCredit Bank AG» ^{1,6}	Rouble	2018	3,145	4,134	5,127
«Banc of America Securities Limited»	Euro	2016	2,925	2,617	2,712
«Deutsche Bank AG»	US dollar	2014	2,346	4,353	6,923
ОАО «Gazprombank»	US dollar	2015	2,085	-	-
ОАО «VTB Bank»	Rouble	2014	708	4,010	-
«The Royal Bank of Scotland AG»	US dollar	2013	-	54,858	58,151
«Credit Agricole CIB» ¹	US dollar	2013	-	7,607	8,064
ОАО «TransKreditBank»	Rouble	2013	-	7,055	4,535
ОАО «Nordea Bank»	US dollar	2013	-	3,796	-
ОАО «Sberbank of Russia»	Rouble	2013	-	3,503	-
«WestLB AG» ¹	US dollar	2013	-	3,214	10,224
ОАО «Nordea Bank»	US dollar	2013	-	3,038	-
ОАО «Sberbank of Russia»	Rouble	2013	-	2,501	3,500
«The Royal Bank of Scotland AG» ¹	US dollar	2013	-	1,838	4,546
«Credit Suisse International»	US dollar	2012	-	-	16,886
«Bank of Tokyo-Mitsubishi UFJ Ltd.»	US dollar	2012	-	-	16,122
«J.P. Morgan Chase bank»	US dollar	2012	-	-	13,576
ОАО «VTB Bank»	US dollar	2012	-	-	13,012
ОАО «Sberbank of Russia»	US dollar	2012	-	-	7,535

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15. BORROWINGS (continued)

Lender	Currency	Final maturity	As of 31 December 2013	As of 31 December 2012	As of 31 December 2011
«The Royal Bank of Scotland AG» ¹	US dollar	2012	-	-	3,795
OAo «Nordea Bank»	US dollar	2012	-	-	3,342
ZAO «Raiffaizenbank»	US dollar	2012	-	-	3,220
Other	Various	Various	85,282	109,720	96,877
Total, including			484,611	484,615	517,249
due within one year, including current portion of long-term borrowings			131,132	178,101	132,497

¹Loans received from syndicate of banks, named lender is the bank-agent.

Long-term foreign currency denominated borrowings had fixed interest rates ranging from 3.25% to 10.0% and from 5.38% to 9.0% in 2013 and 2012, respectively. Also in 2013-2012 long-term foreign currency denominated borrowings had variable interest rates generally linked to LIBOR.

Long-term borrowings denominated in Russian Roubles had fixed interest rates ranging from 7.4% to 11.4% and from 6.7% to 11.4% in 2013 and 2012, respectively.

Interest rates on short-term foreign currency denominated borrowings ranged from 1.7% to 12.0% and 1.18% to 12.0%, in 2013 and 2012, respectively. Also in 2013-2012 short-term foreign currency denominated borrowings had variable interest rates linked to LIBOR.

Short-term borrowings denominated in Russian Roubles had fixed interest rates ranging from 7.25% to 12.55% and from 5.8% to 11.4% in 2013 and 2012, respectively.

Loans

Borrowing / Creditors	Currency	Final maturity	As of 31 December 2013	As of 31 December 2012	As of 31 December 2011
Loan participation notes issued in April 2009 ²	US dollar	2019	74,927	69,533	73,707
Loan participation notes issued in July 2012 ²	Euro	2017	64,849	57,250	-
Loan participation notes issued in October 2007 ²	Euro	2018	57,108	51,088	52,919
Loan participation notes issued in September 2012 ⁷	US dollar	2022	49,697	46,118	-
Loan participation notes issued in November 2013 ⁷	US dollar	2023	49,364	-	-
Loan participation notes issued in May 2005 ²	Euro	2015	46,511	41,607	43,100
Loan participation notes issued in March 2013 ²	Euro	2020	46,164	-	-
Loan participation notes issued in November 2006 ²	US dollar	2016	44,482	41,279	43,757
Loan participation notes issued in March 2007 ²	US dollar	2022	43,425	40,298	42,718
«White Nights Finance B.V.»	US dollar	2014	42,682	39,609	41,986
Loan participation notes issued in July 2009 ²	US dollar	2014	42,297	39,251	41,608
Loan participation notes issued in August 2007 ²	US dollar	2037	42,030	39,003	41,345
Loan participation notes issued in July 2013 ²	Euro	2018	41,129	-	-
Loan participation notes issued in July 2009 ²	Euro	2015	41,041	36,715	38,031
Loan participation notes issued in April 2004 ²	US dollar	2034	39,868	36,997	39,218
Loan participation notes issued in April 2008 ²	US dollar	2018	36,654	34,015	36,057

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15. BORROWINGS (continued)

Borrowing / Creditors	Currency	Final maturity	As of 31 December 2013	As of 31 December 2012	As of 31 December 2011
Loan participation notes issued in October 2006 ²	Euro	2014	36,575	32,719	33,892
Loan participation notes issued in April 2013 ⁷	Euro	2018	34,398	-	-
Loan participation notes issued in July 2012 ²	US dollar	2022	33,458	31,049	-
Loan participation notes issued in November 2011 ²	US dollar	2016	32,900	30,531	32,364
Loan participation notes issued in November 2010 ²	US dollar	2015	32,877	30,510	32,342
Loan participation notes issued in June 2007 ²	Euro	2014	31,766	28,417	29,435
Loan participation notes issued in February 2013 ²	US dollar	2028	30,044	-	-
Loan participation notes issued in September 2013 ²	GBP	2020	27,198	-	-
Loan participation notes issued in February 2013 ²	US dollar	2020	26,589	-	-
Loan participation notes issued in November 2006 ²	Euro	2017	23,387	20,921	21,669
Loan participation notes issued in March 2013 ²	Euro	2025	23,254	-	-
Loan participation notes issued in March 2007 ²	Euro	2017	22,686	20,294	21,022
Loan participation notes issued in November 2011 ²	US dollar	2021	20,155	18,704	19,440
Loan participation notes issued in October 2013 ²	CHF	2019	18,444	-	-
Russian bonds series 06 issued in February 2013 ⁹	Rouble	2016	15,404	-	-
Russian bonds issued in November 2013 ¹⁰	Rouble	2043	15,102	-	-
Russian bonds issued in November 2013 ¹⁰	Rouble	2043	15,102	-	-
Russian bonds issued in February 2011 ⁷	Rouble	2021	10,358	10,356	10,127
Russian bonds issued in February 2011 ⁷	Rouble	2016	10,342	10,340	10,121
Russian bonds issued in February 2011 ⁷	Rouble	2021	10,342	10,340	10,121
Russian bonds issued in February 2012 ⁷	Rouble	2022	10,332	10,330	-
Russian bonds series 05 issued in February 2013 ⁹	Rouble	2017	10,271	-	-
Russian bonds issued in April 2009 ⁷	Rouble	2019	10,173	10,171	10,368
Russian bonds issued in December 2012 ⁷	Rouble	2022	10,065	10,063	-
ОАО «Томскнефт ВНК»	Rouble	2018	9,908	-	-
Russian bonds series A9 issued in February 2007 ¹⁰	Rouble	2014	5,138	5,137	5,135
Russian bonds series 04 issued in February 2013 ⁹	Rouble	2018	5,126	-	-
Russian bonds series 03 issued in December 2009 ⁵	Rouble	2014	5,038	5,037	5,041
Russian bonds series A11 issued in June 2009 ¹⁰	Rouble	2014	5,013	5,011	5,008
«Eurofert Trading Limited llc» ⁴	Rouble	2015	3,600	5,000	5,000
Russian bonds issued in July 2009 ⁸	Rouble	2014	126	2,894	2,894
Russian bonds series 02 issued in March 2006 ⁵	Rouble	2016	108	446	4,911
Loan participation notes issued in June 2007 ²	US dollar	2013	-	48,795	51,725
Russian bonds issued in April 2010 ⁷	Rouble	2013	-	20,326	20,670
Loan participation notes issued in July 2008 ²	US dollar	2013	-	15,617	16,555

