OAO AK TRANSNEFT
IFRS CONSOLIDATED
INTERIM CONDENSED
FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009

CONTENTS

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Report on Review of Consolidated Interim Condensed Financial Information

To the Shareholders and Board of Directors of OAO AK Transneft

Introduction
We have reviewed the accompanying consolidated interim condensed statement of financial position of OAO AK Transneft (the "Company") and its subsidiaries (the "Group") as of 30 September 2009, and the related consolidated interim condensed statements of comprehensive income for the three and nine months then ended, and related consolidated condensed interim statements of cash flows and changes in equity for the nine months then ended, and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial information set out on pages 4 to 23 in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim 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".

Moscow, Russian Federation
28 December 2009

(in millions of Russian roubles, if not stated otherwise)

	Notes	30 September 2009	31 December 2008
ASSETS			
Non-current assets			
Intangible assets		1,180	1,281
Property, plant and equipment	5	930,356	809,130
Available-for-sale financial assets		967	962
Other financial assets	6	34,475	1,505
Investment in associates		1,812	1,062
VAT assets	8	-	10,281
Total non-current assets		**968,790**	**824,221**
Current assets			
Inventories	7	15,510	8,904
Receivables and prepayments	8	14,365	19,082
VAT assets	8	64,869	46,710
Prepaid income tax		1,145	3,647
Cash and cash equivalents	9	168,889	60,565
Total current assets		**264,778**	**138,908**
Total assets		**1,233,568**	**963,129**
EQUITY AND LIABILITIES			
Equity			
Share capital		308	308
Share premium reserve		52,553	52,553
Merger reserve		(13,080)	(13,080)
Retained earnings		585,657	495,081
Attributable to the owners of OAO AK Transneft		**625,438**	**534,862**
Minority interest		26,469	25,035
Total equity		**651,907**	**559,897**
Non-current liabilities			
Borrowings and finance lease obligations	11	403,981	191,597
Deferred income tax liabilities	12	28,712	24,582
Provisions for liabilities and charges	13	83,712	75,005
Total non-current liabilities		**516,405**	**291,184**
Current liabilities			
Trade and other payables	14	54,252	46,633
Current income tax payable		3,556	1,275
Borrowings and finance lease obligations	11	7,448	64,140
Total current liabilities		**65,256**	**112,048**
Total liabilities		**581,661**	**403,232**
Total equity and liabilities		**1,233,568**	**963,129**

Approved on 28 December 2009 by:

P.A. Revel-Muroz	Vice - president
S.N. Suvorova	General director of OOO Transneft Finance, a specialized organization, which performs the accounting function for OAO AK Transneft

The accompanying notes set out on pages 8 to 23 are an integral part of these financial statements

(in millions of Russian roubles, if not stated otherwise)

	Notes	Three months ended 30 September 2009	Nine months ended 30 September 2009	Three months ended 30 September 2008	Nine months ended 30 September 2008
Sales	15	89,149	255,887	72,120	202,093
Operating expenses	16	(47,125)	(132,723)	(41,804)	(115,585)
Net other operating income	16	2,789	4,550	1,685	8,354
Operating profit		**44,813**	**127,714**	**32,001**	**94,862**
Financial items:					
Exchange gains		18,498	47,684	1,139	4,576
Exchange loss		(10,708)	(47,083)	(7,080)	(8,755)
Interest income		1,608	4,326	447	1,098
Interest expense		(6,324)	(15,031)	(1,698)	(4,643)
Total financial items		**3,074**	**(10,104)**	**(7,192)**	**(7,724)**
Share of gain /(loss) from investments in associates		176	589	(30)	(81)
Profit before income tax		**48,063**	**118,199**	**24,779**	**87,057**
Income tax expense	12	(10,359)	(25,872)	(8,172)	(26,095)
Profit for the period		**37,704**	**92,327**	**16,607**	**60,962**
Other comprehensive income after tax					
Currency translation differences		(2)	25	-	-
Fair value gains / (losses) on available-for-sale financial assets, net of tax		8	26	-	(421)
Total comprehensive income		**37,710**	**92,378**	**16,607**	**60,541**
Profit attributable to:					
Attributable to:					
Shareholders of OAO AK Transneft		37,260	90,893	15,955	58,920
Minority interest		444	1,434	652	2,042
Total comprehensive income attributable to:					
Shareholders of OAO AK Transneft		37,266	90,944	15,955	58,513
Minority interest		444	1,434	652	2,028

Approved on 28 December 2009 by:

P.A. Revel-Muroz	Vice - president
S.N. Suvorova	General director of OOO Transneft Finance, a specialized organization, which performs the accounting function for OAO AK Transneft

The accompanying notes set out on pages 8 to 23 are an integral part of these financial statements

(in millions of Russian roubles, if not stated otherwise)

	Notes	Nine months ended 30 September 2009	Nine months ended 30 September 2008
Cash flows from operating activities			
Cash receipts from customers		283,730	228,848
Cash paid to suppliers and employees, and taxes other than profit tax		(174,358)	(124,681)
Interest paid		(21,597)	(10,164)
Income tax paid		(16,816)	(24,999)
Tax refunds		32,178	22,270
Other cash used in operating activities		(1,605)	(1,130)
Net cash from operating activities		**101,532**	**90,144**
Cash flows used in investing activities			
Purchase of property, plant and equipment		(120,171)	(92,402)
Proceeds from sales of property, plant and equipment		201	373
Cash on balance sheet of acquired businesses		-	2,826
Interest and dividends received		4,279	999
Purchase of other financial assets		(34,733)	(2,025)
Other cash proceeded from investing		1,260	560
Net cash used in investing activities		**(149,164)**	**(89,669)**
Cash flows from financing activities			
Proceeds from long and short-term borrowings		310,288	97,037
Repayment of long and short-term borrowings		(152,116)	(74,049)
Payment of finance lease obligations		(2,748)	(3,558)
Net cash proceeds from financing activities		**155,424**	**19,430**
Cash increase due to deviation of currency exchange rate		**532**	**379**
Net increase in cash and cash equivalents		**108,324**	**20,284**
Cash and cash equivalents at the beginning of the period	9	60,565	23,498
Cash and cash equivalents at the end of the period	9	**168,889**	**43,782**

Approved on 28 December 2009 by:

P.A. Revel-Muroz	Vice - president
S.N. Suvorova	General director of OOO Transneft Finance, a specialized organization, which performs the accounting function for OAO AK Transneft

