IMPORTANT NOTICE

IMPORTANT: You must read the following before continuing. The following applies to the base prospectus supplement following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of this base prospectus supplement. In accessing this base prospectus supplement, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND THESE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THIS BASE PROSPECTUS SUPPLEMENT MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS BASE PROSPECTUS SUPPLEMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE NOTES.

Confirmation of your representation: In order to be eligible to view this base prospectus supplement or make an investment decision with respect to the securities, investors must be (i) "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) that are also "qualified purchasers" (as defined in Section 2(A)(51) of the U.S. Investment Company Act of 1940, as amended), or (ii) non-U.S. persons (as defined in Regulation S) outside the United States who are not acting for the account or benefit of U.S. Persons. By accepting the e-mail and accessing this base prospectus supplement, you shall be deemed to have represented to GPN Capital S.A. (the "**Issuer**"), Joint Stock Company Gazprom neft ("**Gazprom neft**") and Gazprom neft and each of its subsidiaries taken as a whole that you (i) are a qualified institutional buyer and a qualified purchaser or (ii) are outside the United States and are not a U.S. Person and are not acting for the account or benefit of a U.S. Person; that the electronic mail address that you have given to us and to which this e-mail has been delivered is not located in the U.S., its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) or the District of Columbia; and that you consent to delivery of this base prospectus supplement by electronic transmission.

Under no circumstances shall this base prospectus supplement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. Recipients of this base prospectus supplement who intend to subscribe for or purchase the securities are reminded that any subscription or purchase may only be made on the basis of the information contained in the Base Prospectus as supplemented by this base prospectus supplement. This base prospectus supplement may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

The securities are not eligible for placement and circulation in the Russian Federation, unless, and to the extent, otherwise permitted by Russian law. The information provided in this base prospectus supplement is not an offer, or an invitation to make offers, sell, exchange or otherwise transfer securities in the Russian Federation or to or for the benefit of any Russian person or entity. This base prospectus supplement and information contained herein does not constitute an advertisement in the Russian Federation. It is not intended to be, and must not be, distributed or circulated in the Russian Federation unless and to the extent otherwise permitted under Russian law.

You are reminded that this base prospectus supplement has been delivered to you on the basis that you are a person into whose possession this base prospectus supplement may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this base prospectus supplement to any other person.

This base prospectus supplement does not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the dealer or any affiliate of the dealer is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the dealer or such affiliate on behalf of the Issuer in such jurisdiction.

This base prospectus supplement has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither Gazprom neft, GPN Capital S.A., Crédit Agricole CIB, J.P. Morgan, nor any person who controls them nor any director, officer, employee nor agent of it or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between this base prospectus supplement distributed to you in electronic format and the hard copy version available to you on request from Gazprom neft, GPN Capital S.A., Crédit Agricole CIB and J.P. Morgan.

BASE PROSPECTUS SUPPLEMENT

Joint Stock Company Gazprom neft

USD 10,000,000,000

Programme for the Issuance of Loan Participation Notes

to be issued by, but with limited recourse to,
GPN Capital S.A. for the sole purpose of financing loans to
Joint Stock Company Gazprom neft

This base prospectus supplement No. 1 (the "Base Prospectus Supplement") is supplemental to, and should be read in conjunction with, the base prospectus dated 11 September 2013 (the "Base Prospectus") prepared in connection with the Programme for the Issuance of Loan Participation Notes (the "Programme") by GPN Capital S.A. (the "Issuer"). Capitalised terms used, but not otherwise defined in this Base Prospectus Supplement shall have the meanings ascribed thereto in the Base Prospectus.

This Base Prospectus Supplement has been approved by the Central Bank of Ireland (the "Central Bank"), as competent authority under Directive 2003/71/EC, as amended (the "Prospectus Directive"). The Central Bank only approves this Base Prospectus Supplement as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. This Base Prospectus Supplement constitutes a Base Prospectus Supplement for the purposes of the Prospectus Directive. This Base Prospectus Supplement constitutes neither an offer to sell nor a solicitation of an offer to buy any Notes by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

This document constitutes a supplement for the purposes of Article 16 of the Prospectus Directive. To the extent that there is any inconsistency between any statement in this Base Prospectus Supplement and any statement in or incorporated by reference in the Base Prospectus, the statements in this Base Prospectus Supplement will prevail. Unless the context otherwise requires, references in this Base Prospectus Supplement to sections of the Base Prospectus refer to the relevant sections of the Base Prospectus as modified or restated in their entirety by this Base Prospectus Supplement.

The Notes and the corresponding Loans (together, the "Securities") to be issued under the Programme have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the ''Securities Act''), and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("Regulation S")). The Notes issued under this Series 3 may be offered and sold (i) within the United States to qualified institutional buyers (as defined in Rule 144A under the Securities Act ("Rule 144A")) that are also qualified purchasers (as defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended (the "Investment Company Act")) in reliance on the exemption from registration provided by Rule 144A (the "Rule 144A Notes") and (ii) to certain non-U.S. persons in offshore transactions in reliance on Regulation S (the "Regulation S Notes"). The Issuer has not been and will not be registered under the Investment Company Act. Prospective purchasers are hereby notified that sellers of the Rule 144A Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions, see "*Subscription and Sale*" and "*Transfer Restrictions*" in the Base Prospectus.

The credit ratings included in this Base Prospectus Supplement have been issued for the purposes of Regulation (EC) No 1060/2009 as amended by Regulation (EU) No 513/2011 (the "CRA Regulation") by Fitch Ratings CIS Ltd. ("Fitch Ratings"), Standard & Poor's Credit Market Services Europe Limited ("Standard & Poor's") and Moody's Investors Service Ltd ("Moody's"). Fitch Ratings, Standard & Poor's and Moody's are established in the EU and registered under the CRA Regulation. As such, Fitch Ratings, Standard & Poor's and Moody's are included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.

Arrangers

Crédit Agricole CIB **J.P. Morgan**

The date of this Base Prospectus Supplement is 18 November 2013.

The information included herein supplements, and to the extent inconsistent therewith replaces, the information about the Programme, the Issuer and the Group contained in the Base Prospectus. Save as disclosed herein, there has been no other significant new factor, material mistake or inaccuracy relating to the information contained in the Base Prospectus since the date of its publication. The Issuer (whose registered office is at 2, Boulevard Konrad Adenauer, L-1115, Luxembourg, Grand Duchy of Luxembourg) and the Company (whose registered office is at 5A Galernaya Street, 190000 Saint Petersburg, Russian Federation) each accepts responsibility for the information contained in this Base Prospectus Supplement. To the best of the knowledge and belief of the Issuer and the Company (having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Base Prospectus Supplement does not constitute an offer to sell Notes, or an invitation by or on behalf of the Issuer, the Company, the Dealers or the Arrangers to subscribe for or purchase any Notes.

The distribution of this Base Prospectus Supplement and the offer or sale of the Notes in certain jurisdictions may be restricted by law. Persons who come into possession of this Base Prospectus Supplement are required by the Issuer, the Company, the Dealers and the Arrangers to inform themselves about and to observe any such restrictions. In particular, the Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission and will not be registered under the Securities Act. Subject to certain exceptions, the Notes may not be offered or sold in the United States or to, or for the account on behalf of, U.S. persons. Further information with regard to restrictions on the offers and sale of the Notes is set out under "*Subscription and Sale*" in the Base Prospectus.

No person is authorised to provide any information or make any representation not contained in the Base Prospectus and this Base Prospectus Supplement and any information or representation not contained in the Base Prospectus and this Base Prospectus Supplement must not be relied upon as having been authorised by or on behalf of the Issuer, the Company, the Trustee, the Paying Agents, Transfer Agents, Principal Paying Agent, Calculation Agent and Registrars (the "Agents"), any of the Dealers or the Arrangers. Neither the delivery of this Base Prospectus Supplement nor any sale made in connection herewith shall, at any time or in any circumstances, imply that the information contained in it is correct as at any time subsequent to its date. The websites of the Company and the members of the Group and the information posted thereon do not form any part of the contents of this Base Prospectus Supplement.

Neither the delivery of this Base Prospectus Supplement nor the offer, sale or delivery of any Notes shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Company or the Group since the date of this Base Prospectus Supplement.

None of the Issuer, the Company, the Trustee, the Agents, the Dealers or the Arrangers or any of its or their respective representatives makes any representation or warranty, express or implied, to any offeree or purchaser of the Notes offered hereby, regarding the legality of an investment by such offeree or purchaser under applicable investment or similar laws. Each investor should consult with their own advisers as to the legal, tax, business, financial and related aspects of any purchase of the Notes. To the fullest extent permitted by law, none of the Dealers or the Arrangers accepts any responsibility for the contents of this Base Prospectus Supplement or for any other statement made or purported to be made by a Dealer or the Arrangers or on its behalf in connection with the Issuer, the Company or the issue and offering of the Notes. Each Dealer and Arranger accordingly disclaims any and all liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Base Prospectus Supplement or any such statement.

Prospective purchasers must comply with all laws that apply to them in any place in which they buy, offer or sell any Notes or possess this Base Prospectus Supplement. Any consents or approvals that are needed in order to purchase any Notes must be obtained by such prospective purchaser. The Company, the Issuer, the Trustee, the Agents, the Arrangers and the Dealers are not responsible for compliance with these legal requirements. The appropriate characterisation of any Notes under various legal investment restrictions, and thus the ability of investors subject to these restrictions to purchase such Notes, is subject to significant interpretative uncertainties. No representation or warranty is made as to whether or the extent to which any Notes constitute a legal investment for prospective investors whose investment authority is subject to legal restrictions. Such prospective investors should consult their legal advisers regarding such matters. This Base Prospectus Supplement is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Company, the Arrangers or the Dealers that any recipient of this Base Prospectus Supplement should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus Supplement and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arrangers undertakes to review the financial condition or affairs of the Issuer or the Company during the life of the arrangements contemplated by this Base Prospectus Supplement nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arrangers.

The Arrangers, the Dealers and their respective affiliates have performed and expect to perform in the future various financial advisory, investment banking and commercial banking services for, and may arrange non-public market financing for, and enter into derivatives transactions with, the Company and its affiliates. The Dealers and Arrangers are acting exclusively for the Company and the Issuer and no one else in connection with the Programme and the Notes and will not be responsible to any other person for providing the protections afforded to their respective clients or for providing advice in relation to the Programme and the Notes.

The Issuer is a *société anonyme* incorporated for an unlimited duration under the laws of the Grand Duchy of Luxembourg ("Luxembourg"). The Issuer is not a subsidiary of the Company. The registered office of the Issuer is located at 2, Boulevard Konrad Adenauer, L-1115 Luxembourg, Grand Duchy of Luxembourg and the Issuer is registered with the *Registre de Commerce et des Sociétés à Luxembourg* (the Register of Commerce and Companies in Luxembourg) under number B 168.434. For further information about the Issuer, see "*GPN Capital S.A.*" in the Base Prospectus.

This Base Prospectus Supplement has been filed with and approved by the Central Bank as required by the Prospectus (Directive 2003/71/EC) Regulations 2005, as amended.

Any investment in any Notes does not have the status of a bank deposit and is not within the scope of the deposit protection scheme operated by the Central Bank.

In connection with the issue of any Series of Notes, the Dealers (if any) named as stabilising manager(s) (the "Stabilising Manager(s)") (or any person acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, this is no assurance that the Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Series of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Series of Notes and 60 days after the date of the allotment of the relevant Series of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, IS MADE BY THE DEALERS OR THE ARRANGERS AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION SET FORTH IN THIS BASE PROSPECTUS SUPPLEMENT, AND NOTHING CONTAINED IN THIS BASE PROSPECTUS SUPPLEMENT IS, OR SHALL BE RELIED UPON AS, A PROMISE OR REPRESENTATION, WHETHER AS TO THE PAST OR THE FUTURE.

EACH PERSON RECEIVING THIS BASE PROSPECTUS SUPPLEMENT ACKNOWLEDGES THAT SUCH PERSON HAS NOT RELIED ON THE DEALERS, THE ARRANGERS OR ANY OF THEIR AFFILIATES OR ANY PERSON ACTING ON THEIR BEHALF IN CONNECTION WITH ITS INVESTIGATION OF THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION OR ITS INVESTMENT DECISION. EACH PERSON CONTEMPLATING MAKING AN INVESTMENT IN ANY NOTES ISSUED UNDER THIS PROGRAMME FROM TIME TO TIME MUST MAKE ITS OWN INVESTIGATION AND ANALYSIS OF THE CREDITWORTHINESS OF THE ISSUER, THE COMPANY AND THE GROUP AND ITS OWN DETERMINATION OF THE SUITABILITY OF ANY SUCH INVESTMENT, WITH PARTICULAR REFERENCE TO ITS OWN INVESTMENT OBJECTIVES AND EXPERIENCE, AND ANY OTHER FACTORS WHICH MAY BE RELEVANT TO IT IN CONNECTION WITH SUCH INVESTMENT.

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF NOTES OR THE ACCURACY OR THE ADEQUACY OF THIS BASE PROSPECTUS SUPPLEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

INFORMATION CONTAINED IN THIS BASE PROSPECTUS SUPPLEMENT IS NOT AN OFFER, OR AN INVITATION TO MAKE OFFERS, SELL, PURCHASE, EXCHANGE OR TRANSFER ANY SECURITIES IN THE RUSSIAN FEDERATION, AND DOES NOT CONSTITUTE AN ADVERTISEMENT OF OFFERING OF ANY SECURITIES IN THE RUSSIAN FEDERATION. THE NOTES HAVE NOT BEEN

AND WILL NOT BE REGISTERED IN THE RUSSIAN FEDERATION OR ADMITTED TO PUBLIC PLACEMENT AND/OR PUBLIC CIRCULATION IN THE RUSSIAN FEDERATION AND ARE NOT INTENDED FOR “PLACEMENT” OR “CIRCULATION” IN THE RUSSIAN FEDERATION EXCEPT AS PERMITTED BY RUSSIAN LAW.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT, OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSONS, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

AVAILABLE INFORMATION

Each of the Company and the Issuer has agreed that, for so long as any Notes are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, the Company or the Issuer will, during any period in which it is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”) nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner or to the Trustee for delivery to such holder, beneficial owner or prospective purchaser, in each case upon the request of such holder, beneficial owner, prospective purchaser or Trustee, the information required to be provided by Rule 144A(d)(4) under the Securities Act.

