30 August 2013

Ruspetro plc ("Ruspetro" or the "Company")

Results for the Six Months to 30 June 2013

London, 30 August 2013: Ruspetro plc (LSE: RPO), the independent oil & gas development and production company, with operations in the Khanty-Mansiysk region of the West Siberian basin, today announces its first half 2013 results and an update on its operations to date:

HIGHLIGHTS

- Revenue of US$42.52 million increased by 26% from H1 2012
- US$30 million prepayment facility agreed with Glencore Energy UK Ltd, as announced 21 August 2013
- Cash balance of US$37.04 million as at 29 August 2013
- Sberbank loan restructured, maturity extended to 2018
- Mineral Extraction Tax ("MET") relief for tight oil now passed into law and coming into effect 1 September 2013. MET relief of 80% is estimated to be applicable to approximately 97% of the Company's current crude oil production increasing well head revenue per barrel to US$39.10 from US$22.40 at a gross price of US$100 per barrel
- Twelve wells now showing pressure response from waterflood program
- 30 June reserves audit reports proved oil and gas reserves of 222 million boe and proved and probable reserves of 1.82 billion boe
- 300,000 acre Bazhenov shale formation reported on by DeGolyer and MacNaughton for the first time as a contingent resource with estimated oil in place of approximately 3.53 billion barrels
- Board and Executive Management changes announced
- Strategic Review progressing

Results Summary:

	H1 2013	H1 2012
Revenue (US$ millions)	42.52	33.82
EBITDA (US$ millions)	3.50	(6.18)
Free Cash Flow (US$ millions)[1]	(22.73)	(68.47)
Production (av. bopd)	5,455	3,956
Long Term Debt (US$ m)	385.68	348.49, as at 31 Dec. 2012
Cash (US$ millions)	10.18	90.15
Proved Reserves oil and gas (mmboe)	222	183
July 2013 Production (av. bopd)	4,394	

[1] Free cash flow is net cash flows from operating activities less capital expenditure

OUTLOOK

- The tight oil MET relief recently passed into law will provide a significant contribution to cash flows starting from 1 September 2013, increasing well head revenue per barrel to US$39.10 from US$22.40 at a gross price of US$100 per barrel
- With a US$30 million prepayment facility arranged and in place with our export partner, Glencore Energy UK Ltd, the Company now has funding available to continue appraising the field, including drilling and further sub-surface modelling
- The strategic review process is on-going and the Company will update the market in due course. If additional funds become available as an outcome of this process the Company will be able to carry out a development drilling program
- With no development drilling currently taking place, production is expected to decline gradually in the second half of 2013 from July's average production rate of 4,394 bopd

Tom Reed, Acting Chief Executive, commented:

"From the top down, the Board and Management changes announced have brought in experienced industry knowledge which has enabled a very productive review of work to date. The results of this review and the work of management are encouraging: loans restructured, new non-dilutive finance injected into the business, the field development plan updated and refined, and fit for purpose drilling and completion programs initiated. We now have the necessary operational elements in place to produce more efficiently from even the more geologically challenging parts of our portfolio and build production."

Communications

A presentation will be held at 2pm (Moscow Time) on 4 September 2013 in Moscow. Dial-in details will be made available and the presentation will be available via Ruspetro's website at www.ruspetro.com.

The Company's third quarter interim management statement will be released on 7 November 2013.

Enquiries

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About Ruspetro
Ruspetro plc is an independent oil & gas development and production company, listed on the premium segment of the London Stock Exchange (LSE: RPO). The Company's operations are located on three contiguous licence blocks in the middle of the Krasnoleninsk Arch in Western Siberia. Ruspetro assets include proved and probable (2P) reserves of over 1.8 billion barrels of oil equivalent.

PREPAYMENT FACILITY ARRANGED

The Company has arranged a prepayment facility with Glencore Energy UK Ltd ("Glencore") for US$30 million in respect of crude oil produced by the Company and exported by Glencore.

The facility is for a period of one year and requires the Company to deliver a minimum of 15,000 metric tonnes per quarter (approximately 1,200 bopd) of crude oil to Glencore.

This agreement was announced on 21 August 2013 and the funds were transferred to the Company on 22 August 2013.

MINERAL EXTRACTION TAX ("MET")

Due to the characteristics of our reservoirs, the Company estimates that 80% MET relief is applicable for production from approximately 74% of the Company's Jurassic reserves. The 80% MET relief is estimated to be applicable to approximately 97% of the Company's current crude oil production.

The 80% reduction in the MET rate will increase well head revenue per barrel for Ruspetro's crude oil production from approximately US$22.40 to approximately US$39.10 at a gross price of US$100 per barrel. The increased well head revenue flows straight through to EBITDA and therefore has a much larger effect at this level.

To illustrate the benefit of this relief to the Company, if 80% MET relief had been available in 2012 our EBITDA would have been US$17.68 million and not negative US$6.22 million as announced with our full year 2012 results.

The relief becomes effective 1 September 2013. The law states that the relief will remain in place for 10 years.

BOARD AND EXECUTIVE MANAGEMENT CHANGES

We announced, in mid-July, Board and management changes that are part of a broader review process that aims to maximize production from our significant reserve base using fit for purpose technologies and world class partners whilst working within our financial constraints. These changes were made to the Board and executive management team to ensure that the Company has the required levels of oversight and management with the relevant oil industry and Russia related experience.

Alexander Chistyakov, formerly President and a Director of the Company, became the Executive Chairman at the beginning of August, replacing Chris Clark. On the 9 July 2013, Tom Reed, formerly the Chief Financial Officer and a Director of Ruspetro, was appointed acting Chief Executive Officer, replacing Don Wolcott. Dan Barcelo, formerly Strategic Planning and Development Manager for Ruspetro, has become the acting Chief Financial Officer in place of Tom Reed.

As announced previously, with effect from the 1 August 2013 Mr Frank Monstrey and Mr John Conlin have been appointed as Independent Non-Executive Directors of the Company. Mr Kirill Androsov has also replaced Mr James Gerson as the Non-Executive Director representing Limolines Transport Limited from 1 August 2013. The Board remains independent by a majority of five to three.

The Board and executive management team have a strong combination of oil industry expertise, geological knowledge and in-depth regional understanding.

STRATEGIC REVIEW UPDATE

On 10 July 2013, Perella Weinberg Partners and Bank of America Merrill Lynch were appointed to assist in the strategic review process of analysing and evaluating prospects and options for the Company. These may include a strategic investment, joint venture, farm-in, merger, sale or other capital raising alternatives. The Company does not intend to comment further regarding the review process unless a specific transaction is approved by the Board of Directors, the review process is concluded or it is otherwise determined that further disclosure is appropriate.

OPERATIONAL REVIEW

The subsurface department are using the recent well log data and the reprocessed 3D seismic to revise the field development plan, adding to the current inventory of bottom-hole locations, whilst continuing to look for and activate enhancement opportunities in the field.

Waterflood

The waterflood programme in the Pad 21 area is demonstrating good production response with approximately 280,000 incremental barrels of oil produced to date due to the program. In addition to the four wells converted in 2012 one well has been converted in February of this year. There are two further conversions envisaged for the second half of 2013. Twelve wells have demonstrated pressure response to waterflooding to date.

FINANCIAL REVIEW

Crude oil sales during the period were 796,377 barrels of which 73,953 barrels were exported. No export shipments have been made since March due to the strength of demand from domestic refineries leading to higher prices domestically than those achievable by exporting. Condensate sales of 185,559 barrels in the first half continued via truck and rail with all sales being made to domestic off-takers.