	Attributable to the owners of OAO AK Transneft						
	Share capital	**Share premium**	**Merger reserve**	**Retained earnings**	**Total**	**Minority interest**	**Total equity**
Balance at 1 January 2008	**307**	**-**	**-**	**426,185**	**426,492**	**22,447**	**448,939**
Profit for the period	-	-	-	58,920	58,920	2,042	60,962
Fair value gain on available-for sale financial assets, net of tax	-	-	-	6	6	-	6
Disposal of available-for-sale financial assets	-	-	-	(427)	(427)	-	(427)
Total comprehensive income for the period	**-**	**-**	**-**	**58,499**	**58,499**	**2,042**	**60,541**
Dividends paid							
- preference shares	-	-	-	(402)	(402)	-	(402)
- ordinary shares	-	-	-	(750)	(750)	-	(750)
Business combination	1	52,553	(13,080)	-	39,474	569	40,043
Balance at 30 September 2008	**308**	**52,553**	**(13,080)**	**483,532**	**523,313**	**25,058**	**548,371**
Balance at 1 January 2009	**308**	**52,553**	**(13,080)**	**495,081**	**534,862**	**25,035**	**559,897**
Profit for the period	-	-	-	90,893	90,893	1,434	**92,327**
Fair value gain on available-for-sale financial assets, net of tax	-	-	-	26	26	-	**26**
Currency translation differences, net of tax	-	-	-	25	25	-	**25**
Total comprehensive income for the period	**-**	**-**	**-**	**90,944**	**90,944**	**1,434**	**92,378**
Dividends							
- preference shares	-	-	-	(368)	(368)	-	**(368)**
Balance at 30 September 2009	**308**	**52,553**	**(13,080)**	**585,657**	**625,438**	**26,469**	**651,907**

Approved on 28 December 2009 by:

P.A. Revel-Muroz — Vice - president

S.N. Suvorova — General director of OOO Transneft Finance, a specialized organization, which performs the accounting function for OAO AK Transneft

1 NATURE OF OPERATIONS

OAO AK Transneft (the "Company") was established as an open joint stock company and incorporated on 14 August 1993 by the Russian Government Resolution No. 810 under Presidential Decree No. 1403 dated 17 November 1992. The Company's registered office is at 119180 Moscow, ul. Bolshaya Polyanka 57, Russian Federation.

The Company and its subsidiaries (the "Group") operate the largest crude oil pipeline system in the world totalling 48,505 km. During the nine months ended 30 September 2009, the Group transported 341.8 million tonnes of crude oil to domestic and export markets (nine months ended 30 September 2008 – 343.2 million tonnes), which represents a substantial majority of the crude oil produced in the territory of the Russian Federation during that period.

In January 2008, OAO AK Transnefteproduct ("Transnefteproduct") became a wholly owned subsidiary of the Company. Transnefteproduct and its subsidiaries ("Group Transnefteproduct") operate a large oil products pipeline system in the Russian Federation and in the Republics of Belarus and Ukraine totalling 18,836 km. Its associate OOO LatRosTrans operates an interconnected system in the Latvian Republic.

2 ECONOMIC ENVIRONMENT IN THE RUSSIAN FEDERATION

The global economic crisis significantly impacted the Russian economy in 2009, including as follows:

- instability of commodity markets demonstrated in a sharp fall of the Urals price from US$ 91,15 as at 29 September 2008 to US$ 35.35 per barrel in the fourth quarter of 2008 and its subsequent growth during the whole year of 2009 up to US$ 68.33 and US$ 74.73 as at 30 September and 24 December 2009, respectively;
- high volatility of financial markets which led to increased cost of financing, as a result of which the indicative rate of interbank lending MOSPRIME increased above 25% at the beginning of 2009 as compared to 5-7% in the fourth quarter of 2008 and 2009;
- depreciation of the national currency in the process of which the official Russian Rouble/US Dollar exchange rate established by the Russian Central Bank decreased by 52% in the period from 1 July 2008 through 28 February 2009 from 23.4068 to 35.7205 , subsequently it appreciated by 16% to 29.9292 as at 25 December 2009.

Despite the adverse impact of the global financial crisis there were some positive changes in the Russian economy in the third and fourth quarters of 2009 which is evidenced by the improvement of certain indicators, including those stated above.

There can be different developments in the economic environment which can have a varying impact on the Group's operations and management is unable to predict their potential effect on the financial position of the Group.The Group believes that the impact of the current crisis on the Group's operations is limited due to the fact that prices for its services are regulated by the Government. Furthermore, the Group's monopoly position on the Russian oil and oil product pipeline transportation market ensures sustainable demand for the Group's services. Group management believes that cash flows from ongoing operations are sufficient to finance the Group's current operations and to service its debt obligations.

Furthermore, the tax, currency and customs legislation within the Russian Federation is subject to varying interpretations and frequent changes, and other legal and fiscal impediments contribute to the challenges faced by entities currently operating in the Russian Federation. The future economic direction of the Russian Federation is largely dependent upon the effectiveness of economic, financial and monetary measures undertaken by the Government, together with tax, legal, regulatory, and political developments.

3 BASIS OF PRESENTATION

The consolidated interim condensed financial information is prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") and should be read together with the consolidated financial statements for the year ended 31 December 2008 prepared in accordance with International Financial Reporting Standards ("IFRS").

The official US dollar ("USD") to Russian Rouble ("RR") exchange rates as determined by the Central Bank of the Russian Federation was 30.0922 and 29.3804 as at 30 September 2009 and 31 December 2008, respectively. The official Euro ("EURO") to Russian Rouble ("RR") exchange rates as determined by the

Central Bank of the Russian Federation was 44.0068 and 41.4411 as at 30 September 2009 and 31 December 2008, respectively.

3 BASIS OF PRESENTATION (continued)

Adoption of IFRS 8

Effective 1 January 2009, the Group adopted IFRS 8, Operating Segments ("IFRS 8"), which replaced ISA 14, Segment reporting. IFRS 8 introduces new requirements and guidelines regarding the disclosures of operating segments.

Operating segments are defined as components of the Group which earn revenues and incur expenses, for which separate financial information is available and reported regularly to the chief operating decision maker represented by the Management of the Group. Based on this information Management of the Group makes decisions on how to allocate resources and assesses operational and financial performance of the components.

Management of the Group performs analysis by entities, business activities of which are consolidated through two principal reportable segments "Crude oil transportation" and "Oil product transportation".