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15. BORROWINGS (continued)

Borrowing / Creditors	Currency	Final maturity	As of 31 December 2013	As of 31 December 2012	As of 31 December 2011
Structured export notes issued in July 2004 ³	US dollar	2013	-	12,509	18,838
Loan participation notes issued in April 2008 ²	US dollar	2013	-	12,347	13,089
«Eurofert Trading Limited llc» ⁴	Rouble	2013	-	8,600	8,600
Russian bonds issued in July 2009 ⁷	Rouble	2013	-	141	8,230
Loan participation notes issued in December 2005 ²	Euro	2012	-	-	41,788
European commercial papers issued in October 2011 ¹¹	US dollar	2012	-	-	15,924
Russian bonds series 03 issued in November 2011 ⁹	Rouble	2012	-	-	14,878
«RosUkrEnergo AG»	US dollar	2012	-	-	10,778
Russian bonds series A13 issued in June 2009 ¹⁰	Rouble	2012	-	-	10,014
Loan participation notes issued in November 2007 ²	Japanese yen	2012	-	-	8,470
Russian bonds issued in April 2007 ⁴	Rouble	2012	-	-	1,554
«Gazstream SA»	US dollar	2012	-	-	1,251
Other loans	Various	Various	19,264	29,845	26,295
Total, including			1,326,771	1,019,213	1,021,995
due within one year, including current portion of long-term borrowings			199,347	147,346	233,540

²Issuer of these bonds is Gaz Capital S.A.

³Issuer of these notes is Gazprom International S.A.

⁴Issuers of these notes are OAo WGC-2

⁵Issuer of these bonds is OAo Mosenergo.

⁶Loans were obtained for development of Yuzhno-Russkoye oil and gas field.

⁷Issuer of these bonds is OAo Gazprom neft.

⁸Issuer of these bonds is OAo TGC-1.

⁹Issuer of these bonds is OOO Gazprom Capital.

¹⁰Issuer of these bonds is OAo Gazprom

¹¹Issuer of these bonds is Gazprom ECP S.A.

As of 31 December 2013, 2012 and 2011 long-term loans (including current portion of long-term loans) of RR 0, RR 12,509 and RR 18,838, respectively, were secured by cash from gas sales contracts to Western Europe.

As at 31 December 2013, 2012 and 2011 according to the project facility agreement, signed within the framework of the development project of Yuzhno-Russkoye oil and gas field with the group of international financial institutions with UniCredit Bank AG acting as a facility agent, ordinary shares of OAo Severneftegazprom with the pledge value of RR 16,968 and fixed assets with the pledge value of RR 26,210 were pledged to ING Bank N.V. (London branch) up to the date of full redemption of the liabilities on this agreement. As of 31 December 2013, 2012 and 2011 carrying amount of these fixed assets is RR 19,247, RR 21,481 and RR 23,724, respectively. Management of the Group does not expect any substantial consequences to occur which relate to respective pledge agreement.

Fixed interest rates on long-term foreign currency denominated loans ranged from 2.85% to 10.5% and from 2.0% to 10.5% in 2013 and 2012, respectively. Fixed interest rates on long-term loans denominated in Russian Roubles ranged from 7.23% to 13.75% and from 1.0% to 13.75% in 2013 and 2012, respectively.

In 2013 and 2012 fixed interest rates on short-term loans denominated in Russian Roubles ranged from 0.3% to 8.25% and from 0.3% to 14.0%, respectively. Interest rate on short-term foreign currency denominated loans ranged from 1.33% to 3.6% in 2012.

As of 31 December 2013 loan participation notes with the nominal value of RR 39,868 at an interest rate of 8.625% issued by Gaz Capital S.A. in April 2004 due in 2034 were classified as long-term portion of long-term borrowings as the noteholders did not execute the right of early redemption.

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16. TAXATION

Profit tax

In 2013 and 2012 theoretical profit tax determined based on accounting profit and statutory rates amounted to RR 235,331 and RR 210,964, respectively. According to the tax returns the profit tax in 2013 and 2012 included within the line Current Profit Tax amounted to RR 197,644 and RR 297,718, respectively. Decrease of current profit tax in comparison with 2012 was mainly due to application of a special depreciation premium of 30% to fixed assets that were put into operation after January 1, 2013 but prior to the submission of documents for their state registration in accordance with amended Russian Tax Code.

According to updated tax returns submitted in 2013 the profit tax amounted to RR 9,834. According to updated tax returns submitted in 2012 the profit tax amounted to minus RR 12,962.

In 2013 permanent differences which increase the taxable profit exceeded permanent differences which decrease the taxable profit by RR 622,291 (in 2012 by RR 367,383). The permanent differences principally arise from non-deductible expenses, such as excess of depreciation charge in respect of fixed assets revalued for accounting purposes as compared to depreciation charge for tax purposes, non-production costs, social expenses, charitable donations, and expenses exceeding prescribed limits.

In 2013 and 2012 incurred deductible temporary differences which impacted the difference between the theoretical profit tax expense and the current profit tax amounted to RR 238,699 and RR 395,971, respectively.

Deductible temporary differences incurred in 2013 principally arise from accrual of contingent liabilities for gas price adjustment and other contingent liabilities, longer useful lives of certain fixed asset items for tax purposes as compared to useful lives of these items for accounting purposes, the fact that expenses for geological and geophysical exploration are deductible for tax purposes later than for accounting purposes, and elimination in accounting records of unrealised income from intergroup transactions.

Deductible temporary differences settled in 2013 and 2012 totaled RR 418,038 and RR 208,831, respectively. Settlement of these differences in 2013 is principally due to decrease of the current tax base related to contingent liabilities and geological and geophysical exploration expenses recognized for accounting purposes in prior periods, decrease of the current tax base by the amount of depreciation charge, accrued on fixed assets, useful life of which for tax purposes is longer than for accounting purposes, during prior tax periods, and recognition of the profit that was formerly excluded as unrealised income from intergroup transactions for accounting purposes in the current period.

In 2013 and 2012 incurred taxable temporary differences which impacted the difference between the theoretical profit tax expense and the current profit tax expense amounted to RR 702,829 and RR 348,888, respectively. Taxable temporary differences in 2013 principally arise from longer useful lives of certain fixed asset items for accounting purposes as compared to useful lives of these items for tax purposes, application of a special depreciation premium of 30% to fixed assets that were put into operation after January 1, 2013 but prior to submission of documents for their state registration, one-time recognition of one-off payments for mineral resources use for tax purposes, and storage costs included in the cost of finished goods for accounting purposes.