Total revenue for the period was US$42.52 million, compared to US$33.82 million for the equivalent period in 2012. The reported loss for the period was US$48.92 million, after a US$23.63 million net foreign exchange loss (compared with a loss of US$27.67 million in H1 2012).

Cash Flow

Demonstrating the improving cash flow position of the Company due to effective cost control and price optimization, the Company generated an EBITDA of US$3.5 million in the first half of 2013 and net cash flows from operating activities of US$4.17 million (this compares to negative US$6.18 million and negative US$15.77 million respectively in the first half of 2012).

With capital expenditure during the period of US$26.90 million, there has been a net decrease in cash of US$23.73 million from the cash position at the beginning of the period leaving cash at the end of the period of US$10.18 million.

Balance sheet

The restructuring of all outstanding loans to the Company were agreed or agreed in principle (subject to shareholder approval as required) during the first half of 2013. Sberbank has extended the maturity of its loan from May 2015 to May 2018 and has agreed on an interest payment deferral for the Company in 2013 and an interest payment deferral in 2014 subject to the Company meeting certain covenants.

Makayla Investments Limited has extended its loan from August 2013 to May 2015. Limolines Transport Limited, the Company's largest shareholder, has agreed in principle to extend the maturity of its loan of approximately US$65 million from May 2015 to May 2018 subject to the necessary shareholder approval. The terms of both these loans are otherwise unchanged.

Long-term borrowings	30 June 2013, US$m.	31 December 2012, US$m.
Sberbank	300.64	286.67
Shareholders	85.04	61.82
Total	**385.68**	**348.49**

The increase in borrowings over the period reflects accrued interest.

RESERVES

The D&M reserves audit of 30 June 2013 reports proved reserves of 192 million barrels of oil and condensate and total proved reserves (including gas) of 222 million boe. Proved and probable oil and condensate reserves have been reported at 1.66 billion barrels. Sales gas proved and probable reserves are reported at 162 million boe. Reported proved and probable oil, condensate and gas reserves are now 1.82 billion barrels.

Bazhenov Shale

The 300,000 acre Bazhenov shale formation is now reported as a contingent resource by DeGolyer and MacNaughton, with an estimated 3.53 billion barrels of oil in place.

In order to further build a technical development plan to produce from the Bazhenov the Company will collect the core and wireline log data necessary to develop a robust calibrated petrophysical model for the reservoir. The Company will test the producability of the oil and collect data on the reservoir properties.

The Bazhenov shale receives 100% MET relief under the new tight oil legislation that will come into effect on 1 September 2013.

OUTLOOK

The Company has no interest payments to make in 2013 to Sberbank and the maturities of both Sberbank's and our shareholders' loans to the Company have been extended (in the case of the loan from Limolines Transport Limited, the maturity extension has been agreed in principle subject to shareholder approval).

The MET relief for tight oil that has been passed into law in the Russian Federation and that will come into effect from 1 September 2013 will provide a significant boost to the Company's cash flows at current production levels, increasing well head revenue per barrel to US$39.10 from US$22.40 at a gross price of US$100 per barrel.

Whilst no development drilling is currently taking place, production from existing wells is expected to decline in the second half of the year from rates achieved in the first half.

With the prepayment facility of US$30 million arranged and in place with our export partner, Glencore Energy UK Ltd, the Company can continue with its field appraisal program and the revision of its field development plan which is aimed at maximizing initial rates and the ultimate recovery from wells drilled whilst minimizing the risk of drilling uneconomic wells.

GOING CONCERN

Management considers that the maturity extension of existing debt and additional funds from other sources will provide sufficient financial resources such that the Group can further invest in field development with the intention of raising production and that the cash flows generated from this increased production would allow the Group to service debt, further increase production and fund other Group activities.

On the basis of the assumptions and cash flow forecasts prepared, management have assessed that the Company will continue to operate within both available and prospective facilities. Accordingly, the Company financial statements are prepared on the going concern basis and do not include any adjustments that would be required in the event that the loan holders do request repayment and alternative finance is not available.

However the Directors believe that the need to secure the financing necessary to enable field development and the need to operate available facilities within tight financial constraints represent a material uncertainty that may cast significant doubt about the ability of the company to continue as a going concern.

BUSINESS RISKS

Ruspetro faces a variety of internal and external risks which have not changed significantly since the year end. A summary of these risks can be seen in the 2012 Annual Report and Accounts which is available on Ruspetro's website (www.ruspetro.com).

DIRECTORS RESPONSIBILITY STATEMENT

The Directors confirm that to the best of their knowledge:

(a) the condensed financial statements have been prepared in accordance with International Accounting Standards (IAS) 34 "Interim Financial Reporting"; and

(b) the Interim Management Report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principle risks and uncertainties for the remaining six months of the year); and

(c) the Interim Management Report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

A list of the current Directors is maintained on the Ruspetro plc website: www.ruspetro.com.

By order of the Board,

Tom Reed	Alexander Chistyakov
Acting Chief Executive Officer	Executive Chairman
29 August 2013	29 August 2013

Disclaimer

This statement contains certain forward-looking statements that are subject to the usual risk factors and uncertainties associated with the oil and gas exploration and production business. Whilst the Company believes the expectations reflected herein to be reasonable in light of the information available to them at this time, the actual outcome may be materially different owing to factors beyond the Company's control or otherwise within the Company's control where, for example, the Company decides on a change of plan or strategy. Accordingly no reliance may be placed on the figures contained in such forward-looking statements.

Independent review report to RusPetro plc
For the six month period 30 June 2013

Introduction

We have been engaged by the Company to review the Interim Consolidated Condensed Financial Statements in the Interim results for the six months ended 30 June 2013, which comprises the Interim Consolidated Condensed Statement of Comprehensive Income, the Interim Consolidated Condensed Statement of Financial Position, the Interim Consolidated Condensed Statement of Changes in Equity, the Interim Consolidated Condensed Statement of Cash Flow and related notes. We have read the other information contained in the Interim results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the Interim Consolidated Condensed Financial Statements.

Directors' responsibilities

The Interim result is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Interim results in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The Interim Consolidated Condensed Financial Statements included in this Interim results has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the Interim Consolidated Condensed Financial Statements in the Interim results based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, 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 (UK and Ireland) 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 Interim Consolidated Condensed Financial Statements in the half-yearly financial report for the six months ended 30 June 2013 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Emphasis of matter – Going concern

In forming our conclusion on the Interim Consolidated Condensed Financial Statements in the half-yearly financial report, which is not modified, we have considered the adequacy of the disclosures made in note 2 to the Interim Consolidated Condensed Financial Statements concerning the Group's ability to continue as a going concern. This ability is dependent primary on two factors. Firstly, the Group must continue to operate within its available banking facility, which is dependent on the Group achieving net cash flows substantially in line with, or favourable to, the currently approved projections. These cash flows are subject to a number of operational uncertainties and are also subject to variance as a result of changes in the market price for crude oil. Secondly, the Group will need to secure additional financing, as yet not agreed, since its continued operational existence depends upon its ability to make further investments in field development. These conditions, along with the other matters explained in note 2 to the Interim Consolidated Condensed Financial Statements, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. The Interim Consolidated Condensed Financial Statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

PricewaterhouseCoopers LLP
Chartered Accountants
30 August 2013
Aberdeen

Notes:

(a) The maintenance and integrity of the Ruspetro plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Ruspetro Plc
Interim Consolidated Condensed Statement of Comprehensive Income
for the six months ended 30 June 2013
(presented in US$ thousands, except otherwise stated)

Ruspetro Plc
Interim Consolidated Condensed Statement of Comprehensive Income
for the six months ended 30 June 2013
(presented in US$ thousands, except otherwise stated)