Revenue of each reportable segment is generated based on transportation tariffs which are set by the Russian Federation, through the Federal Tariff Agency (FTA):

- in the Oil Transportation segment tariffs are set by the FTA in an amount sufficient to cover costs, taxes and duties in accordance with tax legislation and to generate net profit to be used to finance pipeline construction, infrastructure modernization and reconstruction, and to pay dividends;
- pricing in the Oil Product Transportation segment is regulated via the FTA's setting of the tariff ceiling, including the marginal ratio of oil product pipeline transportation cost to alternative transportation cost. The actual tariffs are approved by Transnefteproduct's Management Board within the limits set out by FTA; the tariffs are calculated in the amount required to cover reasonable expenses and ensure adequate margin to fund economically feasible investments aimed at constructing new major fixed assets and updating the existing ones.

For each segment economic feasibility of costs is determined by budgeting its income and expenses. Management of the Group approves target figures of the budgets and subsequently analyzes actual information against plans on a regular basis. Management of the Group analyzes business segment results by types of income and expenses that form pre-tax profit.

Reportable segments' assets include all assets recognized under the Russian statutory accounting rules (hereinafter "RAR"). Reportable segments' assets reviewed by Management of the Group on a regular basis include fixed assets, construction in progress, trade accounts receivable and advances originated. Reportable segments' liabilities include all liabilities recognized under RAR. Reportable segments' liabilities reviewed by Management of the Group on a regular basis include accounts payable and advances received as well as long-term and short-term borrowings. Other assets and liabilities of the reportable segments can be reviewed as part of the Group's analysis of reportable segments depending on the materiality.

Management of the Group regularly reviews income and expenses included as separate items in the statement of comprehensive income. When reviewing reportable segments Management of the Group also considers amounts of segments' capital expenditures and their fulfillment of capital repairs and maintenance programs.

Adoption of Amendment to IAS 1 "Presentation of Financial Statements" ("IAS 1") is effective for reporting periods beginning on or after 1 January 2009. The main change in IAS 1 is the replacement of the statement of income by a statement of comprehensive income which includes all non-owner changes in equity, such as the revaluation of available-for-sale financial assets. The revised IAS 1 also introduces a requirement to present a statement of financial position (balance sheet) at the beginning of the earliest comparative period whenever the entity restates comparatives due to reclassifications, changes in accounting policies, or corrections of errors. The consolidated interim condensed financial statements have been prepared under the revised presentation requirements.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies followed by the Group and the critical accounting estimates in applying accounting policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2008.

New accounting developments

In 2009 the Group has adopted all standards, amendments and interpretations which were effective for the accounting periods beginning 1 January 2009 and which are relevant to its operations.

Certain new standards and interpretations have been published that are mandatory for the Group's accounting periods beginning after 1 January 2009 and which the Group has not early adopted:

IAS 27, Consolidated and Separate Financial Statements (revised January 2008; effective for annual periods beginning on or after 1 July 2009). The revised IAS 27 will require an entity to attribute total comprehensive income to the owners of the parent and to the non-controlling interests (also referred to as "minority interests") even if this results in the non-controlling interests having a deficit balance (the current standard requires the excess losses to be allocated to the owners of the parent in most cases). The revised standard specifies that changes in a parent's ownership interest in a subsidiary that do not result in the loss of control must be accounted for as equity transactions. It also specifies how an entity should measure any gain or loss arising on the loss of control of a subsidiary. At the date when control is lost, any investment retained in the former subsidiary will have to be measured at its fair value. The Group is currently assessing the impact of the amended standard on its consolidated financial statements.

IFRS 3, Business Combinations (revised January 2008; effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009). The revised IFRS 3 will allow entities to choose to measure non-controlling interests using the existing IFRS 3 method (proportionate share of the acquiree's identifiable net assets) or at fair value. The revised IFRS 3 is more detailed in providing guidance on the application of the purchase method to business combinations. The requirement to measure at fair value every asset and liability at each step in a step acquisition for the purposes of calculating a portion of goodwill has been removed.

Instead, goodwill will be measured as the difference at acquisition date between the fair value of any investment in the business held before the acquisition, the consideration transferred and the net assets acquired. Acquisition-related costs will be accounted for separately from the business combination and therefore recognised as expenses rather than included in goodwill. An acquirer will have to recognise at the acquisition date a liability for any contingent purchase consideration. Changes in the value of that liability after the acquisition date will be recognised in accordance with other applicable IFRSs, as appropriate, rather than by adjusting goodwill. The revised IFRS 3 brings into its scope business combinations involving only mutual entities and business combinations achieved by contract alone. The Group is currently assessing the impact of the amended standard on its consolidated financial statements.

IFRIC 17, Distribution of Non-Cash Assets to Owners (effective for annual periods beginning on or after 1 July 2009). The amendment clarifies when and how distribution of non-cash assets as dividends to the owners should be recognised. An entity should measure a liability to distribute non-cash assets as a dividend to its owners at the fair value of the assets to be distributed. A gain or loss on disposal of the distributed non-cash assets will be recognised in profit or loss when the entity settles the dividend payable. IFRIC 17 is not relevant to the Group's operations because it does not distribute non-cash assets to owners.

IFRIC 18, Transfers of Assets from Customers (effective for annual periods beginning on or after 1 July 2009). The interpretation clarifies the accounting for transfers of assets from customers, namely, the circumstances in which the definition of an asset is met; the recognition of the asset and the measurement of its cost on initial recognition; the identification of the separately identifiable services (one or more services in exchange for the transferred asset); the recognition of revenue, and the accounting for transfers of cash from customers. The Group is currently assessing the impact of the IFRIC 18 on its consolidated financial statements.