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RECENT DEVELOPMENTS

The following section supplements certain of the information contained in the Base Prospectus, including the discussion on page 60 of the Base Prospectus under the heading "Recent Developments". The statements under this section contain forward-looking statements. These statements are not guarantees of future financial performance and the Group's actual results could differ materially from those expressed or implied by these forward-looking statements as a result of many factors, including, but not limited to, those described under "Forward looking Statements" in the Base Prospectus. Investors are urged not to place undue reliance on the forward-looking statements set out below. Except where expressly stated otherwise, all Group operational information herein includes the share of any minority interest owners and also the Group's proportionate share of the respective results of operations of the Equity Affiliates. Certain figures included in this Base Prospectus Supplement have been subject to rounding adjustments; percentage change figures reflect actual changes, before rounding.

Credit Rating

In October 2013, Fitch Ratings assigned the Company long-term foreign and local currency issuer default ratings of "BBB" with stable outlook.

Operational Developments

Oil and Gas Production

The table below shows a breakdown of oil production by major region and field for the nine months ended 30 September 2013 and 2012:

	For the nine months ended 30 September 2013		**For the nine months ended 30 September 2012**		
	Production	**Share in total production, %**	**Production**	**Share in total production, %**	**Change, %**
Crude oil	**(mmbbl)**		**(mmbbl)**		
Khanty-Mansiysk	**83.76**	**30.3%**	**79.38**	**28.4%**	**5.5%**
Vyngapurovskoye	8.94	3.2%	9.26	3.3%	**(3.5%)**
Priobskoye	65.22	23.6%	61.60	22.1%	**5.9%**
Zimneye	2.92	1.1%	2.37	0.8%	23.2%
Yamalo-Nenets	**71.67**	**25.9%**	**76.69**	**27.5%**	**(6.5%)**
Sugmutskoye	9.53	3.4%	12.38	4.4%	(23.0%)
Sutorminskoye	9.76	3.5%	10.79	3.9%	(9.5%)
Vyngapurovskoye	10.56	3.8%	9.12	3.3%	15.8%
Ety-Purovskoe	7.64	2.8%	8.36	3.0%	(8.6%)
Vyngayakhinskoye	6.01	2.2%	6.23	2.2%	(3.5%)
Sporyshevskoye	4.86	1.8%	5.65	2.0%	(14.0%)
Omsk region	**2.33**	**0.8%**	**2.80**	**1.0%**	**(16.8%)**
Tomsk region	**6.27**	**2.3%**	**6.73**	**2.4%**	**(6.8%)**
Tyumen region (Zimneye)	**3.06**	**1.1%**	**2.45**	**0.9%**	**24.9%**
Orenburg region	**8.23**	**3.0%**	**5.76**	**2.1%**	**42.9%**
NIS (primarily Serbia)	**6.89**	**2.5%**	**6.71**	**2.4%**	**2.7%**
Share in Tomskneft (Tomsk region and Khanty-Mansiysk)	28.24	10.2%	28.63	10.2%	(1.4%)
Share in SPD (Khanty-Mansiysk)	18.87	6.8%	20.78	7.4%	(9.2%)
Other regions and fields	0.17	0.1%	-	-	-
Total crude oil production by subsidiaries and Joint Operations	**229.49**	**82.9%**	**229.93**	**82.3%**	**(0.2%)**
Share in Slavneft (Khanty-Mansiysk and Krasnoyarsk region)	46.45	16.8%	49.12	17.6%	(5.4%)
Share in SeverEnergia (Yamalo-Nenets)	0.95	0.3%	0.27	0.1%	251.9%
Total share in production of Equity Accounted Investments	**47.40**	**17.1%**	**49.39**	**17.7%**	**(4.0%)**
Total crude oil production	**276.89**	**100%**	**279.32**	**100%**	**(0.9%)**

The table below shows gas production (natural gas production and volume of profitably used associated gas) by the Group in the nine months ended 30 September 2013 and 2012:

	Nine months ended 30 September	
	2013	2012
Gas	(Bcf)	
Group	305.21	235.22
Share in Slavneft	10.83	11.04
Share in Tomskneft	21.75	20.96
Share in SeverEnergia	31.45	9.38
Share in SPD	3.66	3.50
Total Gas Production	**372.90**	**280.10**

Downstream Business

The table below sets forth, for each listed destination of the Group's crude oil sales and petroleum products, the netbacks generated in the nine months ended 30 September 2013 and 2012:

	Nine months ended 30 September	
	2013	2012
	(RUB/tonne excluding VAT)	
CIS crude oil exports[1]	10,954	11,041
Non-CIS crude oil exports	10,371	10,378
Domestic crude oil sales	12,116	10,925
Group Refineries	13,087	12,872
Omsk Refinery	14,291	13,539
YANOS Refinery	12,194	12,260
Moscow Refinery	11,430	12,027

(1) CIS crude oil exports netback does not reflect additional profit of the Group from selling petroleum products from refineries in Belarus.

Refining

Omsk Refinery

The table below summarises key operating data for the Omsk Refinery for the nine months ended 30 September 2013 and 2012:

	Nine months ended 30 September	
	2013	2012
	(mmtonnes, except where indicated)	
Refining throughput	15.27	15.78
Petroleum products		
Gasoline	3.42	3.48
Naphtha	0.43	0.55
Jet fuel	1.18	1.26
Diesel	4.81	4.24
Other light products	0.23	0.88
Aromatic hydrocarbons	0.25	0.25
Fuel oil	1.11	1.47
Bitumen	0.36	0.38
Lubricants	0.20	0.20
Other products, including:	2.44	2.17
Bunkering fuels	1.70	1.47
Coke	0.12	0.13
Heavy gas oil	0.13	0.11
Liquefied hydrocarbon gases	0.38	0.36
Sulphur	0.02	0.02
Other	0.09	0.08
Total Petroleum Product Production	**14.43**	**14.88**
Conversion rate	**90.96%**	**88.92%**
Light products output	**67.63%**	**67.58%**

Moscow Refinery

The table below summarises key operating data for the Moscow Refinery for the nine months ended 30 September 2013 and 2012:

	Nine months ended 30 September	
	2013	2012
	(mmtonnes, except where indicated)	
Refining throughput	8.44	8.37
Petroleum products		
Gasoline	1.85	1.79
Other petrol	0.21	0.26
Jet fuel	0.53	0.52
Diesel	1.60	2.01
Other light products	0.55	0.14
Fuel oil	2.12	2.53
Bitumen	0.85	0.54
Other products, including:	0.29	0.27
Liquefied hydrocarbon gases	0.13	0.13
Sulphur	0.04	0.04
Other	0.12	0.10
Total Petroleum Product Production	**8.00**	**8.06**
Conversion rate	**73.33%**	**68.19%**
Light products output	**56.13%**	**56.35%**

NIS Refineries

The table below summarises key operating data for the NIS Refineries for the nine months ended 30 September 2013 and 2012:

	Nine months ended 30 September	
	2013	2012
	(mmtonnes, except where indicated)	
Refining throughput	1.99	1.46
Petroleum products		
Gasoline	0.29	0.29
Naphtha	0.31	0.07
Jet fuel	0.05	0.06
Diesel	0.78	0.41
Other light products	0.02	0.07
Fuel oil	0.28	0.25
Bitumen	0.16	0.11
Other	0.13	0.12
Total Petroleum Products Production	**2.02**	**1.38**
Conversion ratio	**83.32%**	**74.78%**
Light products output	**75.12%**	**66.81%**

YANOS Refinery

The table below summarises the Group's share of the key operating data for the YANOS Refinery for the nine months ended 30 September 2013 and 2012:

	Nine months ended 30 September	
	2013	2012
	(mmtonnes, except where indicated)	
Refining throughput	5.53	5.64
Petroleum products		
Gasoline	0.89	0.88
Naphtha	0.19	0.16
Jet fuel	0.35	0.36
Diesel	1.58	1.47
Other light products	0.04	0.25

	Nine months ended 30 September	
	2013	**2012**
Aromatic hydrocarbons	0.04	0.04
Fuel oil	1.73	1.79
Bitumen	0.17	0.19
Lubricants	0.09	0.08
Other	0.12	0.11
Total Petroleum Product Production	**5.20**	**5.33**
Conversion ratio	**66.25%**	**65.76%**
Light products output	**55.79%**	**55.86%**

Production and Sales of Petroleum Products

The following table shows the Group's production of petroleum products for the nine months ended 30 September 2013 and 2012:

	Nine months ended 30 September	
	2013	**2012**
	(mmtonnes)	
Refining throughput	32.09	32.67
Petroleum products		
Gasoline	**6.65**	**6.74**
Below Class 2	0.05	0.29
Class 2	0.00	0.59
Class 3	0.33	2.15
Class 4	1.63	2.67
Class 5	4.64	1.04
Naphtha	1.14	1.02
Jet fuel	2.11	2.20
Diesel	**9.07**	**8.60**
Below Class 2	0.21	0.63
Class 2	0.00	3.34
Class 3	2.00	1.22
Class 4	1.08	1.61
Class 5	5.78	1.80
Other light products	0.84	1.33
Aromatic hydrocarbons	0.33	0.29
Fuel oil	5.54	6.56
Bitumen	1.55	1.22
Lubricants	0.29	0.28
Other products	**2.95**	**2.67**
Total Petroleum Product Production	**30.48**	**30.96**

(1) Includes production from the Mozyr Refinery.

Filling Station Network

The table below sets out a breakdown of filling stations by region, including the average daily sales per filling station in Russia, for the nine months ended 30 September 2013 and 2012:

	As of and for the nine months ended 30 September		
	2013	**2012**	**Change, %**
	(units, except where indicated)		
Russia	1,042	979	6.4%
CIS	215	201	7.0%
Eastern Europe	402	339	18.6%
Total retail stations	1,659	1,519	9.2%
Average daily sales per retail site in Russia (tonnes per day)	18.6	17.2	8.1%

The number of participants in the Group's "Going One Way" loyalty card programme was approximately 4.1 million as of 30 September 2013, compared to 3.6 million as of 30 June 2013 and 3.3 million as of 31 December 2012.

Non-fuel sales of associated goods and services at the Group's filling stations increased to RUB 16.29 thousand per square metre of each retail store, compared to RUB 14.64 thousand per square metre in the nine months ended 30 September 2012.

The Group is continuing its filling station rebranding programme. As of 31 December 2012, 912 filling stations operated under a permanent Group brand, compared to 727 as of 31 December 2011 and 564 as of 31 December 2010; 367 filling stations operated under a temporary Group brand, i.e., filling stations that may be converted to a permanent brand in the future, compared to 345 as of 31 December 2011 and 363 as of 31 December 2010; and 25 filling stations operated under other brands, compared to 178 as of 31 December 2011 and 97 as of 31 December 2010.

Lubricants/Jet Fuel/Bunkering/Bitumen

For the nine months ended 30 September 2013 and 2012, the Group's premium sales of lubricants were 0.11 mmtonnes. According to the Group's data, the Group's market share in Russia of packaged oil sales was 12.3% for the nine months ended 30 September 2013, compared to 12.1% for the nine months ended 30 September 2012. Currently, the Group's motor oils are sold in 43 countries, with the launch of sales in Libya, Nigeria, Turkmenistan, Dominican Republic and Afghanistan in the third quarter of 2013. The sale of G-family products increased 32.0% for the nine months ended 30 September 2013, compared to the nine months ended 30 September 2012.

For the nine months ended 30 September 2013, the Group's premium sales of jet fuel were 1.78 mmtonnes, compared to 1.53 mmtonnes for the nine months ended 30 September 2012. According to the Group's data, the Group's market share in Russia of jet fuel was 22.9% for the nine months ended 30 September 2013. The Group expanded its global presence to 117 airports as of 30 September 2013 (compared to 88 airports as of 31 December 2012) in 44 countries and increased the number of international fuel suppliers and operators with which it operates fuel-resale or storage agreements to 66.

For the nine months ended 30 September 2013, the Group's premium sales of marine fuel were 2.4 mmtonnes, compared to 2.1 mmtonnes for the nine months ended 30 September 2012. According to the Group's data, the Group's market share in bunkering in Russia was approximately 17.9% for the nine months ended 30 September 2013. In the nine months ended 30 September 2013, the Group commenced bunkering operations in the port of Sochi and commissioned two new tankers in the Black Sea and Sea of Japan.

For the nine months ended 30 September 2013, the Group's sales of bitumen were 0.24 mmtonnes, compared to 0.15 mmtonnes for the nine months ended 30 September 2012. The Group commenced production at its bitumen plant in Kazakhstan in the first quarter of 2013.

Other Information

The Group has postponed initial production at the Badra oil field in Iraq from December 2013 to 2014 due to delays on the part of the Iraqi authorities with respect to the tender approval process, certain logistical delays related to customs clearance for import cargo, a limited market for relevant contractors, the failure on the part of certain contractors to fulfill their contractual obligations and certain issues related to the safety and security of employees and property.

In October 2013, the Group, Petronas and CUPET signed an agreement terminating their production sharing agreement in respect of the development of four deep-water blocks on the shelf of Cuba. The Group's 30% participation interest in the project has been returned to CUPET; all obligations of the Group under the production sharing agreement have been satisfied. The termination agreement was ratified by the Cuban government.

The seventh full paragraph on page 98 of the Base Prospectus shall be replaced in its entirety by the following:

The Group plans to expand its presence in the Orenburg region and develop it into a new production centre. The Group's strategy includes the acquisition and exploration of nearby licences, with the Group's peak annual production in the region planned to reach more than 40.78 mmbbl of crude oil and 136.87 bcf of associated and natural gas by 2018.

The second sentence of the fifth full paragraph on page 103 of the Base Prospectus shall be replaced in its entirety by the following:

As of 31 December 2012, the fields' probable and possible recoverable oil and condensate reserves under PRMS standards were estimated at 355 mmbbl and 489 mmbbl, respectively, while C1 + C2 gas reserves under Russian standards were estimated at 3,147 bcf, representing the Group's 50% share in Messoyakha.

The penultimate sentence of the sixth full paragraph on page 103 of the Base Prospectus shall be replaced in its entirety by the following:

Trial industrial production work at Messoyakha began in 2013, and commercial production is expected to begin after construction of a pipeline to the field is completed, which is expected to occur in 2016.

Interim Dividend Payment

The Company's EGM held on 30 September 2013 approved an interim dividend payment of RUB 4.09 per share for the six months ended 30 June 2013. The total amount of the interim dividend is RUB 19.4 billion, equivalent to 25% of the Company's consolidated profit for the six months ended 30 June 2013 as calculated under IFRS. The dividends are expected to be paid by 29 November 2013.

SeverEnergia

According to press reports, in November 2013, Enel S.p.A. completed the sale of its effective 19.6% stake in SeverEnergia (held through a joint venture with Eni S.p.A.) to Rosneft. The Group, together with Novatek, is considering a possible increase of its stake in SeverEnergia through the purchase of an interest in SeverEnergia held directly or indirectly by third parties.

