SLAVNEFT GROUP
IFRS CONSOLIDATED
INTERIM CONDENSED
FINANCIAL INFORMATION
(UNAUDITED)
AS OF AND FOR THE THREE AND THE SIX MONTHS ENDED
30 JUNE 2013

pwc

Report on Review of Consolidated Interim Condensed Financial Information

To the Shareholders and Board of Directors of OAO NGK Slavneft:

Introduction

We have reviewed the accompanying consolidated interim condensed statement of financial position of OAO NGK Slavneft and its subsidiaries (the "Group") as of 30 June 2013 and the related consolidated interim condensed statements of income and comprehensive income for the three and six months then ended, and the related consolidated interim condensed statements of cash flows and changes in equity for the six months then ended. Management is responsible for the preparation and presentation of this consolidated interim condensed financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this consolidated interim condensed financial information based on our review.

Scope of Review

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

Conclusion

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

ZAO PricewaterhouseCoopers Audit

07 August 2013
Moscow, Russian Federation

Slavneft Group

Consolidated Interim Condensed Statement of Financial Position as of 30 June 2013 (Unaudited)

(in million of Russian Roubles, unless noted otherwise)

	Notes	30 June 2013	31 December 2012
Assets			
Non-current assets			
Property, plant and equipment	4	219,401	212,490
Investments		314	353
Deferred income tax assets	14	4,398	3,922
Other non-current assets	5	2,740	2,824
Total non-current assets		**226,853**	**219,589**
Current assets			
Inventories	6	6,039	6,157
Accounts receivable and prepayments	7	9,624	9,267
Income tax receivables		1,510	2,359
Cash and cash equivalents	8	25,391	32,117
Other current assets		42	39
Total current assets		**42,606**	**49,939**
Total assets		**269,459**	**269,528**
Equity			
Ordinary share capital		70	70
Retained earnings		29,166	26,757
Additional paid-in capital		54,812	54,812
Total equity attributable to OAO NGK Slavneft's shareholders		**84,048**	**81,639**
Non-controlling interest	25	65,130	69,706
Total equity		**149,178**	**151,345**
Liabilities			
Non-current liabilities			
Non-current debt	9	27,526	36,956
Deferred income tax liabilities	14	9,547	9,620
Decommissioning and environmental liabilities	10	17,375	15,807
Other non-current liabilities		425	571
Total non-current liabilities		**54,873**	**62,954**
Current liabilities			
Current debt and current portion of non-current debt	9	25,123	21,092
Trade payables	11	13,920	12,916
Advances received		178	405
Dividends payable	24	9,335	1,714
Taxes payable	12	15,101	17,445
Other current liabilities	13	1,751	1,657
Total current liabilities		**65,408**	**55,229**
Total liabilities		**120,281**	**118,183**
Total equity and liabilities		**269,459**	**269,528**

Sukhanov Yu.E.
President
OAO NGK Slavneft

Bureyev A.V.
Head of Accounting and Tax Control Block
OAO NGK Slavneft

7 August 2013

The accompanying notes are an integral part of this consolidated interim condensed financial information.

Slavneft Group

Consolidated Interim Condensed Statement of Profit and Loss and Other Comprehensive Income for the three and the six months ended 30 June 2013 (Unaudited)

(in million of Russian Roubles, unless noted otherwise)

	Notes	Three months ended 30 June 2013	Six months ended 30 June 2013	Three months ended 30 June 2012	Six months ended 30 June 2012
Revenue	15	**44,101**	**92,075**	**39,678**	**93,521**
Production expenses	16	(9,381)	(19,069)	(9,786)	(18,251)
Selling, general and administrative expenses	16	(1,524)	(2,982)	(1,428)	(2,780)
Cost of other sales	16	(717)	(1,538)	(655)	(1,386)
Taxes other than income taxes	17	(21,217)	(44,939)	(22,310)	(46,931)
Depreciation, depletion and amortization	4	(6,468)	(12,338)	(7,322)	(13,934)
Exploration expenses		(572)	(809)	(1,356)	(1,466)
Impairment and loss on disposal of assets	18	(352)	(541)	(556)	(1,045)
Total operating expenses and costs		**(40,231)**	**(82,216)**	**(43,413)**	**(85,793)**
Operating profit/(loss)		**3,870**	**9,859**	**(3,735)**	**7,728**
Finance income	19	478	854	339	526
Finance costs	19	(362)	(726)	(305)	(627)
Foreign exchange loss	19	(2,426)	(3,298)	(5,354)	(693)
Profit/(loss) before income tax		**1,560**	**6,689**	**(9,055)**	**6,934**
Income tax benefit/(expense)	14	(203)	(1,202)	1,587	(1,587)
Profit/(loss) for the period		**1,357**	**5,487**	**(7,468)**	**5,347**
Other comprehensive income		-	-	-	-
Total comprehensive income/(loss) attributable to:		**1,357**	**5,487**	**(7,468)**	**5,347**
- OAO NGK Slavneft shareholders		543	2,694	(5,808)	2,582
- Non-controlling interest	25	814	2,793	(1,660)	2,765

The accompanying notes are an integral part of this consolidated interim condensed financial information.

Slavneft Group

Consolidated Interim Condensed Statement of Changes in Equity for the six months ended 30 June 2013 (Unaudited)

(in million of Russian Roubles, unless noted otherwise)

	Equity attributable to Group shareholders					
	Ordinary share capital	Additional paid-in capital	Retained earnings	Total	Non-controlling interest	Total equity
At 1 January 2012	70	54,812	22,834	77,716	61,786	139,502
Profit for the period	-	-	2,582	2,582	2,765	5,347
Total comprehensive income	-	-	2,582	2,582	2,765	5,347
Dividends	-	-	(9,033)	(9,033)	(2,282)	(11,315)
At 30 June 2012	70	54,812	16,383	71,265	62,269	133,534
At 1 January 2013	70	54,812	26,757	81,639	69,706	151,345
Profit for the period	-	-	2,694	2,694	2,793	5,487
Total comprehensive income	-	-	2,694	2,694	2,793	5,487
Dividends	-	-	(285)	(285)	(7,369)	(7,654)
At 30 June 2013	70	54,812	29,166	84,048	65,130	149,178

The accompanying notes are an integral part of this consolidated interim condensed financial information.