		Six months ended 30 June	
	Note	**2013 (Unaudited)**	**2012 (Unaudited)**
Revenue	5	42,524	33,820
Cost of sales	6	(38,410)	(32,105)
Gross profit		**4,114**	**1,715**
Selling and Administrative expenses	7	(12,796)	(25,524)
Other operating (expenses) / income, net	8	(645)	19,958
Operating loss		**(9,327)**	**(3,851)**
Finance costs	9	(14,953)	(14,523)
Foreign exchange loss, net		(23,626)	(8,039)
Other expenses	10	(2,217)	-
Loss before income tax		**(50,123)**	**(26,413)**
Income tax benefit / (expense)	11	1,208	(1,258)
Loss for the period		**(48,915)**	**(27,671)**
Other comprehensive income			
Exchange difference on translation to presentation currency		(14,788)	4,517
Total comprehensive loss for the period		**(63,703)**	**(23,154)**
Loss attributable to:			
Equity holders of the Company		(48,915)	(27,671)
Loss for the period		**(48,915)**	**(27,671)**
Total comprehensive loss attributable to:			
Equity holders of the Company		(63,703)	(23,154)
Total comprehensive loss for the period		**(63,703)**	**(23,154)**
Loss per share			
Basic and diluted loss per ordinary share (US$)	25	(0.15)	(0.09)

Thomas Reed
Acting Chief Executive Officer

Daniel Barcelo
Acting Chief Financial Officer

Ruspetro Plc
Interim Consolidated Condensed Statement of Financial Position as at 30 June 2013
(presented in US$ thousands, except otherwise stated)

	Notes	30 June2013 (Unaudited)	31 December 2012
Assets			
Non-current assets			
Property, plant and equipment	12	227,831	226,736
Mineral rights and other intangibles	13	395,831	425,551
		623,662	**652,287**
Current assets			
Inventories	14	2,528	2,567
Trade and other receivables	15	8,244	19,721
Income tax prepayment		35	37
Other current assets	16	-	24
Cash and cash equivalents	17	10,176	34,416
		20,983	**56,765**
Total assets		**644,645**	**709,052**
Shareholders' equity			
Share capital	18	51,226	51,226
Share premium		220,506	220,506
Retained loss		(132,597)	(87,741)
Exchange difference on translation to presentation currency		(38,849)	(24,061)
Other reserves		16,498	20,517
Total equity		**116,784**	**180,447**
Liabilities			
Non-current liabilities			
Borrowings	19	385,677	348,493
Provision for dismantlement	20	8,175	7,697
Deferred tax liabilities	11	82,464	89,900
Other non-current liabilities	16	15,005	15,365
		491,321	**461,455**
Current liabilities			
Borrowings	19	303	21,804
Trade and other payables	21	32,415	39,721
Taxes payable other than income tax		2,884	4,544
Other current liabilities		938	1,081
		36,540	**67,150**
Total liabilities		**527,861**	**528,605**
Total equity and liabilities		**644,645**	**709,052**

Thomas Reed	Daniel Barcelo
Acting Chief Executive Officer	Acting Chief Financial Officer

Ruspetro Plc
Interim Consolidated Condensed Statement of Changes in Equity for the six months ended 30 June 2013
(presented in US$ thousands, except otherwise noted)
Ruspetro Plc
Interim Consolidated Condensed Statement of Changes in Equity for the six months ended 30 June 2013
(presented in US$ thousands, except otherwise noted)

		Attributable to owners of the Company							
	Notes	Share capital	Share premium	Retained loss	Exchange difference on translation to presentation currency	Other reserves	**Total**	Non controlling interest	**Total equity**
Balance as at 1 January 2012		**7**	**49,994**	**(60,208)**	**(30,122)**	**-**	**(40,329)**	**(408)**	**(40,737)**
Loss for the period (Unaudited)		-	-	(27,671)	-	-	(27,671)	-	(27,671)
Other comprehensive income for the period (Unaudited)		-	-	-	4,517	-	4,517	-	4,517
Total comprehensive income for the period (Unaudited)		**-**	**-**	**(27,671)**	**4,517**	**-**	**(23,154)**	**-**	**(23,154)**
Reorganisation of the Group (Unaudited)		31,818	(49,994)	(249)	-	18,176	(249)	408	159
Issue of share capital (Unaudited)		19,401	220,506	-	-	-	239,907	-	239,907
Share options of shareholders (Unaudited)		-	-	-	-	(9,828)	(9,828)	-	(9,828)
Share-based payment compensation (Unaudited)		-	-	-	-	12,035	12,035	-	12,035
Balance as at 30 June 2012 (Unaudited)		**51,226**	**220,506**	**(88,128)**	**(25,605)**	**20,383**	**178,382**	**-**	**178,382**
Balance as at 1 January 2013		**51,226**	**220,506**	**(87,741)**	**(24,061)**	**20,517**	**180,447**	**-**	**180,447**
Loss for the period (Unaudited)		-	-	(48,915)	-	-	(48,915)	-	(48,915)
Other comprehensive loss for the period (Unaudited)		-	-	-	(14,788)	-	(14,788)	-	(14,788)
Total comprehensive loss for the period (Unaudited)		**-**	**-**	**(48,915)**	**(14,788)**	**-**	**(63,703)**	**-**	**(63,703)**
Share options of shareholders (Unaudited)	16	-	-	4,059	-	(4,059)	-	-	-
Share-based remuneration of Board of directors (Unaudited)	23	-	-	-	-	40	40	-	40
Balance as at 30 June 2013 (Unaudited)		**51,226**	**220,506**	**(132,597)**	**(38,849)**	**16,498**	**116,784**	**-**	**116,784**

Thomas Reed
Acting Chief Executive Officer

Daniel Barcelo
Acting Chief Financial Officer

Ruspetro Plc
Interim Consolidated Condensed Statement of Cash Flows for the six months ended 30 June 2013
(presented in US$ thousands, except otherwise stated)

	Note	Six months ended 30 June 2013 (Unaudited)	Six months ended 30 June 2012 (Unaudited)
Cash flows from operating activities			
Loss before income tax		(50,123)	(26,413)
Adjustments for:			
Depreciation, depletion and amortization	12, 13	12,496	6,203
Foreign exchange loss		23,626	8,039
Finance costs	10	14,953	14,523
Settlement of Makayla debt		-	(21,282)
Share-based compensation		40	12,500
Other operating expenses, net		645	-
Operating cash inflow/(outflows) before working capital adjustments		**1,637**	**(6,430)**
Working capital adjustments:			
Change in trade and other receivables		333	(5,087)
Change in inventories		39	(38)
Change in trade and other payables		(7,170)	3,060
Change in other taxes receivable/payable		9,329	(7,277)
Net cash flows generated by/(used in) operating activities		**4,168**	**(15,772)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(26,900)	(52,700)
Net cash used in investing activities		**(26,900)**	**(52,700)**
Cash flows from financing activities			
Proceeds from issue of share capital (net)		-	213,699
Repayments of loans and borrowings		-	(17,945)
Interest paid		-	(37,694)
Cash inflow on reorganisation		-	87
Other financing charges paid	19	(1,000)	-
Net cash (used in) / generated from financing activities		**(1,000)**	**158,147**
Net (decrease) / increase in cash and cash equivalents		**(23,732)**	**89,675**
Effect of exchange rate changes on cash and cash equivalents		(508)	(823)
Cash and cash equivalents at the beginning of the period		34,416	1,294
Cash and cash equivalents at the end of the period		**10,176**	**90,146**

Thomas Reed
Acting Chief Executive Officer

Daniel Barcelo
Acting Chief Financial Officer

Ruspetro Plc
Notes to the Interim Consolidated Condensed Financial Statements
for the six months ended 30 June 2013
(all tabular amounts are in US$ thousands unless otherwise noted)

1. Corporate information

The interim consolidated condensed financial statements of Ruspetro plc (the 'Company' or 'Ruspetro') and its subsidiaries, together referred to as 'the Group' for the six months ended 30 June 2013 were approved by its Board of Directors on 30 August 2013.

