OAO SIBUR Holding

International Financial Reporting Standards
Consolidated Interim Condensed Financial Information (unaudited)

As of and for the three and six months ended 30 June 2013

pwc

Report on Review of Consolidated Interim Condensed Financial Information

To the Shareholders and Board of Directors of OAO SIBUR Holding

Introduction

We have reviewed the accompanying consolidated interim condensed statement of financial position of OAO SIBUR Holding and its subsidiaries (the "Group") as of 30 June 2013 and the related consolidated interim condensed statements of profit or loss, comprehensive income for the three and six months then ended, cash flows and changes in equity for the six months period then ended. Management is responsible for the preparation and presentation of this consolidated interim condensed financial information set out on pages 2 to 28 in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this consolidated interim condensed financial information based on our review.

Scope of Review

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

Conclusion

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

ZAO PricewaterhouseCoopers Audit

9 September 2013

Moscow, Russian Federation

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(In millions of Russian roubles, unless otherwise stated)

Notes		30 June 2013	31 December 2012
	Assets		
	Non-current assets		
5	Property, plant and equipment	238,588	207,655
	Goodwill	9,480	9,480
6	Investments in joint ventures and associates	20,375	17,690
	Deferred income tax assets	10,696	11,105
7	Advances and prepayments for capital construction	37,981	45,692
8	Loans receivable	-	743
9	Trade and other receivables	197	94
10	Other non-current assets	3,074	2,695
	Total non-current assets	**320,391**	**295,154**
	Current assets		
11	Inventories	25,710	24,750
9	Trade and other receivables	12,253	15,983
	Prepaid current income tax	3,803	4,222
12	Prepayments and other current assets	13,812	21,464
8	Loans receivable	3,654	1,222
13	Cash and cash equivalents	4,260	13,570
13	Restricted cash	1,696	890
4	Assets classified as held for sale	1,044	1,044
	Total current assets	**66,232**	**83,145**
	Total assets	**386,623**	**378,299**
	Liabilities		
	Non-current liabilities		
14	Long-term debt	67,318	41,058
15	Grants and subsidies	31,203	30,502
	Deferred income tax liabilities	9,317	10,171
16	Other non-current liabilities	3,683	5,171
	Total non-current liabilities	**111,521**	**86,902**
	Current liabilities		
18	Short-term debt and current portion of long-term debt	27,091	54,936
17	Trade and other payables	32,155	36,569
	Income tax payable	258	1,560
19	Taxes other than income tax payable	1,922	2,576
	Total current liabilities	**61,426**	**95,641**
	Total liabilities	**172,947**	**182,543**
20	**Equity**		
	Ordinary share capital	21,784	21,784
	Share premium	9,357	9,357
	Retained earnings	181,540	163,624
	Total equity attributable to the Group's shareholders	**212,681**	**194,765**
	Non-controlling interest	995	991
	Total equity	**213,676**	**195,756**
	Total liabilities and equity	**386,623**	**378,299**

D.V. Konov
Chief Executive Officer
9 September 2013

P.N. Malyi
Chief Financial Officer
9 September 2013

The accompanying notes on pages 7 to 28 are an integral part of this consolidated interim condensed financial information.

Notes		Three months ended 30 June 2013	Three months ended 30 June 2012	Six months ended 30 June 2013	Six months ended 30 June 2012
	Continuing operations				
21	Revenue	63,846	65,330	130,030	136,926
22	Operating expenses	(48,862)	(48,302)	(97,297)	(99,081)
	Operating profit	**14,984**	**17,028**	**32,733**	**37,845**
23	Finance income	588	534	976	1,570
23	Finance expenses	(3,896)	(6,615)	(6,246)	(3,156)
3	Gain on deconsolidation/acquisition of a subsidiary	-	-	2,413	430
	Share of net (loss)/income of joint ventures	(129)	(13)	148	(79)
	Profit before income tax from continuing operations	**11,547**	**10,934**	**30,024**	**36,610**
24	Income tax expense	(1,636)	(2,468)	(4,479)	(6,633)
	Profit from continuing operations	**9,911**	**8,466**	**25,545**	**29,977**
	Discontinued operations				
4	Loss from disposal of the Amtel Group assets	-	-	-	(315)
	Profit for the reporting period, including attributable to:	**9,911**	**8,466**	**25,545**	**29,662**
	Non-controlling interest from continuing operations	(19)	(3)	4	61
	Shareholders of the parent company	9,930	8,469	25,541	29,601
	Basic and diluted earnings per share (in RR per share)				
	- From continuing operations	4,5	3,9	11,7	13,8
	- From discontinued operations	-	-	-	(0.1)
20	Weighted average number of shares outstanding (in thousands)	2,178,479	2,178,479	2,178,479	2,178,479

The accompanying notes on pages 7 to 28 are an integral part of this consolidated interim condensed financial information.

(In millions of Russian roubles, unless otherwise stated)

	Three months ended 30 June		Six months ended 30 June	
	2013	**2012**	**2013**	**2012**
Profit for the reporting period from continuing operations	**9,911**	**8,466**	**25,545**	**29,977**
Profit for the reporting period	**9,911**	**8,466**	**25,545**	**29,662**
Total comprehensive income for the reporting period from continuing operations	**9,911**	**8,466**	**25,545**	**29,977**
Total comprehensive income for the reporting period including attributable to:	**9,911**	**8,466**	**25,545**	**29,662**
Non-controlling interest from continuing operations	(19)	(3)	4	61
Shareholders of the parent company from continuing operations	9,930	8,469	25,541	29,916
Shareholders of the parent company from discontinued operations	-	-	-	(315)

(In millions of Russian roubles, unless otherwise stated)

Notes		Six months ended 30 June 2013	Six months ended 30 June 2012
25	Cash from operating activities of continuing operations before income tax payment	**42,783**	**46,595**
24, 25	Income tax paid from continuing operations	(5,788)	(7,748)
25	**Net cash from operating activities of continuing operations**	**36,995**	**38,847**
	Investing activities		
	Purchase of property, plant and equipment	(36,044)	(32,226)
	Loans issued	(628)	(1,415)
	Settlement of receivables	-	2,631
	Proceeds from sale of financial instruments	-	2,273
13	Restricted cash for capital construction	(806)	(1,567)
6	Dividends received	600	1,314
	Repayment of loans and notes receivable	239	410
	Proceeds from sale of property, plant and equipment	937	654
3	Acquisition of interest in subsidiaries, net of cash acquired	(329)	(1,138)
6	Additional contribution to the share capital of joint ventures	(500)	-
	Increase in other non-current assets, net	(186)	(430)
	Cash used in investing activities of continuing operations	**(36,717)**	**(29,494)**
4	**Cash from investing activities of discontinued operations net of related income tax**	**-**	**13,673**
	Net cash used in investing activities of continuing operations	**(36,717)**	**(15,821)**
	Financing activities		
	Proceeds from debt	30,968	22,147
	Repayment of debt	(32,131)	(32,738)
20	Dividends paid	(7,625)	(21,786)
	Interest received	392	413
	Interest paid	(1,474)	(1,743)
	Payment of bank fees	(251)	(172)
	Grants and subsidies	521	-
	Other	-	(9)
	Net cash used in financing activities of continuing operations	**(9,600)**	**(33,888)**
	Effect of exchange rate changes on cash and cash equivalents	12	(154)
	Net decrease in cash and cash equivalents	**(9,310)**	**(11,016)**
	Cash and cash equivalents, at the beginning of the reporting period	13,570	14,971
	Cash and cash equivalents, at the end of the reporting period	**4,260**	**3,955**

(In millions of Russian roubles, unless otherwise stated)

		Attributable to Group shareholders						
Notes		**Share capital**	**Treasury shares**	**Share premium**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
	Balance as of 31 December 2011	**43,570**	**(72,374)**	**9,357**	**183,358**	**163,911**	**1,423**	**165,334**
	Total comprehensive income for the reporting period	-	-	-	29,601	29,601	61	29,662
20	Dividends paid	-	-	-	(21,786)	(21,786)	-	(21,786)
	Treasury shares cancellation	(21,786)	72,374	-	(50,588)	-	-	-
	Balance as of 30 June 2012	**21,784**	**-**	**9,357**	**140,585**	**171,726**	**1,484**	**173,210**
	Balance as of 31 December 2012	**21,784**	**-**	**9,357**	**163,624**	**194,765**	**991**	**195,756**
	Total comprehensive income for the reporting period	-	-	-	25,541	25,541	4	25,545
20	Dividends paid	-	-	-	(7,625)	(7,625)	-	(7,625)
	Balance as of 30 June 2013	**21,784**	**-**	**9,357**	**181,540**	**212,681**	**995**	**213,676**

1 NATURE OF OPERATIONS

OAO SIBUR Holding (the "Company") and its subsidiaries (together referred to as the "Group") form a vertically integrated gas processing and petrochemicals business. The Group purchases and processes raw materials (primarily associated petroleum gas and natural gas liquids), and produces and markets energy and petrochemical products domestically and internationally.