Improvements to International Financial Reporting Standards (issued in April 2009; amendments to IFRS 2, IAS 38, IFRIC 9 and IFRIC 16 are effective for annual periods beginning on or after 1 July 2009; amendments to IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36 and IAS 39 are effective for annual periods beginning on or after 1 January 2010). The improvements consist of a mixture of substantive changes and

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

clarifications in the following standards and interpretations: clarification that contributions of businesses in common control transactions and formation of joint ventures are not within the scope of IFRS 2; clarification of disclosure requirements set by IFRS 5 and other standards for non-current assets (or disposal groups) classified as held for sale or discontinued operations; requiring to report a measure of total assets and liabilities for each reportable segment under IFRS 8 only if such amounts are regularly provided to the chief operating decision maker; amending IAS 1 to allow classification of certain liabilities settled by entity's own equity instruments as non-current; changing IAS 7 such that only expenditures that result in a recognised asset are eligible for classification as investing activities; allowing classification of certain long-term land leases as finance leases under IAS 17 even without transfer of ownership of the land at the end of the lease; providing additional guidance in IAS 18 for determining whether an entity acts as a principal or an agent; clarification in IAS 36 that a cash generating unit shall not be larger than an operating segment before aggregation; supplementing IAS 38 regarding measurement of fair value of intangible assets acquired in a business combination; amending IAS 39 (i) to include in its scope option contracts that could result in business combinations, (ii) to clarify the period of reclassifying gains or losses on cash flow hedging instruments from equity to profit or loss and (iii) to state that a prepayment option is closely related to the host contract if upon exercise the borrower reimburses economic loss of the lender; amending IFRIC 9 to state that embedded derivatives in contracts acquired in common control transactions and formation of joint ventures are not within its scope; and removing the restriction in IFRIC 16 that hedging instruments may not be held by the foreign operation that itself is being hedged. The Group does not expect the amendments to have material impact on its financial statements.

IFRS for Small and Medium-sized Entities (issued in July 2009) is a self-contained standard, tailored to the needs and capabilities of smaller businesses. Many of the principles of full IFRS for recognising and measuring assets, liabilities, income and expense have been simplified, and the required disclosures have been simplified and significantly reduced. IFRS for SMEs may be applied by entities which publish general purpose financial statements for external users and do not have public accountability. IFRS for Small and Medium-sized Entities is not relevant to the Group's operations.

Amendments to IFRS 2 ("Share-based payment – Group cash-settled share-based payment transactions"), which are effective for annual periods beginning on or after 1 January 2010. The amendments provide a clear basis to determine the classification of share based payment awards in both consolidated and separate financial statements. They incorporate IFRIC 8 and IFRIC 11 into the standard and expand on the guidance given in IFRIC 11 to address plans that were previously not considered in the interpretation. The amendment also clarifies the defined terms in the Appendix to the standard. The Group does not expect the amendments to have material impact on its financial statements.

Amendments to IFRS 1, "First-time Adoption of International Financial Reporting Standards". The amendments address the retrospective application of IFRSs to particular situations and aims to ensure that entities applying IFRSs will not face undue cost or effort in the transition process. The amendments exempt entities using the full cost method from retrospective application of IFRSs for oil and gas assets and it also exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with IFRIC 4, 'Determining whether an arrangement contains a lease' when the application of their national accounting requirements produced the same result. The amendments are effective for accounting periods beginning on or after 1 January 2010. The amendments will not have material impact on the Group's financial statements.

Eligible Hedged Items—Amendment to IAS 39, Financial Instruments: Recognition and Measurement (effective with retrospective application for annual periods beginning on or after 1 July 2009). The amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations. The amendments will not have material impact on the Group's financial statements.

Additional Exemptions for First-time Adopters - Amendments to IFRS 1, First-time Adoption of IFRS (effective for annual periods beginning on or after 1 January 2010). The amendments exempt entities using the full cost method from retrospective application of IFRSs for oil and gas assets and also exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with IFRIC 4, 'Determining Whether an Arrangement Contains a Lease' when the application of their national accounting requirements produced the same result. The amendments will not have material impact on the Group's financial statements.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Classification of Rights Issues – Amendment to IAS 32, Financial Instruments: Presentation (effective for annual periods beginning on or after 1 February 2010). The amendment exempts certain rights issues of shares with proceeds denominated in foreign currencies from classification as financial derivatives. The amendments will not have material impact on the Group's financial statements.

IAS 24, Related Party Disclosures (amended November 2009, effective for annual periods beginning on or after 1 January 2011). IAS 24 was revised in 2009 by: (a) simplifying the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition and by (b) providing a partial exemption from the disclosure requirements for government-related entities. The Group is currently assessing the impact of the amended standard on its consolidated financial statements.

IFRS 9, Financial Instruments (issued in November 2009, effective for annual periods beginning on or after 1 January 2013, with earlier application permitted). IFRS 9 replaces those parts of IAS 39 relating to the classification and measurement of financial assets. Key features are as follows:

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

IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after 1 July 2010). This IFRIC clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished through the debtor issuing its own equity instruments to the creditor. A gain or loss is recognised in the profit and loss account based on the fair value of the equity instruments compared to the carrying amount of the debt. The amendments will not have any impact on the Group's financial statements. The Group is currently assessing the impact of the amended standard on its consolidated financial statements.

Prepayments of a Minimum Funding Requirement – Amendment to IFRIC 14 (effective for annual periods beginning on or after 1 January 2011). This amendment will have a limited impact as it applies only to companies that are required to make minimum funding contributions to a defined benefit pension plan. It removes an unintended consequence of IFRIC 14 related to voluntary pension prepayments when there is a minimum funding requirement. The amendments will not have material impact on the Group's financial statements.

(in millions of Russian roubles, if not stated otherwise)

5 PROPERTY, PLANT AND EQUIPMENT

	Buildings and facilities	Pipelines and tanks	Other plant and equipment	Linefill	Assets under construction including prepayments	Total
At 1 January 2009						
Cost	91,434	503,016	273,675	65,533	225,467	1,159,125
Accumulated depreciation and impairment	(26,427)	(191,886)	(131,682)	-	-	(349,995)
Net book value at 1 January 2009	**65,007**	**311,130**	**141,993**	**65,533**	**225,467**	**809,130**
Depreciation	(2,123)	(13,570)	(18,641)	-	-	(34,334)
Additions (including prepayments)	-	-	-	6,981	145,191	152,172
Transfers from assets under construction	2,869	3,229	22,738	-	(28,836)	-
Net change in dismantlement provision	-	4,149	-	-	159	4,308
Disposals/retirements at cost	(158)	(71)	(4,855)	(612)	-	(5,696)
Accumulated depreciation and impairment on disposals/retirements	38	54	4,684	-	-	4,776
Net book value at 30 September 2009	**65,633**	**304,921**	**145,919**	**71,902**	**341,981**	**930,356**
At 30 September 2009						
Cost	94,145	510,323	291,558	71,902	341,981	1,309,909
Accumulated depreciation and impairment	(28,512)	(205,402)	(145,639)	-	-	(379,553)
Net book value at 30 September 2009	**65,633**	**304,921**	**145,919**	**71,902**	**341,981**	**930,356**

