

**ОАО ГАЗПРОМ**

**IFRS CONSOLIDATED  
INTERIM CONDENSED  
FINANCIAL INFORMATION  
(UNAUDITED)**

**30 SEPTEMBER 2013**



## ***Report on Review of Consolidated Interim Condensed Financial Information***

To the Shareholders and Board of Directors of OAO Gazprom

### **Introduction**

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

### **Scope of Review**

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

### **Conclusion**

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

*ZAO PricewaterhouseCoopers Audit*

21 January 2014  
Moscow, Russian Federation

**OA0 GAZPROM**  
**IFRS CONSOLIDATED INTERIM CONDENSED BALANCE SHEET (UNAUDITED)**  
**AS OF 30 SEPTEMBER 2013**  
(In millions of Russian Roubles)

Notes	30 September 2013	31 December 2012 (restated)	1 January 2012 (restated)
<b>Assets</b>			
<b>Current assets</b>			
6	570,774	425,720	504,766
6	1,999	5,530	6,290
21	21,443	16,962	23,991
7	915,774	940,732	782,562
8	576,589	462,746	411,108
	VAT recoverable	395,368	303,454
	Other current assets	<u>173,745</u>	<u>216,122</u>
	<b>2,622,571</b>	<b>2,420,803</b>	<b>2,248,293</b>
<b>Non-current assets</b>			
9	8,559,165	7,949,170	6,852,103
10	535,133	541,113	608,775
11	464,351	479,138	504,671
21	172,148	161,704	181,138
12	512,548	404,908	391,160
	<u>10,243,345</u>	<u>9,536,033</u>	<u>8,537,847</u>
	<b>Total assets</b>	<b>12,865,916</b>	<b>11,956,836</b>
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
	699,520	1,038,993	804,602
	30,895	7,990	44,115
	140,116	122,450	100,324
	Short-term borrowings, promissory notes and current portion of long-term borrowings	<u>374,453</u>	<u>322,633</u>
	<b>1,244,984</b>	<b>1,492,066</b>	<b>1,311,577</b>
<b>Non-current liabilities</b>			
13	1,354,063	1,177,959	1,174,283
20	329,805	336,543	264,466
14	548,976	443,804	417,895
	Other non-current liabilities	26,519	47,699
	<u>2,286,299</u>	<u>1,984,825</u>	<u>1,904,343</u>
	<b>Total liabilities</b>	<b>3,531,283</b>	<b>3,215,920</b>
<b>Equity</b>			
15	325,194	325,194	325,194
15	(106,261)	(104,094)	(104,605)
	Retained earnings and other reserves	<u>8,809,685</u>	<u>7,949,633</u>
	<b>9,028,618</b>	<b>8,170,733</b>	<b>7,272,846</b>
	Non-controlling interest	<u>306,015</u>	<u>309,212</u>
	<b>Total equity</b>	<b>9,334,633</b>	<b>7,570,220</b>
	<b>Total liabilities and equity</b>	<b>12,865,916</b>	<b>11,956,836</b>

  
A.B. Miller  
Chairman of the Management Committee  
21 January 2014

  
E.A. Vasilieva  
Chief Accountant  
21 January 2014

The accompanying notes on pages 6 to 36 are an integral part of this consolidated interim condensed financial information.

**OAO GAZPROM**  
**IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**(UNAUDITED)**  
**FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2013**  
(In millions of Russian Roubles)

Notes		Three months ended 30 September		Nine months ended 30 September	
		2013	2012 (restated)	2013	2012 (restated)
16	Sales	1,204,546	1,121,656	3,772,668	3,352,788
	Net gain from trading activity	3,309	280	7,073	5,798
17	Operating expenses	<u>(877,957)</u>	<u>(857,601)</u>	<u>(2,596,841)</u>	<u>(2,464,208)</u>
	<b>Operating profit</b>	<b>329,898</b>	<b>264,335</b>	<b>1,182,900</b>	<b>894,378</b>
18	Finance income	49,518	99,571	88,019	253,286
18	Finance expense	(47,355)	(22,559)	(209,834)	(204,567)
10	Share of net income of associated undertakings and joint ventures	22,995	49,494	35,799	113,522
	Gains (losses) on disposal of available-for-sale financial assets	<u>76</u>	<u>43</u>	<u>92</u>	<u>(35)</u>
	<b>Profit before profit tax</b>	<b>355,132</b>	<b>390,884</b>	<b>1,096,976</b>	<b>1,056,584</b>
	Current profit tax expense	(69,677)	(71,028)	(112,669)	(211,997)
	Deferred profit tax (expense) benefit	<u>(2,529)</u>	<u>(7,520)</u>	<u>(107,976)</u>	<u>2,005</u>
	Profit tax expense	(72,206)	(78,548)	(220,645)	(209,992)
	<b>Profit for the period</b>	<b>282,926</b>	<b>312,336</b>	<b>876,331</b>	<b>846,592</b>
	<b>Other comprehensive (loss) income:</b>				
	Items that will not be reclassified to profit or loss:				
	Remeasurements of post-employment benefit obligations	<u>(14,133)</u>	<u>(2,257)</u>	<u>61,490</u>	<u>(6,025)</u>
	<b>Total items that will not be reclassified to profit or loss</b>	<b>(14,133)</b>	<b>(2,257)</b>	<b>61,490</b>	<b>(6,025)</b>
	Items that will be reclassified to profit or loss:				
	Gains (losses) arising from change in fair value of available-for-sale financial assets, net of tax	11,615	8,595	9,027	(13,424)
	Share of other comprehensive income (loss) of associated undertakings and joint ventures	3,647	(3,880)	7,785	(8,919)
	Translation differences	(1,617)	(31,394)	47,630	(22,330)
	Gains (losses) from cash flow hedges, net of tax	<u>922</u>	<u>3,522</u>	<u>(3,059)</u>	<u>(2,518)</u>
	<b>Total items that will be reclassified to profit or loss</b>	<b>14,567</b>	<b>(23,157)</b>	<b>61,383</b>	<b>(47,191)</b>
	<b>Other comprehensive income (loss) for the period, net of tax</b>	<b>434</b>	<b>(25,414)</b>	<b>122,873</b>	<b>(53,216)</b>
	<b>Total comprehensive income for the period</b>	<b>283,360</b>	<b>286,922</b>	<b>999,204</b>	<b>793,376</b>
	<b>Profit attributable to:</b>				
	Owners of OAO Gazprom	276,090	309,791	858,773	827,188
	Non-controlling interest	<u>6,836</u>	<u>2,545</u>	<u>17,558</u>	<u>19,404</u>
		<b>282,926</b>	<b>312,336</b>	<b>876,331</b>	<b>846,592</b>
	<b>Total comprehensive income attributable to:</b>				
	Owners of OAO Gazprom	276,362	286,145	978,691	775,023
	Non-controlling interest	<u>6,998</u>	<u>777</u>	<u>20,513</u>	<u>18,353</u>
		<b>283,360</b>	<b>286,922</b>	<b>999,204</b>	<b>793,376</b>
19	<b>Basic and diluted earnings per share for profit attributable to the owners of OAO Gazprom (in Roubles)</b>	<b>12.03</b>	<b>13.50</b>	<b>37.42</b>	<b>36.04</b>

  
A.B. Miller  
Chairman of the Management Committee  
21 January 2014

  
E.A. Vasilieva  
Chief Accountant  
21 January 2014

The accompanying notes on pages 6 to 36 are an integral part of this consolidated interim condensed financial information.

**ОАО ГАЗПРОМ**  
**IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS**  
**(UNAUDITED)**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013**  
(In millions of Russian Roubles)

Notes	Nine months ended 30 September	
	2013	2012 (restated)
	<b>Cash flows from operating activities</b>	
	1,096,976	1,056,584
	Profit before profit tax	
	<b>Adjustments to profit before profit tax for:</b>	
17	310,907	250,885
18	121,815	(48,719)
10	(35,799)	(113,522)
17	58,155	46,033
17	(5,481)	8,912
	<u>(14,974)</u>	<u>1,517</u>
	434,623	145,106
	1,531,599	1,201,690
	Decrease (increase) in non-current assets	
	2,858	(1,927)
	Increase in non-current liabilities	
	2,073	2,908
	Changes in working capital	
	(140,236)	27,401
	<u>(98,526)</u>	<u>(223,171)</u>
	<b>1,297,768</b>	<b>1,006,901</b>
	<b>Cash flows from investing activities</b>	
	(1,020,793)	(965,168)
18	(46,284)	(48,159)
	(5,931)	(7,883)
	(118,280)	(32,185)
	(7,923)	(15,003)
	25,118	16,964
	(335)	(1,662)
	70,818	150,773
	<u>(1,132)</u>	<u>2,101</u>
	<b>(1,104,742)</b>	<b>(900,222)</b>
	<b>Cash flows from financing activities</b>	
	343,072	227,140
	(224,129)	(144,208)
	54,378	113,734
	(87,559)	(110,782)
	(136,242)	(196,953)
18	(20,570)	(16,458)
	(2,167)	564
	<u>3,531</u>	<u>1,680</u>
	<b>(69,686)</b>	<b>(125,283)</b>
	<u>21,714</u>	<u>(8,390)</u>
	<b>145,054</b>	<b>(26,994)</b>
6	425,720	504,766
6	<b>570,774</b>	<b>477,772</b>

  
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21 January 2014

  
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21 January 2014

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**OAO GAZPROM**  
**IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**(UNAUDITED)**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013**  
(In millions of Russian Roubles)

Notes	Attributable to the owners of OAO Gazprom							Total equity
	Number of shares outstanding (billions)	Share capital	Treasury shares	Retained earnings and other reserves	Total	Non-controlling interest		
<b>Nine months ended 30 September 2012</b>								
	<b>Balance as of 31 December 2011 (as reported)</b>							
	22.9	325,194	(104,605)	7,242,982	7,463,571	297,420	7,760,991	
4	Effect of changes in accounting policies							
		-	-	(190,725)	(190,725)	(46)	(190,771)	
	<b>Balance as of 1 January 2012 (restated)</b>							
	22.9	325,194	(104,605)	7,052,257	7,272,846	297,374	7,570,220	
	Profit for the period (restated)							
		-	-	827,188	827,188	19,404	846,592	
	Other comprehensive loss:							
20	Remeasurements of post-employment benefit obligations							
		-	-	(6,025)	(6,025)	-	(6,025)	
	Losses arising from change in fair value of available-for-sale financial assets, net of tax							
		-	-	(13,424)	(13,424)	-	(13,424)	
	Share of other comprehensive loss of associated undertakings and joint ventures							
		-	-	(8,919)	(8,919)	-	(8,919)	
	Translation differences							
		-	-	(21,360)	(21,360)	(970)	(22,330)	
	Losses from cash flow hedges, net of tax							
		-	-	(2,437)	(2,437)	(81)	(2,518)	
	<b>Total comprehensive income for the nine months ended 30 September 2012 (restated)</b>							
		-	-	775,023	775,023	18,353	793,376	
	Acquisition of non-controlling interest in subsidiaries							
		-	-	(7,931)	(7,931)	(1,390)	(9,321)	
	Net treasury shares transactions							
	0.1	-	564	-	564	-	564	
	Return of social assets to governmental authorities							
		-	-	(33)	(33)	-	(33)	
	Dividends declared							
		-	-	(205,866)	(205,866)	(3,323)	(209,189)	
	<b>Balance as of 30 September 2012 (restated)</b>							
	23.0	325,194	(104,041)	7,613,450	7,834,603	311,014	8,145,617	
<b>Nine months ended 30 September 2013</b>								
	<b>Balance as of 31 December 2012 (as reported)</b>							
	22.9	325,194	(104,094)	8,170,631	8,391,731	309,363	8,701,094	
4	Effect of changes in accounting policies							
		-	-	(220,998)	(220,998)	(151)	(221,149)	
	<b>Balance as of 1 January 2013 (restated)</b>							
	22.9	325,194	(104,094)	7,949,633	8,170,733	309,212	8,479,945	
	Profit for the period							
		-	-	858,773	858,773	17,558	876,331	
	Other comprehensive income (loss):							
20	Remeasurements of post-employment benefit obligations							
		-	-	61,490	61,490	-	61,490	
	Gains arising from change in fair value of available-for-sale financial assets, net of tax							
		-	-	9,027	9,027	-	9,027	
	Share of other comprehensive income of associated undertakings and joint ventures							
		-	-	7,785	7,785	-	7,785	
	Translation differences							
		-	-	44,532	44,532	3,098	47,630	
	Losses from cash flow hedges, net of tax							
		-	-	(2,916)	(2,916)	(143)	(3,059)	
	<b>Total comprehensive income for the nine months ended 30 September 2013</b>							
		-	-	978,691	978,691	20,513	999,204	
	Acquisition of non-controlling interest in subsidiaries							
		-	-	(634)	(634)	5,864	5,230	
	Net treasury shares transactions							
		-	(2,167)	-	(2,167)	-	(2,167)	
	Return of social assets to governmental authorities							
		-	-	(141)	(141)	-	(141)	
	Dividends declared							
		-	-	(137,464)	(137,464)	(9,974)	(147,438)	
	Acquisition of shares in subsidiaries							
		-	-	19,600	19,600	(19,600)	-	
	<b>Balance as of 30 September 2013</b>							
	22.9	325,194	(106,261)	8,809,685	9,028,618	306,015	9,334,633	

  
A.B. Miller  
Chairman of the Management Committee  
21 January 2014

  
E.A. Vasilieva  
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21 January 2014

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**OAO GAZPROM**  
**NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION**  
**(UNAUDITED) – 30 SEPTEMBER 2013**  
**(In millions of Russian Roubles)**

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**1 NATURE OF OPERATIONS**

OAO Gazprom and its subsidiaries (the “Group”) operate one of the largest gas pipeline systems in the world and are responsible for major part of gas production and high pressure gas transportation in the Russian Federation. The Group is also a major supplier of gas to European countries. The Group is engaged in oil production, refining activities, electric and heat energy generation. The Government of the Russian Federation is the ultimate controlling party of OAO Gazprom and has a controlling interest (including both direct and indirect ownership) of over 50% in OAO Gazprom.