The Group's overall sales have no material exposure to seasonal factors. The Group's production facilities are located in the Russian Federation.

From June 2008 until September 2011, Non-State Pension Fund Gazfund through OAO Gazprombank was the Group's ultimate parent.

Since September 2011, Mr. Leonid V. Mikhelson has been the ultimate controlling shareholder of the Group. OAO SIBUR Holding's parent company is Sibur Limited.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation. This consolidated interim condensed financial information has been prepared in accordance with International Accounting Standard No. 34, *Interim Financial Reporting* (IAS 34). This consolidated interim condensed financial information should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2012, prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations.

Most of the Group's companies maintain their accounting records in Russian roubles (RR) and prepare their statutory financial statements in accordance with the Regulations on Accounting and Reporting of the Russian Federation (RAR). This consolidated interim condensed financial information is based on the statutory records of Group companies, with adjustments and reclassifications recorded to ensure fair presentation in accordance with IFRS.

The principal accounting policies applied by the Group are consistent with those disclosed in the Group's consolidated financial statements for the year ended 31 December 2012, except for income tax expense recognised based on the Group management's best estimate of the weighted average annual income tax rate expected for the full financial year (Note 24).

Joint venture established as a result of deconsolidation of a subsidiary. Starting with the consolidated interim condensed financial information for the three months ended 31 March 2013 due to the deconsolidation of OOO Yugragazpererabotka (Note 3), the Group has adopted a policy governing accounting for a joint venture. When the Group ceases to have control of a subsidiary but retains joint control over that entity, the assets and liabilities of the subsidiary are deconsolidated from the date that control ceases. When there is no contribution of new assets, the retained interest in the entity is measured as the Group's retained interest of the net book value of the former subsidiary. The gain or loss attributable to the other equity holders is recognised in profit or loss.

(In millions of Russian roubles, unless otherwise stated)

3 ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Deconsolidation of OOO Yugragazpererabotka. In March 2013, the Group and TNK-BP Group subsequently acquired by Rosneft Group signed several agreements regarding their joint venture OOO Yugragazpererabotka. Under these agreements, the duration of the joint venture arrangement, which was previously set to expire in 2016, has become indefinite and the call options that had entitled the Group to purchase TNK-BP's (subsequently Rosneft) share in OOO Yugragazpererabotka have been terminated. Therefore, from 12 March 2013, the Group has started accounting for its investment in OOO Yugragazpererabotka in accordance with IFRS 11, *Joint Arrangements* as a joint venture in its financial statements as opposed to the previously used approach, wherein OOO Yugragazpererabotka was consolidated as a wholly owned subsidiary of the Group and TNK-BP's (subsequently Rosneft Group) contribution was accounted for as interest-bearing long-term loans.

The carrying amounts of assets and liabilities at the deconsolidation date are summarised in the table below:

	Carrying amounts
Property, plant and equipment (Note 5)	7,692
Deferred income tax asset	91
Inventory	558
Cash and cash equivalents	1
Trade and other receivables	1,262
Other assets	404
Loans and borrowings	(2,602)
Trade and other payables	(1,800)
Other liabilities	(117)
Deferred income tax liabilities	(313)
Net assets deconsolidated	**5,176**

The post-tax gain recognised upon the deconsolidation of OOO Yugragazpererabotka, and included in gain on deconsolidation/acquisition of a subsidiary in the consolidated interim condensed statement of profit or loss, was calculated as follows:

Income from derecognition of Rosneft's (former TNK-BP's) share previously recognised as long-term debt	4,949
Share of net assets recognised as investment in joint venture (based on net assets of RR 5,176 and 51 percent ownership)	2,640
Total income from deconsolidation of subsidiary	**7,589**
Less: Net assets deconsolidated	(5,176)
Post-tax gain on deconsolidation of subsidiary	**2,413**

As a result, OOO Yugragazpererabotka became a related party of the Group as of 31 March 2013 (Note 28).

The deconsolidation of OOO Yugragazpererabotka did not have an impact on the Company's investing cash flows for the reporting period.

Acquisition of OOO Biaxplen. On 29 March 2012, the Group finalised the acquisition of control over OOO Biaxplen, a BOPP-film producer, by acquiring an additional 50 percent stake for RR 1,200 and, as a result, increased the Group's ownership to 100 percent. The acquisition was made to strengthen the Group's position on the growing Russian BOPP-film market as OOO Biaxplen is one of the largest BOPP-film manufacturers in Russia.

(In millions of Russian roubles, unless otherwise stated)

3 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (CONTINUED)

Details of the assets and liabilities acquired are as follows:

	Fair values
Property, plant and equipment (Note 5)	5,183
Intangible assets	680
Deferred income tax assets	447
Other non-current assets	6
Inventories	857
Trade and other receivables	1,294
Loans receivable	71
Cash and cash equivalents	62
Other current assets	29
Deferred income tax liabilities	(656)
Trade and other payables	(1,279)
Short-term and long-term debt	(7,047)
Other non-current liabilities	(30)
Net assets of the acquired subsidiary	**(383)**
Less:	
Fair value of interest previously held	1,200
Total purchase consideration	1,200
Goodwill arising on acquisition	**2,783**

The acquired subsidiary contributed RR 1,161 in revenue and RR 138 in profit to the Group for the period from the acquisition date to 30 June 2012. If the acquisition had occurred on 1 January 2012, Group revenue and profit from continuing operations for the six months ended 30 June 2012 would have been RR 138,087 and RR 29,800, respectively.

As of the acquisition date, the Group remeasured its previously held interest in OOO Biaxplen at fair value. As a result, a RR 430 gain was recognised in the consolidated interim condensed statement of profit or loss.

The Group's management believes that the acquired goodwill of RR 2,783 relates mostly to expected cost savings, utilisation of the Group's feedstock advantage, and strengthening of its competitive position through access to end customers on the growing Russian BOPP-film market.

Total purchase consideration	**1,200**
Less:	
Cash and cash equivalents of the acquired subsidiary	(62)
Inflow of cash and cash equivalents on acquisition	**1,138**

4 DISCONTINUED OPERATIONS AND ASSETS CLASSIFIED AS HELD FOR SALE

Disposal of the Mineral Fertilizers business and Amtel Group assets. In December 2011, the Group disposed of its Mineral Fertilizers business.

During the period from August to November 2011, the Group acquired the Amtel Group's subsidiary, OAO Kirov Tyre Plant, and essentially all of the assets of the Voronezh tyre plant in the course of bankruptcy. In December 2011, the Group sold its subsidiary, OAO Kirov Tyre Plant, which owned the Kirov tyre plant's assets. In February 2012, the Group sold its newly formed subsidiary, ZAO Voronezh Tyre Plant, which owned the Voronezh tyre plant's assets and was classified within assets held for sale as of 31 December 2011.

Cash from investing activities of discontinued operations, recorded in the consolidated interim condensed statement of cash flows for the six months ended 30 June 2012, includes RR 5,984 for OAO Kirov Tyre Plant and ZAO Voronezh Tyre Plant from OOO E-Volution Tyre, a joint venture of the Pirelli Group and Rostechnologii, as sale consideration, and RR 7,689 in settlement of the remaining part of receivables due from the buyers of the Group's Mineral Fertilizers business net of related income tax of RR 900.

