

# Unlocking the Planet's Potential





ОАО Gazprom  
Financial Report 2013



## Contents

- 5 **Open joint stock company Gazprom  
Statutory accounting reports  
of the Parent Company OAO Gazprom 2013**
  
- 73 **Statutory Consolidated Accounting Reports  
of OAO Gazprom and its Subsidiaries  
for 2013**



# Open Joint Stock Company Gazprom Statutory Accounting Reports of the Parent Company OAO Gazprom 2013

# Auditor's Report

To the Shareholders of Open Joint Stock Company Gazprom:

## Client

Open Joint Stock Company Gazprom.

State registration certificate № 022.726, issued by Moscow Registration Chamber on 25 February 1993.

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

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

## Auditor

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

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

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

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

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



# Auditor's Report

To the Shareholders of Open Joint Stock Company Gazprom:

We have audited the attached financial statements of Open Joint Stock Company Gazprom (hereinafter — JSC Gazprom) which comprise the balance sheet as at 31 December 2013, and statement of financial results, statement of changes in equity and statement of cash flows for 2013, and notes to the balance sheet and statement of financial results (hereinafter all the reports together are referred to as the «financial statements»).

## JSC Gazprom's responsibility for the financial statements

JSC Gazprom's management is responsible for the preparation and fair presentation of these financial statements in accordance with the reporting rules established in the Russian Federation and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## The auditor's responsibility

Our responsibility is to express an opinion on the fair presentation of the financial statements based on our audit. We conducted our audit in accordance with Russian Federal Auditing Standards and International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient to provide a basis for our audit opinion on the financial statements.

## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of JSC Gazprom as at 31 December 2013, and the results of its financial performance and its cash flows for 2013 in accordance with the reporting rules established in the Russian Federation.

Director of ZAO PricewaterhouseCoopers Audit

27 March 2014



M.E. Timchenko

# Balance Sheet as at 31 December 2013

Company: JSC GAZPROM  
Taxpayer identification number  
Field of activity: wholesale  
Legal form/property form: Open Joint Stock Company  
Unit of measurement: thousands of RR  
Address: Russian Federation, 117997, Moscow, Nametkina str., 16, V-420, GSP-7

Form on OKUD	0710001
Date (day, month, year)	31/12/2013
OKPO	00040778
INN	7736050003
OKVED	51.51.3
OKOPF/OKFS	1 22 47 / 31
OKEI	384

Note	Narrative	Line code	As at 31 December 2013	As at 31 December 2012	As at 31 December 2011
<b>Assets</b>					
<b>I. Non-current Assets</b>					
1	Intangible assets, including:	1110	277,132	523,393	371,494
	intellectual property right	1111	241,095	522,739	370,054
	other	1119	36,037	654	1,440
1	Results of research and development	1120	2,155,015	1,957,582	3,079,812
9	Intangible exploration assets	1130	82,733,078	42,764,714	41,782,999
9	Tangible exploration assets	1140	52,007,458	32,784,530	27,408,297
2	Fixed assets, including:	1150	5,679,205,304	5,559,595,966	4,798,374,764
	Fixed assets items, including:	1151	5,654,253,785	5,547,269,450	4,781,322,391
	land plots and natural resources	1152	1,034,135	920,428	651,186
	buildings, machinery and equipment	1153	5,584,268,143	5,476,588,337	4,721,150,167
	Capital investments in progress	1154	24,951,519	12,326,516	17,052,373
3	Financial investments, including:	1170	2,006,056,074	1,769,588,382	1,717,983,114
	investments in subsidiaries	1171	1,661,313,512	1,540,121,603	1,489,479,681
	investments in associates	1172	104,534,868	80,808,417	86,364,938
	investments in other entities	1173	715,324	112,665	100,607
	loans provided to companies for a period over 12 months	1174	124,215,494	32,222,356	22,287,895
	Deferred tax assets	1180	15,490,136	40,512,953	17,478,804
	Other non-current assets	1190	28,020,262	27,615,257	23,964,465
	<b>Total Section I</b>	<b>1100</b>	<b>7,865,944,459</b>	<b>7,475,342,777</b>	<b>6,630,443,749</b>

Note	Narrative	Line code	As at 31 December 2013	As at 31 December 2012	As at 31 December 2011
<b>Assets</b>					
<b>II. Current Assets</b>					
4	Inventories, including:	1210	402,256,939	350,733,995	281,000,069
	raw materials and other inventories	1211	3,620,353	2,965,322	2,969,572
	work in progress	1213	249,671,612	224,731,247	186,376,089
	finished goods and goods for resale	1214	146,310,669	120,554,119	90,133,409
	goods dispatched	1215	2,654,272	2,483,274	1,520,966
	Value added tax on goods purchased	1220	56,729,385	49,199,088	20,357,283
5	Accounts receivable, including:	1230	2,108,538,791	2,012,827,396	2,375,188,275
	Accounts receivable (payment expected beyond 12 months after the reporting date), including:	1231	507,529,428	585,306,509	520,637,888
	buyers and customers	1232	6,508,098	9,178,505	–
	advances issued	1233	9,097,975	19,021,844	28,943,373
	other debtors	1234	491,923,355	557,106,160	491,694,515
	Accounts receivable (payment expected within 12 months after the reporting date), including:	1235	1,601,009,363	1,427,520,887	1,854,550,387
	buyers and customers	1236	627,091,365	516,433,842	516,528,765
	advances issued	1238	58,558,434	102,000,902	17,349,449
	other debtors	1239	915,359,564	809,086,143	1,320,672,173
3	Financial investments (less cash equivalents), including:	1240	30,642,250	21,046,052	23,102,447
	loans provided to other companies for a period within 12 months	1241	29,074,341	20,960,267	20,272,583
	Cash and cash equivalents, including:	1250	380,231,778	120,666,566	187,778,183
	cash	1251	27,282	25,855	21,428
	settlement accounts	1252	311,985,071	67,817,882	130,129,385
	foreign currency accounts	1253	67,638,473	48,766,336	53,673,528
	other cash and cash equivalents	1259	580,952	4,056,493	3,953,842
	Other current assets	1260	4,075,539	6,084,600	3,594,288
	<b>Total Section II</b>	1200	2,982,474,682	2,560,557,697	2,891,020,545
	<b>Balance</b>	1600	10,848,419,141	10,035,900,474	9,521,464,294

Note	Narrative	Line code	As at 31 December 2013	As at 31 December 2012	As at 31 December 2011
<b>Equity and Liabilities</b>					
<b>III. Equity and Reserves</b>					
	Charter capital	1310	118,367,564	118,367,564	118,367,564
	Own shares buy-back	1320	–	–	–
	Non-current assets revaluation	1340	4,326,532,592	4,328,879,078	4,331,266,961
	Additional capital (without revaluation)	1350	–	–	–
	Reserve capital	1360	8,636,001	8,636,001	8,636,001
	Retained earnings (loss)	1370	3,916,294,772	3,427,412,835	3,080,971,508
	<b>Total Section III</b>	<b>1300</b>	<b>8,369,830,929</b>	<b>7,883,295,478</b>	<b>7,539,242,034</b>
<b>IV. Non-current Liabilities</b>					
	Borrowings and bank loans, including:	1410	944,249,743	774,749,753	841,947,238
	bank loans due for repayment beyond 12 months	1411	35,789,939	42,524,135	128,032,652
	other borrowings due for repayment beyond 12 months	1412	908,459,804	732,225,618	713,914,586
	Deferred tax liabilities	1420	291,105,303	216,296,143	199,648,936
7	Estimated liabilities	1430	–	–	–
5	Other liabilities	1450	1,060,164	2,120,310	3,180,459
	<b>Total Section IV</b>	<b>1400</b>	<b>1,236,415,210</b>	<b>993,166,206</b>	<b>1,044,776,633</b>
<b>V. Current Liabilities</b>					
	Borrowings and bank loans, including:	1510	655,966,239	526,648,116	407,074,990
	bank loans due for repayment within 12 months	1511	–	–	–
	other borrowings due for repayment within 12 months	1512	53,497,429	12,294,308	73,876,396
	current portion of long term borrowings and bank loans	1513	602,468,810	514,353,808	333,198,594
5	Accounts payable, including:	1520	556,089,971	513,089,718	526,153,479
	suppliers and contractors	1521	387,898,669	359,027,028	360,301,618
	salaries payable	1522	383,692	209,039	194,714
	payable to state non-budget funds	1523	101,158	73,999	48,827
	taxes payable	1524	23,004,964	6,549,779	45,311,984
	other creditors, including:	1525	144,472,519	146,940,385	120,004,004
	advances received	1527	97,646,011	82,087,411	82,407,176
	other settlements	1528	46,826,508	64,852,974	37,596,828
	dividends payable to participants (shareholders)	1529	228,969	289,488	292,332
	Future periods income	1530	940,619	838,101	–
7	Estimated liabilities	1540	29,176,173	118,862,855	4,217,158
	Other liabilities	1550	–	–	–
	<b>Total Section V</b>	<b>1500</b>	<b>1,242,173,002</b>	<b>1,159,438,790</b>	<b>937,445,627</b>
	<b>Balance</b>	<b>1700</b>	<b>10,848,419,141</b>	<b>10,035,900,474</b>	<b>9,521,464,294</b>

Chief Executive Officer  A. B. Miller

Chief Accountant  E.A. Vasilieva

27 March 2014

Statement of Financial Results  
for 2013

Company: JSC GAZPROM  
 Taxpayer identification number  
 Field of activity: wholesale  
 Legal form/property form: Open Joint Stock Company  
 Unit of measurement: thousands of RR

Form on OKUD	Codes
Date (day, month, year)	0710002
OKPO	31/12/2013
INN	00040778
OKVED	7736050003
OKOPF/OKFS	51.51.3
OKEI	1 22 47 / 31
	384

Note	Narrative	Line code	For reporting period	For the similar period of the prior year
	<b>Sales of goods, products, work, services</b>			
	<b>(less VAT, excise tax and other similar mandatory payments)</b>	2110	3,933,335,313	3,659,150,757
	including:			
	gas	2111	2,917,451,056	2,798,886,719
	leased assets	2112	574,946,915	485,425,895
	gas transportation services	2113	202,009,785	168,156,090
	oil and gas refinery products	2114	181,783,964	165,800,505
	gas condensate	2115	49,252,429	35,412,783
	other	2116	5,930,439	4,156,437
	gas storage services	2117	1,960,725	1,312,328
6	<b>Cost of goods, products, work, services sold</b>	2120	(1,927,337,089)	(1,708,052,596)
	including:			
	gas	2121	(997,055,509)	(934,338,028)
	leased assets	2122	(579,826,935)	(488,865,619)
	gas transportation services	2123	(197,744,067)	(159,266,627)
	oil and gas refinery products	2124	(110,719,873)	(94,859,434)
	gas condensate	2125	(33,769,147)	(23,184,258)
	other	2126	(7,445,985)	(6,995,109)
	gas storage services	2127	(775,573)	(543,521)
	<b>Gross profit (loss)</b>	2100	2,005,998,224	1,951,098,161
6	Sales expenses	2210	(978,592,795)	(895,758,005)
6	General business expenses	2220	(65,369,929)	(62,133,209)
	<b>Profit (loss) from sales</b>	2200	962,035,500	993,206,947
	Income from participation in other entities	2310	110,443,031	110,415,078
	Interest receivable	2320	17,881,474	10,290,572
	Interest payable	2330	(74,147,485)	(76,671,447)

Note	Narrative	Line code	For reporting period	For the similar period of the prior year
	Other income	2340	3,137,079,147	3,240,450,443
	Other expenses	2350	(3,298,514,899)	(3,523,946,168)
	<b>Profit (loss) before taxation</b>	2300	854,776,768	753,745,425
	<b>Income tax, including:</b>	2405	(122,479,079)	(205,040,254)
	current income tax	2410	(118,903,415)	(214,588,602)
	prior year income tax	2411	(3,575,664)	9,548,348
	<i>including permanent tax liabilities (assets) from the 2405 line</i>	2421	72,873,963	68,406,024
	Changes in deferred tax liabilities	2430	(74,810,106)	(16,704,437)
	Changes in deferred tax assets	2450	(25,019,624)	23,040,779
	Other	2460	(8,258,254)	(177,871)
	Reallocation of income tax within the Consolidated Taxpayer Group	2465	4,101,516	1,523,527
	<b>Net profit (loss)</b>	2400	628,311,221	556,387,169

Form on OKUD 0710002 p.3

Note	Narrative	Line code	For reporting period	For the similar period of the prior year
	REFERENCE:			
	Result of revaluation of non-current assets not included to the net profit (loss) for the period	2510	-	-
	Results of other transactions not included to the net profit (loss) for the period	2520	28,572	8,975
	Cumulative financial result for the year	2500	628,339,793	556,396,144
	Basic earnings (loss) per share (in RR)	2900	26.54	23.50
	Diluted earnings (loss) per share	2910	-	-

Chief Executive Officer  A. B. MillerChief Accountant  E.A. Vasilieva

27 March 2014

Statement of Changes in Equity  
for 2013

Company: JSC GAZPROM  
 Taxpayer identification number  
 Field of activity: wholesale  
 Legal form/property form: Open Joint Stock Company  
 Unit of measurement: thousands of RR

Form on OKUD  
 Date (day, month, year)  
 OKPO  
 INN  
 OKVED  
 OKOPF/OKFS  
 OKEI

Codes
0710003
31/12/2013
00040778
7736050003
51.51.3
1 22 47 / 31
384

## 1. Changes in equity

Narrative	Line code	Charter capital	Own shares buy-back	Additional capital	Reserve capital	Accumulated profit (loss)	Total
<b>Equity as at 31 December 2011</b>	3100	118,367,564	–	4,331,266,961	8,636,001	3,080,971,508	7,539,242,034
<b>for 2012</b>							
<b>Increase of equity – total, including:</b>	3210	–	–	8,711	–	556,396,144	556,404,855
net profit	3211	X	X	X	X	556,387,169	556,387,169
revaluation of assets	3212	X	X	–	X	–	–
income directly attributable to equity	3213	X	X	–	X	8,975	8,975
additional shares issue	3214	–	X	–	X	X	–
increase of share par value	3215	–	X	–	X	–	–
reorganization of legal entity	3216	–	–	–	–	–	–
placement of buy-backed shares	3217	X	–	X	X	X	–
other	3219	–	–	8,711	–	–	8,711
<b>Decrease of equity – total, including:</b>	3220	–	–	–	–	(212,351,411)	(212,351,411)
loss	3221	X	X	X	X	–	–
revaluation of assets	3222	X	X	–	X	–	–
expenses directly attributable to equity	3223	X	X	X	X	–	–
decrease of share par value	3224	–	X	X	X	–	–
decrease in number of shares	3225	–	–	X	X	X	–
reorganization of legal entity	3226	–	–	–	–	–	–
dividends	3227	X	X	X	X	(212,351,411)	(212,351,411)
other	3229	–	–	–	–	–	–

Narrative	Line code	Charter capital	Own shares buy-back	Additional capital	Reserve capital	Accumulated profit (loss)	Total
Additional capital change	3230	X	X	(2,396,594)	X	2,396,594	-
Reserve capital change	3240	X	X	X	-	-	-
<b>Equity as at 31 December 2012</b>	<b>3200</b>	<b>118,367,564</b>	<b>-</b>	<b>4,328,879,078</b>	<b>8,636,001</b>	<b>3,427,412,835</b>	<b>7,883,295,478</b>
<b>For 2013</b>							
<b>Increase of equity – total, including:</b>	<b>3310</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>628,339,793</b>	<b>628,339,793</b>
net profit	3311	X	X	X	X	628,311,221	628,311,221
revaluation of assets	3312	X	X	-	X	X	-
income directly attributable to equity	3313	X	X	-	X	28,572	28,572
additional shares issue	3314	-	X	-	X	X	-
increase of share par value	3315	-	X	-	X	-	-
reorganization of legal entity	3316	-	-	-	-	-	-
placement of buy-backed shares	3317	X	-	X	X	X	-
other	3319	-	-	-	-	-	-
<b>Decrease of equity – total, including:</b>	<b>3320</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(141,804,342)</b>	<b>(141,804,342)</b>
loss	3321	X	X	X	X	-	-
revaluation of assets	3322	X	X	-	X	X	-
expenses directly attributable to equity	3323	X	X	X	X	-	-
decrease of share par value	3324	-	X	X	X	-	-
decrease in number of shares	3325	-	-	X	X	X	-
reorganization of legal entity	3326	-	-	-	-	-	-
dividends	3327	X	X	X	X	(141,804,342)	(141,804,342)
other	3329	-	-	-	-	-	-
Additional capital change	3330	X	X	(2,346,486)	X	2,346,486	-
Reserve capital change	3340	X	X	X	-	-	-
<b>Equity as at 31 December 2013</b>	<b>3300</b>	<b>118,367,564</b>	<b>-</b>	<b>4,326,532,592</b>	<b>8,636,001</b>	<b>3,916,294,772</b>	<b>8,369,830,929</b>




**2. Restatements due to changes in accounting policies and correction of mistakes**

Narrative	Line code	As at 31 December 2011	Changes in equity for 2012		As at 31 December 2012
			From net profit (loss)	From other factors	
<b>Equity – total</b>					
<b>before restatement</b>	3400	7,540,011,643	556,340,354	(212,333,725)	7,884,018,272
restatement due to:					
changes in accounting policies	3410	(769,609)	46,815	–	(722,794)
corrections of accounting errors	3420	–	–	–	–
after restatement	3500	7,539,242,034	556,387,169	(212,333,725)	7,883,295,478
including:					
<b>Retained earnings (uncovered loss):</b>					
<b>before restatement"</b>	3401	3,081,741,117	556,340,354	(209,945,842)	3,428,135,629
restatement due to:					
changes in accounting policies	3411	(769,609)	46,815	–	(722,794)
corrections of accounting errors	3421	–	–	–	–
after restatement	3501	3,080,971,508	556,387,169	(209,945,842)	3,427,412,835
<b>Additional capital</b>					
<b>before restatement</b>	3402	4,331,266,961	–	(2,387,883)	4,328,879,078
restatement due to:					
changes in accounting policies	3412	–	–	–	–
corrections of accounting errors	3422	–	–	–	–
after restatement	3502	4,331,266,961	–	(2,387,883)	4,328,879,078
<b>Reserve capital</b>					
<b>before restatement</b>	3403	8,636,001	–	–	8,636,001
restatement due to:					
changes in accounting policies	3413	–	–	–	–
corrections of accounting errors	3423	–	–	–	–
after restatement	3503	8,636,001	–	–	8,636,001
<b>Own shares buy-back</b>					
<b>before restatement</b>	3404	–	–	–	–
restatement due to:					
changes in accounting policies	3414	–	–	–	–
corrections of accounting errors	3424	–	–	–	–
after restatement	3504	–	–	–	–
<b>Social government fund</b>					
<b>before restatement</b>	3405	–	–	–	–
restatement due to:					
changes in accounting policies	3415	–	–	–	–
corrections of accounting errors	3425	–	–	–	–
after restatement	3505	–	–	–	–

### 3. Net assets

Narrative	Line code	As at 31 December 2013	As at 31 December 2012	As at 31 December 2011
<b>Net assets</b>	3600	8,370,771,548	7,884,133,579	7,539,242,034

Chief Executive Officer  A. B. Miller

Chief Accountant  E.A. Vasilieva

27 March 2014

Cash Flow Statement  
for 2013

Company: JSC GAZPROM  
 Taxpayer identification number  
 Field of activity: wholesale  
 Legal form/property form: Open Joint Stock Company  
 Unit of measurement: thousands of RR

Form on OKUD	Codes
Date (day, month, year)	0710004
OKPO	31/12/2013
INN	00040778
OKVED	7736050003
OKOPF/OKFS	51.51.3
OKEI	1 22 47 / 31
	384

Narrative	Line code	For reporting period	For the similar period of the prior year
<b>Cash flows from operating activities</b>			
<b>Receipts – total, including</b>	4110	4,602,153,188	4,265,298,474
from sale of goods, products, works and services	4111	4,302,513,425	4,047,091,801
rent payments, license payments, royalties, commissions and other payments	4112	–	–
resale of financial investments	4113	–	–
other receipts	4119	299,639,763	218,206,673
<b>Payments – total, including</b>	4120	(3,394,697,697)	(3,343,537,792)
to suppliers for raw materials, works, services	4121	(2,305,182,272)	(2,198,432,965)
wages and salaries	4122	(28,607,347)	(23,147,412)
interests on borrowings	4123	(66,459,881)	(70,676,793)
income tax	4124	(149,296,046)	(284,026,110)
other payments	4129	(845,152,151)	(767,254,512)
<b>Net cash flows from operating activities</b>	4100	1,207,455,491	921,760,682

Narrative	Line code	For reporting period	For the similar period of the prior year
<b>Cash flows from investing activities</b>			
<b>Receipts – total, including</b>	4210	124,834,185	141,571,782
from sales of non-current assets (except financial investments)	4211	988,976	1,089,703
from sales of shares of other entities (ownership interest)	4212	1,170,375	2,699,998
from return of loans issued, sales of debt securities (sale of rights of claiming cash to third parties)	4213	6,082,114	5,023,653
dividends, interests from long-term financial investments and receipts from participation in other entities	4214	115,881,641	123,482,360
from sales of exploration assets	4215	–	–
other receipts	4219	711,079	9,276,068
<b>Payments – total, including</b>	4220	(1,123,280,505)	(1,028,162,752)
acquisition, construction, modernisation, reconstruction and preparation for the use of non-current assets	4221	(28,075,379)	(22,056,587)
acquisition of other entities shares	4222	(118,771,131)	(78,935,666)
acquisition of debt securities (rights of claiming cash from third parties), issue of loans to third parties	4223	(100,525,973)	(14,819,986)
borrowing costs included to the cost of the investment assets	4224	–	–
construction/purchase of exploration assets	4225	(52,431,805)	(9,084,192)
other payments	4229	(823,476,217)	(903,266,321)
<b>Net cash flows from investment activities</b>	4200	(998,446,320)	(886,590,970)
<b>Cash flows from financing activities</b>			
<b>Receipts – total, including</b>	4310	376,184,753	262,319,798
borrowings and bank loans	4311	346,188,503	262,319,798
contributions of owners (participants)	4312	–	–
issue of shares, increase in participation interest	4313	–	–
issue of bonds, promissory notes and other debt securities	4314	29,996,250	–
other receipts	4319	–	–

Narrative	Line code	For reporting period	For the similar period of the prior year
<b>Payments – total, including</b>	4320	(338,094,142)	(358,165,078)
to owners (participants) due to the fact of share buy-back or cessation of membership	4321	–	–
dividend payments or other distribution to owners	4322	(132,203,230)	(198,329,393)
redemption (buy-back) of promissory notes and other debt securities, loan repayment	4323	(201,556,288)	(154,788,151)
other payments	4329	(4,334,624)	(5,047,534)
<b>Net cash flows from financing activities</b>	4300	38,090,611	(95,845,280)
<b>Net cash flows for the reporting period</b>	4400	247,099,782	(60,675,568)
<b>Cash and cash equivalents at the beginning of the reporting period</b>	4450	120,666,566	187,778,183
<b>Cash and cash equivalents at the end of the reporting period</b>	4500	380,231,778	120,666,566
<b>Effect of changes in the Russian rouble exchange rate</b>	4490	12,465,430	(6,436,049)

Chief Executive Officer  A. B. Miller

Chief Accountant  E.A. Vasilieva

27 March 2014



## 1.3 Intangible assets fully amortised

Narrative	Line code	As at 31 December 2013	As at 31 December 2012	As at 31 December 2011
Total	5130	1,017,674	892,511	816,456
including:				
Intellectual property (exclusive rights to intellectual property)	5131	1,017,674	892,511	816,456
Goodwill	5138	—	—	—
Other	5139	—	—	—

## 1.4 Movement of the results of research and development

Narrative	Line code	Period	At the beginning of the year		Changes for period			At the end of the period	
			Initial cost	Part of the cost recognised in expenses	Additions	Disposals	Part of the cost recognised in expenses	Initial cost	Part of the cost recognised in expenses
Research and development – total	5140	for 2013	20,366,384	(18,447,355)	2,843,422	—	—	23,209,806	(21,088,276)
	5150	for 2012	23,024,523	(19,969,661)	3,263,052	(5,921,191)	5,921,191	20,366,384	(18,447,355)

0710005 p.3

## 1.5 Costs of research and development works and intangible assets acquisition in progress

Narrative	Line code	Period	At the beginning of the year	Changes for period		At the end of the period
				Costs for the period	Recognised as intangible assets or R&D	
				Written off to expenses (without positive result)		
Costs of R&D in progress – total	5160	for 2013	38,553	2,893,988	(54,383)	33,485
	5170	for 2012	24,950	3,297,138	(45,883)	38,553
Acquisitions of intangible assets in progress – total	5180	for 2013	654	199,136	(3)	36,087
	5190	for 2012	1,440	307,512	—	654





## 2.2 Capital investments in progress

Narrative	Line code	Period	At the beginning of the year	Changes for period			At the end of the period	
				Costs for the period	Written off	Recognised as fixed assets or increased costs		Other changes
Construction and activity in progress on acquisition, modernisation etc. of fixed assets – total	5240	for 2013	12,326,516	629,839,604	–	(614,511,405)	(2,703,196)	24,951,519
including:	5250	for 2012	17,052,373	1,222,366,928	–	(1,214,343,593)	(12,749,192)	12,326,516
Construction in progress	5241	for 2013	12,322,638	626,083,831	–	(614,511,405)	(2,703,196)	21,191,868
Equipment for installation	5251	for 2012	17,048,495	1,222,366,928	–	(1,214,343,593)	(12,749,192)	12,322,638
	5242	for 2013	3,878	3,755,773	–	–	–	3,759,651
	5252	for 2012	3,878	–	–	–	–	3,878