The Group is involved in the following principal activities:

- Exploration and production of gas;
- Transportation of gas;
- Sales of gas within 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; and
- Electric and heat energy generation and sales.

Other activities primarily include production of other goods, works and services.

The gas business is subject to seasonal fluctuations with peak demand in the first and fourth quarters of each year. Typically approximately 20% and 70% of total annual gas volumes are shipped in the three and nine months ended 30 September, respectively.

**2 ECONOMIC ENVIRONMENT IN THE RUSSIAN FEDERATION**

The Russian Federation displays certain characteristics of an emerging market. Tax, currency and customs legislation is subject to varying interpretations and contributes to the challenges faced by companies operating in the Russian Federation.

The ongoing uncertainty and volatility of the financial markets, in particular in Europe, and other risks could have significant negative effects on the Russian financial and corporate sectors. Management determined impairment provisions by considering the economic situation.

The future economic development of the Russian Federation is dependent upon external factors and internal measures undertaken by the government to sustain growth, and to change the tax, legal and regulatory environment. Management believes it is taking all necessary measures to support the sustainability and development of the Group’s business in the current business and economic environment.

**3 BASIS OF PRESENTATION**

This consolidated interim condensed financial information is prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”). The consolidated interim condensed financial information should be read in conjunction with the consolidated financial statements for the year ended 31 December 2012 prepared in accordance with International Financial Reporting Standards (“IFRS”).

The official Russian Rouble (“RR”) to US dollar (“USD”) foreign exchange rates as determined by the Central Bank of the Russian Federation were 32.35 and 30.92 as of 30 September 2013 and 2012, respectively, 30.37 and 32.20 as of 31 December 2012 and 2011, respectively. The official RR to Euro foreign exchange rates as determined by the Central Bank of the Russian Federation were 43.65 and 39.98 as of 30 September 2013 and 2012, respectively, 40.23 and 41.67 as of 31 December 2012 and 2011, respectively.

**OAO GAZPROM**  
**NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION**  
**(UNAUDITED) – 30 SEPTEMBER 2013**  
**(In millions of Russian Roubles)**

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**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**

The principal accounting policies followed by the Group and the critical accounting estimates in applying accounting policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2012, except as described below.

Profit tax in the interim periods is accrued using a tax rate that would be applicable to expected total annual earnings.

**New accounting developments**

In 2013 the Group has adopted all IFRS, amendments and interpretations which are effective 1 January 2013 and which are relevant to its operations.

The Group adopted a set of standards on consolidation: IFRS 10 “Consolidated Financial Statements” (“IFRS 10”), IFRS 11 “Joint Arrangements” (“IFRS 11”), IFRS 12 “Disclosure of Interests in Other Entities” (“IFRS 12”). The set of new standards introduces the new model of control and treatment of joint arrangements and also new disclosure requirements. As a result of the application of the set the Group has changed its method of accounting for certain joint arrangements from the equity method of accounting to accounting for the assets, liabilities, revenues and expenses relating to the Group’s interest in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses. This change required retrospective restatement of the statement of comprehensive income, balance sheet and cash flows. The nature and the impact of revised standard are described below.

The application of IFRS 12 will result in additional disclosures in the annual consolidated financial statements.

Amendments to IAS 1 “Presentation of Financial Statements” (“IAS 1”) introduced grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time now have to be presented separately from items that will never be reclassified. The amendment affected presentation only and had no impact on the Group’s financial position or results of operations.

IFRS 13 “Fair Value Measurement” (“IFRS 13”) established a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements of the Group. IFRS 13 also requires specific disclosures of fair values. Some of these disclosures are specifically required for the consolidated interim condensed financial information. The Group made these disclosures in Note 21.

IAS 19 (revised) “Employee Benefits” (“IAS 19 (revised)”) made significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. The nature and the impact of revised standard are described below.

Several other new standards and amendments adopted in 2013 are amended IFRS 7 “Financial Instruments: Disclosure” (“IFRS 7”), and IAS 32 “Financial Instruments: Presentation” (“IAS 32”), amendments resulting from Annual Improvements 2009-2011 cycle to IAS 1, IAS 16 “Property, Plant and Equipment” (“IAS 16”), IAS 32, IAS 34. Application of these standards and amendments had no significant impact on the Group’s financial position or results of operations.

**(a) Adoption of IFRS 11 “Joint Arrangements”**

Under IFRS 11 joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures, except for its investments in OAO Tomskneft VNK, Salym Petroleum Development N.V. and Blue Stream Pipeline company B.V., which were determined to be joint operations. The joint arrangements determined to be joint ventures will continue to be accounted for under the equity method of accounting. In accordance with the transition provisions of IFRS 11, the Group has applied the new policy for interests in joint operations. The Group derecognised the investments that were previously accounted for using the equity method and recognised its share of each of the assets and the liabilities in respect of the interest in the joint operations.

The Group measured the initial carrying amount of the assets and liabilities by disaggregating them from the carrying amount of the investment as of 1 January 2012 on the basis of the information used in applying the equity method.

**OAO GAZPROM**  
**NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION**  
**(UNAUDITED) – 30 SEPTEMBER 2013**  
**(In millions of Russian Roubles)**

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)**

**(b) Adoption of IAS 19 (revised) “Employee benefits”**

From 1 January 2013 the Group has applied IAS 19 (revised) retrospectively in accordance with the transition provisions of the standard. The standard makes significant changes to the recognition and measurement of defined benefit pension expenses and to disclosures of all employee benefits.

The material impacts of IAS 19 (revised) on the Group’s consolidated interim condensed financial information are as follows:

- “Actuarial gains and losses” are renamed “remeasurements” and now are recognized immediately in “other comprehensive income” (OCI) and thus, will no longer be deferred using the corridor approach or recognised in profit or loss. As a result, unrecognised actuarial losses in the amount of RR 142,587 and RR 174,447 as of 1 January 2012 and 31 December 2012, respectively, were recorded within retained earnings and other reserves. Correspondingly, the net defined benefit assets/liabilities have changed by those amounts. There was no significant impact on profit or loss for the three and nine months ended 30 September 2012.
- Past service costs are now recognized immediately through profit or loss when they occur, in the period of a plan amendment. This resulted in unrecognised past service costs in the amount of RR 47,124 and RR 43,216 as of 1 January 2012 and 31 December 2012, respectively, being expensed within retained earnings and other reserves. Unvested benefits will no longer be spread over a future-service period. There was no significant impact on profit or loss for the three and nine months ended 30 September 2012.

The effect of these changes on the consolidated balance sheet is summarized in the following table:

	1 January 2012		31 December 2012	
	Funded benefits - provided through NPF Gazfund	Unfunded liabilities - other benefits	Funded benefits - provided through NPF Gazfund	Unfunded liabilities - other benefits
<b>Net balance asset (liability)</b> <b>(previously reported)</b>	<b>248,001</b>	<b>(95,678)</b>	<b>214,838</b>	<b>(111,052)</b>
Recognition of actuarial losses	(136,585)	(6,002)	(130,459)	(43,988)
Recognition of past service costs	—	(47,124)	—	(43,216)
<b>Net balance asset (liability)</b> <b>(restated)</b>	<b>111,416</b>	<b>(148,804)</b>	<b>84,379</b>	<b>(198,256)</b>

- The standard replaces the interest cost on the defined benefit obligations and the expected return on plan assets with a net interest expense or income based on the net defined benefit assets or liability and the discount rate, measured at the beginning of the year. This resulted in a decrease in operating expenses in the amount of RR 4,748 and RR 14,199 for the three and nine months ended 30 September 2012, respectively.

The total effect of the adoption of IFRS 11 and IAS 19 (revised) on the financial statements is shown below.

All changes in the accounting policies have been made in accordance with IAS 8 “Accounting policies, changes in accounting estimates and errors” (“IAS 8”), which requires retrospective application unless the new standard requires otherwise.

**OAO GAZPROM**  
**NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION**  
**(UNAUDITED) – 30 SEPTEMBER 2013**  
**(In millions of Russian Roubles)**

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**  
**(continued)**

Notes	Reconciliation of consolidated balance sheet as of 1 January 2012	Previously reported	Adjustment due to change in accounting policy		Restated
			for joint operations	for pension and post- employment benefits	
	<b>Assets</b>				
	<b>Current assets</b>				
	Cash and cash equivalents	501,344	3,422	-	504,766
	Restricted cash	3,877	2,413	-	6,290
	Short-term financial assets	23,991	-	-	23,991
	Accounts receivable and prepayments	784,053	(1,491)	-	782,562
	Inventories	407,530	3,578	-	411,108
	VAT recoverable	303,454	-	-	303,454
	Other current assets	216,044	78	-	216,122
		<b>2,240,293</b>	<b>8,000</b>	<b>-</b>	<b>2,248,293</b>
	<b>Non-current assets</b>				
9	Property, plant and equipment	6,718,575	133,528	-	6,852,103
	Investments in associated undertakings and joint ventures	715,966	(107,191)	-	608,775
	Long-term accounts receivable and prepayments	517,097	(12,426)	-	504,671
	Available-for-sale long-term financial assets	181,138	-	-	181,138
	Other non-current assets	527,627	118	(136,585)	391,160
		<b>8,660,403</b>	<b>14,029</b>	<b>(136,585)</b>	<b>8,537,847</b>
	<b>Total assets</b>	<b>10,900,696</b>	<b>22,029</b>	<b>(136,585)</b>	<b>10,786,140</b>
	<b>Liabilities and equity</b>				
	<b>Current liabilities</b>				
	Accounts payable and accrued charges	804,644	(42)	-	804,602
	Current profit tax payable	44,036	79	-	44,115
	Other taxes payable	93,707	6,617	-	100,324
	Short-term borrowings, promissory notes and current portion of long-term borrowings	366,868	(4,332)	-	362,536
		<b>1,309,255</b>	<b>2,322</b>	<b>-</b>	<b>1,311,577</b>
	<b>Non-current liabilities</b>				
	Long-term borrowings	1,173,294	989	-	1,174,283
	Provisions for liabilities and charges	206,734	4,606	53,126	264,466
14	Deferred tax liability	402,728	15,167	-	417,895
	Other non-current liabilities	47,694	5	-	47,699
		<b>1,830,450</b>	<b>20,767</b>	<b>53,126</b>	<b>1,904,343</b>
	<b>Total liabilities</b>	<b>3,139,705</b>	<b>23,089</b>	<b>53,126</b>	<b>3,215,920</b>
	<b>Equity</b>				
	Share capital	325,194	-	-	325,194
	Treasury shares	(104,605)	-	-	(104,605)
	Retained earnings and other reserves	7,242,982	(1,014)	(189,711)	7,052,257
		<b>7,463,571</b>	<b>(1,014)</b>	<b>(189,711)</b>	<b>7,272,846</b>
	Non-controlling interest	297,420	(46)	-	297,374
	<b>Total equity</b>	<b>7,760,991</b>	<b>(1,060)</b>	<b>(189,711)</b>	<b>7,570,220</b>
	<b>Total liabilities and equity</b>	<b>10,900,696</b>	<b>22,029</b>	<b>(136,585)</b>	<b>10,786,140</b>

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**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**  
**(continued)**

	Reconciliation of consolidated balance sheet as of 31 December 2012	Previously reported	Adjustment due to change in accounting policy		Restated
			for joint operations	for pension and post- employment benefits	
Notes					
	<b>Assets</b>				
	<b>Current assets</b>				
6	Cash and cash equivalents	419,536	6,184	-	425,720
6	Restricted cash	3,658	1,872	-	5,530
21	Short-term financial assets	16,962	-	-	16,962
7	Accounts receivable and prepayments	940,106	626	-	940,732
8	Inventories	459,534	3,212	-	462,746
	VAT recoverable	395,250	118	-	395,368
	Other current assets	<u>173,700</u>	<u>45</u>	<u>-</u>	<u>173,745</u>
		<b>2,408,746</b>	<b>12,057</b>	<b>-</b>	<b>2,420,803</b>
	<b>Non-current assets</b>				
9	Property, plant and equipment	7,818,392	130,778	-	7,949,170
10	Investments in associated undertakings and joint ventures	653,187	(112,074)	-	541,113
11	Long-term accounts receivable and prepayments	491,018	(11,880)	-	479,138
21	Available-for-sale long-term financial assets	161,701	3	-	161,704
12	Other non-current assets	<u>535,095</u>	<u>272</u>	<u>(130,459)</u>	<u>404,908</u>
		<b>9,659,393</b>	<b>7,099</b>	<b>(130,459)</b>	<b>9,536,033</b>
	<b>Total assets</b>	<b>12,068,139</b>	<b>19,156</b>	<b>(130,459)</b>	<b>11,956,836</b>
	<b>Liabilities and equity</b>				
	<b>Current liabilities</b>				
	Accounts payable and accrued charges	1,040,274	(1,281)	-	1,038,993
	Current profit tax payable	7,463	527	-	7,990
	Other taxes payable	115,273	7,177	-	122,450
	Short-term borrowings, promissory notes and current portion of long-term borrowings	<u>326,807</u>	<u>(4,174)</u>	<u>-</u>	<u>322,633</u>
		<b>1,489,817</b>	<b>2,249</b>	<b>-</b>	<b>1,492,066</b>
	<b>Non-current liabilities</b>				
13	Long-term borrowings	1,177,934	25	-	1,177,959
20	Provisions for liabilities and charges	243,506	5,833	87,204	336,543
14	Deferred tax liability	429,305	14,499	-	443,804
	Other non-current liabilities	<u>26,483</u>	<u>36</u>	<u>-</u>	<u>26,519</u>
		<b>1,877,228</b>	<b>20,393</b>	<b>87,204</b>	<b>1,984,825</b>
	<b>Total liabilities</b>	<b>3,367,045</b>	<b>22,642</b>	<b>87,204</b>	<b>3,476,891</b>
	<b>Equity</b>				
15	Share capital	325,194	-	-	325,194
15	Treasury shares	(104,094)	-	-	(104,094)
	Retained earnings and other reserves	<u>8,170,631</u>	<u>(3,335)</u>	<u>(217,663)</u>	<u>7,949,633</u>
		<b>8,391,731</b>	<b>(3,335)</b>	<b>(217,663)</b>	<b>8,170,733</b>
	Non-controlling interest	<u>309,363</u>	<u>(151)</u>	<u>-</u>	<u>309,212</u>
	<b>Total equity</b>	<b>8,701,094</b>	<b>(3,486)</b>	<b>(217,663)</b>	<b>8,479,945</b>
	<b>Total liabilities and equity</b>	<b>12,068,139</b>	<b>19,156</b>	<b>(130,459)</b>	<b>11,956,836</b>