(In millions of Russian roubles, unless otherwise stated)

4 DISCONTINUED OPERATIONS AND ASSETS CLASSIFIED AS HELD FOR SALE (CONTINUED)

The post-tax loss recognised on the disposal of ZAO Voronezh Tyre Plant and included as a loss from discontinued operations in the consolidated interim condensed statement of profit or loss was calculated as follows:

Total consideration	**3,641**
Less: net assets disposed	3,956
Post-tax loss on disposal of ZAO Voronezh Tyre Plant	**(315)**

Assets classified as held for sale. As of 30 June 2013 and 31 December 2012, assets classified as held for sale included a number of construction projects worth RR 1,044 and RR 1,044, respectively. The Group plans to sell property, plant and equipment items classified as assets held for sale as of 30 June 2013 within 12 months.

5 PROPERTY, PLANT AND EQUIPMENT

Movements in the net book value of property, plant and equipment were as follows:

	Buildings	Facilities	Machinery and equipment	Transport	Assets under construction	Other	Total
Net book value as of 31 December 2011	**18,334**	**28,138**	**31,224**	**7,497**	**63,598**	**2,385**	**151,176**
Depreciation charge	(354)	(1,378)	(2,237)	(376)	-	(112)	(4,457)
Additions	25	11	21	-	24,702	697	25,456
Acquisition of subsidiaries (Note 3)	2,364	268	2,452	14	16	69	5,183
Reclassifications	-	949	(316)	(20)	-	(613)	-
Transfers	460	4,347	2,199	35	(7,146)	105	-
Disposals	(154)	(227)	(2)	(23)	(730)	(2)	(1,138)
Impairment	(115)	(47)	(26)	(2)	-	(72)	(262)
Reclassification to assets held for sale (Note 4)	-	(2,851)	-	-	-	-	(2,851)
Historical cost as of 30 June 2012	27,054	42,076	55,499	10,387	80,440	3,234	218,690
Accumulated depreciation	(6,494)	(12,866)	(22,184)	(3,262)	-	(777)	(45,583)
Net book value as of 30 June 2012	**20,560**	**29,210**	**33,315**	**7,125**	**80,440**	**2,457**	**173,107**
Net book value as of 31 December 2012	**23,553**	**38,814**	**37,813**	**6,958**	**96,725**	**3,792**	**207,655**
Depreciation charge	(389)	(1,737)	(3,038)	(339)	-	(121)	(5,624)
Additions	24	13	12	-	44,326	747	45,122
Reclassifications	-	(1,740)	1,740	-	-	-	-
Transfers	502	1,497	5,418	73	(7,535)	45	-
Impairment	(132)	(32)	(13)	(4)	-	-	(181)
Deconsolidation of subsidiary (Note 3)	(1,203)	(3,008)	(2,948)	(1)	(386)	(146)	(7,692)
Disposals	(147)	(33)	(121)	(32)	(359)	-	(692)
Historical cost as of 30 June 2013	28,628	48,197	65,039	10,333	132,771	5,226	290,194
Accumulated depreciation	(6,420)	(14,423)	(26,176)	(3,678)	-	(909)	(51,606)
Net book value as of 30 June 2013	**22,208**	**33,774**	**38,863**	**6,655**	**132,771**	**4,317**	**238,588**

(In millions of Russian roubles, unless otherwise stated)

5 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

For the six-month periods ended 30 June 2013 and 30 June 2012, the Group capitalised borrowing costs of RR 2,830 and RR 1,370, respectively. Borrowing costs included RR 1,106 and RR nil in foreign exchange losses from financing activities for the six-month periods ended 30 June 2013 and 30 June 2012, respectively. The capitalisation rates excluding effect of capitalized foreign exchange loss were 3.5 percent and 4.8 percent, respectively.

During the six-month periods ended 30 June 2013 and 30 June 2012, the Group recognised impairment losses of RR 181 and RR 262, respectively, for chlorine and caustic soda production assets in Dzerzhinsk, Nizhny Novgorod Region (Petrochemicals segment). The recoverable amount of assets was determined based on its fair value less cost to sell. Fair value was determined based on the market price.

6 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

	30 June 2013	31 December 2012
OOO RusVinyl	13,859	13,712
OOO NPP Neftekhimia	3,373	3,504
OOO Yugragazpererabotka (Note 3)	2,622	-
OOO ITSK	342	296
Reliance Sibur Elastomers Private Limited	171	169
OOO Yuzhno-Priobsky GPZ	6	7
Other	2	2
Total investments in joint ventures and associates	**20,375**	**17,690**

OOO RusVinyl. In June 2007, the Group formed a joint venture, OOO RusVinyl, with SolVin Holding Nederland B.V. (which is ultimately controlled by Solvay SA) for the construction of a polyvinyl chloride production complex in the Nizhny Novgorod Region. In March 2013, the Group and SolVin Holding Nederland B.V. each additionally contributed RR 500 to the share capital of OOO RusVinyl; the Group’s ownership share remained unchanged.

The Group has issued a finance guarantee for 50 percent of a loan obtained by OOO RusVinyl. As of 30 June 2013 and 31 December 2012, the maximum credit risk exposures due to financial guarantees issued for the OOO RusVinyl loan were RR 14,145 and RR 10,917, respectively.

The table below summarises information about the Group’s major investments in joint ventures and associates.

			Interest held, percent, as of	
	Country of incorpo-ration	Nature of operations	30 June 2013	31 December 2012
OOO RusVinyl*	Russia	Polyvinyl chloride production	50	50
OOO NPP Neftekhimia	Russia	Polypropylene production	50	50
OOO Yugragazpererabotka (Note 3, 27)	Russia	Associated petroleum gas processing	51	-
OOO ITSK	Russia	IT and metrology services	50	50
OOO Yuzhno-Priobsky GPZ*	Russia	Associated petroleum gas processing	50	50
Reliance Sibur Elastomers Private Limited*	India	Butyl rubber production	25	25

* investment projects

During the six-month periods ended 30 June 2013 and 30 June 2012, the Group received dividends from OOO NPP Neftekhimia of RR 600 and RR 450 and from OOO ITSK of RR nil and RR 125, respectively.

(In millions of Russian roubles, unless otherwise stated)

7 ADVANCES AND PREPAYMENTS FOR CAPITAL CONSTRUCTION

As of 30 June 2013 and 31 December 2012, the most significant advances and prepayments for capital construction were paid to the Group's contractors for the construction of: a polypropylene plant in Tobolsk, Tyumen Region; a natural gas liquids pipeline connecting the Purovsky Gas Condensate Plant, the Yuzhno-Balykskaya Main Pumping Station and the Tobolsk production site in the Tyumen Region; and gas infrastructure assets in the St Petersburg area. The Group's most significant advances and prepayments related to capital construction projects were paid to the following contractors: LINDE-KCA-DRESDEN GmbH, Tecnimont S.p.A., OOO Tecnimont Russia, MAVEG GmbH, OOO Gazprom Mezhregiongaz, OAO ChelPipe, TECHNIP BENELUX B.V., OOO NPA Vira Realtime, OOO NGSK (Surgut), OAO Promstroy, Bruckner Maschinenbau GmbH & Co. KG and ZAO Stroytransgaz.

8 LOANS RECEIVABLE

	30 June 2013	31 December 2012
OOO Yuzhno-Priobskiy GPZ	2,078	1,661
OOO Yugragazpererabotka	1,299	-
ZAO Edas Pak	249	180
Other	28	124
Total loans receivable	**3,654**	**1,965**
Less: non-current portion	-	(743)
	3,654	**1,222**

9 TRADE AND OTHER RECEIVABLES

	30 June 2013	31 December 2012
Trade receivables (net of impairment provisions of RR 319 and RR 327 as of 30 June 2013 and 31 December 2012, respectively)	10,962	14,614
Other receivables (net of impairment provisions of RR 16 and RR 18 as of 30 June 2013 and 31 December 2012, respectively)	1,488	1,463
Total trade and other receivables	**12,450**	**16,077**
Less non-current portion: other receivables	(197)	(94)
	12,253	**15,983**

The fair value of trade receivables is approximate to its carrying value.