## 2.3 Change of fixed assets cost as a result of completion, equipping, reconstruction or partial liquidation

Narrative	Line code	For 2013		For 2012	
		Increase in value of fixed assets as a result of completion, equipping, reconstruction – total	including:	Increase in value of fixed assets as a result of completion, equipping, reconstruction – total	including:
Trunk pipelines	5261	22,166,670	–	22,166,670	635,005
Wells	5262	2,897,698	–	2,897,698	2,616,532
Machinery and equipment	5263	814,078	–	814,078	1,214,762
Buildings and roads	5264	29,157	–	29,157	202,266
Other fixed assets	5265	1,606,897	–	1,606,897	2,281,709
Reducing the cost of fixed assets as a result of partial liquidation – total	5270	(184,003)	–	(184,003)	(120,335)
including:					
Trunk pipelines	5271	–	–	(39)	(2,831)
Wells	5272	–	–	(4,395)	(30,065)
Machinery and equipment	5273	–	–	(139,715)	(73,442)
Buildings and roads	5274	–	–	(3,278)	(6,764)
Other fixed assets	5275	–	–	(86,576)	(7,733)

## 2.4 Other use of fixed assets

Narrative	Line code	As at 31 December 2013		As at 31 December 2012		As at 31 December 2011	
Leased out on-balance fixed assets	5280		5,291,784,807	5,368,345,566	4,626,279,358		
Off-balance fixed assets leased to third parties	5281		-	-	-		
On-balance fixed assets received in lease	5282		-	-	-		
Off-balance fixed assets received in lease	5283		25,332,819	23,925,562	28,239,505		
Real estate actually used and in the process of state registration	5284		1,343,379,448	1,254,062,154	549,003,359		
Fixed assets transferred to conservation	5285		104,242,127	99,232,966	82,960,379		
Other use of fixed assets (pledged and others)	5286		-	-	-		
including:							
pledged fixed assets	5287		-	-	-		

## 3. Financial investments

## 3.1 Movement of financial investments

Narrative	Line code	Period	At beginning of the year		Changes for period				At the end of the period				
			Initial cost	Accrued adjustment	Additions	Disposals		Other	The current market value (impairment loss)	Initial cost	Accrued adjustment		
						Initial cost	Accrued adjustment						
Long term financial investments – total													
	5301	for 2013	1,709,655,500	69,378,613	237,345,374	(20,450,822)	-	1,784,284	22,652,488	1,928,334,336	92,031,101		
	5311	for 2012	1,627,856,108	101,143,622	121,280,112	(39,258,826)	-	(221,894)	(31,765,009)	1,709,655,500	69,378,613		
Investments	5302	for 2013	1,543,780,199	77,262,486	136,172,077	(13,307,651)	-	-	22,656,593	1,666,644,625	99,919,079		
	5312	for 2012	1,466,735,887	109,209,339	102,108,773	(25,064,461)	-	-	(31,946,853)	1,543,780,199	77,262,486		
including:													
investments in subsidiaries	53021	for 2013	1,464,501,820	75,619,783	111,471,128	(11,975,736)	-	-	21,696,517	1,563,997,212	97,316,300		
	53121	for 2012	1,381,975,583	107,504,098	85,242,345	(2,716,108)	-	-	(31,884,315)	1,464,501,820	75,619,783		
investments in associates	53022	for 2013	79,161,834	1,646,583	24,098,290	(1,328,196)	-	-	956,357	101,931,928	2,602,940		
	53122	for 2012	84,655,817	1,709,121	16,854,370	(22,348,353)	-	-	(62,538)	79,161,834	1,646,583		
investments in other entities	53023	for 2013	116,545	(3,880)	602,659	(3,719)	-	-	3,719	715,485	(161)		
	53123	for 2012	104,487	(3,880)	12,058	-	-	-	-	116,545	(3,880)		

## 3.1 Movement of financial investments (continued)

Narrative	Line code	Period	At beginning of the year		Changes for period			At the end of the period			
			Initial cost	Accrued adjustment	Additions	Disposals	Accrued adjustment	Other	The current market value (impairment loss)	Initial cost	Accrued adjustment
Other long-term financial investments	5303	for 2013	165,875,301	(7,883,873)	101,173,297	(7,143,171)	-	1,784,284	(4,105)	261,689,711	(7,887,978)
including:	5313	for 2012	161,120,221	(8,065,717)	19,171,339	(14,194,365)	-	(221,894)	181,844	165,875,301	(7,883,873)
loans provided to companies for a period over 12 months	53031	for 2013	41,630,811	-	100,555,973	(6,924,006)	-	1,742,679	-	137,005,457	-
joint activity	53131	for 2012	32,003,552	-	14,819,986	(5,023,653)	-	(169,074)	-	41,630,811	-
third party promissory notes	53032	for 2013	121,882,833	(7,883,873)	617,324	(182,142)	-	-	(4,105)	122,318,015	(7,887,978)
long-term deposits	53132	for 2012	119,383,882	(8,065,717)	2,870,957	(372,006)	-	-	181,844	121,882,833	(7,883,873)
bonds	53033	for 2013	-	-	-	-	-	-	-	-	-
other	53133	for 2012	-	-	-	-	-	-	-	-	-
	53034	for 2013	511,135	-	-	(37,023)	-	41,605	-	515,717	-
	53134	for 2012	9,362,661	-	-	(8,798,706)	-	(52,820)	-	511,135	-
	53035	for 2013	-	-	-	-	-	-	-	-	-
	53135	for 2012	-	-	-	-	-	-	-	-	-
	53036	for 2013	1,850,522	-	-	-	-	-	-	1,850,522	-
	53136	for 2012	370,126	-	1,480,396	-	-	-	-	1,850,522	-
Short-term financial investments – total	5305	for 2013	11,600,321	-	20,204,038	(15,482,362)	-	10,890	-	16,332,887	-
including:	5315	for 2012	12,085,831	-	22,521,125	(23,006,635)	-	-	-	11,600,321	-
loans provided to companies for less than 12 months	5306	for 2013	11,551,812	-	17,370,457	(12,648,781)	-	10,890	-	16,284,378	-
Other short-term financial investments	5316	for 2012	10,556,926	-	20,597,580	(19,602,694)	-	-	-	11,551,812	-
	5307	for 2013	48,509	-	2,833,581	(2,833,581)	-	-	-	48,509	-
	5317	for 2012	1,528,905	-	1,923,545	(3,403,941)	-	-	-	48,509	-
including:	53071	for 2013	-	-	-	-	-	-	-	-	-
short-term deposits	53171	for 2012	-	-	-	-	-	-	-	-	-
third party promissory notes	53072	for 2013	-	-	-	-	-	-	-	-	-
bonds	53172	for 2012	-	-	-	-	-	-	-	-	-
	53073	for 2013	-	-	-	-	-	-	-	-	-
	53173	for 2012	-	-	-	-	-	-	-	-	-
other	53074	for 2013	48,509	-	2,833,581	(2,833,581)	-	-	-	48,509	-
	53174	for 2012	1,528,905	-	1,923,545	(3,403,941)	-	-	-	48,509	-
<b>Financial investments – total</b>	5300	for 2013	1,721,255,821	69,378,613	257,549,412	(35,933,184)	-	1,795,174	22,652,488	1,944,667,223	92,031,101
	5310	for 2012	1,639,941,939	101,143,622	143,801,237	(62,265,461)	-	(221,894)	(31,765,009)	1,721,255,821	69,378,613

## 3.2 Other use of financial investments

Narrative	Line code	As at 31 December 2013	As at 31 December 2012	As at 31 December 2011
Long-term financial investments pledged – total	5320	15,274,472	15,506,333	15,506,266
including:				
investments	5321	15,274,472	15,506,333	15,506,266
investments in subsidiaries	53211	15,274,472	15,274,472	15,274,405
investments in associates	53212	–	231,861	231,861
investments in other entities	53213	–	–	–
other long-term investments	5322	–	–	–
third party promissory notes	53221	–	–	–
bonds	53222	–	–	–
other	53223	–	–	–
Long-term financial investments passed to third parties (except sales) – total	5325	–	–	74,815
including:				
investments	5326	–	–	74,815
investments in subsidiaries	53261	–	–	74,815
investments in associates	53262	–	–	–
investments in other entities	53263	–	–	–
other long-term investments	5327	–	–	–
third party promissory notes	53271	–	–	–
bonds	53272	–	–	–
other	53273	–	–	–
Short-term financial investments pledged – total	5328	–	–	–
including:				
third party promissory notes	53281	–	–	–
bonds	53282	–	–	–
other	53283	–	–	–
Short-term financial investments passed to third parties (except sales) – total	5329	–	–	–
including:				
third party promissory notes	53291	–	–	–
bonds	53292	–	–	–
other	53293	–	–	–

## 4. Inventory

## 4.1 Movement of inventory

Narrative	Line code	Period	At the beginning of the year			Changes for period				At the end of the period					
			Cost	Provision for the decrease in value of inventory	Book value	Additions and expenses	Disposals	Provision for the decrease in value of inventory	Losses from decrease in value	Inventory turnover between groups (types)	Cost	Provision for the decrease in value of inventory	Book value		
Inventory – total	5400	for 2013	350,733,995	–	350,733,995	2,268,270,759	(2,216,747,815)	–	–	–	–	–	402,256,939	–	402,256,939
	5420	for 2012	281,000,069	–	281,000,069	2,098,535,617	(2,028,801,691)	–	–	–	–	–	350,733,995	–	350,733,995
including:															
raw materials and other inventories	5401	for 2013	2,965,322	–	2,965,322	95,691,797	(95,290,510)	–	–	–	–	–	253,744	–	3,620,353
	5421	for 2012	2,969,572	–	2,969,572	73,786,932	(74,018,266)	–	–	–	–	–	227,084	–	2,965,322
work in progress	5403	for 2013	224,731,247	–	224,731,247	1,003,647,293	(463,761,089)	–	–	–	–	–	(514,945,839)	–	249,671,612
	5423	for 2012	186,376,089	–	186,376,089	934,220,462	(495,040,614)	–	–	–	–	–	(400,824,690)	–	224,731,247
finished goods and goods for resale	5404	for 2013	120,554,119	–	120,554,119	1,168,201,327	(490,637,183)	–	–	–	–	–	(651,807,594)	–	146,310,669
	5424	for 2012	90,133,409	–	90,133,409	1,085,500,367	(477,928,627)	–	–	–	–	–	(577,151,030)	–	120,554,119
goods dispatched	5405	for 2013	2,483,274	–	2,483,274	730,342	(1,167,059,033)	–	–	–	–	–	1,166,499,689	–	2,654,272
	5425	for 2012	1,520,966	–	1,520,966	5,027,856	(981,814,184)	–	–	–	–	–	977,748,636	–	2,483,274

## 5. Accounts receivable and accounts payable

## 5.1 Movement of accounts receivables

Narrative	Line code	Period	At the beginning of the year		Changes for period							At the end of the period				
			Recognised under the terms of the contract	Provision for doubtful debt	Additions			Disposals			Transfer from long-term to short-term (and vice versa)		Recognised under the terms of the contract	Provision for doubtful debt		
					As a result of transactions	Receivable on interest, penalties and other accruals	Provision for doubtful debt	Settlement	Write-off to financial result	Recovery of the provision for doubtful debt	Write-off from the provision	Recognised under the terms of the contract			Provision for doubtful debt	
Long-term accounts receivable – total	5501	for 2013	585,306,509	–	295,639	975,922	–	(356,343)	–	–	–	–	(78,692,299)	–	507,529,428	–
	5521	for 2012	520,637,888	–	190,195,038	895,063	–	(116,455,571)	–	–	–	–	(9,965,909)	–	585,306,509	–
including:																
buyers and customers	5502	for 2013	9,178,505	–	–	–	–	–	–	–	–	–	(2,670,407)	–	6,508,098	–
	5522	for 2012	–	–	6,184,452	–	–	–	–	–	–	–	2,994,053	–	9,178,505	–
advances issued	5503	for 2013	19,021,844	–	–	–	–	–	–	–	–	–	(9,923,869)	–	9,097,975	–
	5523	for 2012	28,943,373	–	–	–	–	–	–	–	–	–	(9,921,529)	–	19,021,844	–
other debtors	5504	for 2013	557,106,160	–	295,639	975,922	–	(356,343)	–	–	–	–	(66,098,023)	–	491,923,355	–
	5524	for 2012	491,694,515	–	184,010,586	895,063	–	(116,455,571)	–	–	–	–	(3,038,433)	–	557,106,160	–
Short-term accounts receivable – total	5510	for 2013	1,530,514,976	(102,994,089)	8,768,145,120	117,514,294	(27,821,162)	(8,763,764,266)	(4,374)	726,565	(25,809)	78,692,299	–	1,731,072,240	(130,062,877)	
	5530	for 2012	1,929,549,815	(74,999,428)	7,823,298,340	115,531,588	(28,069,149)	(8,347,811,481)	(6,024)	61,317	(13,171)	9,965,909	–	1,530,514,976	(102,994,089)	
including:																
buyers and customers	5511	for 2013	619,365,816	(102,931,974)	4,830,833,720	–	(27,671,292)	(4,695,847,914)	(339)	672,941	(25,809)	2,670,407	–	756,995,881	(129,904,516)	
	5531	for 2012	591,452,086	(74,923,321)	4,359,529,218	–	(28,069,149)	(4,328,617,930)	(3,505)	60,496	–	(2,994,053)	–	619,365,816	(102,931,974)	
advances issued	5512	for 2013	102,000,902	–	57,043,717	–	(93,404)	(110,312,734)	(3,916)	–	–	9,923,869	–	58,651,838	(93,404)	
	5532	for 2012	17,349,449	–	147,432,048	–	–	(72,702,124)	–	–	–	9,921,529	–	102,000,902	–	
outstanding shareholders' contributions to charter capital	5513	for 2013	–	–	–	–	–	–	–	–	–	–	–	–	–	
	5533	for 2012	–	–	–	–	–	–	–	–	–	–	–	–	–	
other debtors	5514	for 2013	809,148,258	(62,115)	3,880,267,683	117,514,294	(56,466)	(3,957,603,618)	(119)	53,624	–	66,098,023	–	915,424,521	(64,957)	
	5534	for 2012	1,320,748,280	(76,107)	3,316,337,074	115,531,588	–	(3,946,491,427)	(2,519)	821	(13,171)	3,038,433	–	809,148,258	(62,115)	
Accounts receivable – total	5500	for 2013	2,115,821,485	(102,994,089)	8,768,440,759	118,490,216	(27,821,162)	(8,764,120,609)	(4,374)	726,565	(25,809)	–	–	2,238,601,668	(130,062,877)	
	5520	for 2012	2,450,187,703	(74,999,428)	8,013,493,378	116,426,651	(28,069,149)	(8,464,267,052)	(6,024)	61,317	(13,171)	–	–	2,115,821,485	(102,994,089)	

## 5.2 Overdue accounts receivable

Narrative	Line code	As at 31 December 2013		As at 31 December 2012		As at 31 December 2011	
		Under a contract	Book value	Under a contract	Book value	Under a contract	Book value
Overdue receivable – total	5540	278,137,230	152,509,334	217,909,953	117,556,036	183,023,939	108,078,284
including:							
buyers and customers	5541	252,430,821	126,961,286	192,199,480	91,854,054	157,681,026	82,757,705
advances issued	5542	173,949	80,545	–	–	6	6
other debtors	5543	25,532,460	25,467,503	25,710,473	25,701,982	25,342,907	25,320,573

## 5.3 Movement of accounts payable

Narrative	Line code	Period	At the beginning of the year	Changes for period			Transfer from long-term to short-term (and vice versa)	At the end of the period
				Additions	Payable on interest, penalties and other accruals	Disposals		
				As a result of transactions	Settlement	Write-off to financial result		
Long-term accounts payable – total	5551	for 2013	2,120,310	–	–	–	(1,060,146)	1,060,164
including:								
suppliers and contractors	5571	for 2012	3,180,459	–	–	–	(1,060,149)	2,120,310
	5552	for 2013	–	–	–	–	–	–
	5572	for 2012	–	–	–	–	–	–
promissory notes payable	5553	for 2013	–	–	–	–	–	–
	5573	for 2012	–	–	–	–	–	–
restructured debt to budget and state non-budget funds	5554	for 2013	–	–	–	–	–	–
	5574	for 2012	–	–	–	–	–	–
advances received	5555	for 2013	–	–	–	–	–	–
	5575	for 2012	–	–	–	–	–	–
other creditors	5556	for 2013	2,120,310	–	–	–	(1,060,146)	1,060,164
	5576	for 2012	3,180,459	–	–	–	(1,060,149)	2,120,310

## 5.3 Movement of accounts payable (continued)

Narrative	Line code	Period	At the beginning of the year	Changes for period			Transfer from long term to short-term (and vice versa)	At the end of the period
				Additions	Disposals	Write-off to financial result		
				As a result of transactions	Payable on interest, penalties and other accruals	Settlement		
Short-term accounts payable – total								
including:								
suppliers and contractors	5560	for 2013	513,089,718	4,693,590,908	145,792,465	(4,797,442,785)	1,060,146	556,089,971
	5580	for 2012	526,153,479	4,318,225,689	214,999,016	(4,547,347,224)	1,060,149	513,089,718
	5561	for 2013	359,027,028	2,846,424,885	283,537	(2,817,836,781)	–	387,898,669
	5581	for 2012	360,301,618	2,553,107,340	378	(2,554,382,278)	(30)	359,027,028
promissory notes payable	5562	for 2013	–	–	–	–	–	–
	5582	for 2012	–	–	–	–	–	–
payables to employees	5563	for 2013	209,039	35,909,311	–	(35,734,658)	–	383,692
	5583	for 2012	194,714	28,967,196	–	(28,952,871)	–	209,039
payable to state non-budget funds	5564	for 2013	73,999	6,668,877	33	(6,641,751)	–	101,158
	5584	for 2012	48,827	5,281,856	76	(5,256,760)	–	73,999
taxes payable	5565	for 2013	6,549,779	671,298,592	1,558,380	(656,401,787)	–	23,004,964
	5585	for 2012	45,311,984	685,031,568	14,222	(723,807,995)	–	6,549,779
advances received	5566	for 2013	82,087,411	852,771,640	–	(837,213,040)	–	97,646,011
	5586	for 2012	82,407,176	772,340,763	–	(772,660,528)	–	82,087,411
dividends payable to participants (shareholders)	5567	for 2013	289,488	–	141,804,342	(141,864,861)	–	228,969
	5587	for 2012	292,332	–	212,351,411	(212,354,142)	(113)	289,488
other creditors	5568	for 2013	64,852,974	280,517,603	2,146,173	(301,749,907)	1,060,146	46,826,508
	5588	for 2012	37,596,828	273,496,966	2,632,929	(249,932,650)	1,060,149	64,852,974
Accounts payable - total	5550	for 2013	515,210,028	4,693,590,908	145,792,465	(4,797,442,785)	(481)	557,150,135
	5570	for 2012	529,333,938	4,318,225,689	214,999,016	(4,547,347,224)	(1,391)	515,210,028



**5.4 Overdue accounts payable**

Narrative	Line code	As at 31 December 2013	As at 31 December 2012	As at 31 December 2011
Overdue payable – total	5590	123,528,736	109,039,490	163,732,917
Including:				
suppliers and contractors	5591	115,669,138	107,374,416	162,929,671
promissory notes payable	5592	–	–	–
advances received	5593	–	–	–
dividends payable to participants (shareholders)	5594	–	–	–
other creditors	5599	7,859,598	1,665,074	803,246

**6. Cost of production**

Narrative	Line code	For 2013	For 2012
Material costs	5610	1,358,393,524	1,220,618,716
Payroll expenses	5620	31,494,600	25,277,573
Allocations for social needs	5630	5,829,625	4,946,788
Depreciation	5640	508,084,776	446,039,820
Other expenses	5650	109,030,641	81,268,992
Total by cost element	5660	2,012,833,166	1,778,151,889
Changes in the balance:			
Increase (–):	5670		
finished goods	5671	(148,371,374)	(120,237,534)
others (except intrafarm turnover costs)	5672	(524,807,518)	(407,496,188)
Decrease (+):	5680		
sales of finished goods	5681	17,809,415	14,813,877
sales of goods for resale	5682	472,322,350	462,204,377
sales of goods dispatched	5683	1,166,454,139	976,862,547
Changes in the balance of work in progress (increase [–], decrease [+])	5690	(24,940,365)	(38,355,158)
Total expenses attributable to ordinary activities	5600	2,971,299,813	2,665,943,810

**7. Estimated liabilities**

Narrative	Line code	At the beginning of the year	Accrued	Used	Reversed	At the end of the period
Estimated liabilities - total	5700	118,862,855	30,838,987	(46,972,400)	(73,553,269)	29,176,173
onerous contracts	5702	—	—	—	—	—
liabilities related to future restructuring	5703	—	—	—	—	—
given guarantee commitment	5704	—	—	—	—	—
legal proceedings	5705	—	—	—	—	—
other estimated liabilities	5706	114,149,437	22,873,730	(40,838,209)	(73,490,847)	22,694,111
including adjustments to gas prices		113,918,582	22,309,998	(40,411,636)	(73,441,954)	22,374,990
liabilities of pay remuneration based on performance results	5707	2,759,063	3,610,319	(2,701,979)	(61,881)	3,605,522
liability of vacation payment	5708	1,954,355	4,354,938	(3,432,212)	(541)	2,876,540
including repayment period up to 1 year		118,862,855	—	—	—	29,176,173

**8. Security**

Narrative	Line code	As at 31 December 2013	As at 31 December 2012	As at 31 December 2011
Received – total	5800	121,459	707,713	717,242
including:				
promissory notes	5801	—	—	—
assets under pledge	5802	95,949	677,110	677,110
including:				
fixed assets	5803	94,410	677,110	677,110
securities and other financial investments	5804	—	—	—
other	5805	1,539	—	—
Issued – total	5810	402,756,292	364,244,062	419,086,120
including:				
promissory notes	5811	—	—	—
assets under pledge	5812	16,967,763	17,092,937	17,101,145
including:				
fixed assets	5813	—	—	—
securities and other financial investments	5814	16,967,763	17,092,937	17,101,145
other	5815	—	—	—



## 9.2. Exploration expenses recognised as non-current assets

Narrative	Line code	Period	At the beginning of the year	Changes for period			At the end of the period
				Expenses for the period	Disposals	Recognised as tangible exploration assets or intangible exploration assets	
Exploration expenses recognised as intangible exploration assets	6050	for 2013	—	41,795,786	—	(41,721,948)	73,838
	6060	for 2012	—	981,715	—	(981,715)	—
Exploration expenses recognised as tangible exploration assets	6070	for 2013	32,784,530	19,222,928	—	—	52,007,458
	6080	for 2012	27,408,297	5,376,233	—	—	32,784,530

Chief Executive Officer \_\_\_\_\_ A. B. Miller

Chief Accountant \_\_\_\_\_ E.A. Vasilieva

27 March 2014

# Explanatory Notes to Balance Sheet and Statement of Financial Results in the Statutory Financial Statements for 2013

(in thousand Russian Roubles, unless otherwise stated)

## 1. General Information

The principal activity of OAO Gazprom (hereinafter “the Company”) is the sale of natural gas. The Company is also involved in other types of activities, which include leasing of assets, gas transportation and storage services, sales of gas condensate and refined products.

The Company’s registered address is: 16, Nametkina st., Moscow, Russian Federation 117997 and has branches and representative offices in the following cities: Algiers, Astana, Ashkhabad, Bishkek, Brussels, Dokha, Ekaterinburg, Kiev, Kishenev, Krasnodar, Minsk, Moscow, Novy Urengoy, Peking, Riga, Rio de Janeiro, Samara, St.Petersburg, Teheran, Tomsk, Khabarovsk, Yuzhno-Sakhalinsk and the Moscow region.

As at 31 December 2013, 2012 and 2011 the Company employed 24,106; 23,304 and 22,092 persons, respectively.

### As at 31 December 2013 members of the Board of Directors of OAO Gazprom included:

Zubkov Victor Alekseevich – Chairman of the Board of Directors

Akimov, Andrey Igorevich	Martynov, Victor Georgievich
Gazizullin, Farit Rafikovich	Mau, Vladimir Alexandrovich
Karpel, Elena Evgenievna	Miller, Alexei Borisovich
Kulibaev, Timur Askarovich	Musin, Valery Abramovich
Markelov, Vitaly Anatolievich	Sereda, Mikhail Leonidovich

### As at 31 December 2013 members of the Management Committee of OAO Gazprom included:

Miller, Alexei Borisovich – Chairman of the Management Committee

Aksyutin, Oleg Evgenievich	Markelov, Vitaly Anatolievich
Vasilieva, Elena Alexandrovna	Markov, Vladimir Konstantinovich
Golko, Yaroslav Yaroslavovich	Medvedev, Alexander Ivanovich
Golubev, Valery Alexandrovich	Mikhailova, Elena Vladimirovna
Dubik, Nikolay Nikolayevich	Seleznev, Kirill Gennadievich
Kozlov, Alexander Nikolayevich	Fedorov, Igor Yuryevich
Kruglov, Andrei Viacheslavovich	Khomyakov, Sergei Fedorovich
Lyugai, Dmitry Vladimirovich	Cherepanov, Vsevolod Vladimirovich

### As at 31 December 2013 members of the Internal Audit Commission of OAO Gazprom included:

Nozadze, George Avtandilovich – Chairman of the Internal Audit Commission

Antoshin, Viktor Vladimirovich	Mikhina, Marina Vitalievna
Arkipov, Dmitry Alexandrovich	Nesterova, Anna Borisovna
Bikulov, Vadim Kasymovich	Nosov, Yury Stanislavovich
Kuzovlev, Mikhail Valerievich	Yugov, Alexander Sergeevich

## 2. Significant accounting policies and basis of presentation

### Basis of presentation

The financial statements have been prepared in accordance with the accounting and reporting rules applicable in the Russian Federation, specifically with Federal Law «On Accounting» dated 6 December 2011 No402-FZ and the Regulations on Accounting and Reporting in the Russian Federation, approved by Order of the Ministry of Finance of the Russian Federation dated 29 July 1998 No34n, as well as the Accounting Policy Regulation approved by order of OAO Gazprom of 28 December 2012 No425.