(in millions of Russian roubles, if not stated otherwise)

5 PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings and facilities	Pipelines and tanks	Other plant and equipment	Linefill	Assets under construction including prepayments	Total
At 1 January 2008						
Cost	63,553	378,633	217,909	51,271	215,959	927,325
Accumulated depreciation and impairment	(19,366)	(166,309)	(108,090)	-	-	(293,765)
Net book value at 1 January 2008	**44,187**	**212,324**	**109,819**	**51,271**	**215,959**	**633,560**
Depreciation	(1,635)	(9,327)	(14,435)	-	-	(25,397)
Additions (including prepayments)	-	-	-	6,745	99,410	106,155
Transfers from assets under construction	9,268	18,215	8,187	-	(35,670)	-
Net change in dismantlement provision	-	2,541	-	-	(803)	1,738
Disposals/retirements at cost	(219)	(375)	(1,562)	(316)	-	(2,472)
Accumulated depreciation and impairment on disposals/retirements	81	361	1,169	-	-	1,611
Cost acquisition through business combinations	13,017	25,252	9,784	7,653	23,270	78,976
Accumulated depreciation and impairment through business combination	(4,965)	(12,507)	(5,935)	-	-	(23,407)
Net book value at 30 September 2008	**59,734**	**236,484**	**107,027**	**65,353**	**302,166**	**770,764**
At 30 September 2008						
Cost	85,619	424,266	234,318	65,353	302,166	1,111,722
Accumulated depreciation and impairment	(25,885)	(187,782)	(127,291)	-	-	(340,958)
Net book value at 30 September 2008	**59,734**	**236,484**	**107,027**	**65,353**	**302,166**	**770,764**

Linefill represents 28,665 thousand tonnes of crude oil and 1,186 thousand tonnes of oil products as at 30 September 2009 (as at 31 December 2008 – 27,656 thousand tonnes of crude oil and 1,237 thousand tonnes of oil products).

During the nine months ended 30 September 2009, borrowing costs in the amount of RR 12,999 were capitalised as part of cost of assets under construction (for the nine months ended 30 September 2008 – RR 9,679).

6 OTHER FINANCIAL ASSETS

As at 30 September 2009 other financial assets include non-interest-bearing notes which are subject to repayment in the fourth quarter of 2010. They were purchased by the Group in the third quarter of 2009 for a consideration of USD 1,136 (RR 36,079 at the exchange rate effective at the purchase date), nominal value of USD 1,224. These notes were classified as held-to-maturity financial assets and the Group does not intend to dispose these notes prior to the maturity date.

(in millions of Russian roubles, if not stated otherwise)

7 INVENTORIES

	30 September 2009	31 December 2008
Materials and supplies	8,371	6,600
Sundry goods for resale	7,057	2,262
Other items	82	42
	15,510	**8,904**

Sundry goods for resale, including oil and oil products, are presented net of impairment provision of RR 260 as at 30 September 2009 (as at 31 December 2008 – RR 2,725).

8 RECEIVABLES AND PREPAYMENTS AND VAT ASSETS

Receivables and prepayments

	30 September 2009	31 December 2008
Trade receivables	1,942	1,662
Prepayments and advances	7,688	11,422
Other receivables	4,735	5,998
	14,365	**19,082**

VAT assets

	30 September 2009	31 December 2008
Recoverable VAT related to construction projects	39,668	41,898
Recoverable VAT related to ordinary activity	25,201	15,093
	64,869	56,991
Less: short-term VAT	(64,869)	(46,710)
Long-term VAT	-	**10,281**

9 CASH AND CASH EQUIVALENTS

	30 September 2009	31 December 2008
Balances denominated in Russian roubles	98,773	41,562
Balances denominated in US dollars	44,365	12,899
Balances denominated in Euro	25,713	6,094
Balances denominated in other currency	38	10
	168,889	**60,565**

10 DIVIDENDS

In June 2009, the shareholders of the Company approved the payment of dividends for 2008 in the amount of RR 368 (preferred shares – RR 368) at the annual general meeting of shareholders. The whole amount of dividends was paid out in December 2009.

(in millions of Russian roubles, if not stated otherwise)

11 BORROWINGS AND FINANCE LEASE OBLIGATIONS

	30 September 2009	31 December 2008
Borrowings and loans	410,387	253,104
Finance lease obligations	1,042	2,633
Total borrowings and loans	411,429	255,737
Less: current borrowings and loans and current portion of non-current borrowings and loans and finance lease obligations	(7,448)	(64,140)
	403,981	**191,597**
Maturity of non-current borrowings and loans and finance lease obligations		
Due for repayment:		
Between one and five years	121,923	122,551
After five years	282,058	69,046
	403,981	**191,597**

In February 2009, the Group signed a facility agreement with China Development Bank Corporation for USD 10 billion, at a floating LIBOR-based rate, due in 20 years and repayable by equal installments, starting from the fifth year after the date of the first drawdown. Interest on the credit agreement is payable once every six months until 1 January 2011 and on a monthly basis after 1 January 2011. In June 2009, the Group received USD 5.0 billion (RR 150,461 at the CBR exchange rate as at 30 September 2009) under the facility agreement; the remaining loan portion will be drawn down over the period 2009-2010. The proceeds will be used for the construction of crude oil pipeline infrastructure, including construction of the crude oil pipeline from Russia to the border of the People's Republic of China and general corporate purposes.

In February as a collateral of the agreement above the Company signed a contract for the term of 20 years for the annual supply of 6 mln tons of crude oil to the People's Republic of China starting from 1 January 2011. For the fulfillment of the obligations, a contract was signed with OAO NK Rosneft in April 2009 for the supply of corresponding volumes of crude oil to the Company.

In June 2009, the Company placed nonconvertible interest bearing documentary bonds payable to bearer (series 01) in totalling RR 35,000 with a nominal value of one thousand roubles each, due in 10 years. There is an option to redeem the bonds earlier at the request of the bearer and at the discretion of the issuer, but not earlier than 6 years after the placement. The proceeds are used for general corporate purposes including financing current activities of the Group for replenishment of working capital and financing investment programs. The bonds have 10 coupon periods of 364 days each. The coupon yield for the first period is set at 13.75% per annum. The coupon yield for the second - sixth coupon periods will be determined as a fixed direct REPO rate of the Central Bank of Russian Federation for the term of one year and effective as at the third day before the beginning of the respective coupon period plus 2% per annum. The coupon yield for the seventh - tenth periods will be determined by the issuer in accordance with the prospectus.