10 OTHER NON-CURRENT ASSETS

	30 June 2013	31 December 2012
Intangible assets	1,903	1,515
Raw natural gas liquids in pipelines	470	494
Recoverable VAT related to assets under construction	136	137
Other	565	549
Total other non-current assets	**3,074**	**2,695**

(In millions of Russian roubles, unless otherwise stated)

11 INVENTORIES

	30 June 2013	31 December 2012
Refined products and work in progress (net of impairment provisions of RR 36 and RR 93 as of 30 June 2013 and 31 December 2012, respectively)	16,624	14,728
Materials and supplies (net of impairment provisions of RR 230 and RR 259 as of 30 June 2013 and 31 December 2012, respectively)	8,504	9,467
Goods for resale (net of impairment provisions of RR 224 and RR 11 as of 30 June 2013 and 31 December 2012, respectively)	582	555
Total inventories	**25,710**	**24,750**

12 PREPAYMENTS AND OTHER CURRENT ASSETS

	30 June 2013	31 December 2012
Non-financial assets		
VAT receivable	5,739	8,201
Recoverable VAT	3,900	4,460
Prepayments and advances to suppliers	2,926	4,323
Other prepaid taxes	906	1,755
Recoverable excise	343	300
Prepaid borrowing cost	-	2,371
Other current assets	134	191
Total prepayments and other current assets	**13,948**	**21,601**
Less:		
Non-current portion of recoverable VAT related to assets under construction	(136)	(137)
	13,812	**21,464**

13 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Cash and cash equivalents include deposits held with banks, which are readily convertible to cash and have an original maturity of less than three months, of RR 1,059 and RR 5,127 as of 30 June 2013 and 31 December 2012, respectively.

Restricted cash included OAO Vnesheconombank letters of credit worth RR 1,696 and RR 890 as of 30 June 2013 and 31 December 2012, respectively. The letters of credit were opened to finance capital expenditures for the construction of a polypropylene plant in Tobolsk.

14 LONG-TERM DEBT

Long-term debt payable to	Currency	Due	30 June2013	31 December 2012
Variable rate				
OAO Vnesheconombank	USD	2013-2023	16,621	17,844
OAO Nordea Bank	USD	2013-2016	8,822	10,609
OAO Rosbank AKB	USD	2013	4,906	4,556
HSBC Bank plc	USD	2013-2014	4,205	4,556
ING Bank Group	EUR, USD	2008-2021	1,403	1,404
UniCredit Bank	EUR	2013-2019	896	909
Fixed rate				
Eurobonds	USD	2018	32,533	-
OAO Sberbank of Russia	RR	2012-2014	10,286	12,857
OOO Gazprom Mezhregiongaz	RR	2011-2014	2,104	2,085
OOO NPP Neftekhimia	RR	2015	500	625
TNK-BP Group (subsequently Rosneft Group)	RR, USD	2013-2017	-	4,485
Other	USD	2012-2013	16	13
Total long-term debt			**82,292**	**59,943**
Less: current portion			(14,974)	(18,885)
			67,318	**41,058**

14 LONG-TERM DEBT (CONTINUED)

Eurobonds. On 31 January 2013, the Group issued notes worth USD 1 billion on the Irish Stock Exchange, bearing 3.914 percent annual interest and maturing in 2018. The Group used the aggregate net proceeds from the notes issue for refinancing of short-term debt and general corporate purposes.

Long-term RR-denominated debt bore average interest rates of 7.5 percent and 7.4 percent as of 30 June 2013 and 31 December 2012, respectively. Long-term USD-denominated debt bore average interest rates of 3.7 percent and 3.6 percent as of 30 June 2013 and 31 December 2012, respectively. Long-term EUR-denominated debt bore average interest rates of 1.7 percent and 1.8 percent as of 30 June 2013 and 31 December 2012, respectively.

The scheduled maturities of long-term debt as of 30 June 2013 and 31 December 2012 are presented below:

	30 June 2013	**31 December 2012**
Due for repayment:		
Between one and two years	14,821	15,175
Between two and five years	43,719	12,679
After five years	8,778	13,204
Total long-term debt	**67,318**	**41,058**

The carrying amounts of long-term fixed-rate loans approximate their fair value. Other long-term debt has variable interest rates linked to LIBOR or EURIBOR, and the carrying amounts approximate their fair value. The Group had no subordinated debt and no debt that may be converted into an equity interest in the Group.

As of 30 June 2013 and 31 December 2012, the Group had the following committed long-term credit facilities:

	Credit limit	**Undrawn amount**
As of 30 June 2013		
EUR-denominated (in millions of EUR)	49	47
RR-denominated (in millions of RR)	28,000	19,000
As of 31 December 2012		
EUR-denominated (in millions of EUR)	14	2
USD-denominated (in millions of USD)	1,425	762
RR-denominated (in millions of RR)	27,000	18,000

As of 30 June 2013 and 31 December 2012, the total rouble equivalent of the Group’s undrawn committed long-term credit facilities were RR 21,023 and RR 41,224, respectively.

15 GRANTS AND SUBSIDIES

As a major investor in infrastructure and social projects in the regions where it operates, the Group has signed cooperation agreements with a number of regional authorities, including investment and financial support agreements, under which the Group is entitled to a partial refund of capital expenditures incurred in the respective regions subject to certain conditions, including amounts of regional investments in business and social infrastructure and local income taxes paid. Such refunds are made after supporting documents have been submitted to the relevant authority either in the form of an income tax rebate or a direct grant of public funds.

(In millions of Russian roubles, unless otherwise stated)

15 GRANTS AND SUBSIDIES (CONTINUED)

	2013	2012
Balance as of 1 January	**31,080**	**20,249**
Less: current portion	(578)	(700)
Non-current portion of grants and subsidies as of 1 January	**30,502**	**19,549**
Grants and subsidies received	701	-
Recognised in profit or loss	-	(210)
Balance as of 30 June	**31,781**	**20,039**
Less: current portion	(578)	(1,400)
Non-current portion of grants and subsidies as of 30 June	**31,203**	**18,639**

16 OTHER NON-CURRENT LIABILITIES

	30 June 2013	31 December 2012
Financial liabilities		
Payables for acquisition of subsidiaries	1,485	1,375
Promissory notes payable	5	568
Interest payable	-	1,665
Total financial non-current liabilities	**1,490**	**3,608**
Non-financial liabilities		
Post-employment obligations	1,562	1,562
Payables to employees	630	-
Other liabilities	1	1
Total non-financial non-current liabilities	**2,193**	**1,563**
Total other non-current liabilities	**3,683**	**5,171**

As of 30 June 2013 and 31 December 2012, payables for the acquisition of subsidiaries included payables for the acquisition of OAO Polief of RR 1,485 and RR 1,375 respectively.

The carrying amounts of other non-current liabilities approximate their fair value.

As of 30 June 2013 and 31 December 2012, payables to employees included in other non-current liabilities consisted of the long-term portion of provisions for bonuses (including provisions for social taxes) of RR 630 and RR nil, respectively.

17 TRADE AND OTHER PAYABLES

	30 June 2013	31 December 2012
Financial liabilities		
Accounts payable to contractors and suppliers of property, plant and equipment	11,106	12,565
Trade payables	8,911	8,947
Payables for acquisition of subsidiaries	1,521	1,730
Interest payable	983	521
Promissory notes payable	639	2
Other payables	1	61
Total financial trade and other payables	**23,161**	**23,826**
Non-financial liabilities		
Payables to employees	5,485	5,800
Advances from customers	2,844	6,270
Current portion of grants and subsidies	578	578
Other payables	87	95
Total non-financial trade and other payables	**8,994**	**12,743**
Total trade and other payables	**32,155**	**36,569**

(In millions of Russian roubles, unless otherwise stated)

17 TRADE AND OTHER PAYABLES (CONTINUED)

As of 30 June 2013 and 31 December 2012, payables to employees included provisions for annual bonuses, other bonuses and vacation reserves (including provisions for social taxes) of RR 4,819 and RR 5,770, respectively.

