

**ОАО ГАЗПРОМ**

**IFRS CONSOLIDATED  
INTERIM CONDENSED  
FINANCIAL INFORMATION  
(UNAUDITED)**

**31 MARCH 2009**

**Report on Review of Consolidated Interim Condensed  
Financial Information**

To the Shareholders and Board of Directors of OAO Gazprom

***Introduction***

We have reviewed the accompanying consolidated interim condensed balance sheet of OAO Gazprom and its subsidiaries (the "Group") as of 31 March 2009, and the related consolidated interim condensed statements of comprehensive income, of cash flows and of changes in equity for the three months then ended. Management is responsible for the preparation and presentation of this consolidated interim condensed financial information as set out on pages 3 to 32 in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

***Scope of Review***

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

***Conclusion***

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

Without qualifying our conclusion, we draw attention to Note 24 to the consolidated interim condensed financial information. The Government of the Russian Federation has a controlling interest in OAO Gazprom and governmental economic and social policies affect the Group's financial position, results of operations and cash flows.

*ZAO PricewaterhouseCoopers Audit*  
Moscow, Russian Federation

19 August 2009

**OA0 GAZPROM**  
**IFRS CONSOLIDATED INTERIM CONDENSED BALANCE SHEET (UNAUDITED)**  
**AS OF 31 MARCH 2009**  
(In millions of Russian Roubles)

Notes		31 March 2009	31 December 2008
	<b>Assets</b>		
	<b>Current assets</b>		
6	Cash and cash equivalents	338,417	343,833
6	Restricted cash	4,280	3,747
7	Short-term financial assets	22,460	23,448
8	Accounts receivable and prepayments	772,458	675,934
9	Inventories	277,028	276,954
	VAT recoverable	105,329	115,878
	Other current assets	<u>196,569</u>	<u>132,281</u>
		1,716,541	1,572,075
	<b>Non-current assets</b>		
10	Property, plant and equipment	4,148,963	4,020,522
11	Investments in associated undertakings and jointly controlled entities	803,482	772,143
12	Long-term accounts receivable and prepayments	344,734	343,805
13	Available-for-sale long-term financial assets	45,921	48,186
14	Other non-current assets	<u>416,301</u>	<u>411,837</u>
		<u>5,759,401</u>	<u>5,596,493</u>
	<b>Total assets</b>	7,475,942	7,168,568
	<b>Liabilities and equity</b>		
	<b>Current liabilities</b>		
	Accounts payable and accrued charges	447,122	466,757
	Profit tax payable	10,342	6,774
	Other taxes payable	54,794	50,622
	Short-term borrowings and current portion of long-term borrowings	446,675	432,640
	Short-term promissory notes payable	<u>9,590</u>	<u>8,052</u>
		968,523	964,845
	<b>Non-current liabilities</b>		
15	Long-term borrowings	1,075,760	923,230
	Long-term promissory notes payable	1,717	1,718
22	Provisions for liabilities and charges	90,969	85,807
16	Deferred tax liabilities	271,059	265,279
	Other non-current liabilities	<u>14,893</u>	<u>14,590</u>
		<u>1,454,398</u>	<u>1,290,624</u>
	<b>Total liabilities</b>	2,422,921	2,255,469
	<b>Equity</b>		
17	Share capital	325,194	325,194
17	Treasury shares	(655)	(597)
	Retained earnings and other reserves	<u>4,399,607</u>	<u>4,280,518</u>
		4,724,146	4,605,115
	Non-controlling interest	<u>328,875</u>	<u>307,984</u>
	<b>Total equity</b>	<u>5,053,021</u>	<u>4,913,099</u>
	<b>Total liabilities and equity</b>	7,475,942	7,168,568


A.B. Miller  
Chairman of the Management Committee  
19 August 2009

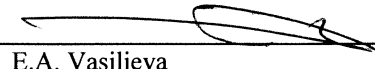
E.A. Vasilieva  
Chief Accountant  
19 August 2009

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

**OA0 GAZPROM**  
**IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**(UNAUDITED)**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2009**  
(In millions of Russian Roubles)

Notes	Three months ended 31 March		
	2009	2008	
18	Sales	931,403	911,750
19	Operating expenses	<u>(648,810)</u>	<u>(546,123)</u>
	<b>Operating profit</b>	<b>282,593</b>	<b>365,627</b>
	Loss from change in fair value of call option	-	(17,423)
20	Finance income	119,014	56,644
20	Finance expenses	<u>(268,438)</u>	<u>(40,590)</u>
11	Share of net income of associated undertakings and jointly controlled entities	13,536	12,454
	Gains on disposal of available-for-sale financial assets	<u>516</u>	<u>3,616</u>
	<b>Profit before profit tax</b>	<b>147,221</b>	<b>380,328</b>
	Current profit tax expense	(33,787)	(92,196)
	Deferred profit tax expense	<u>(3,257)</u>	<u>(2,082)</u>
	Profit tax expense	<u>(37,044)</u>	<u>(94,278)</u>
	<b>Profit for the period</b>	<b>110,177</b>	<b>286,050</b>
	<b>Other comprehensive income</b>		
	Gains (losses) arising from change in fair value of available-for-sale financial assets, net of tax	1,740	(40,187)
	Share of other comprehensive income of associated undertakings and jointly controlled entities	1,617	-
	Translation differences	<u>11,811</u>	<u>3,056</u>
	<b>Other comprehensive income (loss) for the period, net of tax</b>	<b>15,168</b>	<b>(37,131)</b>
	<b>Total comprehensive income for the period</b>	<b>125,345</b>	<b>248,919</b>
	<b>Profit attributable to:</b>		
	owners of OAO Gazprom	103,679	273,439
	non-controlling interest	<u>6,498</u>	<u>12,611</u>
		<b>110,177</b>	<b>286,050</b>
	<b>Total comprehensive income attributable to:</b>		
	owners of OAO Gazprom	119,135	237,266
	non-controlling interest	<u>6,210</u>	<u>11,653</u>
		<b>125,345</b>	<b>248,919</b>
21	<b>Basic and diluted earnings per share for profit attributable to the owners of OAO Gazprom (in Roubles)</b>	<b>4.39</b>	<b>11.61</b>