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**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**  
**(continued)**

Notes	Reconciliation of consolidated interim condensed statement of comprehensive income for the three months ended 30 September 2012	Previously reported	Adjustment due to change in accounting policy		Restated
			for joint operations	for pension and post-employment benefits	
16	Sales	1,120,937	719	-	1,121,656
	Net gain from trading activity	280	-	-	280
17	Operating expenses	<u>(867,982)</u>	<u>5,644</u>	<u>4,737</u>	<u>(857,601)</u>
	<b>Operating profit</b>	<b>253,235</b>	<b>6,363</b>	<b>4,737</b>	<b>264,335</b>
18	Finance income	99,340	231	-	99,571
18	Finance expense	(22,476)	(83)	-	(22,559)
10	Share of net income (loss) of associated undertakings and joint ventures	55,001	(5,507)	-	49,494
	Gains on disposal of available-for-sale financial assets	<u>43</u>	<u>-</u>	<u>-</u>	<u>43</u>
	<b>Profit before profit tax</b>	<b>385,143</b>	<b>1,004</b>	<b>4,737</b>	<b>390,884</b>
	Current profit tax expense	(69,842)	(1,186)	-	(71,028)
	Deferred profit tax (expense) benefit	<u>(7,702)</u>	<u>182</u>	<u>-</u>	<u>(7,520)</u>
	Profit tax expense	(77,544)	(1,004)	-	(78,548)
	<b>Profit for the period</b>	<b>307,599</b>	<b>-</b>	<b>4,737</b>	<b>312,336</b>
	<b>Other comprehensive (loss) income:</b>				
	Items that will not be reclassified to profit or loss:				
	Remeasurements of post-employment benefit obligations	<u>-</u>	<u>-</u>	<u>(2,257)</u>	<u>(2,257)</u>
	<b>Total items that will not be reclassified to profit or loss</b>	<b>-</b>	<b>-</b>	<b>(2,257)</b>	<b>(2,257)</b>
	Items that will be reclassified to profit or loss:				
	Gains arising from change in fair value of available-for-sale financial assets, net of tax	8,595	-	-	8,595
	Share of other comprehensive loss of associated undertakings and joint ventures	(3,880)	-	-	(3,880)
	Translation differences	(28,716)	(2,678)	-	(31,394)
	Gains from cash flow hedges, net of tax	<u>3,522</u>	<u>-</u>	<u>-</u>	<u>3,522</u>
	<b>Total items that will be reclassified to profit or loss</b>	<b>(20,479)</b>	<b>(2,678)</b>	<b>-</b>	<b>(23,157)</b>
	<b>Other comprehensive loss for the period, net of tax</b>	<b>(20,479)</b>	<b>(2,678)</b>	<b>(2,257)</b>	<b>(25,414)</b>
	<b>Total comprehensive income (loss) for the period</b>	<b>287,120</b>	<b>(2,678)</b>	<b>2,480</b>	<b>286,922</b>
	<b>Profit attributable to:</b>				
	Owners of OAO Gazprom	305,054	-	4,737	309,791
	Non-controlling interest	<u>2,545</u>	<u>-</u>	<u>-</u>	<u>2,545</u>
		<b>307,599</b>	<b>-</b>	<b>4,737</b>	<b>312,336</b>
	<b>Total comprehensive income attributable to:</b>				
	Owners of OAO Gazprom	286,227	(2,562)	2,480	286,145
	Non-controlling interest	<u>893</u>	<u>(116)</u>	<u>-</u>	<u>777</u>
		<b>287,120</b>	<b>(2,678)</b>	<b>2,480</b>	<b>286,922</b>
19	<b>Basic and diluted earnings per share for profit attributable to the owners of OAO Gazprom (in Roubles)</b>	<b>13.29</b>	<b>-</b>	<b>0.21</b>	<b>13.50</b>

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**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**  
**(continued)**

Notes	Reconciliation of consolidated interim condensed statement of comprehensive income for the nine months ended 30 September 2012	Previously reported	Adjustment due to change in accounting policy		Restated
			for joint operations	for pension and post-employment benefits	
16	Sales	3,351,303	1,485	-	3,352,788
	Net gain from trading activity	5,798	-	-	5,798
17	Operating expenses	<u>(2,491,733)</u>	<u>14,058</u>	<u>13,467</u>	<u>(2,464,208)</u>
	<b>Operating profit</b>	<b>865,368</b>	<b>15,543</b>	<b>13,467</b>	<b>894,378</b>
18	Finance income	252,733	553	-	253,286
18	Finance expense	(204,539)	(28)	-	(204,567)
10	Share of net income (loss) of associated undertakings and joint ventures	126,690	(13,168)	-	113,522
	Losses on disposal of available-for-sale financial assets	<u>(35)</u>	<u>-</u>	<u>-</u>	<u>(35)</u>
	<b>Profit before profit tax</b>	<b>1,040,217</b>	<b>2,900</b>	<b>13,467</b>	<b>1,056,584</b>
	Current profit tax expense	(208,974)	(3,023)	-	(211,997)
	Deferred profit tax benefit	<u>1,882</u>	<u>123</u>	<u>-</u>	<u>2,005</u>
	Profit tax expense	<u>(207,092)</u>	<u>(2,900)</u>	<u>-</u>	<u>(209,992)</u>
	<b>Profit for the period</b>	<b>833,125</b>	<b>-</b>	<b>13,467</b>	<b>846,592</b>
	<b>Other comprehensive loss:</b>				
	Items that will not be reclassified to profit or loss:				
	Remeasurements of post-employment benefit obligations	<u>-</u>	<u>-</u>	<u>(6,025)</u>	<u>(6,025)</u>
	<b>Total items that will not be reclassified to profit or loss</b>	<b>-</b>	<b>-</b>	<b>(6,025)</b>	<b>(6,025)</b>
	Items that will be reclassified to profit or loss:				
	Losses arising from change in fair value of available-for-sale financial assets, net of tax	(13,424)	-	-	(13,424)
	Share of other comprehensive loss of associated undertakings and joint ventures	(8,919)	-	-	(8,919)
	Translation differences	(20,679)	(1,651)	-	(22,330)
	Losses from cash flow hedges, net of tax	<u>(2,518)</u>	<u>-</u>	<u>-</u>	<u>(2,518)</u>
	<b>Total items that will be reclassified to profit or loss</b>	<b>(45,540)</b>	<b>(1,651)</b>	<b>-</b>	<b>(47,191)</b>
	<b>Other comprehensive loss for the period, net of tax</b>	<b>(45,540)</b>	<b>(1,651)</b>	<b>(6,025)</b>	<b>(53,216)</b>
	<b>Total comprehensive income (loss) for the period</b>	<b>787,585</b>	<b>(1,651)</b>	<b>7,442</b>	<b>793,376</b>
	<b>Profit attributable to:</b>				
	Owners of OAO Gazprom	813,721	-	13,467	827,188
	Non-controlling interest	<u>19,404</u>	<u>-</u>	<u>-</u>	<u>19,404</u>
		<b>833,125</b>	<b>-</b>	<b>13,467</b>	<b>846,592</b>
	<b>Total comprehensive income attributable to:</b>				
	Owners of OAO Gazprom	769,160	(1,579)	7,442	775,023
	Non-controlling interest	<u>18,425</u>	<u>(72)</u>	<u>-</u>	<u>18,353</u>
		<b>787,585</b>	<b>(1,651)</b>	<b>7,442</b>	<b>793,376</b>
19	<b>Basic and diluted earnings per share for profit attributable to the owners of OAO Gazprom (in Roubles)</b>	<b>35.46</b>	<b>-</b>	<b>0.58</b>	<b>36.04</b>

**ОАО ГАЗПРОМ**  
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**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)**

Reconciliation of consolidated interim condensed statement of cash flows for the nine months ended 30 September 2012	Previously reported	Adjustment due to change in accounting policy		Restated
		for joint operations	for pension and post-employment benefits	
Net cash from operating activities	983,391	23,510	-	1,006,901
Net cash used in investing activities	(882,946)	(17,276)	-	(900,222)
Net cash used in financing activities	(121,933)	(3,350)	-	(125,283)
Effect of foreign exchange rate changes on cash and cash equivalents	<u>(8,428)</u>	<u>38</u>	<u>-</u>	<u>(8,390)</u>
<b>(Decrease) increase in cash and cash equivalents</b>	<b>(29,916)</b>	<b>2,922</b>	<b>-</b>	<b>(26,994)</b>

**5 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 – exploration and production of gas;
- Transport – transportation of gas;
- Distribution – sales of gas within Russian Federation and abroad;
- 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; and
- Electric and heat energy generation and sales.

Other activities have been included within “All other segments” column.

The inter-segment sales mainly consist of:

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

Internal transfer prices, mostly for Production of gas, Transport 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.

The CODM assesses the performance, assets and liabilities of the operating segments based on the internal financial reporting. The effects of certain non-recurring transactions and events, such as business acquisitions, and the effects of some adjustments that may be considered necessary to reconcile the internal financial information to IFRS consolidated financial statements are not included within the operating segments which are reviewed by the CODM on a central basis. Gains and losses on available-for-sale financial assets, and financial income and expenses are also not allocated to the operating segments.

**OAQ GAZPROM**  
**NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION**  
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**5 SEGMENT INFORMATION (continued)**

	Production of gas	Transport	Distribution	Gas storage	Production of crude oil and gas condensate	Refining	Electric and heat energy generation and sales	All other segments	Total
<b>Nine months ended 30 September 2013</b>									
<b>Total segment revenues</b>	<b>472,069</b>	<b>692,342</b>	<b>2,277,206</b>	<b>28,029</b>	<b>511,010</b>	<b>1,009,826</b>	<b>250,972</b>	<b>162,871</b>	<b>5,404,325</b>
Inter-segment sales	465,889	571,615	159,001	26,771	355,581	7,735	-	-	1,586,592
External sales	6,180	120,727	2,118,205	1,258	155,429	1,002,091	250,972	162,871	3,817,733
<b>Segment result</b>	<b>41,766</b>	<b>62,875</b>	<b>653,706</b>	<b>5,108</b>	<b>80,550</b>	<b>132,347</b>	<b>32,666</b>	<b>(15,169)</b>	<b>993,849</b>
Depreciation	99,785	276,406	9,538	11,401	54,762	28,721	18,011	15,219	513,843
Share of net income (loss) of associated undertakings and joint ventures	1,452	860	7,685	43	17,728	(1,295)	-	9,326	35,799
<b>Nine months ended 30 September 2012 (restated)</b>									
<b>Total segment revenues</b>	<b>388,179</b>	<b>617,946</b>	<b>1,986,674</b>	<b>23,939</b>	<b>542,993</b>	<b>881,287</b>	<b>243,745</b>	<b>174,521</b>	<b>4,859,284</b>
Inter-segment sales	381,559	527,632	163,761	23,059	342,577	6,914	-	-	1,445,502
External sales	6,620	90,314	1,822,913	880	200,416	874,373	243,745	174,521	3,413,782
<b>Segment result</b>	<b>19,048</b>	<b>52,344</b>	<b>423,603</b>	<b>3,882</b>	<b>110,266</b>	<b>88,648</b>	<b>17,233</b>	<b>(4,309)</b>	<b>710,715</b>
Depreciation	84,228	247,152	7,409	9,968	45,722	23,202	15,620	14,696	447,997
Share of net income (loss) of associated undertakings and joint ventures	879	2,507	29,479	(206)	64,654	6,613	-	9,596	113,522
<b>Three months ended 30 September 2013</b>									
<b>Total segment revenues</b>	<b>160,790</b>	<b>238,464</b>	<b>680,640</b>	<b>9,974</b>	<b>188,214</b>	<b>364,794</b>	<b>71,406</b>	<b>54,112</b>	<b>1,768,394</b>
Inter-segment sales	158,947	198,232	46,515	9,345	132,574	2,346	-	-	547,959
External sales	1,843	40,232	634,125	629	55,640	362,448	71,406	54,112	1,220,435
<b>Segment result</b>	<b>20,388</b>	<b>24,897</b>	<b>137,964</b>	<b>1,588</b>	<b>25,276</b>	<b>46,071</b>	<b>8,540</b>	<b>519</b>	<b>265,243</b>
Depreciation	33,932	91,826	3,093	3,924	13,118	10,667	6,048	4,964	167,572
Share of net income (loss) of associated undertakings and joint ventures	725	105	1,448	(58)	15,177	680	-	4,918	22,995
<b>Three months ended 30 September 2012 (restated)</b>									
<b>Total segment revenues</b>	<b>126,511</b>	<b>231,588</b>	<b>630,031</b>	<b>9,386</b>	<b>200,577</b>	<b>332,203</b>	<b>66,609</b>	<b>65,440</b>	<b>1,662,345</b>
Inter-segment sales	124,474	201,553	46,661	9,025	129,931	2,109	-	-	513,753
External sales	2,037	30,035	583,370	361	70,646	330,094	66,609	65,440	1,148,592
<b>Segment result</b>	<b>7,577</b>	<b>29,633</b>	<b>105,919</b>	<b>2,346</b>	<b>34,376</b>	<b>38,554</b>	<b>(1,376)</b>	<b>(5,422)</b>	<b>211,607</b>
Depreciation	29,344	82,185	2,239	3,318	15,771	8,243	5,443	5,128	151,671
Share of net income of associated undertakings and joint ventures	300	959	19,011	32	23,834	1,618	-	3,740	49,494

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**5 SEGMENT INFORMATION (continued)**

A reconciliation of total operating segment results to total profit before profit tax in statement of comprehensive income:

	For the three months ended 30 September		For the nine months ended 30 September	
	2013	2012 (restated)	2013	2012 (restated)
Segment result for reportable segment	264,724	217,029	1,009,018	715,024
Other segments' result	519	(5,422)	(15,169)	(4,309)
<b>Segment result</b>	<b>265,243</b>	<b>211,607</b>	<b>993,849</b>	<b>710,715</b>
Difference in depreciation*	67,475	65,148	202,936	197,112
(Expenses) gains associated with pension obligations	(3,079)	450	(10,241)	(241)
Net finance income (expense)	2,163	77,012	(121,815)	48,719
Gains (losses) on disposal of available-for-sale financial assets	76	43	92	(35)
Share of net income of associated undertakings and joint ventures	22,995	49,494	35,799	113,522
Other	259	(12,870)	(3,644)	(13,208)
<b>Profit before profit tax</b>	<b>355,132</b>	<b>390,884</b>	<b>1,096,976</b>	<b>1,056,584</b>

\* The difference in depreciation relates to adjustments of statutory fixed assets to comply with IFRS, such as reversal of revaluation of fixed assets recorded under Russian statutory accounting or accounting for historical hyperinflation which is not recorded under statutory accounting.