Slavneft Group

Consolidated Interim Condensed Statement of Cash Flows for the six months ended 30 June 2013 (Unaudited)

(in million of Russian Roubles, unless noted otherwise)

	Six months ended 30 June 2013	Six months ended 30 June 2012
Cash flows from operating activities		
Profit for the period	**5,487**	**5,347**
Adjustments to reconcile profit for the period to net cash provided by operating activities:		
Depreciation, depletion and amortization	12,338	13,934
Impairment and loss on disposal of assets	541	1,045
Finance costs, net	3,170	794
Income tax expense	1,202	1,587
Change in provisions	1,429	826
Other	309	145
Cash flow from operating activities before working capital changes	**24,476**	**23,678**
Changes in working capital:		
(Increase)/decrease in accounts receivable and prepayments	(254)	240
(Increase)/decrease in inventories	(225)	38
Decrease /(increase) in other current and non-current assets	78	(247)
Increase in accounts payable	760	3,082
Increase/(decrease) in other current liabilities	107	(58)
Decrease in other non-current liabilities	(50)	(8)
(Decrease)/increase in taxes payable	(1,853)	45
Income tax paid	(1,409)	(2,271)
Net cash provided by operating activities	**21,630**	**24,499**
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	161	160
Interest received	779	487
Purchases of property, plant and equipment	(20,231)	(16,119)
Proceeds from subsidiaries disposal	-	21
Net cash used in investing activities	**(19,291)**	**(15,451)**
Cash flows from financing activities		
Repayments of current debt	-	(6)
Repayments of non-current debt	(9,014)	(2,482)
Interest payments	(366)	(305)
Dividends paid	(32)	(3)
Net cash used in financing activities	**(9,412)**	**(2,796)**
Effect of exchange rate changes on the balance of cash held in foreign currencies	**347**	**-**
Net (decrease)/increase in cash and cash equivalents	**(6,726)**	**6,252**
Cash and cash equivalents at beginning of period	**32,117**	**6,888**
Cash and cash equivalents at end of period	**25,391**	**13,140**

The accompanying notes are an integral part of this consolidated interim condensed financial information.

NOTE 1. GENERAL INFORMATION

OAO NGK Slavneft (the "Company") and its subsidiaries (jointly referred to as the "Group") are engaged in oil exploration, development, production, refining and selling activities for oil in the Russian Federation.

The Company was established as an open joint-stock company in August 1994 in accordance with the Decree of the Government of the Russian Federation № 305, issued April 8, 1994, the Decree of the Council of Ministers of Byelorussia # 589-r, issued June 15, 1994 and the Charter agreement from June 27, 1994. Under the provisions of the decrees and the Charter agreement, the Russian Federation transferred to the Company 60.5% of voting shares of OAO Slavneft-Megionneftegaz, currently the principal oil producing subsidiary of the Group, and 50.7% of voting shares of OAO Megionneftegazgeologiya, Byelorussia transferred to the Company 17.6% of OAO Mozyrsky NPZ and another 15% of OAO Mozyrsky NPZ was transferred to the Company by a number of individuals in exchange for the Company's shares. Upon formation of the Company, 86.3% of its share capital was owned by the Russian Federation, 7.2% by Byelorussia and 6.5% by a number of individuals.

The authorized capital of the Company is 4,754,238,000 common shares with a par value of RR 0.001 per share. The carrying value of share capital as at 30 June 2013 and 31 December 2012 differs from its historic value due to the effect of hyperinflation in Russian Federation till 31 December 2002.

OAO Gazprom Neft and OAO NK Rosneft (the "Primary Shareholders") are the Primary shareholders and jointly control the Group. There is no single controlling party of the Group. On March 21, 2013, OAO NK Rosneft completed the acquisition of an aggregate 100% interest in TNK-BP Group, one of the Primary Shareholders of Slavneft Group. As a result of this acquisition, OAO NK Rosneft obtained 49.9% interest in Slavneft Group.

The Company's registered address: 125047, Russian Federation, Moscow, 4, 4th Lesnoy side-street.

NOTE 2. BASIS OF PREPARATION

Statement of compliance

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 Consolidated Interim Condensed 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 Consolidated Interim Condensed 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 judgement, 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 Consolidated Interim Condensed Financial Statements are adequate to make the information presented not misleading if these Consolidated Interim Condensed Financial Statements are read in conjunction with the Group's Consolidated Financial Statements for 2012.

The results for the six months ended 30 June 2013 and 30 June 2012 are not necessarily indicative of the results expected for the full year.

(in million of Russian Roubles, unless noted otherwise)

NOTE 2. BASIS OF PRESENTATION (CONTINUED)

Changes in significant accounting policies

Significant accounting policies, judgments and estimates applied while preparing these Consolidated Interim Condensed Financial Statements are consistent with those applied during the preparation of Consolidated Financial Statements as of and for the year ended 31 December 2012, except for the described in Note 3 - Application of new and revised IFRS.

Seasonality of operations

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

Functional currency and foreign currency translation

The functional currency and the presentation currency of the Group is the Russian rouble (RR).

Monetary assets and liabilities, which are held by the Group entities and denominated in foreign currencies at the balance sheet date, are translated into RR at the official exchange rates of the Central Bank of the Russian Federation at that date. Non monetary assets and liabilities have been translated at historical rates. Revenues, expenses and cashflows are translated into functional currency at average rates for the period or exchange rates prevailing on the transaction dates where practicable. Gains and losses resulting from the re-measurement into functional currency are included in the profit or loss.

The following exchange rates determined by the Central Bank of the Russian Federation have been applied at 30 June 2013, 31 December 2012 , for the three months ended 31 March 2013 and 31 March 2012 and for the six months ended 30 June 2013 and 30 June 2012 (in RR):

	At 30 June 2013	At 31 Decem ber 2012	Average rates for the three months ended 31 March		Average rates for the six months ended 30 June	
			2013	2012	2013	2012
For one currency unit to equivalent Russian rouble						
US dollar ("USD")	32.7090	30.3727	30.4142	30.2642	31.0169	30.6213
Euro ("EUR")	42.7180	40.2286	40.1908	39.6784	40.7444	39.6935

NOTE 3. APPLICATION OF NEW AND REVISED IFRS

In 2013 the Group has adopted all IFRS, amendments and interpretations which are effective for the periods beginning on or after 1 January 2013 and which are relevant to its operations.