  
A.B. Miller  
Chairman of the Management Committee  
19 August 2009

  
E.A. Vasilieva  
Chief Accountant  
19 August 2009

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**OA0 GAZPROM**  
**IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2009**  
(In millions of Russian Roubles)

Notes	Three months ended 31 March	
	2009	2008
<b>Operating activities</b>		
Profit before profit tax	147,221	380,328
<b>Adjustments to profit before profit tax</b>		
Loss from change in fair value of call option	-	17,423
Depreciation	54,480	56,409
Net unrealised foreign exchange losses (gains)	140,370	(16,553)
Interest expense	13,041	19,003
Interest income	(3,951)	(18,499)
Gains on disposal of available-for-sale financial assets	(516)	(3,616)
Share of net income of associated undertakings and jointly controlled entities	(13,536)	(12,454)
Charge for provisions	10,149	8,343
Other	189	(2,060)
Total effect of adjustments	200,226	47,996
(Increase) decrease in long-term assets	(900)	33,215
(Decrease) increase in long-term liabilities	(28)	736
Net non-cash changes in property, plant and equipment and other long-term financial assets	7,557	1,873
Total effect of working capital changes	(65,921)	(28,597)
Profit tax paid	(54,192)	(59,616)
<b>Net cash provided by operating activities</b>	<b>233,963</b>	<b>375,935</b>
<b>Investing activities</b>		
Capital expenditures	(205,417)	(159,410)
Net change in loans made	(11,798)	(1,703)
Acquisition of subsidiaries, net of cash acquired	(18,057)	-
Advances for acquisition of investments	-	(43,825)
Investment in associated undertakings and jointly controlled entities	(21,970)	(33,493)
Interest received	2,869	15,036
Change in long-term available-for-sale financial assets	2,457	(722)
Proceeds from associated undertakings and jointly controlled entities	9,172	2,902
Other	6,673	(11,617)
<b>Net cash used for investing activities</b>	<b>(236,071)</b>	<b>(232,832)</b>
<b>Financing activities</b>		
Proceeds from long-term borrowings	85,131	76,404
Repayment of long-term borrowings (including current portion)	(84,201)	(126,440)
Net proceeds from short-term borrowings	191	30,446
Net proceeds from promissory notes	1,538	1,396
Interest paid	(18,317)	(16,254)
Purchases of treasury shares	(58)	(59,397)
Proceeds from sale of treasury shares	-	49,906
Change in restricted cash	(533)	(3,949)
<b>Net cash used for financing activities</b>	<b>(16,249)</b>	<b>(47,888)</b>
Effect of exchange rate changes on cash and cash equivalents	12,941	(2,670)
<b>(Decrease) increase in cash and cash equivalents</b>	<b>(5,416)</b>	<b>92,545</b>
6 Cash and cash equivalents, at the beginning of reporting period	343,833	279,109
6 <b>Cash and cash equivalents, at the end of reporting period</b>	<b>338,417</b>	<b>371,654</b>

A.B. Miller  
Chairman of the Management Committee  
19 August 2009

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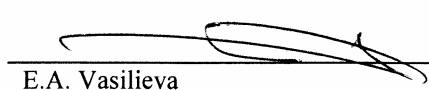
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**OAO GAZPROM**  
**IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**(UNAUDITED)**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2009**  
(In millions of Russian Roubles)

Notes	Number of shares outstanding (billions)	Attributable to the owners of OAO Gazprom				Total	Non-controlling interest	Total equity
		Share capital	Treasury shares	Retained earnings and other reserves				
<b>Three months ended 31 March 2008</b>								
	<b>Balance as of 31 December 2007</b>	23.6	325,194	(20,801)	3,646,396	3,950,789	362,308	4,313,097
	Profit for the period		-	-	273,439	273,439	12,611	286,050
	Other comprehensive income:							
	Losses arising from change in fair value of available-for-sale financial assets, net of tax		-	-	(39,658)	(39,658)	(529)	(40,187)
	Translation differences		-	-	3,485	3,485	(429)	3,056
	<b>Total comprehensive income for the three months ended 31 March 2008</b>		-	-	237,266	237,266	11,653	248,919
	Return of social assets to governmental authorities		-	-	(12)	(12)	-	(12)
	Non-controlling interest in subsidiaries acquired		-	-	-	-	1,033	1,033
17	Net treasury shares transactions	(0.1)	-	(8,887)	225	(8,662)	-	(8,662)
	<b>Balance as of 31 March 2008</b>	23.5	325,194	(29,688)	3,883,875	4,179,381	374,994	4,554,375
<b>Three months ended 31 March 2009</b>								
	<b>Balance as of 31 December 2008</b>	23.6	325,194	(597)	4,280,518	4,605,115	307,984	4,913,099
	Profit for the period		-	-	103,679	103,679	6,498	110,177
	Other comprehensive income:							
	Gains arising from change in fair value of available-for-sale financial assets, net of tax		-	-	1,740	1,740	-	1,740
	Share of other comprehensive income of associated undertakings and jointly controlled entities		-	-	1,617	1,617	-	1,617
	Translation differences		-	-	12,099	12,099	(288)	11,811
	<b>Total comprehensive income for the three months ended 31 March 2009</b>		-	-	119,135	119,135	6,210	125,345
	Return of social assets to governmental authorities		-	-	(46)	(46)	-	(46)
	Non-controlling interest in subsidiaries acquired		-	-	-	-	14,681	14,681
17	Net treasury shares transactions	(0.0)	-	(58)	-	(58)	-	(58)
	<b>Balance as of 31 March 2009</b>	23.6	325,194	(655)	4,399,607	4,724,146	328,875	5,053,021

  
A.B. Miller  
Chairman of the Management Committee

19 August 2009

  
E.A. Vasilieva  
Chief Accountant

19 August 2009

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

## **1 NATURE OF OPERATIONS**

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

The Group is involved in the following principal activities:

- Exploration and production of gas;
- Transportation of gas;
- Domestic and export sale of gas;
- Gas storage;
- Production of crude oil and gas condensate;
- Processing of oil, gas condensate and other hydrocarbons, and sales of refined products;
- Electric and heat energy generation and sales.