A reconciliation of reportable segments' external sales to sales in statement of comprehensive income is provided as follows:

	For the three months ended 30 September		For the nine months ended 30 September	
	2013	2012 (restated)	2013	2012 (restated)
External sales for reportable segments	1,166,323	1,083,152	3,654,862	3,239,261
External sales for other segments	54,112	65,440	162,871	174,521
<b>Total external segment sales</b>	<b>1,220,435</b>	<b>1,148,592</b>	<b>3,817,733</b>	<b>3,413,782</b>
Differences in external sales*	(15,889)	(26,936)	(45,065)	(60,994)
<b>Total sales per the statement of comprehensive income</b>	<b>1,204,546</b>	<b>1,121,656</b>	<b>3,772,668</b>	<b>3,352,788</b>

\* The difference in external sales relates to adjustments of statutory sales to comply with IFRS, such as netting of sales of materials to subcontractors recorded under Russian statutory accounting and other adjustments.

Substantially all of the Group's operating assets are located in the Russian Federation. Segment assets consist primarily of property, plant and equipment, accounts receivable and prepayments, investments in associated undertakings and joint ventures, and inventories. Cash and cash equivalents, restricted cash, VAT recoverable, financial assets and other current and non-current assets are not considered to be segment assets but rather are managed on a central basis.

	Production of gas	Transport	Distribution	Gas storage	Production of crude oil and gas condensate	Refining	Electric and heat energy generation and sales	All other segments	Total
<b>30 September 2013</b>									
Segment assets	2,025,293	5,214,687	1,231,384	221,635	1,450,100	1,147,946	771,302	631,638	12,693,985
Investments in associated undertakings and jointly controlled entities	31,318	66,912	64,722	5,424	239,478	14,579	448	112,252	535,133
Capital additions*	119,669	190,488	19,104	14,018	160,752	74,826	49,316	45,225	673,398
<b>31 December 2012 (restated)</b>									
Segment assets	1,875,535	5,275,864	1,217,828	220,581	1,399,797	1,048,925	592,251	587,508	12,218,289
Investments in associated undertakings and jointly controlled entities	27,699	54,197	74,170	4,025	262,202	17,253	448	101,119	541,113
Capital additions**	232,705	563,825	47,166	18,247	121,167	134,163	54,851	61,086	1,233,210

\* Capital additions for the nine months ended 30 September 2013.

\*\* Capital additions for the year ended 31 December 2012.

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**5 SEGMENT INFORMATION (continued)**

Reportable segments' assets are reconciled to total assets in balance sheet as follows:

	30 September 2013	31 December 2012 (restated)
Segment assets for reportable segments	12,062,347	11,630,781
Other segments' assets	<u>631,638</u>	<u>587,508</u>
<b>Total segment assets</b>	<b>12,693,985</b>	<b>12,218,289</b>
Differences in property, plant and equipment, net*	(1,647,815)	(1,850,808)
Loan interest capitalised	364,179	323,480
Decommissioning costs	90,592	91,281
Cash and cash equivalents	570,774	425,720
Restricted cash	1,999	5,530
Short-term financial assets	21,443	16,962
VAT recoverable	288,987	395,368
Other current assets	247,005	173,745
Available-for-sale long-term financial assets	172,148	161,704
Other non-current assets	512,548	404,908
Inter-segment assets	(638,287)	(645,226)
Other	<u>188,358</u>	<u>235,883</u>
<b>Total assets per the balance sheet</b>	<b>12,865,916</b>	<b>11,956,836</b>

\* The difference in property, plant and equipment relates to adjustments of statutory fixed assets to comply with IFRS, such as reversal of revaluation of fixed assets recorded under Russian statutory accounting or accounting for historical hyperinflation which is not recorded under statutory accounting.

Segment liabilities mainly comprise operating liabilities. Profit tax payable, deferred tax liabilities, provisions for liabilities and charges, short-term and long-term borrowings, including current portion of long-term borrowings, short-term and long-term promissory notes payable and other non-current liabilities are managed on a central basis.

	Production of gas	Transport	Distri- bution	Gas storage	Production of crude oil and gas condensate	Refining	Electric and heat energy genera- tion and sales	All other segments	Total
<b>Segment liabilities</b>									
30 September 2013	135,940	181,393	489,140	6,496	202,809	275,418	46,503	105,686	1,443,385
31 December 2012 (restated)	135,554	426,987	599,617	9,844	165,515	260,159	32,360	146,937	1,776,973

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**5 SEGMENT INFORMATION (continued)**

Reportable segments' liabilities are reconciled to total liabilities in balance sheet as follows:

	<b>30 September 2013</b>	<b>31 December 2012</b> (restated)
Segment liabilities for reportable segments	1,337,699	1,630,036
Other segments' liabilities	<u>105,686</u>	<u>146,937</u>
<b>Total segments liabilities</b>	<b>1,443,385</b>	<b>1,776,973</b>
Current profit tax payable	30,895	7,990
Short-term borrowings, promissory notes and current portion of long- term borrowings	374,453	322,633
Long-term borrowings	1,354,063	1,177,959
Provisions for liabilities and charges	329,805	336,543
Deferred tax liabilities	548,976	443,804
Other non-current liabilities	53,455	26,519
Dividends	4,578	1,779
Inter-segment liabilities	(638,287)	(645,226)
Other	<u>29,960</u>	<u>27,917</u>
<b>Total liabilities per the balance sheet</b>	<b>3,531,283</b>	<b>3,476,891</b>

**6 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH**

Balances included within cash and cash equivalents in the consolidated interim condensed balance sheet represent cash on hand, balances with banks and term deposits with original maturity of three months or less.

	<b>30 September 2013</b>	<b>31 December 2012</b> (restated)
Cash on hand and bank balances payable on demand	489,142	315,503
Term deposits with original maturity of three months or less	<u>81,632</u>	<u>110,217</u>
	<b>570,774</b>	<b>425,720</b>

Restricted cash balances include cash and cash equivalents restricted as to withdrawal under the terms of certain borrowings of RR nil and RR 3,658 as of 30 September 2013 and 31 December 2012, respectively.

**7 ACCOUNTS RECEIVABLE AND PREPAYMENTS**

	<b>30 September 2013</b>	<b>31 December 2012</b> (restated)
Trade receivables	618,526	654,262
Prepayments and advances	137,210	141,833
Other receivables	<u>160,038</u>	<u>144,637</u>
	<b>915,774</b>	<b>940,732</b>

Accounts receivable and prepayments are presented net of impairment provision of RR 304,132 and RR 273,620 as of 30 September 2013 and 31 December 2012, respectively.

**8 INVENTORIES**

Inventories are presented net of provision for obsolescence of RR 4,517 and RR 4,476 as of 30 September 2013 and 31 December 2012, respectively.

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**9 PROPERTY, PLANT AND EQUIPMENT**

	<b>Total production assets (including production licenses)</b>	<b>Social assets</b>	<b>Assets under construction</b>	<b>Total</b>
<b>As of 31 December 2011 (restated)</b>				
Cost	8,088,198	89,055	1,835,541	10,012,794
Accumulated depreciation	<u>(3,130,846)</u>	<u>(29,845)</u>	-	<u>(3,160,691)</u>
<b>Net book value as of 31 December 2011 (restated)</b>	<b>4,957,352</b>	<b>59,210</b>	<b>1,835,541</b>	<b>6,852,103</b>
<b>Nine months ended 30 September 2012</b>				
Net book value as of 31 December 2011	4,957,352	59,210	1,835,541	6,852,103
Depreciation	(249,730)	(1,895)	-	(251,625)
Additions	9,240	1,209	828,957	839,406
Acquisition of subsidiaries	32,738	-	15,789	48,527
Translation differences	(7,430)	(19)	(2,055)	(9,504)
Transfers	296,051	1,612	(297,663)	-
Disposals	(15,238)	(571)	(8,996)	(24,805)
Release of impairment provision	-	-	854	854
<b>Net book value as of 30 September 2012 (restated)</b>	<b>5,022,983</b>	<b>59,546</b>	<b>2,372,427</b>	<b>7,454,956</b>
<b>Three months ended 31 December 2012</b>				
Net book value as of 30 September 2012	5,022,983	59,546	2,372,427	7,454,956
Depreciation	(92,191)	(628)	-	(92,819)
Additions	13,960	64	495,684	509,708
Acquisition of subsidiaries	17,303	-	34,679	51,982
Translation differences	(5,604)	(15)	456	(5,163)
Transfers	1,361,738	2,345	(1,364,083)	-
Disposals	(8,741)	(309)	(9,524)	(18,574)
Release of impairment provision	340	-	48,740	49,080
<b>Net book value as of 31 December 2012 (restated)</b>	<b>6,309,788</b>	<b>61,003</b>	<b>1,578,379</b>	<b>7,949,170</b>
<b>As of 31 December 2012</b>				
Cost	9,788,646	93,181	1,578,379	11,460,206
Accumulated depreciation	<u>(3,478,858)</u>	<u>(32,178)</u>	-	<u>(3,511,036)</u>
<b>Net book value as of 31 December 2012 (restated)</b>	<b>6,309,788</b>	<b>61,003</b>	<b>1,578,379</b>	<b>7,949,170</b>
<b>Nine months ended 30 September 2013</b>				
Net book value as of 31 December 2012	6,309,788	61,003	1,578,379	7,949,170
Depreciation	(307,706)	(1,963)	-	(309,669)
Additions	47,301	1,246	750,305	798,852
Acquisition of subsidiaries	109,425	-	18,960	128,385
Translation differences	11,606	2	816	12,424
Transfers	264,613	236	(264,849)	-
Disposals	(9,567)	(416)	(7,309)	(17,292)
Disposal of subsidiaries	(892)	(20)	(1,610)	(2,522)
Charge for impairment provision	-	-	(183)	(183)
<b>Net book value as of 30 September 2013</b>	<b>6,424,568</b>	<b>60,088</b>	<b>2,074,509</b>	<b>8,559,165</b>
<b>As of 30 September 2013</b>				
Cost	10,209,017	93,513	2,074,509	12,377,039
Accumulated depreciation	<u>(3,784,449)</u>	<u>(33,425)</u>	-	<u>(3,817,874)</u>
<b>Net book value as of 30 September 2013</b>	<b>6,424,568</b>	<b>60,088</b>	<b>2,074,509</b>	<b>8,559,165</b>

Production assets are shown net of provision for impairment of RR 54,047 as of 30 September 2013 and 31 December 2012. Assets under construction are presented net of provision for impairment of RR 43,468 and RR 43,378 as of 30 September 2013 and 31 December 2012, respectively.

Included in the property, plant and equipment are social assets (such as rest houses, housing, schools and medical facilities) vested to the Group at privatisation with a net book value of RR 583 and RR 778 as of 30 September 2013 and 31 December 2012, respectively.

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**10 INVESTMENTS IN ASSOCIATED UNDERTAKINGS AND JOINT VENTURES**

Notes			Carrying value as of		Group's share of the	
			30 September 2013	31 December 2012 (restated)	income (loss) for the nine months ended 30 September 2013	30 September 2012 (restated)
24	OA O NGK Slavneft and its subsidiaries	Joint venture	125,188	149,208	(20,746)	9,373
24	Gazprombank Group	Associate	94,978	86,569	8,649	8,838
24,25	Sakhalin Energy Investment Company Ltd.	Associate	85,077	88,862	33,344	55,290
24,25	Nord Stream AG	Joint venture	45,870	35,870	1,126	1,917
24	W & G Beteiligungs-GmbH & Co. KG and its subsidiaries	Associate	36,412	38,216	2,761	3,519
	OOO Yamal razvitie and its subsidiaries	Joint venture	24,210	24,328	(86)	(256)
	Shtokman Development AG	Joint venture	23,016	21,783	(175)	(298)
24,25	SGT EuRoPol GAZ S.A.	Associate	17,772	17,347	(350)	590
	Wintershall AG	Associate	11,246	12,198	1,567	2,421
	ZAO Achimgaz	Joint venture	8,754	5,933	2,821	1,202
24	TOO KazRosGaz	Joint venture	8,120	12,819	3,085	6,070
24	AO Latvijas Gaze	Associate	4,551	4,414	210	150
24	AO Gasum	Associate	4,259	4,089	243	259
	ZAO Nortgaz	Joint venture	1,506	1,128	378	530
24	AO Lietuvos dujos*	Associate	1,221	2,937	182	255
24	AO Amber Grid*	Associate	1,141	-	(5)	-
24	RosUkrEnerg o AG**	Associate	-	-	-	15,999
23,24	OA O Gazprom neftekhim Salavat***	-	-	-	-	4,269
	Other (net of provision for impairment of RR 1,929 as of 30 September 2013 and 31 December 2012)		<u>41,812</u>	<u>35,412</u>	<u>2,795</u>	<u>3,394</u>
			<b>535,133</b>	<b>541,113</b>	<b>35,799</b>	<b>113,522</b>

\* 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.

\*\* In June 2012 RosUkrEnerg o AG declared dividends related to the results of its operations in 2011. Due to doubts regarding recoverability of these dividends the Group recognized its share of the profit only in July 2012 when cash was received from RosUkrEnerg o AG. As of 30 September 2013 OA O Gazprom maintains a 50% interest in RosUkrEnerg o AG with a carrying value of zero.