Assets and liabilities are measured at actual purchase costs, except for regularly re-valued fixed assets at the current (replacement) value, intangible and tangible exploration assets, investments for which current market price is determinable, estimated liabilities carried based on current valuation of the amount that will result in decrease of economic benefits and assets for which impairment provisions have been formed in accordance with the generally accepted procedure.

### Assets, liabilities and transactions denominated in foreign currency

Business transactions in foreign currencies have been recorded using the official Rouble exchange rate effective at the date of the relevant transaction. Cash on currency and deposit accounts in banks, cash in hand, securities (except for shares), accounts receivable and payable, including loans issued and received but without advances received and issued, prepayments and down payments denominated in foreign currency have been recorded using the official rouble exchange rate as of the reporting date. As at 31 December 2013 the rates of exchange were RR 32.7292 to USD 1 (as at 31 December 2012 – RR 30.3727, 31 December 2011 – RR 32.1961) and RR 44.9699 to EUR 1 (as at 31 December 2012 – RR 40.2286, 31 December 2011 – RR 41.6714).

Exchange differences arising in the reporting year as a result of transactions involving assets and liabilities denominated in foreign currency as well as revaluation of such assets and liabilities as of the reporting date have been recorded within other income and expenses.

### Current and non-current assets and liabilities

Accounts receivable and accounts payable, including loans and borrowings, are treated in the balance sheet as current if the term of their circulation (maturity) does not exceed 12 months after the reporting date or is not specified. Accounts receivable and accounts payable including loans are treated as non-current, if the term of their circulation (maturity) exceeds 12 months after the reporting date. Investments are classified as long-term or short-term based on the anticipated period of their use (circulation, ownership or maturity) after the reporting date.

### Research and development results

The balance sheet line “Results of research and development” includes expenses for completed research and development (R&D) works, which are not subject to legal safeguard in accordance with the effective legislation and whose results are used for the company’s production or management needs. These expenses are written-off against costs of production (works, services) during the year starting from the date of their actual use for production of products (works, services) on a straight-line basis by decreasing their historical cost. In addition, the above amount includes cost of purchase and creation of incomplete R&D accounted for within investments in non-current assets.

### Intangible and tangible exploration assets

Exploration expenses recognised within tangible exploration assets relate to the following:

- expenses for drilling and development of prospecting and appraisal, exploratory and pre-drilled development wells (drilled at exploration stage until production’s commercial viability is confirmed) with breakdown by fields (areas);

## 2. Significant accounting policies and basis of presentation (continued)

— expenses for purchasing and assembling buildings, installations, equipment and facilities, acquisition of vehicles used for prospecting, assessment of fields and exploration of mineral reserves.

Accounting items for tangible exploration assets include wells, buildings, machinery, equipment, installations, facilities, vehicles, metal structures, dedicated tooling and other tools.

Exploration expenses recognised within intangible exploration assets include expenses for acquisition of subsoil use rights.

Accounting items for intangible exploration assets include licenses for geological survey, licenses for geological survey and production.

Original cost of the license which grants the right to geological survey of a subsoil field or prospecting and exploration of mineral resources is depreciated on a straight-line basis during the licence period.

Original cost of the combined license which in addition to the right to geological survey, evaluation of mineral resources and (or) their exploration grants the right to production of mineral resources is not subject to depreciation until production's commercial viability is confirmed.

Costs incurred in acquisition of machinery and equipment are depreciated on a straight-line basis during the whole period of their useful lives. Depreciation charges are included in expenses incurred in exploration by respective areas. The Company determines useful lives of exploration assets under the procedure similar to determining useful lives of fixed assets. Expenses incurred in creation of an exploration asset include depreciation of the exploration asset used to create that exploration asset.

When mineral production's commercial viability on subsoil area (field) is confirmed, exploration assets are tested for impairment and transferred to fixed assets, intangible assets or other non-current assets which are intended for development and production of mineral reserves.

The Company assesses whether there is any indication that exploration assets may be impaired as at 31 December of the reporting year and when mineral production's commercial viability on subsoil site (field) is confirmed. To test exploration assets for impairment they are allocated to the mine field areas. The amounts of exploration assets' impairment were charged to other expenses of the reporting year.

Data about availability and movement of exploration assets are presented in table form 9.1 "Movement of exploration assets". Table form 9.2 "Exploration expenses recognised as non-current assets" includes data on exploration expenses related to acquisition (creation) of exploration assets.

### Fixed assets

Fixed assets include assets which conform to the requirements of the Russian accounting standard "Accounting for fixed assets" (RAR 6/01) approved by the order of the Russian Ministry of Finance dated 30 March 2001, No26n.

Real property assets which have been constructed, put into operation and are actually used but the title to which was not registered under the procedure established by the effective legislation are accounted for within fixed assets in a separate line.

On the balance sheet fixed assets acquired before 1 January 2012 are recognized at the replacement cost as at 31 December 2011 less depreciation. Fixed assets acquired after 1 January 2012 are recorded at their historical value, less depreciation accumulated over the period of their use. The performed analysis of the present (replacement) cost has shown that the present value of these fixed assets as at 31 December 2013 insignificantly differs from the present (replacement) cost as at 31 December 2011, thus revaluation as at 31 December 2013 is considered inexpedient.

Fixed assets acquired before 1 January 2002 are depreciated at uniform depreciation rates approved by Decree of the USSR Council of Ministers dated 22 October 1990, No1072

## 2. Significant accounting policies and basis of presentation (continued)

“On Uniform Depreciation Rates of Fixed Asset of the USSR National Economy”. Fixed assets acquired after 1 January 2002 are depreciated at rates determined based on their estimated useful lives. Classification of fixed assets by depreciation groups approved by the Resolution of the Russian Government dated 1 January 2002 No. 1 (“the Classification”) is used as one of the sources of information about useful lives of fixed assets. The Company adopted the following useful lives for fixed asset groups, adjusted for modifications made in the Classification in the period through 2010:

	Useful lives of assets recognised on the balance sheet (number of years)	
	Prior to 1 January 2002	After 1 January 2002
Trunk pipelines	33	25
Wells	12–15	10–25
Machinery and equipment	10–18	3–18
Buildings	20–50	7–100

Fixed assets are depreciated on a straight line basis.

The following assets are not depreciated:

- land plots;
- suspended assets (above 3 months);
- housing assets commissioned prior to 1 January 2006 (similar assets acquired after 1 January 2006 are depreciated in accordance with the generally accepted procedure);
- fully depreciated assets that are still on the balance sheet.

Assets that comply with the criteria of their recognising as fixed assets and with value below RR 40,000 (inclusively) per unit are recorded within inventory including assets (tools and other inventory) and special clothing, which are not fully consumed after their transfer to production and their useful life exceeds 12 months. Prior to 1 January 2011 assets with the cost below RR 20,000 per unit were accounted for within inventory. To ensure safety of the assets with the value below RR 20,000 and RR 40,000 recorded within inventory when they are transferred in production or operation the Company implemented the control over their movements. Fixed assets with the value between RR 20,000 and RR 40,000 which are recorded prior to 1 January 2011 are accounted for within fixed assets and depreciated under the generally accepted procedure.

### Capital investments in progress

Capital investments in progress are represented by real estate assets under construction, which have not been put into operation, equipment subject to assemblage, equipment not subject to assemblage but stored in warehouses and intended for assets under construction and recorded within investments in non-current assets in a separate line, other capital investments not included within fixed assets.

### Investments

Investments are recorded at their historical cost, being their actual cost of acquisition, except for investments for which the market value is determinable.

Investments for which the market value is determinable are recognised for accounting and reporting purposes as at the end of the reporting period by their types at current market value. This value is determined at their average daily price (quote) for the transactions effected during the selling day at Moscow Interbank Currency Exchange and calculated under the procedure specified by the institutor of trading on the securities market. The current market value can be determined based on data of other institutors of trading including foreign ones having the respective license issued by the national authorised body. The difference between the value of



## 2. Significant accounting policies and basis of presentation (continued)

these investments as at the current reporting date and their prior value is recorded within other income and expenses.

Investments for which the fair market value cannot be reliably measured and significant and constant impairment indicators exist at the reporting date are presented in the year end balance sheet at their carrying (book) value net of the impairment provision. The investment impairment provision is determined annually based on the stock taking results as of 31 December of the reporting year. For the purposes of determining the provision amount the Company estimated the cost of investments, for which significant and constant impairment indicators exist, on the basis of the available information and created the investment impairment provision in the amount by which the carrying value (historical cost) of investments exceeded their estimated value. Changes in the above provision resulting from the year-end stock-take are posted to other expenses and income.

Securities which do not have market value (except for those individually identifiable, including promissory notes and certificates of deposit) are recorded upon their disposal (by types) under the FIFO method. Other investments (including individually identifiable securities (such as promissory notes and certificates of deposit) with an undeterminable market value are recorded upon disposal at the historical cost of each unit.

Income and expenses attributable to transactions with investments are recorded within other income and expenses.

### Inventories

The main type of inventory is natural gas pumped into pipelines and underground storage. On the balance sheet gas inventories are measured at the weighted average cost.

### Work-in-progress

The balance sheet line "Work-in-progress" includes gas transportation and storage costs attributable to outstanding gas balances.

### Selling and administrative expenses

Selling expenses, except for the cost of natural gas transportation and storage, are write-off in full on a monthly basis at general expenses. Costs of natural gas transportation and storage are allocated in proportion to the volumes of gas sold and to the volumes of gas pumped into pipelines and underground storage within the reporting period.

Administrative expenses are write-off in full on a monthly basis.

### Accounts receivable and accounts payable

Trade accounts receivable are recorded based on prices contracted between the Company and buyers (customers) taking into account all discounts and mark-ups provided by the Company. Bad debts are written-off when recognized as such based on the stock taking results.

Doubtful receivables that are very likely to become uncollectible are stated net of bad debt provisions. Bad debt provisions are recorded within other expenses. A corresponding amount of the provision is released after settlement of doubtful receivables previously provided for as bad debts.

In table form 5.1 "Movement of accounts receivables" of the notes to the balance sheet and statement of financial results the accounts receivable which arise and are repaid (written off) in the same reporting period are disclosed on a gross-up basis. Accounts payable are disclosed in a similar manner.

## 2. Significant accounting policies and basis of presentation (continued)

### Cash equivalents and presentation of cash flows in the cash flow statement

Cash equivalents comprise highly liquid investments which are readily convertible into a predictable amount of cash and are exposed to an insignificant risk of changes in value.

The Company recognises within cash equivalents its short-term bank deposits with a maturity of up to 3 months and includes them in the balance sheet line "Cash and cash equivalents".

The Company's cash flows which cannot be clearly attributed to cash flows from operating, investing or financing activities are included in the cash flows from operating activities in the cash flows statement. These cash flows include indirect taxes paid to the budget and their reimbursements received from the budget.

Data about availability and movement of cash flows denominated in foreign currency for the purposes of presentation in the cash flow statement, are translated into roubles at the official foreign currency exchange rate set by the Central Bank of Russia as at the date of payment or receipt thereof.

Any difference arising on translation of foreign currency-denominated cash flows, cash balances and cash equivalents at the exchange rates as of date of transactions and reporting dates is included in line "Effect of changes in the Russian rouble exchange rate" in the cash flow statement.

The following items are presented on a net basis in the cash flow statement:

- receipts and payments arising from foreign exchange transactions;
- commissioner's (agent's) cash flows due to rendering agency services (except for the fees for services rendered);
- cash flows characterised by prompt turnover, large volume and short repayment periods;
- other settlements that relate to the operations of company's counterparties rather than its own operations.

Due to the changes in the procedure for preparing cash flow statement introduced by the Russian accounting standard (RAR 23/2011) "Cash flow statement" approved by the order of the Russian Ministry of Finance dated 2 February 2011, No. 11n, indirect taxes within payments to suppliers and contractors from buyers and customers shall be presented on a net basis.

### Loans and borrowings received

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

Loans and (or) borrowings payable by the Company are recognized in the amount of actually received cash.

Loans and borrowings raised by the Company are mainly intended for corporate purposes. Under the contracts for the implementation of investment projects the Company provides its subsidiaries that act as property developers in these projects with loans. The Company does not calculate a share of interest on loans and borrowings which are not directly associated with financing the investing activities to be included in the investment asset. This accounting treatment is based on the rationality requirement.

### Estimated liabilities

The Company recognizes the following estimated liabilities:

- remuneration based on annual performance results;
- payments of vacations;
- compensation payable to employees upon their retirement;
- other estimated liabilities.

Liabilities related to payments of the annual remuneration based on annual performance results are determined on the basis of stock take results and the adopted procedure for calculating remuneration based on annual performance results.

## 2. Significant accounting policies and basis of presentation (continued)

Liabilities related to vacation payments are determined based on the number of basic and additional vacation day earned but not used by all employees during their service at the Company as of the reporting date and their average daily salary.

Liabilities related to payments of one-time allowance upon retirement are made as at the date of the Company's employee reaching pension age and ceased upon expiration of six months from the reporting date.

The above estimated liabilities are recognised as at the reporting date.

In addition, the Company records estimated liabilities with regard to adjustments to gas prices arising out of requirements made by foreign buyers under the contractual terms. The effect of adjustments to gas prices including the respective impact on income tax is recognised in the financial statements when the probability that the liabilities arise is high and the liabilities can be reliably estimated.

Estimated liabilities are recognised within expenses incurred in ordinary activities and other expenses.

Estimated liabilities are recognised in the balance sheet line 1540 "Estimated liabilities".

### Taxation

The Company is a responsible participant of the consolidated group of taxpayers (CGT) since 1 January 2012.

The Company independently prepares information about income tax in accordance with RAR 18/02. Temporary and permanent differences are determined by the Company based on its income and expenses included in the consolidated tax base of CGT in accordance with the Russian Tax Code. Current income tax is determined based on the accounting data and recognised in the statement of financial results in line 2410 "Current Income Tax". Difference between current income tax calculated by the Company for inclusion in the consolidated tax base of CGT and cash payable by the Company under the CGT agreement is recognised in line 2465 "Reallocation of income tax within the Consolidated Taxpayer Group" of the statement of financial results and taken into account to calculate the Company's net profit (loss) but not considered for calculating the Company's profit (loss) before tax.

Income tax payable related to CGT as a whole and to be paid by the Company as a responsible participant of CGT is recognised in the balance sheet line 1524 "Taxes payable".

Income tax overpayments related to CGT are recorded in the balance sheet line 1239 "Other debtors".

Balances on settlements with CGT participants related to CGT income tax payable (interim payment) are recognised in the balance sheet within current assets in line 1239 "Other debtors" and current liabilities in line 1528 "Other settlements" on a gross basis.

### Revenue recognition

Revenue from sales of products and delivery of services is recognized as the products/services were delivered/provided and relevant settlement documents presented. Revenue is stated net of value-added tax, excise, customs duty and similar mandatory charges.

### Segment information

The Company, its subsidiaries and associated companies (hereinafter – Gazprom Group) operates as a vertically-integrated business. The principal activities of Gazprom Group are exploration, production, gas transportation and storage, sales of gas in the Russian Federation and abroad, oil and gas condensate production, sale of oil and gas condensate, oil, gas condensate and other hydrocarbons refining and sales of refined products, sales of electricity and heat. Management information which results are analysed on a regular basis by the Company's chief operating

## 2. Significant accounting policies and basis of presentation (continued)

decision-makers responsible for distribution of resources within the Company and assessment of these results is prepared with regard to Gazprom Group operations. Considering the fact that the Company's activities as a legal entity and its managing the Group's operations are tightly connected, the management decisions and distribution of resources are performed by the persons having the respective powers on the Group's level; separate management accounts that related to the Company's operations exclusively and do not cover the whole Group are not prepared with breakdown by directions. Therefore, segment information is disclosed in Gazprom Group consolidated financial statements.

## 3. Changes in the accounting policies

### Changes in the 2013 accounting policies

No significant changes were made to the Company's accounting policies for 2013.

### Changes in the 2014 accounting policies

No significant changes were made to the Company's accounting policies for 2014.

## 4. Adjustments to prior reporting period data

Some data of columns "As at 31 December 2012" and "As at 31 December 2011" on the balance sheet and data of the statement of financial results for 2012 and statement of changes in equity for 2012 and 2011 were adjusted due to the below events:

1. Expenses for acquisition of licenses for prospecting, exploration and production of mineral reserves in the subsoil areas with regard to which the production's commercial viability is not determined are recognised within intangible exploration assets in the balance sheet line 1130 "Intangible exploration assets" and not depreciated (prior to 1 January 2013 they were recognised within other non-current assets (the balance sheet line 1190) and depreciated on a straight-line basis over the term of the licenses). Accordingly, the accumulated depreciation on these licenses was reversed that resulted in changes in the deferred tax liability. To ensure the comparability of data the respective data for 2012 and 2011 were adjusted (adjustment No. 1).
2. Expenses for drilling and development of prospecting and appraisal and exploration wells that were drilled and temporarily shutdown on subsoil areas with regard to which the production's commercial viability is not determined are recognised within tangible exploration assets (the balance sheet line 1140) until the construction is completed (prior to 1 January 2013 they were recognised within incomplete capital expenditure in the balance sheet line 1154). To ensure the comparability of data the respective data for 2012 and 2011 were adjusted (adjustment No. 2).

**4. Adjustments to prior reporting period data (continued)**

Adjustments to the 2011 and 2012 data in the annual financial statements for 2013:

Line code	Narrative	Unadjusted	Number of adjustment	Adjustment RR'000	Adjusted
<b>2011 date adjustments</b>					
<b>Balance sheet:</b>					
1130	Intangible exploration assets	40,612,661	1	1,170,338	41,782,999
1140	Tangible exploration assets	17,382,693	2	10,025,604	27,408,297
1150	Fixed assets	4,808,400,368	2	(10,025,604)	4,798,374,764
1154	Capital investments in progress	27,077,977	2	(10,025,604)	17,052,373
1190	Other non-current assets	24,944,629	1	(980,164)	23,964,465
1100	Total section 1	6,630,253,575	1	190,174	6,630,443,749
<b>1600</b>	<b>Balance</b>	<b>9,521,274,120</b>	<b>1</b>	<b>190,174</b>	<b>9,521,464,294</b>
1370	Retained earnings (accumulated deficit)	3,080,819,369	1	152,139	3,080,971,508
1300	Total section III	7,539,089,895	1	152,139	7,539,242,034
1420	Deferred tax liabilities	199,610,901	1	38,035	199,648,936
1400	Total of section IV	1,044,738,598	1	38,035	1,044,776,633
<b>1700</b>	<b>Balance</b>	<b>9,521,274,120</b>	<b>1</b>	<b>190,174</b>	<b>9,521,464,294</b>
<b>Statement of changes in equity:</b>					
3600	Net assets	7,539,089,895	1, 2	152,139	7,539,242,034
<b>2012 data adjustments</b>					
<b>Balance sheet:</b>					
1130	Intangible exploration assets	41,594,376	1	1,170,338	42,764,714
1140	Tangible exploration assets	22,758,926	2	10,025,604	32,784,530
1150	Fixed assets	5,569,621,570	2	(10,025,604)	5,559,595,966
1154	Capital investments in progress	22,352,120	2	(10,025,604)	12,326,516
1190	Other non-current assets	28,536,903	1	(921,646)	27,615,257
1100	Total section 1	7,475,094,085	1	248,692	7,475,342,777
<b>1600</b>	<b>Balance</b>	<b>10,035,651,782</b>	<b>1</b>	<b>248,692</b>	<b>10,035,900,474</b>
1370	Retained earnings (accumulated deficit)	3,427,213,881	1	198,954	3,427,412,835
1300	Total section III	7,883,096,524	1	198,954	7,883,295,478
1420	Deferred tax liabilities	216,246,405	1	49,738	216,296,143
1400	Total of section IV	993,116,468	1	49,738	993,166,206
<b>1700</b>	<b>Balance</b>	<b>10,035,651,782</b>	<b>1</b>	<b>248,692</b>	<b>10,035,900,474</b>
<b>Statement of changes in equity:</b>					
3600	Net assets	7,883,934,625	1, 2	198,954	7,884,133,579
<b>Statement of financial results:</b>					
2220	General business expenses	(62,191,727)	1	58,518	(62,133,209)
2200	Profit (loss) from sales	993,148,429	1	58,518	993,206,947
2300	Profit (loss) before taxation	753,686,907	1	58,518	753,745,425
2430	Change in the deferred tax liabilities	(16,692,734)	1	(11,703)	(16,704,437)
2400	Net profit	556,340,354	1	46,815	556,387,169
2500	Cumulative financial result for the year	556,349,329	1	46,815	556,396,144

**4. Adjustments to prior reporting period data (continued)**

Due to the changes in presentation of cash inflow and outflow in cash flow statement the comparative data presented in the 2012 cash flow statement were adjusted including:

1. interest income on loans issued by the Company is recognised in cash flows from investing activities; in prior periods the interest income was recognised in operating activities (adjustment No. 1);
2. payments under lease agreements and indirect taxes within lease payments are recognised in cash flows from financing activities; in prior periods they were recognised in operating activities (adjustment No. 2).

Material adjustments are provided below:

Line code	Narrative	Unadjusted	Number of adjustment	Adjustment	Adjusted
<b>Cash flows from operating activities</b>					
4110	Receipts – total	4,265,121,606	1,2	176,868	4,265,298,474
4120	Payments – total	(3,347,815,363)	2	4,277,571	(3,343,537,792)
4100	Net cash flows from operating activities	917,306,243	1,2	4,454,439	921,760,682
<b>Cash flows from investing activities</b>					
4210	Receipts – total	140,978,687	1	593,095	141,571,782
4200	Net cash flows from investing activities	(887,184,065)	1	593,095	(886,590,970)
<b>Cash flows from financing activities</b>					
4320	Payments – total	(353,117,544)	2	(5,047,534)	(358,165,078)
4300	Net cash flows from financing activities	(90,797,746)	2	(5,047,534)	(95,845,280)

**5. Fixed assets**

	Trunk pipelines	Wells	Machinery and equipment	Buildings	Other	Total
<b>As at 31 December 2011</b>						
Historical (replacement) cost	9,025,184,972	1,163,407,838	1,685,930,145	565,181,012	1,316,088,708	13,755,792,675
Accumulated depreciation	6,160,939,355	857,575,298	1,250,999,561	243,257,178	461,698,892	8,974,470,284
<b>Net book value</b>	<b>2,864,245,617</b>	<b>305,832,540</b>	<b>434,930,584</b>	<b>321,923,834</b>	<b>854,389,816</b>	<b>4 781 322 391</b>
<b>As at 31 December 2012</b>						
Historical (replacement) cost	9,610,565,765	1,209,239,843	1,925,066,293	608,918,155	1,588,430,564	14,942,220,620
Accumulated depreciation	6,403,894,547	889,352,557	1,327,395,919	258,510,715	515,797,432	9,394,951,170
<b>Net book value</b>	<b>3,206,671,218</b>	<b>319,887,286</b>	<b>597,670,374</b>	<b>350,407,440</b>	<b>1,072,633,132</b>	<b>5,547,269,450</b>
<b>As at 31 December 2013</b>						
Historical (replacement) cost	9,704,668,096	1,234,709,926	2,098,224,503	669,818,386	1,835,928,561	15,543,349,472
Accumulated depreciation	6,668,598,213	929,370,767	1,430,500,138	275,085,156	585,541,413	9,889,095,687
<b>Net book value</b>	<b>3,036,069,883</b>	<b>305,339,159</b>	<b>667,724,365</b>	<b>394,733,230</b>	<b>1,250,387,148</b>	<b>5,654,253,785</b>

Net book value of fixed assets leased out to subsidiaries amounted to 5,254,613,370; 5,350,122,236 and 4,579,118,766 as at 31 December 2013, 2012 and 2011, respectively.

As at 31 December 2013, 2012 and 2011 fixed assets included property items that had been constructed and put into operation but were still to be registered in the State Register, amounting to 1,343,379,448; 1,254,062,154 and 549,003,359 respectively (net of accumulated depreciation in the amount of 57,022,375; 18,839,204 and 5,406,165 respectively). As at 31 December 2013 the following production infrastructure assets represent the most significant real property assets, title to which is undergoing registration: gas trunk pipeline Bovanenkovo – Ukhta 526.7 km –

## 5. Fixed assets (continued)

860.5 km 1st line; gas trunk pipeline Bovanenkovo – Ukhta 186.7 km – 526.7 km 1st line; gas trunk pipeline Sakhalin- Khabarovsk-Vladivostok, area of 1,136.0 km – 1,574.7 km.; gas trunk pipeline Sakhalin – Khabarovsk – Vladivostok, area of 158.0 km – 505.0 km; gas trunk pipeline Bovanenkovo – Ukhta 2.9 km – 28.0/0 – 111.7 km 1st line.

## 6. Investments

### Long-term investments

#### Investments in subsidiaries and associates

Information on investments in subsidiaries and associates is provided in Note 18.

“Investments in subsidiaries” (balance sheet line 1171) are presented net of impairment provision of 4,119,920; 2,731,050 and 2,338,448 as at 31 December 2013, 2012 and 2011, respectively.

“Investments in associates” (balance sheet line 1172) are presented net of impairment provision of 728,437; 715,473 and 715,599 as of 31 December 2013, 2012 and 2011, respectively.

#### Investments in other entities

“Investments in other entities” (balance sheet line 1173) are presented net of impairment provision of 161; 3,880 and 3,880 as of 31 December 2013, 2012 and 2011, respectively.

#### Loans provided to companies for a period over 12 months

“Loans provided to companies for a period over 12 months” (balance sheet line 1174) include long-term loans of 124,215,494; 32,222,356 and 22,287,895 as at 31 December 2013, 2012 and 2011 respectively. Loans provided for a period from one to three years, among them, amounted to 97,626,648; 14,443,914 and 11,152,480 as at 31 December 2013, 2012 and 2011 respectively.

#### Other long-term investments

Other long-term investments included within “Financial investments” (balance sheet line 1170) are presented net of impairment provision of 7,887,978; 7,883,873 and 8,065,717 as at 31 December 2013, 2012 and 2011, respectively. The provision relates to investments in joint activities.