Other activities primarily include banking.

The gas business is subject to seasonal fluctuations with peak demand in the first and fourth quarters of each year. Typically approximately 30% of total annual gas volumes are shipped in the first calendar quarter.

## **2 ECONOMIC ENVIRONMENT IN THE RUSSIAN FEDERATION**

The Russian Federation displays certain characteristics of an emerging market, including relatively high inflation. Also the Russian economy has been impacted by the recent turmoil in the financial markets, economic downturn and drop in oil prices. Management is unable to predict all developments which could have an impact on Russia and gas importing countries economics and the banking sector and consequently what effect, if any, they could have on the financial position of the Group.

## **3 BASIS OF PRESENTATION**

The consolidated interim condensed financial information is prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”). This consolidated interim condensed financial information 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 Russian Rouble (“RR”) to US dollar (“USD”) exchange rates as determined by the Central Bank of the Russian Federation were 34.01 and 29.38 as of 31 March 2009 and 31 December 2008, respectively. The official RR to Euro exchange rates as determined by the Central Bank of the Russian Federation were 44.94 and 41.44 as of 31 March 2009 and 31 December 2008, respectively.

## **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL 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 for the year ended 31 December 2008.

### **New accounting developments**

The Group has adopted all IFRS, amendments and interpretations which are mandatory for the first time for the reporting periods beginning 1 January 2009 and which are relevant to its operations.

(a) Standards, amendments or interpretations as from 1 January 2009

IFRS 8 “Operating Segments” (“IFRS 8”) is effective for reporting periods beginning on or after 1 January 2009. The standard replaces IAS 14 “Segment reporting” (“IAS 14”). The standard requires an entity to adopt the “management approach” to reporting of performance of its operating segments. Generally, the information to be reported would be what management uses internally for evaluating segment performance and deciding how to allocate resources to operating segments. Such information may be different

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES (continued)**

from what is used to prepare the statement of comprehensive income and balance sheet. The IFRS therefore requires explanations of the basis on which the segment information is prepared and reconciliations to the amounts recognized in the statement of comprehensive income and balance sheet. Segment disclosures under IFRS 8 are presented in Note 5.

Amendment to IAS 23 “Borrowing costs” (“IAS 23”) is effective for annual periods beginning on or after 1 January 2009. The amendment to IAS 23 removes the option of immediately recognising as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. The application of these amendments did not affect the Group’s consolidated financial statements.

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 include 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 interim financial statements have been prepared under the revised presentation requirements.

Amendment to IAS 32 and IAS 1 (“Puttable financial instruments and obligations arising on liquidation”) is effective from 1 January 2009. The amendment requires classification of puttable financial instruments and instruments that impose an obligation to deliver a pro rata share of the net asset on liquidation as equity. This amendment did not affect the Group’s consolidated financial statements.

Amendment to IFRS 2 “Share-based Payment” (“Vesting Conditions and Cancellations”) is effective for annual periods beginning on or after 1 January 2009. The amendment clarifies that only service conditions and performance conditions are vesting conditions. Other features of a share-based payment are not vesting conditions. The amendment specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The amended standard did not affect the consolidated financial statements.

Amendment to IFRS 1 and IAS 27 (“Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate”) is effective for annual periods beginning on or after 1 January 2009. The amendment allows first-time adopters of IFRS to measure investments in subsidiaries, jointly controlled entities or associates at fair value or at previous GAAP carrying value as deemed cost in the separate financial statements. The amendment also requires distributions from pre-acquisition net assets of investees to be recognized in profit or loss rather than as a recovery of the investment. The amendment did not have an impact on the Group’s consolidated financial statements.

IFRIC 15 “Agreements for the Construction of Real Estate” (“IFRIC 15”) is effective for annual periods beginning on or after 1 January 2009. IFRIC 15 addresses diversity in accounting for real estate sales as some entities recognise revenue in accordance with IAS 18 “Revenue” (when the risks and rewards in the real estate are transferred) and others recognise revenue as the real estate is developed in accordance with IAS 11 “Construction Contracts”. The interpretation clarifies which standard (IAS 18 or IAS 11) should be applied to particular transactions and is likely to mean that IAS 18 will be applied to a wider range of transactions. Entities that have previously recognised revenue from residential real estate sales under IAS 11 will be the most significantly affected and will probably be required to apply IAS 18. The application of this interpretation did not affect the Group’s consolidated financial statements.

IFRS 7 “Financial Instruments: Disclosures” (“IFRS 7”) is effective for annual periods beginning on or after 1 January 2009. The amendment requires enhanced disclosures about fair value measurements and liquidity risk. The entity will be required to disclose an analysis of financial instruments using a three-level fair value measurement hierarchy. The amendment clarifies that the maturity analysis of liabilities should include issued financial guarantee contracts at the maximum amount of the guarantee in the earliest period in which the guarantee could be called; and requires disclosure of remaining contractual maturities of financial derivatives if the contractual maturities are essential for an understanding of the timing of the cash flows. An entity will further have to disclose a maturity analysis of financial assets it holds for managing liquidity risk, if that information is necessary to enable users of its financial statements to evaluate the nature and extent of liquidity risk. The Group is currently assessing the impact of the amended standard on its consolidated financial statements.



**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES (continued)**

IFRIC 13 “Customer Loyalty Programmes” (“IFRIC 13”) is effective for annual periods beginning on or after 1 July 2008. IFRIC 13 clarifies that where goods and services are sold with a customer loyalty incentive, the arrangement is a multi-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair value. The application of IFRIC 13 did not affect the Group’s consolidated financial statements.

IFRIC 16 “Hedges of a Net Investment in a Foreign Operation” (“IFRIC 16”) is effective for annual periods beginning on or after 1 October 2008. This interpretation relates to the criteria required to apply hedge accounting in hedge of a net investment in a foreign operation in accordance with IAS 39 “Financial instruments: recognition and measurement” (“IAS 39”). The application of this interpretation is not expected to materially affect the Group’s consolidated financial statements.