Framework Agreement with PetroVietnam

As part of its long-term strategy to develop its refining capacity outside Russia, in November 2013, the Group entered into a non-binding framework agreement with Vietnam Oil and Gas Group ("PetroVietnam") regarding the Group's potential acquisition of an effective 49% stake in the Dung Quat refinery, Vietnam's sole operating oil refinery. Negotiations on the Group's acquisition of a stake in the refinery are currently underway.

According to the framework agreement, and subject to the Group's acquisition of a stake in the refinery, PetroVietnam and the Group intend to co-finance (in proportion to their respective stakes in the refinery and potentially through the issuance of debt) a large-scale modernisation of the refinery. The modernisation project, as currently envisaged, is designed to potentially double the refinery's installed capacity and to enable the refinery to process a wider range of crude oil grades.

Club Term and Revolving Facilities Agreement

On 1 October 2013, the Group fully drew down the term loan facility under the club term and revolving facilities agreement signed in April 2013 in the principal amount of USD 700 million. The maturity date of the facility is 1 October 2018. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness—Long-Term Debt—Club Term and Facilities Agreement*".

For a discussion of certain other operational and financial developments, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" included herein.

Litigation

In September 2013, the FAS issued a caution to the Company demanding it remedy alleged violations of abusive dominance in respect of the sale of gasoline, including over the commodities exchange, by the end of October 2013. A caution is not in itself an accusation of an offence, and constitutes an allegation that certain constituent elements of a violation are present. The Group is complying with the requirements contained in the caution and has provided evidence of its compliance to the FAS. If the FAS is satisfied with the Group's response, it is expected not to initiate administrative proceedings with respect to this matter.

In September 2013, Rosprirodnadzor filed a claim against the Moscow Refinery in the Moscow Arbitrazh Court in connection with the disposal of oil-contaminated waste. The amount of the claim is RUB 1.39 billion. In October 2013, Rosprirodnadzor filed a claim against Gazprom neft-Khantos in the Khanty-Mansiysk Autonomous District Arbitrazh Court in connection with the recovery of payment for air pollution emissions. The amount of the claim is RUB 1.71 billion.

The last sentence under the subheading "Tax refund claim by Noyabrskneftegaz" on page 119 of the Base Prospectus shall be replaced in its entirety by the following:

The court's decision was upheld by an appeal court and came into force on 5 July 2013. The Russian authorities have appealed this decision, and the cassation court is expected to hear the case on 20 November 2013.

November EGM

At the Company's EGM held on 12 November 2013, the Company elected to increase the size of the Board of Directors to 13 members from its current size of 12. The election of a new 13-member Board of Directors is scheduled to take place at the Company's EGM on 24 December 2013.

RISK FACTORS

The following section supplements the discussion beginning on page 5 of the Base Prospectus, entitled "Risk Factors".

Risks Relating to the Group and the Oil and Gas Industry

The risk factor entitled "Recent amendments to Russian customs law have shifted the tax dynamics and affected the profitability of the Group's upstream and downstream operations and further Russian tax amendments may negatively affect the Group's profitability" on page 6 of the Base Prospectus shall be replaced in its entirety by the following:

Recent amendments to Russian customs law have shifted the tax dynamics and affected the profitability of the Group's upstream and downstream operations and further Russian tax amendments may negatively affect the Group's profitability.

On 1 October 2011, the first stage of a new tax regime for the Russian oil industry took effect (the "60-66 Amendments"). The 60-66 Amendments reduced the marginal export duty rate on crude oil from 65% to 60% and unified export duties for light and dark petroleum products at 66% of the export duty on crude oil. More specifically, the 60-66 Amendments increased the export duty on fuel oil from 46.7% to 66% while decreasing the export duty on diesel and jet oil from 67% to 66%. For the year ended 31 December 2012 and the nine months ended 30 September 2013, the Group estimates that the 60-66 Amendments had a net neutral impact on its financial results.

On 30 September 2013, certain amendments to Russia's customs regime were introduced. According to Russian Federal Law No. 263-FZ of 30 September 2013 (the "2013 Tax Amendments"), the marginal export duty rate on crude oil will be lowered from the current rate of 60% to 59% in 2014, 57% in 2015 and 55% from 2016. According to press reports and the explanatory note to the draft Federal Law "On the Federal Budget for 2014 and Planning periods 2015 and 2016" (the "2014 Draft Budget Law"), export duties on light petroleum products (excluding gasoline and naphtha) may also be reduced from the current rate of 66% of the export duty on crude oil to 65% in 2014, 63% in 2015 and 61% from 2016. The reduction in the marginal export duty rate on crude oil and the possible reduction in the marginal export duty rate on light petroleum products (excluding gasoline and naphtha) are expected to have a positive impact on the Group's financial results. The reduction of export duties on light petroleum products (excluding gasoline and naphtha) is subject to the passage of implementing legislation, which as of the date of this Base Prospectus Supplement has not been passed, and there can be no assurance that such legislation will be passed.

The Russian Government receives substantial revenues from export duties on crude oil and refined products, and the Group has no control over changes to Russian customs law. The Russian Government may institute changes in export duties or other taxes in an attempt to promote fiscal goals, while at the same time altering profitability dynamics of the Group's operations negatively, including in ways that could have a material adverse effect on the Group's business, financial condition or prospects and results of operations, as well as the value of the Notes. For example, according to the 2013 Tax Amendments, the fixed base MET rate for crude oil will increase to RUB 493 per tonne for 2014, RUB 530 per tonne for 2015 and RUB 559 per tonne starting from 1 January 2016. The Group expects that, in light of the planned increase in MET on crude oil extraction, the 2013 Tax Amendments may have an overall adverse effect on the Group's financial results. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Operating Results—Taxation*".

Risks Relating to the Russian Legal System and Russian Legislation

The risk factor entitled "The Russian taxation system is not well-developed and is subject to frequent changes, which could have an adverse effect on the Group" beginning on page 22 of the Base Prospectus shall be replaced in its entirety by the following:

The Russian taxation system is not well-developed and is subject to frequent changes, which could have an adverse effect on the Group.

The Government is continually reforming the tax system by redrafting parts of the Tax Code of the Russian Federation (the "Russian Tax Code"). These changes have resulted in some improvement in the tax climate. As of 1 January 2009, the corporate profits tax rate was reduced to 20%. For individuals who are tax residents in Russia the current personal income tax rate is 13%. The general rate of VAT is 18%. Since 1 January 2010, the Unified Social Tax was replaced by social security charges of the Russian pension, social security and medical insurance funds. The total rate of the respective social security charges equals 30% on the taxable base on up to RUB 568,000 of an employees' annual remuneration and 10% on the amount exceeding RUB 568,000 for 2013. In addition, new Russian transfer pricing legislation has been in force since 1 January 2012.

Russian tax laws, regulations and court practice are subject to frequent change (as evidenced, for example, by the decision to change the methodology for calculating MET for natural gas as contemplated by the 2013 Tax Amendments, discussed below), as well as to varying interpretations and inconsistent and selective enforcement. In accordance with the Constitution of the Russian Federation, laws that introduce new taxes or worsen a taxpayer's position cannot be applied retroactively. Nonetheless, there have been several instances when such laws have been introduced and applied retroactively.

The 2013 Tax Amendments introduce changes to Chapter 26 of Part II of the Russian Tax Code, raising the fixed base rates for the calculation of MET on the extraction of crude oil and changing the method for calculating MET on natural gas and gas condensate.

Under the 2013 Tax Amendments, the fixed base rate for calculating MET on crude oil extraction will be increased from the current rate of RUB 470 per tonne to RUB 493 per tonne for 2014, RUB 530 per tonne for 2015 and RUB 559 per tonne starting from 1 January 2016.

With respect to the calculation of MET on the extraction of natural gas and gas condensate, the 2013 Tax Amendments provide for MET rates (beginning 1 July 2014) to be based not just on a fixed base rate but on several factors: a fixed base rate of RUB 42 per tonne for gas condensate, a fixed base rate of RUB 35 per 1,000 cubic metres for natural gas, a base fuel value ratio, a complexity ratio and a transportation rate (this transportation rate is not to be applied until 2015). The 2013 Tax Amendments also introduce a new Article 342.4 into the Tax Code which specifies the method of calculation of the base fuel value ratio, the complexity ratio and the transportation rate. In particular, the calculation of the base fuel value will depend on the pricing environment and the amount of extracted natural gas or gas condensate while the complexity ratio is to be calculated depending on the depletion of reserves, geographical location of the developed fields and depth of location of the crude hydrocarbons.

Despite the Government's taking steps to reduce the overall tax burden in recent years in line with its objectives, there is a possibility that the Russian state authorities could impose additional taxes in the future, which could have a material adverse effect on the Group's business, results of operations, financial condition, and the value of the Notes.

Generally, taxpayers are subject to tax audits for a period of three calendar years immediately preceding the year in which the decision to carry out a tax audit has been taken. In certain circumstances repeat tax audits (i.e., audits with respect to the same taxes and the same periods) are possible. Generally, the statute of limitations for the commission of a tax offence is also limited to three years from the date on which it was committed or from the date following the end of the tax period during which the tax offence was committed (depending on the nature of the tax offense). Nevertheless, according to the Russian Tax Code and based on current judicial interpretation, there may be cases where the statute of limitations for a tax offense may be extended beyond three years.

The Company may incur additional costs following tax audits or inspections, in particular if the relevant tax authorities conclude that it did not satisfy its tax obligations in any given year. Such audits or inspections may also impose additional burdens on the Group by diverting the attention of management resources. The outcome of these audits or inspections could have a material adverse effect on the Group's business, results of operations, financial condition or the value of the Notes.

In October 2006, the Plenum of the Supreme Arbitrazh Court of the Russian Federation issued a ruling concerning judicial practice with respect to unjustified tax benefits. In this context, a tax benefit means a reduction in the amount of a tax liability resulting, in particular, from a reduction of the tax base, the receipt of a tax deduction or tax concession or the application of a lower tax rate, and the receipt of a right to a refund (offset) or reimbursement of tax. The ruling provides that, where the true economic intent of operations is inconsistent with the manner in which they have been taken into account for tax purposes, a tax benefit may be deemed to be unjustified.

The same conclusion may apply when an operation lacks a reasonable economic or business rationale. As a result, a tax benefit cannot be regarded as a business objective in its own right. On the other hand, the fact that the same economic result might have been obtained with a lesser tax benefit accruing to the taxpayer does not constitute grounds for declaring a tax benefit to be unjustified. Moreover, there are no rules and little practice for distinguishing between lawful tax optimization and tax avoidance or evasion. The tax authorities have actively sought to apply this concept when challenging tax positions taken by taxpayers in court and are anticipated to expand this trend in the future. Although the intention of this ruling was to combat tax law abuses, in practice there can be no assurance that the tax authorities will not seek to apply this concept in a broader sense than may have been intended by the Supreme Arbitrazh Court.

The above conditions create tax risks in the Russian Federation that are more significant than the tax risks typically found in countries with more developed taxation, legislative and judicial systems. These tax risks impose additional burdens and costs on the Group's operations, including management resources. Furthermore, these risks and uncertainties complicate its tax planning and related business decisions, potentially exposing the Group to fines, penalties and enforcement measures.

The Group cannot offer prospective investors any assurance that additional tax exposures will not arise. The above-mentioned tax risks and potential additional tax exposures could have an adverse effect on the Group's business, results of operations, financial condition, and the value of the Notes.

PRESENTATION OF CERTAIN INFORMATION

Presentation of Financial Information

The interim financial information of the Group included in this Base Prospectus Supplement has been derived from the Group's unaudited interim condensed consolidated financial statements as of 30 September 2013 and for the nine months ended 30 September 2013, prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (the "September 2013 Interim Condensed Consolidated Financial Statements"), and included elsewhere in this Base Prospectus Supplement.

New IFRS standards and interpretations became effective 1 January 2013 and have been adopted by the Group in the preparation of the September 2013 Interim Condensed Consolidated Financial Statements. These standards include IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure on Interest in Other Entities and IFRS 13 Fair Value Measurement. As a result of the application of these new standards, in particular IFRS 11 Joint Arrangements, the Group changed the accounting method for its interest in Tomskneft and SPD from the equity method to accounting for its share in the assets and liabilities of the Joint Operations. The financial information presented in this Base Prospectus Supplement as of 30 September 2013 and for the nine months ended 30 September 2013 and 2012 and balance sheet data as of 31 December 2012 reflects these changes in IFRS. However, the financial information of the Group as of and for the years ended 31 December 2012 and 2011, included in the Base Prospectus, has been extracted or derived from the Audited IFRS Financial Statements prepared before the adoption of the abovementioned standards, and thus are not fully comparable to the financial information as of and for the nine months ended 30 September 2013 and 2012. The financial information of the Group as of and for the year ended 31 December 2012 will be restated in the Group's 2013 annual IFRS financial statements to show the full-year effect of the new IFRS standards and interpretations effective 1 January 2013. See "*Note 2 to the September 2013 Interim Condensed Consolidated Financial Statements*" for the effect of the change in the Group's accounting policy due to the application of IFRS 11 on the Group's statement of financial position as of 31 December 2012 and statement of profit and loss and other comprehensive income for the nine months ended 30 September 2012. The change in the Group's accounting policy due to the application of IFRS 11 had no significant impact on the Group's cash flows as previously reported.

In this Base Prospectus Supplement, net debt/EBITDA is calculated as short-term debt plus long-term debt less cash and cash equivalents and short-term deposits, divided by annualised EBITDA. Annualised EBITDA for the nine months ended 30 September 2013 is equal to EBITDA for the nine months ended 30 September 2013 plus EBITDA for the three months ended 31 December 2012; annualised EBITDA for the nine months ended 30 September 2012 is equal to EBITDA for the nine months ended 30 September 2012 plus EBITDA for the three months ended 31 December 2011.

Throughout this Base Prospectus Supplement:

"Equity Accounted Investments" refers collectively to Slavneft, SeverEnergia and Messoyakhaneftegas when used in reference to the nine months ended 30 September 2013 and 2012.

"Joint Operations" refers collectively to Tomskneft and SPD when used in reference to the nine months ended 30 September 2013 and 2012.

Currencies

The table below sets forth, for the periods and dates indicated, the high, low, period average and period end exchange rate between the Rouble and the U.S. dollar, based on the official exchange rate quoted by the CBR for the relevant period. Fluctuations in the exchange rate between the Rouble and the U.S. dollar in the past are not necessarily indicative of fluctuations that may occur in the future. These rates may also differ from the actual rates used in the preparation of the September 2013 Interim Condensed Consolidated Financial Statements and other financial information presented in this Base Prospectus Supplement.