The Company was incorporated in the United Kingdom on 20 October 2011 as a public company under the provisions of the Companies Act 2006 of England and Wales. The Company's registered office is 57/59 St James's street, London, England.

The principal activities of the Group are exploration for and production of crude oil. The operating subsidiaries of the Group – OJSC INGA and OJSC Trans-oil (hereinafter referred to as INGA and Trans-oil respectively) hold three licenses for exploration for and extraction of crude oil and natural gas in the Khanty-Mansiysk region of the Russian Federation.

Details of subsidiaries consolidated within the Group are as follows:

				Effective ownership	
Company	**Business activity**	**Country of incorporation**	**Year of incorporation**	**30 June 2013**	**31 December 2012**
Ruspetro Holding Limited	Holding company	Republic of Cyprus	2007	100%	100%
Ruspetro LLC ('Ruspetro Russia')	Crude oil sale	Russian Federation	2005	100%	100%
INGA	Exploration and production of crude oil	Russian Federation	1998	100%	100%
Trans-oil	Exploration and production of crude oil	Russian Federation	2001	100%	100%

Despite the fact that over the last few years the economy of Cyprus has been adversely affected by the international credit crisis and instability in the financial markets, management do not expect it to have any adverse impact on the Group's operations, as the Group did not hold any material bank balances or transactions through Ruspetro Holding Limited.

2. Basis of preparation

The Group's interim consolidated condensed financial statements for the six months ended 30 June 2013 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34 'Interim financial reporting' as adopted by the European Union. The interim consolidated condensed financial statements are prepared under the historical cost convention.

The interim consolidated condensed financial statements are presented in US dollars (US$) and all values are rounded to the nearest thousand unless otherwise indicated.

The interim consolidated condensed financial statements should be read in conjunction with the annual consolidated financial statements of the Company for the year ended 31 December 2012, which have been prepared in accordance with IFRS.

The interim report and financial statements have been prepared on the basis of the accounting policies set out in the Group's 2012 Annual Report and Accounts and those new standards discussed below which are applicable from 1 January 2013. The interim report and financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The interim financial statements were approved by the Board of Directors on 30 August 2013. The results for the six months to 30 June 2013 and the comparative results for six months to 30 June 2012 are unaudited. The comparative figures for the year ended 31 December 2012 do not constitute the statutory financial statements for that year.

Those financial statements have been delivered to the Registrar of Companies and include the auditor's report which was unqualified and did not contain any statement under Section 498 of the Companies Act 2006.

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2012.

Going concern

These interim consolidated condensed financial statements are prepared on a going concern basis, which presumes that the Group will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future.

At 30 June 2013, the Group had net current liabilities of US$15,557 thousand, which included cash in hand of US$10,176 thousand. Furthermore, the Group has a long-term credit facility from Sberbank amounting to US$300,639 thousand, which is repayable in April 2018, together with long-term shareholder loans of US$85,038 thousand which are repayable in May 2015 and May 2018 (refer to Note 19).

Management consider that the continued operational existence of the Group is dependent upon the ability to make further investment in field development in order to increase hydrocarbon production and sales. In response to these circumstances, in May 2013 management renegotiated terms of loans with existing lenders with regard to the extension of the maturity of the existing long-term loans (refer to Note 19). Management are considering several possibilities of obtaining additional funds to finance field development. However there remain uncertainties related to obtaining additional financing and field development.

Management consider the maturity extension of existing debt and additional funds from other sources will provide sufficient financial resources such that the Group can further invest in field development with the intention of raising production and that the cash flows generated from this increased production would allow the Group to service debt, further increase production and fund other Group activities.

On the basis of the assumptions and cash flow forecasts prepared, management have assessed that the Group will continue to operate within both available and prospective facilities. Accordingly, the Group financial statements are prepared on the going concern basis and do not include any adjustments that would be required in the event that the loan holders do request repayment and alternative finance is not available.

However the Directors believe that the need to secure the financing necessary to enable field development and the need to operate available facilities within tight financial constraints represent a material uncertainty that may cast significant doubt about the ability of the company to continue as a going concern.

3. Summary of significant accounting policies and accounting estimates

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 of the Group for the year ended 31 December 2012. There were no revisions in the accounting policies and estimates in these interim consolidated condensed financial statements for the period of at least of twelve months of these interim consolidated condensed financial statements.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2012, with the exception of changes in estimates that are required in determining the provision for income taxes.

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

(all tabular amounts are in US$ thousands unless otherwise noted)

New accounting pronouncements

In the 6 months 2013 the Group has adopted all IFRS, amendments and interpretations which are effective 1 January 2013 and which are relevant to its operations:

- IFRS 10, Consolidated financial statements (issued in May 2011, effective for annual periods beginning on or after 1 January 2013, with earlier application permitted).

The application of this standard did not materially affect the Group's interim consolidated condensed financial statements.

- IFRS 11, Joint arrangements (issued in May 2011, effective for annual periods beginning on or after 1 January 2013, with earlier application permitted).

The application of this standard did not materially affect the Group's interim consolidated condensed financial statements.

- IFRS 12, Disclosure of interests in other entities (issued in May 2011, effective for annual periods beginning on or after 1 January 2013, with earlier application permitted).

The application of this standard did not materially affect the Group's interim consolidated condensed financial statements.

- IFRS 13, Fair Value Measurement (issued in May 2011, effective for annual periods beginning on or after 1 January 2013, with earlier application permitted).

The application of this standard did not materially affect the Group's interim consolidated condensed financial statements.

- Amended IAS 19, Employee benefits (issued June 2011, effective for periods beginning on or after 1 January 2013).

The application of this amendment did not materially affect the Group's interim consolidated condensed financial statements.

Foreign currency translation

The US$ to RUR exchange rates were 32.71 and 30.37 as at 30 June 2013 and 31 December 2012, respectively and the average rates for the six months ended 30 June 2013 and 2012 were 31.02 and 30.60, respectively. The US$ to GBP exchange rates were 0.66 and 0.62 as at 30 June 2013 and 31 December 2012, respectively and the average rates for the six months ended 30 June 2013 and 2012 were 0.65 and 0.64, respectively. The increase in the US$ to RUR exchange rate for the six months ended 30 June 2013 and 30 June 2012 has resulted in a loss of US$23,626 thousand and US$8,039 thousand respectively in the consolidated statement of comprehensive loss and an adjustment of US$14,788 thousand and US$4,517 thousand respectively in Other comprehensive income (refer to Notes 12, 13 and 19).

4. Segment reporting

The management views the operations of the Group as one operating segment. Should the Group diversify its operations the financial reporting will be adjusted to reflect the change.

The Company's Board of directors evaluates performance of the Group on the basis of different measures, including production volumes, related revenues, capital expenditures, operating expenses per barrel and others.

5. Revenue

	Six months ended 30 June	
	2013 (Unaudited)	**2012 (Unaudited)**
Revenue from crude oil sales	33,807	30,880
Revenue from gas condensate sales	8,057	2,179
Other revenue	660	761
Total Revenue	**42,524**	**33,820**

Other revenue includes proceeds from third parties for crude oil transportation.

For the 6 months ended 30 June 2013 and 2012, revenue from export sales of crude oil amounted to US$3,427 thousand and US$12,585 thousand, respectively.