Standards, Amendments or Interpretations effective in 2013

- IFRS 10 "Consolidated Financial Statements" (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013) which replaces all of the guidance on control and consolidation in IAS 27 "Consolidated and separate financial statements" and SIC 12 "Consolidation – special purpose entities".
- IFRS 12 "Disclosure of Interests in Other Entities", (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013) which requires new disclosures by entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity.
- IFRS 13 "Fair Value Measurement", (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013), which aims to improve disclosures and achieve consistency by providing a revised definition of fair value.
- IAS 27 "Separate Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures", (revised in May 2011 and effective for annual periods beginning on or after 1 January 2013), which were changed by IFRS 10 "Consolidated Financial Statements" and IFRS 11 "Joint Arrangements".
- Amended IAS 19 "Employee Benefits" (issued in June 2011, effective for periods beginning on or after 1 January 2013), which makes changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits.
- "Disclosures – Offsetting Financial Assets and Financial Liabilities" – Amendments to IFRS 7 (issued in December 2011 and effective for annual periods beginning on or after 1 January 2013), which requires disclosures that will enable users to better evaluate the effect of netting arrangements, including rights of set-off.
- Improvements to International Financial Reporting Standards (issued in May 2012 and effective for annual periods beginning 1 January 2013), which consists of improvements to five standards.
- Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment entities (issued on 31 October 2012 and effective for annual periods beginning 1 January 2014), which introduced a definition of an investment entity which will be required to carry its investee subsidiaries at fair value through profit or loss.

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 2010, 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.Application of IFRS 9 is mandatory for periods beginning on or after 1 January 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.

NOTE 3. APPLICATION OF NEW AND REVISED IFRS (CONTINUED)

- **"Disclosures – Offsetting Financial Assets and Financial Liabilities" – Amendments to IAS 32** (issued in December 2011 and effective for annual periods beginning on or after 1 January 2014), which clarifies the meaning of 'currently has a legally enforceable right of set-off'.

- **IFRIC Interpretation 21 "Levies"** (issued in May 2013 and effective for annual periods beginning on or after 1 January 2014), which clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached.

(in million of Russian Roubles, unless noted otherwise)

NOTE 4. PROPERTY, PLANT AND EQUIPMENT

	Oil and gas properties	Plant and equipment	Construction in progress	Total
Cost				
Balance at 1 January 2012	**191,584**	**70,539**	**34,261**	**296,384**
Transfer from Assets held for sale	-	9,314	171	9,485
Additions	827	-	17,154	17,981
Transfers	19,984	70	(20,054)	-
Disposals	(1,858)	(1,668)	(245)	(3,771)
Transfer to Assets held for sale	(4,431)	(2,039)	(6,841)	(13,311)
Balance at 30 June 2012	**206,106**	**76,216**	**24,446**	**306,768**
Balance at 1 January 2013	**227,126**	**73,848**	**34,953**	**335,927**
Additions	743	-	20,136	20,879
Transfers	10,620	6,800	(17,420)	-
Disposals	(1,661)	(257)	(880)	(2,798)
Balance at 30 June 2013	**236,828**	**80,391**	**36,789**	**354,008**
Accumulated depreciation, depletion, amortization and impairment				
Balance at 1 January 2012	**73,018**	**18,481**	**1,480**	**92,979**
Transfer from Assets held for sale	-	6,098	-	6,098
Depreciation, depletion and amortization	12,146	1,679	-	13,825
Impairment	1	(14)	1,906	1,893
Transfers	1,010	(1,010)	-	-
Disposals	(1,806)	(634)	-	(2,440)
Transfer to Assets held for sale	(553)	(385)	(2,626)	(3,564)
Balance at 30 June 2012	**83,816**	**24,215**	**760**	**108,791**
Balance at 1 January 2013	**97,090**	**24,290**	**2,057**	**123,437**
Depreciation, depletion and amortization	10,348	1,990	-	12,338
Impairment	(1)	150	282	431
Disposals	(1,478)	(121)	-	(1,599)
Balance at 30 June 2013	**105,959**	**26,309**	**2,339**	**134,607**
Net book value at 1 January 2012	**118,566**	**52,058**	**32,781**	**203,405**
Net book value at 31 December 2012	**130,036**	**49,558**	**32,896**	**212,490**
Net book value at 30 June 2013	**130,869**	**54,082**	**34,450**	**219,401**

As at 30 June 2013 the Company recognised impairment of certain of the Group's upstream assets. The impairment recognised was based on the difference between the net book value of the assets and their recoverable amount at 30 June 2013. During the six months ended 30 June 2013 impairment loss associated with continued operations in the amount of RR 431 million was recognised in line "Impairment and loss on disposal of assets" in the Consolidated Interim Condensed Statement Of Profit And Loss And Other Comprehensive Income (during the six months ended 30 June 2012 – RR 551 million).

As at 30 June 2012 the Company recognised OOO Slavneft-Krasnoyarskneftegaz as assets held for sale and discontinued operations, but starting from 31 December 2012 OOO Slavneft-Krasnoyarskneftegaz was classified as continued operations. Depreciation charge of OOO Slavneft-Krasnoyarskneftegaz for the six months ended 30 June 2012 is RR 109 million. Impairment of exploration wells of OOO Slavneft-Krasnoyarskneftegaz for the six months ended 30 June 2012 in the amount of RR 1,342 million was previously recognized in discontinued operations. In the Consolidated Interim Condensed Statement of Income and Other Comprehensive Income for the six months ended 30 June 2013 impairment related to the costs for exploration work.

As at 30 June 2013 the Group's assets include advances issued for capital expenditures of RR 278 million (at 31 December 2012 – RR 197 million).

(in million of Russian Roubles, unless noted otherwise)

NOTE 4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

During the six months ended 30 June 2013 borrowing costs of RR 511 million were capitalised into Group's assets (during the six months ended 30 June 2012 – RR 423 million).

NOTE 5. OTHER NON-CURRENT ASSETS

	30 June 2013	31 December 2012
Catalysts	2,142	2,118
Other	602	710
Allowance for impairment of non-current assets	(4)	(4)
	2,740	**2,824**

NOTE 6. INVENTORIES

	30 June 2013	31 December 2012
Materials and supplies	2,678	2,306
Crude oil	2,650	2,974
Petroleum products	614	335
Other	477	563
Allowance for inventory impairment	(380)	(21)
	6,039	**6,157**

NOTE 7. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	30 June 2013	31 December 2012
Trade receivables (net of allowance for doubtful accounts of RR 97 million and RR 63 million as of at 30 June 2013 and 31 December 2012)	6,807	5,695
Other accounts receivable (net of allowance for doubtful accounts of RR 8 million and RR 70 million as of at 30 June 2013 and 31 December 2012)	476	444
Trade and other financial receivables, net	**7,283**	**6,139**
Advances to suppliers and prepayments	1,673	2,382
VAT recoverable	668	746
Tax prepayments and advances issued	**2,341**	**3,128**
Total trade and other receivables, net	**9,624**	**9,267**

As at 30 June 2013 accounts receivable of RR 32 million (31 December 2012 – RR 4 million) were past due but not impaired. These receivables relate to a number of unrelated customers without a recent history of default. The ageing analysis of these trade receivables is as follow:

	30 June 2013	31 December 2012
Less than 6 months	32	3
Between 6 and 12 months	-	1
	32	**4**

The allowance for impairment of trade and other receivables has been determined based on specific customer identification, customer payment trends, subsequent receipts and settlements and the analysis of expected future cash flows. The Group believes that the Group's subsidiaries will be able to realize the net receivable amount through direct collections and other non-cash settlements, and the recorded value approximates their fair value.