As of 30 June 2013, payables for the acquisition of subsidiaries included payables for the acquisitions of OAO Polief of RR 119, and OOO Biaxplen NK of RR 1,402. As of 31 December 2012, payables for the acquisition of OAO Polief and OOO Biaxplen NK were RR 119 and RR 1,611, respectively.

18 SHORT-TERM DEBT AND CURRENT PORTION OF LONG-TERM DEBT

	30 June 2013	31 December 2012
Short-term debt:		
RR-denominated debt	246	200
USD-denominated debt	11,823	35,851
EUR-denominated borrowings	48	-
Total short-term debt	**12,117**	**36,051**
Current portion of long-term debt	14,974	18,885
	27,091	**54,936**

Short-term USD-denominated debt bore average interest rates of 2.3 percent and 2.0 percent as of 30 June 2013 and 31 December 2012, respectively. Short-term EUR-denominated debt bore average interest rates of 1.7 percent as of 30 June 2013. There was no short-term EUR-denominated debt as of 31 December 2012.

The carrying amount of short-term debt approximates its fair value.

As of 30 June 2013 and 31 December 2012, the Group had no committed short-term credit facilities.

19 TAXES OTHER THAN INCOME TAX PAYABLE

	30 June 2013	31 December 2012
VAT	949	1,386
Social taxes	378	284
Property tax	356	723
Other taxes	239	183
Total taxes other than income tax payable	**1,922**	**2,576**

20 SHAREHOLDERS' EQUITY

Share capital. The share capital of OAO SIBUR Holding (authorised, issued and paid-in) was RR 21,784 as of 30 June 2013 and 31 December 2012, and consisted of 2,178,479,100 ordinary shares, each with a par value of ten Russian roubles.

Dividends. Dividends in the amount of RR 7,625 for the six months ended 31 December 2012 and RR 21,785 for the year ended 31 December 2011 were paid during the six-month periods ended 30 June 2013 and 30 June 2012, respectively.

Earnings per share. The basic and diluted earnings per share ratio has been calculated by dividing the profit for the reporting period attributable to equity holders by the weighted average number of shares outstanding during the period, excluding treasury shares.

(In millions of Russian roubles, unless otherwise stated)

21 REVENUE

	Three months ended 30 June		Six months ended 30 June	
	2013	**2012**	**2013**	**2012**
Energy products:				
Liquefied petroleum gas	14,008	13,224	27,098	26,691
Natural gas	5,505	5,381	12,736	11,491
Naphtha	5,820	5,821	11,884	12,774
MTBE	4,105	4,812	9,676	9,234
Natural gas liquids	2,398	820	4,491	1,608
Other fuels and fuel additives	536	782	1,334	1,643
Petrochemical products:				
Plastics and organic synthesis products	11,175	10,577	20,737	18,872
Synthetic rubbers	8,312	9,739	16,878	22,303
Basic polymers	5,551	5,466	10,555	11,653
Intermediates and other chemicals	4,621	5,539	9,814	11,598
Total energy and petrochemical products (net of excise tax, custom duties and VAT)	**62,031**	**62,161**	**125,203**	**127,867**
Sales of processing services	22	1,212	1,370	2,410
Trading and other sales	1,793	1,957	3,457	6,649
Total revenue	**63,846**	**65,330**	**130,030**	**136,926**

22 OPERATING EXPENSES

	Three months ended 30 June		Six months ended 30 June	
	2013	**2012**	**2013**	**2012**
Feedstock and materials	15,979	14,485	33,257	28,247
Transportation and logistics	9,808	8,927	19,360	18,304
Energy and utilities	5,251	6,922	13,012	14,505
Staff costs	5,929	7,752	12,907	14,204
Depreciation and amortisation	2,628	2,212	5,203	4,455
Repairs and maintenance	1,754	2,098	3,151	3,320
Goods for resale	1,776	1,672	3,087	6,700
Rent expenses	1,344	1,063	2,689	2,014
Services provided by third parties	1,323	1,482	2,438	2,753
Processing services of third parties	1,563	117	1,632	269
Taxes other than income tax	492	402	911	811
Charity and sponsorship	304	617	581	827
Marketing and advertising	181	165	231	247
Impairment of property, plant and equipment	-	262	181	262
(Gain)/loss on disposal of property, plant and equipment	(123)	381	(463)	283
Other	144	(194)	599	834
Change in WIP and refined products balances	509	(61)	(1,479)	1,046
Total operating expenses	**48,862**	**48,302**	**97,297**	**99,081**

(In millions of Russian roubles, unless otherwise stated)

23 FINANCE INCOME AND EXPENSES

	Three months ended 30 June		Six months ended 30 June	
	2013	2012	2013	2012
Foreign exchange gain from non-financing activities	383	431	405	-
Unwinding of discount on loans receivable and non-current accounts receivable	-	-	-	685
Interest income	204	-	492	463
Fair value gain on listed equity securities held for trading	-	-	-	242
Fair value gain on derivative financial instruments	-	-	-	53
Discount on loans and borrowings	-	72	-	96
Other income	1	31	79	31
Total finance income	**588**	**534**	**976**	**1,570**
Foreign exchange loss from financing activities	(3,638)	(5,954)	(5,297)	(2,259)
Foreign exchange loss from non-financing activities	-	-	-	(6)
Interest expense	(243)	(325)	(659)	(600)
Unwinding of discount on borrowings and non-current accounts payable	(12)	(181)	(287)	(189)
Other expense	(3)	(155)	(3)	(102)
Total finance expenses	**(3,896)**	**(6,615)**	**(6,246)**	**(3,156)**

24 INCOME TAXES

The Group incurred current income tax of RR 4,727 and RR 685, RR 6,641 and RR 1,238 for the six and three months ended 30 June 2013 and 30 June 2012, respectively.

The Group paid current income tax of RR 5,788 and RR 8,648 for the six-month periods ended 30 June 2013 and 30 June 2012, respectively.

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year adjusted for non-recurring items.

(In millions of Russian roubles, unless otherwise stated)

25 CASH GENERATED FROM OPERATIONS

		Six months ended 30 June	
Notes		**2013**	**2012**
	Profit before income tax from continuing operations	**30,024**	**36,610**
	Adjustments to profit before income tax and non-controlling interest of continuing operations		
22	Depreciation and amortisation	5,203	4,455
23	Interest expense	659	600
22	Impairment of property, plant and equipment	181	262
22	(Gain)/loss on disposal of property, plant and equipment	(463)	283
23	Unwinding of discount on borrowings and non-current accounts payable	287	189
	Share of net (income)/loss of joint ventures	(148)	79
3	Gain on deconsolidation/acquisition of a subsidiary	(2,413)	(430)
17	(Reversal)/accrual of bonuses	(321)	2,519
23	Fair value gain on derivative financial instruments	-	(53)
23	Discount on loans and borrowings	-	(96)
23	Fair value gain on listed equity securities held for trading	-	(242)
23	Interest income	(492)	(463)
23	Unwinding of discount on loans receivable and non-current accounts receivable	-	(685)
23	Foreign exchange loss from financing activities	5,297	2,259
23	Foreign exchange (gain)/loss from non-financing activities	(405)	6
	Other adjustments	418	162
	Operating cash flows before working capital changes of continuing operations	**37,827**	**45,455**
	Changes in working capital of continuing operations		
	Decrease in trade and other receivables	3,760	4,528
	Decrease/(increase) in prepayments and other current assets	4,457	(1,067)
	Increase in inventories	(1,401)	(344)
	Decrease in trade and other payables	(1,369)	(3,681)
	(Decrease)/increase in taxes payable	(491)	1,704
	Cash generated from operations before income tax payment	**42,783**	**46,595**
	Income tax paid from continuing operations	(5,788)	(7,748)
	Net cash from operating activities	**36,995**	**38,847**

26 SEGMENT INFORMATION

The Group operates as a vertically integrated business, gathering and processing hydrocarbon feedstock, which it obtains from major Russian oil and gas companies, and producing and selling energy products as well as a wide range of petrochemical products.

The Group's chief operating decision-makers are the chief executive officer, two executive directors and the chief financial officer. These executives review the Group's internal reporting in order to assess performance and allocate resources.