\*\*\* In May 2012 the Group acquired an additional 18.48% interest in OA O Gazprom neftekhim Salavat. As a result the Group's share in OA O Gazprom neftekhim Salavat increased to 87.51% and the Group obtained control over OA O Gazprom neftekhim Salavat. During the period from September 2012 to June 2013 as a result of series of transactions, the Group acquired an additional 12.49% interest in the ordinary shares of OA O Gazprom neftekhim Salavat for cash consideration of RR 12,476 increasing its interest to 100% (see Note 23).

The Group's share of income of associated undertakings and joint ventures for the nine months ended 30 September 2013 includes additional expense of RR 25,961 recognized for OA O NGK Slavneft and its subsidiaries as a result of a one-time adjustment in the first quarter of 2013 to correct the prior understatement of depreciation on the basis difference for property, plant and equipment since the Group's acquisition of interest in OA O NGK Slavneft.

Summarized financial information on the Group's principal associated undertakings and joint ventures is presented in tables below.

The values, disclosed in the tables, represent total assets, liabilities, revenues, income (loss) of the Group's principal associated undertakings and joint ventures and not the Group's share.

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**10 INVESTMENTS IN ASSOCIATED UNDERTAKINGS AND JOINT VENTURES (continued)**

	Percent of share capital held	Country of primary operations	As of 30 September 2013		For the nine months ended 30 September 2013	
			Assets	Liabilities	Revenues	Income (loss)
Gazprombank Group*	38%	Russia	3,375,557	2,986,337	103,052	22,955
Sakhalin Energy Investment Company Ltd.**	50%	Russia	671,812	488,769	177,347	66,686
OA0 NGK Slavneft and its subsidiaries	50%	Russia	359,281	130,545	145,379	8,652
Nord Stream AG***	51%	Russia, Germany	343,682	251,716	25,566	2,209
W & G Beteiligungs-GmbH & Co. KG and its subsidiaries	50%	Germany	232,200	192,936	386,484	11,492
OOO Yamal razvitie and its subsidiaries	50%	Russia	219,611	110,631	11,184	(335)
Shtokman Development AG***	75%	Russia	47,431	2,107	-	(233)
SGT EuRoPol GAZ S.A.	48%	Poland	47,350	10,326	8,120	(336)
AO Latvijas Gaze	34%	Latvia	39,450	13,567	17,205	614
ZAO Nortgaz	50%	Russia	37,810	33,150	6,380	920
Wintershall AG****	49%	Libya	34,379	23,340	54,394	3,198
AO Gasum	25%	Finland	31,915	14,878	35,300	914
ZAO Achimgaz	50%	Russia	27,344	8,720	8,392	5,625
AO Amber Grid	37%	Lithuania	21,737	6,539	332	(15)
TOO KazRosGaz	50%	Kazakhstan	17,288	1,047	20,680	6,169
AO Lietuvos dujos	37%	Lithuania	12,660	4,064	13,198	489

\* Presented revenue of Gazprombank Group includes revenue of media business, machinery business and other non-banking companies.

\*\*Country of incorporation is Bermuda Islands.

\*\*\* Country of incorporation is Switzerland.

\*\*\*\* Country of incorporation is Germany.

	Percent of share capital held	Country of primary operations	As of 30 September 2012		For the nine months ended 30 September 2012	
			Assets	Liabilities	Revenues	Income (loss)
Gazprombank Group*	38%	Russia	2,794,456	2,470,350	98,705	20,737
Sakhalin Energy Investment Company Ltd**.	50%	Russia	609,749	417,508	225,256	110,579
OA0 NGK Slavneft and its subsidiaries	50%	Russia	603,768	313,814	149,937	18,812
Nord Stream AG***	51%	Russia, Germany	308,718	239,092	17,034	3,761
W & G Beteiligungs-GmbH & Co. KG and its subsidiaries	50%	Germany	218,848	182,553	320,097	18,445
OOO Yamal razvitie and its subsidiaries	50%	Russia	181,979	72,438	2,944	(1,005)
SGT EuRoPol GAZ S.A.	48%	Poland	47,649	11,724	9,049	1,388
Shtokman Development AG***	75%	Russia	46,663	3,016	-	(502)
Wintershall AG****	49%	Libya	39,834	27,911	81,460	4,939
AO Latvijas Gaze	34%	Latvia	36,676	13,012	16,661	442
AO Gasum	25%	Finland	31,222	15,624	36,351	1,036
AO Lietuvos dujos	37%	Lithuania	29,939	6,293	15,426	689
ZAO Nortgaz	51%	Russia	29,405	17,541	6,767	1,216
TOO KazRosGaz	50%	Kazakhstan	23,254	2,134	32,734	12,182
ZAO Achimgaz	50%	Russia	16,186	4,745	4,085	2,368
OA0 Gazprom neftekhim Salavat*****	-	Russia	-	-	47,478	(606)

\* Presented revenue of Gazprombank Group includes revenue of media business, machinery business and other non-banking companies.

\*\*Country of incorporation is Bermuda Islands.

\*\*\* Country of incorporation is Switzerland.

\*\*\*\* Country of incorporation is Germany.

\*\*\*\*\* The revenue and loss of OA0 Gazprom neftekhim Salavat for the nine months ended 30 September 2012 are disclosed until the date of acquisition of controlling share (see Note 23).

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**10 INVESTMENTS IN ASSOCIATED UNDERTAKINGS AND JOINT VENTURES (continued)**

The estimated fair values of investments in associated undertakings and joint ventures for which there are published price quotations were as follows:

	<b>30 September 2013</b>	<b>31 December 2012</b>
AO Latvijas Gaze	5,621	4,806
AO Lietuvos dujos	2,938	3,924
AO Amber Grid	2,008	-

**11 LONG-TERM ACCOUNTS RECEIVABLE AND PREPAYMENTS**

	<b>30 September 2013</b>	<b>31 December 2012 (restated)</b>
Long-term accounts receivable and prepayments	172,926	175,878
Advances for assets under construction	<u>291,425</u>	<u>303,260</u>
	<b>464,351</b>	<b>479,138</b>

Long-term accounts receivable and prepayments are presented net of impairment provision of RR 13,916 and RR 13,156 as of 30 September 2013 and 31 December 2012, respectively.

**12 OTHER NON-CURRENT ASSETS**

Included within other non-current assets is VAT recoverable related to assets under construction totalling RR 111,986 and RR 89,128 as of 30 September 2013 and 31 December 2012, respectively.

Other non-current assets include net pension assets in the amount of RR 117,282 and RR 84,379 as of 30 September 2013 and 31 December 2012, respectively (see Notes 4 and 20).

Other non-current assets include goodwill on subsidiaries in the amount of RR 148,099 and RR 146,587 as of 30 September 2013 and 31 December 2012, respectively.

**13 LONG-TERM BORROWINGS**

	<b>Currency</b>	<b>Final Maturity</b>	<b>30 September 2013</b>	<b>31 December 2012 (restated)</b>
Long-term borrowings and promissory notes payable to:				
Loan participation notes issued in April 2009 <sup>1</sup>	US dollar	2019	75,731	69,533
Loan participation notes issued in July 2012 <sup>1</sup>	Euro	2017	62,367	57,250
Loan participation notes issued in October 2007 <sup>1</sup>	Euro	2018	54,560	51,088
Loan participation notes issued in June 2007 <sup>1</sup>	US dollar	2013	54,356	48,795
Loan participation notes issued in September 2012 <sup>6</sup>	US dollar	2022	48,583	46,118
Loan participation notes issued in November 2006 <sup>1</sup>	US dollar	2016	44,638	41,279
Loan participation notes issued in May 2005 <sup>1</sup>	Euro	2015	44,505	41,607
Loan participation notes issued in March 2013 <sup>1</sup>	Euro	2020	44,436	-
Loan participation notes issued in March 2007 <sup>1</sup>	US dollar	2022	42,231	40,298
White Nights Finance B.V.	US dollar	2014	42,181	39,609
Loan participation notes issued in July 2009 <sup>1</sup>	US dollar	2014	40,979	39,251
Loan participation notes issued in August 2007 <sup>1</sup>	US dollar	2037	40,800	39,003
Loan participation notes issued in April 2004 <sup>1</sup>	US dollar	2034	40,237	36,997
Loan participation notes issued in July 2013 <sup>1</sup>	Euro	2018	39,556	-
Loan participation notes issued in July 2009 <sup>1</sup>	Euro	2015	39,076	36,715
Loan participation notes issued in April 2008 <sup>1</sup>	US dollar	2018	36,948	34,015
Loan participation notes issued in October 2006 <sup>1</sup>	Euro	2014	35,070	32,719
Loan participation notes issued in April 2013 <sup>6</sup>	Euro	2018	33,148	-
Loan participation notes issued in November 2011 <sup>1</sup>	US dollar	2016	32,914	30,531
Loan participation notes issued in November 2010 <sup>1</sup>	US dollar	2015	32,903	30,510
Loan participation notes issued in July 2012 <sup>1</sup>	US dollar	2022	32,665	31,049

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**13 LONG-TERM BORROWINGS (continued)**

	Currency	Final Maturity	30 September 2013	31 December 2012 (restated)
Loan participation notes issued in June 2007 <sup>1</sup>	Euro	2014	32,059	28,417
Loan participation notes issued in February 2013 <sup>1</sup>	US dollar	2028	29,331	-
ZAO Mizuho Corporate Bank (Moscow)	US dollar	2016	28,414	26,563
Natixis SA <sup>2</sup>	US dollar	2015	27,382	36,232
Loan participation notes issued in September 2013 <sup>1</sup>	GBP	2020	26,113	-
Loan participation notes issued in February 2013 <sup>1</sup>	US dollar	2020	26,028	-
Loan participation notes issued in March 2007 <sup>1</sup>	Euro	2017	22,908	20,294
ОАО VTB Bank	US dollar	2015	22,702	-
Loan participation notes issued in November 2006 <sup>1</sup>	Euro	2017	22,418	20,921
Loan participation notes issued in March 2013 <sup>1</sup>	Euro	2025	22,331	-
Bank of Tokyo-Mitsubishi UFJ Ltd. <sup>2</sup>	US dollar	2016	19,837	22,887
Loan participation notes issued in November 2011 <sup>1</sup>	US dollar	2021	19,627	18,704
GK Vnesheconombank	Rouble	2025	18,382	14,808
BNP Paribas SA <sup>2</sup>	Euro	2022	17,051	16,451
The Royal Bank of Scotland AG <sup>2</sup>	US dollar	2015	15,985	15,483
Russian bonds issued in February 2013 <sup>8</sup>	Rouble	2016	15,120	-
Deutsche Bank AG	US dollar	2016	13,020	12,387
UniCredit Bank AG <sup>2,9</sup>	US dollar	2018	11,087	13,683
UniCredit Bank AG <sup>2,9</sup>	Euro	2018	10,789	13,067
HSBC Bank plc	Euro	2022	10,749	-
Credit Agricole CIB <sup>2</sup>	Euro	2015	10,494	9,673
Sumitomo Mitsui Finance Dublin Limited	US dollar	2016	10,381	9,749
Russian bonds issued in April 2009 <sup>6</sup>	Rouble	2019	10,375	10,171
Russian bonds issued in December 2012 <sup>6</sup>	Rouble	2022	10,275	10,063
Russian bonds issued in February 2011 <sup>6</sup>	Rouble	2021	10,134	10,356
Russian bonds issued in February 2011 <sup>6</sup>	Rouble	2016	10,128	10,340
Russian bonds issued in February 2011 <sup>6</sup>	Rouble	2021	10,128	10,340
Russian bonds issued in February 2012 <sup>6</sup>	Rouble	2022	10,124	10,330
Russian bonds issued in February 2013 <sup>8</sup>	Rouble	2017	10,081	-
ОАО Gazprombank	Rouble	2018	10,000	10,000
ОАО Gazprombank	Rouble	2017	10,000	10,000
ОАО Sberbank of Russia	Euro	2017	9,847	-
Deutsche Bank AG	US dollar	2014	9,782	9,186
Bank of Tokyo-Mitsubishi UFJ Ltd.	US dollar	2016	9,714	9,122
Bank of Tokyo-Mitsubishi UFJ Ltd.	US dollar	2015	9,704	9,171
Citibank International plc <sup>2</sup>	US dollar	2021	9,559	8,563
Eurofert Trading Limited llc <sup>4</sup>	Rouble	2015	8,600	8,600
Bank of America Securities Limited	Euro	2017	7,981	7,285
ОАО Sberbank of Russia	Rouble	2016	7,400	-
BNP Paribas SA <sup>2</sup>	Euro	2023	6,734	6,497
Deutsche Bank AG	US dollar	2014	6,488	6,093
Banc of America Securities Limited	US dollar	2016	5,826	5,471
ОАО VTB Bank	US dollar	2014	5,356	-
Russian bonds issued in June 2009	Rouble	2014	5,183	5,011
Russian bonds issued in December 2009 <sup>5</sup>	Rouble	2014	5,145	5,037
Russian bonds issued in February 2007	Rouble	2014	5,047	5,137
Russian bonds issued in February 2013 <sup>8</sup>	Rouble	2018	5,040	-
Eurofert Trading Limited llc <sup>4</sup>	Rouble	2015	5,000	5,000
ОАО VTB Bank	Rouble	2014	4,010	4,010
ОАО Bank ROSSIYA	US dollar	2015	3,914	-
ОАО Gazprombank	US dollar	2015	3,887	-
Deutsche Bank AG	US dollar	2014	3,493	4,353

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**13 LONG-TERM BORROWINGS (continued)**

	Currency	Final Maturity	30 September 2013	31 December 2012 (restated)
UniCredit Bank AG <sup>2,9</sup>	Rouble	2018	3,145	4,134
Russian bonds issued in July 2009 <sup>7</sup>	Rouble	2014	128	2,894
The Royal Bank of Scotland AG	US dollar	2013	-	54,858
Russian bonds issued in April 2010 <sup>6</sup>	Rouble	2013	-	20,326
Loan participation notes issued in July 2008 <sup>1</sup>	US dollar	2013	-	15,617
Structured export notes issued in July 2004 <sup>3</sup>	US dollar	2013	-	12,509
Loan participation notes issued in April 2008 <sup>1</sup>	US dollar	2013	-	12,347
Credit Agricole CIB <sup>2</sup>	US dollar	2013	-	7,607
Other long-term borrowings and promissory notes	Various	Various	81,666	98,713
<b>Total long-term borrowings and promissory notes</b>			<b><u>1,663,986</u></b>	<b><u>1,434,827</u></b>
Less: current portion of long-term borrowings			<u>(309,923)</u>	<u>(256,868)</u>
			<b>1,354,063</b>	<b>1,177,959</b>

<sup>1</sup> Issuer of these bonds is Gaz Capital S.A.