(in million of Russian Roubles, unless noted otherwise)

NOTE 7. ACCOUNTS RECEIVABLE AND PREPAYMENTS (CONTINUED)

Movements in the allowance for impairment of trade and other receivables are as follows:

	30 June 2013		31 December 2012	
	Trade receivables	Other receivables	Trade receivables	Other receivables
Opening balance	**63**	**70**	**5**	**12**
Charge for the year	19	1	80	103
Transfers	57	(63)	-	-
Reversal of impairment	(42)	-	(12)	(39)
Trade receivables written-off as uncollectable	-	-	(10)	(6)
Closing balance	**97**	**8**	**63**	**70**

NOTE 8. CASH AND CASH EQUIVALENTS

	30 June 2013	31 December 2012
Cash held in banks – Russian Roubles	97	66
Cash held in banks – other currencies	198	128
Short-term deposits – Russian Roubles	23,027	18,255
Short-term deposits – other currencies	2,069	13,668
	25,391	**32,117**

The table below shows analysis of the Group's cash and cash equivalents according to Fitch's long-term credit rating.

	30 June 2013		31 December 2012	
OAO AKB Evrofinance Mosnarbank	B+	5,727	B+	2,899
OAO Nordea Bank	BBB+	5,128	BBB+	5,663
ZAO BNP Paribas Bank	BBB	3,862	-	-
ZAO ING Bank (Eurasia)	BBB+	2,847	BBB	17,657
ZAO AKB Absolut Bank	B	2,575	-	-
ZAO NatixisBank	BB-	2,220	BB-	740
OOO HSBC Bank	BBB+	1,060	-	-
ZAO Mizuho Corporate Bank (Moscow)	B+	1,005	-	-
OAO AKB Rosbank	BBB+	550	-	-
ZAO UniCreditbank	BBB	1	BBB+	4,921
Other	-	416	-	237
		25,391		**32,117**

NOTE 9. NON-CURRENT DEBT

		30 June 2013	31 December 2012
ZAO ING Bank London branch	USD	39,763	39,442
ZAO UniCreditbank	USD	6,189	7,136
ZAO ING Bank Eurasia	USD	1,683	2,866
ZAO Vnesheconombank	JPY	1,572	2,089
OAO Rosbank (ex. BSGV)	USD	1,473	2,279
ZAO AKB Absolut Bank	USD	493	457
ZAO Natixis bank	USD	245	683
ZAO Raiffeisenbank	USD	-	1,065
ZAO BNP Paribas bank	USD	-	874
Less current portion		(23,892)	(19,935)
		27,526	**36,956**

(in million of Russian Roubles, unless noted otherwise)

NOTE 9. NON-CURRENT DEBT (CONTINUED)

The interest rate for these borrowings vary from floating rate LIBOR +1.75% to LIBOR +3.5%.

Interest rate of loans received in Japanese Yen is 4,9%.

The Group's non-current debt has restrictive covenants calculated based on the Consolidated Interim Condensed Financial Information on a quarterly basis including, but not limited to, the requirement to maintain the following minimum ratios: Net debt/EBITDA, Debt/EBITDA, EBITDA/Interest expense, Net debt /Total shareholders capital, Debt /Net Tangible Assets, Net Tangible Assets. The Group was in compliance with these covenants based on its Consolidated Interim Condensed Financial Information as at the reporting date.

The Group's short-term borrowings are secured by sales and related receivables.

Current debt and current portion of non-current debt

	30 June 2013	31 December 2012
Current loans in foreign currencies	1,231	1,157
Current portion of non-current loans in foreign currencies	23,892	19,935
	25,123	**21,092**

NOTE 10. DECOMMISSIONING AND ENVIRONMENTAL LIABILITIES

Decommissioning liabilities

The Group makes full provision for the future cost of decommissioning oil production facilities and pipelines on a discounted basis on the installation of those facilities. The decommissioning provision represents the present value of decommissioning costs relating to oil and gas properties, which are expected to be incurred up to 2025. These provisions have been created based on Groups's internal estimates. Assumptions, based on the current economic environment, have been made which management believe are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This in turn will depend upon future oil and gas prices, which are inherently uncertain.

The expected amount of decommissioning cost is discounted to their present values using a market risk adjusted discount rate 4.8% as of 30 June 2013 (31 December 2012: 4.8%). The impact of inflation is estimated yearly while determining of estimates of decommissioning cost. At the end of each reporting year, the Group revises its estimate of the inflation and discount rates.

As of 30 June 2013 and 31 December 2012, the Group has recorded decommissioning liabilities in the amount of RR 14,725 milion and RR 14,041 million, respectively.

Environmental liabilities

The Group's estimated environmental liability was RR 3,042 million and RR 2,275 million as of 30 June 2013 and 31 December 2012 respectively. The estimates used by management include uncertainties about a number of factors including the extent of necessary remediation, the technology to be used for remediation, and the standards that will constitute an acceptable remediation. As additional information becomes available, management will continue to adjust its estimated provision to an appropriate level.

The table below presents movement of decommissioning and environmental provisions (including current part of environmental liability: RR 392 million and RR 509 million as of 30 June 2013 and 31 December 2012 respectively).