In September 2009, the Company placed nonconvertible interest bearing documentary bonds payable to bearer (series 03) in totalling RR 65,000 with a nominal value of one thousand roubles each, due in 10 years. There is an option to redeem the bonds earlier at the request of the bearer and at the discretion of the issuer, but not earlier than 6 years after the placement. The proceeds are used for general corporate purposes including financing current activities of the Group for replenishment of working capital and financing investment programs. The bonds have 10 coupon periods of 364 days each. The coupon yield for the first period is set at 12.15% per annum. The coupon yield for the second - sixth coupon periods will be determined as a fixed direct REPO rate of the Central Bank of Russian Federation for the term of one year and effective as at the third day before the beginning of the respective coupon period plus 2.4% per annum. The coupon yield for the seventh - tenth periods will be determined by the issuer in accordance with the prospectus.

(in millions of Russian roubles, if not stated otherwise)

All borrowings and loans of the Group are unsecured as at 30 September 2009 and 31 December 2008.

12 DEFERRED TAX LIABILITIES AND INCOME TAX EXPENSE

Differences between the recognition criteria in Russian statutory taxation regulations and IFRS give rise to certain temporary differences between the carrying value of certain assets and liabilities for financial reporting purposes and for profit tax purposes. In November 2008 the Federal Law on changes in Russian Tax Code relating to the decrease in corporate profit tax rate in Russia from 24% to 20% was adopted, effective from 1 January 2009. 20% tax rate was applied to determine the deferred tax liabilities as of 30 September 2009 and 31 December 2008. Income tax expense in the consolidated interim financial statements are accrued based on full-year effective rate applied to the pre-tax income of the interim period.

13 PROVISIONS FOR LIABILITIES AND CHARGES

	30 September 2009	31 December 2008
Dismantlement provision	78,529	69,233
Pension provision	5,183	5,772
	83,712	**75,005**

Dismantlement provision

The provision is established for the expected cost of dismantling parts of the existing pipeline network based on the average current cost per kilometre of removal according to an estimated plan of replacement over the long term. The provision calculation is based on the assumption that dismantlement activities are expected to cover the same number of kilometres each year over the useful life of the network. The cost of dismantlement is added to the cost of property, plant and equipment and depreciated over the useful economic life of the pipeline network. Additional provisions are made when the total length of the network increases and reductions occur when sections of the pipeline are decommissioned. Other changes are made when the expected pattern or unit cost of dismantlement is changed.

Pension provision

Under collective agreements with Group's employees, an amount ranging from one to five months final salary is payable upon retirement to those who have worked for the Group for more than three years. Also under collective agreements with the employees the Group provides regular payments to those retired employees who have not entered in an agreement with the Non-state pension fund of the Group, and an amount ranging from one to eight months minimal salary is payable to retired employees for anniversary milestones and to cover funeral costs. Management has assessed the net present value of these obligations, following the guidelines set out in IAS 19 "Employee Benefits". Under this method, a provision has been established having regard to employee life expectancy.

14 TRADE AND OTHER PAYABLES

	30 September 2009	31 December 2008
Trade payables	23,882	14,057
Advances received for oil and oil product transportation services	12,382	17,584
VAT output tax payable	5,707	4,910
Other taxes payable	1,128	755
Dividends payable	368	-
Other payables and accruals	10,785	9,327
	54,252	**46,633**

(in millions of Russian roubles, if not stated otherwise)

15 SALES

	Three months ended 30 September 2009	Nine months ended 30 September 2009	Three months ended 30 September 2008	Nine months ended 30 September 2008
Revenues from crude oil transportation services				
Domestic tariff	34,842	97,123	28,194	78,290
Export tariff	43,400	128,408	33,961	100,720
Total revenues from crude oil transportation services	**78,242**	**225,531**	**62,155**	**179,010**
Revenues from oil products transportation services	6,339	18,098	4,325	11,382
Other revenues	4,568	12,258	5,640	11,701
	89,149	**255,887**	**72,120**	**202,093**

16 OPERATING EXPENSES AND NET OTHER OPERATING INCOME

	Three months ended 30 September 2009	Nine months ended 30 September 2009	Three months ended 30 September 2008	Nine months ended 30 September 2008
Depreciation	12,387	32,805	8,506	24,653
Staff costs:				
Salaries and pension expense	13,724	39,165	10,533	30,277
Unified Social Fund contributions	1,549	5,715	1,210	4,924
Social expenses	1,082	2,308	1,085	2,386
Energy	6,766	20,405	4,524	16,213
Materials	3,942	9,666	3,262	9,075
Repairs and maintenance services	1,698	5,391	2,215	4,419
Other	5,977	17,268	10,469	23,638
	47,125	**132,723**	**41,804**	**115,585**

The following amounts are included in the net other operating income:

	Three months ended 30 September 2009	Nine months ended 30 September 2009	Three months ended 30 September 2008	Nine months ended 30 September 2008
Oil surplus	2,776	6,300	3,269	8,777
Charitable contribution	(273)	(1,970)	(822)	(1,069)
Other income / (expenses)	286	220	(762)	646
	2,789	**4,550**	**1,685**	**8,354**

17 CONTINGENT LIABILITIES, COMMITMENTS AND OTHER RISKS

Legal proceedings

The Group is involved in a number of court proceedings arising in the ordinary course of business. In the opinion of the Group's management, there are no current legal proceedings or claims outstanding at 30 September 2009, which could have a material adverse effect on the results of operations or financial position of the Group.

As of the date of issuing these consolidated interim condensed financial statements, the courts of the first to third instances confirmed the right of certain entities of the Group (the Company and Transnefteproduct) to

(in millions of Russian roubles, if not stated otherwise)

17 CONTINGENT LIABILITIES, COMMITMENTS AND OTHER RISKS (continued)

claim RR 1,687 of VAT paid during the period June, August 2007 at a rate of 18% to their transportation subsidiaries for oil transportation services and oil products transportation services. Due to the tax authority's contestation of judicial acts favourable for the Company and OAO AK Transnefteproduct within the period from February to December 2009, judicial acts favorable for OAO AK Transnefteproduct for the total amount of RR 136 were transferred for a new trial to the court of first instance or cancelled.The Arbitration Court of Moscow satisfied claims of OAO AK Transnefteproduct on VAT recovery in the course of the second trial of cases related to the abandonment of VAT recovery in the amount of RR 66 of the total above amount (RR 136). As related to the abandonment of VAT recovery in the amount of RR 70 the case of OAO AK Transnefteproduct is currently being reconsidered by the Arbitration Court of Moscow. In May 2009, the Moscow regional court invalidated the decisions of the lower courts with regard to certain claims amounting to RR 1,551 and transferred to the court of the first instance. In October 2009 the Arbitration Court of Moscow took decision in favor of the Company.