<sup>2</sup> Loans received from syndicate of banks, named lender is the bank-agent.

<sup>3</sup> Issuer of these notes is Gazprom International S.A.

<sup>4</sup> Issuer of these notes is OAO WGC-2.

<sup>5</sup> Issuer of these bonds is OAO Mosenergo.

<sup>6</sup> Issuer of these bonds is OAO Gazprom neft.

<sup>7</sup> Issuer of these bonds is OAO TGC-1.

<sup>8</sup> Issuer of these bonds is OOO Gazprom capital.

<sup>9</sup> Loans were obtained for development of Yuzhno-Russkoye oil and gas field.

	30 September 2013	31 December 2012 (restated)
Due for repayment:		
Between one and two years	272,313	278,726
Between two and five years	631,524	502,440
After five years	<u>450,226</u>	<u>396,793</u>
	<b>1,354,063</b>	<b>1,177,959</b>

Long-term borrowings include fixed rate loans with a carrying value of RR 1,393,294 and RR 1,164,841 and fair value of RR 1,460,532 and RR 1,275,306 as of 30 September 2013 and as of 31 December 2012 respectively. All other long-term borrowings have variable interest rates generally linked to LIBOR, and the difference between carrying value of these liabilities and their fair value is not significant.

As of 30 September 2013 and 31 December 2012 long-term borrowings of RR nil and RR 12,509, respectively, inclusive of current portion of long-term borrowings, are secured by revenues from export supplies of gas to Western Europe.

As of 30 September 2013 and 31 December 2012 according to the project facility agreement, signed within the framework of the development project of Yuzhno-Russkoe 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 24,939 were pledged to ING Bank N.V. (London branch) up to the date of full redemption of the liabilities on this agreement. Management of the Group does not expect any substantial consequences to occur which relate to respective pledge agreement.

Under the terms of the loan participation notes issued by Gaz Capital S.A. in April 2004 due in 2034 noteholders can execute the right of early redemption in April 2014 at par value in total amount of RR 38,814 as of 30 September 2013 and interest accrued. As of 30 September 2013 these loan participation notes were classified as current portion of long-term borrowings.

Under the terms of the Russian bonds with the nominal value of RR 10,000 issued by OAO Gazprom neft in December 2012 due in 2022 bondholders can execute the right of early redemption in December 2017 at par.

Under the terms of the Russian bonds with the nominal value of RR 10,000 issued by OAO Gazprom neft in February 2012 due in 2022 bondholders can execute the right of early redemption in February 2015 at par.

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**13 LONG-TERM BORROWINGS (continued)**

Under the terms of the Russian bonds with the nominal value of RR 10,000 issued by OAO Gazprom neft in February 2011 due in 2021 bondholders can execute the right of early redemption in February 2016 at par.

Under the terms of the Russian bonds with the nominal value of RR 10,000 issued by OAO Gazprom neft in February 2011 due in 2021 bondholders can execute the right of early redemption in February 2018 at par.

Under the terms of the Russian bonds with the nominal value of RR 10,000 issued by OAO Gazprom neft in April 2009 due in 2019 bondholders can execute the right of early redemption in April 2018 at par.

The Group has no subordinated debt and no debt that may be converted into an equity interest in the Group.

**14 PROFIT TAX**

Profit tax is recognised based on the estimated average annual effective profit tax rate applied to the profit before tax for the nine months ended 30 September 2013. Differences between the recognition criteria in Russian statutory taxation regulations and IFRS give rise to certain temporary differences between the carrying value of certain assets and liabilities for financial reporting purposes and for profit tax purposes. The tax effect of the movement on these temporary differences is recorded at the applicable statutory rates, including the prevailing rate of 20% in the Russian Federation.

	30 September 2013	Differences recognition and reversals	31 December 2012 (restated)	30 September 2012 (restated)	Differences recognition and reversals	31 December 2011 (restated)
<b>Tax effects of taxable temporary differences:</b>						
Property, plant and equipment	(552,644)	(87,146)	(465,498)	(436,045)	(30,819)	(405,226)
Financial assets	(9,094)	899	(9,993)	(12,397)	2,277	(14,674)
Inventories	<u>(3,682)</u>	<u>(3,825)</u>	<u>143</u>	<u>(4,914)</u>	<u>(146)</u>	<u>(4,768)</u>
	<b>(565,420)</b>	<b>(90,072)</b>	<b>(475,348)</b>	<b>(453,356)</b>	<b>(28,688)</b>	<b>(424,668)</b>
<b>Tax effects of deductible temporary differences:</b>						
Tax losses carry forward	220	12	208	197	(699)	896
Retroactive gas price adjustments	8,410	(14,641)	23,051	30,416	30,416	-
Other deductible temporary differences	<u>7,814</u>	<u>(471)</u>	<u>8,285</u>	<u>8,175</u>	<u>2,298</u>	<u>5,877</u>
	<b>16,444</b>	<b>(15,100)</b>	<b>31,544</b>	<b>38,788</b>	<b>32,015</b>	<b>6,773</b>
<b>Total net deferred tax liabilities</b>	<b>(548,976)</b>	<b>(105,172)</b>	<b>(443,804)</b>	<b>(414,568)</b>	<b>3,327</b>	<b>(417,895)</b>

Taxable temporary differences recognized for the nine months ended 30 September 2013 include the effect of depreciation premium on certain property, plant and equipment. As a result a deferred tax liability related to property, plant and equipment was recognized in the amount of RR 64,691 with the corresponding offsetting credit to the current profit tax expense and therefore no net impact on the consolidated net profit for the nine months ended 30 September 2013.

Taxable temporary differences recognized for the nine months ended 30 September 2012 include the effect of accelerated depreciation on certain property, plant and equipment. As a result a deferred tax liability related to property, plant and equipment was recognized in the amount of RR 8,097 with the corresponding offsetting credit to the current profit tax expense and therefore no net impact on the consolidated net profit for the nine months ended 30 September 2012.

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**15 EQUITY**

**Share capital**

Share capital authorised, issued and paid totals RR 325,194 as of 30 September 2013 and 31 December 2012 and consists of 23.7 billion ordinary shares, each with a historical par value of 5 Russian Roubles.

**Treasury shares**

As of 30 September 2013 and 31 December 2012, subsidiaries of OAO Gazprom held 739 million and 724 million, of the ordinary shares of OAO Gazprom, respectively, which are accounted for as treasury shares. The management of the Group controls the voting rights of these shares.

**16 SALES**

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
		<b>(restated)</b>		<b>(restated)</b>
Gas sales gross of customs duties to customers in:				
Russian Federation	125,912	118,959	536,925	508,260
Former Soviet Union (excluding Russian Federation)	133,849	152,432	350,258	456,715
Europe and other countries	<u>513,543</u>	<u>404,772</u>	<u>1,535,996</u>	<u>1,312,759</u>
	773,304	676,163	2,423,179	2,277,734
Customs duties	(137,336)	(90,756)	(372,224)	(315,015)
Retroactive gas price adjustments*	-	-	73,430	(133,186)
Sales of gas	<u>635,968</u>	<u>585,407</u>	2,124,385	1,829,533
Sales of refined products to customers in:				
Russian Federation	228,122	197,085	596,636	537,094
Former Soviet Union (excluding Russian Federation)	21,478	19,654	59,455	53,103
Europe and other countries	<u>112,848</u>	<u>113,355</u>	<u>346,000</u>	<u>284,176</u>
Total sales of refined products	362,448	330,094	1,002,091	874,373
Sales of crude oil and gas condensate to customers in:				
Russian Federation	7,856	6,748	22,568	32,793
Former Soviet Union (excluding Russian Federation)	12,685	6,449	36,245	22,780
Europe and other countries	<u>35,099</u>	<u>57,449</u>	<u>96,616</u>	<u>144,843</u>
Total sales of crude oil and gas condensate	55,640	70,646	155,429	200,416
Electric and heat energy sales	71,406	66,609	250,972	243,745
Gas transportation sales	40,232	30,035	120,727	90,314
Other revenues	<u>38,852</u>	<u>38,865</u>	<u>119,064</u>	<u>114,407</u>
<b>Total sales</b>	<b><u>1,204,546</u></b>	<b><u>1,121,656</u></b>	<b><u>3,772,668</u></b>	<b><u>3,352,788</u></b>

\* Retroactive gas price adjustments relate to gas deliveries in 2010, 2011 and 2012 for which a discount has been agreed or is in the process of negotiations and where it is probable that a discount will be provided. The effects of gas price adjustments, including corresponding impacts on profit tax, are recorded when they become probable and a reliable estimate of the amounts can be made. The effect of retroactive gas price adjustments on sales for the three and nine months ended 30 September 2013 was a credit of RR nil and 73,430, respectively, reflecting a decrease in a related accrual following estimates made and agreements reached prior to the issuance of the interim financial information.

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**17 OPERATING EXPENSES**

Note	Three months ended 30 September		Nine months ended 30 September		
	2013	2012 (restated)	2013	2012 (restated)	
	Purchased gas and oil	188,445	230,801	558,311	598,950
24	Taxes other than on income	174,843	148,891	518,035	469,369
	Staff costs	110,760	108,815	345,998	294,180
	Depreciation	100,097	86,523	310,907	250,885
	Transit of gas, oil and refined products	88,215	76,820	259,517	236,145
	Materials	61,363	43,619	169,244	102,301
	Repairs and maintenance	55,907	69,339	133,556	140,603
	Cost of goods for resale, including refined products	37,343	26,471	102,408	87,009
	Electricity and heating expenses	18,211	18,710	57,497	55,200
	Charge for impairment provisions	3,766	6,302	33,947	32,147
	Social expenses	12,569	6,615	30,790	15,400
	Transportation services	6,830	9,151	22,239	26,186
	Rental expenses	6,091	5,027	18,386	16,380
	Insurance expenses	6,712	5,080	17,673	16,060
	Processing services	3,628	3,833	11,734	10,650
	Research and development expenses	3,025	5,544	10,516	17,234
	Heat transmission	354	1,789	5,171	16,951
	Derivatives (gains) losses	(5,453)	(5,979)	(5,481)	8,912
	Foreign exchange rate differences on operating items	5,246	17,089	(37,792)	4,577
	Other	<u>52,044</u>	<u>62,862</u>	<u>151,560</u>	<u>155,158</u>
		<b><u>929,996</u></b>	<b><u>927,302</u></b>	<b><u>2,714,216</u></b>	<b><u>2,554,297</u></b>
	Changes in inventories of finished goods, work in progress and other effects	<u>(52,039)</u>	<u>(69,701)</u>	<u>(117,375)</u>	<u>(90,089)</u>
	<b>Total operating expenses</b>	<b><u>877,957</u></b>	<b><u>857,601</u></b>	<b><u>2,596,841</u></b>	<b><u>2,464,208</u></b>

Staff costs include RR 8,080 and RR 24,208 of expenses associated with pension obligations for the three and nine months ended 30 September 2013, respectively, and RR 5,554 and RR 13,886 for the three and nine months ended 30 September 2012, respectively (see Note 20).

**18 FINANCE INCOME AND EXPENSES**

	Three months ended 30 September		Nine months ended 30 September	
	2013	2012 (restated)	2013	2012 (restated)
Foreign exchange gains	40,284	92,864	62,252	233,037
Interest income	<u>9,234</u>	<u>6,707</u>	<u>25,767</u>	<u>20,249</u>
<b>Total finance income</b>	<b><u>49,518</u></b>	<b><u>99,571</u></b>	<b><u>88,019</u></b>	<b><u>253,286</u></b>
Foreign exchange losses	36,278	14,240	177,652	178,464
Interest expense	<u>11,077</u>	<u>8,319</u>	<u>32,182</u>	<u>26,103</u>
<b>Total finance expenses</b>	<b><u>47,355</u></b>	<b><u>22,559</u></b>	<b><u>209,834</u></b>	<b><u>204,567</u></b>

Total interest paid amounted to RR 18,461 and RR 66,854 for the three and nine months ended 30 September 2013, respectively, and RR 20,984 and RR 64,617 for the three and nine months ended 30 September 2012, respectively.

**19 BASIC AND DILUTED EARNINGS PER SHARE, ATTRIBUTABLE TO OWNERS OF OAO GAZPROM**

Earnings per share have been calculated by dividing the profit, attributable to owners of OAO Gazprom by the weighted average number of shares outstanding during the period, excluding the weighted average number of ordinary shares purchased by the Group and held as treasury shares (see Note 15).

There were 22.9 billion weighted average shares outstanding for the three and nine months ended 30 September 2013 and 2012, respectively.

There are no dilutive financial instruments outstanding.

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**20 PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>30 September 2013</b>	<b>31 December 2012 (restated)</b>
Provision for pension obligations	181,960	198,256
Provision for decommissioning and site restoration costs	134,926	127,763
Other	<u>12,919</u>	<u>10,524</u>
	<b>329,805</b>	<b>336,543</b>

The Group operates a defined benefit plan, concerning the majority of the employees of the Group. These benefits include pension benefits provided by the non-governmental pension fund, NPF Gazfund, and certain post-retirement benefits from the Group provided upon retirement.

The net pension assets related to benefits, provided by the pension plan NPF Gazfund in the amount of RR 117,282 and RR 84,379 as of 30 September 2013 and 31 December 2012, respectively, are presented within other non-current assets in the consolidated balance sheet. In accordance with IAS 19 (revised), pension assets are recorded at estimated fair value subject to certain limitations. As of 30 September 2013 and 31 December 2012 management estimated the fair value of these assets at approximately RR 412 billion and RR 408 billion, respectively. The pension assets comprise shares of OAO Gazprom, shares of OAO Gazprombank and other assets held by NPF Gazfund.