Taxable temporary differences settled in 2013 and 2012 totaled RR 316,667 and RR 174,160, respectively. Settlement of these differences in 2013 is principally due to increase of the current tax base by the amount of depreciation charge, accrued on fixed assets, useful life of which for accounting purposes is longer than for tax purposes, during prior tax periods, as well as by the amount of costs of storage included in the cost of finished goods recognized in prior period for accounting purposes.

Starting from 1 January 2012 the Gazprom Group established a CGT, the liable partner of which is OAO Gazprom. On 20 March 2012 the Interdistrict Inspectorate of the Federal Tax Service for Major Taxpayers No. 2 registered the agreement on establishment of CGT of the Group with 56 participants.

In December 2012 the Interdistrict Inspectorate of the Federal Tax Service for Major Taxpayers No. 2 registered an amendment to the agreement on establishment of CGT of the Gazprom Group which increased the number of participants up to 65 starting from 1 January 2013. In 2013 the Interdistrict Inspectorate of the Federal Tax Service for Major Taxpayers No. 2 registered an amendment No. 2 dated 26 November 2013 to the agreement on establishment of CGT of the Gazprom Group which increased the number of participants up to 69 starting from 1 January 2014.

Profit tax of the CGT for the years ended 31 December 2013 and 2012 is RR 153,134 and RR 251,386, respectively.

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17. SALES

	For 2013	For 2012
Gas sales (net of VAT and other similar mandatory payments)		
Russian Federation	773,993	740,319
Former Soviet Union countries (excluding Russian Federation)	423,508	529,516
Europe and other countries	<u>1,687,335</u>	<u>1,525,346</u>
Net sales of gas	2,884,836	2,795,181
Sales of refined products (net of VAT and other similar mandatory payments)		
Russian Federation	820,507	725,265
Former Soviet Union countries (excluding Russian Federation)	80,557	73,267
Europe and other countries	<u>449,669</u>	<u>393,475</u>
Net sales of refined products	1,350,733	1,192,007
Sales of oil and gas condensate (net of VAT and other similar mandatory payments)		
Russian Federation	95,804	116,149
Former Soviet Union countries (excluding Russian Federation)	50,115	30,186
Europe and other countries	<u>128,007</u>	<u>204,648</u>
Net sales of oil and gas condensate	273,926	350,983
Sales of electric and heat energy (net of VAT)		
Russian Federation	362,988	323,997
Former Soviet Union countries (excluding Russian Federation)	2,191	5,586
Europe and other countries	<u>10,983</u>	<u>11,186</u>
Net sales of electric and heat energy	376,162	340,769
Sales of gas transportation services (net of VAT)		
Russian Federation	125,502	88,827
Former Soviet Union countries (excluding Russian Federation)	1,434	2,059
Europe and other countries	<u>6</u>	<u>-</u>
Net sales of gas transportation services	126,942	90,886
Other sales (net of VAT)		-
Russian Federation	201,585	216,452
Former Soviet Union countries (excluding Russian Federation)	4,992	5,058
Europe and other countries	<u>28,124</u>	<u>11,566</u>
Total other sales	234,701	233,076
Net sales	5,247,300	5,002,902

Net sales of gas increased by 3% in the year ended December 31, 2013 compared to the year ended December 31, 2012. The overall increase of net sales of gas was primarily driven by increase of volumes of gas sold to the customers in European countries and increase of average prices of gas for customers in Russian Federation in the year ended December 31, 2013 compared to the same period of the prior year.

The increase of net sales of refined products in the year ended December 31, 2013 compared to the year ended December 31, 2012 is mainly due to increase of volumes sold by Gazprom neft to customers in Europe and other countries and in Russian Federation as well as an increase in prices.

Net sales of electric and heat energy increased in the year ended December 31, 2013 compared to the same period of the prior year. Increase of electric and heat energy sales was mainly due to consolidation of OAO MIPC since September 2013.

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18. COST OF SALES, COMMERCIAL AND MANAGEMENT EXPENSES

	For 2013	For 2012
Depreciation and amortization	688,749	593,379
Taxes included in cost of sales	654,842	573,685
Purchased gas	438,214	460,311
Staff costs and social expenses	432,147	374,838
Purchased oil	365,227	429,010
Transit costs for gas, oil and refined products	359,641	320,098
Materials	234,328	170,264
Repairs and maintenance	201,050	220,018
Cost of goods for resale	198,712	182,311
Energy	86,057	77,543
Rent, lease payments	42,969	41,439
Insurance	34,332	27,944
Other	248,484	239,383
Changes in inventories of finished goods, work in progress and other effects	<u>(167,335)</u>	<u>(63,925)</u>
Total cost of goods, products, works and services sold, commercial and management expenses	3,817,417	3,646,298

The decrease of purchased gas is primarily explained by decline of volume of gas purchased from third parties in the Russian Federation.

Mineral Extraction Tax within the line "Taxes included in cost of sales" amounted to RR 467,606 and RR 413,353 in 2013 and 2012, respectively.

The cost of purchased oil decreased due to a drop in purchased oil volumes from third parties.

Other expenses primarily include transportation costs, programm support services, processing services, advertising, legal and consulting services, cost of geological exploration and other.

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19. OTHER INCOME AND EXPENSES

Note №	For 2013		For 2012	
	Income	Expenses	Income	Expenses
	3,646,669	3,646,100	3,634,331	3,634,482
	1,498,368	1,492,518	1,323,991	1,321,170
	266,943	364,468	465,920	419,305
25	88,636	48,819	-	162,418
	-	64,006	-	67,235
	-	58,518	-	54,645
	-	35,498	-	31,344
	29,726	12,937	22,564	59,782
	25,970	19,740	1,674	20,652
	25,176	28,550	34,232	30,984
	20,013	18,692	22,447	17,885
	11,012	7,102	5,959	5,991
	6,691	4,214	4,146	2,668
	5,727	5,362	9,445	9,745
	-	4,553	-	5,897
	790	1,695	375	3,582
	-	1,178	-	563
	-	1,001	-	631
Other	30,655	135,293	28,453	105,776
Total	5,656,376	5,950,244	5,553,537	5,954,755

The Group recognized estimated liability regarding possible gas price adjustment derived from foreign customers' claims based on the contract terms. The contingent liabilities as of 31.12.2013 and 31.12.2012 in amount RR 8,430 and RR 115,255 do not include possible correction of customs duties accrued formerly. In 2013 the Group included in other income reversal of previously accrued estimated liabilities in amount of RR 74,176 in respect of price adjustments, related to claims of European customers, based on terms of agreements.

The line "Profit and losses of previous years identified in the reporting period" for 2013 year includes positive effect of corrections regarding gas price revision in amount of RR 217. For 2012 year negative effect of corrections regarding gas price revision amounted to RR 43,385. These corrections refer to price adjustment of gas delivered in previous periods for which a discount was agreed in 2013 and 2012 respectively.