(all tabular amounts are in US$ thousands unless otherwise noted)

6. Cost of sales

	Six months ended 30 June	
	2013 (Unaudited)	**2012 (Unaudited)**
Mineral extraction tax	18,002	15,080
Depletion, depreciation and amortization	10,787	5,838
Employee benefit expense	4,312	2,430
Production services	3,445	2,933
Repairs and maintenance	955	1,717
Transportation services	769	2,790
Change of raw materials and finished goods	(475)	388
Other	615	929
Total Cost of sales	**38,410**	**32,105**

Production services include mainly pump rent, electricity, other utilities and geophysics.

7. Selling and Administrative expenses

	Six months ended 30 June	
	2013 (Unaudited)	**2012 (Unaudited)**
Selling expenses		
Oil transportation costs	539	1,901
Administrative expenses		
Employee benefit expense	5,350	4,537
Share-based payment compensation	-	12,035
Depreciation and amortization	1,709	365
Professional services	1,431	2,738
Rent expenses	1,034	502
Taxes, other than income tax	1,040	1,751
IT, telecom and other information services	588	263
Travel expenses	549	426
Bank charges	37	283
Other	519	723
Total Selling and Administrative expenses	**12,796**	**25,524**

Oil transportation costs represent the cost of transferring oil to export customers through the ‘Transneft’ pipeline system.

Professional services include insurance, recruiting expenses and public relations expenses.

Other selling and administrative expenses include primarily inventories and security services.

8. Other operating expenses

Other operating expenses mainly include penalties accrued on suppliers’ contracts.

Other income earned during the six months 2012 represents the result of settlement of debt to Makayla Investments Limited.

9. Finance costs

	Six months ended 30 June	
	2013 (Unaudited)	**2012 (Unaudited)**
Interest expense on borrowings	13,892	13,692
Unwinding discount of put option liabilities (Note 16)	546	485
Unwinding discount of provision for dismantlement (Note 20)	407	346
Other financial expenses	108	-
Total Finance costs	**14,953**	**14,523**

(all tabular amounts are in US$ thousands unless otherwise noted)

For the six months ended 30 June 2013 and 2012, borrowing costs amounting to US$2,814 thousand and US$2,794 thousand, respectively, were capitalised in Property, plant and equipment and are not included above. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation for both of the six months ended 30 June 2013 and 2012 was 10% per annum.

10. Other expenses

Other expenses include professional fees, incurred in connection with the Company's cancelled proposed bond issue.

11. Income tax

The major components of income tax expense for the periods ended 30 June 2013 and 2012 are:

	Six months ended 30 June	
	2013	**2012**
Current Income tax expense	-	-
Deferred tax benefit/(expense)	1,208	(1,258)
Total Income tax benefit/(expense)	**1,208**	**(1,258)**

Income tax for the reporting period is calculated in accordance with the policy disclosed in Note 3.

Loss before taxation for financial reporting purposes is reconciled to the tax calculation for the period as follows:

	Six months ended 30 June	
	2013 (Unaudited)	**2012 (Unaudited)**
Loss before income tax	**(50,123)**	**(26,413)**
Income tax benefit at applicable tax rate	10,025	5,283
Tax effect of losses for which no deferred income tax asset was recognized	(12,238)	(7,288)
Tax effect for losses utilised	5,049	1,181
Tax effect interest on shareholders' loans	(837)	(763)
Tax effect of (non-deductible expenses) / non-taxable income	(791)	329
Income tax benefit/(expense)	**1,208**	**(1,258)**

Differences between IFRS and statutory taxation regulations in Russia give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below and is recorded at the rate of 20% for Group companies incorporated in the Russian Federation.

The movements in deferred tax assets and liabilities relates to the following:

	1 January 2013	Recognised in the Income statement	Exchange differences	**30 June 2013 (Unaudited)**
Liabilities				
Property, plant and equipment	(6,403)	1,466	252	(4,685)
Mineral rights and intangible assets	(85,059)	(112)	6,081	(79,090)
Inventories	-	(81)	4	(77)
Accounts payable	1,016	78	(77)	1,017
Accounts receivable	546	(143)	(32)	371
Deferred income tax liabilities	**(89,900)**	**1,208**	**6,228**	**(82,464)**

	1 January 2012	Recognised in the Income statement	Exchange differences	**30 June 2012 (Unaudited)**
Liabilities				
Property, plant and equipment	(6,427)	(4,173)	2,729	(7,871)
Mineral rights and intangible assets	(80,300)	(2)	1,529	(78,773)
Accounts payable	682	96	(11)	767
Accounts receivable	319	2,821	(196)	2,944
Deferred income tax liabilities	**(85,726)**	**(1,258)**	**4,051**	**(82,933)**

(all tabular amounts are in US$ thousands unless otherwise noted)

The Group did not recognise deferred income tax assets of US$42,892 thousand and US$37,180 thousand, in respect of losses that can be carried forward against future taxable income amounting to US$214,462 thousand and US$185,899 thousand as at 30 June 2013 and 31 December 2012, respectively. As at 30 June 2013 losses amounting to US$70,031 thousand, US$43,020 thousand, US$28,990 thousand, US$43,858 thousand and US$28,562 thousand expire in 2018, 2019, 2020, 2021, 2023 respectively. As at 31 December 2012 losses amounting to US$70,031 thousand, US$43,020 thousand, US$28,990 thousand and US$43,858 thousand expire in 2018, 2019, 2020, 2021 respectively.

12. Property, plant and equipment

	Oil & gas properties	Other property, plant and equipment	Construction in progress	**Total**
Cost as at 1 January 2013	**212,417**	**11,339**	**61,203**	**284,959**
Additions	-	-	28,968	28,968
Transfers to fixed assets	16,604	804	(17,408)	-
Change in provision for dismantlement (Note 20)	676	-	-	676
Disposals	(149)	(138)	-	(287)
Effect of translation to presentation currency	(15,498)	(767)	(4,616)	(20,881)
Cost as at 30 June 2013 (Unaudited)	**214,050**	**11,238**	**68,147**	**293,435**
Accumulated depletion and impairment as at 1 January 2013	**(55,177)**	**(3,046)**	-	**(58,223)**
Charge for the period	(10,537)	(1,652)	-	(12,189)
Disposals	96	69	-	165
Effect of translation to presentation currency	4,352	291	-	4,643
Accumulated depletion and impairment as at 30 June 2013 (Unaudited)	**(61,266)**	**(4,338)**	**-**	**(65,604)**
Net book value as at 1 January 2013	157,240	8,293	61,203	226,736
Net book value as at 30 June 2013 (Unaudited)	**152,784**	**6,900**	**68,147**	**227,831**

	Oil & gas properties	Other property, plant and equipment	Construction in progress	**Total**
Cost as at 1 January 2012	**106,324**	**2,632**	**38,432**	**147,388**
Additions	-	-	58,067	58,067
Transfers to fixed assets	24,093	1,860	(25,953)	-
Change in provision for dismantlement (Note 20)	138	-	-	138
Disposals	(9)	(4)	-	(13)
Effect of translation to presentation currency	(3,758)	(30)	(2,910)	(6,698)
Cost as at 30 June 2012 (Unaudited)	**126,788**	**4,458**	**67,636**	**198,882**
Accumulated depletion and impairment as at 1 January 2012	**(34,957)**	**(1,118)**	**-**	**(36,075)**
Charge for the period	(5,653)	(347)	-	(6,000)
Disposals	3	2	-	5
Effect of translation to presentation currency	1,014	-	-	1,014
Accumulated depletion and impairment as at 30 June 2012 (Unaudited)	**(39,593)**	**(1,463)**	-	**(41,056)**
Net book value as at 1 January 2012	71,367	1,514	38,432	111,313
Net book value as at 30 June 2012 (Unaudited)	**87,195**	**2,995**	**67,636**	**157,826**

For the six months ended 30 June 2013, additions to Construction in progress are primarily made up of additions to production facilities, including wells as well as additions to infrastructure. As at 30 June 2013, the construction in progress balance mainly represents production wells and oil production infrastructure not finalized (e.g. pads, electricity grids, etc.).