The Group's management has determined two operating and reportable segments:

- Feedstock & Energy – processing of associated petroleum gas and other hydrocarbon feedstock to produce energy products, including natural gas, raw natural gas liquids and naphtha, which are marketed and sold externally and are also used as feedstock by the Petrochemicals segment. In addition, the Feedstock & Energy segment produces fuel additives, including methyl tertiary butyl ether (MTBE), 100% of which is sold externally; and
- Petrochemicals – the production of basic polymers, synthetic rubbers, plastics, organic synthesis products and other petrochemical products.

(In millions of Russian roubles, unless otherwise stated)

26 SEGMENT INFORMATION (CONTINUED)

The Group's management assesses the performance of each operating segment based on their respective EBITDA contributions. The revenues and expenses of some of the Group's subsidiaries, which primarily provide energy supply, transportation, processing, managerial and other services to other Group entities, are not allocated into the operating segments. Other information provided to management, except as noted below, is measured in a manner consistent with that in this consolidated interim condensed financial information.

	Feedstock & Energy	Petrochemicals	Total reportable segments	Unallocated	Total
Three months ended 30 June 2013					
Total segment revenue	37,676	32,394	70,070	3,191	73,261
Inter-segment transfers	(5,441)	(1,912)	(7,353)	(2,062)	(9,415)
External revenue	**32,235**	**30,482**	**62,717**	**1,129**	**63,846**
EBITDA	**14,836**	**3,733**	**18,569**	**(957)**	**17,612**
Six months ended 30 June 2013					
Total segment revenue	81,066	63,986	145,052	6,396	151,448
Inter-segment transfers	(13,340)	(4,016)	(17,356)	(4,062)	(21,418)
External revenue	**67,726**	**59,970**	**127,696**	**2,334**	**130,030**
EBITDA	**33,190**	**7,614**	**40,804**	**(2,687)**	**38,117**

	Feedstock & Energy	Petrochemicals	Total reportable segments	Unallocated	Total
Three months ended 30 June 2012					
Total segment revenue	40,831	33,244	74,075	5,057	79,132
Inter-segment transfers	(8,592)	(2,083)	(10,675)	(3,127)	(13,802)
External revenue	**32,239**	**31,161**	**63,400**	**1,930**	**65,330**
EBITDA	**16,640**	**4,583**	**21,223**	**(1,721)**	**19,502**
Six months ended 30 June 2012					
Total segment revenue	82,721	68,712	151,433	11,751	163,184
Inter-segment transfers	(17,050)	(4,187)	(21,237)	(5,021)	(26,258)
External revenue	**65,671**	**64,525**	**130,196**	**6,730**	**136,926**
EBITDA	**36,879**	**10,620**	**47,499**	**(4,937)**	**42,562**

A reconciliation of EBITDA to profit before income tax is provided as follows:

Three months ended 30 June 2013	Feedstock & Energy	Petrochemicals	Total reportable segments	Unallocated	Total
EBITDA	**14,836**	**3,733**	**18,569**	**(957)**	**17,612**
Depreciation and amortisation	(1,088)	(1,333)	(2,421)	(207)	(2,628)
Operating profit/(loss)	**13,748**	**2,400**	**16,148**	**(1,164)**	**14,984**
Finance income	-	-	-	588	588
Finance expenses	-	-	-	(3,896)	(3,896)
Share of net loss of joint ventures and associates	-	-	-	(129)	(129)
Total profit/(loss) before income tax	**13,748**	**2,400**	**16,148**	**(4,601)**	**11,547**

(In millions of Russian roubles, unless otherwise stated)

26 SEGMENT INFORMATION (CONTINUED)

Six months ended 30 June 2013	Feedstock & Energy	Petrochemicals	Total reportable segments	Unallocated	Total
EBITDA	**33,190**	**7,614**	**40,804**	**(2,687)**	**38,117**
Depreciation and amortisation	(2,341)	(2,448)	(4,789)	(414)	(5,203)
Impairment of property, plant and equipment	-	(181)	(181)	-	(181)
Operating profit/(loss)	**30,849**	**4,985**	**35,834**	**(3,101)**	**32,733**
Finance income	-	-	-	976	976
Finance expenses	-	-	-	(6,246)	(6,246)
Gain on deconsolidation of subsidiaries	-	-	-	2,413	2,413
Share of net income of joint ventures and associates	-	-	-	148	148
Total profit/(loss) before income tax	**30,849**	**4,985**	**35,834**	**(5,810)**	**30,024**

Three months ended 30 June 2012	Feedstock & Energy	Petrochemicals	Total reportable segments	Unallocated	Total
EBITDA	**16,640**	**4,583**	**21,223**	**(1,721)**	**19,502**
Depreciation and amortisation	(979)	(735)	(1,714)	(498)	(2,212)
Impairment of property, plant and equipment	-	(262)	(262)	-	(262)
Operating profit/(loss)	**15,661**	**3,586**	**19,247**	**(2,219)**	**17,028**
Finance income	-	-	-	534	534
Finance expenses	-	-	-	(6,615)	(6,615)
Share of net income of joint ventures and associates	-	-	-	(13)	(13)
Total profit/(loss) before income tax	**15,661**	**3,586**	**19,247**	**(8,313)**	**10,934**

Six months ended 30 June 2012	Feedstock & Energy	Petrochemicals	Total reportable segments	Unallocated	Total
EBITDA	**36,879**	**10,620**	**47,499**	**(4,937)**	**42,562**
Depreciation and amortisation	(1,902)	(1,775)	(3,677)	(778)	(4,455)
Impairment of property, plant and equipment	-	(262)	(262)	-	(262)
Operating profit	**34,977**	**8,583**	**43,560**	**(5,715)**	**37,845**
Finance income	-	-	-	1,570	1,570
Finance expenses	-	-	-	(3,156)	(3,156)
Gain on acquisition of a subsidiary	-	-	-	430	430
Share of net income of joint ventures	-	-	-	(79)	(79)
Total profit/(loss) before income tax	**34,977**	**8,583**	**43,560**	**(6,950)**	**36,610**

(In millions of Russian roubles, unless otherwise stated)

26 SEGMENT INFORMATION (CONTINUED)

Geographical information. All of the Group's production facilities are located in the Russian Federation.

The breakdown of revenues by geographical regions is as follows:

	Three months ended 30 June		Six months ended 30 June	
	2013	**2012**	**2013**	**2012**
Russia	36,847	37,197	76,055	72,881
Europe	17,257	18,465	34,450	41,304
Asia	5,066	4,938	10,471	13,402
CIS	3,926	4,400	7,539	7,714
Other	750	330	1,515	1,625
Total revenue	**63,846**	**65,330**	**130,030**	**136,926**

The Group's sales in Europe are mainly to the following countries: Switzerland, Austria, Poland, France, the Netherlands, Greece, Hungary, Germany, Finland, and the Czech Republic. Sales in Asia are mainly to the following countries and territories: China, Turkey, the United Arab Emirates, Hong Kong, Taiwan, Korea, Singapore, and India. Sales in the CIS are mainly to the following countries: Ukraine, Belarus, Kazakhstan, and Moldova.

27 PRINCIPAL SUBSIDIARIES

Principal wholly owned operating subsidiaries of the Group

OAO Sibur-Neftekhim
OAO Sibur-PETF
SIBUR International GmbH
OOO Toliattikauchuk
OOO Tobolsk-Neftekhim
OAO SiburTyumenGaz
OOO SIBUR GEOSINT
OOO Orton (formerly KOAO Orton)**
OAO Uralorgsintez
OAO Krasnoyarskiy ZSK
ZAO Sibur-Khimprom
ZAO SIBUR-Trans
OOO Tomskneftekhim
OOO Biaxplen NK*
OOO Biaxplen (from 29 March 2012)
OAO Plastic
OAO Voronezhsintezkauchuk

* OOO Biaxplen NK merged with OOO Biaxplen in January 2013
** OOO Orton merged with OOO SIBUR GEOSINT in March 2013

Other principal operating subsidiaries of the Group

	Effective percent of share capital held by the Group as of	
	30 June 2013	**31 December 2012**
OAO NIPIgazpererabotka	90	90
OAO Polief	83	83
OOO Yugragazpererabotka* (Note 3)	-	51

*Rosneft Group (former TNK-BP Group) is the second shareholder, which owns the remaining 49 percent share in OOO Yugragazpererabotka.