Other income and expenses related to accrual (release) of bad debts and investment impairment provisions are presented netted.

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20. CONSOLIDATED SUBSIDIARIES AND ASSOCIATES OF THE GROUP

Principal subsidiaries as of 31 December 2013

Note	Company	Share in Charter Capital*, %	Type of activity	Location
	ООО Авиапредприятие Газпром авиа	100	Air transportation services	Russia
	ОАО Востокгазпром	100	Gas production	Russia
	GAZPROM Schweiz AG	100	Gas distribution	Switzerland
	ЗАО Газпром Армения (ЗАО АрмРосгазпром)**	80	Gas transportation and gas distribution	Armenia
	ООО Газпром ВНИИГАЗ	100	Research and development	Russia
	ОАО Газпром газораспределение	100	Gas network operation	Russia
	ОАО Газпром газораспределение Север	91	Gas network operation	Russia
	ООО Газпром геологоразведка	100	Exploration, geophysics	Russia
	ООО Газпром георесурсы	100	Exploration, geophysics	Russia
	GAZPROM Germania GmbH	100	Gas distribution	Germany
	Газпром Геросгаз Holdings B.V.	100	Investing	Netherlands
	Газпром Global LNG Ltd.	100	Participation in LNG production and realization projects	United Kingdom
	ООО Газпром добыча Астрахан	100	Production and refining of hydrocarbons	Russia
	ООО Газпром добыча Краснодар	100	Gas production	Russia
	ООО Газпром добыча Надым	100	Production of hydrocarbons	Russia
	ООО Газпром добыча Ноябрьск	100	Production of hydrocarbons	Russia
	ООО Газпром добыча Оренбург	100	Production, refining and transportation of hydrocarbons	Russia
	ООО Газпром добыча Уренгой	100	Production of hydrocarbons	Russia
	ООО Газпром добыча shelf	100	Development of hydrocarbons fields	Russia
	ООО Газпром добыча Ямбург	100	Production of hydrocarbons	Russia
	ООО Газпром инвест	100	Construction	Russia
	ООО Газпром инвест Восток	100	Construction	Russia
	ЗАО Газпром инвест РГК (ЗАО РШ-Центр)**	100	Information, consulting and transportation services	Russia
	ЗАО Газпром инвест Юг	100	Construction	Russia
	ООО Газпром инвестholding	100	Investing	Russia
	Газпром International Germany GmbH (Газпром Libyen Verwaltungs GmbH)**	100	Investing	Germany
	ООО Газпром информ	100	Informational and technical assistance	Russia
	ООО Газпром комплектация	100	Trading	Russia
	Газпром Marketing and Trading Ltd.	100	Gas distribution	United Kingdom
	ООО Газпром межрегионгаз	100	Gas distribution	Russia
24	ОАО Газпром нефтехим Салават***	100	Processing and distribution of refined products	Russia
	ЗАО Газпром нефть Оренбург	100	Exploration and sales of oil and petroleum gas	Russia
	Газпром Нефть Trading GmbH	100	Oil products trading	Austria
	ООО Газпром нефть shelf	100	Development of oil and gas fields	Russia
	ОАО Газпром нефть	96	Exploration, refining and sales of crude oil	Russia
	ООО Газпром переработка	100	Refining of hydrocarbons	Russia
	ООО Газпром подземремонт Оренбург	100	Repairs, modernization, reconstruction and conservation of gas production wells	Russia
	ООО Газпром подземремонт Уренгой	100	Repairs, modernization, reconstruction and conservation of gas production wells	Russia
	ООО Газпром ПХГ	100	Gas storage	Russia

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20. CONSOLIDATED SUBSIDIARIES AND ASSOCIATES OF THE GROUP (continued)

Note	Company	Share in Charter Capital*, %	Type of activity	Location
	Gazprom Sakhalin Holdings B.V.	100	Foreign investing	Netherlands
	ООО Gazprom torgservis	100	Trading	Russia
	ОАО Gazprom transgaz Belarus	100	Transportation and gas distribution	Belorussia
	ООО Gazprom transgaz Volgograd	100	Gas transportation	Russia
	ООО Gazprom transgaz Ekaterinburg	100	Gas transportation	Russia
	ООО Gazprom transgaz Kazan	100	Gas transportation	Russia
	ООО Gazprom transgaz Krasnodar	100	Gas transportation	Russia
	ООО Gazprom transgaz Makhachkala	100	Gas transportation	Russia
	ООО Gazprom transgaz Moskva	100	Gas transportation	Russia
	ООО Gazprom transgaz Nizhny Novgorod	100	Gas transportation	Russia
	ООО Gazprom transgaz Samara	100	Gas transportation	Russia
	ООО Gazprom transgaz St. Petersburg	100	Gas transportation	Russia
	ООО Gazprom transgaz Saratov	100	Gas transportation	Russia
	ООО Gazprom transgaz Stavropol	100	Gas transportation	Russia
	ООО Gazprom transgaz Surgut	100	Gas transportation	Russia
	ООО Gazprom transgaz Tomsk	100	Gas transportation	Russia
	ООО Gazprom transgaz Ufa	100	Gas transportation	Russia
	ООО Gazprom transgaz Ukhta	100	Gas transportation	Russia
	ООО Gazprom transgaz Tchaikovsky	100	Gas transportation	Russia
	ООО Gazprom transgaz Yugorsk	100	Gas transportation	Russia
	Gazprom Finance B.V.	100	Investing	Netherlands
	ООО Gazprom tsentremont	100	Agency on technical maintenance and repairs	Russia
	ООО Gazprom export	100	Foreign trade	Russia
	ООО Gazprom energo	100	Electric energy transmission	Russia
	ООО Gazprom energoholding	100	Investing, asset management	Russia
	Gazprom EP International B.V.	100	Investments, asset management	Netherlands
	ZАО Gazprom YRGM Development*****	100	Raw hydrocarbons distribution	Russia
	ZАО Gazprom YRGM Trading*****	100	Raw hydrocarbons distribution	Russia
	ООО Gazpromneft-Vostok	100	Oil and gas production	Russia
	ZАО Gazpromneft-Kuzbass	100	Oil products trading	Russia
	ОАО Gazpromneft-MNPZ	96	Processing and distribution of refined products	Russia
	ОАО Gazpromneft-Noyabrskneftegaz	100	Oil and gas production	Russia
	ОАО Gazpromneft-Omsk	100	Oil products trading	Russia
	ОАО Gazpromneft-Omskiy NPZ	100	Oil refining	Russia
	ZАО Gazpromneft-Severo-Zapad	100	Oil products trading	Russia
	ООО Gazpromneft-Khantos	100	Oil and gas production	Russia
	ООО Gazpromneft-Centr	100	Oil products trading	Russia
	ООО Gazpromneftfinans	100	Investing	Russia
	ООО Gazpromtrans	100	Forwarding services	Russia
	ОАО Gazpromtrubinvest	100	Production and sales of pipes	Russia
	ООО Gazflot	100	Transportation, offshore field development	Russia
	ОАО Daltransgaz	100	Gas transportation	Russia
	ООО Zapolyarneft	100	Oil and gas production	Russia
	ОАО Krasnoyarskgazprom	75	Exploration, geophysics	Russia
23	ОАО MIPC	90	Generation, purchase and supply of heat energy	Russia
	ОАО Mosenergo	53	Production of electric and heat power, electric power supply services	Russia
	Naftna Industrija Srbije a.d.	56	Extraction and processing of oil, distribution of refined products	Serbia