None of the Group's property, plant and equipment was pledged as at the reporting dates.

(all tabular amounts are in US$ thousands unless otherwise noted)

13. Mineral rights and other intangibles

	Mineral rights	Other intangible assets	**Total**
Cost as at 1 January 2013	**426,490**	**320**	**426,810**
Additions	-	1,020	1,020
Effect of translation to presentation currency	(30,463)	(75)	(30,538)
Cost as at 30 June 2013 (Unaudited)	**396,027**	**1,265**	**397,292**
Accumulated depletion and impairment as at 1 January 2013	**(1,205)**	**(54)**	**(1,259)**
Charge for the period	(241)	(66)	(307)
Effect of translation to presentation currency	100	5	105
Accumulated depletion and impairment as at 30 June 2013 (Unaudited)	**(1,346)**	**(115)**	**(1,461)**
Net book value as at 1 January 2013	425,285	266	425,551
Net book value as at 30 June 2013 (Unaudited)	**394,681**	**1,150**	**395,831**

	Mineral rights	Other intangible assets	**Total**
Cost as at 1 January 2012	**402,351**	**53**	**402,404**
Additions	-	9	9
Effect of translation to presentation currency	(7,626)	(10)	(7,636)
Cost as at 30 June 2012 (Unaudited)	**394,725**	**52**	**394,777**
Accumulated depletion and impairment as at 1 January 2012	**(855)**	**(36)**	**(891)**
Charge for the period	(201)	(2)	(203)
Effect of translation to presentation currency	192	1	193
Accumulated depletion and impairment as at 30 June 2012 (Unaudited)	**(864)**	**(37)**	**(901)**
Net book value as at 1 January 2012	401,496	17	401,513
Net book value as at 30 June 2012 (Unaudited)	**393,861**	**15**	**393,876**

Intangible assets of the Group are not pledged as security for liabilities and their titles are not restricted.

14. Inventories

	30 June 2013 (Unaudited)	**31 December 2012**
Spare parts, consumables and other inventories	1,315	1,990
Crude oil	1,213	577
Total Inventories	**2,528**	**2,567**

The Group did not have any obsolete or slow-moving inventory at either of the reporting dates.

15. Trade and other receivables

	30 June 2013 (Unaudited)	**31 December 2012**
Trade receivables	1,031	1,998
Other receivables and prepayments	2,328	1,849
VAT recoverable	4,885	15,874
Total trade and other receivables	**8,244**	**19,721**

Trade receivables are mainly denominated in RUR and are not past-due or impaired. Other receivables and prepayments are mostly RUR denominated and relate to counterparties with no history of delays in settlements. VAT recoverable is used to offset against amounts due for mineral extraction tax or recovered in cash. The VAT is recovered within 3 to 6 months from its initiation, following a review by the tax authorities.

As at 30 June 2013 and 31 December 2012, the Group have impaired prepayments amounting to US$467 thousand and US$531 thousand, respectively. In determining the recoverability of trade and other receivables, the Group considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date.

(all tabular amounts are in US$ thousands unless otherwise noted)

16. Options on shares of the Company

A call option to purchase the Company's own shares granted by Sberbank Capital to the Company expired on 19 April 2013. Reserves, amounting to US$4,059 thousand, initially recognized in equity, was transferred to retained earnings.

The following table presents the changes in value for the six months ended 30 June 2013 the put option to sell the Company's own shares granted by the Company to Sberbank Capital:

	2013
As at 1 January	**15,365**
Unwinding of discount	546
Foreign exchange loss related to put option	(906)
As at 30 June (Unaudited)	**15,005**

17. Cash and cash equivalents

	30 June 2013 (Unaudited)	**31 December 2012**
Cash in bank denominated in US$	1,577	13,402
Cash in bank denominated in GBP	8,020	10,796
Cash in bank denominated in RUR	579	10,218
Total Cash and cash equivalents	**10,176**	**34,416**

Cash balances generally carry no interest. The Group holds its cash with Sberbank (Moody's rating Baa1/ D+/P2 (Stable) at 30 June 2013), Bank of America (Moody's rating Baa2/P2 (Negative) at 30 June 2013), Citibank (Moody's rating A3/D+/P2 (Stable) at 30 June 2013) and Bank of Cyprus (Moody's rating Ca/E/NP (Negative) at 30 June 2013).

18. Shareholders' equity

Share capital

	30 June 2013 (Unaudited)	**31 December 2012**
Ordinary share capital	51,226	51,226

19. Borrowings

	30 June 2013 (Unaudited)	**31 December 2012**
Current		
Sberbank	-	2,469
Short-term loans from shareholders of the Company	303	19,335
Total current borrowings	**303**	**21,804**

	30 June 2013 (Unaudited)	**31 December 2012**
Non-current		
Sberbank	300,639	286,671
Long-term loans from shareholders of the Company	85,038	61,822
Total long-term borrowings	**385,677**	**348,493**

Sberbank credit facility On 24 May 2013, the terms of Sberbank's credit facility were amended whereby, inter alia, repayment of a portion of accrued interest and its principal were deferred until April 2018. Payment of part of accrued interest will be deferred until 25 May 2015 if the Group complies with certain covenants. Ruspetro Russia paid an agreement amendment fee of US$1,000 thousand for the amendments of agreement, which is amortized over the remaining term of the facility, with unamortized part of the fee netted with the credit facility. These amendments did not substantially alter the terms of the original credit facility, and were therefore were not treated as extinguishment of an existing liability and recognition of a new liability. The present value difference arising from the renegotiation was recognised over the remaining life of the instrument by adjusting the effective interest rate.

(all tabular amounts are in US$ thousands unless otherwise noted)

The Group recognised a net foreign exchange loss amounting to US$22,374 thousand and US$3,343 thousand during the six months ended 30 June 2013 and 2012 respectively on the Sberbank credit facility and outstanding accrued interest which is denominated in US$. Foreign exchange differences arise as the credit facility is denominated in US$, and the functional currency of Ruspetro Russia that obtained this credit facility is RUR.

Loans from shareholders of the Company The Group has a number of US$ denominated loans obtained from the Shareholders of the Company. All of these loans are unsecured and the interest rate on most of these loans is Libor +10% per annum.

On 24 May 2013, the Group rescheduled the maturity of the main Shareholders loans until May 2015 and May 2018. These amendments did not substantially alter the terms of the original credit facility, and were therefore were not treated as extinguishment of an existing liability and recognition of a new liability. The present value difference arising from the renegotiation was recognised over the remaining life of the instrument by adjusting the effective interest rate.

20. Provision for dismantlement

The provision for dismantlement represents the net present value of the estimated future obligations for abandonment and site restoration costs which are expected to be incurred at the end of the production lives of the oil and gas fields which is estimated to be in 20 years from 30 June 2013.