OOO Yugragazpererabotka, which controls OOO Belozerniy GPK, OOO Nizhnevartovskiy GPK and OOO Nyagangazpererabotka, became a joint venture in March 2013 (Note 3).

For the purposes of this consolidated interim condensed financial information, parties are generally considered to be related if one party is part of the Group's key management or Board of Directors, has the ability to control or jointly control the other party, they are under common control, or if one party can exercise significant influence over the other party in the financial and operational decision-making process. In considering each possible related-party relationship, attention is paid to the substance of the relationship, not merely the entities' legal form.

(In millions of Russian roubles, unless otherwise stated)

28 RELATED PARTIES

The nature of the related-party relationships for those related parties with whom the Group entered into significant transactions during the six-month periods ended 30 June 2013 and 30 June 2012, or had significant balances outstanding as of 30 June 2013 and 31 December 2012, are presented below.

a) NOVATEK Group, OOO Nova and OAO Pervobank

During the six-month periods ended 30 June 2013 and 30 June 2012, the Group engaged in transactions with OAO NOVATEK and its subsidiaries (jointly the "NOVATEK Group"). OAO NOVATEK has been a related party of the Group since December 2010 as Mr Mikhelson, the Group's controlling shareholder, is also the Chairman of the Management Committee and a shareholder of OAO NOVATEK. The Group's transactions and balances with the NOVATEK Group during the relevant periods are set out below:

	30 June 2013	31 December 2012
Trade and other receivables	116	806
Advances and prepayments	16	23
Trade and other payables (including payables for the acquisition of subsidiaries)	1,419	1,641
Advances received	-	1,690

	Three months ended 30 June		Six months ended 30 June	
	2013	2012	2013	2012
Operating activities				
Purchases of natural gas	567	404	1,251	959
Purchases of liquefied petroleum gas	-	-	195	-
Natural gas sales	2,457	1,990	6,475	4,228
Sales of other work and services	-	-	6	-

During the year ended 31 December 2012 and the six and three months ended 30 June 2013, the Group engaged in transactions with OOO Nova related to the construction of a natural gas liquids pipeline connecting the Purovsky Gas Condensate Plant, the Yuzhno-Balykskaya Main Pumping Station and the Tobolsk production site in the Tyumen Region. OOO Nova has been under the significant influence of Mr Mikhelson, the Group's controlling shareholder and thus has been a related party of the Group since December 2010. The Group's transactions and balances with OOO Nova as of the end and during the relevant periods are set out below:

	30 June 2013	31 December 2012
Advances and prepayments for capital construction	664	1,835
Trade and other payables	1,130	827

	Three months ended 30 June 2013	Six months ended 30 June 2013
Operating activities		
Purchases of other goods and services	1,992	2,990

As of 30 June 2013, the Group had contractual capital expenditure commitments with OOO Nova of RR 1,496.

During the six months ended 30 June 2013, the Group deposited cash in OAO Pervobank, which has been under the significant influence of Mr Mikhelson, the Group's controlling shareholder, and thus has been a related party of the Group since December 2010. As of 30 June 2013 and 31 December 2012, the Group held RR 1,591 and RR 1,647, respectively, in cash and cash equivalents, including short-term deposits with an original maturity of less than three months, at OAO Pervobank. The Group received RR 81 and RR 27 in interest income on cash and cash equivalents held at OAO Pervobank for the six and three months ended 30 June 2013, respectively. For the six and three months ended 30 June 2012, the Group's interest income on cash and cash equivalents amounted to nil.

(In millions of Russian roubles, unless otherwise stated)

28 RELATED PARTIES (CONTINUED)

b) Gunvor Group and Stroytransgaz Group

The Gunvor Group, jointly controlled by Mr. Gennady N. Timchenko, is a related party of the Group. The Group primary transactions with the Gunvor Group are sales of energy products. For the six months and three months ended 30 June 2013 and 2012, the Group's revenue from the sale of energy products to the Gunvor Group amounted to RR 687 and RR 151 and RR 2,833 and RR 1,423, respectively. As of 30 June 2013 and 31 December 2012, the Group's trade receivables included trade receivables from Gunvor Group of RR 151 and RR 5, respectively.

During the year ended 31 December 2012 and the six months ended 30 June 2013, the Group entered into transactions with OAO Stroytransgaz and its subsidiary, OOO Stroytransgaz-M (together, the "Stroytransgaz companies"), the ultimate beneficiary of which is Mr Timchenko, one of the Group's principal shareholders. The transactions primarily included purchases by the Group from the Stroytransgaz companies of construction, repair and maintenance services. The Group's transactions and balances with the Stroytransgaz companies as of the end and during the relevant periods are set forth below:

	30 June 2013	**31 December 2012**
Advances and prepayments for capital construction	346	1,053
Trade and other payables	198	121

	Three months ended 30 June		**Six months ended 30 June**	
	2013	**2012**	**2013**	**2012**
Operating and investing activities				
Purchases of construction and repair and maintenance services	576	144	2,092	193

As of 30 June 2013, the Group had contractual capital expenditure commitments with Stroytransgaz Group of RR 1,485.

c) Remuneration of directors and key management

The Group's Board of Directors is comprised of nine individuals, including shareholder representatives. Members of the Board of Directors are entitled to annual compensation, as approved by the Annual General Shareholders' Meeting.

During the six-month and three-month periods ended 30 June 2013 and 30 June 2012, the Company accrued RR 40 and RR 20, and RR 40 and RR 16, net of social taxes, respectively, to Board of Directors members as part of their compensation for the years ended 31 December 2013 and 2012.

Key management personnel comprised 15 individuals during the first six months of 2013 (16 during the first six months of 2012). Key management personnel are entitled to salaries, bonuses, voluntary medical insurance and other employee benefits. Remuneration for key management personnel is determined by the terms set out in the relevant annual employment contracts. Remuneration of key management personnel amounted to RR 597 and RR 319, and RR 547 and RR 240 net of social taxes, respectively, for the six-month and three-month periods ended 30 June 2013 and 30 June 2012.

d) Equity settled share based payments plans for key management

On 28 June 2013 a company beneficially owned by Mr. Mikhelson and Mr. Timchenko granted to certain current and former members of the key management of the Group equity-settled share-based payment plans. Consequently indirect interest beneficially owned by Mr. Mikhelson and Mr. Timchenko in the Company's share capital has decreased from 94.5% to 82.5%. As a result the total combined equity interest held by the current and former members of the management of the Group has increased from 5.5% to 17.5%.

(In millions of Russian roubles, unless otherwise stated)

28 RELATED PARTIES (CONTINUED)

The transactions that led to this change in ownership were made through the companies that are not under the control of the Group but through jointly beneficially owned company of the major shareholders. As a result at the Group level there are no current or future cash payments or liabilities under both plans discussed below. However in accordance with IFRS 2 *Share-based Payment* the Group has to recognise current and past service cost in its statement of profit or loss with corresponding amounts recorded in statement of changes in equity.

The final terms of the plans, which cover certain members of the key management (the "Participants") of the Group, were approved by the Group's shareholders in July 2013. These plans' terms and conditions vary for different Participants.

The plan for one group of Participants (the "First Plan") requires that the Participants provide services to the Group within certain time period. In case the services are terminated before the exercise date, the First Plan Participants retain rights under the First Plan pro rata to the period of service provided. The First Plan does not have any effect on the results of operations presented in this interim financial information. The Group will start to recognise cost under the First Plan from the interim financial information for the three and nine months ended 30 September 2013.