(in million of Russian Roubles, unless noted otherwise)

NOTE 10. DECOMMISSIONING AND ENVIRONMENTAL LIABILITIES (CONTINUED)

	30 June 2013	31 December 2012
Decommissioning and environmental provisions, opening balance (including current portion)	**16,316**	**12,780**
Additions	1,075	1,042
Change of the discount rate	-	2,178
Unwinding of the present value discount	376	725
Disposal of Mendeleyev YaNPZ (Rusoil)	-	(409)
Decommissioning and environmental provisions, closing balance	**17,767**	**16,316**
Less current portion	(392)	(509)
Decommissioning and environmental provisions, non-current portion, closing balance	**17,375**	**15,807**

NOTE 11. TRADE PAYABLES

	30 June 2013	31 December 2012
Trade payables (to suppliers, contractors)	12,842	12,066
Payables for purchased non-current assets	1,078	837
Trade and other financial payables	**13,920**	**12,903**
Other	-	13
Non-financial payables	-	**13**
Total trade payables	**13,920**	**12,916**

NOTE 12. TAXES PAYABLE

	30 June 2013	31 December 2012
Unified production tax	5,403	7,261
Value added tax	5,707	6,602
Excise	2,350	2,060
Property tax	821	797
Social payments	358	320
Income tax	227	233
Individual Income tax	53	49
Provision for tax risks (other than income tax)	4	17
Other	178	106
	15,101	**17,445**

Unified production tax

Under the Tax Code of the Russian Federation, the rate of the unified natural resources production tax for crude oil is calculated by reference to the average market price of the Urals blend and the average RUR/USD exchange rate over the relevant tax period. Average tax rates for the six months ended 30 June 2013 and 30 June 2012 were RR 5,108 per ton and RR 5,055 per ton, respectively.

NOTE 13. OTHER CURRENT LIABILITIES

	30 June 2013	31 December 2012
Accrual for vacation payments	438	346
Accrual for bonus payments	415	403
Environmental liabilities (current portion)	392	509
Wages and salaries	328	305
Other current liabilities	178	94
	1,751	**1,657**

(in million of Russian Roubles, unless noted otherwise)

NOTE 14. INCOME TAX

The Group is taxable in various jurisdictions within the Russian Federation and Byelorussia. The Group is subject to a statutory tax rate of 20% in Russian and 24% in Byelorussian jurisdictions.

In 2012 certain subsidiaries of the Group producing mineral resources, incurring exploration expenses and making capital investments in the territory of Khanty-Mansiysk Autonomous District applied up to 4% relief to their statutory corporate income tax rate as provided by the regional tax law. For the six months ended 30 June 2013 the Group's income tax expense includes a tax benefit relating to these tax incentives of RR 242 million (for the six month ended 30 June 2012 - RR 346 million).

The components of income taxes were as follows:

	Six months ended 30 June 2013	Six months ended 30 June 2012
Current income tax expense	1,752	2,167
Deferred income tax benefit	(550)	(580)
Total income tax expense	**1,202**	**1,587**

As at 30 June 2013 the Group has not recognised a deferred tax liability in respect of RR 6,077 million (31 December 2012 – RR 7,189 million) temporary difference associated in subsidiaries as the Group believes that 0% withholding taxes on dividend distribution will be applied when such dividends are distributed.

Classification of deferred income tax assets and liabilities on the Consolidated Interim Condensed Statement of Financial Position are presented in the table below:

	30 June 2013	31 December 2012
Deferred income tax assets - current	139	825
Deferred income tax assets – non-current	4,259	3,097
Total deferred income tax asset	**4,398**	**3,922**
Deferred income tax liabilities - current	(5)	(464)
Deferred income tax liabilities – non-current	(9,542)	(9,156)
Total deferred income tax liabilities	**(9,547)**	**(9,620)**
Net deferred income tax liability	**(5,149)**	**(5,698)**

Effective rate of income tax for the six months ended 30 June 2013 – 18.81%, and for the six months ended 30 June 2012 – 22.89%.

NOTE 15. REVENUES

	Six months ended 30 June 2013	Six months ended 30 June 2012
Crude oil	79,043	82,155
Processing services	10,090	8,553
Other sales (mainly oilfield services)	2,789	2,629
Oil products and associated gas	153	184
	92,075	**93,521**

(in million of Russian Roubles, unless noted otherwise)

NOTE 16. PRODUCTION EXPENSES

	Six months ended 30 June 2013	Six months ended 30 June 2012
Electricity, heating	5,729	4,838
Repairs and maintenance	4,262	4,285
Materials and supplies	2,624	2,384
Payroll expenses	1,412	1,380
Transportation expenses	1,264	1,159
Other	3,778	4,205
	19,069	**18,251**

Selling, general and administrative expenses for the six months ended 30 June 2013 and 30 June 2012 also include: payroll expenses in the amount of RR 1,552 million and RR 1,476 million, consulting expenses in the amount of RR 122 million and RR 113 million, charity in the amount of RR 138 million and RR 156 million respectively.

Costs of other sales for the six months ended 30 June 2013 and 30 June 2012 also include: payroll expenses in the amount of RR 451 million and RR 339 million, raw materials in the amount of RR 361 million and RR 254 million respectively.

NOTE 17. TAXES OTHER THAN INCOME TAXES

Taxes other than income taxes were as follows:

	Six months ended 30 June 2013	Six months ended 30 June 2012
Unified production tax	41,900	44,185
Property taxes	1,657	1,607
Social payments	1,042	930
Other	340	209
	44,939	**46,931**

NOTE 18. IMPAIRMENT AND LOSS ON DISPOSAL OF ASSETS

	Six months ended 30 June 2013	Six months ended 30 June 2012
Impairment of PPE	(431)	(551)
Loss on disposal of PPE	(116)	(483)
Other gain/(loss)	6	(11)
	(541)	**(1,045)**

NOTE 19. FINANCE INCOME / (COSTS), NET

	Six months ended 30 June 2013	Six months ended 30 June 2012
Finance income	854	526
Interest expense	(336)	(291)
Foreign exchange loss	(3,298)	(693)
Bank commissions and charges	(16)	(16)
Unwinding of discount on decommissioning and environmental liabilities	(374)	(320)
	(3,170)	**(794)**

(in million of Russian Roubles, unless noted otherwise)

NOTE 20. RELATED PARTY TRANSACTIONS

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

The Group's principal related parties for the six months ended 30 June 2013 were Primary Shareholders (Note 1) – NK Rosneft and Gazprom Neft Group.