	Roubles per U.S. dollar			
Month	**High**	**Low**	**Period average(1)**	**Period End**
September 2013	33.47	31.59	32.63	32.35
October 2013	32.48	31.66	32.06	32.06

Source: CBR

(1) The average rates are calculated as the average of the daily exchange rates on each business day (which rate is announced by the CBR for each such business day) and on each non-business day (which rate is equal to the exchange rate on the previous business day).

No representation is made that the Rouble or U.S. dollar amounts referred to herein could have been or could be converted into Roubles or U.S. dollars, as the case may be, at these rates, at any particular rate or at all. **The exchange rate between the Rouble and the U.S. dollar fluctuated significantly during the periods covered by**

the September 2013 Interim Condensed Consolidated Financial Statements. The CBR rate on 14 November 2013 was RUB 32.82 = USD 1.00.

CAPITALISATION

The following table shows the Group's capitalisation as of 30 September 2013. For further information regarding the Group's financial condition, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" in the Base Prospectus and this Base Prospectus Supplement, as well as the Financial Statements in the Base Prospectus and the September 2013 Interim Condensed Consolidated Financial Statements in this Base Prospectus Supplement.

	As of 30 September 2013 (Unaudited)
	(RUB million)
Short-term debt	
Other borrowings	17,693
Current portion of long-term debt	29,708
Total short-term debt and current portion of long-term debt	**47,401**
Long-term debt	
Bank loans	79,903
Bonds	61,131
Loan Participation Notes	81,185
Other borrowings	3,322
Less current portion of debt	(29,708)
Total long-term debt	**195,833**
Equity attributable to the Company's owners	
Share capital	98
Treasury shares	(1,170)
Additional paid-in capital	19,233
Retained earnings	887,541
Other reserves	1,805
Equity attributable to the Company's owners	**907,507**
Total capitalisation	**1,150,741**

Other than as disclosed below, there have been no material changes in the capitalisation of the Group from 30 September 2013 to the date of this Base Prospectus Supplement:

On 1 October 2013, the Group fully drew down the term loan facility under the club term and revolving facilities agreement signed in April 2013 in the principal amount of USD 700 million. The maturity date of the facility is 1 October 2018. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness—Long-Term Debt—Club Term and Facilities Agreement*".

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following tables present selected consolidated financial information of the Group as of and for the nine months ended 30 September 2013 and 2012 and have been extracted without material adjustment from the September 2013 Interim Condensed Consolidated Financial Statements. All information in this Summary Consolidated Financial Information should be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the Financial Statements included in the Base Prospectus, as well as "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the September 2013 Interim Condensed Consolidated Financial Statements included in this Base Prospectus Supplement.

Selected statement of profit and loss and other comprehensive income	**Nine months ended 30 September (Unaudited)**	
	2013	**Restated 2012**
	(RUB million)	
Sales	1,117,346	1,125,533
Less export duties and sales related excise tax	(179,493)	(211,509)
Total revenue from sales	**937,853**	**914,024**
Costs and other deductions		
Purchases of oil, gas and petroleum products	(236,307)	(247,132)
Production and manufacturing expenses	(109,619)	(98,176)
Selling, general and administrative expenses	(50,973)	(48,902)
Transportation expenses	(75,634)	(68,643)
Depreciation, depletion and amortisation	(57,300)	(51,605)
Taxes other than income tax	(234,898)	(227,412)
Exploration expenses	(1,981)	(3,039)
Total operating expenses	**(766,712)**	**(744,909)**
Other loss, net	(2,044)	(692)
Operating profit	**169,097**	**168,423**
Share of profit of equity accounted investments	7,839	9,613
Net foreign exchange loss	(2,274)	(367)
Finance income	4,287	2,186
Finance expense	(8,796)	(7,800)
Total other income	**1,056**	**3,632**
Profit before income tax	**170,153**	**172,055**
Current income tax expense	(25,076)	(26,710)
Deferred income tax expense	(3,938)	(4,573)
Total income tax expense	**(29,014)**	**(31,283)**
Profit for the period	**141,139**	**140,772**
Other comprehensive income/(loss):		
Currency translation differences	9,173	(4,380)
Cash flow hedge	(3,302)	1,215
Other comprehensive income/(loss) for the period	**5,871**	**(3,165)**
Total comprehensive income for the period	**147,010**	**137,607**
Profit attributable to:		
- Gazprom Neft shareholders	135,154	134,677
- Non-controlling interest	5,985	6,095
Profit for the period	**141,139**	**140,772**
Total comprehensive income attributable to:		
- Gazprom Neft shareholders	138,361	131,872
- Non-controlling interest	8,649	5,735
Total comprehensive income for the period	**147,010**	**137,607**

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

Selected cash flow data

	Nine months ended 30 September (Unaudited)	
	2013	**Restated 2012**
	(RUB million)	
Net cash provided by operating activities	219,912	179,432
Net cash used in investing activities	(172,619)	(123,000)
Net cash used in financing activities	(59,889)	(9,404)
(Decrease)/increase in cash and cash equivalents	**(12,596)**	**47,028**
Effect of foreign exchange on cash and cash equivalents	3,473	(1,173)
Cash and cash equivalents at beginning of the period	**79,199**	**29,807**
Cash and cash equivalents at end of the period	**70,076**	**75,662**

Other financial information

	Nine months ended 30 September (Unaudited)	
	2013	**Restated 2012**
	(RUB million)	
EBITDA[1]	236,280	230,333
Adjusted EBITDA[2]	251,919	244,894

(1) EBITDA is defined as profit for the period adjusted for interest, income tax, net foreign exchange gain (loss), other gain (loss), depreciation, depletion and amortisation.

(2) Adjusted EBITDA represents the Group's EBITDA and its share in the Equity Accounted Investments' EBITDA. The table below presents a reconciliation of EBITDA and Adjusted EBITDA to the Group's profit for the period for the nine months ended 30 September 2013 and 2012. See "*Note 21 to the September 2013 Interim Condensed Consolidated Financial Statements*".

	Nine months ended 30 September (Unaudited)	
	2013	**Restated 2012**
	(RUB million)	
Profit for the period	141,139	140,772
Total income tax expense	29,014	31,283
Finance expense	8,796	7,800
Finance income	(4,287)	(2,186)
Depreciation, depletion and amortisation	57,300	51,605
Net foreign exchange gain/(loss)	2,274	367
Other loss, net	2,044	692
EBITDA	**236,280**	**230,333**
Less share of profit of equity accounted investments	(7,839)	(9,613)
Add share of EBITDA of equity accounted investments	23,478	24,174
Adjusted EBITDA	**251,919**	**244,894**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis supplements and should be read in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations beginning on page 50 of the Base Prospectus, the September 2013 Interim Condensed Consolidated Financial Statements included herein, the "Summary Consolidated Financial Information" included herein and in the Base Prospectus and the Financial Statements included in the Base Prospectus. This review includes forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those anticipated in the forward-looking statements as a result of numerous factors, including the risks discussed in "Risk Factors" appearing herein and in the Base Prospectus.

Key Factors Affecting Operating Results

The following are key factors that have significantly affected the Group's results of operations and financial condition during the period under review, and the comparability thereof, or which the Group expects will significantly affect, or continue to affect, its operations in the future.

Price of Crude Oil and Petroleum Products

The following table represents average international and Russian domestic crude oil and petroleum product prices for the nine months ended 30 September 2013 and 2012.

		Nine months ended 30 September		
	Units	**2013**	**2012**	**% Change**
International market				
Brent	USD/bbl	108.46	112.21	(3.3%)
Urals (average Med/NWE)	USD/bbl	107.60	110.98	(3.0%)
Premium gasoline (average NWE)	USD/tonne	1,001.95	1,052.59	(4.8%)
Naphtha (average Med/NWE)	USD/tonne	883.50	925.66	(4.6%)
Diesel (average NWE)	USD/tonne	937.48	978.42	(4.2%)
Gas oil 0.2% (average Med/NWE)	USD/tonne	917.54	956.27	(4.1%)
Fuel oil 3.5% (average NWE)	USD/tonne	588.41	637.51	(7.7%)
Domestic market				
High octane gasoline	RUB/tonne	27,916	25,498	9.5%
Low octane gasoline	RUB/tonne	24,626	22,822	7.9%
Diesel	RUB/tonne	26,459	23,602	12.1%
Fuel oil	RUB/tonne	8,743	9,207	(5.0%)

Sources: Platts (international market), Kortes (domestic market)

According to Platts, in the nine months ended 30 September 2013, the average Brent oil price decreased by 3.3%, to USD 108.46 per barrel, compared to USD 112.21 per barrel in the nine months ended 30 September 2012.

In the nine months ended 30 September 2013, the average price of diesel in the international market was USD 937.48 per tonne, a 4.2% decrease from the average price of USD 978.42 per tonne in the nine months ended 30 September 2012. In the Russian domestic market, average diesel prices in the nine months ended 30 September 2013 were RUB 26,459 per tonne, a 12.1% increase from the average price per tonne in the nine months ended 30 September 2012, of RUB 23,602 per tonne.

In the nine months ended 30 September 2013, the average price of fuel oil in the international market was USD 588.41 per tonne, a decrease of 7.7% from the average price in the nine months ended 30 September 2012, of USD 637.51 per tonne. In the nine months ended 30 September 2013, the average fuel oil price in the Russian domestic market was RUB 8,743 per tonne, representing a 5.0% decrease from the average price of RUB 9,207 per tonne in the nine months ended 30 September 2012.

Taxation

The Group is subject to numerous taxes, which have had and are expected to continue to have a significant impact on the Group's results of operations. Export duties payable on the sale of crude oil and refined petroleum products to markets outside of Russia and MET on crude oil and natural gas represent the most significant direct duties and taxes to which the Group is subject.

The following table sets forth the export customs duty for various products and the MET for crude oil and natural gas payable by the Group for the nine months ended 30 September 2013 and 2012:

		Nine months ended 30 September		
	Units	**2013**	**2012**	**% Change**
Export Customs Duty				
Crude oil	USD/tonne	389.82	403.47	(3.4%)
Light petroleum products[1]	USD/tonne	257.25	266.24	(3.4%)

Gasoline and naphtha	USD/tonne	350.83	363.07	(3.4%)
Heavy petroleum products[2]	USD/tonne	257.25	266.24	(3.4%)
Mineral Extraction Tax				
Crude oil	RUB/tonne	5,282	5,086	3.9%
Natural gas for owners of the gas supply system and its subsidiaries	RUB/mcm	595	509	17.0%
Natural gas for other categories[3]	RUB/mcm	311	251	23.8%

(1) Light petroleum products in this category include diesel and jet fuel.
(2) Heavy (dark) petroleum products in this category include fuel oil.
(3) Beginning 1 January 2012, a lower rate of MET was applied to entities that do not own the central gas transportation system and that are not more than 50% owned directly or indirectly by the owners of the central gas transportation system. As a result, while other gas producers benefit from these lower rates, the Group, as a subsidiary of Gazprom, pays the higher rates. Beginning 1 July 2014, new formulas for the calculation of MET on natural gas and gas condensate are expected to come into effect. See "*—Natural Gas and Gas Condensate MET*".

Export crude oil and petroleum product duties have been modified several times by the Russian Government since 2011, most recently pursuant to the 2013 Tax Amendments, and the Group expects that they may be further amended in the future. The 60-66 Amendments, effective as of October 2011, reduced the marginal export duty rate on crude oil from 65% to 60% of the export price and unified export duties for light and dark petroleum products at 66% of the export duty on crude oil by increasing the export duty on fuel oil from 46.7% of the export duty on crude and decreasing export duty on light distillates such as diesel and jet fuel from 67% of the export duty on crude oil. Gasoline and naphtha export duty remained unchanged at 90% of the export duty of crude oil. In the period under review, the Group estimates that the 60-66 Amendments have had a net neutral impact on its financial results. In September 2013, export duties on crude oil were subject to further amendment. Under the 2013 Tax Amendments, the marginal export duty rate on crude oil will be lowered to 59% in 2014, 57% in 2015 and 55% from 2016. In addition, according to press reports and the explanatory note to the 2014 Draft Budget Law, export duties on light petroleum products (excluding gasoline and naphtha) may also be reduced from the current rate of 66% of the export duty on crude oil to 65% in 2014, 63% in 2015 and 61% from 2016, subject to the passage of implementing legislation, which as of the date of this Base Prospectus Supplement has not been passed. The reduction in the marginal export duty on crude oil and the possible reduction in the marginal export duty rate on light petroleum products (excluding gasoline and naphtha) are expected to have a positive impact on the Group's financial results. However, when taken together with the recent increase in MET on crude oil extraction, the 2013 Tax Amendments may have an overall adverse effect on the Group's financial results. See "*—Export Customs Duty on Crude Oil*", "*—Export Customs Duty on Petroleum Products*", "*Risk Factors—Risks Relating to the Group and the Oil and Gas Industry—Recent amendments to Russian customs law have shifted the tax dynamics and affected the profitability of the Group's upstream and downstream operations and further Russian tax amendments may negatively affect the Group's profitability*" and "*Risk Factors—Risks Relating to the Russian Legal System and Russian Legislation—The Russian taxation system is not well-developed and is subject to frequent changes, which could have an adverse effect on the Group*".

MET is levied on extracted crude oil, gas condensate, natural gas and a number of other mineral resources. Similar to export duties, MET rates have been revised several times by the Russian Government during the period under review.

In addition to export duties and MET, significant excise tax is levied on petroleum products produced by refineries in Russia and also on sales transactions by NIS in Serbia. In Russia, excise taxes on petroleum products are established by the Russian Government and only apply to domestic sales. Upon transferring petroleum products to the Company, the Group's Russian refineries pay excise tax on such petroleum products by the 25th calendar day of the month following the transfer. An increase in excise tax rates generally exerts downward pressure on the domestic demand and upward pressure on the price of petroleum products. Excise tax has increased significantly in recent years; in 2012 and 2013 there was also a mid-year increase in excise tax rates. Excise tax is significantly lower for Class 4 and 5 gasoline and diesel (to encourage production of these fuels and products), and the Group has been producing increasing volumes of those products.

Social taxes, property, income and other taxes also affect the Group's results of operations.

Export Customs Duty on Crude Oil

Export customs duty rates per tonne of crude oil are established on a monthly basis by the government of the Russian Federation. The rate is based on the average Urals crude oil price for the period from the 15th calendar day in the month to the 14th calendar day of the following month referred to as the "monitoring period". The rate is effective from the first calendar day of the month following the monitoring period.