	<b>30 September 2013</b>		<b>31 December 2012 (restated)</b>	
	<b>Funded benefits - provided through NPF Gazfund</b>	<b>Unfunded liabilities - other benefits</b>	<b>Funded benefits - provided through NPF Gazfund</b>	<b>Unfunded liabilities - other benefits</b>
Present value of benefit obligations	(294,918)	(181,960)	(323,133)	(198,256)
Fair value of plan assets	<u>412,200</u>	-	<u>407,512</u>	-
<b>Net balance asset (liability)</b>	<b>117,282</b>	<b>(181,960)</b>	<b>84,379</b>	<b>(198,256)</b>

The amounts associated with pension obligations recognized in operating expenses are as follows:

	<b>Three months ended 30 September 2013</b>		<b>Nine months ended 30 September 2013</b>	
	<b>2012 (restated)</b>	<b>2012 (restated)</b>	<b>2012 (restated)</b>	<b>2012 (restated)</b>
Current service cost	6,006	4,873	18,016	11,735
Net interest	<u>2,074</u>	<u>681</u>	<u>6,192</u>	<u>2,151</u>
<b>Total expenses included in staff costs</b>	<b>8,080</b>	<b>5,554</b>	<b>24,208</b>	<b>13,886</b>

The principal assumptions used for pension obligations for the nine months ended 30 September 2013 were the same as those applied for the year ended 31 December 2012 with exception of the discount rate based on interest rates of government securities. The increase in the discount rate from 7% to 8% resulted in recognition of an actuarial gain of RR 1,032 and RR 79,505 in other comprehensive income for the three and nine months ended 30 September 2013.

Remeasurements to be recognized in other comprehensive income are as follows:

	<b>Three months ended 30 September 2013</b>		<b>Nine months ended 30 September 2013</b>	
	<b>2012 (restated)</b>	<b>2012 (restated)</b>	<b>2012 (restated)</b>	<b>2012 (restated)</b>
Actuarial gains	1,032	-	79,505	-
Return on plan assets net of the net interest	(15,165)	(39,849)	(18,015)	(1,920)
Change in the effect of the asset ceiling	<u>-</u>	<u>37,592</u>	<u>-</u>	<u>(4,105)</u>
<b>Total</b>	<b>(14,133)</b>	<b>(2,257)</b>	<b>61,490</b>	<b>(6,025)</b>

**21 FAIR VALUE OF FINANCIAL INSTRUMENTS**

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows: quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1), inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2), inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

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**21 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

As of 30 September 2013 and 31 December 2012 the Group had the following assets and liabilities that are measured at fair value:

	30 September 2013			Total
	Quoted price in an active market (Level 1)	Valuation technique with inputs observable in markets (Level 2)	Valuation technique with significant non- observable inputs (Level 3)	
<b>Financial assets held for trading:</b>				
Equity securities	3,649	10,849	-	14,498
Bonds	4,209	-	-	4,209
<b>Available-for-sale financial assets:</b>				
Bonds	-	-	-	-
Promissory notes	-	2,736	-	2,736
<b>Total short-term financial assets</b>	<b>7,858</b>	<b>13,585</b>	<b>-</b>	<b>21,443</b>
<b>Available-for-sale financial assets:</b>				
Equity securities	145,587	23,832	1,686	171,105
Bonds	-	-	-	-
Promissory notes	-	1,043	-	1,043
<b>Total available-for-sale long-term financial assets</b>	<b>145,587</b>	<b>24,875</b>	<b>1,686</b>	<b>172,148</b>
Derivatives	799	18,544	129	19,472
<b>Total assets</b>	<b>154,244</b>	<b>57,004</b>	<b>1,815</b>	<b>213,063</b>
Derivatives	1,097	20,131	61	21,289
<b>Total liabilities</b>	<b>1,097</b>	<b>20,131</b>	<b>61</b>	<b>21,289</b>

	31 December 2012 (restated)			Total
	Quoted price in an active market (Level 1)	Valuation technique with inputs observable in markets (Level 2)	Valuation technique with significant non- observable inputs (Level 3)	
<b>Financial assets held for trading:</b>				
Equity securities	2,566	10,849	-	13,415
Bonds	1,606	-	-	1,606
<b>Available-for-sale financial assets:</b>				
Bonds	910	-	-	910
Promissory notes	-	1,031	-	1,031
<b>Total short-term financial assets</b>	<b>5,082</b>	<b>11,880</b>	<b>-</b>	<b>16,962</b>
<b>Available-for-sale financial assets:</b>				
Equity securities	135,160	23,612	1,278	160,050
Bonds	54	-	-	54
Promissory notes	-	1,600	-	1,600
<b>Total available-for-sale long-term financial assets</b>	<b>135,214</b>	<b>25,212</b>	<b>1,278</b>	<b>161,704</b>
Derivatives	909	25,217	814	26,940
<b>Total assets</b>	<b>141,205</b>	<b>62,309</b>	<b>2,092</b>	<b>205,606</b>
Derivatives	1,011	30,110	847	31,968
<b>Total liabilities</b>	<b>1,011</b>	<b>30,110</b>	<b>847</b>	<b>31,968</b>

There were no transfers between Levels 1, 2 and 3 during the period. For the three and nine months ended 30 September 2013 the Group has reclassified available-for-sale investments losses from other comprehensive income into the profit or loss in the amount of RR 842.

Financial assets held for trading primarily comprise marketable equity and debt securities intended to generate short-term profits through trading.

Available-for-sale long-term financial assets in total amount of RR 172,148 and RR 161,704 are shown net of provision for impairment of RR 1,733 and RR 2,059 as of 30 September 2013 and 31 December 2012, respectively.

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**21 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

As of 30 September 2013 and 31 December 2012 long-term available-for-sale financial assets include OAO NOVATEK shares in the amount of RR 129,703 and RR 110,370, respectively.

**22 ACQUISITION OF THE CONTROLLING INTEREST IN OAO UNITED MOSCOW ENERGY COMPANY (OAO MOEC)**

In September 2013 the Group acquired 89.98% interest in the ordinary shares of OAO United Moscow Energy Company (OAO MOEC) 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 MOEC. Considering treasury shares of OAO MOEC, the Group's effective interest is 98.77%. The primary business activity of OAO MOEC 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 30 September 2013 the title on the assets acquired in the amount of RR 6,920 excluding VAT was not transferred to the Group.

In accordance with IFRS 3 "Business Combinations", the Group recognized the acquired assets and liabilities based upon their provisional fair values. Management is required to finalise the assessment of the fair values within 12 months from the date of acquisition. Any revisions to the provisional values will be reflected as of the acquisition date.

Details of the assets acquired and liabilities assumed are as follows:

	<b>Provisional fair value</b>
Cash and cash equivalents	3,276
Short-term financial assets	2,762
Accounts receivable and prepayments	27,568
Inventories	2,273
VAT recoverable	102
Other current assets	<u>6,026</u>
<b>Current assets</b>	<b>42,007</b>
Property, plant and equipment	122,806
Long-term accounts receivable and prepayments	4,799
Available-for-sale long-term financial assets	3,117
Deferred tax assets	<u>1,669</u>
<b>Non-current assets</b>	<b>132,391</b>
<b>Total assets</b>	<b>174,398</b>
Accounts payable and accrued charges	28,476
Other taxes payable	601
Short-term borrowings, promissory notes and current portion of long-term borrowings	<u>30,235</u>
<b>Current liabilities</b>	<b>59,312</b>
Long-term borrowings	7,400
Provisions for liabilities and charges	1,068
Other non-current liabilities	<u>5,615</u>
<b>Non-current liabilities</b>	<b>14,083</b>
<b>Total liabilities</b>	<b>73,395</b>
<b>Net assets at acquisition date</b>	<b>101,003</b>
Non-controlling interest at acquisition date measured at the proportionate share of the net assets	1,137
<b>Purchase consideration</b>	<b>99,866</b>

If the acquisition had occurred on 1 January 2013, the Group's sales and the Group's profit for the nine months ended 30 September 2013 would have been RR 3,808,109 and RR 873,194, respectively.

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**23 ACQUISITION OF THE CONTROLLING INTEREST IN 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 additional 18.48% interest in OAO Gazprom neftekhim Salavat for cash consideration of RR 18,458 increasing its interest to 87.51% and, as a result, obtained control over OAO Gazprom neftekhim Salavat.

In accordance with IFRS 3 “Business Combinations”, the Group recognized the acquired assets and liabilities based upon their fair values.

Purchase consideration includes cash for the 18.48% interest in OAO Gazprom neftekhim Salavat acquired in May 2012 in the amount of RR 18.4 billion and fair value of previously acquired 69.03% interest accounted for using the equity method in the amount of RR 43.7 billion.

As a result of the Group obtaining control over OAO Gazprom neftekhim Salavat, the Group’s previously held 69.03% interest was remeasured to fair value, resulting in a gain of RR 4.7 billion recognized in 2012. This has been recognised in the line item ‘Share of net income of associated undertakings and joint ventures’ in the consolidated statement of comprehensive income.

Details of the assets acquired and liabilities assumed are as follows:

	<b>Fair value</b>
Cash and cash equivalents	7,196
Accounts receivable and prepayments	15,600
VAT recoverable	2,489
Inventories	10,760
Other current assets	<u>5,868</u>
<b>Current assets</b>	<b>41,913</b>
Property, plant and equipment	48,160
Long-term accounts receivable and prepayments	14,969
Other non-current assets	<u>877</u>
<b>Non-current assets</b>	<b>64,006</b>
<b>Total assets</b>	<b>105,919</b>
Accounts payable and accrued charges	35,630
Short-term borrowings, promissory notes and current portion of long-term borrowings	<u>24,612</u>
<b>Current liabilities</b>	<b>60,242</b>
Long-term borrowings	20,696
Deferred tax liabilities	2,636
Provisions for liabilities and charges	961
Other non-current liabilities	<u>85</u>
<b>Non-current liabilities</b>	<b>24,378</b>
<b>Total liabilities</b>	<b>84,620</b>
<b>Net assets at acquisition date</b>	<b>21,299</b>
Non-controlling interest at acquisition date measured at the proportionate share of the net assets	2,660
Purchase consideration	62,108
<b>Goodwill</b>	<b>43,469</b>

During the period from September 2012 to June 2013 as a result of 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%. The difference between consideration paid and the non-controlling interest acquired has been recognized in equity in the amount of RR 9,842 and is included within retained earnings and other reserves.

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**24 RELATED PARTIES**

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

The nature of the related party relationships for those related parties with whom the Group entered into significant transactions or had significant balances outstanding as of 30 September 2013 is detailed below.

**Government**

The Government of the Russian Federation is the ultimate controlling party of OAO Gazprom and has a controlling interest (including both direct and indirect ownership) of over 50% in OAO Gazprom.

The Government does not prepare consolidated financial statements for public use. Governmental economic and social policies affect the Group’s financial position, results of operations and cash flows.

As a condition of privatisation in 1992, the Government imposed an obligation on the Group to provide an uninterrupted supply of gas to customers in the Russian Federation at government controlled prices.

**Parties under control of the Government**

In the normal course of business the Group enters into transactions with other entities under Government control. Prices of natural gas sales, gas transportation and electricity tariffs in Russia are regulated by the Federal Tariffs Service (“FTS”). Bank loans with related parties are provided on the basis of market rates. Taxes are accrued and settled in accordance with the applicable statutory rules.

As of 30 September 2013 and 31 December 2012 and for the three and nine months ended 30 September 2013 and 2012, the Group had the following significant transactions and balances with the Government and parties under control of the Government:

	As of 30 September 2013		Three months ended 30 September 2013		Nine months ended 30 September 2013	
	Assets	Liabilities	Income	Expenses	Income	Expenses
<b>Transactions and balances with the Government</b>						
Current profit tax	14,645	28,164	-	67,619	-	107,671
Insurance contributions to non-budget funds	412	4,575	-	17,030	-	57,685
VAT recoverable/payable	553,765	53,825	-	-	-	-
Customs duties	55,471	-	-	-	-	-
Other taxes	2,189	74,092	-	164,512	-	491,073
<b>Transactions and balances with other parties under control of the Government</b>						
Gas sales	-	-	7,931	-	44,948	-
Electricity and heating sales	-	-	39,075	-	144,391	-
Other services sales	-	-	291	-	1,309	-
Accounts receivable	32,890	-	-	-	-	-
Oil transportation expenses	-	-	-	22,542	-	74,951
Accounts payable	-	6,192	-	-	-	-
Loans	-	121,926	-	-	-	-
Interest expense	-	-	-	1,440	-	3,398
Short-term financial assets	3,634	-	-	-	-	-
Available-for-sale long-term financial assets	14,499	-	-	-	-	-

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24 **RELATED PARTIES (continued)**

	As of 31 December 2012 (restated)		Three months ended 30 September 2012 (restated)		Nine months ended 30 September 2012 (restated)	
	Assets	Liabilities	Income	Expenses	Income	Expenses
	<b>Transactions and balances with the Government</b>					
Current profit tax	14,241	7,990	-	71,028	-	211,997
Insurance contributions to non-budget funds	578	4,290	-	12,352	-	46,327
VAT recoverable/payable	565,470	52,763	-	-	-	-
Customs duties	67,662	-	-	-	-	-
Other taxes	4,614	65,397	-	148,891	-	469,369
<b>Transactions and balances with other parties under control of the Government</b>						
Gas sales	-	-	11,729	-	37,364	-
Electricity and heating sales	-	-	26,157	-	129,545	-
Other services sales	-	-	527	-	1,324	-
Accounts receivable	34,362	-	-	-	-	-
Oil transportation expenses	-	-	-	21,048	-	69,838
Accounts payable	-	7,197	-	-	-	-
Loans	-	64,523	-	-	-	-
Interest expense	-	-	-	1,040	-	2,798
Short-term financial assets	1,738	-	-	-	-	-
Available-for-sale long-term financial assets	24,544	-	-	-	-	-

Gas sales and respective accounts receivable, oil transportation expenses and respective accounts payable included in the table above are related to major state controlled companies.