Subsidiaries of the Company

Subsidiaries	30 June 2013 Ownership	30 June 2013 Voting rights	31 December 2012 Ownership	31 December 2012 Voting rights
OAO Slavneft-Megionneftegazgeologiya	94.72%	97.51%	94.72%	97.51%
OAO Slavneft-Megionneftegaz	56.42%	69.12%	56.42%	69.12%
OAO Slavneft Yaroslavnefteorgsintez	39.79%	50.78%	39.79%	50.78%
OOO MUBR	56.42%	69.12%	56.42%	69.12%
OOO MegionEnergoNeft'	56.42%	69.12%	56.42%	69.12%
OAO Sobol'	83.69%	88.45%	83.69%	88.45%
ZAO Ob'neftegeologiya	100.00%	100.00%	100.00%	100.00%
OAO Ob'Neftegazgeologiya	80.24%	80.24%	80.24%	80.24%
OOO Slavneft'-Nizhnevartovsk	100.00%	100.00%	100.00%	100.00%
OOO Slavneft'-Krasnoyarskneftegaz	100.00%	100.00%	100.00%	100.00%
OOO BNGRE	100.00%	100.00%	100.00%	100.00%
OOO Megion Geologiya	94.72%	97.89%	94.72%	97.89%

Remuneration of key management personnel of the Group (members of the Company's Board of Directors and the Group Management Board) was as follows:

	Six monts ended 30 June 2013	Six months ended 30 June 2012
Short-term employee benefits	271	263
Long-term bonus scheme and other long-term employee benefits	140	142
	411	**405**

Sales (including other sales) to related parties were as follows:

Customer	Description	Six monts ended 30 June 2013	Six months ended 30 June 2012
ZAO SL Trading*	Crude oil	39,390	40,970
OAO Gazprom Neft**	Crude oil	39,390	40,970
OAO Gazprom Neft**	Processing services	5,070	4,278
OAO TNK-BP Holding[1]*	Processing services	5,070	4,278
Other	Oil products and other	1,739	560
		90,659	**91,056**

[1] On 30 July 2013 OAO TNK-BP Holding was renamed to OAO RN Holding.

* *Entities related to Rosneft Group*
** *Entities related to Gazprom Neft Group*

(in million of Russian Roubles, unless noted otherwise)

NOTE 20. RELATED PARTY TRANSACTIONS (CONTINUED)

For the six months ended 30 June 2013 the Group incurred operating expenses with related parties representing purchases in the amount of RR 156 million (for the six months ended 30 June 2012 – RR 218 million).

Cash and cash equivalents with banks which are the related parties were as follows:

	30 June 2013	31 December 2012
OAO Gazprombank**	1	2
	1	**2**

Receivables from related parties were as follows:

	30 June 2013	31 December 2012
OAO Gazprom Neft**	1,993	1,687
OAO TNK-BP Holding *	1,489	1,267
ZAO SL Trading*	538	321
Other	142	72
	4,162	**3,347**

Accounts payable to related parties were as follows:

	30 June 2013	31 December 2012
OAO Gazprom Neft**	1,596	1,775
OAO TNK-BP Holding *	549	1,714
Other	164	149
	2,309	**3,638**

Dividends payable to Shareholders were as follows:

	30 June 2013	31 December 2012
OAO TNK-BP Holding *	4,667	857
OAO Gazprom Neft**	4,667	857
	9,334	**1,714**

* *Entities related to Rosneft Group*
** *Entities related to Gazprom Neft Group*

Parties under control of the Government

In the normal course of business the Group enters into transactions with other entities being controlled by the Russian Government. In accordance with IAS 24 "Related Party Disclosures" and as the Primary Shareholders of the Company are effectively being controlled by the Russian Government, the following disclosure was made.

For the six months ended 30 June 2013 and 30 June 2012, the Group had the following transactions with the Government and parties under control of the Government:

	Six monts ended 30 June 2013	Six months ended 30 June 2012
Purchases of electricity	4,137	3,477
Transportation	523	1,251
Other	276	75
	4,936	**4,803**

(in million of Russian Roubles, unless noted otherwise)

NOTE 20. RELATED PARTY TRANSACTIONS (CONTINUED)

Receivables from the Government and parties under control of the Government were as follows:

	30 June 2013	30 June 2012
OAO AK Transneft	632	1,097
OAO Tjumenenergo	208	205
OAO RZHD	198	234
Other	128	23
	1,166	**1,559**

NOTE 21. CONTINGENCIES AND COMMITMENTS

Capital commitments

The Company and its subsidiaries are engaged in ongoing capital projects for exploration and development of production facilities and modernization of refineries and its distribution network. The budgets for these projects are generally set on a 3-year basis. Depending on the current market situation, actual expenditures may vary from the budgeted amounts.

The Group has approved contractual capital expenditure commitments for construction and fixed assets acquisition as of 30 June 2013 in the amount of RR 10,428 million (31 December 2012 - RR 3,104 million).

Operating leases

The land in the Russian Federation on which the Group's production facilities are located is mostly owned by the State. The Group leases land through operating lease agreements with the State. Payments by the Group are based on the total area and location of the land occupied. Operating lease agreements expire in various years through to 2059. Future minimum lease payments due under non-cancellable operating land rent lease agreements are:

	30 June 2013	31 December 2012
Not later than 1 year	569	535
Later than 1 year and not later than 5 years	1,962	1,455
Later than 5 years	13,489	11,930
	16,020	**13,920**

Social commitments

The Group contributes to mandatory and voluntary social programmes and maintains social sphere assets in the locations where it has its main operating facilities. The Group's social sphere assets, as well as local social programmes, benefit the community at large and are not normally restricted to the Group's employees. Contributions are expensed in the period during which they are incurred.

Insurance

The insurance industry in the Russian Federation is in the process of development, and many forms of insurance protection common in developed markets are not yet generally available.

The Group has limited coverage for its mining, processing and transportation for business interruption or for third party liabilities in respect of property or environmental damage arising from accidents on the Group's property or relating to the Group's operations. Management understands that until the Group obtains adequate insurance coverage there is a risk that the loss or destruction of certain operating assets could have a material adverse effect on the Group's operations and financial position.

NOTE 21. CONTINGENCIES AND COMMITMENTS (CONTINUED)

Litigation

The Group has a number of small claims and litigation relating to regular business activities and small fiscal claims. Management believes that none of these claims, individually or in aggregate, will have a material adverse impact on the Group.

Taxation contingencies in the Russian Federation

Russian tax legislation is subject to varying interpretations and changes,which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activities of the Group may be challenged by the tax authorities.

Currently the Russian tax authorities are taking a more assertive position in their interpretation of the legislation and assessments and, as a result, it is possible that transactions and activities that have not been challenged in the past may be challenged. It is therefore possible that significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

Management believes that it has paid or accrued all taxes that are applicable. Where uncertainty exists, the Group has accrued tax liabilities based on management's best estimate of the probable outflow of resources embodying economic benefits, which will be required to settle such liabilities.