The plan for other participants (the "Second Plan") is immediately vested. The Second Plan Participants partially paid for the shares granted with the remainder to be paid later at an interest. Based on the best Group's management estimate as of the date of this interim financial information the past service cost under the Second Plan relates to the results of operations for the three months ended 30 June 2013 and comprise RR 340 (USD 10.4 mln).

e) Joint ventures and associates

The Group's transactions and balances with its joint ventures as of the end and during the relevant periods are set forth below:

	30 June 2013	31 December 2012
Loans receivable	3,376	1,661
Short-term debt	500	625
Trade and other receivables	454	68
Trade and other payables	1,151	423

	Three months ended 30 June		Six months ended 30 June	
	2013	2012	2013	2012
Operating and investing activities				
Purchases of materials, goods and services	1,795	1,600	3,542	3,305
Purchases of processing services	1,459	-	1,459	
Sales of materials	451	58	545	1,474
Interest income	93	596	129	614

Balances outstanding as of 30 June 2013 and transactions for the three months ended 30 June 2013 included OOO Yugragazpererabotka, a former subsidiary which was deconsolidated and disclosed as a joint venture in March 2013 (Note 3).

	30 June 2013
Loans receivable	1,298
Trade and other receivables	318
Trade and other payables	730

	Three and six months ended 30 June 2013
Operating and investing activities	
Purchases of processing services	1,459
Sales of materials	365
Interest income	52

29 COMMITMENTS, CONTINGENCIES AND OPERATING RISKS

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

The international sovereign debt crisis, stock market volatility, and other risks could have a negative effect on Russian financial and corporate sectors. Management determined impairment provisions by considering the economic situation and outlook at the end of the reporting period. Provisions for trade receivables are determined using the "incurred loss" model required by the applicable accounting standards. These standards require recognition of impairment losses for receivables arising from past events and prohibit recognition of impairment losses that could arise from future events, no matter how likely those future events are.

Russia's future economic development is dependent upon both external factors and government measures to sustain growth and change the tax, legal and regulatory environment. Management believes it is taking all necessary measures to support the sustainability and development of the Group's business in the current business and economic environment.

Legal proceedings. During the reporting period, the Group was involved in a number of court proceedings (as both plaintiff and defendant) arising in the ordinary course of business. Management believes there are no current legal proceedings or other claims outstanding which could have a material adverse effect on the Group's operational results or financial position, and which have not been accrued or disclosed in the consolidated interim condensed financial information.

Certain agreements under which the Group has disposed of various businesses and assets contain warranties and indemnities in favour of purchasers related to title, environmental and other matters. Although the Group's potential obligations under such warranties and indemnities may be material, the scope of such potential obligations cannot be accurately assessed until a specific claim is filed.

Taxation. Russian tax, currency and customs legislation is subject to varying interpretations and changes frequently. Group management's interpretation of such legislation, as applied to the Group's transactions and activity, may be challenged by the relevant federal and regional authorities.

The Russian tax authorities may be taking a more assertive position in their interpretation of the law and assessments, and it is possible that transactions and activities that have not been challenged in the past may now be challenged. The Supreme Arbitrazh Court has issued guidance to the lower courts on reviewing tax cases, providing a systematic roadmap for anti-avoidance claims, and it is possible that this will significantly increase the level and frequency of the tax authorities' scrutiny. As a result, significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for the three calendar years preceding the year under review.

Russian transfer pricing legislation was amended from 1 January 2012. These new transfer pricing rules appear more technically elaborate and, to a certain extent, better aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD). This new legislation allows the 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. The Group's management exercises its judgment about whether or not the transfer pricing documentation that the relevant entity has prepared, as required by the new legislation, provides sufficient evidence to support the entity's tax positions and related tax returns. Given that the practice of implementing the new Russian transfer pricing rules has not yet fully developed, the impact of any challenge to an entity's transfer prices cannot be reliably predicted; however, it may be significant to the financial condition and/or overall operations of the entity.

29 COMMITMENTS, CONTINGENCIES AND OPERATING RISKS (CONTINUED)

The Group includes companies incorporated outside of Russia. The Group's tax liabilities are determined on the assumption that these companies are not subject to Russian income tax, if they are not permanently established in Russia. Russian tax law does not provide detailed rules on the taxation of foreign companies. It is possible that, with the evolution of the interpretation of these rules and changes in the Russian tax authorities' approach, the non-taxable status of some or all of the Group's foreign companies in Russia may be challenged. The impact of any such challenge cannot be reliably assessed; however, it may be significant to the financial condition and/or overall operations of the entity.

The Group's management believes that its interpretation of the relevant legislation is appropriate and that the Group's tax, currency and customs positions will be sustained. Where the Group's management believes it is probable that a position cannot be sustained, an appropriate amount has been accrued for in this IFRS consolidated interim condensed financial information.

Environmental matters. The enforcement of environmental regulations in the Russian Federation is evolving, and the enforcement posture of government authorities is continually being reconsidered. The Group periodically evaluates its obligations under environmental regulations. Obligations are recognised as soon as they are determined. Potential liabilities which could arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated, but could be material. Management believes that there are no likely liabilities for environmental damage, which would have a materially adverse impact on the Group's financial position or operating results.

Social commitments. The Group contributes to the maintenance and upkeep of the local infrastructure and the welfare of employees in those areas where it has production operations, including contributions to the construction, development and maintenance of housing, hospitals, transport services, recreational facilities and other social needs. Such funding is expensed as incurred.

Compliance with covenants. The Group is subject to certain covenants primarily related to its debt. Non-compliance with such covenants may result in negative consequences for the Group, i.e. increased borrowing costs. Management believes that the Group is in compliance with its covenants.

Capital commitments. In the normal course of business, the Group has entered into contracts for the purchase of property, plant and equipment. The Board of Directors has approved a capital expenditure budget for 2013 of RR 73,694 (2012: RR 68,479). As of 30 June 2013, the Group had contractual capital expenditure commitments of RR 38,647.

30 NEW ACCOUNTING DEVELOPMENTS

The Group has reviewed new and revised accounting pronouncements that have been issued and determined that the following may have an impact on the presentation of the Group's annual consolidated financial statements:

- Amendments to IAS 1, *Presentation of Financial Statements* (issued in June 2011 and effective for annual periods beginning on or after 1 July 2012);
- IFRS 10, *Consolidated Financial Statements* (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013);
- IFRS 11, *Joint Arrangements* (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013);
- IFRS 12, *Disclosure of Interest in Other Entities,* (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013).

30 NEW ACCOUNTING DEVELOPMENTS (CONTINUED

The Group has adopted IFRS 11 *Joint Arrangement* (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013). Changes in the definitions have reduced the number of types of joint arrangements to two: joint operations and joint ventures. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures that will continue to be accounted for under the equity method of accounting.

The Group adopted IAS 1, IFRS 10 and IFRS 12 from 1 January 2013. The adoption of IAS 1, IFRS 10 and IFRS 12 did not have a material impact on the Group's financial position or operations but may require additional disclosures to be presented in the Group's annual consolidated financial statements.

The adoption of the following standards did not have a material impact on the Group's financial position or operations:

- IFRS 13, *Fair Value Measurement* (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013);
- IAS 27, *Separate Financial Statements* (revised in May 2011 and effective for annual periods beginning on or after 1 January 2013);
- IAS 28, *Investments in Associates and Joint Ventures* (revised in May 2011 and effective for annual periods beginning on or after 1 January 2013);
- The amended IAS 19, *Employee Benefits* (issued in June 2011 and effective for periods beginning on or after 1 January 2013);
- *Improvements to International Financial Reporting Standards* (issued in May 2012 and effective for annual periods beginning on or after 1 January 2013).

The Group is considering the implications of the following amendments, the impact on the Group and the timing of their adoption by the Group:

- Amendments to IAS 32, *Offsetting Financial Assets and Financial Liabilities* (issued in December 2011 and effective for annual periods beginning on or after 1 January 2014);
- Amendments to IAS 36, *Recoverable amount disclosures for non-financial assets* (issued on 29 May 2013 and effective for annual periods beginning 1 January 2014; earlier application is permitted if IFRS 13 is applied for the same accounting and comparative period);
- Amendments to IAS 39, *Novation of Derivatives and Continuation of Hedge Accounting* (issued on 27 June 2013 and effective for annual periods beginning 1 January 2014);
- IFRS 9, *Financial Instruments: Classification and Measurement* (issued in November 2009 and effective for annual periods beginning on or after 1 January 2015).
- Amendments to IFRS 7, *Disclosures – Offsetting. Financial Assets and Financial Liabilities* (issued in December 2011 and effective for annual periods beginning on or after 1 January 2013).

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