	2013	**2012**
As at 1 January	**7,697**	**5,961**
Additions for new obligations and changes in estimates (Note 12)	676	138
Unwinding of discount (Note 9)	407	346
Effect of translation to presentation currency	(605)	(145)
As at 30 June (Unaudited)	**8,175**	**6,300**

This provision has been created based on the Group's internal estimates. Assumptions, based on the current economic environment, have been made which management believe are a reasonable basis upon which to estimate future dismantlement liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual dismantlement costs will ultimately depend upon future market prices for the necessary dismantlement works required which will reflect market conditions at the relevant time. Furthermore, the timing is likely to depend on when the fields cease to produce at economically viable levels. This in turn will depend upon future oil and gas prices and future operating costs which are inherently uncertain.

21. Trade and other payables

	30 June 2013 (Unaudited)	**31 December 2012**
Trade payables	30,661	34,242
Other non-financial liabilities	1,754	5,479
Total Trade and other payables	**32,415**	**39,721**

Trade and other payables are denominated primarily in Russian Roubles.

22. Capital commitments and other contingencies

Capital commitments

The Group did not have any non-cancellable capital commitments at 30 June 2013 or 31 December 2012.

(all tabular amounts are in US$ thousands unless otherwise noted)

License commitments

The Group's exploration and production licenses require certain operational commitments. These include performance criteria certain of which have not been fully met during 2012. The Directors note that breach of license performance conditions has not given rise to any material fines or penalties. Furthermore, management has been undertaking particular actions to meet required license performance criteria. The Directors also note that the Group's production programme has been inspected by the Russian licensing authorities subsequent in 2013 and that no material fines or penalties have resulted.

Liquidity of subsidiary undertakings

In accordance with the legal framework in the Russian Federation, creditors and tax authorities may initiate bankruptcy procedures against an entity with negative net assets. Ruspetro Russia as at 30 June 2013 reported net liabilities under Russian GAAP. However, no such bankruptcy procedures have been initiated either by the creditors or the tax authorities against them. The Directors consider their net liability position to be normal given that the company is still at a development stage.

Operating lease commitments – Group as Lessee

The Group has entered into leases for land plots, woodlots and motor vehicles. The land in the Russian Federation on which the Group's production facilities are located is owned by the State. The Group leases land through operating lease agreements, which expire in various years through 2021. These leases have renewal terms at the option of the lessee at lease payments based on market prices at the time of renewal. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum lease payments under non-cancellable operating leases as at 30 June 2013 and 31 December 2012 were as follows:

	30 June 2013 (Unaudited)	**31 December 2012**
Within one year	405	774
After one year but not more than five years	840	907
More than five years	17	22
Total capital commitments and other contingencies	**1,262**	**1,703**

Operating risks and contingencies

Pledge of shares

On the opening of its credit facility with Sberbank, the Group provided to Sberbank as collateral its shares in INGA and Trans-oil.

Taxation contingencies

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

Recent events within the Russian Federation indicate that the Russian tax authorities may be taking a more assertive position in their interpretation of the prevailing legislation and assessments, and it is possible that transactions and activities which have not been challenged in the past may be challenged in the future. The Supreme Arbitration Court of the Russian Federation has issued guidance to lower courts on reviewing tax cases providing a systemic roadmap for anti-avoidance claims, and it is possible that this will significantly increase the level and frequency of 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 three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

Amended Russian transfer pricing legislation took effect from 1 January 2012. The transfer pricing rules are considered to be more technical and, to a certain extent, more aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD). The legislation provides the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controlled transactions (transactions with related parties and some types of transactions with unrelated parties), provided that the transaction price is not arm's length. Management has implemented internal controls to be in compliance with the transfer pricing legislation.

(all tabular amounts are in US$ thousands unless otherwise noted)

Management believes the transfer pricing documentation that the Group has prepared, as required by the new Russian tax legislation, provides sufficient evidence to support the Group's tax positions and related tax returns, therefore the impact of any challenge of the Group's transfer prices unlikely to be significant to the financial condition and/or the overall operations of the Group.

The Group includes companies incorporated outside of Russia. Tax liabilities of the Group are determined on the assumptions that these companies are not subject to Russian profits tax because they do not have a permanent establishment in Russia. Russian tax laws do not provide detailed rules on taxation of foreign companies. It is possible that with the evolution of the interpretation of these rules and the changes in the approach of the Russian tax authorities, the non-taxable status of some or all of the foreign companies of the Group in Russia may be challenged. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial condition and/or the overall operations of the entity.

Management believes that its interpretation of the relevant legislation is appropriate and the Group's tax, currency and customs positions will be sustained. Where management believes it is probable that a position cannot be sustained, an appropriate amount is accrued for in these consolidated financial statements.

23. Related party disclosures

Compensation of key management personnel of the Group

Key management includes executive and non-executive directors of the Group. The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 June	
	2013 (Unaudited)	**2012 (Unaudited)**
Share-based payment compensation	-	12,035
Employee remuneration paid in cash	1,217	1,312
Employee remuneration paid in shares	60	-
Benefits in kind	-	-
Non-executive directors fees	736	927

Effective from April 2013 certain directors' remuneration paid in cash has been reduced and will be payable in shares in March 2014.

Ruspetro leased a car from a company, in which one of its directors has an interest, for an annual rent and service charge of RUR2,576 thousand / US$83 thousand (excluding VAT). The lease will terminate on 31 December 2015.

All related party transactions are on an arms length basis and no financial period end balances have arisen as result of these transactions.

Loans from related parties

The Group has a number of loans from shareholders of the Company with the following balances:

	2013	**2012**
As at 1 January	**81,157**	**74,331**
Interest accrued	4,184	3,696
As at 30 June (Unaudited)	**85,341**	**78,027**

The effective interest rates of loans received are disclosed in Note 19.

(all tabular amounts are in US$ thousands unless otherwise noted)

24. Financial risk management objectives and policies

The Group's principal financial liabilities comprise accounts payable, bank borrowings and other loans, and obligations under the put option. The main purpose of these financial instruments and liabilities is to manage short term cash flow and raise finance for the Group's capital expenditure program. The Group has various financial assets such as accounts receivable and cash, which arise directly from its operations.

It is, and has been throughout the six months ended 30 June 2013 and 2012, the Group's policy that no speculative trading in derivatives shall be undertaken.

The main risks that could adversely affect the Group's financial assets, liabilities or future cash flows are commodity price risk, interest rate risk, foreign currency risk, liquidity risk and credit risk. Management reviews and agrees policies for managing each of these risks which are summarised below.

The interim consolidated condensed financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 December 2012.

Capital risk management

The Group considers capital to comprise both debt and equity. Total debt comprises long-term and short-term loans and borrowings, as shown in the consolidated statement of financial position. Equity of the Group comprises share capital, share premium, exchange differences on translation to presentation currency, other reserves and retained earnings. Equity of the Group was equal to US$116,784 thousand and US$180,447 thousand as at 30 June 2013 and 31 December 2012 respectively.

Total debt of the Group was equal to US$386,927 thousand and US$370,297 thousand as at 30 June 2013 and 31 December 2012 respectively.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide adequate levels of financing for its current development and production activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, attract new or repay existing loans and borrowings.

There were no changes in the Group's approach to capital management during the period. As at 30 June 2013 and 31 December 2012, the Group was not subject to any externally imposed capital requirements (except for described in Note 22). As at 30 June 2013 the Group was subject to certain covenants (refer to Note 19).

Interest rate risk

The Group is exposed to interest rate risk, however the possible impact of changes in interest rates are not significant since the Group's major borrowings are at fixed interest rates. There is no specific policy in place to hedge against possible adverse changes in interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's loss before tax through the impact on floating rate borrowings.