Amended Russian transfer pricing legislation took effect from 1 January 2012. The new transfer pricing rules appear to be more technically elaborate and, to a certain extent, better aligned with the international transfer pricing principles developed by the Organization for Economic Cooperation and Development (OECD). The new legislation provides the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controlled transactions (transactions with related parties and some types of transactions with unrelated parties), provided that the transaction price is not arm's length. Management has implemented internal procedures to be in compliance with the new transfer pricing legislation. Management believes that its pricing methodology is in compliance with the transfer pricing legislation and applied intra-Group prices are arm's length.

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

Environmental matters

The Group is subject to extensive federal, state and local environmental controls and regulations in the regions in which it operates. The Group's operations involve disturbance of land, discharge of materials and contaminants into the environment, potential impact to flora and fauna, and other environmental concerns.

The Group's management believes that it is in compliance with all current existing health, safety and environmental laws and regulations in the regions in which it operates. However, environmental regulations are currently under consideration in the Russian Federation. The Group is continually evaluating its obligations relating to new and changing legislation. The Group is unable to predict the timing or extent to which environmental laws and regulations may change. Such change, if it occurs, may require the Group to modernise technology and incur future additional material costs to meet more stringent standards.

(in million of Russian Roubles, unless noted otherwise)

NOTE 21. CONTINGENCIES AND COMMITMENTS (CONTINUED)

Operating environment

The Russian Federation displays certain characteristics of an emerging market. The legal, tax and regulatory frameworks continue to develop and are subject varying interpretation.

The ongoing uncertainty and volatility of the financial markets, in particular in Europe, and other risks could have significant negative effects on the Russian financial and corporate sectors. The future economic and regulatory situation may differ from management's current expectations.

Management is unable to predict all developments which could have an impact on the Russian economy and consequently what effect, if any, they could have on the future financial position of the Group. Management believes it is taking all the necessary measures to support the sustainability and development of the Group's business.

NOTE 22. FINANCIAL RISK MANAGEMENT

	30 June 2013	31 December 2012
Financial assets		
Current		
Cash and cash equivalents (Note 8)	25,391	32,117
Trade and other financial receivables, net (Note 7)	7,283	6,139
Loans receivable	41	33
Total carrying amount	**32,715**	**38,289**

Financial liabilities	**30 June 2013**	**31 December 2012**
Non-current		
Non-current debt (Note 9)	27,526	36,956
Current		
Trade and other financial payables (Note 11)	13,920	12,903
Current debt and current portion of non-current debt (Note 9)	25,123	21,092
Total carrying amount	**66,569**	**70,951**

In the normal course of its operations, the Group is exposed to market (including foreign currency, interest rate and commodity price), credit and liquidity risks. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the Management Board on a monthly basis and the central treasury department. The Management Board jointly with Board of Directors provides principles for overall risk management, as well as policies covering specific areas, such as foreign currency risk, interest rate risk.

Market risk

The Group is exposed to market price movements relating to changes in commodity prices such as crude oil, gas condensate, foreign currency exchange rates, interest rates and other indices that could adversely affect the value of the Group's financial assets, liabilities or expected future cash flows. The primary objective of mitigating these market risks is to manage and control risk exposure, while optimizing the return on risk.

Foreign currency risk

Foreign currency risk is the risk that the financial results of the Group will be adversely impacted by changes in exchange rates to which the Group is exposed.

A significant portion of the Group's revenues and costs are denominated in RR, whereas the majority of the Group's finance liabilities are denominated in USD, accordingly, profit may be impacted by the changes of the RR against the USD.

(in million of Russian Roubles, unless noted otherwise)

NOTE 22. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group does not use forward contracts to mitigate the risk of negative fluctuations in the USD/RR exchange rate, as believes that benefits from low interest rate for loans denominated in USD exceed cost of using forward contracts.

The Group has the following financial assets and financial liabilities denominated in foreign currencies:

	30 June 2013						
	RUR	USD	EURO	JPY	BYR	Subtotal for foreign currency	Total
Current assets							
Trade accounts receivable	6,284	-	996	-	3	**999**	**7,283**
Cash and cash equivalents	23,125	2,099	61	-	106	**2,266**	**25,391**
Loans receivable	40	-	1	-	-	**1**	**41**
Non-current liabilities							
Non-current debt	-	(26,746)	-	(780)	-	**(27,526)**	**(27,526)**
Current liabilities							
Current debt	-	(24,233)	(97)	(793)	-	**(25,123)**	**(25,123)**
Trade accounts payable and accruals	(12,927)	-	(993)	-	-	**(993)**	**(13,920)**
Net exposure	**16,522**	**(48,880)**	**(32)**	**(1,573)**	**109**	**(50,376)**	**(33,854)**

	31 December 2012						
	RUR	USD	EURO	JPY	BYR	Subtotal for foreign currency	Total
Current assets							
Trade accounts receivable	4,712	1	1,424	-	2	**1,427**	**6,139**
Cash and cash equivalents	18,577	13,429	18	-	93	**13,540**	**32,117**
Loans receivable	33	-	-	-	-	-	**33**
Non-current liabilities							
Non-current debt	-	(35,713)	-	(1,243)	-	**(36,956)**	**(36,956)**
Current liabilities							
Current debt	-	(20,173)	(90)	(829)	-	**(21,092)**	**(21,092)**
Trade accounts payable and accruals	(11,458)	-	(1,445)	-	-	**(1,445)**	**(12,903)**
Net exposure	**11,864**	**(42,456)**	**(93)**	**(2,072)**	**95**	**(44,526)**	**(32,662)**

A 10% change in foreign exchange rates at the reporting date would have following effect on pre-tax profit:

	Six months ended 30 June 2013		Six months ended 30 June 2012	
	USD	JPY	USD	JPY
Effect on pre-tax profit	4,888	157	451	4

Commodity price risk

The Group's overall commercial trading strategy in crude oil and related products is centrally managed. Changes in commodity prices could negatively or positevly affect the Group's results of operations. The Group sells all its crude oil and related products to the Primary Shareholders.

(in million of Russian Roubles, unless noted otherwise)

NOTE 22. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely impact the financial results of the Group.

The Group's interest rate risk arises primarily from non-current debt. The Group's debt at variable interest rates is primarily denominated in USD. Borrowings at variable interest rates expose the Group to a cash flow interest rate risk. The Group monitors the risk, but doesn't consider the increase in Libor rates on loans for the significant risk of its cash flows.