	31 December		
	2013	2012	2011
Joint activity	114,430,037	113,998,960	111,318,165
including:			
development of oil and gas fields on the Barents and Pechora Seas shelf (operator – OOO Gazprom Neft Shelf)	89,930,267	89,886,111	89,881,731
development of oil and gas fields on continental shelf of the Socialist Republic of Vietnam (operator – ZAO Gazprom Zarubezhneftegas)	19,848,143	19,358,803	16,552,975
development of a satellite communication system (operator – OAO Gazprom Space Systems)	3,252,323	3,252,323	3,252,323
Long-term deposits	475,713	472,859	8,060,702
Other	371,126	371,126	371,126
including:			
South Pars project (oil and gas field located in Iran)	370,126	370,126	370,126
<b>Total</b>	<b>115,276,876</b>	<b>114,842,945</b>	<b>119,749,993</b>

Long-term investments include securities of other entities, mainly investments in the shares of subsidiaries and associates and other entities of 1,210,666,485; 1,157,464,664 and 1,171,921,245 as at 31 December 2013, 2012 and 2011 respectively, including securities of foreign issuers of 492,129,234; 490,343,041 and 483,017,870 as at 31 December 2013, 2012 and 2011 respectively.

## 6. Investments (continued)

Additional information is provided in table forms 3.1 “Movement of financial investments” and 3.2 “Other use of financial investments” of the notes to the balance sheet and statement of financial results. In table form 3.1 “Movement of financial investments” data are presented considering the current part of long-term investments.

## 7. Other non-current assets

As at 31 December 2013, 2012 and 2011 other non-current assets included costs associated with implementation of international projects of 17,299,178; 16,161,814 and 16,761,450, respectively.

## 8. Accounts receivable

### Trade receivables

	31 December		
	2013	2012	2011
Accounts receivable for gas sold:	513,431,778	407,656,947	389,933,654
in Russia	182,201,567	185,432,389	143,532,676
outside Russia (net of doubtful debt provision of 129,811,259; 102,233,464 and 74,478,690 as at 31 December 2013, 2012 and 2011 respectively)	331,230,211	222,224,558	246,400,978
including:			
far abroad countries (net of doubtful debt provision of 6,117,198; 5,714,741 and 889,854 as at 31 December 2013, 2012 and 2011 respectively).	212,798,084	183,156,730	168,940,589
Accounts receivable for leased property (net of doubtful debt provision of 579,426 and 326,725 as at 31 December 2012 and 2011 respectively).	69,853,026	62,852,572	87,471,937
Accounts receivable for services related to organisation of gas transportation (net of doubtful debt provision of 93,188; 118,990 and 117,81 as at 31 December 2013, 2012 and 2011, respectively)	4,247,862	9,732,506	7,129,523
Accounts receivable for gas condensate and refined products sale (net of doubtful debt provision of 64; 94 and 94 as at 31 December 2013, 2012 and 2011, respectively)	38,445,313	36,198,644	30,496,964
Other trade receivables (no doubtful debt provision was formed as at 31 December 2013, 2012 and 2011).	7,621,484	9,171,678	1,496,687
<b>Total</b>	<b>633,599,463</b>	<b>525,612,347</b>	<b>516,528,765</b>

The increase in accounts receivable for gas sold outside Russia was primarily due to increased accounts receivable from NAK Naftogaz Ukraine. As at 31 December 2013, 2012 and 2011 accounts receivable from NAK Naftogaz Ukraine for supplied gas amounted to 90,267,459; 8,760,781 and 32,477,655, respectively.

The accounts receivable recorded in the balance sheet line “Trade accounts receivable (payments expected within 12 Months after the reporting date)” (line 1236) are presented net of a bad debt provision of 129,904,516; 102,931,974 and 74,923,321 as at 31 December 2013, 2012 and 2011, respectively. The doubtful debt provisions were calculated net of a deferred excise in the amount of 119,384; 133,973 and 143,032 as at 31 December 2013, 2012 and 2011, respectively. Deferred excise reduces the balance sheet line “Other settlements” (line 1528).

The balance sheet line “Accounts Receivable from Buyers and Customers (payments expected within 12 months after the reporting date)” (line 1232) includes the non-current portion of the receivable from OAO Gazprom Neft Salavat amounting to 2,385,130 that was restructured in 2012 in accordance with the debt restructuring agreement dated 01.02.2012 and the receivable from ZAO Gazprom Neft Orenburg amounting to 4,122,968 under the sale contract of 02.07.2012.



## 8. Accounts receivable (continued)

### Advances receivable

The balance sheet line “Advances issued” (line 1233) within accounts receivable payments for which are expected beyond 12 months after the reporting date, includes the advance paid to NAK Naftogaz Ukraine for gas transportation services in the amount of 9,094,735; 19,016,264 and 28,937,793 as at 31 December 2013, 2012 and 2011, respectively. Short-term part of the advance in the amount of 9,921,529; 9,921,530 and 9,921,530 as at 31 December 2013, 2012 and 2011, respectively, is recognized in the balance sheet line “Advances issued” (line 1238) within accounts receivable payments for which are expected within 12 months after the reporting date. This line also includes short-term advances paid to NAK Naftogaz Ukraine for gas transportation services in the amount of 38,370,602; 85,854,695 and 0 as at 31 December 2013, 2012 and 2011.

### Other accounts receivable

The Company concludes investment agreements with developers (mainly its subsidiaries) for construction and commencement of production fixed assets. The Company is the owner of all assets constructed under investment and agency agreements. Subsidiaries have no right to sell, pledge or otherwise dispose of the constructed assets.

A long-term portion of accounts receivable from subsidiaries relates to amounts received for investment project financing and is presented in the balance sheet line “Accounts receivables from other debtors (payments expected beyond 12 months after the reporting date)” (line 1234) in the amount of 478,598,621; 544,327,118 and 476,185,829 as at 31 December 2013, 2012 and 2011, respectively.

A current portion of accounts receivable from subsidiaries relates to amounts received for investment project financing and is presented in the balance sheet line “Accounts receivables from other debtors (payments expected beyond 12 months after the reporting date)” (line 1239) in the amount of 751,810,078; 661,857,677 and 1,114,508,093 as at 31 December 2013, 2012 and 2011, respectively.

“Accounts receivable from other debtors (payments expected within 12 months after the reporting date)” (balance sheet line 1239) include accounts receivable from OOO Gazprom Energoholding related to the contract of guarantee of 21,508,289 as at 31 December 2013, 2012 and 2011. The Company issued a guarantee to secure the loans obtained by OOO Gazprom Energoholding from Gazprombank (open joint stock company) to finance the purchase of shares of energy companies.

Additional information is provided in table forms 5.1 “Movement of accounts receivable” and 5.2 “Overdue accounts receivable” of the notes to the balance sheet and statement of financial results.

## 9. Cash and cash equivalents

### The structure of cash and cash equivalents

	31 December		
	2013	2012	2011
Cash on hand	27,282	25,855	21,428
Cash on settlement accounts	311,985,071	67,817,882	130,129,385
Cash on foreign currency accounts	67,638,473	48,766,336	53,673,528
Cash on special bank accounts	577,958	4,056,493	3,953,791
Cash in transit	2,994	—	—
Total cash	380,231,778	120,666,566	187,778,132
Short-term bank deposits (maturing in less than three months)	—	—	51
Total cash equivalents	—	—	51
<b>Total</b>	<b>380,231,778</b>	<b>120,666,566</b>	<b>187,778,183</b>

The balance sheet line “Other cash and cash equivalents” (line 1259) includes cash balances of 3,658,108 and 3,876,028 as at 31 December 2012 and 2011 respectively, which are restricted as to withdrawal under the terms of certain loans. As at 31 December 2013 the loans were repaid (see Note 11).

Cash flows from operating activities recognized in line “Other receipts” (line 4119) of the cash flow statement include cash received from members of the consolidated group of taxpayers (CGT) (established in 2012) for the purpose of CGT income tax settlements in the amount of 44,535,427 and 48,316,017 for 2013 and 2012 respectively; advances received from buyers (customers) in the amount of 38,287,985 and 17,757,668 for 2013 and 2012 respectively; proceeds from the payment of short-term loans provided to other companies in the amount of 12,618,781 and 19,602,694 for 2013 and 2012 respectively; proceeds from refunded customs fee amounts that were paid in access amounting to 34,474,602 and 23,939,224 for 2013 and 2012 respectively; proceeds from refunded income tax amounting to 362,974 and 36,832,883 for 2013 and 2012 respectively; net based indirect taxes related to operating activities that are presented within payments to suppliers and contractors and proceeds from buyers and customers amounting to 162,510,282 and 56,267,206 for 2013 and 2012 respectively.

Cash flows from operating activities recognized in line “Other payments” (line 4129) of the cash flow statement include contributions to subsidiaries’ property amounting to 63,432,782 and 66,493,100 for 2013 and 2012, respectively; short-term loans provided to other entities amounting to 17,370,458 and 20,597,580 for 2013 and 2012, respectively; cash used to pay customs duties amounting to 545,973,453 and 458,409,675 for 2013 and 2012, respectively; advances made to suppliers (contractors) amounting to 37,603,610 and 89,006,365 for 2013 and 2012, respectively; cash refunds to gas buyers due to adjusted gas prices for deliveries made in 2010, 2011 and 2012, amounting to 70,050,345 in 2013 and 40,222,578 in 2012.

Cash flows from investment operations recognized in line “Other payments” (line 4229) of the cash flow statement include cash used to finance investment agreements in the amount of 813,998,537 and 913,162,545 for 2013 and 2012, respectively; net based indirect taxes related to investment operations that are presented within payments to suppliers and contractors and proceeds from buyers and customers amounting to 6,679,637 and 5,660,414 for 2013 and 2012, respectively.

The line “Income tax” (line 4124) includes the income tax amount that is attributable to the whole CGT and that the Company paid being the CGT responsible member. The income tax amount accrued for CGT and paid by the Company as the CGT responsible participant amounted to 139,562,020 and 251,637,790 for 2013 and 2012, respectively.

## 9. Cash and cash equivalents (continued)

Cash flows from financing operations recognized in line “Other payments” (line 4329) of the cash flow statement include cash used to repay finance lease obligations in the amount of 3,673,410 and 4,277,571 for 2013 and 2012, respectively; net based indirect taxes related to financing operations that are presented within lease payments amounting to 661,214 and 769,963 for 2013 and 2012, respectively.

## 10. Equity and reserves

### Charter capital

The Company’s charter capital amounts to 118,367,564 (23,673,513 thousand fully paid common shares with the nominal value of RR 5 each) did not change in 2013.

In accordance with the decision of the general shareholders’ meeting, final dividends on the Company 2012 results were accrued in the amount of RR 5.99 per one common share. Dividends paid amounted to 141,690,095. Final dividends on the Company 2011 and 2010 results were accrued in the amount of RR 8.97 and RR 3.85 per one common share, dividends paid amounted to 212,272,076 and 91,111,525, respectively.

### Reserve capital

In 2013, 2012 and 2011 the Company did not make any contributions to the reserve fund from net profit as the target limit of the fund was reached (7.3% of the charter capital).

## 11. Borrowings and loans

### Bank loans

Lender	Loan currency	Maturity	31 December		
			2013	2012	2011
Bank of Tokyo-Mitsubishi UFJ Ltd.	US Dollars	2013–2016	18,528,452	22,887,493	25,780,218
BNP Paribas SA <sup>1</sup>	Euro	2013–2022	16,549,560	16,450,652	15,934,701
Citibank N.A. <sup>1</sup>	US Dollars	2013–2021	9,020,276	8,562,705	10,261,872
Deutsche Bank AG	US Dollars	2013–2014	2,345,529	4,353,111	6,923,689
Royal Bank of Scotland AG	US Dollars	2013	–	54,857,526	58,150,852
Credit Suisse International <sup>1, 2</sup>	US Dollars	2017	–	–	16,886,139
Royal Bank of Scotland AG <sup>1</sup>	US Dollars	2012	–	–	3,794,998
Loans of other banks	US Dollars	Various	1,178,494	1,179,801	1,347,547
<b>Total</b>			<b>47,622,311</b>	<b>108,291,288</b>	<b>139,080,016</b>
including:					
Maturing within one year, including current portion of long-term loans			11,832,372	65,767,153	11,047,364

<sup>1</sup> Loans received from bank syndicates, named lender is the bank-agent

<sup>2</sup> These loans were repaid ahead of contracted schedule

Total amount of loans received in 2013 was 15,887,351; total amount of loans and interest repaid in 2013 was 83,699,087 (in 2012, total amount of loans received was 32,761,751 and total amount of loans repaid was 67,043,575; in 2011, total amount of loans received was 40,130,075 and total amount of loans repaid was 30,768,141).

In 2012–2013 the Company used the credit facility of 60,000,000 that was opened by Gazprombank (Open Joint Stock Company) in 2012 and is to be repaid in 2017.

Under credit facility agreement No. P2-001/2012 of 26 June 2012, in August – September 2012 the Company received a short-term loan of 31,725,000 from Gazprombank (Open Joint Stock Company) to be repaid in September 2012.

## 11. Borrowings and loans (continued)

In 2012, total interest accrued for the use of credit facility provided by Gazprombank (Open Joint Stock Company) was 20,080 (at 5.42%, 5.50%, and 6.28%); in 2011 it totalled 592 (at 3.43%); in 2013 no loans were drawn under this credit facility.

In 2013 credit lines of 60,000,000 and 30,000,000 were opened for the Company by OAO Sberbank of Russia and OAO Bank VTB, respectively, to be repaid in 2018.

Under credit facility agreement No. 5589 of 18 June 2013, in October 2013 the Company received short-term loans of 220,000 thousand euro and 120,000 thousand Euro from OAO Sberbank of Russia that were repaid in November 2013. In 2013, total interest accrued for the use of this credit facility at 0.5% was 6 thousand Euro and 5 thousand Euro, respectively.

In December 2011, the Company received a loan of 25,416,080 from Bank of Tokyo-Mitsubishi UFJ Ltd. for the development of Bovanenkovo gas field, repayable in December 2016, with the interest rate determined for each interest period at LIBOR + 1.95%.

In October 2012, the Company repaid the loan of Credit Suisse International ahead of time.

In 2013, interest rates on long-term bank loans denominated in foreign currency ranged from 8.87% to 9.63%; and in 2012–2011 they ranged from 5.0% to 9.63%. In addition, LIBOR and EURIBOR rates were used in 2011–2013.

In 2013 the rate of 0.5% was used for short-term foreign currency loans; no short-term foreign currency loans were received in 2011–2012.

In 2011–2013 no long-term loans denominated in Russian roubles were received.

In 2013 no short-term loans were received in Russian roubles. In 2012 the fixed interest rate on short-term loans denominated in Russian roubles varied from 5.42% to 6.28%, in 2011 the fixed interest rate on short-term loans denominated in Russian roubles was 3.43%.

### Loans

Lenders	Currency	Maturity	31 December		
			2013	2012	2011
Gazprom Sakhalin Holdings B.V.	US Dollars	2014	379,748,578	277,699,400	153,650,974
Gaz Capital S.A.	US Dollars	2019	74,927,367	69,532,602	73,706,934
Rosingaz Ltd.	Russian Roubles	2014	65,814,508	61,657,038	57,952,178
Gaz Capital S.A.	Euro	2017	64,849,114	57,249,565	–
Gaz Capital S.A.	Euro	2018	57,108,289	51,088,231	52,919,449
Gaz Capital S.A.	Euro	2015	46,511,056	41,607,268	43,099,514
Gaz Capital S.A.	Euro	2020	46,164,172	–	–
Gaz Capital S.A.	US Dollars	2016	44,481,767	41,279,082	43,757,238
Gaz Capital S.A.	US Dollars	2022	43,425,086	40,298,483	42,717,769
Gaz Capital S.A.	US Dollars	2014	42,296,695	39,251,336	41,607,758
Gaz Capital S.A.	US Dollars	2037	42,029,611	39,003,482	41,345,024
Gaz Capital S.A.	Euro	2018	41,129,347	–	–
Gaz Capital S.A.	Euro	2015	41,040,848	36,714,505	38,030,540
Gaz Capital S.A.	US Dollars	2034	39,867,848	36,997,366	39,218,472
Gaz Capital S.A.	US Dollars	2018	36,653,838	34,014,765	36,056,813
Gaz Capital S.A.	Euro	2014	36,575,010	32,719,456	33,892,267
Gaz Capital S.A.	US Dollars	2022	33,458,243	31,049,252	–
Gaz Capital S.A.	US Dollars	2016	32,900,210	30,531,397	32,364,325
Gaz Capital S.A.	US Dollars	2015	32,877,340	30,510,174	32,341,827
Gaz Capital S.A.	Euro	2014	31,765,749	28,416,599	29,435,035
Gaz Capital S.A.	US Dollars	2028	30,043,565	–	–
Gaz Capital S.A.	Euro	2020	27,197,716	–	–

**11. Borrowings and loans (continued)**

Lenders	Currency	Maturity	31 December		
			2013	2012	2011
Gaz Capital S.A.	US Dollars	2020	26,589,384	–	–
White Night Finance B.V.	US Dollars	2014	26,221,544	24,333,595	25,794,442
Gaz Capital S.A.	Euro	2017	23,386,664	20,920,944	21,668,991
Gaz Capital S.A.	Euro	2025	23,253,815	–	–
Gaz Capital S.A.	Euro	2017	22,686,021	20,294,171	21,021,514
Gaz Capital S.A.	US Dollars	2021	20,154,641	18,703,509	19,440,005
Gaz Capital S.A.	Swiss francs	2019	18,443,868	–	–
White Night Finance B.V.	US Dollars	2014	16,460,060	15,274,937	16,191,955
OOO Gazprom Capital	Russian Roubles	2016	15,415,397	–	–
BO-19 series Russian bonds	Russian Roubles	2043	15,102,000	–	–
BO-20 series Russian bonds	Russian Roubles	2043	15,102,000	–	–
Gazprom Finance B.V.	Russian Roubles	2014	13,154,757	12,294,308	–
OOO Gazprom Capital	Russian Roubles	2017	10,278,753	–	–
OOO Gazprom Capital	Russian Roubles	2018	5,139,377	–	–
A9 series Russian bonds	Russian Roubles	2014	5,137,650	5,136,700	5,134,700
A11 series Russian bonds	Russian Roubles	2014	5,013,200	5,011,300	5,007,550
OOO Gazprom Komplektatsia	Russian Roubles	2016	188,583	–	–
Gaz Capital S.A.	US Dollars	2013	–	48,795,436	51,724,830
Gaz Capital S.A.	US Dollars	2013	–	15,617,263	16,554,832
Gazprom EP International B.V.	US Dollars	2012-2020	–	12,508,993	18,837,878
Gaz Capital S.A.	US Dollars	2013	–	12,347,353	13,088,616
RosUkrEnergo AG	US Dollars	2013	–	2,248,071	–
Gaz Capital S.A.	Euro	2012	–	–	41,787,524
Gazprom ESP S.A.	US Dollars	2012	–	–	15,924,218
OOO Gazprom Capital	Russian Roubles	2012	–	–	15,156,165
RosUkrEnergo AG	US Dollars	2012	–	–	10,778,254
A13 series Russian bonds	Russian Roubles	2012	–	–	10,014,400
Gaz Capital S.A.	US Dollars	2012	–	–	8,469,546
Gazstream SA	US Dollars	2012	–	–	1,250,675
<b>Total</b>			<b>1,552,593,671</b>	<b>1,193,106,581</b>	<b>1,109,942,212</b>
including					
Maturing within one year, including current					
portion of long-term loans			644,133,867	460,880,963	396,027,626

<sup>1</sup> These borrowings were repaid ahead of contracted schedule

Total amount of loans received in 2013 was 375,258,002; total amount of loans and interest repaid in 2013 was 199,256,886 (in 2012, total amount of loans received was 261,283,047 and total amount of loans repaid was 190,184,450; in 2011, total amount of loans received was 231,870,752 and total amount of loans repaid was 102,568,018).

In 2004, the Company raised a long-term loan from Gazprom International S.A. secured by export revenues from gas sales to Western Europe and due in 2020. In February 2013 this loan was repaid ahead of time in full in the amount of 12,434,149. This resulted in the removal of the restriction to withdraw cash under the terms of the above loan. As at 31 December 2012 and 2011 the restricted cash balances amounted to 3,658,108 and 3,876,028 respectively, and were recorded in the balance sheet line "Other cash and cash equivalents" (line 1259).

As at 31 December 2013, 2012 and 2011 the long-term borrowings include the loan from Gaz Capital S. A. related to bonds issued in 2004 in the amount of 34,644,000 due on 28 April 2034,

## 11. Borrowings and loans (continued)

at the interest rate of 8.63%. The bonds issued can be redeemed in the amount of the principal balance and interest accrued on 28 April 2014 (put option exercise date).

In 2008 the Company raised a loan from Gaz Capital S. A. related to the issue of loan participation notes of 11,722,800. The loan has a variable rate and is linked to Brent oil quotes. In 2013, 2012 and 2011, the interest rate was 6.81%. In July 2013, the Company repaid this loan.

In November 2011, the Company raised a loan of 15,000,000 due in November 2014 at 7.60% from OOO Gazprom Capital. In November 2012, the Company repaid this loan ahead of time.

In July 2012, the Company raised two loans from Gaz Capital S.A. related to the issue of loan participation notes of 32,404,100 due in 2022 at 4.95% and of 55,560,755 due in 2017 at 3.76%.

In August 2012 the Company raised a loan of 12,000,000 from Gazprom Finance B.V. In 2013 the loan was extended to 2014. The interest rate ranged from 6.86% to 6.90% and from 6.00% to 6.90% in 2013 and 2012, respectively.

In December 2012 the Company raised a loan of 2,265,510 from RosUkrEnergo AG at 2.00%. In December 2013, the Company repaid this loan.

In 2012 the Company raised a loan of 134,968,278 from Gazprom Sakhalin Holdings B.V. In 2013 this loan was extended to 2014 and increased by an amount of 78,861,616. The interest rate ranged from 0.85% to 1.5% and from 1.5% to 2.25% in 2013 and 2012, respectively.

In February 2013, the Company raised two loans from Gaz Capital S.A. related to the issue of loan participation notes of 24,098,480 due in 2020 at 3.85% and of 27,110,790 due in 2028 at 4.95%.

In March 2013, the Company raised two loans from Gaz Capital S.A. related to the issue of loan participation notes of 39,875,200 due in 2020 at 3.389% and of 19,937,600 due in 2025 at 4.364%.

In 2013 the Company raised three loans from Gaz Capital S.A. related to the issue of loan participation notes as follows: in July a loan of 38,450,610 due in 2018 at 3.7%; in September a loan of 25,684,656 due in 2020 at 4.39%; in October a loan of 17 741 700 due in 2019 at 2.85%.

In February 2013 the Company raised three loans from OOO Gazprom Capital of 5,000,000, 10,000,000 and 15,000,000 due in 2018, 2017 and 2016, at 7.65%, 7.65% and 7.60%, respectively.

In July 2013 the Company raised two loans from Rosingaz Ltd. in the amount of 20,000,000 and 19,000,000, at 7.50% and due in 2013. In December 2013 these loans were extended to 2014 at 6.90%.

Interest rates on foreign currency long-term borrowings received from Gaz Capital S.A., Gazprom International S.A. and Gazstream SA as a result of loan participation notes ranged from 2.85% to 9.25% in 2013, from 3.76% to 9.25% in 2012 and from 4.56% to 9.25% in 2011.

Interest rates on other foreign currency long-term loans ranged from 0.85% to 10.50% in 2013 and from 1.50% to 10.50% in 2011–2012.

Interest rate on foreign currency short-term loans was 2.00% in 2013, ranged from 1.33% to 3.60% in 2012, and from 1.50% to 3.60% in 2011.

Interest rates on rouble long-term loans, including bonds, ranged from 1.50% to 13.75% in 2013 and from 7.0% to 13.75% in 2011–2012.

Interest rates on rouble short-term loans, ranged from 6.90% to 7.50% in 2013, from 4.50% to 6.90% in 2012 and from 4.50% to 5.0% in 2011.

The amounts of loans (credits) that were not needed, and consequently, were not drawn down by the Company were 16,472,648; 8,458,883 and 24,045,591 as at 31 December 2013, 2012, and 2011, respectively.

## 12. Taxation

### Income tax

Income tax determined based on accounting profit (provisional profits tax expense) and statutory rates (20%, 9%, 0%) amounted to 149,434,847 and 130,297,888 in 2013 and 2012, respectively. Current income tax was 118,903,415 and 214,588,602 in 2013 and 2012, respectively.

According to the amended tax returns submitted in 2013 for the period of 2010–2011, the income tax amounted to 3,575,664. According to the amended tax returns submitted in 2012, the income tax amounted to a negative amount of 9,548,348.

Permanent differences, which increase the taxable profit of the reporting year, amounted to 394,515,631 and 382,290,404 (net of doubtful debt provision) in 2013 and 2012, respectively. Permanent differences which decrease the taxable profit amounted to 32,320,407 and 42,305,089 (net of doubtful debt provision) in 2013 and 2012, respectively. Permanent differences which increase the taxable profit exceeded permanent differences which decrease the taxable profit by 362,195,224 and 339,985,315 in 2013 and 2012, respectively. This resulted in the income tax amount (calculated per tax accounts) exceeding provisional profits tax expense amount by 72,873,963 and 68,406,024 in 2013 and 2012, respectively.

Incurred deductible temporary differences amounted to 58,284,702 (including 58,272,764 related to the current period) and 154,214,273 in 2013 and 2012, respectively; deductible temporary differences redeemed in 2013 and 2012 amounted to 183,382,822 (including 183,234,248 related to the current period) and 39,010,377, respectively. In 2013, redeemed deductible temporary differences exceeded newly originated deductible temporary differences by 125,098,120 (including 124,961,484 related to the current period), as a result of which the deferred tax asset decreased by 25,019,624 (including 24,992,297 related to the current period). In 2012 newly originated deductible temporary differences exceeded redeemed deductible temporary differences by 115,203,896 as a result of which the deferred tax asset increased by 23,040,779.

Deductible temporary differences have primarily changed due to a write off for accounting purposes of estimated liabilities that are not recognized in tax accounts as a result of which the deferred tax asset decreased by 22,775,774 in 2013. In 2012 recognition for accounting purposes of estimated liabilities that are not recognized in tax accounts resulted in the increase of the deferred tax asset by 22,893,632.