Through October 2011, customs duty rates were set according to the following formula:

Urals price, USD bbl	Urals price[1], USD tonne	Export customs duty rate per tonne - calculation formula
Greater than 25	Greater than 182.50	USD 29.20 + 65.0% x (Urals price – USD 182.50)

(1) "Urals price" means the Urals (Med/NWE) crude oil average price.

The mechanism for setting the export customs duty rates results in a difference between the duty reference price and the actual Urals price for a given period, referred to as the "duty lag effect". In periods when prices are rising, this normally results in a benefit to the Group as export duties are levied on a price per barrel which is lower than the actual market price per barrel as of that time or a positive duty lag effect. Conversely, falling prices normally result in a negative duty lag effect.

Crude oil sold for export to Belarus and Kazakhstan is not subject to export duties.

Effective October 2011, the 60-66 Amendments reduced the then-prevailing 65% marginal export customs duty rate to 60%. See "—*Export Customs Duty on Petroleum Products*". Under the 2013 Tax Amendments, the marginal export customs duty rate on crude oil will equal 59% in 2014, 57% in 2015 and 55% from 2016.

Export Customs Duty on Petroleum Products

The Russian Government determines the export customs duty rate on petroleum products, based on the prices for crude on international markets. Petroleum products exported to Belarus, Kazakhstan and Kyrgyzstan are not subject to export customs duty.

Beginning 1 February 2011, Russian export customs duty rates on petroleum products per tonne were calculated according to the formula: $R=K\times R_{oil}$, where R_{oil} = export customs duty rate per tonne of oil and K = a factor with respect to certain categories of petroleum products defined in the following table:

	2013	2012	2011
Light and medium distillates	0.60	0.64	0.67
Dark petroleum products	0.60	0.529	0.467

In May 2011, a protective duty for gasoline exports amounting to 90% of the crude oil export duty was introduced to stabilise the Russian domestic market. An equivalent 90% duty was introduced for naphtha exports in June 2011.

As of 1 October 2011, as a result of the 60-66 Amendments, the coefficient K was further amended according to the following table:

	From 1 Jan. 2015	1 Oct. 2011 to 31 Dec. 2014
Light and medium distillates	0.66	0.66
Dark petroleum products	1.00	0.66

According to press reports and the explanatory note to the 2014 Draft Budget Law, the coefficient K for light petroleum products (excluding gasoline and naphtha) may be reduced to 0.65 in 2014, 0.63 in 2015 and 0.61 from 2016, subject to the passage of implementing legislation, which as of the date of this Base Prospectus Supplement has not been passed.

MET

MET is levied on extracted crude oil, gas condensate, natural gas and a number of other mineral resources.

From 1 January 2009, MET on crude oil (R) is calculated using the formula: R = base MET rate * Kc * Kv, where Kc = (P-15) * D / 261, where P is average monthly Urals oil price on the Rotterdam and Mediterranean exchanges (USD/bbl) and D is the average RUB/USD exchange rate. Kv is a factor that decreases the tax rate for fields where accumulated production is more than 80% of reserves. Depletion is measured by N/V, where N is the accumulated production volume from the field and V is the total reserves as recorded by Rosnedra as of 1 January 2006 (ABC1 + C2 reserves volume using the Russian classification). For fields with depletion between 0.8 and 1, Kv = 3.8 – 3.5 * N / V. Where depletion is greater than 1, Kv is 0.3. In all other cases Kv = 1. As of 1 January 2012, a formula was introduced for small fields: R = base MET rate * Kc * Kv* Kz. Kz is a factor that decreases the tax rate where a field's initial reserves (designated by Vz, defined as ABC1 + C2 reserves volume according to the state mineral reserves balance approved in the year preceding the tax period) are lower than 5 mmtonnes and depletion (N/Vz) is less than 0.05, Kz = 0.125 * Vz + 0.375.

From 1 September 2013, Russian Federal Law No. 213-FZ of 23 July 2013 introduced new factors amending the MET formula for hard-to-recover reserves: R = base MET rate * Kc * Kv* Kz* Kd* Kdv. Kd is a factor that decreases the tax rate for crude oil deposits containing hard-to-recover reserves and varies depending on the level of complexity of oil production from 0 to 1. Kdv is a factor that decreases the tax rate for deposits containing hard-to-recover reserves where accumulated production is more than 80% of reserves. Depletion is measured by Ndv/Vdv, where Ndv is the accumulated production volume from the field and Vdv is the total reserves as recorded by Rosnedra as of 1 January of the year preceding the year of tax period (ABC1 + C2 reserves volume using the Russian classification). For fields with depletion between 0.8 and 1, Kdv = 3.8 – 3.5 * Ndv / Vdv. Where depletion is greater than 1, Kdv is 0.3. The factor Kv for the deposits containing hard-to-recover reserves is 1.

In November 2010, base MET rates for crude oil were changed in the above formula for the years 2011 to 2013 by Russian Federal Law No. 307-FZ as follows:

	2013	**2012**	**2011**
Crude oil (RUB/tonne)	470	446	419

According to the 2013 Tax Amendments, the fixed base MET rate for crude oil will equal RUB 493 per tonne in 2014, RUB 530 per tonne in 2015 and RUB 559 per tonne starting from 1 January 2016. The Group expects the planned increase in MET on crude oil extraction (as stipulated in the 2013 Tax Amendments) to have an adverse effect on the Group's financial results.

Natural Gas and Gas Condensate MET

The base MET rates for natural gas in effect during the indicated periods are as follows:

	2014 (Jan.-June)	**2013 (July-Dec.)**	**2013 (Jan.-June)**	**2012**
Natural gas (RUB/mcm)	471[1]/700	402[1]/622	265[1]/582	251[1]/509

(1) The lower rate of MET applies to tax payers that do not own the central gas transportation system and that are not more than 50% owned directly or indirectly by the owners of the central gas transportation system. Thus, while other gas producers benefit from these lower rates, the Group, as a subsidiary of Gazprom, pays the higher rates.

The 2013 Tax Amendments change the way in which MET is to be calculated on natural gas and gas condensate. Beginning 1 July 2014, MET rates will be calculated based not just on a fixed base rate, but on several factors: a fixed base rate of RUB 42 per tonne for gas condensate, a fixed base rate of RUB 35 per 1,000 cubic metres for natural gas, a base fuel value ratio, a complexity ratio and a transportation rate (this transportation rate is not to be applied until 2015). The 2013 Tax Amendments also specify the method of calculation of the base fuel value ratio, the complexity ratio and the transportation rate. In particular, the calculation of the base fuel value will depend on the pricing environment and the amount of extracted natural gas or gas condensate while the complexity ratio is to be calculated depending on the depletion of reserves, geographical location of the developed fields and depth of location of the crude hydrocarbons. According to the 2013 Tax Amendments, the Group will benefit with effect from 1 July 2014 from a lower MET rate on natural gas and gas condensate than is applicable to Gazprom (as the owner of the central gas transportation system) and other subsidiaries of Gazprom because the natural gas production of each of the Group's subsidiaries is less than 35% of its total oil, gas condensate and natural gas production. See "*Risk Factors—Risks Relating to the Russian Legal System and Russian Legislation—The Russian taxation system is not well-developed and is subject to frequent changes, which could have an adverse effect on the Group*".

Rouble/U.S. Dollar Exchange Rate and Inflation

The following table sets out rates of inflation and foreign exchange movements for the periods indicated:

	Nine months ended 30 September	
Inflation and RUB/USD exchange rate	**2013**	**2012**
Russian inflation rate	4.7%	5.1%
Producer price index ("PPI")	5.4%	9.3%
RUB/USD exchange rate at period beginning	30.37	32.20
RUB/USD exchange rate at period end.	32.35	30.92
Nominal appreciation/(depreciation) of Rouble[(1)]	(1.7%)	(7.4%)
Real Rouble appreciation/(depreciation)[(2)]	(3.8%)[(2)]	(5.2%)

Sources: CBR and Rosstat (Russian inflation rate and PPI)

(1) Percent change over corresponding period of previous year.

(2) CBR estimate.

Transportation Costs of Crude Oil and Petroleum Products

The following table shows average transport costs per tonne (including all modes of transportation used) of the Group's crude oil for export and use at its refineries, as well as costs per tonne for the transportation of its petroleum products from the Omsk, Moscow and YANOS Refineries for export:

	Nine months ended 30 September		
	2013	**2012**	**% Change**
	(RUB/tonne)		
Oil			
Export			
Pipeline	1,629.29	1,514.53	7.6%
CIS			
Pipeline	1,095.89	1,197.39	(8.5%)
Transportation to refineries			
Omsk Refinery	504.39	454.42	11.0%
Moscow Refinery	988.93	851.63	16.1%
YANOS Refinery	981.84	804.31	22.1%
Petroleum products			
Export from Omsk Refinery			
Gasoline	3,285.38	2,434.26	35.0%
Fuel oil	3,870.32	3,503.44	10.5%
Diesel	3,324.62	3,276.70	1.5%
Export from Moscow Refinery			
Gasoline	1,668.00	1,660.12	0.5%
Fuel oil	1,447.69	1,407.69	2.8%
Diesel	1,778.53	1,638.61	8.5%
Export from YANOS Refinery			
Gasoline	1,120.87	1,321.19	(15.2%)
Fuel oil	1,375.58	1,415.63	(2.8%)
Diesel	1,470.08	1,296.90	13.4%

The Group exported 15.8% and 14.0% of its crude oil production in the nine months ended 30 September 2013 and 2012, respectively.

The following table shows the percentage of export crude oil volumes transported through various export hubs to non-CIS countries for the nine months ended 30 September 2013 and 2012:

	Nine months ended 30 September	
	2013	**2012**
Druzhba pipeline	23.5%	24.0%
Eastern Siberia-Pacific Ocean oil pipeline	21.1%	-
Primorsk port (Baltic Sea)	31.4%	53.2%
Novorossiysk port (Black Sea)	15.9%	9.0%
Tuapse port (Black Sea)	-	3.6%
BTS-2 pipeline (to Ust-Luga) (Baltic Sea)	8.2%	10.2%
Total	**100%**	**100%**

In the nine months ended 30 September 2013, the Group exported 31.4% of its total volume of crude oil through the Baltic Sea port of Primorsk (53.2% in the nine months ended 30 September 2012); 23.5% was exported through the Druzhba pipeline (24.0% in the nine months ended 30 September 2012), principally to Germany and the Czech Republic; 15.9% was exported through the Black Sea port of Novorossiysk (9.0% in the nine months ended 30 September 2012); 8.2% was exported through the Baltic Sea port of Ust Luga (10.2% in the nine months ended 30 September 2012); and 21.1% was exported through the ESPO pipeline through the far-eastern port of Kozmino, made possible by the opening of a second line of the ESPO pipeline in late December 2012 (no such shipments were made in the nine months ended 30 September 2012). No shipments were made through the Black Sea port of Tuapse in the nine months ended 30 September 2013 (3.6% in the nine months ended 30 September 2012). Of exports of crude oil to CIS countries in the first three quarters of 2013, 44.9% were to Belarus (77.4% in the nine months ended 30 September 2012) and 55.1% were to Kazakhstan (22.6% in the nine months ended 30 September 2012).

Production Volumes

The Group's revenues and costs are directly affected by the volume of crude oil, petroleum products and gas produced and ultimately sold by the Group. The following table sets out certain key operational information for the Group for the nine months ended 30 September 2013 and 2012:

	Nine months ended 30 September		
	2013	**2012**	**% Change**
Operational information			
Hydrocarbon production (mmboe)	339.04	326.00	4.0%
Crude oil production (mmbbl)	276.89	279.32	(0.9%)
Gas production (bcf)	372.90	280.10	33.1%
Refining throughput (mmtonnes)	32.09	32.67	(1.8%)

Crude oil

Total crude oil production for the Group decreased 0.9% to 276.89 mmbbl in the nine months ended 30 September 2013, compared to 279.32 mmbbl in the nine months ended 30 September 2012. This decrease was mainly due to higher watercut levels and slightly lower production rates at certain Group fields, partially offset by growth in production at the Priobskoye field and the Group's Orenburg assets, where the number of producing wells was increased.

Gas

Gas production increased 33.1% in the nine months ended 30 September 2013 to 372.90 bcf, compared to 280.10 bcf in the nine months ended 30 September 2012. The increase was primarily attributable to new gas production sources (mainly the Group's Orenburg assets and the Samburgskoye oil field of SeverEnergia), the Group's gas utilisation programme and the expansion of operations at the Muravlenkovskoye field.

Refining throughput

Refining throughput decreased 1.8% in the nine months ended 30 September 2013, to 32.09 mmtonnes, compared to 32.67 mmtonnes in the nine months ended 30 September 2012. The decrease was primarily the result of scheduled maintenance of the primary refining unit at the Omsk Refinery in September 2013 and of lower throughput at the Mozyr Refinery.

Results of Operations for the Nine Months Ended 30 September 2013 and 2012

Financial Overview

The following table sets out certain key financial information for the Group for the nine months ended 30 September 2013 and 2012:

	Nine months ended 30 September (Unaudited)		
	2013	**Restated 2012**	**% Change**
Financial information			
Sales (RUB million)	1,117,346	1,125,533	(0.7%)
Adjusted EBITDA[1] (RUB million)	251,919	244,894	2.9%
RUB per boe of production	743.04	751.21	(1.1%)
Profit attributable to the Company's shareholders (RUB million)	135,154	134,677	0.4%

(1) Adjusted EBITDA is the EBITDA of the Group plus its share in the EBITDA of the Equity Accounted Investments. For a reconciliation of EBITDA and Adjusted EBITDA to the Group's profit for the nine months ended 30 September 2013 and 2012, see "*Summary Consolidated Financial Information*".

The following table sets forth the components of the Group's profit for the nine months ended 30 September 2013 and 2012:

	Nine months ended 30 September (Unaudited)	
	2013	**Restated 2012**
	(RUB million)	
Sales	1,117,346	1,125,533
Less export duties and sales related excise tax	(179,493)	(211,509)
Total revenue from sales	**937,853**	**914,024**

Costs and other deductions		
Purchases of oil, gas and petroleum products	(236,307)	(247,132)
Production and manufacturing expenses	(109,619)	(98,176)
Selling, general and administrative expenses	(50,973)	(48,902)
Transportation expenses	(75,634)	(68,643)
Depreciation, depletion and amortisation	(57,300)	(51,605)
Taxes other than income tax	(234,898)	(227,412)
Exploration expenses	(1,981)	(3,039)
Total operating expenses	**(766,712)**	**(744,909)**
Other loss, net	(2,044)	(692)
Operating profit	**169,097**	**168,423**
Share of profit of equity accounted investments	7,839	9,613
Net foreign exchange loss	(2,274)	(367)
Finance income	4,287	2,186
Finance expense	(8,796)	(7,800)
Total other income	**1,056**	**3,632**
Profit before income tax	**170,153**	**172,055**
Current income tax expense	(25,076)	(26,710)
Deferred income tax expense	(3,938)	(4,573)
Total income tax expense	**(29,014)**	**(31,283)**
Profit for the period	**141,139**	**140,772**

Revenue

The following table shows the Group's total revenues from crude oil, gas and petroleum product sales for the nine months ended 30 September 2013 and 2012. Revenues from international markets refer to crude oil, petroleum products and gas produced and sold outside of Russia, which, in the periods under review, reflected sales of NIS. Export revenues refer to crude oil and petroleum products produced in Russia and exported outside of Russia and the CIS. The Group's revenues from sales include its share of revenue of the Joint Operations, but do not include revenues from the Equity Accounted Investments, which are accounted for in "Share of profit of equity accounted investments".