The interest rate profile of the Group's interest-bearing financial instruments is as follows:

	30 June 2013	31 December 2012
Fixed rate financial instruments (net)	**23,523**	**29,851**
Bank deposits	25,096	31,923
Non-current debt	(780)	(1,243)
Current debt	(793)	(829)
Variable rate financial instruments	**(51,076)**	**(55,976)**
Non-current debt	(26,746)	(35,713)
Current debt	(24,330)	(20,263)

As at 30 June 2013 and 30 June 2012, the Group's risk policy does not provide for any interest risk hedging.
A 1% increase in interest rates at the reporting date would have the following effect on pre-tax profit:

	Six months ended 30 June 2013	Six months ended 30 June 2012
Effect on pre-tax profit	(262)	(386)

Credit risk

Credit risk is the risk that a counterparty may default or not meet its obligations to the Group on a timely basis, leading to a financial loss to the Group. The Group minimises its exposure to this risk by sale on credit to customers after rigid credit approval procedures.

The Group is dependent on a limited number of customers Primary Shareholders. The Group's top trade debtors are entities associated with the Primary Shareholders: OAO NK Rosneft, ZAO SL Trading, OAO Gazprom Neft. And so the credit quality of trade receivables is not deemed a significant risk as the debtors (Primary Shareholders and other than Primary Shareholders) with no history of defaults. Disclosure regarding trade receivables that are either past due or impaired is presented in Note 9.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to settle its financial liabilities as they fall due. During the six months ended 30 June 2013 and during the year 2012 global and Russian capital markets experienced significant volatility, including lack of available sources of financing, significant fluctuation of Russian Rouble against USD and Euro and increase in interest rates. Despite stabilisation measures undertaken by various governments, markets remain volatile.

Prudent liquidity risk management includes maintaining sufficient cash, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The Group expects that cash generated from operations will be the major source of the Group's liquidity in 2013 and will be sufficient to cover the capital expenditures program of the Group. In addition, management believes that the Company will be able to attract additional sources of financing in order to re-finance the existing short-term facilities.

The central treasury department of the Group maintains flexibility in funding by maintaining availability of credit lines facilities, the unused portion of these lines at 30 June 2013 totalled RR 6,542 million (31 December 2012 – RR 6,075 million).

(in million of Russian Roubles, unless noted otherwise)

NOTE 22. FINANCIAL RISK MANAGEMENT (CONTINUED)

The table below analyses the Group's financial liabilities that include financial payables (e.g. trade payables, borrowings into relevant maturity groupings based on the contractual undiscounted cash flows to maturity), including interest payments.

	30 June 2013	31 December 2012
Not later than 1 year	39,043	33,995
Later than 1 year and not later than 5 years	27,526	36,956
Later than 5 years	-	-
	66,569	**70,951**

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to equity holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group defines capital as shareholders' equity. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to equity holders, return capital to equity holders or issue new shares. The Group's overall strategy for 2013 remained unchanged from prior years.

The Group has complied with all externally imposed capital requirements during the six month ended 30 June 2013 and 30 June 2012. These are set out in the Group's loan agreements on various basis.

Consistent with others in industry, the Group monitors capital on the basis of gearing ratio. This ratio is calculated as Net debt divided by the Total Group shareholders' equity plus Net debt. Net debt is calculated as total interest bearing loans and borrowings less cash and cash equivalents. Total capital is determined as Total Group shareholders' equity as shown in the consolidated statement of financial position.

	30 June 2013	31 December 2012
Net debt	27,258	25,931
Total Group Shareholders'equity	149,178	151,345
Total Group Shareholders'equity and Net debt	176,436	177,276
Gearing ratio	**15.4%**	**14.6%**

NOTE 23. FAIR VALUE FOR FINANCIAL INSTRUMENTS

At 30 June 2013 and 31 December 2012 the fair values of financial instruments held by the Group did not materially differ from the carrying values.

Cash and cash equivalents, short-term bank deposits, accounts receivable and accounts payable. The carrying amounts of these items are a reasonable approximation of their fair value.

Current debt. Loan arrangements have variable interest rates that reflect the currently available terms for a similar debt. The carrying value of this debt is a reasonable approximation of its fair value.

Non-current debt. Loans under bank arrangements have variable and fixed interest rates that reflect currently available terms and conditions for a similar debt. The carrying value of this debt is a reasonable approximation of its fair value.

(in million of Russian Roubles, unless noted otherwise)

NOTE 24. DIVIDENDS

The shareholders approved dividends of RR 0.06 per ordinary share in the amount of RR 285 million during the annual general meeting of Company's held on 28 June 2013 and RR 0.32 per ordinary share in the amount of RR 1,521 million during the extraordinary general meeting of Company's held on 19 December 2012.

NOTE 25. NON-CONTROLLING INTEREST

The Group's Primary Shareholders hold financial interests in a number of the Group's subsidiaries.

The table below presents information regarding subsidiaries that are not wholly owned by the Group (non-controlling interest) as at 30 June 2013.

	Non-controlling interest in the Group subsidiaries, %	The Group's Primary Shareholders interest, %
OAO Slavneft Yaroslavnefteorgsintez	60.21%	54.97%
OAO Slavneft-Megionneftegaz	43.58%	39.63%
OOO MUBR	43.58%	38.37%
OOO MegionEnergoNeft	43.58%	38.37%
OAO Ob'neftegazgeologiya	19.76%	18.25%
OAO Sobol'	16.31%	-
OAO Slavneft-Megionneftegazgeologiya	5.28%	-
OOO Megion Geologiya	5.28%	-

Non-controlling interest on the Consolidated Interim Condensed Financial Information as of 30 June 2013 and 31 December 2012 includes RR 64,539 million and RR 62,022 million respectively, attributable to the Primary Shareholders' interests.

Included in non-controlling interest on the Consolidated Interim Condensed Statement of Profit and Loss and Other Comprehensive Income for the six months ended 30 June 2013 and 30 June 2012 is RR 2,517 million and RR 2,556 million as profit respectively, attributable to the Primary Shareholders' interests in the Group's subsidiaries.

NOTE 26. SUBSEQUENT EVENTS

Events after the reporting period have been evaluated through 7 August 2013, the date of issuance of this Consolidated Interim Condensed Financial Information. Dividends were paid in the amount of RR 1,801 million includind taxes on 30 July 2013. On 30 July 2013 OAO TNK-BP Holding was renamed to OAO RN Holding.