ОАО ГАЗПРОМ
NOTES TO THE CONSOLIDATED ACCOUNTING REPORTS
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20. CONSOLIDATED SUBSIDIARIES AND ASSOCIATES OF THE GROUP (continued)

Note	Company	Share in Charter Capital*, %	Type of activity	Location
	ООО Novourengoysky GCC	100	Construction of gas chemical complex	Russia
	ОАО WGC-2	77	Production and sales of electric and heat energy	Russia
	ЗАО Purgaz	51	Gas production	Russia
	ОАО Regiongazholding	57	Construction and maintenance of gas facilities	Russia
	ЗАО Rosshelf	57	Investments in oil and gas fields	Russia
	ОАО Severneftegazprom*****	50	Exploration, processing and sales of gas and gas condensate	Russia
	ОАО Sibirskie gazovye seti (ООО Sibirskie gazovye seti)**	100	Gas network operation	Russia
	Sibir Energy Ltd.	100	Exploration, processing and sales of hydrocarbons	United Kingdom
	ООО Sibmetakhim	100	Gas processing and sales of petrochemicals	Russia
	ОАО Spetsgazavtotrans	51	Construction and transportation services	Russia
	ОАО TGC-1	52	Production and sales of electric and heat energy	Russia
	ОАО Teploset Sankt-Peterburga	75	Transportation and distribution of electric and heat energy	Russia
	ОАО Tomsgazprom	100	Exploration, production, transportation of hydrocarbons	Russia
	ООО Faktoring-Finance	90	Investing	Russia
	ОАО Tsentrgez	100	Construction	Russia
	ОАО Tsentrenergogaz	66	Repair and maintenance of gas equipment	Russia
	ОАО Yuzhuralneftegaz	88	Exploration and sales of oil and petroleum gas	Russia
	ЗАО Yamalgazinvest	100	Designing and construction of gas facilities	Russia

* Cumulative share of the Group in charter capital of investees.

** The indicated subsidiaries were renamed (former name is put in the brackets).

*** During the period from May 2012 to June 2013 as a result of series of transactions, the Group acquired an additional 30.97% interest in the ordinary shares of ОАО Gazprom neftekhim Salavat for cash consideration of RR 30,934 increasing its interest to 100% (see Note 24).

**** In September 2013 the Group acquired 89.98% interest in the ordinary shares of ОАО MIPC and heat assets from the Moscow Government for cash consideration of RR 99,866 including VAT in the amount of RR 1,246 related to acquired heat assets. As a result of the acquisition, the Group obtained control over ОАО MIPC (see Note 23).

***** Group's portion of voting shares.

OA O GAZPROM
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20. CONSOLIDATED SUBSIDIARIES AND ASSOCIATES OF THE GROUP (continued)

Principal associates as of 31 December 2013

Company	Share in Charter Capital*, %	Type of activity	Location
AO Amber Grid**	37	Gas transportation	Lithuania
ZAO Achimgaz	50	Exploration and production of gas and gas condensate	Russia
Bosphorus Gaz Corporation A.S.***	71	Gas distribution	Turkey
Wintershall AG	49	Production of oil and gas distribution	Germany
W&G Beteiligungs GmbH & Co. KG and its subsidiaries	50	Transportation and sales of gas	Germany
Wintershall Erdgas Handelshaus GmbH & Co.KG (WIEH)	50	Gas distribution	Germany
Gaz Project Development Central Asia AG	50	Gas production	Switzerland
OA O Gazprombank	36	Banking	Russia
AO Gazum	25	Gas distribution	Finland
Blue Stream Pipeline Company B.V.	50	Construction, gas transportation	Netherlands
SGT EuRoPol GAZ S.A.	48	Transportation and gas distribution	Poland
TOO KazRosGaz	50	Gas processing and sales of gas and refined products	Kazakhstan
AO Latvijas Gaze	34	Transportation and gas distribution	Latvia
AO Lietuvos dujos	37	Gas distribution	Lithuania
AO Moldovagaz	50	Transportation and gas distribution	Moldova
Nord Stream AG	51	Construction, gas transportation	Switzerland
ZAO Nortgaz	50	Exploration and sale of gas and gas condensate	Russia
AO Overgaz Inc.	50	Gas distribution	Bulgaria
ZAO Panrusgas	40	Gas distribution	Hungary
AO Prometey Gaz	50	Gas distribution, construction	Greece
RosUkrEnergo AG	50	Gas distribution	Switzerland
Salym Petroleum Development N.V.	50	Oil production	Netherlands
Sakhalin Energy Investment Company Ltd.	50	Oil production, production of LNG	Bermuda Islands
OA O NGK Slavneft	50	Production of oil, sale of oil and refined products	Russia
OA O Tomskneft VNK	50	Oil production	Russia
AO Turusgas	45	Gas distribution	Turkey
Shtokman Development AG***	75	Gas exploration and production	Switzerland
OOO Yamal razvitie****	50	Investment, asset management	Russia

* Cumulative share of the Group in charter capital of investments.

** In accordance with the provisions of the Third Energy Package of the European Union regarding the split between the gas transmission and distribution activities in August 2013 AO Lietuvos dujos transferred assets, liabilities and rights related to gas transportation to AO Amber Grid, an associate of the Group.

*** Investments in companies continue to be accounted under the equity method of accounting, as the Group did not obtain control due to its corporate governance structure.

**** OOO Yamal razvitie is a holder of 51% share in OOO SeverEnergiya. In December 2013 OOO Yamal razvitie acquired 60% interest in Artic Russia B.V. for cash consideration of USD 2,940 million. Artic Russia B.V. owns 49% interest in OOO SeverEnergiya. As a result of the transaction, the Group's effective interest in OOO SeverEnergiya increased from 24.40% to 38.46%.

OA O GAZPROM
NOTES TO THE CONSOLIDATED ACCOUNTING REPORTS
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21. RELATED PARTIES

As defined by RAR 11/2008 "Related parties", parties are considered to be related if one party has the ability to control another party for exercise significant influence over another party in making financial and operational decisions, or parties are engaged in joint activity. A non-state pension fund acting in favor of entity's employees is also considered a related party.