In addition, net profit for 2013 was decreased by written off deferred tax assets of 3,193, such a decrease being recorded in the line "Other" (line 2460) in the statement of financial results. In 2012, deferred tax assets that decrease net profit amounted to 6,630.

Incurred taxable temporary differences amounted to 518,672,306 in 2013 and 177,046,800 in 2012; taxable temporary differences settled in 2013 and 2012 totalled 144,111,281 and 93,403,554, respectively. In 2013 newly originated taxable temporary differences exceeded redeemed taxable temporary differences by 374,561,025 as a result of which the deferred tax liability increased by 74,810,106. In 2012 newly originated taxable temporary differences exceeded redeemed taxable temporary differences by 83,643,246 as a result of which the deferred tax liability increased by 16,704,437.

Taxable temporary differences have primarily arisen from different methods of depreciation used for statutory accounting and tax accounting purposes, resulting in a deferred tax liability increase of 59,494,460 in 2013.

In addition, net profit for 2013 was increased by written off deferred tax liabilities of 946, such an increase being recorded in the line "Other" (line 2460) in the statement of financial results. In 2012, net profit was increased by deferred tax liabilities in the amount of 57,230.

OAO Gazprom recorded income tax and value added tax of 6,399,248 and 5,399,240, respectively, that relate to the period of 2008–2009. The income tax and value added tax amounts for 2008–2009 are recorded in the line "Other" (line 2460) and the line "Other expenses" (line 2350), respectively.

## 12. Taxation (continued)

CGT was established in Gazprom Group from 1 January 2012, OAO Gazprom is the responsible member of CGT. The contract on creation of Gazprom Group CGT consisting of 56 members was registered with the Interregional Inspectorate of the Russian Federal Tax Service dealing with major taxpayers No. 2 on 20 March 2012. In December 2012 an amendment to the contract on creation of Gazprom Group CGT was registered with the Interregional Inspectorate of the Russian Federal Tax Service dealing with major taxpayers No. 2. In accordance with the amendment the number of CGT members was increased to 65 from 1 January 2013. In 2013 Supplement No. 2 of 26 November 2013 to the contract on creation of Gazprom Group CGT was registered with the Interregional Inspectorate of the Russian Federal Tax Service dealing with major taxpayers No. 2. In accordance with the amendment the number of CGT members was increased to 69 from 1 January 2014.

The income tax of CGT for 2013 and 2012 amounted to 153,133,603 and 251,385,923, respectively.

### Other taxes

VAT accrued upon dispatch (transfer) of goods (works, services, property rights) including VAT accrued upon receipt of payment, partial payment against forthcoming supplies of goods (works, services, property rights) and restored amounts of previously recovered VAT with respect to payment, partial payment issued against forthcoming purchases of goods (works, services, property rights) totalled 442,020,581 and 381,802,997 for 2013 and 2012, respectively.

## 13. Accounts payable

As at 31 December 2013, 2012 and 2011, the balance sheet line "Advances received" (line 1527) within accounts payable (payment expected within 12 months of the reporting date) includes the advances of 92,350,297; 77,656,913 and 76,624,542 respectively, received by the Company from gas customers under commission agreements between OAO Gazprom and OOO Gazprom Export.

Trade accounts payable mainly include accounts payable to related parties (Note 18).

Additional information is provided in table forms 5.3 "Movement of accounts payable" and 5.4 "Overdue accounts payable" of the notes to the balance sheet and statement of financial results.

## 14. Sales of goods, work and services

	2013	2012
Revenue from gas sales:		
in Russia	956,149,736	900,135,560
outside Russia, including	1,961,301,320	1,898,751,159
to far abroad countries	1,556,133,222	1,379,544,003
	2,917,451,056	2,798,886,719
Revenue from leasing out assets	574,946,915	485,425,895
Revenue from sale of gas condensate and refined products	231,036,393	201,213,288
Revenue from sale of gas transportation services	202,009,785	168,156,090
Other	7,891,164	5,468,765
<b>Total</b>	<b>3,933,335,313</b>	<b>3,659,150,757</b>



**14. Sales of goods, work and services (continued)**

Revenue from gas sales outside Russia includes revenue from export gas sales through an agent as well. Revenue from sales of gas outside Russia in 2013 were reduced by 36,860,193 as an adjustment for gas supplies made in 2013, prices of which were revised in 2013. Revenue from sales of gas outside Russia in 2012 were reduced by 48,519,082 as an adjustment for gas supplies made in 2012, prices of which were revised in 2012.

The Company's customers, each contributing material percentage of the total revenue from gas sales, are presented below:

	2013	2012
OOO Gazprom Mezhrefiongaz	831,238,178	791,508,927
NAK Naftogaz Ukraine	144,632,263	285,715,464

**15. Cost of sales and selling expenses  
(lines 2120 and 2210 of the Statement of Financial Results)**

	2013	2012
Purchase cost of gas, including gas sold		
in Russia	423,540,351	402,171,674
outside Russia, including	573,515,158	532,166,354
to far abroad countries	488,498,598	448,896,407
	997,055,509	934,338,028
Gas transportation costs, including		
in Russia	382,422,956	396,847,386
outside Russia, including	587,280,304	492,194,278
to far abroad countries	477,022,969	375,797,863
	969,703,260	889,041,664
Cost of assets leasing out	579,826,935	488,865,619
Cost of purchased gas condensate, oil products and their refinery and transportation	153,378,555	124,760,033
Cost of gas transportation services	197,744,067	159,266,627
Cost of other sales	8,221,558	7,538,630
<b>Total</b>	<b>2,905,929,884</b>	<b>2,603,810,601</b>

The increase in gas purchase costs mainly resulted from the increase in Inter-Group prices for the Company subsidiaries.

Total costs of used energy resources were 400,189 and 397,230 in 2013 and 2012, respectively. The Company used the following types of energy resources: electric power, heat and gas.

**16. Other income and expenses**

	2013		2012	
	Income	Expenses	Income	Expenses
Sale of foreign currency	2,836,207,579	2,836,825,349	2,858,043,152	2,858,191,940
Exchange differences on foreign currency transactions	175,111,489	262,384,943	335,220,307	292,978,112
Recognition/ release of estimated liabilities related to gas price adjustments (Note 19)	73,441,954	22,309,998	–	113,918,582
Market value revaluation of investments	24,054,708	–	179,351	31,733,728
Profit (loss) of previous years	18,882,945	5,087,081	15,448,076	49,798,480
Movement of investments	4,458,243	3,827,774	4,623,543	4,562,461
Bad debt provision accrual/release	711,976	27,821,162	52,258	28,069,149
Investments impairment provision accrual/release	30,866	1,433,086	224,301	434,933
Income / expense from the sale of other assets	14	–	16,127,525	15,457,366
Contributions to subsidiaries' property	–	63,432,782	–	66,493,100
Costs of mineral resources development	–	14,464,899	–	13,459,156
Charity expenses	–	6,733,404	–	7,909,724
Other	4,179,373	54,194,421	10,531,930	40,939,437
<b>Total</b>	<b>3,137,079,147</b>	<b>3,298,514,899</b>	<b>3,240,450,443</b>	<b>3,523,946,168</b>

In 2013, due to an increase in the share quotation of issuing companies the Company recognised an income of 24,054,708 from the market revaluation of investments as at 31 December 2013, including an income of 23,085,387 from the market revaluation of its investment in the shares of OAO Gazprom Neft. In 2012, due to a decrease in the share quotation of issuing companies the Company recognised expenses of 31,733,728 from the market revaluation of investments as at 31 December 2012, including an expense of 31,491,712 from the market revaluation of its investment in the shares of OAO Gazprom Neft.

The Company's investments in its subsidiaries and associates are of a long-term nature and are not intended for deriving profit from the movement of share quotations at Russian stock exchanges.

In 2013 the line «Profit (loss) of previous years» includes the positive effect of gas prices revision of 217,226. In 2012 the negative effect of gas prices revision amounted to 43,384,643. These adjustments relate to gas supplies of prior years for which price adjustments were agreed in 2013 and 2012, respectively.

The line «Income/ Expenses from the sale of other assets» includes separately income and expenses from transactions with financial instruments of forward-type transactions (FIFT). In 2012, the financial result of FIFT transactions in the amount of 670,141 was recognized as of the transaction date. The Company calculated the financial result from exercising the foreign currency forward contracts as the difference between the USD/RR exchange rate of the Russian Central Bank as of the exercise date of the forward contract and the forward rate set out by the parties to the forward contract for purchase and sale of foreign currency. In 2013 there were no FIFT transactions.

The line «Contributions to subsidiaries' property» includes contributions made into the property of subsidiaries under decisions adopted by the participant (the Company) in 2004–2013. As at 31 December 2013, 2012 and 2011, contributions in the subsidiaries' property that were to be made under the adopted decisions amounted to 45,534,389; 29,771,802 and 15,491,679, respectively.

Income and expenses from the accrual and release of bad debt provision are presented in the Company's financial statements on a net basis except for income from a release of the bad debt provision in the part related to accounts receivable settled during the year.

The line «Other expenses» includes pension contributions of 787,658 and 728,760 transferred to OAO Gazprom's joint account in NPF Gazfund in 2013 and 2012, respectively. Non-state pensions shall be paid to employees of the Company when corresponding conditions are met.

## 17. Earnings per share

Basic earnings per share have been calculated by dividing the net profit for the year by the weighted average number of common shares outstanding during the year. The weighted average number of shares totalled 23,673,513 thousand during the years ended 31 December 2013, 2012 and 2011.

As at the beginning and the end of the reporting period the Company did not have any potentially dilutive securities and therefore the diluted profit per share was not calculated.

## 18. Related parties

### Major 100% subsidiaries of ОАО Gazprom:

ООО Авиапредприятије Газпром Авиа	ООО Газпромтранс
ООО Газ-Ойл	ОАО Газпром Трансгаз Беларусь (formerly ОАО Белтрансгаз)
ООО Газпром ВНИИГАЗ	ООО Газпром Трансгаз Волгоград
ООО Газпром Геологоразведка	ООО Газпром Трансгаз Екатеринбург
ООО Газпром Геосурсы (formerly ООО Геосурсы)	ИЧУП Газпром Трансгаз Запад
ООО Газпром Добыча Астрахань	ООО Газпром Трансгаз Казань
ООО Газпром Добыча Иркутск	ООО Газпром Трансгаз Краснодар
ООО Газпром Добыча Краснодар	ООО Газпром Трансгаз Махачкала
ООО Газпром Добыча Кузнецк	ООО Газпром Трансгаз Москва
ООО Газпром Добыча Надым	ООО Газпром Трансгаз Нижний Новгород
ООО Газпром Добыча Нойабрск	ООО Газпром Трансгаз Самара
ООО Газпром Добыча Оренбург	ООО Газпром Трансгаз Санкт-Петербург
ООО Газпром Добыча Уренгой	ООО Газпром Трансгаз Саратов
ООО Газпром Добыча Шельф	ООО Газпром Трансгаз Ставрополь
ООО Газпром Добыча Ямбург	ООО Газпром Трансгаз Surgut
Газпром EP International B.V.	ООО Газпром Трансгаз Томск
ООО Газпром Invest (formerly ООО Газпром Invest Запад)	ООО Газпром Трансгаз Уфа
ООО Газпром Invest Восток	ООО Газпром Трансгаз Ухта
ООО Газпром Investproject	ООО Газпром Трансгаз Чайковский
ООО Газпром Investholding	ООО Газпром Трансгаз Югорск
ООО Газпром Inform	ООО Газпром Тsentremont
ООО Газпром Capital	ООО Газпром Export
ООО Газпром Komplektatsia	ООО Газпром Energo
ООО Газпром Mezhtregiongaz	ООО Газпром Energoholding
ООО Газпром Neft Shelf	Газпром (U.K.) Limited
ООО Газпром Pererabotka	ООО Газфлот
ООО Газпром Podzemremont Оренбург	ООО Кovyktaneftegaz
ООО Газпром Podzemremont Уренгой	ООО Novourengoysky GCC
ООО Газпром PHG	ООО Surgutstroygaz
ООО Газпром Svyaz	ООО Temryukmortrans
ООО Газпром Liquefied Gas	ООО TyumenNIIgiprogaz
ООО Газпром Sotsinvest	ЗАО Yamalgazinvest

All the above subsidiary companies, excluding Gazprom EP International B.V. which is registered in the Netherlands, Gazprom (UK) Ltd., which is registered in Great Britain, and ИЧУП Газпром Трансгаз Запад and ОАО Газпром Трансгаз Беларусь (formerly ОАО Белтрансгаз), which are registered in the Republic of Belarus, are registered in Russia. These companies are mainly engaged in producing, transporting and selling natural gas.

**18. Related parties (continued)**

## Other major subsidiaries of OAO Gazprom:

Company name	Share in the charter capital, %	Nature of operations	Location
ZAO ArmRosgazprom	80.0%	Transportation and sale of gas	Armenia
OAO Vostokgazprom	99.98%	Production, processing and sale of gas and gas condensate	Russia
OAO Gazmash	99.99%	Manufacture of household fuel using equipment	Russia
OOO Gazpromviet	51.0%	Exploration, oil and gas transportation and processing	Russia
OAO Gazprom Neft	90.0%	Oil production, processing and refinery.	Russia
OOO Gazprom torgservice	99.0%	Trading	Russia
OAO Gazpromtrubinvest	99.87%	Manufacturing and sale of pipes	Russia
Gazprom Sakhalin Holdings B.V.	97.01%	Financing and investing activities	Netherlands
Gazprom Finance B.V.	0.0056%	Financing and investing activities	Netherlands
Gazprom Holding Cooperative U.A.	99.9997%	Financing and investing activities	Netherlands
ZAO Gazprom YuRGM Development	75.0%	Sale of hydrocarbons	Russia
ZAO Gazprom YuRGM Trading	75.0%	Gas production, storage and transportation	Russia
OAO Daltransgaz	87.99%	Transportation of gas	Russia
OAO Kamchatgazprom	92.25%	Production, processing and sale of gas and gas condensate	Russia
OOO Lazurnaya (formerly OAO Lazurnaya)	99.69%	Design and construction	Russia
South Stream Serbia AG	51.0%	Design, construction and operation of the South Stream pipeline section	Serbia
OAO Severneftegazprom	40.0%	Production, processing and sale of gas and gas condensate	Russia
OAO Tsentrgez	99.99%	Construction	Russia
OAO Chechengazprom	99.99%	Gas delivery, transportation and sale in the territory of the Chechen Republic	Russia
Shtockman Development AG	75.0%	Gas field development	Switzerland

In May 2013 the Company purchased from OAO Rosneftegaz an interest of 92.25% (23,202,818 shares) in OAO Kamchatgazprom for 2,850,000.

In June 2013 the Company's share in Gazprom Sakhalin Holding B.V. and Gazprom Finance B.V. reduced from 100% to 97.011% and 0.0056%, respectively, after the above shares in the amount of 10,969,784 were contributed to a newly incorporated legal entity Gazprom Holding Cooperative U.A. (hereinafter the Cooperative). The Company's share in the Cooperative is 99.9997%. As a result of the above transaction these two companies were transferred from the list of major 100% subsidiaries to the list of other major subsidiaries.

In December 2013, the Company additionally contributed 3,388,880 to the charter capital of South Stream Serbia AG. As at 31 December 2013, no increase in the charter capital of South Stream Serbia AG was registered, therefore the Company recorded settlements related to the contribution to the charter capital of South Stream Serbia AG within "Other debtors" (payments expected within 12 months after the reporting date) (balance sheet line 1239) and did not recognise any increase in its investment into the equity.

**18. Related parties (continued)**

## Major associates of OAO Gazprom:

Company name	Share in the charter capital, %	Nature of operations	Location
AO Amber Grid	37.06%	Transportation of gas	Lithuania
OAO Belgazprombank	49.66%	Banking	Republic of Belarus
Gazprombank Open Joint Stock Company	35.54%	Banking	Russia
AO Gazum	25.0%	Sale of gas	Finland
Blue Stream Pipeline Company B. V.	50.0%	Transportation of gas	Netherlands
AO EuRoPol GAZ	48.0%	Transportation and sale of gas	Poland
TOO KazRosGaz	50.0%	Transportation and sale of gas	Kazakhstan
AO Latvijas Gaze	34.0%	Transportation and sale of gas	Latvia
ZAO Leader	25.71%	Trust management of NSPF pension reserves, management of insurance companies and mutual funds	Russia
AO Lietuvos Dujos	37.06%	Sale of gas	Lithuania
AO Moldovagaz	50.0%	Transportation and sale of gas	Moldova
Nord Stream AG	51.0%	Design, construction and operation of the North Stream pipeline section	Switzerland
RosUkrEnergo AG	50.0%	Transportation and sale of gas	Switzerland
ZAO Rosshelf	39.51%	Gas production	Russia
South Stream AG	50.0 %	Design, construction and operation of the South Stream pipeline section	Switzerland
South Stream Austria GmbH	50.0 %	Design, construction and operation of the South Stream pipeline section	Austria
South Stream Bulgaria A.D.	50.0%	Design, construction and operation of the South Stream pipeline section	Bulgaria
South Stream Hungary Zrt.	50.0%	Design, construction and operation of the South Stream pipeline section	Hungary
South Stream Greece S.A.	50.0%	Design, construction and operation of the South Stream pipeline section	Greece
South Stream Slovenia LLC	50.0%	Design, construction and operation of the South Stream pipeline section	Slovenia
ZAO Stella Vitae	30.0%	Transportation and sale of gas	Lithuania
AO Turusgaz	45.0%	Sale of gas	Turkey
OOO Tsentrikaspneftegaz	50.00%	Exploration of oil and gas fields	Russia
AO YugoRosGaz	50.0%	Transportation and sale of gas	Serbia

In accordance with the requirement of the EU Third Energy Package to separate transport and distribution in the natural gas market, in the third quarter 2013 AO Lietuvos Dujos transferred its assets, obligations and rights related to gas transportation, to AO Amber Grid. At the same time AO Lietuvos Dujos continues operations of importing and distributing gas in Lithuania. As a result of this reorganisation OAO Gazprom received its proportionate share of 37.06% in the charter capital of AO Amber Grid with no pay and retained its 37.06% share in the charter capital of AO Lietuvos Dujos.

In December 2013, the Company made an additional contribution of 4,365,472 to the charter capital of South Stream Bulgaria A.D. As at 31 December 2013, the increase in the charter capital of South Stream Bulgaria AG was registered, therefore the Company recorded settlements related to the contribution to the charter capital of South Stream Bulgaria AG within "Other debtors" (payments expected within 12 months after the reporting date) (balance sheet line 1239) and did not recognise any increase in its investment into the equity.

**18. Related parties (continued)****Other major related parties:**

Bosphorus Gas Corporation A.S.	OPAL Gastransport GmbH and Co.KG
W & G Beteiligungs-GmbH & Co. KG	AO Overgas Inc.
Wintershall Erdgas	OAO WGC-2
Handelshaus GmbH & Co. KG	ZAO Panrusgaz
Wintershall Erdgas Handelshaus Zug AG	OOO PeterGaz
Gazprom Schweiz AG	PremiumGas S.P.A.
OAO Gazprom Gasenergoset	AO Promgaz S.P.A.
Gazprom Germania GmbH	ZAO Purgaz
ZAO Gazprom Invest Yug	Rosingaz Ltd.
Gazprom Marketing and Trading Ltd.	Sakhalin Energy Investment Company Ltd.
OAO Gazprom Neftekhim Salavat	OAO TGC-1
GWH Gas und Varen Handelshaus GmbH	Wingas GmbH
GASCADE Gastransport GmbH	

The Company owns directly or through its subsidiaries the blocks of shares or has ownership interest in the above companies. In addition, the Company has its representatives in the Boards of Directors thus influencing their business significantly. The above companies (except for OAO Gazprom Neftekhim Salavat, OAO Gazprom Gazenergoset, OAO WGC-2, OAO TGC-1, OOO PeterGaz, Rosingaz Ltd. and ZAO Gazprom Invest Yug) are involved in gas transportation and sales.

**Related party transactions**

OAO Gazprom transactions with major wholly owned subsidiaries:

	2013	2012
Sale (net of VAT, excise, custom duties and similar payments):		
Gas	1,063,188,869	1,005,008,091
lease-out assets	570,209,466	475,962,031
services related to organisation of gas transportation	2,262,127	7,221,502
gas condensate and oil refinery products	7,228,366	7,171,409
Acquisition:		
gas transportation and storage services	952,041,715	861,856,146
gas	558,889,760	476,422,455
liquid hydrocarbons	82,454,154	67,902,729
liquid hydrocarbons processing services	35,369,443	30,753,050

Prices for gas, gas transportation and storage services purchased from wholly owned subsidiary companies of OAO Gazprom (except for OAO Gazprom Transgaz Belarus) were set in accordance with the price-list "Internal settlement (wholesale) prices of gas and internal settlement tariffs for gas transportation and storage for OAO Gazprom entities" approved by OAO Gazprom. Gas and gas transportation services were provided to major wholly owned subsidiaries (except for OAO Gazprom Transgaz Belarus) based on the above price-list. Prices for liquid hydrocarbons and liquid hydrocarbons processing services purchased from major wholly owned subsidiaries were set in accordance with the price-list "Internal prices of hydrocarbons and hydrocarbon processing services for OAO Gazprom entities", approved by OAO Gazprom. Prices for OAO Gazprom Transgaz Belarus were set up in accordance with the contract.

**18. Related parties (continued)**

Accounts receivable from and accounts payable to major wholly owned subsidiaries of OAO Gazprom were as follows:

	31 December		
	2013	2012	2011
Accounts receivable	1,366,583,550	1,495,885,085	1,857,526,555
Accounts payable	343 820 763	331 865 610	313 669 708

As at 31 December 2013 the doubtful debt provision of 69 was formed with respect to doubtful accounts receivable from major subsidiaries of OAO Gazprom (as at 31 December 2012 and 2011: 94 and 243, respectively).

Loan debt of major wholly owned subsidiaries of OAO Gazprom was as follows:

	31 December		
	2013	2012	2011
Loans due beyond 12 months of the reporting date	92,615,493	26,845,604	13,403,063
Loans due within 12 months of the reporting date	9,850,397	7,414,723	1,789,580

Interest on loans that the Company granted to its major wholly owned subsidiaries was 3,133,990; 1,413,334 and 789,172 in 2013, 2012 and 2011, respectively. The Company granted loans to its major wholly owned subsidiaries at the interest rate in the range from 2.86% to 9.04%; from 3.19% to 11.90% and from 3.19% to 20.0% in 2013, 2012 and 2011, respectively.

Debt of the Company on loans that it received from its major wholly owned subsidiaries was as follows:

	31 December		
	2013	2012	2011
Loans due beyond 12 months of the reporting date	30,188,583	–	15,000,000
Loans due within 12 months of the reporting date	833,527	–	156,165

As at 31 December 2013 the debt on loans received from OOO Gazprom Capital and OOO Gazprom Komplektatsia amounted to 30,000,000 and 188,583 respectively.

Interest on loans that the Company received from its major wholly owned subsidiaries was 1,993,829; 971,342 and 156,165 in 2013, 2012 and 2011, respectively.

The Company received loans from its major wholly owned subsidiaries at the interest rate ranged from 1.50% to 7.65% in 2013 and from 1.50% to 7.60% in 2012–2011.

In 2013 the Company allocated cash of 83,300,234 for the increase of charter capitals of its major wholly owned subsidiaries (2012: 61,727,331 and 2011: 22,800,000), including 10,000,000 for the increase of OOO Gazprom Pererabotka charter capital (2012: 40,000,000; 2011: 10,000,000) and 50,000,000 for the increase of OOO Gazprom Energoholding charter capital (2012: 10,000,000 and 2011: 10,000,000).

Guarantees issued by the Company on behalf of its other major wholly owned subsidiaries totalled 189,506,351; 155,940,091 and 132,639,627 as at 31 December 2013, 2012 and 2011, respectively.

**18. Related parties (continued)****Transactions with other major subsidiaries**

	2013	2012
Sale (net of VAT, excise, custom duties and similar payments):		
services related to organisation of gas transportation	41,050,298	37,763,127
Gas	8,311,753	12,453,913
Acquisition:		
Gas	115,125,073	111,717,066
liquid hydrocarbons	2,091,052	–

Prices for gas sold to other major subsidiaries were set up based on the contracts concluded.

Accounts receivable and accounts payable arising from settlements with other major subsidiaries of the Company were as follows:

	31 December		
	2013	2012	2011
Accounts receivable	14,838,991	10,159,893	8,575,618
Accounts payable	20,252,455	18,358,837	18,397,430

As at 31 December 2012 and 2011 the doubtful debt provision of 79,817 and 53,211, respectively, was formed with respect to accounts receivable from other major subsidiaries.

The debt of other major subsidiaries of the Company on loans received was as follows:

	31 December		
	2013	2012	2011
Loans due beyond 12 months of the reporting date	–	–	–
Loans due within 12 months of the reporting date	6,959,111	5,679,275	8,829,275

As at 31 December 2013, 2012 and 2011 loans due within 12 months are represented by the debt of the Company subsidiary OAO Daltransgaz amounting to 5,312,098; 5,679,275 and 5,679,275, respectively.

Interest on loans that the Company granted to its other major subsidiaries was 473,551; 646,227; and 381,204 in 2013, 2012 and 2011, respectively.

The Company granted loans to its other major subsidiaries at the interest rate in the range from 6.02% to 8.48%; from 4.73% to 6.02% and from 4.73% to 6.02% in 2013, 2012 and 2011, respectively.

The Company's accounts payable related to loans received from other major subsidiaries were as follows:

	31 December		
	2013	2012	2011
Loans due beyond 12 months of the reporting date	–	–	–
Loans due within 12 months of the reporting date	392,903,335	289,993,709	153,650,974

As at 31 December 2013, 2012 and 2011 loans due within 12 months are represented by the loan due to subsidiary Gazprom Sakhalin Holdings B.V. in the amount of 379,748,578; 277,699,400 and 153,650,974, respectively.