18 RELATED PARTIES AND KEY MANAGEMENT PERSONNEL COMPENSATION

The Russian Federation, through the Federal Agency for the Management of Federal Property, owns 100% of the ordinary shares of the Company and controls its operations through Board of directors represented by the Ministry of Energy, other Federal bodies, and independent directors. The Government also appoints the members of the Federal Tariff Agency which sets the tariff rates.

The Company holds in trust on behalf of the Russian Government 24% of the shares of the close joint stock company Caspian Pipeline Consortium-R and 24% of the shares of the joint stock company Caspian Pipeline Consortium–K as at 30 September 2009 and 31 December 2008. These interests are not recognised in these consolidated financial statements as the Company is acting solely on behalf of the Russian Government, acting as a trust manager under trust management agreement.

The Group's transactions with other state-controlled entities occur in the normal course of business and include, but are not limited to the following: transportation of oil and oil products and transactions with banks.

The Group had the following significant transactions and balances with state-controlled entities:

	Three months ended 30 September 2009	Nine months ended 30 September 2009	Three months ended 30 September 2008	Nine months ended 30 September 2008
Revenue from oil transportation services	23,063	64,698	14,603	51,164
Revenue from oil products transportation	1,785	5,530	1,398	3,891
Electricity expenses	(178)	(335)	(93)	(846)
Interest expenses	(1,344)	(9,638)	(2,658)	(6,510)
Interest income from other financial	296	296	-	-

	30 September 2009	31 December 2008
Receivables and prepayments	1,496	770
Cash	119,789	29,083
Advances received for oil transportation services	2,912	4,083
Advances received for oil product transportation services	522	1,044
Non-current and current borrowings	21,260	118,111
Other financial assets	34,475	-

Transactions with the state include taxes which are detailed in the consolidated statement of financial position, and in profit and loss in statement of comprehensive income.

In the reporting period, the Company placed its nonconvertible interest bearing documentary bonds (series 01 and 03). Under the initial offering the bonds with total nominal value of RR 99,900 were purchased by the state-controlled banks.

During the nine months ended 30 September 2009 the Group acquired electric energy from associated company Rusenergoresurs on amount RR 19,212. Accounts receivables (incl. advances paid) as at

(in millions of Russian roubles, if not stated otherwise)

18 RELATED PARTIES AND KEY MANAGEMENT PERSONNEL COMPENSATION (continued)

30 September 2009 amounted RR 275, accounts payables as at 30 September 2009 amounted RR 187.

Key management personnel compensation

Key management personnel (the members of the Board of Directors and Management Committee of the Company and general directors of subsidiaries) receive short-term compensations, including salary, bonuses, other payments and long-term interest-free loans. Short-term compensations payable to the key management personnel of the Company and subsidiaries consists of contractual remuneration for their services in full time executive positions. The remunerations for the members of the Boards of Directors of Company are subject to approval by the General Meeting of Shareholders. According to Russian legislation, the Group makes contributions to the Russian Federation State pension fund for all of its employees including key management personnel. Key management personnel also participate in certain post-retirement compensation programs. The programs include pension benefits provided by the non-governmental pension fund, NPF Transneft, and one-time payments at the retirement date.

19 SEGMENT INFORMATION

Generally, Management of the Group analyses information by separate legal entities. These legal entities are further aggregated into two reportable segments: Oil transportation and Oil product transportation. Cost elements presented to Management of the Group are determined in accordance with the Russian Accounting Rules (RAR). Tables below present consolidated amounts analyzed by Management of the Group. These amounts are calculated under RAR.

Adjusting entries used to reconcile this information with information in the interim consolidated financial statements primarily include adjustments and reclassifications resulting from differences between RAR and IFRS.

Adjusting entries also relate to intersegment transactions material of which are as follows: US Dollar denominated loan granted in RR which amounted to RR 21,305 as of 30 September 2009, the loan interest of RR 372 and related exchange difference of RR 1,178; revenues from provision of services amounting to RR 679 for the nine months ended 30 September 2009 (as of 31 December 2009 there were no intersegment loans, intersegment revenues for the nine months ended 30 September 2008 were insignificant).

Segment information for the nine months ended 30 September 2009 is as follows:

	Oil transportation services	**Oil products transportation services**	**Adjustments**	**Total IFRS**
External revenue	**229,298**	**18,379**	**8,210**	**255,887**
Operating expenses	(118,522)	(11,043)	(3,158)	(132,723)
Depreciation and amortisation	(31,221)	(2,021)	437	(32,805)
Interest income	3,993	348	(15)	4,326
Interest expenses	(7,343)	(1,875)	(5,813)	(15,031)
Share of profit/(loss) from associates	663	17	(91)	589
Profit before income tax	**113,268**	**5,629**	**(698)**	**118,199**
Income tax expense	(27,191)	(1,304)	2,623	(25,872)
Profit for the year	**86,077**	**4,325**	**1,925**	**92,327**
Investments in associates	1,302	38	472	1,812
Total segment assets	**1,252,678**	**64,672**	**(83,782)**	**1,233,568**
Trade payables and advances received	34,614	1,792	(142)	36,264
Non-current borrowings	403,793	21,305	(21,305)	403,793
Current borrowings	4,000	2,958	(365)	6,593
Total segment liabilities	**486,519**	**27,601**	**67,541**	**581,661**
Other segment disclosures				
Additions to non-current assets (other than financial instruments and	145,776	1,337	3,884	150,997

deferred tax assets)

(in millions of Russian roubles, if not stated otherwise)

19 SEGMENT INFORMATION (continued)

Segment information for the nine months ended 30 September 2008 is as follows:

	Oil transportation services	Oil products transportation services	Adjustments	Total IFRS
External revenue	**181,051**	**11,948**	**9,094**	**202,093**
Operating expenses	(90,252)	(7,959)	(17,374)	(115,585)
Depreciation and amortisation	(18,388)	(1,482)	(4,783)	(24,653)
Interest income	1,045	47	6	1,098
Interest expenses	(9)	(1,338)	(3,296)	(4,643)
Share of profit/(loss) from associates	-	19	(100)	(81)
Profit/(loss) before income tax	**94,995**	**2,229**	**(10,167)**	**87,057**
Income tax (expense)/credit	(26,549)	(716)	1,170	(26,095)
Profit/(loss) for the year	**68,446**	**1,513**	**(8,997)**	**60,962**
Investments in associates	3	42	505	550
Total segment assets	**797,136**	**59,469**	**52,991**	**909,596**
Trade payables and advances received	29,772	1,731	22	31,525
Non-current borrowings	133,831	18,388	(3,463)	148,756
Current borrowings	52,973	3,607	3,314	59,894
Total segment liabilities	**246,641**	**24,724**	**89,860**	**361,225**
Other segment disclosures:				
Additions to non-current assets (other than financial instruments and deferred tax assets)	95,438	3,264	8,985	107,687

Adjustments to income and expenses that form profit before tax are mainly represented by IFRS adjustments to record minority interest, to recognise fixed assets and process oil revaluation results required under IAS 29 "Financial reporting in hyper-inflationary economies, to accrue provision for dismantling and removing of fixed assets, to decapitalise interest costs capitalised earlier under RAR and for IFRS purposes.

Adjusting items for segment's assets in the amount of RR 83,782 as at 30 September 2009 and RR 52,991 as at 30 September 2008 include the following adjustments and reclassifications due to RAR and IFRS accounting differences:

	30 September 2009	30 September 2008
Property, plant and equipment dismantlement provision recognized in cost	56,659	52,283
Adjustment to Property, plant and equipment to eliminate RAR revaluation effect and to record adjustment required under IAS 29 "Financial reporting in hyper-inflationary economies"	(102,922)	8,894
Revaluation of linefill required under IAS 29 "Financial reporting in hyper-inflationary economies and other	50,846	50,815
Assets received under finance lease	5,151	9,356
Business combination with Transnefteproduct	(52,554)	(52,554)
Deferred tax assets	(6,403)	(1,007)
Intersegment loans and interest	(21,668)	-
Others	(12,891)	(14,796)
Total unallocated reconciliation adjustments of segment assets	**(83,782)**	**52,991**

Adjusting items for segment's liabilities in the amount of RR 67,541 as at 30 September 2009 and RR 89,860 as at 30 September 2008 include the following adjustments and reclassifications due to RAR and IFRS accounting differences:

(in millions of Russian roubles, if not stated otherwise)

19 SEGMENT INFORMATION (continued)

Adjusting items for segment's liabilities in the amount of RR 67,541 as at 30 September 2009 and RR 89,860 as at 30 September 2008 include the following adjustments and reclassifications due to RAR and IFRS accounting differences:

	30 September 2009	30 September 2008
Dismantlement provision	78,591	63,327
Pension liabilities	5,183	5,383
Deferred tax liabilities	2,711	16,256
Lease liabilities	1,042	1,993
Intersegment loans and interest	(21,668)	-
Others	1,682	2,901
Total unallocated reconciliation adjustments of segment liabilities	**67,541**	**89,860**

Geographical information. The Group's two segments primary operate on the territory of the Russian Federation. Revenue from external customers is presented based on the customers domicile (registered office) although the majority of revenues are generated by assets located in the Russian Federation. The oil product transportation segment has certain assets located on the territory of Latvia, Ukraine and Belarus. The carrying value of these assets is not significant.

Information on the geographical location of the Group's revenue is set out below:

	Three months ended 30 September 2009	Nine months ended 30 September 2009	Three months ended 30 September 2008	Nine months ended 30 September 2008
Russian Federation	84,060	240,634	68,808	192,869
Other countries	5,089	15,253	3,312	9,224
	89,149	**255,887**	**72,120**	**202,093**

Revenue from external customers in other countries mainly includes revenue from services provided to customers in Kazakhstan, Belorussia and Ukraine.

Major customers. The Group's major customers are oil production companies which produce oil and transport it for export, domestic sale or refining. Revenues from customers which, individually, constitute 10 per cent or more of the Group's revenue are as follows:

Company	Three months ended 30 September 2009	Nine months ended 30 September 2009	Three months ended 30 September 2008	Nine months ended 30 September 2008
Companies under control of the Government of the Russian Federation	24,848	70,228	16,001	55,055
OAO Lukoil	12,741	38,137	10,622	30,841
OAO Surgutneftegaz	12,902	37,637	10,950	31,144
OAO TNK-BP Holding	11,942	34,339	9,216	26,361
	62,433	**180,341**	**46,789**	**143,401**

Sales to the major customers are included in the results of the crude oil transportation and oil product transportation segments.

20 EVENTS AFTER THE REPORTING PERIOD

In October 2009, the Company placed nonconvertible interest bearing documentary bonds payable to bearer (series 02) in totalling RR 35,000 with a nominal value of one thousand roubles each, due in 10 years. There is an option to redeem the bonds earlier at the request of the bearer and at the discretion of the issuer, but not earlier than 6 years after the placement. The proceeds are used for general corporate purposes including financing current activities of the Group for replenishment of working capital and financing investment programs. The bonds have 10 coupon periods of 364 days each. The coupon yield for the first period is set at 11.75% per annum. The coupon yield for the second - sixth coupon periods will be determined as a fixed direct REPO rate of the Central Bank of Russian Federation for the term of one year and effective as at the third day before the beginning of the respective coupon period plus 2% per annum. The coupon yield for the seventh - tenth periods will be determined by the issuer in accordance with the prospectus.

20 EVENTS AFTER THE REPORTING PERIOD (continued)

In November 2009 the Group received USD 4.0 billion under the facility agreement with China Development Bank Corporation (RR 119,272 at the CBR exchange rate at the date of posting cash in the currency account).

In December 2009 the Company received in trust management 100% shares of CPC Investments Company and 100% shares of CPC Company, both owned by the Russian Government. CPC Company owns 7% of the shares of the close joint stock company Caspian Pipeline Consortium–R and 7% of the shares of the joint stock company Caspian Pipeline Consortium–K. Therefore, as of the date of issuing these consolidated interim condensed financial statements the Company who acts on behalf of the Russian Government (Note 18) holds in trust on behalf of the Russian Government 31% of the shares of the close joint stock company Caspian Pipeline Consortium–R and 31% of the shares of the joint stock company Caspian Pipeline Consortium–K.