Associates and other major related parties

In 2013 and 2012 the Group had following operations with major associates and other related parties:

	For 2013	For 2012
Revenue (net of VAT, excises and other similar mandatory payments):		
Gas sales		
Wintershall Erdgas Handelshaus GmbH & Co. KG (WIEH)	133,070	97,321
W & G Beteiligungs-GmbH & Co. KG and its subsidiaries	107,558	79,420
ZAO Panrusgaz	61,392	51,102
AO Gazum	29,030	30,537
AO Moldovagaz	20,502	25,745
Bosphorus Gaz Corporation A.S.	17,730	3,854
Wintershall Erdgas Handelshaus Zug AG (WIEE)*	13,586	26,015
AO Latvijas Gaze	9,490	9,920
AO Lietuvos dujos	7,608	12,289
Russian-Serbian Trading Corporation a.d.	7,168	7,365
SGT EuRoPol GAZ S.A.	3,911	2,973
AO Overgaz Inc	3,310	29,141
PremiumGas S.p.A.	-	10,111
Gas transportation services		
TOO KazRosGas	1,421	2,042
Crude oil, gas condensate and refined products sales		
OA O NGK Slavneft and its subsidiaries	26,063	34,057
OOO Gazpromneft – Aero Sheremetyevo	12,263	7,977
ZAO SOVEKS	5,535	5,025
OA O Gazprom neftekhim Salavat**	-	10,036
Gas refining services		
TOO KazRosGas	5,247	5,079
Purchases:		
Gas purchases		
W & G Beteiligungs-GmbH & Co. KG and its subsidiaries	73,071	62,966
TOO KazRosGaz	22,724	39,930
OOO SeverEnergiya and its subsidiaries	9,858	3,132
Sakhalin Energy Investment Company Ltd.	5,715	4,604
ZAO Nortgaz	2,222	3,713
Gas transportation services		
Nord Stream AG	37,058	24,785
W & G Beteiligungs-GmbH & Co. KG and its subsidiaries	13,586	11,149
SGT EuRoPol GAZ S.A.	9,757	10,341
Blue Stream Pipeline Company B.V.	3,189	5,622
Oil and oil products purchases		
OA O NGK Slavneft and its subsidiaries	84,091	88,228
OA O Tomskneft VNK and its subsidiaries	53,293	52,097
Salym Petroleum Development N.V.	34,918	38,179
Sakhalin Energy Investment Company Ltd.	13,396	-
Oil and oil product refining services		
OA O NGK Slavneft and its subsidiaries	11,853	10,976
Pension fund contributions:		
NPF Gazfund	11,890	8,025

* Wintershall Erdgas Handelshaus Zug AG (WIEE) is the subsidiary of Wintershall Erdgas Handelshaus GmbH & Co. KG (WIEH).

** During the period from May 2012 to June 2013 as a result of series of transactions, the Group acquired an additional 30.97% interest in the ordinary shares of OA O Gazprom neftekhim Salavat for cash consideration of RR 30,934 increasing its interest to 100% (see Note 24).

OA O GAZPROM
NOTES TO THE CONSOLIDATED ACCOUNTING REPORTS
(in million Roubles)

21. RELATED PARTIES (continued)

In Russia the Group sold gas to associates and other major related parties mainly using tariffs set by FTS. Export sales are based on long-term contracts with prices linked to world energy commodity prices.

The following balances of accounts receivable and accounts payable with major associates and other related parties were recorded on the Consolidated Balance Sheet of the Group as of 31 December 2013, 2012 and 2011:

	As of 31 December 2013	As of 31 December 2012	As of 31 December 2011
Accounts receivable:			
Payment expected within 12 months of the reporting date:			
Wintershall Erdgas Handelshaus GmbH & Co.KG (WIEH)	20,501	14,406	16,325
OA O Gazprombank	9,339	1,438	615
W & G Beteiligungs-GmbH & Co. KG. and its subsidiaries	8,452	11,420	7,908
AO Overgaz Inc.	8,011	10,000	7,410
ZAO Panrusgaz	5,774	8,134	8,117
OA O NGK Slavneft and its subsidiaries	4,512	1,701	3,361
AO Gazum	4,157	3,892	4,077
Bosphorus Gaz Corporation A.S.	2,731	725	228
AO Lietuvos dujos	2,000	2,212	2,319
Wintershall Erdgas Handelshaus Zug AG (WIEE)	1,290	2,451	1,131
TOO KazRosGaz	676	667	717
Russian-Serbian Trading Corporation a.d.	660	628	663
AO Latvijas Gaze	227	242	-
AO Moldovagaz*	-	2,348	19,902
OA O Gazprom neftekhim Salavat	-	-	8,532
Accounts payable:			
GT EuRoPol GAZ S.A.	7,702	6,565	6,997
W & G Beteiligungs-GmbH & Co. KG. and its subsidiaries	4,715	7,906	2,956
Nord Stream AG	4,179	2,892	1,999
Salym Petroleum Development N.V.	3,839	3,569	514
AO Lietuvos dujos**	3,188	-	-
TOO KazRosGaz	2,992	2,783	3,267
OA O NGK Slavneft and its subsidiaries	2,466	1,502	1,976
Sakhalin Energy Investment Company Ltd	657	867	814
AO Latvijas Gaze	66	38	2,283
OA O Gazprombank	42	152	134

* As of 31 December 2013, 2012 and 2011 accounts payable include penalty fees for gas in amount of RR 0, RR 0 and RR 15,514 respectively. Accounts receivable are stated net of provision for doubtful debts amounting to RR 158,106, RR 131,087 and RR 92,643 as of 31 December 2013, 2012 and 2011, respectively.

** As of 31 December 2013 accounts payable include estimated liability relating to gas price adjustment in amount of RR 3,188.

ОАО ГАЗПРОМ
NOTES TO THE CONSOLIDATED ACCOUNTING REPORTS
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21. RELATED PARTIES (continued)

Loans issued to major associates and promissory notes received from major associates as of 31 December 2013, 2012 and 2011 are:

	As of 31 December 2013	As of 31 December 2012	As of 31 December 2011
Loans and promissory notes due for repayment beyond 12 months of the reporting date:			
W & G Beteiligungs-GmbH & Co. KG. and its subsidiaries	17,214	15,399	15,952
ООО Yamal razvitie	2,200	-	-
Gas Project Development Central Asia AG	1,826	1,707	1,707
ОАО Gazprombank	498	697	831
Bosphorus Gaz Corporation A.S.	-	823	870
Salym Petroleum Development N.V.	-	-	567
Loans and promissory notes due for repayment within 12 months of the reporting date:			
ООО Yamal razvitie	26,348	26,348	26,348
ОАО Gazprombank	1,094	190	400
Salym Petroleum Development N.V.	-	-	2,878
Nord Stream AG	-	-	2,593

Loans received from major associates as of 31 December 2013, 2012 and 2011 are presented as follows:

	As of 31 December 2013	As of 31 December 2012	As of 31 December 2011
Loans and borrowings due for repayment beyond 12 months of the reporting date:			
ОАО Gazprombank	26,195	24,569	16,229
ОАО Tomskneft VNK and its subsidiaries	9,908	-	-
Loans and borrowings due for repayment within 12 months of the reporting date (including current portion of long-term liabilities):			
ОАО Gazprombank	13,614	21,429	11,202
ОАО Tomskneft VNK and its subsidiaries	-	5,105	6,647
RosUkrEnergo AG	-	2,248	10,778
Wintershall Erdgas Handelshaus GmbH & Co.KG (WIEH)	-	1,281	1,095

The Group received loans from its major associates in Russian Roubles at rates ranging from 8.5% to 12.0% in 2013. The similar figures for 2012 were 2.6% to 10.35%.

Besides, the Group received loans nominated in foreign currency at the rates ranging from 1.7% to 11.0% in 2013. The similar figures for 2012 were 0.71% to 9%.