Amendments to IFRIC 9 and IAS 39 “Embedded Derivatives” is effective for annual periods ending on or after 30 June 2009. The amendments clarify that on reclassification of a financial asset out of the ‘at fair value through profit or loss’ category, all embedded derivatives have to be assessed and, if necessary, separately accounted for. The application of IFRIC 9 and IAS 39 “Embedded Derivatives” did not affect the Group’s consolidated financial statements.

Improvements to International Financial Reporting Standards (issued in May 2008). In 2007, the International Accounting Standards Board decided to initiate an annual improvements project as a method of making necessary, but non-urgent, amendments to IFRS. The amendments issued in May 2008 consist of a mixture of substantive changes, clarifications, and changes in terminology in various standards. The substantive changes relate to the following areas: classification as assets held for sale under IFRS 5 in case of a loss of control over a subsidiary; possibility of presentation of financial instruments held for trading as non-current under IAS 1; accounting for sale of assets which were previously held for rental under IAS 16 and classification of the related cash flows under IAS 7 as cash flows from operating activities; clarification of definition of a curtailment under IAS 19; accounting for below market interest rate government loans in accordance with IAS 20; making the definition of borrowing costs in IAS 23 consistent with the effective interest method; clarification of accounting for subsidiaries held for sale under IAS 27 and IFRS 5; reduction in the disclosure requirements relating to associated undertakings and joint ventures under IAS 28 and IAS 31; enhancement of disclosures required by IAS 36; clarification of accounting for advertising costs under IAS 38; amending the definition of the fair value through profit or loss category to be consistent with hedge accounting under IAS 39; introduction of accounting for investment properties under construction in accordance with IAS 40; and reduction in restrictions over manner of determining fair value of biological assets under IAS 41. Management does not expect the amendments to have any material effect on the Group’s consolidated financial statements.

All changes in the accounting policies have been made in accordance with IAS 8 “Accounting policies, changes in accounting estimates and errors” which requires retrospective application unless the new standard requires otherwise.

(b) Standards, amendments and interpretations to existing Standards that are not yet effective and have not been early adopted by the Group.

Amendment to IAS 27 “Consolidated and Separate Financial Statements” (“IAS 27”), which is 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 (previously “minority interests”) even if these 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 over 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 will prospectively apply the amendment from 1 January 2010.

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES (continued)**

Amendment to IFRS 3 “Business Combinations” (“IFRS 3”), which is 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. Measurement of the non-controlling interests at fair value will have corresponding effect on consolidated goodwill (goodwill attributable to non-controlling interest will be recognized). The revised IFRS 3 is more detailed in providing guidance on the application of the acquisition 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, the amount recognised for the non-controlling interest and the fair value of the net assets acquired. Acquisition-related costs will be accounted for separately from the business combination and therefore recognized as expenses rather than included in goodwill. An acquirer will have to recognize at the acquisition date a liability for any contingent purchase consideration. Changes in the value of that liability after the acquisition date will be recognized 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 will apply the new provisions of this standard prospectively to any business combination on or after 1 January 2010.

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 have not yet been adopted by the EU. The improvements consist of a mixture of substantive changes and 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; amending disclosure requirements for a measure of segment assets under IFRS 8; amending IAS 1 regarding non-current/current classification of liabilities settled by equity instruments; clarifying in IAS 7 that only expenditures that result in a recognised asset are eligible for classification as investing activities; clarifying the considerations for classification land leases and setting transition requirements for reclassification of unexpired leases in IAS 17; 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, providing additional guidance on techniques used in the absence of active market; supplementing IAS 39 to exclude from its scope certain forward contracts resulting in business combinations, to clarify the period of reclassifying gains or losses on the hedged instruments from equity to profit or loss and to provide guidance for circumstances when prepayment options are closely related to the host contract; clarification that embedded derivatives in contracts acquired in common control transactions and formation of joint ventures are not within the scope of IFRIC 9; and removal of 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 any material effect on its consolidated financial statements.

Amendment to IAS 39, which is effective for annual periods beginning on or after 1 July 2009. The amendment to IAS 39 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 application of this amendment is not expected to materially affect the Group’s consolidated financial statements.

IFRIC 17 “Distributions of Non-cash assets to owners” (“IFRIC 17”) which is effective for annual periods beginning on or after 1 July 2009. The interpretation provides guidance on accounting of distribution of assets other than cash (non-cash assets) as dividends to its owners acting in their capacity as owners. It also clarifies the situations, when entity gives its owners a choice of receiving either non-cash assets or a cash alternative. The Group will apply the interpretation starting from 1 January 2010.

#### **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES (continued)**

IFRIC 18 “Transfers of Assets from customers” (“IFRIC 18”) which is 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 application of this interpretation is not expected to materially affect the Group’s consolidated financial statements.

Amendments to IFRS 2 “Share-based Payment” which is 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 consolidated financial statements. The amendments incorporate into the standard the guidance in IFRIC 8 and IFRIC 11, which are withdrawn. The amendments expand on the guidance given in IFRIC 11 to address plans that were previously not considered in the interpretation. The amendments also clarify the defined terms in the Appendix to the standard. The application of these amendments is not expected to materially affect the Group’s consolidated financial statements.

#### **5 SEGMENT INFORMATION**

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

The Board of Directors and Management Committee of OAO Gazprom (chief operating decision maker (CODM)) provide general management of the Group, an assessment of the operating results and allocate resources using the internal financial information. Based on that the following reportable segments within the Group were determined:

- Production of gas – exploration and production of gas;
- Transport – transportation of gas;
- Distribution – domestic and export sales of gas;
- Gas storage – storage of gas in underground gas storages;
- Production of crude oil and gas condensate – exploration and production of oil and gas condensate, sales of crude oil and gas condensate;
- Refining – processing of oil, gas condensate and other hydrocarbons, and sales of refined products;
- Electric and heat energy generation and sales.

Other activities have been included within “all other segments” column.