	Nine months ended 30 September (Unaudited)				
	2013		**Restated 2012**		**% Change**
	RUB million	*% of revenue*	*RUB million*	*% of revenue*	
Crude oil					
Export	78,440	8.4%	138,318	15.1%	(43.3%)
Export sales	154,342	16.5%	248,864	27.2%	(38.0%)
Less related export duties	(75,902)	(8.1%)	(110,546)	(12.1%)	(31.3%)
International markets	1,323	0.1%	1,023	0.1%	29.3%
Export to CIS	34,861	3.7%	22,683	2.5%	53.7%
Domestic	11,103	1.2%	9,734	1.1%	14.1%
Total crude oil revenue	**125,727**	**13.4%**	**171,758**	**18.8%**	**(26.8%)**
Gas					
International markets	992	0.1%	4,651	0.5%	(78.7%)
Domestic	15,974	1.7%	12,438	1.4%	28.4%
Total gas revenue	**16,966**	**1.8%**	**17,089**	**1.9%**	**(0.7%)**
Petroleum products					
Export	202,103	21.5%	179,983	19.7%	12.3%
Export sales	280,714	29.9%	261,601	28.6%	7.3%
Less related export duties	(78,611)	(8.4%)	(81,618)	(8.9)%	(3.7)%
International markets	64,543	6.9%	49,844	5.5%	29.5%
Sales on international markets	87,363	9.3%	65,584	7.2%	33.2%
Excise[1]	(22,820)	(2.4)%	(15,740)	(1.7%)	45.0%
CIS	39,705	4.2%	42,056	4.6%	(5.6%)
Export sales and sales in CIS	41,865	4.5%	45,661	5.0%	(8.3%)
Less related export duties	(2,160)	(0.2%)	(3,605)	(0.4)%	(40.1%)
Domestic	462,729	49.3%	431,914	47.3%	7.1%
Total petroleum products revenue	**769,080**	**82.0%**	**703,797**	**77.0%**	**9.3%**
Other revenue	**26,080**	**2.8%**	**21,380**	**2.3%**	**22.0%**

	Nine months ended 30 September (Unaudited)				
	2013		Restated 2012		% Change
	RUB million	*% of revenue*	*RUB million*	*% of revenue*	
Total revenue	**937,853**	**100%**	**914,024**	**100%**	**2.6%**

(1) Excise tax payable by NIS (calculated on revenues based on the volume of products sold).

The following table shows sales volumes of the Group's (excluding those of the Equity Accounted Investments) crude oil, gas and petroleum product sales for the nine months ended 30 September 2013 and 2012:

	Nine months ended 30 September				
	2013		2012		% Change
		% of total		*% of total*	
Crude oil (mmbbl)					
Export	45.59	60.6%	74.26	78.1%	(38.6%)
Sales on international markets	0.37	0.5%	0.29	0.3%	25.0%
Export to CIS	21.26	28.2%	13.78	14.5%	4.3%
Domestic sales	8.06	10.7%	6.74	7.1%	19.6%
Total crude oil sales	**75.28**	**100%**	**95.07**	**100%**	**(20.8%)**
Gas (bcf)					
Sales on international markets	3.53	1.1%	12.00	4.2%	(70.6%)
Domestic sales	310.73	98.9%	272.95	95.8%	13.8%
Total gas sales	**314.26**	**100%**	**284.95**	**100%**	**10.3%**
Petroleum products (mmtonnes)					
Export	11.63	33.5%	10.59	31.6%	9.8%
Sales on international markets	2.18	6.3%	1.71	5.1%	27.5%
Export and sales in CIS	1.65	4.8%	1.86	5.6%	(11.3%)
Domestic sales	19.24	55.4%	19.32	57.7%	(0.4%)
Total petroleum products sales	**34.70**	**100%**	**33.48**	**100%**	**3.6%**

The following table shows average realised sales prices for the Group's (excluding those of the Equity Accounted Investments) crude oil and petroleum products for the nine months ended 30 September 2013 and 2012:

	Nine months ended 30 September		
	2013	2012	% Change
Crude oil (RUB/bbl)			
Export	3,385	3,352	1.0%
Export to CIS	1,640	1,646	(0.4%)
Domestic sales	1,377	1,443	(4.6%)
Petroleum products (RUB/tonne)			
Export	24,137	24,703	(2.3%)
Sales on international markets	40,075	38,353	4.5%
Export and sales in CIS	25,373	24,549	3.4%
Domestic sales	24,050	22,356	7.6%

The following table shows sales for the Group's (excluding those of the Equity Accounted Investments) petroleum products exports for the nine months ended 30 September 2013 and 2012:

	Nine months ended 30 September (Unaudited)		
	2013	Restated 2012	% Change
	(RUB million)		
High octane gasoline	6,456	7,326	(11.9%)
Low octane gasoline	4,389	3,255	34.8%
Naphtha	28,090	26,130	7.5%
Diesel	115,123	86,254	33.5%
Fuel oil	98,612	101,710	(3.1%)
Jet fuel	6,523	5,133	27.1%
Bunker fuel	11,564	19,665	(41.2)
Other	9,957	12,128	(17.9%)
Total petroleum product exports	**280,714**	**261,601**	**7.3%**

The following table shows sales for the Group's (excluding those of the Equity Accounted Investments) petroleum products export and sales in the CIS for the nine months ended 30 September 2013 and 2012:

	Nine months ended 30 September (Unaudited)		
	2013	Restated 2012	% Change
	(RUB million)		
High octane gasoline	14,946	14,476	3.3%
Low octane gasoline	3,330	3,501	(4.9%)
Naphtha	-	1,012	-
Diesel	12,111	10,751	12.7%
Fuel oil	1,927	2,175	(11.4%)
Jet fuel	5,621	6,993	(19.6%)
Other	3,930	6,753	(41.8%)
Total petroleum product exports to the CIS	**41,865**	**45,661**	**(8.3%)**

The following table shows sales for the Group's (excluding those of the Equity Accounted Investments) domestic sales of petroleum products for the nine months ended 30 September 2013 and 2012:

	Nine months ended 30 September (Unaudited)		
	2013	Restated 2012	% Change
	(RUB million)		
High octane gasoline	175,547	160,031	9.7%
Low octane gasoline	3,884	6,863	(43.4%)
Diesel	148,956	139,854	6.5%
Fuel oil	12,281	13,117	(6.4%)
Jet fuel	52,881	48,869	8.2%
Bunker fuel	32,819	30,538	7.5%
Other	36,361	32,642	11.4%
Total petroleum product domestic sales	**462,729**	**431,914**	**7.1%**

Sales

The Group's total gross sales decreased 0.7% in the nine months ended 30 September 2013 to RUB 1,117,346 million, compared to RUB 1,125,533 million in the nine months ended 30 September 2012, primarily due to a decrease in crude export sales, partially offset by increased sales of petroleum products. Export sales of crude oil decreased 38.0%, to RUB 154,342 million in the nine months ended 30 September 2013, compared to RUB 248,864 million in the nine months ended 30 September 2012, mainly as a result of a redistribution of crude oil volumes to the CIS, which typically offer higher netbacks, as well as lower crude oil trading activity. Sales of crude oil exported to the CIS increased 53.7% in the nine months ended 30 September 2013, to RUB 34,861 million, compared to RUB 22,683 million in the nine months ended 30 September 2012, due to a reallocation of crude oil volumes from non-CIS countries.

The Group's export sales of petroleum products in the nine months ended 30 September 2013 increased 7.3%, to RUB 280,714 million, compared to RUB 261,601 million in the nine months ended 30 September 2012, primarily due to a 9.8% increase in sales volumes, offset by a 2.3% decrease in prices. In particular, export diesel sales increased 33.5%, to RUB 115,123 million in the nine months ended 30 September 2013, compared to RUB 86,254 million in the nine months ended 30 September 2012, driven by a shift of volumes to export markets and increase trading activity. Export sales of petroleum products on international markets increased 33.2% in the nine months ended 30 September 2013, to RUB 87,363 million, compared to RUB 65,584 million in the nine months ended 30 September 2012, chiefly due to higher refining throughput and sales at NIS. Export sales and sales of petroleum products in the CIS decreased 8.3% in the nine months ended 30 September 2013 to RUB 41,865 million, compared to RUB 45,661 million in the nine months ended 30 September 2012, primarily due to the lack of naphtha sales in the first nine months of 2013, lower jet fuel sales and lower heating oil sales (included in "Other" in the tables above) from the YANOS Refinery following the completion of the new diesel hydrotreating unit at the beginning of 2013.

Domestic petroleum products sales increased 7.1%, to RUB 462,729 million in the nine months ended 30 September 2013, compared to RUB 431,914 million in the nine months ended 30 September 2012, mainly due to a 7.6% increase in prices, partially offset by a 0.4% decrease in sales volumes. Domestic diesel sales volumes declined 5.9% in the nine months ended 30 September 2013 as the Group shifted production volumes to export markets. Domestic fuel oil sales volumes declined 18.5% in the nine months ended 30 September 2013 due to lower production. Domestic jet fuel sales volumes increased 4.3% in the nine months ended 30 September 2013 due to an expansion of the Group's sales network within Russia, including at Russian military airports.

For the nine months ended 30 September 2013 and 2012 (and consistent with the Audited IFRS Financial Statements), the Group reported two operating segments: upstream (exploration and production) and downstream (refining and marketing). See "*Note 21 to the September 2013 Interim Condensed Consolidated Financial Statements*".

Export duties and sales related excise tax

Export duties on crude oil decreased 31.3%, to RUB 75,902 million, in the nine months ended 30 September 2013, compared to RUB 110,546 million in the nine months ended 30 September 2012, generally due to lower export crude oil sales. Export duties on petroleum products decreased 3.7%, to RUB 78,611 million in the nine months ended 30 September 2013, compared to RUB 81,618 million in the nine months ended 30 September 2012 due to a lower export customs duty rate in the nine months ended 30 September 2013, compared to the nine months ended 30 September 2012. Excise tax paid by NIS on petroleum products sold in Serbia, which is calculated based on sales volumes, increased 45.0%, to RUB 22,820 million in the nine months ended 30 September 2013, compared to RUB 15,740 million in the nine months ended 30 September 2012. Export duties on petroleum products sold in the CIS decreased 40.1% to RUB 2,160 million, in the nine months ended 30 September 2013, compared to RUB 3,605 million in the nine months ended 30 September 2012, primarily due to lower sales volumes to the CIS in the nine months ended 30 September 2013 and a shift in sales to Kazakhstan and Belarus, for which there is no export duty.

Total revenue from sales

For the reasons described above, the Group's total revenue in the nine months ended 30 September 2013 increased 2.6%, to RUB 937,853 million, compared to RUB 914,024 million in the nine months ended 30 September 2012.

Purchases of oil, gas and petroleum products

The Group's cost of purchased oil, gas and petroleum in the nine months ended 30 September 2013 decreased 4.4%, to RUB 236,307 million, compared to RUB 247,132 million in the nine months ended 30 September 2012, primarily due to lower volumes of oil purchased by the Group on both international and domestic markets in the nine months ended 30 September 2013.

Production and manufacturing expenses

The following table shows a breakdown of the Group's production and manufacturing expenses for the nine months ended 30 September 2013 and 2012:

	Nine months ended 30 September (Unaudited)		
	2013	Restated 2012	% Change
	(RUB million)		
Upstream expenses	**53,077**	**45,870**	**15.7%**
Consolidated subsidiaries	43,116	36,430	18.4%
RUB per boe of production	185	166	11.5%
Joint Operations	9,961	9,440	5.5%
RUB per boe of production	194	176	10.0%
Downstream expenses	**26,866**	**23,553**	**14.1%**
Refining expenses at own refineries	15,374	12,423	23.8%
RUB/tonne of refined product	598	485	23.3%
Refining expenses at refineries of joint ventures	8,284	7.742	7.0%
RUB/tonne of refined product	1,296	1,097	18.2%
Lubricants manufacturing expenses	3,208	3,388	(5.3%)
Transportation expenses to refineries	**17,307**	**16,821**	**2.9%**
Other	**12,369**	**11,932**	**3.7%**
Total production and manufacturing expenses	**109,619**	**98,176**	**11.0%**

The Group's production and manufacturing expenses in the nine months ended 30 September 2013 increased 11.0%, to RUB 109,619 million, compared to RUB 98,716 million in the nine months ended 30 September 2012. Upstream expenses include expenditures for raw materials and supplies, maintenance and repairs of extraction equipment, labour costs, fuel and electricity costs, activities to enhance oil recovery, and other similar costs at upstream subsidiaries. Upstream expenses increased 15.7% in the nine months ended 30 September 2013, to RUB 53,077 million, largely due to increased hydrocarbon production, including as a result of the acquisition of new production assets and the expansion of the Muravlenkovskoye gas complex. The Group's average hydrocarbon extraction costs per boe increased 11.5% at consolidated subsidiaries and 10.0% at the Joint Operations, primarily as a result of a higher level of activity at the Group's consolidated subsidiaries and Joint Operations in an effort to increase yields, increased electricity tariffs, an increase in the average watercut at mature fields and the acquisition of the Novoportovskoye field (which has higher operating costs during its pilot stage).

Refining expenses include expenditures for raw materials and supplies, maintenance and repairs of productive equipment, labour and electricity costs, and other similar costs. The Group's refining expenses (excluding Equity Accounted Investments) increased 23.8% to RUB 15,374 million in the nine months ended 30 September 2013, primarily due to higher tariffs of natural monopolies in Russia (in particular, electricity costs) and the start of new processing units at the Omsk and Moscow Refineries and increased maintenance activity at own refineries. The Group's refining expenses through the Equity Accounted Investments increased 7.0% to RUB 8,284 million in the nine months ended 30 September 2013 due to the start of new processing units at the YANOS Refinery.