In 2013, 2012 and 2011 interest on loans that the Company received from its other major subsidiaries was 4,422,660; 4,173,851 and 1,402,187, respectively, including interest on the loan received from Gazprom Sakhalin Holdings B.V. amounting to 3,562,211; 3,879,543 and 1,402,187 in 2013, 2012 and 2011, respectively.

The Company received loans from its other major subsidiaries at the interest rate ranged from 0.85% to 6.9% in 2013 and from 1.50% to 7.60% in 2011–2012.

Guarantees issued by the Company on behalf of its other major subsidiaries totalled 16,967,763, 18,191,580 and 18,528,271 as at 31 December 2013, 2012 and 2011, respectively.



**18. Related parties (continued)****Transactions with major associates**

	2013	2012
Sale (net of VAT, excise, custom duties and similar payments):		
Gas	83,587,607	89,333,407
Acquisition:		
gas transportation and storage services, including	53,001,350	43,790,199
through the commissioner OOO Gazprom Export	50,003,666	40,748,182

Prices for gas sold at external market to major associates and prices for gas transportation and storage services purchased from major associates were set up based on the contracts.

Accounts receivable and accounts payable from settlements with major associates of the Company were as follows:

	31 December		
	2013	2012	2011
Accounts receivable	144,360,638	110,261,440	87,855,820
Accounts payable	15,558,233	13,479,316	14,532,389

As at 31 December 2013, 2012 and 2011 the doubtful debt provision of 123,537,992; 96,518,724 and 73,600,707 respectively, was formed with respect to accounts receivable from major associated companies.

The debt of major associates of the Company on loans received was as follows:

	31 December		
	2013	2012	2011
Loans due beyond 12 months of the reporting date	-	-	-
Loans due within 12 months of the reporting date	3,781,146	-	2,592,795

As at 31 December 2013 loans due within 12 months of the reporting date are presented by the loan receivable from OOO TsentrKaspneftegaz; and as at 31 December 2011: by the loan receivable from Nord Stream AG.

Interest on the loans that the Company provided to its major associates was as follows: OOO TsentrKaspneftegaz: 319,254 in 2013 and Nord Stream AG: 45,359 and 343,477 in 2012 and 2011, respectively.

Deposits placed by the Company in Gazprombank (open joint stock company) totalled 514,717; 510,135 and 9,361,661 as at 31 December 2013, 2012 and 2011, respectively.

	31 December		
	2013	2012	2011
Deposits due beyond 12 months of the reporting date	475,713	472,859	8,060,702
Deposits due within 12 months of the reporting date	39,004	37,276	1,300,959

The Company's debt on borrowings and loans received from its major associates was as follows:

	31 December		
	2013	2012	2011
Bank loans due within 12 months of the reporting date	-	-	-
Loans due within 12 months of the reporting date	-	2,248,071	10,778,254

Interest on loans that the Company received from its major associates was 57,934; 286,706 and 406,718 in 2013, 2012 and 2011, respectively.

Guarantees issued by the Company on behalf of its major associates totalled 50,830,273; 42,642,803 and 113,841,396 as at 31 December 2013, 2012 and 2011, respectively.

**18. Related parties (continued)**Information on cash flows related to transactions with major subsidiaries  
and associates of OAO Gazprom

Line code	Narrative	For reporting period	including major subsidiaries and associates	For similar period of prior year	including major subsidiaries and associates
<b>Cash flows from operating activities</b>					
<b>4110</b>	<b>Receipts – total, including</b>	<b>4,602,153,188</b>	<b>1,878,257,391</b>	<b>4,265,298,474</b>	<b>1,726,368,091</b>
4111	from sale of goods, products, work and services	4,302,513,425	1,788,204,780	4,047,091,801	1,645,848,327
4112	rent payments, license payments, royalties, commission and other payments	–	–	–	–
4113	resale of financial investments	–	–	–	–
4119	other receipts	299,639,763	90,052,611	218,206,673	80,519,764
<b>4120</b>	<b>Payments – total, including</b>	<b>(3,394,697,697)</b>	<b>(1,957,323,167)</b>	<b>(3,343,537,792)</b>	<b>(1,777,588,876)</b>
4121	suppliers (contractors) for raw materials, work and services	(2,305,182,272)	(1,859,228,062)	(2,198,432,965)	(1,661,177,606)
4122	wages and salaries	(28,607,347)	–	(23,147,412)	–
4123	interest on borrowings	(66,459,881)	(4,683,245)	(70,676,793)	(4,767,693)
4124	income tax	(149,296,046)	–	(284,026,110)	–
4129	other payments	(845,152,151)	(93,411,860)	(767,254,512)	(111,643,577)
<b>4100</b>	<b>Net cash flows from operating activities</b>	<b>1,207,455,491</b>	<b>(79,065,776)</b>	<b>921,760,682</b>	<b>(51,220,785)</b>
<b>Cash flows from investing activities</b>					
<b>4210</b>	<b>Receipts – total, including</b>	<b>124,834,185</b>	<b>117,951,398</b>	<b>141,571,782</b>	<b>131,094,545</b>
4211	from sale of non-current assets (except for investments)	988,976	75,386	1,089,703	480,982
4212	from sale of shares of other entities (ownership interest)	1,170,375	–	2,699,998	–
4213	from return of loans issued, sale of debt securities (sale of rights of claiming cash to third parties)	6,082,114	4,802,773	5,023,653	2,440,700
4214	dividends, interests from long-term financial investments and receipts from participation in other entities	115,881,641	113,036,216	123,482,360	119,319,839
4219	other receipts	711,079	37,023	9,276,068	8,853,024
<b>4220</b>	<b>Payments – total, including</b>	<b>(1,123,280,505)</b>	<b>(897,611,777)</b>	<b>(1,028,162,752)</b>	<b>(995,976,743)</b>
4221	related to acquisition, creation, modernisation, reconstruction and preparation for use of non-current assets	(28,075,379)	(88,647)	(22,056,587)	(1,773,637)
4222	acquisition of other entities shares	(118,771,131)	(92,909,542)	(78,935,666)	(77,063,751)
4223	acquisition of debt securities (rights of claiming cash from third parties), issue of loans to third parties	(100,525,973)	(68,925,973)	(14,819,986)	(14,791,417)
4224	borrowing costs included in the cost of the investment assets	–	–	–	–
4225	creation/acquisition of exploration assets	(52,431,805)	(10,601,567)	(9,084,192)	(8,102,478)
4229	other payments	(823,476,217)	(725,086,048)	(903,266,321)	(894,245,460)
<b>4200</b>	<b>Net cash flows from investing activities</b>	<b>(998,446,320)</b>	<b>(779,660,379)</b>	<b>(886,590,970)</b>	<b>(864,882,198)</b>

**18. Related parties (continued)**

Line code	Narrative	For reporting period	including major subsidiaries and associates	For similar period of prior year	including major subsidiaries and associates
<b>Cash flows from financing activities</b>					
<b>4310</b>	<b>Receipts – total, including</b>	<b>376,184,753</b>	<b>113,358,965</b>	<b>262,319,798</b>	<b>154,683,620</b>
4311	borrowings and bank loans	346,188,503	113,358,965	262,319,798	154,683,620
4312	contributions of owners (participants)	–	–	–	–
4313	issue of shares, increase in ownership interest	–	–	–	–
4314	issue of bonds, promissory notes and other debt securities, etc.	29,996,250	–	–	–
4319	other receipts	–	–	–	–
<b>4320</b>	<b>Payments – total, including</b>	<b>(338,094,142)</b>	<b>(6,767,595)</b>	<b>(358,165,078)</b>	<b>(31,903,908)</b>
4321	to owners (participants) due to the fact of share buy-back or cessation of membership	–	–	–	–
4322	dividend payments or other distribution of profit to owners (participants)	(132,203,230)	–	(198,329,393)	–
4323	redemption (buy-back) of promissory notes and other debt securities, loan repayment	(201,556,288)	(6,767,595)	(154,788,151)	(31,903,908)
4329	other payments	(4,334,624)	–	(5,047,534)	–
<b>4300</b>	<b>Net cash flows from financing activities</b>	<b>38,090,611</b>	<b>106,591,370</b>	<b>(95,845,280)</b>	<b>122,779,712</b>
<b>4400</b>	<b>Net cash flows for the reporting period</b>	<b>247,099,782</b>	<b>(752,134,785)</b>	<b>(60,675,568)</b>	<b>(793,323,271)</b>

**Transactions with other major related parties**

	2013	2012
Sale (net of VAT, excise, custom duties and similar payments):		
gas	390,623,080	322,466,010
gas condensate and oil refinery products	164,405,009	139,195,915
services related to organisation of gas transportation	34,101,927	34,447,020
Acquisition:		
gas	266,518,216	286,259,876
gas transportation and storage services, including through the commissioner OOO Gazprom Export	14,010,534	3,045,333

Prices for gas sold at external market to other major related parties and prices for gas transportation and storage services purchased from other major related parties were set up based on the contracts.

Accounts receivable and accounts payable from settlements with other major related parties of the Company were as follows:

	31 December		
	2013	2012	2011
Accounts receivable	262,953,201	83,813,577	77,586,530
Accounts payable	34,271,205	26,373,552	17,546,740

In 2013, 2012 and 2011 no doubtful debt provision was formed for accounts receivable from other major related parties of the Company.

**18. Related parties (continued)**

The debt of other major related parties on loans received from the Company was as follows:

	31 December		
	2013	2012	2011
Loans due beyond 12 months of the reporting date	31,600,000	–	–
Loans due within 12 months of the reporting date	–	–	–

Interest on loans that the Company granted to its other major related parties in 2013 amounted to 366,071.

In 2013 the Company granted loans to its other major related parties at the rate of 8.0%.

The Company's accounts payable related to loans received from other major related parties were as follows:

	31 December		
	2013	2012	2011
Loans due beyond 12 months of the reporting date	–	–	–
Loans due within 12 months of the reporting date	65,814,508	61,657,038	57,952,178

Interest on loans that the Company received from its other major related parties was 4,335,067; 3,704,860 and 876,955 in 2013, 2012 and 2011, respectively. Interest on loans that the Company received from its other major related parties varied from 6.9% to 7.85% in 2013, from 4.50% to 7.85% in 2012, and from 3.20% to 5.0% in 2011.

Guarantees issued by the Company on behalf of its other major related parties totalled 89,825,426; 94,144,621 and 103,219,967 as at 31 December 2013, 2012 and 2011, respectively.

#### Information on cash flows related to transactions with other major related parties

	2013	2012
Cash inflow, including:	780,427,043	616,498,164
from operating activities	720,380,031	616,492,126
from financing activities	39,000,000	–
from investing activities	21,047,012	6,038
Cash outflow, including:	491,361,675	302,059,826
for operating activities	284,914,454	302,059,826
for financing activities	38,280,005	–
for investing activities	168,167,216	–

The line "Cash inflows from operating activities" primarily includes proceeds from sale of goods, products, works and services.

The line "Cash outflows used for operating activities" includes payments to suppliers (contractors) for raw materials, works and services.

#### Remuneration to key management personnel

Short-term compensation of key management personnel (the members of the Board of Directors and Management Committee of OAO Gazprom), including salary, bonuses and remuneration for membership in the management bodies of the Company, amounted to 2,261,612; 1,562,887 and 1,339,256 for the years ended 31 December 2013, 2012 and 2011, respectively. Such amounts include personal income tax and unified social tax. Government officials, who are members of the Board of Directors, do not receive any remuneration from the Company. Remuneration of members of the Board of Directors shall be approved by the annual meeting of shareholders. Compensation of key management personnel (other than remuneration of the Board of directors)

## 18. Related parties (continued)

is determined by the terms of the annual employment contracts. Key management personnel also receive certain short-term benefits related to healthcare.

According to the Russian legislation, the Company makes contributions to the Russian Federation State Pension Fund, Social Insurance Fund of the Russian Federation, Federal Compulsory Medical Insurance Fund calculated on the basis of salaries and other payments to employees including key management personnel.

The Company provided medical insurance and liability insurance for key management personnel. Voluntary medical insurance amounted to 851; 856 and 1,049 and liability insurance was 855; 894 and 1,008 as at 2013, 2012 and 2011, respectively.

## 19. Estimated and contingent liabilities

### Estimated liabilities

Information about estimated liabilities is disclosed in section 7 of the table enclosed in the notes to the balance sheet and statement of financial results.

### **Estimated asset retirement liability and liability to restore environment disturbed by mineral extraction**

The specifics of the subsoil use management process are as follows: the fixed assets items used in this process are owned by the Company but leased out to subsidiaries (users of mineral resources) and used by them in compliance with the terms and conditions of their licence agreements.

According to article 22.8 of Federal Law No. 2395-I of 21 February 1992 «On subsoil» and subsoil use licence agreements, the user of mineral resources is obliged to bring the land plots and other natural sites disturbed by subsoil use to the condition appropriate for further use as well as liquidate mine workings and wells that are not subject to further use.

Consequently, the Company who owns fixed assets that have been leased out to the user of mineral resources, do not have any liabilities of dismantling fixed assets that are not subject for further use or restoring the environment disturbed by the subsoil use.

### **Pension liabilities**

The Company operates a defined benefit plan. As the current legislation provides no guidance for recording pension liability accruals on accounts, calculations of both pension liabilities and pension assets are only possible at the level of Gazprom Group and they are disclosed in the notes to Gazprom Group's consolidated financial statements prepared under International Financial Reporting Standards ([www.gazprom.ru](http://www.gazprom.ru)).

### **Estimated liabilities related to gas price adjustments**

The Company has recognized estimated liabilities related to price adjustments with regard to delivered gas supplies caused by foreign customer claims based on contract conditions. The estimated liabilities of 22,374,990 and 113,918,582 as at 31 December 2013 and 2012, respectively, does not include any potential adjustment of customs duties accrued earlier.

**19. Estimated and contingent liabilities (continued)****Contingencies**

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

Guarantees issued on behalf of the following entities:	31 December		
	2013	2012	2011
OOO Novourengoysky GCC	161,496,197	127,859,111	103,942,605
Sakhalin Energy Investment Company Ltd.	89,825,426	94,144,621	103,219,967
Nord Stream AG	50,830,273	40,518,687	105,616,166
OAO Gazprom Space Systems	36,982,320	30,868,285	22,433,668
OAO Severneftegazprom	16,967,763	16,967,763	16,967,763
OOO Gazprom Investproject	14,677,574	14,916,381	11,888,002
VIS Manufacturing Firm	8,164,256	2,506,706	–
OOO Gazprom Neft Shelf	6,687,058	7,159,993	10,403,088
OOO Gazprom Export	6,645,521	5,944,866	6,158,079
Blackrock Capital Investments Ltd.	4,804,160	4,572,764	4,984,730
EM Interfinance Ltd.	3,668,031	5,385,257	5,868,767
OAO Gazprom Automatisation	1,900,000	–	4,000,000
AO Gaztransit	60,568	360,995	573,751
Gazprom Lybia B.V.	–	8,868,828	9,401,261
Blue Stream Pipeline Company B.V.	–	2,124,116	8,225,230
ZAO Kaunasskaya Heat–Electric Generating Plant	–	1,223,817	1,267,182
ZAO Achimgaz	–	700,205	387,384
Dereve Capital International Ltd	–	–	1,957,645
Mortgage Lending Assistance Fund 'Gazpromipoteka'	–	–	1,144,763
Other	47,145	121,667	646,069
<b>Total</b>	<b>402,756,292</b>	<b>364,244,062</b>	<b>419,086,120</b>

In June 2008, the Company issued a number of guarantees to Bank of Tokyo-Mitsubishi UFJ Ltd. for Sakhalin Energy Investment Company Ltd. within the Company's share (50%) in the liabilities of Sakhalin Energy Investment Company Ltd. regarding the loans received. The guarantees were issued for the period of loans received by Sakhalin Energy Investment Company Ltd., but not later than 15 December 2021. Total liabilities guaranteed amounted to 89,825,426; 94,144,621 and 103,219,967 as at 31 December 2013, 2012 and 2011, respectively.

In March 2010, the Company provided a guarantee to Societe Generale Bank for Nord Stream AG guaranteeing the completion of works under Stage 1 of Nord Stream pipeline construction project. According to the terms of this guarantee, the Company is obliged to repay debt to the creditors of Stage 1 of the project within its share (51%) if Nord Stream AG fails to pay its debt. The guarantee expires upon completion of construction and tests of the first pipeline. As at 31 December 2011, the guaranteed liabilities were 72,205,368. In October 2012 financing of Stage 1 of the Nord Stream construction project was completed.

In 2011, Nord Stream AG started implementing Stage 2 of the project and construction of the second Nord Stream pipeline. In March 2011, the Company provided a guarantee to Societe Generale Bank for Nord Stream AG guaranteeing the completion of works under Stage 2 of Nord Stream pipeline construction project. According to the terms of this guarantee, the Company is obliged to repay debt to the creditors of Stage 2 of the project within its share (51%) if Nord Stream AG fails to pay its debt. The guarantee expires upon completion of construction and tests of the second pipeline. As at 31 December 2013, 2012 and 2011, the guaranteed liabilities were 50,830,273; 40,518,687 and 33,410,798, respectively.

In July 2005, Blue Stream Pipeline Company B.V. refinanced some of the existing liabilities, guaranteed by the Company, by means of repayment of the liabilities to a group of Italian and

## 19. Estimated and contingent liabilities (continued)

Japanese banks. For the purpose of this transaction loans in the amount of USD 1,185.3 million were received from Gazstream S.A. The Company guaranteed the above loans until July 2013. As at 31 December 2012 and 2011, the guarantees were 2,124,116 and 8,225,230, respectively. In July 2013, Blue Stream Pipeline Company B.V. repaid the loan and, therefore, the guarantee agreement was terminated.

In December 2004 and June 2005 the Company guaranteed loans raised by OOO Gazprom Neft Shelf from ING Bank N.V. for the financing of fixed assets construction for a period until June 2016 and November 2015, respectively. Due to early repayment in January 2012 by OOO Gazprom Neft Shelf of the loans received from ING Bank N.V. the guarantee contract was terminated. As well, in January 2007 the Company issued additional guarantees for the liabilities of OOO Gazprom Neft Shelf to Blueward Shipping Company Ltd. and Nostalgic Moon Shipping Company Ltd. under shipping agreements. The guarantee will be valid for 25 years after the vessels are transferred to OOO Gazprom Neft Shelf. As at 31 December 2013, 2012 and 2011, guarantees totalled 6,687,058; 7,159,993 and 10,403,088, respectively.

In 2006, the Company issued guarantees to Asset Repackaging Trust Five B.V. registered in the Netherlands, for companies (Devere Capital International Limited, Blackrock Capital Investments Limited, EM Interfinance Limited) registered in Ireland with respect to the bonds issued by them and due in December 2012, June 2018, and December 2015, respectively. The bonds were issued for the purposes of financing the construction of a transit gas pipeline in the territory of Poland to be carried out by AO EuRoPol Gaz. Consequently, as at 31 December 2013, 2012 and 2011, guarantees totalled 8,472,191; 9,958,021 and 12,811,142, respectively. In December 2012, Devere Capital International Limited repaid the loan and, therefore, the corresponding guarantee agreement was no longer effective.

In March 2011, the Company issued a guarantee valid until March 2016 to Bank of Tokyo-Mitsubishi UFJ Ltd. as a security of the loan granted to OOO Novourenogovsky GCC. As at 31 December 2013, 2012 and 2011 the guarantee was 10,228,115; 9,680,100 and 10,562,323, respectively.

In July 2011, the Company issued a guarantee valid until July 2016 to Sumitomo Mitsui Finance Dublin Ltd as a security of the loan granted to OOO Novourenogovsky GCC. As at 31 December 2013, 2012 and 2011 the guarantee was 10,921,796; 10,309,810 and 11,232,967, respectively.

In December 2011, the Company issued a guarantee valid until December 2018 to OOO Regional'naya Finansovaya Compania as a security of the loan granted to OOO Novourenogovsky GCC. As at 31 December 2013, 2012 and 2011 the guarantee was 10,000,000.

In December 2011, the Company issued a guarantee valid until 2016 to Bank of America Securities Ltd. as a security of the loan granted to OOO Novourenogovsky GCC. As at 31 December 2013, 2012 and 2011 the guarantee was 9,400,222; 8,802,796 and 9,694,259, respectively.

In July 2012 the Company issued a guarantee valid until April 2015 to OAO Sberbank of Russia as a security of the loan granted to OOO VIS Manufacturing Firm. As at 31 December 2013 and 2012 the guarantee was 8,164,256 and 2,506,706, respectively.

In August 2012 the Company issued a guarantee valid until April 2016 to Deutsche Bank AG as a security of the loan granted to OOO Novourenogovsky GCC. As at 31 December 2013 and 2012 the guarantee was 14,701,241 and 14,271,334, respectively.

In August 2012 the Company issued a guarantee valid until June 2015 to Royal Bank of Scotland PLC as a security of the loan granted to OOO Novourenogovsky GCC. As at 31 December 2013 and 2012 the guarantee was 17,567,188 and 16,960,620, respectively.

In September 2012, the Company issued a guarantee valid until September 2015 to Credit Agricole Corporate and Investment Bank as a security of the loan granted to OOO Novourenogovsky GCC. As at 31 December 2013 and 2012 the guarantee was 11,376,754 and 10,452,745, respectively.

## 19. Estimated and contingent liabilities (continued)

In October 2012, the Company issued a guarantee valid until July 2017 to OOO Regional'naya Finansovaya Compania as a security of the loan granted to OOO Novourengoysky GCC. As at 31 December 2013 and 2012 the guarantee was 10,000,000.

In November 2012, the Company issued a guarantee valid until October 2017 to Bank of America Securities Ltd. as a security of the loan granted to OOO Novourengoysky GCC. As at 31 December 2013 and 2012 the guarantee was 9,396,020 and 8,674,548, respectively.

In September 2013, the Company issued a guarantee valid until September 2018 to Bank of America Securities Ltd. as a security of the loan granted to OAO Gazprom Space Systems. As at 31 December 2013 the guarantee amounted to 11,475,265.

In October 2013, the Company issued a guarantee valid until October 2018 to Bank of America Securities Ltd. as a security of the loan granted to OOO Novourengoysky GCC. As at 31 December 2013 the guarantee amounted to 11,442,755.

In October 2013, the Company issued a guarantee valid until August 2017 to OAO Sberbank of Russia as a security of the loan granted to OOO Novourengoysky GCC. As at 31 December 2013 the guarantee amounted to 11,247,482.

In December 2013, the Company issued a guarantee valid until December 2018 to UniCredit Bank Austria AG as a security of the loan granted to OOO Novourengoysky GCC. As at 31 December 2013 the guarantee amounted to 7,495,986.

Based on the Company's estimates, there are no third party liabilities secured by OAO Gazprom's guarantee with significant risk of non-fulfilment as at 31 December 2013, 2012 and 2011. Therefore, the Company did not record estimated liabilities for the issued guarantees as at 31 December 2013, 2012 and 2011.

### Legal proceedings

The Company is a party to certain legal proceedings arising in the ordinary course of business. There are no current legal proceedings or other claims outstanding which could have a material adverse effect on the results of operations or financial position of the Company.

### Taxation

Russian tax, currency and customs legislation is subject to varying interpretations and changes which can occur frequently. As at 31 December 2013, management believes that its interpretation of the relevant legislation is appropriate and the Company's tax, currency and customs positions will be sustained.

The Russian transfer pricing legislation grants taxpayers the right to justify their compliance with the arm's length principle at prices used in controlled transactions by preparing the tax control documentation.

The Company's management believe that the prices applied by the Company are at the market level and the Company has implemented internal control procedures to ensure compliance with transfer pricing law.

Since currently there is no practice for application of the new rules, the outcome of any disputes with tax authorities over applied prices cannot be estimated reliably but may have a material effect on the Company's financial results and operations.

## 20. Business risks

The Company manages its risk in the framework of its integrated corporate system. Risk management is a permanent cyclic process of making and executing management decisions that includes identification, assessment and measurement of risks, responding to risks, efficiency control and planning of risk management and monitoring. This process is integrated in the general process of



## 20. Business risks (continued)

management aimed at optimizing the size of risks in line with the Company interests and covers all areas of its practical activities.

Information about risks associated with assets and liabilities is presented in relevant sections of the present notes to the balance sheet and statement of financial results of the Company.

On its official website the Company place information about the Company's position in the industry, including development trends in the corresponding market segment, the Company's level of adaptation to market conditions, main priority areas of the Company's activity, including its development prospects, as well as key information on risk factors associated with the Company's operation.


## 21. Information on production innovations and upgrade

Information on intangible assets that the Company developed or acquired, on movement of property, plant and equipment as well as expenses incurred by the Company in the production innovation and upgrade process, if material, should be disclosed in the corresponding sections of the present notes to the balance sheet and statement of financial results of the Company.

## 22. Events after the reporting date

In February 2014 the Company raised a loan from Gaz Capital S. A. related to the issue of loan participation notes of 36,649,050 due in February 2021, at 3.6%.

Chief Executive Officer  \_\_\_\_\_ A. B. Miller

Chief Accountant  \_\_\_\_\_ E.A. Vasilieva

27 March 2014



# Statutory consolidated accounting reports of OAO Gazprom and its subsidiaries for 2013

# Auditor's Report on the Statutory consolidated accounting reports

To the Shareholders and Board of Directors of OAO Gazprom:

## Client

OAO Gazprom.

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

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

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

## Auditor

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

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

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

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

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

ZAO PricewaterhouseCoopers Audit  
White Square Office Center 10 Butyrsky Val Moscow, Russia, 125047  
Tel.: +7 (495) 967-6000, Fax:+7 (495) 967-6001, www.pwc.ru

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**Translation note:** Our report has been prepared in Russian and in English. In all matters of interpretation of information, views or opinions, the Russian version of our report takes precedence over the English version.