The inter-segment sales mainly consist of:

- Production of gas – sales of gas to the Distribution and Refining segments;
- Transport – rendering transportation services to the Distribution segment;
- Distribution – sales of gas to the Transport segment for own needs and to the Electric and heat energy generation and sales segment;
- Gas storage – sales of gas storage services to Distribution segment;
- Production of crude oil and gas condensate - sales of oil and gas condensate to the Refining segment for further processing;
- Refining – sales of refined hydrocarbon products to other segments.

Internal transfer prices, mostly for Production of gas, Transport and Gas storage segments, are established by the management of the Group with the objective of providing specific funding requirements of the individual subsidiaries within each segment.

As of 31 March 2008 and for the three months then ended electric and heat energy generation and sales activities did not qualify as a reportable operating segment. However, with the acquisition of certain power generating assets in the second half of 2008, those activities have qualified as a reportable operating segment under IFRS 8, and have been presented as such as of 31 March 2009 and for the three months then ended. Previously reported segment information has been restated accordingly.

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**5 SEGMENT INFORMATION (continued)**

The CODM assesses the performance, assets and liabilities of the operating segments based on the internal financial reporting. The effects of certain non-recurring transactions and events, such as business acquisitions, and the effects of some adjustments that may be considered necessary to reconcile the internal financial information to IFRS consolidated financial statements are not included within the operating segments which are reviewed by the CODM on a central basis. Gains and losses on available-for-sale financial assets, and financial income and expenses are also not allocated to the operating segments.

	Production of gas	Transport	Distribution	Gas storage	Production of crude oil and gas condensate	Refining	Electric and heat energy generation and sales	All other segments	Total
<b>Three months ended 31 March 2009</b>									
<b>Total segment revenues</b>	<u>72,189</u>	<u>137,364</u>	<u>766,218</u>	<u>4,308</u>	<u>64,092</u>	<u>99,643</u>	<u>83,147</u>	<u>39,742</u>	<u>1,266,703</u>
Inter-segment sales	69,656	124,539	31,061	4,284	28,137	1,839	-	-	259,516
External sales	2,533	12,825	735,157	24	35,955	97,804	83,147	39,742	1,007,187
<b>Segment result</b>	<u>7,739</u>	<u>3,159</u>	<u>209,145</u>	<u>(1,241)</u>	<u>21,889</u>	<u>7,874</u>	<u>13,546</u>	<u>2,071</u>	<u>264,182</u>
Depreciation	16,688	58,174	921	1,723	4,963	5,919	2,700	6,229	97,317
Share of net income (loss) of associated undertakings and jointly controlled entities	557	2,799	11,515	-	(887)	(1,464)	494	522	13,536
<b>Three months ended 31 March 2008</b>									
<b>Total segment revenues</b>	<u>66,333</u>	<u>148,085</u>	<u>626,420</u>	<u>4,235</u>	<u>86,603</u>	<u>173,002</u>	<u>40,286</u>	<u>48,036</u>	<u>1,193,000</u>
Inter-segment sales	64,485	132,180	32,476	4,206	28,653	1,839	-	-	263,839
External sales	1,848	15,905	593,944	29	57,950	171,163	40,286	48,036	929,161
<b>Segment result</b>	<u>4,063</u>	<u>11,881</u>	<u>239,603</u>	<u>(907)</u>	<u>25,655</u>	<u>39,309</u>	<u>4,981</u>	<u>7,858</u>	<u>332,443</u>
Depreciation	17,188	63,407	469	1,644	6,342	7,118	1,662	5,647	103,477
Share of net income (loss) of associated undertakings and jointly controlled entities	2,169	(484)	8,663	-	49	1,538	-	519	12,454

A reconciliation of total operating segment results to total profit before profit tax in statement of comprehensive income:

	For the three months ended 31 March	
	2009	2008
<b>Segment result</b>	<u>264,182</u>	<u>332,443</u>
Difference in depreciation	42,837	47,068
Expenses associated with pension obligations	(4,125)	(4,611)
Expenses associated with other provisions	(2,730)	(684)
Loss from change in fair value of call option	-	(17,423)
Finance (expense) income, net	(149,424)	16,054
Gains on disposal of available-for-sale financial assets	516	3,616
Share of net income of associated undertakings and jointly controlled entities	13,536	12,454
Other	(17,571)	(8,589)
<b>Profit before profit tax</b>	<u>147,221</u>	<u>380,328</u>

A reconciliation of reportable segments' external sales to sales in statement of comprehensive income is provided as follows:

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**5 SEGMENT INFORMATION (continued)**

For the three months ended 31 March

	2009	2008
External sales for reportable segments	967,445	881,125
External sales for other segments	39,742	48,036
<b>Total external segment sales</b>	<b>1,007,187</b>	<b>929,161</b>
Differences in external sales	<u>(75,784)</u>	<u>(17,411)</u>
<b>Total sales per the statement of comprehensive income</b>	<b>931,403</b>	<b>911,750</b>

Substantially all of the Group's operating assets are located in the Russian Federation. Segment assets consist primarily of property, plant and equipment, accounts receivable and prepayments, investments in associated undertakings and jointly controlled entities, and inventories. Cash and cash equivalents, restricted cash, VAT recoverable, financial assets and other current and non-current assets are not considered to be segment assets but rather are managed on a central basis.