OA O GAZPROM
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21. RELATED PARTIES (continued)

Remuneration to key management personnel

Key management personnel's (the members of the Board of Directors and Management Committee of OAO Gazprom) short-term compensation, including salary, bonuses and remuneration for serving in the management bodies of OAO Gazprom and its subsidiaries, amounted to RR 2,992 and RR 2,130 for the years ended 31 December 2013 and 2012, respectively.

The above amounts include personal income tax and insurance premiums. Government representatives serving in the Board of Directors do not receive any remuneration from OAO Gazprom and its subsidiaries. Remuneration of members of the Board of Directors is approved by the annual meeting of shareholders. Compensation of key management personnel (other than remuneration of the Board of Directors) paid by OAO Gazprom and its subsidiaries is determined by the terms of the employment contracts. Key management personnel also receive certain short-term benefits related to healthcare.

According to Russian legislation, the Group makes contributions to the Russian Federation State pension fund for all of its employees including key management personnel.

OAO Gazprom provided medical insurance and liability insurance to key management personnel. Voluntary medical insurance amounted to RR 1 and liability insurance amounted to RR 1 for 2013 and 2012, respectively.

22. EARNINGS PER SHARE

Basic earnings per share have been calculated by dividing the net profit for the year by the weighted average number of ordinary shares outstanding during the reporting year. The weighted average number of ordinary shares outstanding for 2013 and 2012 amounted to RR 22,948 and 22,950 million shares.

Diluted earnings per share have not been calculated due to the absence of instruments convertible to ordinary shares as of 31 December 2013 and 2012.

23. ACQUISITION OF OAO MOSCOW INTEGRATED POWER COMPANY (OAO MIPC)

In September 2013 the Group acquired 89.98% interest in the ordinary shares of OAO Moscow Integrated Power Company (OAO MIPC) and heat assets from the Moscow Government for cash consideration of RR 99,866 including VAT in the amount of RR 1,246 related to acquired heat assets. As a result of the acquisition, the Group obtained control over OAO MIPC. Considering treasury shares of OAO MIPC, the Group's effective interest is 98.77%. The primary business activity of OAO MIPC is generation, purchase and supply of heat energy in the form of heating and hot water to commercial and residential customers in the City of Moscow. As of 31 December 2013 the title on the assets acquired in the amount of RR 6,920 excluding VAT was not transferred to the Group.

As a result of these transactions goodwill in amount of RR 69,957 has arisen in respect of OAO MIPC acquisition.

24. ACQUISITION OF OAO GAZPROM NEFTEKHIM SALAVAT

In December 2008 the Group acquired a 50% interest plus one ordinary share in OAO Gazprom neftekhim Salavat for cash consideration of RR 20,959. Since then the Group started to exercise significant influence and applied the equity method of accounting for its investment in OAO Gazprom neftekhim Salavat.

During the period from November 2011 to December 2011 as a result of series of transactions, the Group acquired an additional 19.03% interest in OAO Gazprom neftekhim Salavat for total cash consideration of RR 19,008. Despite having a 69.03% interest as of 31 December 2011, the Group still did not exercise control over OAO Gazprom neftekhim Salavat due to its corporate governance regulations.

In May 2012 the Group acquired an additional 18.48% interest in OAO Gazprom neftekhim Salavat. As a result the Group's share in OAO Gazprom neftekhim Salavat increased to 87.51% and the Group obtained control over OAO Gazprom neftekhim Salavat.

During the period from September 2012 to June 2013 as a result of a series of transactions, the Group acquired an additional 12.49% interest in the ordinary shares of OAO Gazprom neftekhim Salavat for cash consideration of RR 12,476 increasing its interest to 100%.

As a result of these transactions goodwill of OAO Gazprom neftekhim Salavat in amount of RR 70,882 arose.

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25. COMMITMENTS AND CONTINGENCIES

Estimated liabilities

	As of 31 December 2012	Accrued	Utilized	Recovered	As of 31 December 2013
Estimated liabilities on bonus payments at the year end	24,306	33,096	(28,855)	-	28,547
Estimated liabilities on vacations	20,156	43,998	(40,214)	-	23,940
Estimated liabilities on retirement benefits payable as a lump sum	16,669	11,590	(13,232)	-	15,027
Estimated liabilities regarding fixed assets liquidation and environmental restoration in the context of subsurface use	121,930	8,943	(1 114)	(13 276)	116 483
Other estimated liabilities, including: <i>estimated liabilities regarding gas price adjustment</i>	166,524	52,800	(81 816)	(74 243)	63 265
	<u>115,255</u>	<u>7,763</u>	<u>(40,412)</u>	<u>(74,176)</u>	<u>8,430</u>
Total, including:	349,585	150,427	(165,231)	(87,519)	247,262
with maturity up to 1 year	225,558	140,023	(163,937)	(74,243)	127,401

	As of 31 December 2011	Accrued	Utilized	Recovered	As of 31 December 2012
Estimated liabilities on bonus payments at the year end	21,745	27,889	(25,328)	-	24,306
Estimated liabilities on vacations	17,931	36,469	(34,244)	-	20,156
Estimated liabilities on retirement benefits payable as a lump sum	14,276	10,727	(8,334)	-	16,669
Estimated liabilities regarding fixed assets liquidation and environmental restoration in the context of subsurface use	110,890	12,294	(1,254)	-	121,930
Other estimated liabilities, including: <i>estimated liabilities regarding gas price adjustment</i>	46,855	157,212	(37,244)	(299)	166,524
	<u>-</u>	<u>115,255</u>	<u>-</u>	<u>-</u>	<u>115,255</u>
Total, including:	211,697	244,591	(106,404)	(299)	349,585
with maturity up to 1 year	97,470	231,519	(103,132)	(299)	225,558

Pension obligations

Due to the fact that regulation of accrual of pension obligations in the accounting is not foreseen by the existing regulatory documents, calculation of pension obligations and assets is only possible for the Group as a whole and is provided in the Notes to the IFRS Consolidated Financial Statements (www.gazprom.ru).

Guarantees issued

The following guarantees were issued to third parties on behalf of other entities:

	As of 31 December 2013	As of 31 December 2012	As of 31 December 2011
Outstanding guarantees issued on behalf of:			
Sakhalin Energy Investment Company Ltd.	89,825	94,145	103,220
Nord Stream AG	50,830	40,519	105,616
EM Interfinance Limited	3,668	5,385	5,869
Blackrock Capital Investments Limited	4,804	4,573	4,985
ООО Production Company VIS	8,164	2,507	-
Blue Stream Pipeline Company B.V.	-	2,124	8,225
Devere Capital International Limited	-	-	1,958
OAO Group E4	-	-	1,498
Other	<u>43,752</u>	<u>37,711</u>	<u>32,193</u>
Total	201,043	186,964	263,564

OAo GAZPROM
NOTES TO THE CONSOLIDATED ACCOUNTING REPORTS
(in million Roubles)

25. COMMITMENTS AND CONTINGENCIES (continued)

In June 2008 the Group provided a guarantee to the Bank of Tokyo-Mitsubishi UFJ Ltd. on behalf of Sakhalin Energy Investment Company Ltd. under the credit facility up to the amount of the Group's share (50%) in the obligations of Sakhalin Energy Investment Company Ltd. toward the Bank of Tokyo-Mitsubishi UFJ Ltd. The above guarantees amounted to RR 89,825, RR 94,145 and RR 103,220 as of 31 December 2013, 2012 and 2011, respectively.