Transportation expenses to refineries increased 2.9%, to RUB 17,307 million, in the nine months ended 30 September 2013, primarily as a result of an increase in average tariffs on the transportation of crude oil to the Group's refineries.

Selling, general and administrative expenses

The Group's selling, general and administrative expenses include selling and distribution expenses, expenses related to operation of the Group's retail network, wages, salaries (except wages and salaries at production and refining subsidiaries), insurance, banking commissions, legal fees, consulting and audit services, charitable giving, allowances for doubtful accounts, and other expenses. Selling, general and administrative expenses increased 4.2% in the nine months ended 30 September 2013, to RUB 50,973 million, compared to RUB 48,902 million in the nine months ended 30 September 2012, primarily due to the overall growth of the Group's operations, in particular its premium sales, as well as the effect of inflation.

Transportation expenses

The Group's transportation expenses include costs to transport crude oil and petroleum products to final customers. These costs consist of pipeline transportation, sea freight, railroad, shipping, handling, and other transportation costs. Transportation expenses increased 10.2% in the nine months ended 30 September 2013, to RUB 75,634 million, compared to RUB 68,643 million in the nine months ended 30 September 2012, primarily due to higher transportation tariffs paid by the Group and increased volumes transported by rail due to increased petroleum product sales. See "*—Key Factors Affecting Operating Results—Transportation Costs of Crude Oil and Petroleum Products*".

Depreciation, depletion and amortisation

Depreciation, depletion and amortisation expenses include depletion of oil and gas producing assets and depreciation of other fixed assets. Depreciation, depletion and amortisation increased 11.0% in the nine months ended 30 September 2013, to RUB 57,300 million, compared to RUB 51,605 million in the nine months ended 30 September 2012, primarily due to growth in depreciable assets arising from the Group's capital expenditure programme.

Taxes other than income taxes

The following table shows a breakdown of the Group's taxes other than income taxes for the nine months ended 30 September 2013 and 2012:

	Nine months ended 30 September (Unaudited)		
	2013	Restated 2012	% Change
	(RUB million)		
MET	157,261	150,791	4.3%
Excise tax	58,769	61,157	(3.9%)
Property tax	5,565	5,734	(2.9%)
Other taxes	13,303	9,730	36.7%
Total taxes other than income taxes	**234,898**	**227,412**	**3.3%**

Taxes other than income taxes increased 3.3% in the nine months ended 30 September 2013. MET increased 4.3% in the nine months ended 30 September 2013 due to an increase in MET rates. Excise taxes decreased 3.9% in the nine months ended 30 September 2013 due to a higher share of production of Class 5 gasoline and diesel, which are taxed at lower rates. See "*—Key Factors Affecting Operating Results—Taxation*".

Exploration expenses

Exploration expenses, which include exploration-related expenses that do not meet capitalisation criteria, including dry hole expenditures and reserves assessment expenses, decreased 34.8%, to RUB 1,981 million in the nine months ended 30 September 2013, compared to RUB 3,039 million in the nine months ended 30 September 2012 due to lower dry hole expenditures.

Other loss, net

Net other loss, which comprises disposal of property, plant and equipment, as well as materials, was RUB 2,044 million in the nine months ended 30 September 2013, compared to a loss of RUB 692 million in the nine months ended 30 September 2012.

Operating profit

For the reasons described above, operating profit increased 0.4% in the nine months ended 30 September 2013, to RUB 169,097 million, compared to RUB 168,423 million in the nine months ended 30 September 2012.

Share of profit of equity accounted investments

The following table shows a breakdown of the Group's share of profit of equity accounted investments for the nine months ended 30 September 2013 and 2012:

	Nine months ended 30 September (Unaudited)		
	2013	**Restated 2012**	**% Change**
	(RUB million)		
Share of profit of Slavneft	6,772	9,373	(27.7%)
Share of loss of Messoyakhaneftegas	(365)	-	-
Share of loss of SeverEnergia	(86)	(112)	(23.2%)
Share of profit of other companies	1,518	352	331.3%
Total share of profit of equity accounted investments	**7,839**	**9,613**	**(18.5%)**

The Group's share of profit of equity accounted investments decreased 18.5%, to RUB 7,839 million in the nine months ended 30 September 2013, from RUB 9,613 million in the nine months ended 30 September 2012. This decrease was due to a 27.7% decrease in the share of profit of Slavneft, which resulted from lower production levels at Slavneft, as well as higher MET tax rates. In addition, the Group recorded a share of loss of Messoyakhaneftegas, which is in its initial development stage, of RUB 365 million in the nine months ended 30 September 2013.

Net foreign exchange loss

The Group's net foreign exchange loss increased to RUB 2,274 million, in the nine months ended 30 September 2013, compared to RUB 367 million in the nine months ended 30 September 2012. This increase primarily resulted from a revaluation of the Group's debt denominated in foreign currencies. The Group uses derivative instruments to manage its exposure to changes in foreign currency exchange rates. In the September 2013 Interim Condensed Consolidated Financial Statements, these derivative instruments are recorded at fair value in the consolidated statement of financial position as other financial assets or liabilities. Changes in the fair value of the derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. Changes in the fair value of certain derivative instruments that do not qualify for hedge accounting are recognised in profit and loss. See "*Note 2 to the Audited IFRS Financial Statements*" in the Base Prospectus.

Finance income

Finance income increased 96.1% in the nine months ended 30 September 2013, to RUB 4,287 million, compared to RUB 2,186 million in the nine months ended 30 September 2012, primarily due to an increase in amounts invested in bank deposits, as the Group sought to take advantage of the higher rates that bank deposits offer, compared to other types of accounts.

Finance expense

Finance expense increased 12.8% in the nine months ended 30 September 2013, to RUB 8,796 million, compared to RUB 7,800 million in the nine months ended 30 September 2012, primarily due to lower capitalised interest in the nine months ended 30 September 2013 following the completion of several investment projects, primarily relating to refining, as well as higher levels of debt.

Total other income

For the reasons outlined above, the Group's total other income decreased 70.9% to RUB 1,056 million in the nine months ended 30 September 2013, compared to RUB 3,632 million in the nine months ended 30 September 2012.

Profit before income tax

For the reasons outlined above, the Group's profit before income taxes decreased 1.1% in the nine months ended 30 September 2013, to RUB 170,153 million, compared to RUB 172,055 million in the nine months ended 30 September 2012.

Current income tax expense

The Group's current income tax expense decreased 6.1% in the nine months ended 30 September 2013, to RUB 25,076 million, compared to RUB 26,710 million in the nine months ended 30 September 2012, reflecting a decrease in taxable income.

Deferred income tax expense

The Group recorded a deferred income tax expense of RUB 3,938 million in the nine months ended 30 September 2013, a 13.9% decrease from RUB 4,573 million in the nine months ended 30 September 2012. This change was a result of the recognition of several deferred tax losses that the Group had carried forward.

Total income tax expense

For the reasons described above, the Group's total income tax expense decreased 7.3% in the nine months ended 30 September 2013, to RUB 29,014 million, compared to RUB 31,283 million in the nine months ended 30 September 2012.

The Group's effective income tax rate was 17.1% for the nine months ended 30 September 2013, compared to 18.2% in the nine months ended 30 September 2012. The Group's effective tax rate, which is lower than the Russian statutory income tax rate, reflects the impact of lower income tax rates for certain of its subsidiaries under applicable Russian regional tax laws.

Profit for the period

For the reasons described above, the Group's profit for the nine months ended 30 September 2013 increased 0.3%, to RUB 141,139 million, compared to RUB 140,772 million for the nine months ended 30 September 2012.

Liquidity and Capital Resources

Cash flows for the nine months ended 30 September 2013 and 2012

	Nine months ended 30 September (Unaudited)	
	2013	**Restated 2012**
	(RUB million)	
Cash flows from operating activities		
Profit before income tax	170,153	172,055
Adjustments for:		
Share of profit of equity accounted investments	(7,839)	(9,613)
Loss/(gain) on foreign exchange differences	7,957	(3,770)
Finance income	(4,287)	(2,186)
Finance expense	8,796	7,800
Depreciation, depletion and amortisation	57,300	51,605
Allowance for doubtful accounts	84	3,140
Other non-cash items	1,637	2,771
Changes in working capital:		
Accounts receivable	(18,341)	(5,122)
Inventories	9,546	(9,763)
Other assets	17,723	(10,165)
Accounts payable	2,375	7,163
Taxes payable	6,949	9,665
Other liabilities	(6,636)	(6,873)
Income taxes paid	(21,801)	(21,164)
Interest paid	(8,560)	(7,749)
Dividends received	4,856	1,638
Net cash provided by operating activities	**219,912**	**179,432**
Cash flows from investing activities		
Acquisitions of subsidiaries, net of cash acquired	(2,263)	(971)
Acquisition of equity-accounted investments	(1,187)	-
Bank deposits placement	(51,856)	(31,742)
Repayment of bank deposits	29,827	27,484
Acquisition of other investments	(283)	(3,867)
Proceeds from sales of other investments	890	1,206

Short-term loans issued	(2,505)	(3,727)
Repayment of short-term loans issued	624	8,107
Long-term loans issued	(10,568)	(6,920)
Repayment of long-term loans issued	620	129
Capital expenditures	(142,437)	(115,111)
Proceeds from sale of property, plant and equipment	3,627	536
Interest received	2,892	1,876
Net cash used in investing activities	**(172,619)**	**(123,000)**
Cash flows from financing activities		
Proceeds from short-term borrowings	13,489	9,156
Repayment of short-term borrowings	(25,797)	(4,920)
Proceeds from long-term borrowings	46,614	57,080
Repayment of long-term borrowings	(44,976)	(35,383)
Transaction costs directly attributable to the borrowings received	(699)	-
Dividends paid to the Company's shareholders	(44,032)	(34,429)
Dividends paid to non-controlling interest	(2,808)	(623)
Acquisition of non-controlling interest in subsidiaries	(1,680)	(285)
Net cash used in financing activities	**(59,889)**	**(9,404)**
(Decrease)/increase in cash and cash equivalents	(12,596)	47,028
Effect of foreign exchange on cash and cash equivalents	3,473	(1,173)
Cash and cash equivalents as of the beginning of the period	**79,199**	**29,807**
Cash and cash equivalents as of the end of the period	**70,076**	**75,662**

Net cash provided by operating activities

Net cash provided by operating activities increased 22.6% for the nine months ended 30 September 2013, to RUB 219,912 million, from RUB 179,432 million for the nine months ended 30 September 2012. The increase in net cash provided by operating activities was primarily due to cash-positive trends in working capital items, mainly a decrease in inventories due to higher sales of petroleum products and a decrease in other assets due to lower prepaid customs duties and advances given to suppliers (partially offset by an increase in accounts receivable for the nine months ended 30 September 2013), and to an increase in dividends received to RUB 4,856 million for the nine months ended 30 September 2013, compared to RUB 1,638 million for the nine months ended 30 September 2012).

Net cash used in investing activities

Net cash used in investing activities increased 40.3% for the nine months ended 30 September 2013, to RUB 172,619 million, from RUB 123,000 million for the nine months ended 30 September 2012, primarily due to a 23.7% increase in capital expenditures and an increase in bank deposit placements.

The following table shows the Group's capital expenditures for the nine months ended 30 September 2013 and 2012:

	Nine months ended 30 September (Unaudited)		
	2013	Restated 2012	% Change
	(RUB million)		
Exploration and production	97,569	72,220	35.1
Consolidated subsidiaries	89,240	63,122	41.4
Joint Operations	8,329	9,098	(8.5)
Refining	17,749	28,515	(37.8)
Marketing and distribution	9,752	9,433	3.4
Others	3,210	4,986	(35.6)
Subtotal capital expenditures	**128,280**	**115,154**	**11.4**
Change in advances issued and material used in capital expenditures	14,157	(43)	-
Total capital expenditures	**142,437**	**115,111**	**23.7**

The Group's capital expenditures increased 23.7%, to RUB 142,437 million for the nine months ended 30 September 2013, compared to RUB 115,111 million for the nine months ended 30 September 2012. Exploration and production capital expenditures increased 35.1% for the nine months ended 30 September 2013 chiefly due to the Group's expenditures to develop its newly-acquired Novoportovskoye field and Orenburg assets. The reorientation in the Group's operations focused toward drilling of more expensive horizontal wells also led to increased capital expenditure. Refining capital expenditures decreased 37.8% for the nine months ended 30

September 2013 primarily due to the completion of construction of the catalytic cracking gasoline hydrotreating unit and construction of the diesel hydrotreating unit at the Omsk Refinery in 2012.

In addition to the capital expenditures outlined in the table above, for the nine months ended 30 September 2013, the Group spent RUB 9,602 million on investments in new projects, mainly consisting of offshore projects carried out by the Group's Joint Operations, Equity Accounted Investments and other operations under management agreements (compared to RUB 5,463 million for the nine months ended 30 September 2012), and RUB 5,521 million on M&A projects (compared to RUB 2,532 million for the nine months ended 30 September 2012), mainly relating to the Group's expansion of its premium channels network and to its purchase of additional shares in certain subsidiaries (including the acquisition of a 38.2% stake in Gazprom Neft-Orenburg from Gazprom).

Net cash used in financing activities

Net cash used in financing activities increased to RUB 59,889 million for the nine months ended 30 September 2013, compared to RUB 9,404 million for the nine months ended 30 September 2012 mainly due to a net decrease in debt of RUB 10,670 million for the nine months ended 30 September 2013, compared to a net increase in debt of RUB 25,933 million for the nine months ended 30 September 2012, and an increase in dividends paid to RUB 44,032 million in the nine months ended 30 September 2013, compared to RUB 34,429 million in the nine months ended 30 September 2012.

Indebtedness

The average maturity of the Group's debt increased to 4.26 years as of 30 September 2013, compared to 3.81 years as of 31 December 2012 and 2.68 years as of 31 December 2011. The average interest rate of the Group's indebtedness decreased to 3.31% as of 30 September 2013, compared to 3.48% as of 31 December 2012 and 3.37% as of 31 December 2011. The Group's net debt/EBITDA ratio was 0.46 in the nine months ended 30 September 2013, compared to 0.56 in the nine months ended 30 September 2012. See "*Presentation of Financial Information*".