	Production of gas	Transport	Distribution	Gas storage	Production of crude oil and gas condensate	Refining	Electric and heat energy generation and sales	All other segments	Total
<b>31 March 2009</b>									
Segment assets	<u>1,168,908</u>	<u>3,326,371</u>	<u>843,794</u>	<u>117,470</u>	<u>1,163,962</u>	<u>368,913</u>	<u>404,374</u>	<u>480,221</u>	<u>7,874,013</u>
Investments in associated undertakings and jointly controlled entities	87,069	98,013	76,537	-	450,890	50,580	32,889	7,504	803,482
Capital additions	42,957	45,526	4,689	1,315	13,042	5,889	2,645	3,682	119,745
<b>31 December 2008</b>									
Segment assets	<u>1,145,304</u>	<u>3,353,401</u>	<u>779,627</u>	<u>119,280</u>	<u>1,095,521</u>	<u>357,482</u>	<u>393,202</u>	<u>461,918</u>	<u>7,705,735</u>
Investments in associated undertakings and jointly controlled entities	81,865	71,860	73,375	-	450,774	51,996	32,309	9,964	772,143
Capital additions	220,213	227,485	34,702	8,224	80,585	48,654	37,553	27,329	684,745
<b>31 March 2008</b>									
Segment assets	<u>978,502</u>	<u>3,244,655</u>	<u>608,000</u>	<u>112,324</u>	<u>1,098,182</u>	<u>417,247</u>	<u>153,074</u>	<u>937,594</u>	<u>7,549,578</u>
Investments in associated undertakings and jointly controlled entities	80,124	63,282	56,643	-	483,034	32,163	-	12,272	727,518
Capital additions	28,860	27,220	6,662	208	16,900	7,330	5,292	7,233	99,705

Reportable segments' assets are reconciled to total assets in balance sheet as follows:

	31 March 2009	31 December 2008	31 March 2008
Segment assets for reportable segments	7,393,792	7,243,817	6,611,984
Other segments' assets	480,221	461,918	937,594
<b>Total segment assets</b>	<b>7,874,013</b>	<b>7,705,735</b>	<b>7,549,578</b>
Differences in property, plant and equipment, net	(1,542,592)	(1,581,366)	(1,710,957)
Loan interest capitalised	124,797	116,749	96,227
Capitalized provision for environmental liabilities	34,168	33,148	36,252
Cash and cash equivalents	338,417	343,833	371,654
Restricted cash	4,280	3,747	15,974
Short-term financial assets	22,460	23,448	95,446
Current VAT recoverable	105,329	115,878	118,171
Other current assets	196,569	132,281	85,093
Available-for-sale long-term financial assets	45,921	48,186	189,106
Other non-current assets	416,301	411,837	452,297
Inter-segment assets	(272,791)	(304,253)	(265,120)
Other	<u>129,070</u>	<u>119,345</u>	<u>42,920</u>
<b>Total assets per the balance sheet</b>	<b>7,475,942</b>	<b>7,168,568</b>	<b>7,076,641</b>

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**5 SEGMENT INFORMATION (continued)**

Segment liabilities mainly comprise operating liabilities. Profit tax payable, deferred tax liabilities, provisions for liabilities and charges, short-term and long-term borrowings, including current portion of long-term borrowings, short-term and long-term promissory notes payable and other non-current liabilities are managed on a central basis.

	Production of gas	Transport	Distribution	Gas storage	Production of crude oil and gas condensate	Refining	Electric and heat energy generation and sales	All other segments	Total
<b>Total liabilities</b>									
31 March 2009	59,708	120,454	327,530	624	87,682	59,882	18,523	64,734	739,137
31 December 2008	81,501	153,857	284,563	1,094	80,651	61,529	21,852	96,677	781,724
31 March 2008	44,735	101,892	213,118	595	87,603	72,731	11,542	252,711	784,927

Reportable segments' liabilities are reconciled to total liabilities as follows:

	31 March 2009	31 December 2008	31 March 2008
Segment liabilities for reportable segments	674,403	685,047	532,216
Other segments' liabilities	64,734	96,677	252,711
<b>Total segments liabilities</b>	<b>739,137</b>	<b>781,724</b>	<b>784,927</b>
Profit tax payable	10,342	6,774	50,399
Short-term borrowings and current portion of long-term borrowings	446,675	432,640	520,592
Short-term promissory notes payable	9,590	8,052	14,542
Long-term borrowings	1,075,760	923,230	932,708
Long-term promissory notes payable	1,717	1,718	9,755
Provisions for liabilities and charges	90,969	85,807	80,690
Deferred tax liabilities	271,059	265,279	297,835
Other non-current liabilities	14,893	14,590	22,444
Inter-segment liabilities	(272,791)	(304,253)	(265,120)
Other	35,570	39,908	73,494
<b>Total liabilities per the balance sheet</b>	<b>2,422,921</b>	<b>2,255,469</b>	<b>2,522,266</b>

**6 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH**

Balances included within cash and cash equivalents in the consolidated interim condensed balance sheet represent cash on hand and balances with banks. Restricted cash balances include cash and cash equivalents restricted as to withdrawal under the terms of certain borrowings. As of 31 March 2009 and 31 December 2008 restricted cash comprises cash balances of RR 162 in subsidiary banks, which are restricted as to withdrawal under banking regulations.

**7 SHORT-TERM FINANCIAL ASSETS**

	31 March 2009	31 December 2008
Financial assets held for trading	10,829	12,206
Available-for-sale financial assets (net of impairment provision of RR 779 as of 31 March 2009 and 31 December 2008)	11,631	11,242
	22,460	23,448

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**7 SHORT-TERM FINANCIAL ASSETS (continued)**

Financial assets held for trading owned by the Group's banking subsidiaries amounted to RR 7,627 and RR 8,989 as of 31 March 2009 and 31 December 2008, respectively.

Financial assets held for trading primarily comprise marketable equity and debt securities intended to generate short-term profits through trading.

Available-for-sale financial assets primarily comprise debt securities, mainly owned by Group's banking subsidiaries and third parties' promissory notes maturing within twelve months of the balance sheet date.

**8 ACCOUNTS RECEIVABLE AND PREPAYMENTS**

	<b>31 March 2009</b>	<b>31 December 2008</b>
Trade receivables	418,985	393,996
Prepayments and advances	216,093	168,638
Other receivables	<u>137,380</u>	<u>113,300</u>
	<u>772,458</u>	<u>675,934</u>

Accounts receivable and prepayments are presented net of impairment provision of RR 123,042 and RR 114,175 as of 31 March 2009 and 31 December 2008, respectively.

As of 31 March 2009 and 31 December 2008 other receivables include RR 30,134 and RR 33,680, respectively, relating to the operations of Group's banking subsidiaries. This balance mainly represents deposits with other banks and loans issued to customers at commercial rates based on credit risks and maturities.

**9 INVENTORIES**

Inventories are presented net of provision for obsolescence of RR 660 and RR 574 as of 31 March 2009 and 31 December 2008, respectively.