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

To the Shareholders and Board of Directors of OAO Gazprom:

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

## Management's Responsibility for the Statutory consolidated accounting reports

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

## Auditor's responsibility

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

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

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

## Opinion

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

## Basis of preparation of the Statutory consolidated accounting reports

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

Director of ZAO PricewaterhouseCoopers Audit

28 April 2014



M.E. Timchenko

# Consolidated Balance Sheet as of 31 December 2013

(in million Roubles)

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

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

A.B. Miller  
Chairman of the Management Committee

E.A. Vasilieva  
Chief Accountant



# Consolidated Statement of Financial Results for the year ended 31 December 2013

(in million Roubles)

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



A.B. Miller  
Chairman of the Management Committee



E.A. Vasilieva  
Chief Accountant

# Consolidated Statement of Changes in the Shareholders' Equity for the year ended 31 December 2013

(in million Roubles)

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



A.B. Miller  
Chairman of the Management Committee



E.A. Vasilieva  
Chief Accountant

28 April 2014

# Consolidated Statement of Cash Flows for the year ended 31 December 2013

(in million Roubles)

Note	For 2013	For 2012
<b>Cash flows from operating activities</b>		
Total cash received, including:	6,161,981	5,782,761
sales of products, goods, works and services	5,876,391	5,603,101
other receipts, including:	285,590	179,660
indirect taxes	189,089	75,736
advances received from buyers (customers)	30,692	42,694
Total cash paid, including:	(4,496,017)	(4,424,457)
payment for purchased raw materials, works and services	(2,020,241)	(2,068,992)
wages and salaries	(337,960)	(292,454)
interests on borrowings	(84,194)	(89,719)
profit tax	(196,530)	(283,619)
other payments, including:	(1,857,092)	(1,689,673)
settlements with customs	(744,933)	(684,179)
settlements with budget (less profit tax)	(730,642)	(633,021)
advances paid	(78,724)	(125,566)
<b>Net cash provided by operating activities</b>	<b>1,665,964</b>	<b>1,358,304</b>
<b>Cash flows from investing activities</b>		
Total cash received, including:	255,192	334,575
sales of non-current assets (less financial investments)	12,976	6,064
sales of other entities' shares (equity interests)	3,875	4,519
return of loans issued, sales of debt securities (assignment of cash from third parties)	52,625	126,916
dividends, interest from debt financial investments and receipts from participation in other entities	120,441	152,300
other receipts	65,275	44,776
Total cash paid, including:	(1,632,098)	(1,496,932)
purchase, construction, modernization, reconstruction and preparation for use of non-current assets, including:	(1,168,176)	(1,129,652)
purchase of exploration assets	(62,997)	(22,208)
23, 24 purchase of other entities' shares (equity interests)	(154,247)	(89,196)
purchase of debt securities (assignment of cash from third parties), loans issued	(62,196)	(76,088)
other payments, including:	(247,479)	(201,996)
indirect taxes	(169,489)	(160,507)
<b>Net cash used for investing activities</b>	<b>(1,376,906)</b>	<b>(1,162,357)</b>

Note	For 2013	For 2012
<b>Cash flows from financing activities</b>		
Total cash received, including:	568,734	404,786
loans and borrowings, issue of bonds, promissory notes and other debt securities	567,434	404,780
other receipts	1,300	6
Total cash paid, including:	(618,326)	(669,212)
dividends and other distributions to owners (participants)	(171,482)	(227,201)
redemption (buyback) of promissory notes and other debt securities, loan repayment	(426,066)	(421,108)
other payments	(20,778)	(20,903)
<b>Net cash used for financing activities</b>	<b>(49,592)</b>	<b>(264,426)</b>
<b>Net cash for the reporting period</b>	<b>239,466</b>	<b>(68,479)</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>438,674</b>	<b>517,887</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>699,520</b>	<b>438,674</b>
Impact of changes in exchange rates	21,380	(10,734)

A.B. Miller  
Chairman of the Management Committee

E.A. Vasilieva  
Chief Accountant

28 April 2014

# Notes to the Consolidated Accounting Reports

(in million Roubles)

## 1. General information

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

The Group is involved in the following principal activities:

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

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

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

## 2. Significant accounting policies and basis of presentation

### Accounting principles

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

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

### Basis of consolidation

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

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

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

## 2. Significant accounting policies and basis of presentation (continued)

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

### Assets and liabilities denominated in foreign currency

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

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

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

### Current and non-current assets and liabilities

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

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

### Goodwill of subsidiaries

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

### Results of research and development

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

## 2. Significant accounting policies and basis of presentation (continued)

### Intangible and tangible exploration assets

Exploration costs accounted within tangible exploration assets include:

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

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

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

Intangible exploration assets include geological exploration and mining licences.

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

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

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

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

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

### Fixed assets

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

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

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

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

Fixed assets recorded on the subsidiaries' balance sheets include state social assets. The Group's companies received these assets without title transfer, in the course of restructuring of the unified gas supply system and assets of the state gas concern Gazprom. These assets were accounted for in accordance with the procedures effective at that period by creating the fund of social assets in the amount equal to their net book value. When the subsidiaries were restructured to the subsidiary undertakings of the Group these assets jointly with the fund of social assets were transferred to the Group's companies. When these assets are transferred to the municipal authorities (or disposed otherwise) their net book value is charged to the above

## 2. Significant accounting policies and basis of presentation (continued)

mentioned fund recorded in line “Social government fund” of the Consolidated Balance Sheet. Although this practice represents a deviation from the established procedure, Management of OAO Gazprom believes that it ensures fair presentation of the Group’s property relations as the assets are used according to their functional purposes and the Group is held liable for their maintenance and safety.

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

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

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

The following assets are not depreciated:

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

### Investments in non-current assets

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

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

### Financial investments

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

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

Investments for which market value is non-determinable and there are indications as of the reporting date that the decline in their value is significant and constant are recorded on the



## 2. Significant accounting policies and basis of presentation (continued)

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

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

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

### Inventories and costs

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

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

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

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

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

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

### Accounts receivable

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

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

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

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

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

Cash flows of the Group which are not clearly identified as cash flows from operating, investment or financial activities are represented within operating activities in the Consolidated Statement

## 2. Significant accounting policies and basis of presentation (continued)

of Cash Flow. Such cash flows include tax payments and reimbursement of indirect tax from the state budget.

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

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

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

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

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

### Loans and borrowings received

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

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

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

### Commitments and contingencies

The Group recognizes the following contingent liabilities in accounting:

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

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

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

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

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

## 2. Significant accounting policies and basis of presentation (continued)

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

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

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

### Deferred taxes

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

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

### Revenue and other income recognition

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

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

### Expenses recognition

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

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

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

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

## 3. Changes in the accounting policies and comparative information for the previous reporting periods

### Changes in the 2013 accounting policies

There were no significant changes in the 2013 accounting policies.

### Changes in the 2014 accounting policies

There were no significant changes in the 2014 accounting policies.

### 3. Changes in the accounting policies and comparative information for the previous reporting periods (continued)

#### Changes in the comparative periods

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

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

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

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

### 3. Changes in the accounting policies and comparative information for the previous reporting periods (continued)

#### Adjustments to the Consolidated Statement of Cash Flow

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

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

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

### 4. Segment information

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

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

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

Production of gas	Geologic exploration and production of gas
Transportation	Transportation of gas
Distribution of gas	Sales of gas on internal and external markets
Gas storage	Storage of extracted and purchased gas in underground gas storages
Production of crude oil and gas condensate	Exploration and production of oil and gas condensate, sales of crude oil and gas condensate
Refining	Processing of oil, gas condensate and other hydrocarbons, and sales of refined products
Electric and heat energy generation and sales	Electric and heat energy generation and sales
Other	Other activities

**4. Segment information (continued)**

The inter-segment sales mainly consist of:

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

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

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

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

**4. Segment information (continued)**

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

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

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

Inter-segment operations represent the balance of intercompany transactions.

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

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

**4. Segment information (continued)**

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

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

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

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





**4. Segment information (continued)**

	Production of gas	Transportation	Distribution of gas	Gas storage	Production of crude oil and gas condensate	Refining	Electric and heat energy generation and sales	All other segments	Total
<b>For 2012</b>									
<b>Cash flows from operating activities</b>									
Total cash received	7,979	118,084	3,256,636	1,356	468,811	1,353,323	316,016	157,855	5,680,060
Unallocated cash flows									102,701
Total cash paid	(401,415)	(541,854)	(1,225,021)	(14,372)	(686,085)	(764,912)	(216,834)	(146,428)	(3,996,921)
Unallocated cash flows									(427,536)
<b>Cash flows from investing activities</b>									
Total cash received	220	1,550	614	–	4,850	257	25	3,693	11,209
Unallocated cash flows									323,366
Total cash paid	(212,679)	(514,915)	(38,766)	(24,742)	(106,127)	(114,877)	(47,578)	(76,119)	(1,135,803)
Unallocated cash flows									(361,129)
<b>Cash flows from financial activities</b>									
Total cash received	–	–	–	–	–	–	–	–	–
Unallocated cash flows									404,786
Total cash paid	(1,913)	(7,662)	(4,012)	(61)	(119)	(3,461)	(225)	(1,077)	(18,530)
Unallocated cash flows									(650,682)

**5. Goodwill on subsidiaries**

Note		Gross book value	Accumulated amortization	Net book value
<b>As of 31 December 2012</b>				
	OAO Gazprom neft	539,720	(169,951)	369,769
	OAO Gazprom transgaz Belarus	146,316	(7,316)	139,000
	Sibir Energy Ltd.	103,974	(17,348)	86,626
	OAO WGC-2	87,263	(19,804)	67,459
	OAO Gazprom neftekhim Salavat	68,724	(1,829)	66,895
	OAO Mosenergo	46,612	(12,653)	33,959
	OOO Gazprom neft shelf	37,416	(14,565)	22,851
	OAO TGC-1	35,518	(5,328)	30,190
	OAO Sibirskie gazovie seti	17,000	(71)	16,929
	OAO Gazpromneft – MNPZ	15,898	(1,801)	14,097
	OAO Daltransgaz	6,990	(1,280)	5,710
	OAO Yuzhuralneftegaz	6,815	(369)	6,446
	OAO Gazovie Magistraly Tumeny*	6,285	(785)	5,500
	Others	25,373	(5,132)	20,241
	<b>Total</b>	<b>1,143,904</b>	<b>(258,232)</b>	<b>885,672</b>
<b>Additions for 2013</b>				
23	OAO Moscow Integrated Power Company (OAO MIPC)	69,957	–	69,957
24	OAO Gazprom neftekhim Salavat	2,158	–	2,158
	OAO Gazpromneft-MNPZ	250	–	250
	Sibir Energy Ltd.	234	–	234
	OAO Gazprom gazoraspredelenie Sever*	29	–	29
	Others	11,715	(1,119)	10,596
	<b>Total</b>	<b>84,343</b>	<b>(1,119)</b>	<b>83,224</b>

**5. Goodwill on subsidiaries (continued)**

Note	Gross book value	Accumulated amortization	Net book value
<b>Disposals for 2013</b>			
Sibir Energy Ltd.	(235)	11	(224)
Others	(3,694)	625	(3,069)
<b>Total</b>	<b>(3,929)</b>	<b>636</b>	<b>(3,293)</b>
<b>2 Amortization charge</b>			
OAO Gazprom nefit		(26,986)	
OAO Gazprom transgaz Belarus		(7,316)	
Sibir Energy Ltd.		(5,189)	
OAO WGC-2		(4,363)	
OAO Gazprom neftekhim Salavat		(3,490)	
OAO Mosenergo		(2,331)	
OOO Gazprom nefit shelf		(1,870)	
OAO TGC-1		(1,776)	
OAO MIPC		(873)	
OAO Sibirskie gazovie seti		(852)	
OAO Gazpromneft – MNPZ		(802)	
OAO Daltransgaz		(350)	
OAO Yuzhuralneftegaz		(341)	
OAO Gazprom gazoraspredelenie Sever*		(159)	
OAO Gazovie Magistraly Tumeny*		(157)	
Others		(1,663)	
<b>Total</b>		<b>(58,518)</b>	
<b>As of 31 December 2013</b>			
OAO Gazprom nefit	539,720	(196,937)	342,783
OAO Gazprom transgaz Belarus	146,316	(14,632)	131,684
Sibir Energy Ltd.	103,973	(22,526)	81,447
OAO WGC-2	87,263	(24,167)	63,096
OAO Gazprom neftekhim Salavat	70,882	(5,319)	65,563
OAO MIPC	69,957	(873)	69,084
OAO Mosenergo	46,612	(14,984)	31,628
OOO Gazprom nefit shelf	37,416	(16,435)	20,981
OAO TGC-1	35,518	(7,104)	28,414
OAO Sibirskie gazovie seti	17,000	(923)	16,077
OAO Gazpromneft – MNPZ	16,148	(2,603)	13,545
OAO Daltransgaz	6,990	(1,630)	5,360
OAO Yuzhuralneftegaz	6,815	(710)	6,105
OAO Gazprom gazoraspredelenie Sever*	6,314	(1,101)	5,213
Others	33,394	(7,289)	26,105
<b>Total</b>	<b>1,224,318</b>	<b>(317,233)</b>	<b>907,085</b>

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

## 6. Exploration assets

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

## 7. Fixed assets

Note	Trunk pipelines	Wells	Machinery and equipment	Buildings and roads	Other	Total
<b>As of 31 December 2011</b>						
	9,119,311	1,594,616	2,287,760	1,482,531	1,774,307	16,258,525
	(6,213,593)	(1,061,027)	(1,623,438)	(518,957)	(680,925)	(10,097,940)
	<b>2,905,718</b>	<b>533,589</b>	<b>664,322</b>	<b>963,574</b>	<b>1,093,382</b>	<b>6,160,585</b>
<b>For 2012</b>						
	588,667	103,684	361,070	137,882	354,032	1,545,335
	(88)	(115)	(2,886)	(8,155)	(5,390)	(16,634)
	(3,880)	(8,136)	(17,461)	(11,580)	(11,624)	(52,681)
	3,792	8,021	14,575	3,425	6,234	36,047
4	(251,516)	(73,718)	(132,036)	(46,744)	(85,383)	(589,397)
	1,258	43	6,303	4,976	8,502	21,082
	1,629	2,310	25,603	8,993	15,234	53,769
	(371)	(2,267)	(19,300)	(4,017)	(6,732)	(32,687)
<b>As of 31 December 2012</b>						
	9,701,580	1,688,677	2,667,113	1,618,022	2,136,862	17,812,254
	(6,457,541)	(1,125,194)	(1,770,340)	(566,489)	(771,719)	(10,691,283)
	<b>3,244,039</b>	<b>563,483</b>	<b>896,773</b>	<b>1,051,533</b>	<b>1,365,143</b>	<b>7,120,971</b>

**7. Fixed assets (continued)**

Note	Trunk pipelines	Wells	Machinery and equipment	Buildings and roads	Other	Total
<b>For 2013</b>						
Additions	94,656	147,794	275,592	144,850	409,207	1,072,099
Disposals	(70)	(450)	(2,078)	(5,260)	(5,890)	(13,748)
Historical (replacement) cost	(644)	(7,007)	(16,077)	(7,937)	(12,230)	(43,895)
Accumulated depreciation	574	6,557	13,999	2,677	6,340	30,147
4 Depreciation	(268,159)	(85,771)	(166,951)	(52,893)	(112,680)	(686,454)
Revaluation of fixed assets	595	341	1,844	9,675	6,216	18,671
Historical (replacement) cost	(1,100)	57,350	8,494	20,568	16,307	101,619
Accumulated depreciation	1,695	(57,009)	(6,650)	(10,893)	(10,091)	(82,948)
<b>As of 31 December 2013</b>						
Historical (replacement) cost	9,794,022	1,891,789	2,965,778	1,779,721	2,579,956	19,011,266
Accumulated depreciation	(6,722,961)	(1,266,392)	(1,960,598)	(631,816)	(917,960)	(11,499,727)
<b>Net book value</b>	<b>3,071,061</b>	<b>625,397</b>	<b>1,005,180</b>	<b>1,147,905</b>	<b>1,661,996</b>	<b>7,511,539</b>

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

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

**8. Construction in progress**

	Const ruction in progress	Equipment for installation	Total
<b>As of 31 December 2011</b>	<b>1,472,503</b>	<b>224,346</b>	<b>1,696,849</b>
<b>For 2012</b>			
Capital expenditures	1,047,652	189,238	1,236,890
Transfer of equipment for installation	205,880	(205,880)	–
Transfer to Fixed assets	(1,511,474)	–	(1,511,474)
Other disposals (incl. write-off)	(15,240)	(5,495)	(20,735)
<b>As of 31 December 2012</b>	<b>1,199,321</b>	<b>202,209</b>	<b>1,401,530</b>
<b>For 2013</b>			
Capital expenditures	963,481	170,274	1,133,755
Transfer of equipment for installation	180,133	(180,133)	–
Transfer to Fixed assets	(894,052)	–	(894,052)
Other disposals (incl. write-off)	(18,326)	(3,145)	(21,471)
<b>As of 31 December 2013</b>	<b>1,430,557</b>	<b>189,205</b>	<b>1,619,762</b>

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

## 9. Financial investments

### Long-term financial assets

#### Investments in subsidiaries

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

#### Investments in associates

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

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

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

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

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

## 9. Financial investments (continued)

### Investments in other companies

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

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

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

### Loans issued to companies due beyond 12 months

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

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

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

### Other financial investments

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

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

## 10. Inventory

### Raw materials and other inventories

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

### Finished goods and goods for resale

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

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

## 11. Accounts receivable

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

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

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

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

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

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

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

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



## 11. Accounts receivable (continued)

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

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

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

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

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

## 12. Other financial investments

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

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

## 13. Cash and cash equivalents

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

## 14. Equity

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

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

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

## 14. Equity (continued)

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

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

## 15. Borrowings

### Bank borrowings

Lender	Currency	Final maturity	As of 31 December 2013	As of 31 December 2012	As of 31 December 2011
ZAO «Mizuho Corporate Bank (Moscow)»	US dollar	2016	28,606	26,563	28,011
«Natixis SA» <sup>1</sup>	US dollar	2015	23,933	36,232	48,300
«Commerzbank AG»	US dollar	2018	23,026	–	–
OAO «VTB Bank»	US dollar	2015	22,974	–	–
«Bank of Tokyo-Mitsubishi UFJ Ltd.» <sup>1</sup>	US dollar	2016	18,528	22,887	25,780
«BNP Paribas SA» <sup>1</sup>	Euro	2022	16,550	16,451	15,935
«The Royal Bank of Scotland AG» <sup>1</sup>	US dollar	2015	16,339	15,483	–
GK «Vnesheconombank»	Rouble	2025	14,698	14,808	11,779
«Deutsche Bank AG»	US dollar	2016	13,327	12,387	–
«UniCredit Bank AG» <sup>16</sup>	US dollar	2018	11,220	13,683	17,983
«UniCredit Bank AG» <sup>16</sup>	Euro	2018	11,116	13,067	16,797
«Credit Agricole CIB»	Euro	2015	10,813	9,673	–
«Sumitomo Mitsui Finance Dublin Limited»	US dollar	2016	10,504	9,749	10,337
«HSBC Bank plc»	Euro	2022	10,443	–	–
«OAO Sberbank of Russia»	Euro	2017	10,145	–	–
«OAO Gazprombank»	Rouble	2018	10,000	10,000	10,000
«OAO Gazprombank»	Rouble	2017	10,000	10,000	–
«Deutsche Bank AG»	US dollar	2014	9,899	9,186	9,737
«Banc of America Securities Limited»	US dollar	2018	9,894	–	–
«Bank of Tokyo-Mitsubishi UFJ Ltd.»	US dollar	2015	9,874	9,171	9,719
«Bank of Tokyo-Mitsubishi UFJ Ltd.»	US dollar	2016	9,830	9,122	9,672
«Citibank International plc» <sup>1</sup>	US dollar	2021	9,020	8,563	10,262
«Banc of America Securities Limited»	Euro	2017	8,143	7,285	–
«OAO Sberbank of Russia»	Rouble	2016	7,400	–	–
«Deutsche Bank AG»	US dollar	2014	6,566	6,093	6,460
«UniCredit Bank AG»	US dollar	2018	6,548	–	–
«BNP Paribas SA» <sup>1</sup>	Euro	2023	6,536	6,497	2,530
OAO «Sberbank of Russia»	Rouble	2014	6,216	–	–
«Banc of America Securities Limited»	US dollar	2016	5,895	5,471	5,800
OAO «VTB Bank»	US dollar	2014	5,420	–	–
OAO «Bank ROSSIYA»	Rouble	2016	5,000	–	–
OAO «Sberbank of Russia»	US dollar	2018	4,915	–	–
OAO «Bank ROSSIYA»	US dollar	2015	3,960	–	–
OAO «Sberbank of Russia»	Rouble	2018	3,759	–	–
OAO «VTB Bank»	Rouble	2018	3,750	–	–
OAO «Gazprombank»	US dollar	2014	3,273	–	–
«UniCredit Bank AG» <sup>16</sup>	Rouble	2018	3,145	4,134	5,127

## 15. Borrowings (continued)

Lender	Currency	Final maturity	As of 31 December 2013	As of 31 December 2012	As of 31 December 2011
«Banc of America Securities Limited»	Euro	2016	2,925	2,617	2,712
«Deutsche Bank AG»	US dollar	2014	2,346	4,353	6,923
OAO «Gazprombank»	US dollar	2015	2,085	–	–
OAO «VTB Bank»	Rouble	2014	708	4,010	–
«The Royal Bank of Scotland AG»	US dollar	2013	–	54,858	58,151
«Credit Agricole CIB» <sup>1</sup>	US dollar	2013	–	7,607	8,064
OAO «TransKreditBank»	Rouble	2013	–	7,055	4,535
OAO «Nordea Bank»	US dollar	2013	–	3,796	–
OAO «Sberbank of Russia»	Rouble	2013	–	3,503	–
«WestLB AG» <sup>1</sup>	US dollar	2013	–	3,214	10,224
OAO «Nordea Bank»	US dollar	2013	–	3,038	–
OAO «Sberbank of Russia»	Rouble	2013	–	2,501	3,500
«The Royal Bank of Scotland AG» <sup>1</sup>	US dollar	2013	–	1,838	4,546
«Credit Suisse International»	US dollar	2012	–	–	16,886
«Bank of Tokyo-Mitsubishi UFJ Ltd.»	US dollar	2012	–	–	16,122
«J.P. Morgan Chase bank»	US dollar	2012	–	–	13,576
OAO «VTB Bank»	US dollar	2012	–	–	13,012
OAO «Sberbank of Russia»	US dollar	2012	–	–	7,535
«The Royal Bank of Scotland AG» <sup>1</sup>	US dollar	2012	–	–	3,795
OAO «Nordea Bank»	US dollar	2012	–	–	3,342
ZAO «Raiffaizenbank»	US dollar	2012	–	–	3,220
Other	Various	Various	85,282	109,720	96,877
<b>Total, including</b>			<b>484,611</b>	<b>484,615</b>	<b>517,249</b>
due within one year, including current portion of long-term borrowings			131,132	178,101	132,497

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

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

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

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

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

## 15. Borrowings (continued)

## Loans

Borrowing / Creditors	Currency	Final maturity	As of 31 December 2013	As of 31 December 2012	As of 31 December 2011
Loan participation notes issued in April 2009 <sup>2</sup>	US dollar	2019	74,927	69,533	73,707
Loan participation notes issued in July 2012 <sup>2</sup>	Euro	2017	64,849	57,250	–
Loan participation notes issued in October 2007 <sup>2</sup>	Euro	2018	57,108	51,088	52,919
Loan participation notes issued in September 2012 <sup>7</sup>	US dollar	2022	49,697	46,118	–
Loan participation notes issued in November 2013 <sup>7</sup>	US dollar	2023	49,364	–	–
Loan participation notes issued in May 2005 <sup>2</sup>	Euro	2015	46,511	41,607	43,100
Loan participation notes issued in March 2013 <sup>2</sup>	Euro	2020	46,164	–	–
Loan participation notes issued in November 2006 <sup>2</sup>	US dollar	2016	44,482	41,279	43,757
Loan participation notes issued in March 2007 <sup>2</sup>	US dollar	2022	43,425	40,298	42,718
«White Nights Finance B.V.»	US dollar	2014	42,682	39,609	41,986
Loan participation notes issued in July 2009 <sup>2</sup>	US dollar	2014	42,297	39,251	41,608
Loan participation notes issued in August 2007 <sup>2</sup>	US dollar	2037	42,030	39,003	41,345
Loan participation notes issued in July 2013 <sup>2</sup>	Euro	2018	41,129	–	–
Loan participation notes issued in July 2009 <sup>2</sup>	Euro	2015	41,041	36,715	38,031
Loan participation notes issued in April 2004 <sup>2</sup>	US dollar	2034	39,868	36,997	39,218
Loan participation notes issued in April 2008 <sup>3</sup>	US dollar	2018	36,654	34,015	36,057
Loan participation notes issued in October 2006 <sup>2</sup>	Euro	2014	36,575	32,719	33,892
Loan participation notes issued in April 2013 <sup>7</sup>	Euro	2018	34,398	–	–
Loan participation notes issued in July 2012 <sup>2</sup>	US dollar	2022	33,458	31,049	–
Loan participation notes issued in November 2011 <sup>2</sup>	US dollar	2016	32,900	30,531	32,364
Loan participation notes issued in November 2010 <sup>2</sup>	US dollar	2015	32,877	30,510	32,342
Loan participation notes issued in June 2007 <sup>2</sup>	Euro	2014	31,766	28,417	29,435
Loan participation notes issued in February 2013 <sup>2</sup>	US dollar	2028	30,044	–	–
Loan participation notes issued in September 2013 <sup>2</sup>	GBP	2020	27,198	–	–
Loan participation notes issued in February 2013 <sup>2</sup>	US dollar	2020	26,589	–	–
Loan participation notes issued in November 2006 <sup>2</sup>	Euro	2017	23,387	20,921	21,669
Loan participation notes issued in March 2013 <sup>2</sup>	Euro	2025	23,254	–	–
Loan participation notes issued in March 2007 <sup>2</sup>	Euro	2017	22,686	20,294	21,022
Loan participation notes issued in November 2011 <sup>2</sup>	US dollar	2021	20,155	18,704	19,440
Loan participation notes issued in October 2013 <sup>2</sup>	CHF	2019	18,444	–	–
Russian bonds series 06 issued in February 2013 <sup>9</sup>	Rouble	2016	15,404	–	–
Russian bonds issued in November 2013 <sup>10</sup>	Rouble	2043	15,102	–	–
Russian bonds issued in November 2013 <sup>10</sup>	Rouble	2043	15,102	–	–
Russian bonds issued in February 2011 <sup>7</sup>	Rouble	2021	10,358	10,356	10,127
Russian bonds issued in February 2011 <sup>7</sup>	Rouble	2016	10,342	10,340	10,121
Russian bonds issued in February 2011 <sup>7</sup>	Rouble	2021	10,342	10,340	10,121
Russian bonds issued in February 2012 <sup>7</sup>	Rouble	2022	10,332	10,330	–
Russian bonds series 05 issued in February 2013 <sup>9</sup>	Rouble	2017	10,271	–	–
Russian bonds issued in April 2009 <sup>7</sup>	Rouble	2019	10,173	10,171	10,368
Russian bonds issued in December 2012 <sup>7</sup>	Rouble	2022	10,065	10,063	–
OAO «Tomskneft VNK»	Rouble	2018	9,908	–	–
Russian bonds series A9 issued in February 2007 <sup>10</sup>	Rouble	2014	5,138	5,137	5,135
Russian bonds series 04 issued in February 2013 <sup>9</sup>	Rouble	2018	5,126	–	–

**15. Borrowings (continued)**

Borrowing / Creditors	Currency	Final maturity	As of 31 December 2013	As of 31 December 2012	As of 31 December 2011
Russian bonds series 03 issued in December 2009 <sup>5</sup>	Rou	2014	5,038	5,037	5,041
Russian bonds series A11 issued in June 2009 <sup>10</sup>	Rouble	2014	5,013	5,011	5,008
«Eurofert Trading Limited llc» <sup>4</sup>	Rouble	2015	3,600	5,000	5,000
Russian bonds issued in July 2009 <sup>8</sup>	Rouble	2014	126	2,894	2,894
Russian bonds series 02 issued in March 2006 <sup>5</sup>	Rouble	2016	108	446	4,911
Loan participation notes issued in June 2007 <sup>2</sup>	US dollar	2013	–	48,795	51,725
Russian bonds issued in April 2010 <sup>7</sup>	Rouble	2013	–	20,326	20,670
Loan participation notes issued in July 2008 <sup>2</sup>	US dollar	2013	–	15,617	16,555
Structured export notes issued in July 2004 <sup>3</sup>	US dollar	2013	–	12,509	18,838
Loan participation notes issued in April 2008 <sup>2</sup>	US dollar	2013	–	12,347	13,089
«Eurofert Trading Limited llc» <sup>4</sup>	Rouble	2013	–	8,600	8,600
Russian bonds issued in July 2009 <sup>7</sup>	Rouble	2013	–	141	8,230
Loan participation notes issued in December 2005 <sup>2</sup>	Euro	2012	–	–	41,788
European commercial papers issued in October 2011 <sup>11</sup>	US dollar	2012	–	–	15,924
Russian bonds series 03 issued in November 2011 <sup>9</sup>	Rouble	2012	–	–	14,878
«RosUkrEnerg AG»	US dollar	2012	–	–	10,778
Russian bonds series A13 issued in June 2009 <sup>10</sup>	Rouble	2012	–	–	10,014
Loan participation notes issued in November 2007 <sup>2</sup>	Japanese yen	2012	–	–	8,470
Russian bonds issued in April 2007 <sup>4</sup>	Rouble	2012	–	–	1,554
«Gazstream SA»	US dollar	2012	–	–	1,251
Other loans	Various	Various	19,264	29,845	26,295
<b>Total, including</b>			<b>1,326,771</b>	<b>1,019,213</b>	<b>1,021,995</b>
due within one year, including current portion of long-term borrowings			199,347	147,346	233,540

<sup>2</sup> Issuer of these bonds is Gaz Capital S.A.