The following table shows a breakdown of the Group's debt by currency as of 30 September 2013 and as of 31 December 2012 and 2011:

	As of 30 September (Unaudited)	As of 31 December	
	2013	Restated 2012 (unaudited)	2011
		(%)	
U.S. dollars	47.5%	56.9%	60.9%
Rouble	32.8%	40.7%	37.1%
Euro	19.4%	1.3%	1.7%
Other currencies	0.3%	1.1%	0.3%
Total	**100%**	**100%**	**100%**

The table below presents the Group's debt maturity profile as of 30 September 2013:

	As of 30 September 2013 (Unaudited)						
	Total	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
			(RUB million)				
Bank loans	79,903	27,351	29,483	14,519	1,178	1,191	6,123
Bonds	61,131	1,131	10,000	20,000	-	30,000	-
Loan Participation Notes	81,185	476	-	-	-	32,192	48,517
Other borrowings	21,015	18,443	386	94	94	786	1,270
Total debt	**243,234**	**47,401**	**39,869**	**34,613**	**1,272**	**64,169**	**55,910**

Long-Term Debt

The table below presents the Group's long-term outstanding loans as 30 September 2013 and 31 December 2012 and 2011:

	As of 30 September (Unaudited)	As of 31 December	
	2013	Restated 2012 (unaudited)	2011
		(RUB million)	
Bank loans[1]	79,903	82,240	136,456
Bonds[2]	61,131	82,025	71,999
Loan Participation Notes[3]	81,185	46,118	-
Finance lease liabilities	-	-	3,207
Other borrowings	3,322	3,090	818
Less current portion of long-term debt	(29,708)	(47,026)	(35,501)
Total long-term debt	**195,833**	**166,447**	**176,979**

(1) Bank loans consist of the Group's July 2010 pre-export financing and other long-term loans. As of 30 September 2013, the amount outstanding under the pre-export financing was USD 841 million (approximately RUB 27,195 million) and the amount outstanding under other long-term bank loans was RUB 52,708 million (including current portion of RUB 12,610 million). See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness—Long-Term Debt*" in the Base Prospectus for further discussion of these bank loans.

(2) Bonds consist of the Group's Rouble bond issuances. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness—Long-Term Debt—Russian Rouble Bonds*" in the Base Prospectus for further discussion of the Group's Rouble bonds.

(3) See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness—Long-term Debt—Loan Participation Notes*" in the Base Prospectus.

Club Term and Revolving Facilities Agreement

In April 2013, the Group signed a syndicated club term and revolving facilities agreement for a total principal amount of USD 1 billion. The term loan facility in the principal amount of USD 700 million bears an interest rate of LIBOR plus 1.75% and matures five years from the first drawdown date. The revolving facility in the principal amount of USD 300 million bears an interest rate of LIBOR plus 1.2-1.5% (depending on the level of utilisation) and a term of three years from the first drawdown or 42 months from the date the facility agreement was signed, whichever is earlier.

Short-Term Debt

The table below presents the Group's short-term debt as of 30 September 2013 and 31 December 2012 and 2011:

	As of 30 September (Unaudited)	As of 31 December	
	2013	Restated 2012 (unaudited)	2011
		(RUB million)	
Bank loans	-	13,084	116
Other borrowings	17,693	17,083	7,456
Finance lease liabilities	-	-	1,257
Current portion of long-term debt	29,708	47,026	35,501
Total short-term debt	**47,401**	**77,193**	**44,330**

The current portion of long-term debt includes interest payable on long-term borrowings. As of 30 September 2013, short-term loans consisted of unsecured facilities for funding working capital.

Contingencies and Commitments

Capital Commitments

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

Credit Ratings

As of the date of this Base Prospectus Supplement, the Company had a long-term corporate rating of “BBB-” with stable outlook from Standard & Poor’s and a long-term corporate rating of “Baa3” with stable outlook from Moody’s.

RELATED PARTY TRANSACTIONS

The following section supplements the discussion beginning on page 129 of the Base Prospectus, entitled "Related Party Transactions".

Related Party Balances and Transactions as of 30 September 2013 and for the Nine Months ended 30 September 2013 and 2012

For the purpose of the September 2013 Interim Condensed Consolidated Financial Statements, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions as defined by IAS 24 Related Party Disclosures. Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

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

For additional information on related party balances and transactions as of 30 September 2013 and for the nine months ended 30 September 2013 and 2012, see *"Note 20 to the September 2013 Interim Condensed Consolidated Financial Statements*" included in this Base Prospectus Supplement.

Transactions with Key Management Personnel

Key management received remuneration, salaries, bonuses and contributions in the amount of RUB 756 million and RUB 761 million for the nine months ended 30 September 2013 and 2012, respectively.

Other Related Party Transactions

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

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

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

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

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

TAXATION

The following section supplements the discussion beginning on page 216 of the Base Prospectus, entitled "Taxation".

Russian Taxation

The section of the Base Prospectus entitled "Taxation—Russian Taxation—Taxation of the Notes—Non-Resident Noteholders" on page 217 shall be replaced in its entirety by the following:

Non-Resident Noteholders

A non-resident Noteholder should not be subject to any Russian taxes on receipt from the Issuer of amounts payable in respect of principal, premium or interest on the Notes, subject to what is stated in "*Taxation of Interest Income on the Loan*" below.

A non-resident Noteholder generally should not be subject to any Russian taxes in respect of gain or other income realised on a redemption, sale or a disposal of the Notes outside the Russian Federation, provided that the proceeds of such sale, redemption or other disposal of the Notes are not received from a source within the Russian Federation.

In the event that proceeds from sales, redemption or a disposal of Notes are received from a source within the Russian Federation, a non-resident Noteholder that is a legal entity or organisation should not be subject to Russian tax in respect of such proceeds, provided that no portion thereof is attributable to accrued interest. Any portion of such sales proceeds attributable to accrued interest may be subject to Russian withholding tax on income at the rate of 20% subject to any available double tax treaty relief, even if the disposal itself results in a capital loss. In order to enjoy the benefits of an applicable double tax treaty, documentary evidence is required prior to payment being made to confirm the applicability of the double tax treaty under which benefits are claimed. Non-resident Noteholders that are legal entities or organisations should consult their own tax advisers with respect to the possibility of obtaining a respective double tax treaty relief.

If the Notes are acquired after the initial placement, other than through a stock exchange, an acquisition of the Notes by a non-resident individual Noteholder may constitute a taxable event pursuant to provisions of the Russian Tax Code relating to the material benefit (deemed income) received by individuals as a result of the acquisition of securities. If the acquisition price of the Notes is below the lowest quote for the Notes on a stock exchange on the date of acquisition of the Notes, calculated by reference to the specific procedures established for Russian tax purposes, the difference may be subject to Russian personal income tax at a rate of 30% (arguably, this tax may be subject to reduction or elimination under the applicable double tax treaty). The tax may be withheld at source of payment or, if the tax is not withheld, the non-resident individual Noteholder may be liable to declare its income in Russia and to pay the tax.

If proceeds from sales, redemption or other disposal of the Notes are received from a Russian source, a non-resident Noteholder who is an individual will generally be subject to tax at a rate of 30% subject to any available double tax treaty relief as discussed below, in respect of gross proceeds from such disposal less any available cost deduction (which includes the purchase price of the Notes). Any portion of the above proceeds from sale, redemption or other disposal of the Notes attributable to accrued interest income under the Notes which is received by a non-resident Noteholder from a Russian source may be subject to tax at a rate of 30% subject to any available double tax treaty relief as discussed below. In this regard, if the Notes are disposed of in the Russian Federation, for Russian personal income tax purposes, the proceeds of such disposal (including any portion of such proceeds attributable to accrued interest income under the Notes) are likely to be regarded as received from a Russian source. In certain circumstances, if the disposal proceeds (including the interest income portion) are payable by a Russian legal entity, individual entrepreneur or a Russian permanent establishment of a foreign organisation, the payer may be required to withhold this tax. Unless the tax is withheld by the payer, the non-resident individual Noteholder would be liable to declare this income in Russia and pay the tax to the Russian budget.

In such a situation, there is a risk that the taxable base may be affected by fluctuations in the exchange rates between the currency of acquisition of the Notes, the currency of sale of the Notes and roubles. Non-resident Noteholders who are individuals should consult their own tax advisers with respect to the tax consequences of the receipt of proceeds from a source within the Russian Federation in respect of a disposal of the Notes.

The section of the Base Prospectus entitled "Taxation—Russian Taxation—Taxation of the Notes—Resident Noteholders" on page 217 shall be replaced in its entirety by the following:

Resident Noteholders

A Russian resident Noteholder is subject to all applicable Russian taxes and responsible for complying with any documentation requirements that may be established by law or practice in respect of gains from disposal of the Notes and interest income received on the Notes. Resident Noteholders should consult their own tax advisers with respect to their tax position regarding the Notes.

A Russian resident Noteholder that is a legal entity or organisation should, *prima facie*, be subject to Russian income tax at the rate of 20% on interest (coupon) income on the Notes as well as on the capital gains from sales, redemption or other disposal of the Notes. Generally, Russian resident Noteholders that are Russian legal entities are required to submit Russian income tax returns and assess and pay tax on capital gains and interest (coupon) income.

A Russian resident Noteholder who is an individual should generally be subject to personal income tax at a rate of 13% on (i) deemed income resulting from acquisition of the Notes after the initial placement, other than through a stock exchange, at a price below the lowest quote for the Notes on a stock exchange on the date of acquisition of the Notes, calculated by reference to the specific procedures established for Russian tax purposes, (ii) interest (coupon) income on the Notes and (iii) capital gains from sales, redemption or other disposal of the Notes. Russian resident Noteholders who are individuals are required to submit annual personal income tax returns and assess and personally pay tax unless the tax is fully withheld at the source of income.

Resident Noteholders should consult their own tax advisers with respect to their tax position regarding the Notes.

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Report on Review of Interim Financial Information

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

Introduction

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

Scope of review

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

Conclusion

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

ZAO PricewaterhouseCoopers Audit

5 November 2013
Moscow, Russian Federation

ZAO PricewaterhouseCoopers Audit, 10 Butyrsky Val, Moscow, Russian Federation, 125047
T: +7 495 967 6000, F: +7 495 967 6001, www.pwc.ru

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

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

A. V. Dyukov
Chief Executive Officer
JSC Gazprom Neft

A. V. Yankevich
Chief Financial Officer
JSC Gazprom Neft

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

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

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

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

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

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

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

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

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

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

1. General

Description of Business

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

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

2. Summary of Significant Accounting Policies

Basis of Presentation

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

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

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

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

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

Changes in significant accounting policies

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

Application of new IFRS

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

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

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

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

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

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

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

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

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

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

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

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

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

Seasonality of operations

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

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

Foreign currency translation

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

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

3. New Accounting Standards

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

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

Key features of the standard:

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

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

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

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

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

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

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

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

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

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

4. Acquisitions of Non-controlling Interests in Subsidiaries

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

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

5. Cash and Cash Equivalents

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

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

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

6. Short-term Financial Assets

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

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

7. Trade and Other Receivables

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

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

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

8. Inventories

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

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

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

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

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

9. Other Current Assets

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

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

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

10. Property, Plant and Equipment

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

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

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

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

11. Investments in Associates and Joint Ventures

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

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

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

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

JSC Slavneft

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

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

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

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

SeverEnergy LLC

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

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

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

12. Long-term Financial Assets

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

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

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

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

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

Current portion includes interest payable on long-term borrowings.

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

14. Trade and Other Payables

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

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

15. Other Taxes Payable

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

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

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

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

16. Long-Term Debt

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

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

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

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

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

17. Fair value measurement

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

18. Commitments and Contingencies

Taxes

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

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

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

Operating Environment

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

Environmental Matters

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

Capital Commitments

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

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

19. Group entities

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

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

20. Related party transactions

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

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

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

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

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

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

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

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

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

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

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

Transactions with key management personnel

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

21. Segment information

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

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

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

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

Intersegment revenues are based upon estimated market prices.

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

Nine months ended September 30, 2013

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

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

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

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

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

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

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

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

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

22. Subsequent events

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

The Group's office is:

3-5 Pochtamtskaya St.,
St. Petersburg, Russian Federation
190000

Telephone:	7 (812) 363-31-52
Hotline:	8-800-700-31-52
Fax:	7 (812) 363-31-51

www.gazprom-neft.ru

Investor Relations

Tel.: +7 (812) 385-95-48
Email: ir@gazprom-neft.ru

COMPANY
Joint Stock Company Gazprom neft
5A Galernaya Street
190000 Saint Petersburg
Russian Federation

ISSUER
GPN Capital S.A.
2, Boulevard Konrad Adenauer
L-1115 Luxembourg
Grand Duchy of Luxembourg

ARRANGERS

Crédit Agricole Corporate and Investment Bank
Broadwalk House
5 Appold Street
London EC2A 2DA
United Kingdom

J.P. Morgan Securities plc
24 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

AUDITORS TO THE COMPANY
ZAO PricewaterhouseCoopers Audit
White Square Office Centre
10 Butyrsky Val
125047 Moscow
Russian Federation

TAX ADVISER TO THE COMPANY
KPMG
Naberezhnaya Tower Complex, Block C
10 Presnenskaya Naberezhnaya
123317 Moscow
Russian Federation

LEGAL ADVISERS TO THE ISSUER AND THE COMPANY

as to English and U.S. law
Cleary Gottlieb Steen & Hamilton LLP
City Place House, 55 Basinghall Street
London EC2V 5EH
United Kingdom

as to Russian law
Cleary Gottlieb Steen & Hamilton LLC
Paveletskaya Square 2/3
115054 Moscow
Russian Federation

LEGAL ADVISERS TO THE ARRANGERS AND THE TRUSTEE

as to English and U.S. law
Linklaters LLP
One Silk Street
London EC2Y 8HQ
United Kingdom

as to Russian law
Linklaters CIS
Paveletskaya Square 2/2
115054 Moscow
Russian Federation

as to Luxembourg law
Linklaters LLP
35, Avenue John F. Kennedy
P.O. Box 1107
L-1011 Luxembourg
Grand Duchy of Luxembourg

U.S. REGISTRAR, PAYING AGENT AND TRANSFER AGENT
Deutsche Bank Trust Company Americas
60 Wall Street
New York, New York 10005
United States of America

PRINCIPAL PAYING AGENT
Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

LUXEMBOURG REGISTRAR, PAYING AGENT AND TRANSFER AGENT
Deutsche Bank Luxembourg S.A.
2, Boulevard Konrad Adenauer
L-1115 Luxembourg
Grand Duchy of Luxembourg

LISTING AGENT
Arthur Cox Listing Services Limited
Earlsfort Centre
Earlsfort Terrace
Dublin 2
Ireland

IRISH PAYING AGENT
Deutsche International Corporate Services (Ireland) Limited
5 Harbourmaster Place, IFSC
Dublin 1
Ireland

PETROLEUM CONSULTANTS TO THE COMPANY
DeGolyer and MacNaughton
5001 Spring Valley Road, Suite 800 East
Dallas, Texas 75244
United States of America

TRUSTEE
Deutsche Trustee Company Limited
Winchester House
Great Winchester Street
London EC2N 2DB
United Kingdom