**10 PROPERTY, PLANT AND EQUIPMENT**

	<b>Total production assets (including production licenses)</b>	<b>Social assets</b>	<b>Assets under construction</b>	<b>Total</b>
<b>As of 31 December 2007</b>				
Cost	5,022,660	83,597	556,248	5,662,505
Accumulated depreciation	<u>(2,143,913)</u>	<u>(28,115)</u>	-	<u>(2,172,028)</u>
<b>Net book value as of 31 December 2007</b>	<b>2,878,747</b>	<b>55,482</b>	<b>556,248</b>	<b>3,490,477</b>
<b>Three months ended 31 March 2008</b>				
Net book value as of 31 December 2007	2,878,747	55,482	556,248	3,490,477
Depreciation	(48,112)	(623)	-	(48,735)
Additions	2,061	83	103,364	105,508
Acquisition of subsidiaries	-	-	-	-
Transfers	24,401	113	(24,514)	-
Disposals	(1,377)	(216)	(528)	(2,121)
Translation differences	(760)	(20)	20	(760)
Charge for impairment provision	-	-	<u>(2,191)</u>	<u>(2,191)</u>
<b>Net book value as of 31 March 2008</b>	<b>2,854,960</b>	<b>54,819</b>	<b>632,399</b>	<b>3,542,178</b>
<b>Nine months ended 31 December 2008</b>				
Net book value as of 31 March 2008	2,854,960	54,819	632,399	3,542,178

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**10 PROPERTY, PLANT AND EQUIPMENT (continued)**

	<b>Total production assets (including production licenses)</b>	<b>Social assets</b>	<b>Assets under construction</b>	<b>Total</b>
Depreciation	(149,676)	(1,784)	-	(151,460)
Additions	21,278	1,532	588,128	610,938
Acquisition of subsidiaries	160,990	7	5,802	166,799
Disposal of subsidiaries	(43,949)	(800)	(27,742)	(72,491)
Transfers	414,122	5,058	(419,180)	-
Disposals	(6,427)	(3,417)	(12,061)	(21,905)
Translation differences	3,125	101	(4,789)	(1,563)
Charge of impairment provision	<u>(48,424)</u>	<u>-</u>	<u>(3,550)</u>	<u>(51,974)</u>
<b>Net book value as of 31 December 2008</b>	<b>3,205,999</b>	<b>55,516</b>	<b>759,007</b>	<b>4,020,522</b>
<b>As of 31 December 2008</b>				
Cost	5,522,304	82,248	759,007	6,363,559
Accumulated depreciation	<u>(2,316,305)</u>	<u>(26,732)</u>	<u>-</u>	<u>(2,343,037)</u>
<b>Net book value as of 31 December 2008</b>	<b>3,205,999</b>	<b>55,516</b>	<b>759,007</b>	<b>4,020,522</b>
<b>Three months ended 31 March 2009</b>				
Net book value as of 31 December 2008	3,205,999	55,516	759,007	4,020,522
Depreciation	(52,741)	(610)	-	(53,351)
Additions	5,535	46	136,482	142,063
Acquisition of subsidiaries	50,849	-	2,297	53,146
Transfers	34,555	816	(35,371)	-
Disposals	(3,310)	(111)	(2,327)	(5,748)
Translation differences	(3,574)	(19)	(496)	(4,089)
Charge of impairment provision	<u>-</u>	<u>-</u>	<u>(3,580)</u>	<u>(3,580)</u>
<b>Net book value as of 31 March 2009</b>	<b>3,237,313</b>	<b>55,638</b>	<b>856,012</b>	<b>4,148,963</b>
<b>As of 31 March 2009</b>				
Cost	5,604,477	82,855	856,012	6,543,344
Accumulated depreciation	<u>(2,367,164)</u>	<u>(27,217)</u>	<u>-</u>	<u>(2,394,381)</u>
<b>Net book value as of 31 March 2009</b>	<b>3,237,313</b>	<b>55,638</b>	<b>856,012</b>	<b>4,148,963</b>

Production assets are shown net of provision for impairment of RR 50,750 as of 31 March 2009 and 31 December 2008. Assets under construction are presented net of provision for impairment of RR 97,144 and RR 93,826 as of 31 March 2009 and 31 December 2008, respectively.

Included in the property, plant and equipment are social assets, such as rest houses, housing, schools and medical facilities, vested to the Group at privatisation with a net book value of RR 4,057 and RR 4,167 as of 31 March 2009 and 31 December 2008, respectively.

**11 INVESTMENTS IN ASSOCIATED UNDERTAKINGS AND JOINTLY CONTROLLED ENTITIES**

Notes	<b>Carrying value as of</b>		<b>Group's share of the profit (loss)*</b>	
	<b>31 March 2009</b>	<b>31 December 2008</b>	<b>31 March 2009</b>	<b>2008</b>
	232,078	234,917	(3,063)	(1,619)
24 Sakhalin Energy Investment Company Ltd.	150,345	151,151	(806)	2,037
24 OAO NGK Slavneft and its subsidiaries	78,577	75,363	414	1,455
24 OAO NOVATEK	71,825	69,286	2,539	326
24 OAO Tomskneft VNK and its subsidiaries	50,222	28,179	663	98
24 OAO Beltransgaz	43,288	44,428	2,315	1,476
24 Wintershall Gas GmbH & Co. KG	32,889	32,309	494	-
24 OAO TGC-1	27,600	25,528	(165)	-
24 Nord Stream AG	19,652	20,959	(1,307)	-
24 OAO Salavatnefteorgsyntez	18,681	16,921	2,223	(607)
24 SGT EuRoPol GAZ S.A.				