	Effect on loss before tax Six months ended 30 June	
Increase/decrease in interest rate	**2013 (Unaudited)**	**2012 (Unaudited)**
+1.0%	850	777
-1.0%	(850)	(777)

(all tabular amounts are in US$ thousands unless otherwise noted)

Foreign currency risk

The Group has transactional currency exposures. Such exposure arises from borrowing in currencies other than the functional currency. The Group limits foreign currency risk by monitoring changes in exchange rates in the currencies in which its cash and borrowings are denominated.

The following table demonstrates the sensitivity to a reasonably possible change in the RUR:US$ exchange rate, with all other variables held constant, of the Group's loss before tax due to changes in the carrying value of monetary assets and liabilities.

Increase/decrease in RUR:US$ exchange rate	Effect on loss before tax Six months ended 30 June	
	2013 (Unaudited)	**2012 (Unaudited)**
+ 15%	(39,214)	(37,715)
- 15%	53,054	51,026

Liquidity risk

The Group monitors liquidity risk by monitoring its debt rating and the maturity dates of existing debt.

The table below summarises the maturity profile of the Group's financial liabilities at 30 June 2013 and 31 December 2012 based on contractual undiscounted payments.

	30 June 2013 (Unaudited)					
	On demand	**Less than 1 year**	**1 to 2 years**	**2 to 5 years**	**> 5 years**	**Total**
Borrowings (including interest)	303	-	34,654	517,176	-	552,133
Trade payables	-	30,661	-	-	-	30,661
Other non-current liabilities	-	-	-	17,952	-	17,952
Other current liabilities	-	938	-	-	-	938
	303	**31,599**	**34,654**	**535,128**	**-**	**601,684**
	31 December 2012					
	On demand	**Less than 1 year**	**1 to 2 years**	**2 to 5 years**	**> 5 years**	**Total**
Borrowings (including interest)	303	45,171	24,962	376,126	-	446,562
Trade payables	-	34,242	-	-	-	34,242
Other non-current liabilities	-	-	-	17,952	-	17,952
Other current liabilities	-	1,081	-	-	-	1,081
	303	**80,494**	**24,962**	**394,078**	**-**	**499,837**

Credit risk

The Group manages own exposure to credit risk. The Group trades only with recognised, creditworthy third parties. All external customers undergo a creditworthiness check. The Group performs an ongoing assessment and monitoring of financial position and the risk of default. In addition, receivable balances are monitored on an ongoing basis thus the Group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The credit risk on cash is limited because the counterparties are either highly rated banks or banks approved by the management of the Group. Approval is made after certain procedures to assess reliability and creditability of banks are performed.

Fair values

The Group has financial instruments carried at fair value only in the 'Level 3' category.

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

(all tabular amounts are in US$ thousands unless otherwise noted)

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's assets and liabilities that are carried at fair value at 30 June 2013.

	30 June 2013 (Unaudited)	31 December 2012
Financial assets		
Other current assets (Note 16)	-	24

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments that are carried at amortized cost in the financial statements:

	Carrying amount		Fair value	
	30 June 2013 (Unaudited)	31 December 2012	30 June 2013 (Unaudited)	31 December 2012
Financial assets				
Cash and cash equivalents	10,176	34,416	10,176	34,416
Trade receivables	1,031	1,998	1,031	1,998
Financial liabilities				
Trade payables	30,378	34,242	30,378	34,242
Borrowings	386,927	370,297	386,927	370,297
Other non-current liabilities	15,005	15,365	17,952	17,952

25. Loss per share

Basic

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)
(Loss)/Profit attributable to equity holders of the Company	(48,915)	(27,671)
Weighted average number of ordinary shares in issue	333,381,480	297,400,896
Basic (Loss)/Profit per share (US$)	(0.15)	(0.09)

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares to assume conversion of all dilutive potential ordinary shares.

The Company has incurred a loss from continuing operations for the six months ended 30 June 2013 and the effect of considering the exercise of the options on the Company's shares would be anti-dilutive, that is, it would reduce the loss per share.

26. Events after the statement of financial position date

Changes in Management

During July and August 2013 a number of changes in the management of the Company took place: Thomas Reed, who was previously chief financial officer, appointed acting chief executive officer in place of Donald Wolcott who left the Company; in place of Thomas Reed in the capacity of chief financial officer appointed Daniel Barcelo; chairman of the Board of directors Chris Clark stepped down, replaced by Alexander Chistyakov as Executive Chairman; Joe Mach, a non-executive director, stepped down; Frank

Monstrey and John Conlin appointed as independent non-executive directors; Kirill Androsov replaced James Gerson as the non-executive director.

Mineral Extraction Tax applicable to tight oil

On 23 July 2013 an amendment to Russian Tax code was adopted. Under this amendment, effective from September 2013 a reduced mineral extraction tax (MET) rate will be applicable to tight oil extracted. Due to the characteristics of the Company's reservoirs, management assess that 80% MET relief is estimated to be applicable to approximately 97% of the Company's current crude oil production. The law states that the relief will remain in place for 15 years.

There have been no other material events after the end of reporting period which require disclosure in these interim consolidated condensed financial statements.

27. Supplementary information (Unaudited)

Reserve quantity information

For the purposes of evaluation of reserves as of 30 June 2013, 31 December 2012 and 30 June 2012 the Company used the oil and gas reserve information prepared by DeGolyer and MacNaughton, independent reservoir engineers, prepared in accordance with Petroleum Resources Management System (PRMS) definition and classification system.

The oil and gas reserve information as of 30 June 2013 does not reflect the amendments to Russian Tax code adopted on 23 July 2013, which provides tax relief for the Russian Mineral Extraction Tax applicable to tight oil fields, that meet the law's defined criteria.

Developed reserves are expected quantities to be recovered from existing wells and facilities.

Proved reserves are those quantities of petroleum, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.

Probable reserves are those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than proved reserves but more certain to be recovered than possible reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated proved plus probable reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.

Due to the inherent uncertainties and the necessarily limited nature of reservoir data, estimates of reserves are inherently imprecise, require the application of judgment and are subject to change as additional information becomes available.

Management has included within proved reserves significant quantities which the Group expects to produce after the expiry dates of certain of its current production licenses. The Subsoil Law of the Russian Federation states that, upon expiration, a license is subject to renewal at the initiative of the license holder provided that further exploration, appraisal, production or remediation activities are necessary and provided that the license holder has not violated the terms of the license. Since the law applies both to newly issued and old licenses, management believes that licenses will be renewed upon their expiration for the remainder of the economic life of each respective field.

Estimated net proved crude oil reserves for the six months ended 30 June 2013 and 2012 respectively, are shown in '000 barrels in the table set out below .

	2013	2012
As at 1 January	**204,588**	**172,624**
Revisions of previous estimates	(11,283)	10,941
Production	(960)	(720)
As at 30 June	**192,345**	**182,845**

Estimated net proved developed crude oil reserves as at 30 June 2012, 31 December 2012 and 30 June 2013 are shown in the table set out below.

	'000 barrels
30 June 2012	**11,080**
31 December 2012	**16,126**
30 June 2013	**19,498**

Estimated net probable crude oil reserves as at 30 June 2012, 31 December 2012 and 30 June 2013 are shown in the table set out below.

	’000 barrels
30 June 2012	**1,361,313**
31 December 2012	**1,479,619**
30 June 2013	**1,463,732**

Estimated net proved gas reserves as at 30 June 2012, 31 December 2012 and 30 June 2013 are shown in the table set out below.

	Millions of cubic feet
30 June 2012	**-**
31 December 2012	**174,166**
30 June 2013	**179,621**

Estimated net probable gas reserves as at 30 June 2012, 31 December 2012 and 30 June 2013 are shown in the table set out below.

	Millions of cubic feet
30 June 2012	**-**
31 December 2012	**746,071**
30 June 2013	**790,536**