In March 2010 the Group provided a guarantee to Societe Generale on behalf of Nord Stream AG under the credit facility for financing of Nord Stream gas pipeline Phase 1 construction completion. According to guarantee agreements the Group has to redeem debt up to the amount of the Group's share (51%) in the obligations of Nord Stream toward the Societe Generale in the event that Nord Stream fail to repay those amounts. As of 31 December 2011 the above guarantee within the Group's share in Nord Stream AG obligations to the bank amounted to RR 72,205. Construction of Nord Stream gas pipeline Phase 1 was completed in the fourth quarter 2012. As a result as of 31 December 2012 the obligation under the credit facility for financing of Nord Stream gas pipeline Phase 1 construction completion was redeemed.

In May 2011 the Group provided a guarantee to Societe Generale on behalf of Nord Stream AG under the credit facility for financing of Nord Stream gas pipeline Phase 2 construction completion. According to guarantee agreements the Group has to redeem debt up to the amount of the Group's share (51%) in the obligations of Nord Stream toward the Societe Generale in the event that Nord Stream fail to repay those amounts. As of 31 December 2013, 2012 and 2011 the above guarantee within the Group's share in Nord Stream AG obligations to the bank amounted to RR 50,830, RR 40,519 and RR 33,411, respectively.

In 2006 the Group guaranteed Asset Repackaging Trust Five B.V. (registered in Netherlands) bonds issued by five financing entities: Devere Capital International Limited, Blackrock Capital Investments Limited, DSL Assets International Limited, United Energy Investments Limited, EM Interfinance Limited (registered in Ireland) in regard to bonds issued with due dates December 2012, June 2018, December 2009, December 2009 and December 2015, respectively. Bonds were issued for financing of construction of a transit pipeline in Poland by SGT EuRoPol GAZ S.A. In December 2009 loans issued by DSL Assets International Limited and United Energy Investments Limited were redeemed. In December 2012 loans issued by Devere Capital International Limited were redeemed. As a result the guarantees issued on behalf of Devere Capital International Limited, Blackrock Capital Investments Limited and EM Interfinance Limited amounted to RR 8,472, RR 9,958 and RR 12,812 as of 31 December 2013, 2012 and 2011, respectively.

In July 2012 the Group provided a guarantee to OAO Sberbank Rossii on behalf of OOO Production Company VIS as a security of credit facility for financing of construction projects for Gazprom Group. As of 31 December 2013 and 2012 the above guarantee amounted to RR 8,164 and RR 2,507, respectively.

In July 2005 Blue Stream Pipeline Company B.V. (BSPC) refinanced some of the existing liabilities, guaranteed by the Group, by means of repayment of the liabilities to a group of Italian and Japanese banks. For the purpose of this transaction loans in the amount of USD 1,185.3 million were received from Gazstream S.A. The Group guaranteed the above loans. As of 31 December 2012 and 2011, outstanding amounts of these loans were RR 2,124 and RR 8,225, respectively, which were guaranteed by the Group, pursuant to its obligations. In July 2013 loans issued by Gazstream S.A. were redeemed.

In May 2008 the Group provided a guarantee to OAO Bank of Moscow on behalf of OAO Group E4 as a security of loans for obligations under contracts for delivering of power units. As of 31 December 2011 the above guarantee amounted to RR 1,498. As of 31 December 2012 this credit facility was repaid.

Other guarantees include mainly guarantees issued by the Group under equipment purchase or construction and installation works contracts.

Legal proceedings

The Group is a party to certain legal cases arising in the normal course of business. The management of the Group believes that there are no current legal cases or other claims outstanding, which could have a material negative effect on the result of operations or financial position of the Group.

Taxation

The tax, currency and customs legislation in the Russian Federation is subject to varying interpretations and frequent changes. Tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments.

Management believes that its interpretation of the relevant legislation as of 31 December 2013 and 2012 is appropriate and all of the Group's tax, currency and customs positions will be sustainable.

25. COMMITMENTS AND CONTINGENCIES (continued)

The new transfer pricing rules appear to be more technically elaborate. The new legislation provides the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controlled transactions (transactions with related parties and some types of transactions with unrelated parties), provided that the transaction price is not arm's length.

Management believes that its pricing policy is arm's length and it has implemented internal controls to be in compliance with the new transfer pricing legislation.

Given that the practice of implementation of the new Russian transfer pricing rules has not yet developed, the impact of any challenge of the Group's transfer prices cannot be reliably estimated; however, it may have an influence on the financial conditions and/or the overall operations of the Group.

26. OPERATING RISKS

Risk management of the Group is conducted within the framework of a unified corporate system and is defined as a continuous cycle of management decision making and implementation composed of risk identification, estimation and valuation, risk response, efficiency control, planning of risk management and monitoring activities. This process is built into general governance, focused on risk optimization as consistent with the Group interests and spreads to all its activities.

The market position of the Group including trends of the corresponding market segment, adaptation to the market conditions, business priorities and perspectives as well as the Group's key business risk factors are disclosed on the website www.gazprom.com.

27. POST BALANCE SHEET EVENTS

Investments

In March 2014 the Group acquired additional 20% interest in Artic Russia B.V. for cash consideration of USD 980 million. As a result of the transaction, the Group's effective interest in ООО SeverEnergiya increased from 38.46% to 43.15%.


Borrowings and loans

In February 2014 the Group issued Loan Participation Notes in the amount of EURO 750 million at an interest rate of 3.6% due in 2021.

In March 2014 the Group obtained long-term syndicated loan from consortium of banks in the amount of USD 2,150 million at an interest rate of LIBOR + 1.5% due in 2019. Mizuho Bank Ltd. was appointed as bank agent.

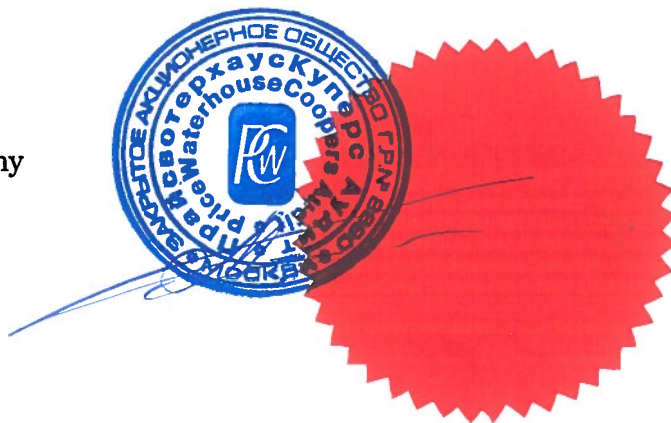


A.B. Miller
Chairman of the Management Committee
28 April 2014



E.A. Vasilieva
Chief Accountant

Director of closed joint stock company
PricewaterhouseCoopers Audit
M.E. Timchenko
28 April 2014



48 (forty eight) pages are numbered, bound and sealed.