In the normal course of business the Group incurs electricity and heating expenses (see Note 17). A part of these expenses relates to purchases from the entities under Government control. Due to the specifics of the electricity market in the Russian Federation, these purchases can not be accurately separated from the purchases from private companies.

See the consolidated interim condensed statement of changes in equity for returns of social assets to government during the nine months ended 30 September 2013 and 2012. See Note 9 for net book values as of 30 September 2013 and 31 December 2012 of social assets vested to the Group at privatisation.

**Compensation for key management personnel**

Key management personnel (the members of the Board of Directors and Management Committee of OAO Gazprom) receive short-term compensation, including salary, bonuses and remuneration for serving on the management bodies of various Group companies. Government officials, who are directors, do not receive remuneration from the Group. The remuneration for serving on the Boards of Directors of Group companies is subject to approval by the General Meeting of Shareholders of each Group company.

Compensation of key management personnel (other than remuneration for serving as directors of Group companies) 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.

Key management personnel also participate in certain post-retirement benefit programs. The programs include pension benefits provided by the non-governmental pension fund, NPF Gazfund, and a one-time retirement payment from the Group. Employees of the majority of Group companies are eligible for such benefits.

The Group provided medical insurance and liability insurance for key management personnel.

**Associated undertakings and joint ventures**

For the three and nine months ended 30 September 2013 and 2012 and as of 30 September 2013 and 31 December 2012 the Group had the following significant transactions and balances with associated undertakings and joint ventures:

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24 **RELATED PARTIES (continued)**

	Three months ended 30 September		Nine months ended 30 September	
	2013	2012 (restated)	2013	2012 (restated)
	<b>Revenues</b>		<b>Revenues</b>	
<b>Gas sales</b>				
Wintershall Erdgas Handelshaus GmbH & Co. KG (WIEH)	33,458	21,201	94,681	69,481
W & G Beteiligungs-GmbH & Co. KG and its subsidiaries	28,644	19,741	76,441	54,902
ZAO Panrusgaz	14,431	11,409	47,351	34,087
AO Gazum	5,375	5,687	21,001	21,897
Bosphorus Gaz Corporation A.S.	4,544	761	13,328	2,739
AO Moldovagaz	3,548	4,466	12,961	18,031
Wintershall Erdgas Handelshaus Zug AG (WIEE)*	3,302	2,383	10,951	20,725
ZAO Gazprom YRGM Trading	2,769	2,726	8,716	8,487
AO Lietuvos dujos	1,893	2,177	8,072	8,647
AO Latvijas Gaze	1,964	1,628	6,953	8,040
ZAO Gazprom YRGM Development	1,978	1,947	6,226	6,062
Russian-Serbian Trading Corporation a.d.	2,018	1,686	5,857	5,460
SGT EuRoPol GAZ S.A.	867	562	2,891	1,900
AO Overgaz Inc.	533	5,081	2,351	22,426
PremiumGas S.p.A.	-	2,725	-	10,111
<b>Gas transportation sales</b>				
ZAO Gazprom YRGM Trading	4,869	4,538	15,156	14,465
ZAO Gazprom YRGM Development	3,478	3,241	10,826	10,332
<b>Gas condensate, crude oil and refined products sales</b>				
OAo NGK Slavneft and its subsidiaries	7,266	9,236	20,169	25,524
OOO Gazpromneft – Aero Sheremetyevo	3,738	2,555	9,179	7,075
ZAO SOVEKS	1,827	1,596	4,285	3,671
OAo Gazprom neftekhim Salavat**	-	-	-	10,036
<b>Gas refining services sales</b>				
TOO KazRosGaz	1,137	1,144	3,826	3,753
	<b>Expenses</b>		<b>Expenses</b>	
<b>Purchased gas</b>				
W & G Beteiligungs-GmbH & Co. KG and its subsidiaries	13,235	13,293	49,655	42,656
ZAO Gazprom YRGM Trading	13,598	12,633	42,052	41,548
ZAO Gazprom YRGM Development	9,715	9,026	30,043	29,703
TOO KazRosGaz	5,792	8,739	16,194	28,817
OOO SeverEnergiya and its subsidiaries	2,716	987	6,972	1,793
Sakhalin Energy Investment Company Ltd.	826	618	3,571	2,649
<b>Purchased transit of gas</b>				
Nord Stream AG	8,982	5,659	25,665	17,083
W & G Beteiligungs-GmbH & Co. KG and its subsidiaries	3,474	2,572	9,843	7,943
SGT EuRoPol GAZ S.A.	2,346	2,616	6,684	7,676
<b>Purchased crude oil and refined products</b>				
OAo NGK Slavneft and its subsidiaries	23,729	25,454	63,158	66,678
Sakhalin Energy Investment Company Ltd.	5,712	-	10,568	-
<b>Purchased processing services</b>				
OAo NGK Slavneft and its subsidiaries	2,977	3,018	8,819	8,092

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

\*\* 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 (see Note 23).

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**24 RELATED PARTIES (continued)**

Gas is sold to associated undertakings in the Russian Federation mainly at the rates established by the FTS. Gas is sold outside the Russian Federation mainly under long-term contracts at prices indexed mainly to world oil product prices.

	<b>As of 30 September 2013</b>		<b>As of 31 December 2012</b> (restated)	
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
<b>Short-term accounts receivable and prepayments</b>				
Wintershall Erdgas Handelshaus GmbH & Co.KG (WIEH)	16,147	-	14,406	-
W & G Beteiligungs-GmbH & Co. KG and its subsidiaries	11,869	-	11,420	-
Gazprombank Group	9,851	-	1,083	-
AO Overgaz Inc.	7,494	-	10,000	-
ZAO Panrusgaz	7,432	-	8,134	-
AO Gasum	3,359	-	3,892	-
ZAO Gazprom YRGM Trading	2,655	-	1,829	-
AO Moldovagaz*	2,597	-	2,348	-
Bosphorus Gaz Corporation A.S.	2,460	-	725	-
OA O NGK Slavneft and its subsidiaries	2,416	-	1,701	-
ZAO Gazprom YRGM Development	1,923	-	1,307	-
AO Lietuvos dujos	1,909	-	2,212	-
Russian-Serbian Trading Corporation a.d.	1,667	-	628	-
Wintershall Erdgas Handelshaus Zug AG (WIEE)	1,442	-	2,451	-
AO Latvijas Gaze	1,301	-	242	-
TOO KazRosGaz	367	-	667	-
<b>Short-term promissory notes</b>				
Gazprombank Group	779	-	179	-
<b>Cash balances</b>				
Gazprombank Group	285,328	-	172,154	-
<b>Long-term accounts receivable and prepayments</b>				
W & G Beteiligungs-GmbH & Co. KG and its subsidiaries	16,709	-	15,487	-
Gas Project Development Central Asia AG	1,813	-	1,707	-
Bosphorus Gaz Corporation A.S.	-	-	1,501	-
<b>Long-term promissory notes</b>				
Gazprombank Group	349	-	599	-
<b>Short-term accounts payable</b>				
GT EuRoPol GAZ S.A.	-	6,922	-	6,565
ZAO Gazprom YRGM Trading	-	6,470	-	8,606
W & G Beteiligungs-GmbH & Co. KG and its subsidiaries	-	5,888	-	7,906
ZAO Gazprom YRGM Development	-	4,178	-	5,704
Nord Stream AG	-	2,987	-	2,892
Sakhalin Energy Investment Company Ltd.	-	2,817	-	867
AO Latvijas Gaze	-	2,426	-	38
OA O NGK Slavneft and its subsidiaries	-	2,055	-	1,502
Wintershall Erdgas Handelshaus GmbH & Co. KG (WIEH)	-	1,353	-	-
TOO KazRosGaz	-	1,013	-	2,783
OA O Gazprombank	-	299	-	152
<b>Other non-current liabilities</b>				
ZAO Gazprom YRGM Trading	-	1,593	-	1,593
ZAO Gazprom YRGM Development	-	248	-	248

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**24 RELATED PARTIES (continued)**

	As of 30 September 2013		As of 31 December 2012 (restated)	
	Assets	Liabilities	Assets	Liabilities
<b>Short-term borrowings (including current portion of long-term borrowings)</b>				
Gazprombank Group	-	17,917	-	21,666
RosUkrEnerg AG	-	3,020	-	2,248
Wintershall Erdgas Handelshaus GmbH & Co. KG (WIEH)	-	-	-	1,281
<b>Long-term borrowings</b>				
Gazprombank Group	-	28,675	-	24,569

\* Net of impairment provision on accounts receivable in the amount of RR 130,522 and RR 115,573 as of 30 September 2013 and 31 December 2012.

Investments in associated undertakings and joint ventures are disclosed in Note 10.

See Note 25 for financial guarantees issued by the Group for the associated undertakings and joint ventures.

**25 COMMITMENTS AND CONTINGENCIES**

**Taxation**

The tax, currency and customs legislation within 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 30 September 2013 is appropriate and all of the Group's material tax, currency and customs positions will be sustainable.

**Financial guarantees**

Note		30 September 2013	31 December 2012
	Outstanding guarantees issued for:		
	Sakhalin Energy Investment Company Ltd.	95,556	94,145
	Nord Stream AG	45,886	40,519
	OOO Production Company VIS	12,020	2,507
	Blackrock Capital Investments Limited	4,778	4,573
	EM Interfinance Limited	4,148	5,385
	OOO Novo-Salavatskaya PGU	3,000	-
4	Blue Stream Pipeline Company B.V.	-	2,078
	Other	46,709	37,711
		<b>212,097</b>	<b>186,918</b>

Included in financial guarantees are amounts denominated in USD of USD 3,833 million and USD 3,832 million as of 30 September 2013 and 31 December 2012, respectively, as well as amounts denominated in Euro of Euro 1,405 million and Euro 1,340 million as of 30 September 2013 and 31 December 2012, respectively.

In June 2008 the Group provided a guarantee to the Bank of Tokyo-Mitsubishi UFJ Ltd. for 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. As of 30 September 2013 and 31 December 2012 the above guarantee amounted to RR 95,556 (USD 2,954 million) and RR 94,145 (USD 3,100 million), respectively.

In May 2011 the Group provided a guarantee to Societe Generale for 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 fails to repay those amounts. As of 30 September 2013 and 31 December 2012 the above guarantee amounted to RR 45,886 (Euro 1,051 million) and RR 40,519 (Euro 1,007 million), respectively.

In July 2012 the Group provided a guarantee to OAO Sberbank of Russia for OOO Production company VIS as a security of credit facility for financing of construction projects for Gazprom Group. As of 30 September 2013 and 31 December 2012 the above guarantee amounted to RR 12,020 and RR 2,507, respectively.

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**25 COMMITMENTS AND CONTINGENCIES (continued)**

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 as of 30 September 2013 and 31 December 2012 the guarantees issued for Blackrock Capital Investments Limited and EM Interfinance Limited amounted to RR 8,926 (USD 276 million) and RR 9,958 (USD 328 million), respectively.

In January 2013 the Group provided a guarantee to Akbulak Development Limited for ООО Ново-Салаватская PGU as a security for received loans. As of 30 September 2013 the above guarantee amounted to RR 3,000.

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 outstanding amount of these loans was RR 2,078 (USD 68 million), which was guaranteed by the Group, pursuant to its obligations. In July 2013 loans issued by Gazstream S.A. were redeemed. Starting from 1 January 2013 BSPC is proportionally consolidated in the Group's consolidated interim condensed financial information (see Note 4) and thus, 25% of these loans were consolidated in the Group's balance sheet.

**Capital commitments**

The total investment program related to gas, oil and power assets for 2013 and 2014 is RR 1,346 billion and RR 1,180 billion, respectively.

**26 POST BALANCE SHEET EVENTS**

**Investments**

In December 2013 the Group signed a Master Agreement to swap assets with Wintershall Holding GmbH. The Master Agreement provides for terms and conditions for the asset swap deal under the project for joint development of the Achimov deposits in the Urengoykoye oil, gas and condensate field. According to the Master Agreement, Wintershall Holding GmbH will obtain 25.01% economic interest in the project for developing blocks 4A and 5A in the Achimov deposits of the Urengoykoye oil, gas and condensate field. The Master Agreement provides for the Group to receive a 50% interest in Wintershall Noordzee B.V. (WINZ) involved in hydrocarbon exploration and production projects in the North Sea and increase its interests in gas trading and storage companies WINGAS GmbH, Wintershall Erdgas Handelshaus GmbH & Co. KG (WIEH) and Wintershall Erdgas Handelshaus Zug AG (WIEE) to 100%.

In January 2014 ООО Yamal razvitie, a joint venture of the Group, acquired 60% interest in Artic Russia B.V. for cash consideration of USD 2,940 million. Artic Russia B.V. owns 49% interest in ООО SeverEnergiya. As a result of the transaction, the Group's effective interest in ООО SeverEnergiya increased from 24.40% to 38.46%. In December 2013 as a security for the loan received by ООО Yamal razvitie for financing of this acquisition the Group provided a USD 400 million guarantee to OAO Sberbank of Russia, and ООО Yamal razvitie pledged to OAO Sberbank of Russia its 51% interest in ООО SeverEnergiya and 60% interest in the acquired company Artic Russia B.V.

**Borrowings and loans**

In October 2013 the Group obtained long-term loan from Bank of America Securities Limited in the amount of USD 300 million at an interest rate of LIBOR +2.92% due in 2018.

In October 2013 the Group issued Loan Participation Notes in the amount of CHF 500 million at an interest rate of 2.85% due in 2019 under the USD 40,000 million Programme for the Issuance of Loan Participation Notes.

In November 2013 the Group issued Russian bonds in the amount of RR 30,000 at an interest rate of 7.3% at the date of issuance due in 2043. The interest rate is linked to consumer price index and early redemption is available if the interest rate reaches or exceeds 10% p.a.

In November 2013 the Group issued loan participation notes in the amount of USD 1,500 million at an interest rate of 6% due in 2023.

**ОАО ГАЗПРОМ**  
**INVESTOR RELATIONS**

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