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

<sup>4</sup> Issuers of these notes are OAO WGC-2

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

<sup>6</sup> Loans were obtained for development of Yuzhno-Russkoye oil and gas field.

<sup>7</sup> Issuer of these bonds is OAO Gazprom neft.

<sup>8</sup> Issuer of these bonds is OAO TGC-1.

<sup>9</sup> Issuer of these bonds is OOO Gazprom Capital.

<sup>10</sup> Issuer of these bonds is OAO Gazprom

<sup>11</sup> Issuer of these bonds is Gazprom ECP S.A.

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

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

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

## 15. Borrowings (continued)

loans denominated in Russian Roubles ranged from 7.23% to 13.75% and from 1.0% to 13.75% in 2013 and 2012, respectively.

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

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

## 16. Taxation

### Profit tax

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

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

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

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

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

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

In 2013 and 2012 incurred taxable temporary differences which impacted the difference between the theoretical profit tax expense and the current profit tax expense amounted to RR 702,829 and RR 348,888, respectively. Taxable temporary differences in 2013 principally arise from longer useful lives of certain fixed asset items for accounting purposes as compared to useful lives

## 16. Taxation (continued)

of these items for tax purposes, application of a special depreciation premium of 30% to fixed assets that were put into operation after January 1, 2013 but prior to submission of documents for their state registration, one-time recognition of one-off payments for mineral resources use for tax purposes, and storage costs included in the cost of finished goods for accounting purposes.

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

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

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

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

## 17. Sales

	For 2013	For 2012
Gas sales (net of VAT and other similar mandatory payments)		
Russian Federation	773,993	740,319
Former Soviet Union countries (excluding Russian Federation)	423,508	529,516
Europe and other countries	1,687,335	1,525,346
<b>Net sales of gas</b>	<b>2,884,836</b>	<b>2,795,181</b>
Sales of refined products (net of VAT and other similar mandatory payments)		
Russian Federation	820,507	725,265
Former Soviet Union countries (excluding Russian Federation)	80,557	73,267
Europe and other countries	449,669	393,475
<b>Net sales of refined products</b>	<b>1,350,733</b>	<b>1,192,007</b>
Sales of oil and gas condensate (net of VAT and other similar mandatory payments)		
Russian Federation	95,804	116,149
Former Soviet Union countries (excluding Russian Federation)	50,115	30,186
Europe and other countries	128,007	204,648
<b>Net sales of oil and gas condensate</b>	<b>273,926</b>	<b>350,983</b>
Sales of electric and heat energy (net of VAT)		
Russian Federation	362,988	323,997
Former Soviet Union countries (excluding Russian Federation)	2,191	5,586
Europe and other countries	10,983	11,186
<b>Net sales of electric and heat energy</b>	<b>376,162</b>	<b>340,769</b>

**17. Sales (continued)**

	For 2013	For 2012
Sales of gas transportation services (net of VAT)		
Russian Federation	125,502	88,827
Former Soviet Union countries (excluding Russian Federation)	1,434	2,059
Europe and other countries	6	—
<b>Net sales of gas transportation services</b>	<b>126,942</b>	<b>90,886</b>
Other sales (net of VAT)		
Russian Federation	201,585	216,452
Former Soviet Union countries (excluding Russian Federation)	4,992	5,058
Europe and other countries	28,124	11,566
<b>Total other sales</b>	<b>234,701</b>	<b>233,076</b>
<b>Net sales</b>	<b>5,247,300</b>	<b>5,002,902</b>

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

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

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

**18. Cost of sales, commercial and management expenses**

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



**18. Cost of sales, commercial and management expenses (continued)**

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

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

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

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

**19. Other income and expenses**

Note	For 2013		For 2012	
	Income	Expenses	Income	Expenses
	3,646,669	3,646,100	3,634,331	3,634,482
Sales and purchases of foreign currency				
	1,498,368	1,492,518	1,323,991	1,321,170
Income/expense from trading activity without delivery				
	266,943	364,468	465,920	419,305
Exchange differences				
25	88,636	48,819	–	162,418
Accrual/reversal of estimated liabilities, including:				
	–	64,006	–	67,235
Bad debts provision				
	–	58,518	–	54,645
Amortization of goodwill				
	–	35,498	–	31,344
Social expenses				
	29,726	12,937	22,564	59,782
Profit and losses of previous years identified in the reporting period				
	25,970	19,740	1,674	20,652
Adjustment of investments (to fair value)				
	25,176	28,550	34,232	30,984
Income/expense related to sale of other assets				
	20,013	18,692	22,447	17,885
Transactions with securities, including promissory notes				
	11,012	7,102	5,959	5,991
Income/expense related to sale and disposal of fixed assets				
	6,691	4,214	4,146	2,668
Fines and penalties for breach of contracts				
	5,727	5,362	9,445	9,745
Transfer of accounts receivable				
	–	4,553	–	5,897
Services of credit organizations				
	790	1,695	375	3,582
Income/expense related to gratuitous transfer of assets				
	–	1,178	–	563
Investment impairment provision				
	–	1,001	–	631
Accounts receivable written-off				
	30,655	135,293	28,453	105,776
Other				
<b>Total</b>	<b>5,656,376</b>	<b>5,950,244</b>	<b>5,553,537</b>	<b>5,954,755</b>

The Group recognized estimated liability regarding possible gas price adjustment derived from foreign customers' claims based on the contract terms. The contingent liabilities as of 31. 12. 2013 and 31. 12. 2012 in amount RR 8,430 and RR 115,255 do not include possible correction of customs duties accrued formerly. In 2013 the Group included in other income reversal of previously accrued estimated liabilities in amount of RR 74,176 in respect of price adjustments, related to claims of European customers, based on terms of agreements.

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

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

## 20. Consolidated subsidiaries and associates of the group

## Principal subsidiaries as of 31 December 2013

Note	Company	Share in Charter Capital*, %	Type of activity	Location
	OOO Aviapredpriyatie Gazprom avia	100	Air transportation services	Russia
	OAo Vostokgazprom	100	Gas production	Russia
	GAZPROM Schweiz AG	100	Gas distribution	Switzerland
	ZAO Gazprom Armenia (ZAO ArmRosgazprom)**	80	Gas transportation and gas distribution	Armenia
	OOO Gazprom VNIIGAZ	100	Research and development	Russia
	OAo Gazprom gazoraspredelenie	100	Gas network operation	Russia
	OAo Gazprom gazoraspredelenie Sever	91	Gas network operation	Russia
	OOO Gazprom geologorazvedka	100	Exploration, geophysics	Russia
	OOO Gazprom georesurs	100	Exploration, geophysics	Russia
	GAZPROM Germania GmbH	100	Gas distribution	Germany
	Gazprom Gerosgaz Holdings B.V.	100	Investing	Netherlands
	Gazprom Global LNG Ltd.	100	Participation in LNG production and realization projects	United Kingdom
	OOO Gazprom dobycha Astrakhan	100	Production and refining of hydrocarbons	Russia
	OOO Gazprom dobycha Krasnodar	100	Gas production	Russia
	OOO Gazprom dobycha Nadym	100	Production of hydrocarbons	Russia
	OOO Gazprom dobycha Noyabrsk	100	Production of hydrocarbons	Russia
	OOO Gazprom dobycha Orenburg	100	Production, refining and transportation of hydrocarbons	Russia
	OOO Gazprom dobycha Urengoy	100	Production of hydrocarbons	Russia
	OOO Gazprom dobycha shelf	100	Development of hydrocarbons fields	Russia
	OOO Gazprom dobycha Yamburg	100	Production of hydrocarbons	Russia
	OOO Gazprom invest	100	Construction	Russia
	OOO Gazprom invest Vostok	100	Construction	Russia
	ZAO Gazprom invest RGK (ZAO RSh-Centr)**	100	Information, consulting and transportation services	Russia
	ZAO Gazprom invest Yug	100	Construction	Russia
	OOO Gazprom investholding	100	Investing	Russia
	Gazprom International Germany GmbH (Gazprom Libyen Verwaltungs GmbH)**	100	Investing	Germany
	OOO Gazprom inform	100	Informational and technical assistance	Russia
	OOO Gazprom komplekttatciya	100	Trading	Russia
	Gazprom Marketing and Trading Ltd.	100	Gas distribution	United Kingdom
	OOO Gazprom mezhregiongaz	100	Gas distribution	Russia
24	OAo Gazprom neftekhim Salavat***	100	Processing and distribution of refined products	Russia
	ZAO Gazprom neft Orenburg	100	Exploration and sales of oil and petroleum gas	Russia
	Gazprom Neft Trading GmbH	100	Oil products trading	Austria
	OOO Gazprom neft shelf	100	Development of oil and gas fields	Russia
	OAo Gazprom neft	96	Exploration, refining and sales of crude oil	Russia
	OOO Gazprom pererabotka	100	Refining of hydrocarbons	Russia
	OOO Gazprom podzemremont Orenburg	100	Repairs, modernization, reconstruction and conservation of gas production wells	Russia
	OOO Gazprom podzemremont Urengoy	100	Repairs, modernization, reconstruction and conservation of gas production wells	Russia
	OOO Gazprom PKhG	100	Gas storage	Russia
	Gazprom Sakhalin Holdings B.V.	100	Foreign investing	Netherlands
	OOO Gazprom torgservis	100	Trading	Russia
	OAo Gazprom transgaz Belarus	100	Transportation and gas distribution	Belorussia

## 20. Consolidated subsidiaries and associates of the group (continued)

Note	Company	Share in Charter Capital*, %	Type of activity	Location
	OOO Gazprom transgaz Volgograd	100	Gas transportation	Russia
	OOO Gazprom transgaz Ekaterinburg	100	Gas transportation	Russia
	OOO Gazprom transgaz Kazan	100	Gas transportation	Russia
	OOO Gazprom transgaz Krasnodar	100	Gas transportation	Russia
	OOO Gazprom transgaz Makhachkala	100	Gas transportation	Russia
	OOO Gazprom transgaz Moskva	100	Gas transportation	Russia
	OOO Gazprom transgaz Nizhny Novgorod	100	Gas transportation	Russia
	OOO Gazprom transgaz Samara	100	Gas transportation	Russia
	OOO Gazprom transgaz St. Petersburg	100	Gas transportation	Russia
	OOO Gazprom transgaz Saratov	100	Gas transportation	Russia
	OOO Gazprom transgaz Stavropol	100	Gas transportation	Russia
	OOO Gazprom transgaz Surgut	100	Gas transportation	Russia
	OOO Gazprom transgaz Tomsk	100	Gas transportation	Russia
	OOO Gazprom transgaz Ufa	100	Gas transportation	Russia
	OOO Gazprom transgaz Ukhta	100	Gas transportation	Russia
	OOO Gazprom transgaz Tchaikovsky	100	Gas transportation	Russia
	OOO Gazprom transgaz Yugorsk	100	Gas transportation	Russia
	Gazprom Finance B.V.	100	Investing	Netherlands
	OOO Gazprom tsentremont	100	Agency on technical maintenance and repairs	Russia
	OOO Gazprom export	100	Foreign trade	Russia
	OOO Gazprom energo	100	Electric energy transmission	Russia
	OOO Gazprom energoholding	100	Investing, asset management	Russia
	Gazprom EP International B.V.	100	Investments, asset management	Netherlands
	ZAO Gazprom YRGM Development*****	100	Raw hydrocarbons distribution	Russia
	ZAO Gazprom YRGM Trading*****	100	Raw hydrocarbons distribution	Russia
	OOO Gazpromneft-Vostok	100	Oil and gas production	Russia
	ZAO Gazpromneft-Kuzbass	100	Oil products trading	Russia
	OAO Gazpromneft-MNPZ	96	Processing and distribution of refined products	Russia
	OAO Gazpromneft-Noyabrskneftegaz	100	Oil and gas production	Russia
	OAO Gazpromneft-Omsk	100	Oil products trading	Russia
	OAO Gazpromneft-Omskiy NPZ	100	Oil refining	Russia
	ZAO Gazpromneft-Severo-Zapad	100	Oil products trading	Russia
	OOO Gazpromneft-Khantos	100	Oil and gas production	Russia
	OOO Gazpromneft-Centr	100	Oil products trading	Russia
	OOO Gazpromneftfinans	100	Investing	Russia
	OOO Gazpromtrans	100	Forwarding services	Russia
	OAO Gazpromtrubinvest	100	Production and sales of pipes	Russia
	OOO Gazflot	100	Transportation, offshore field development	Russia
	OAO Daltransgaz	100	Gas transportation	Russia
	OOO Zapolyarneft	100	Oil and gas production	Russia
	OAO Krasnoyarskgazprom	75	Exploration, geophysics	Russia
23	OAO MIPC	90	Generation, purchase and supply of heat energy	Russia
	OAO Mosenergo	53	Production of electric and heat power, electric power supply services	Russia
	Naftna Industrija Srbije a.d.	56	Extraction and processing of oil, distribution of refined products	Serbia
	OOO Novourengoysky GCC	100	Construction of gas chemical complex	Russia
	OAO WGC-2	77	Production and sales of electric and heat energy	Russia
	ZAO Purgaz	51	Gas production	Russia

## 20. Consolidated subsidiaries and associates of the group (continued)

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

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

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

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

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

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

## Principal associates as of 31 December 2013

Company	Share in Charter Capital*, %	Type of activity	Location
AO Amber Grid**	37	Gas transportation	Lithuania
ZAO Achimgaz	50	Exploration and production of gas and gas condensate	Russia
Bosphorus Gaz Corporation A.S.***	71	Gas distribution	Turkey
Wintershall AG	49	Production of oil and gas distribution	Germany
W&G Beteiligungs GmbH & Co. KG and its subsidiaries	50	Transportation and sales of gas	Germany
Wintershall Erdgas Handelshaus GmbH & Co.KG (WIEH)	50	Gas distribution	Germany
Gaz Project Development Central Asia AG	50	Gas production	Switzerland
OAO Gazprombank	36	Banking	Russia
AO Gazum	25	Gas distribution	Finland
Blue Stream Pipeline Company B.V.	50	Construction, gas transportation	Netherlands
SGT EuRoPol GAZ S.A.	48	Transportation and gas distribution	Poland
TOO KazRosGaz	50	Gas processing and sales of gas and refined products	Kazakhstan
AO Latvijas Gaze	34	Transportation and gas distribution	Latvia
AO Lietuvos dujos	37	Gas distribution	Lithuania
AO Moldovagaz	50	Transportation and gas distribution	Moldova
Nord Stream AG	51	Construction, gas transportation	Switzerland

**20. Consolidated subsidiaries and associates of the group (continued)**

Company	Share in Charter Capital*, %	Type of activity	Location
ZAO Nortgaz	50	Exploration and sale of gas and gas condensate	Russia
AO Overgaz Inc.	50	Gas distribution	Bulgaria
ZAO Panrusgas	40	Gas distribution	Hungary
AO Prometey Gaz	50	Gas distribution, construction	Greece
RosUkrEnergo AG	50	Gas distribution	Switzerland
Salym Petroleum Development N.V.	50	Oil production	Netherlands
Sakhalin Energy Investment Company Ltd.	50	Oil production, production of LNG	Bermuda Islands
OAO NGK Slavneft	50	Production of oil, sale of oil and refined products	Russia
OAO Tomskneft VNK	50	Oil production	Russia
AO Turusgas	45	Gas distribution	Turkey
Shtokman Development AG***	75	Gas exploration and production	Switzerland
OOO Yamal razvitie****	50	Investment, asset management	Russia

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

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

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

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

**21. Related parties**

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

**Associates and other major related parties**

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

	For 2013	For 2012
<b>Revenue (net of VAT, excises and other similar mandatory payments):</b>		
Gas sales		
Wintershall Erdgas Handelshaus GmbH & Co. KG (WIEH)	133,070	97,321
W & G Beteiligungs-GmbH & Co. KG and its subsidiaries	107,558	79,420
ZAO Panrusgaz	61,392	51,102
AO Gazum	29,030	30,537
AO Moldovagaz	20,502	25,745
Bosphorus Gaz Corporation A.S.	17,730	3,854
Wintershall Erdgas Handelshaus Zug AG (WIEE)*	13,586	26,015
AO Latvijas Gaze	9,490	9,920
AO Lietuvos dujos	7,608	12,289
Russian-Serbian Trading Corporation a.d.	7,168	7,365
SGT EuRoPol GAZ S.A.	3,911	2,973
AO Overgaz Inc	3,310	29,141

**21. Related parties (continued)**

	For 2013	For 2012
PremiumGas S.p.A.	–	10,111
Gas transportation services		
TOO KazRosGas	1,421	2,042
Crude oil, gas condensate and refined products sales		
OAO NGK Slavneft and its subsidiaries	26,063	34,057
OOO Gazpromneft – Aero Sheremetyevo	12,263	7,977
ZAO SOVEKS	5,535	5,025
OAO Gazprom neftekhim Salavat**	–	10,036
Gas refining services		
TOO KazRosGas	5,247	5,079
<b>Purchases:</b>		
Gas purchases		
W & G Beteiligungs-GmbH & Co. KG and its subsidiaries	73,071	62,966
TOO KazRosGaz	22,724	39,930
OOO SeverEnergiya and its subsidiaries	9,858	3,132
Sakhalin Energy Investment Company Ltd.	5,715	4,604
ZAO Nortgaz	2,222	3,713
Gas transportation services		
Nord Stream AG	37,058	24,785
W & G Beteiligungs-GmbH & Co. KG and its subsidiaries	13,586	11,149
SGT EuRoPol GAZ S.A.	9,757	10,341
Blue Stream Pipeline Company B.V.	3,189	5,622
Oil and oil products purchases		
OAO NGK Slavneft and its subsidiaries	84,091	88,228
OAO Tomskneft VNK and its subsidiaries	53,293	52,097
Salym Petroleum Development N.V.	34,918	38,179
Sakhalin Energy Investment Company Ltd.	13,396	–
Oil and oil product refining services		
OAO NGK Slavneft and its subsidiaries	11,853	10,976
<b>Pension fund contributions:</b>		
NPF Gazfund	11,890	8,025

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

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

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

**21. Related parties (continued)**

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

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

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

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

**21. Related parties (continued)**

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

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

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

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

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

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



## 21. Related parties (continued)

### Remuneration to key management personnel

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

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

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

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

## 22. Earnings per share

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

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

## 23. Acquisition of OAO Moscow Integrated Power Company (OAO MIPC)

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

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

## 24. Acquisition of OAO Gazprom neftekhim Salavat

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

During the period from November 2011 to December 2011 as a result of series of transactions, the Group acquired an additional 19.03% interest in OAO Gazprom neftekhim Salavat for total

## 24. Acquisition of OAO Gazprom neftekhim Salavat (continued)

cash consideration of RR 19,008. Despite having a 69.03% interest as of 31 December 2011, the Group still did not exercise control over OAO Gazprom neftekhim Salavat due to its corporate governance regulations.

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

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

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

## 25. Commitments and contingencies

### Estimated liabilities

	As of 31 December 2012	Accrued	Utilized	Recovered	As of 31 December 2013
Estimated liabilities on bonus payments at the year end	24,306	33,096	(28,855)	–	28,547
Estimated liabilities on vacations	20,156	43,998	(40,214)	–	23,940
Estimated liabilities on retirement benefits payable as a lump sum	16,669	11,590	(13,232)	–	15,027
Estimated liabilities regarding fixed assets liquidation and environmental restoration in the context of subsurface use	121,930	8,943	(1,114)	(13,276)	116,483
Other estimated liabilities, including:	166,524	52,800	(81,816)	(74,243)	63,265
<i>estimated liabilities regarding gas price adjustment</i>	<i>115,255</i>	<i>7,763</i>	<i>(40,412)</i>	<i>(74,176)</i>	<i>8,430</i>
<b>Total, including:</b>	<b>349,585</b>	<b>150,427</b>	<b>(165,231)</b>	<b>(87,519)</b>	<b>247,262</b>
with maturity up to 1 year	225,558	140,023	(163,937)	(74,243)	127,401
	As of 31 December 2011	Accrued	Utilized	Recovered	As of 31 December 2012
Estimated liabilities on bonus payments at the year end	21,745	27,889	(25,328)	–	24,306
Estimated liabilities on vacations	17,931	36,469	(34,244)	–	20,156
Estimated liabilities on retirement benefits payable as a lump sum	14,276	10,727	(8,334)	–	16,669
Estimated liabilities regarding fixed assets liquidation and environmental restoration in the context of subsurface use	110,890	12,294	(1,254)	–	121,930
Other estimated liabilities, including:	46,855	157,212	(37,244)	(299)	166,524
<i>estimated liabilities regarding gas price adjustment</i>	<i>–</i>	<i>115,255</i>	<i>–</i>	<i>–</i>	<i>115,255</i>
<b>Total, including:</b>	<b>211,697</b>	<b>244,591</b>	<b>(106,404)</b>	<b>(299)</b>	<b>349,585</b>
with maturity up to 1 year	97,470	231,519	(103,132)	(299)	225,558

## 25. Commitments and contingencies (continued)

### Pension obligations

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

### Guarantees issued

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

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

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

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

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

In 2006 the Group guaranteed Asset Repackaging Trust Five B.V. (registered in Netherlands) bonds issued by five financing entities: Devere Capital International Limited, Blackrock Capital Investments Limited, DSL Assets International Limited, United Energy Investments Limited, EM Interfinance Limited (registered in Ireland) in regard to bonds issued with due dates December 2012, June 2018, December 2009, December 2009 and December 2015, respectively. Bonds were issued for financing of construction of a transit pipeline in Poland by SGT EuRoPol GAZ S.A.

## 25. Commitments and contingencies (continued)

In December 2009 loans issued by DSL Assets International Limited and United Energy Investments Limited were redeemed. In December 2012 loans issued by Devere Capital International Limited were redeemed. As a result the guarantees issued on behalf of Devere Capital International Limited, Blackrock Capital Investments Limited and EM Interfinance Limited amounted to RR 8,472, RR 9,958 and RR 12,812 as of 31 December 2013, 2012 and 2011, respectively.

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

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

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

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

### Legal proceedings

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

### Taxation

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

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

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

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

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

## 26. Operating risks

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

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

## 27. Post balance sheet events

### Investments

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

### Borrowings and loans

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

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

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A.B. Miller  
Chairman of the Management Committee

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E.A. Vasilieva  
Chief Accountant

28 April 2014