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**11 INVESTMENTS IN ASSOCIATED UNDERTAKINGS AND JOINTLY CONTROLLED ENTITIES**  
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Notes	Carrying value as of		Group's share of the profit (loss)*		
	31 March 2009	31 December 2008	31 March 2009	2008	
	OAO Moscovsky NPZ	15,894	15,922	45	212
	Wintershall AG	14,247	12,856	294	769
24	TOO KazRosGaz	13,308	9,898	4,295	926
24	AO Latvijas Gaze	4,580	4,100	119	86
	ZAO Nortgaz	4,025	3,876	149	456
	Shtokman Development AG	3,033	2,622	(62)	-
24	AO Lietuvos dujos	2,572	2,226	137	210
24	Gazprombank Group	1,711	-	522	-
24	Blue Stream Pipeline company B.V.	1,510	1,232	78	25
	OOO Sibmetakhim	-	4,153	-	-
	Other (net of provision for impairment of RR 3,000 as of 31 March 2009 and 31 December 2008)	<u>17,445</u>	<u>16,217</u>	<u>4,652</u>	<u>6,604</u>
		803,482	772,143	13,536	12,454

\* represents Group's share of the profit (loss) of the associated undertakings and jointly controlled entities for the three months ended 31 March 2009 and 2008, respectively.

Summarized financial information of the Group's principal associated undertakings and jointly controlled entities is as follows:

	Percent of share capital held	Location	As of 31 March 2009		For the three months ended 31 March 2009	
			Assets	Liabilities	Revenues	Profit (loss)
Gazprombank Group*	45%	Russia	2,054,119	1,907,221	50,583	16,267
Sakhalin Energy Investment Company Ltd.	50%	Bermuda	772,450	259,221	11,962	(6,126)
OAO NGK Slavneft and its subsidiaries	50%	Russia	623,046	260,932	24,293	(1,854)
OAO Tomskneft VNK and its subsidiaries	50%	Russia	154,071	71,941	11,176	5,076
OAO NOVATEK	19%	Russia	145,245	46,385	16,316	2,139
Wintershall Gas GmbH & Co. KG	50%	Germany	142,970	111,353	126,624	6,196
OAO TGC-1	29%	Russia	82,531	17,718	11,982	1,720
Blue Stream Pipeline company B.V.	50%	Netherlands	76,809	70,925	2,063	313
OAO Beltransgaz**	38%	Belarus	64,526	28,911	25,987	2,275
SGT EuRoPol GAZ S.A.	48%	Poland	64,100	25,181	7,267	4,592
OAO Salavatnefteorgsintez	50%	Russia	58,701	37,317	11,697	(2,615)
Nord Stream AG	51%	Switzerland	57,896	1,996	-	(321)
OAO Moscovsky NPZ	39%	Russia	46,820	3,615	2,274	117
Wintershall AG	49%	Germany	36,229	19,400	12,328	600
AO Lietuvos dujos	37%	Lithuania	32,734	7,638	6,650	370
AO Latvijas Gaze	34%	Latvia	28,055	6,717	9,514	350
TOO KazRosGaz	50%	Kazakhstan	29,942	3,323	10,879	8,591
Shtokman Development AG	51%	Switzerland	13,007	6,261	-	(122)
ZAO Nortgaz	51%	Russia	10,740	2,848	1,055	289

\* Presented revenue of Gazprombank Group is identified according to the Group accounting policy and includes revenue of petrochemical business, media business, machinery business and other non-banking companies.

\*\* In February 2009 the Group acquired 12.5% interest in OAO Beltransgas for USD 625 million. As a result the Group increased its interest in OAO Beltransgas up to 37.5%.

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**11 INVESTMENTS IN ASSOCIATED UNDERTAKINGS AND JOINTLY CONTROLLED ENTITIES**  
**(continued)**

	Percent of share capital held	Location	As of 31 March 2008		For the three months ended 31 March 2008	
			Assets	Liabilities	Revenues	Profit (loss)
Sakhalin Energy Investment Company Ltd.	50%	Bermuda	453,652	80,365	-	(3,238)
OAO NGK Slavneft and its subsidiaries	50%	Russia	420,613	115,668	44,541	2,741
RosUkrEnergO AG	50%	Switzerland	123,464	98,826	82,960	6,161
Wintershall Gas GmbH & Co. KG	50%	Germany	115,072	94,015	85,125	4,164
OAO NOVATEK	19%	Russia	111,346	21,991	20,167	7,499
OAO Tomskneft VNK and its subsidiaries	50%	Russia	78,363	54,559	18,817	2,392
SGT EuRoPol GAZ S.A.	48%	Poland	63,855	26,051	4,340	221
Blue Stream Pipeline company B.V.	50%	Netherlands	52,703	49,284	1,581	101
OAO Moscovsky NPZ	39%	Russia	44,452	3,890	2,578	545
OAO Beltransgaz*	25%	Belarus	40,878	9,898	8,492	393
Wintershall AG	49%	Germany	31,091	18,025	24,320	1,545
AO Lietuvos dujos	37%	Lithuania	26,864	5,584	5,309	567
AO Latvijas Gaze	34%	Latvia	23,435	5,695	5,554	254
TOO KazRosGaz	50%	Kazakhstan	12,476	2,260	6,408	1,853
ZAO Nortgaz	51%	Russia	9,069	2,602	1,996	894

\*In February 2008 the Group purchased 12.5% interest in OAO Beltransgaz for USD 625 million. As a result the Group increased its interest in OAO Beltransgaz up to 25%. The revenues and profit of OAO Beltransgaz for the three months ended 31 March 2008 are disclosed from the date of acquisition of additional share.

The values, disclosed in the table above, represent total assets, liabilities, revenues, profit (loss) of the Group's principal associated undertakings and jointly controlled entities and not the Group's share.

The estimated fair values of investments in associated undertakings for which there are published price quotations were as follows:

	31 March 2009	31 December 2008
OAO NOVATEK	46,065	33,130
OAO Salavatnefteorgsintez	18,819	19,728
OAO TGC-1	3,650	3,761
AO Latvijas Gaze	3,028	3,568
AO Lietuvos dujos	2,398	2,700

**12 LONG-TERM ACCOUNTS RECEIVABLE AND PREPAYMENTS**

	31 March 2009	31 December 2008
Long-term accounts receivable and prepayments	141,891	150,502
Advances for assets under construction	202,843	193,303
	344,734	343,805

**12 LONG-TERM ACCOUNTS RECEIVABLE AND PREPAYMENTS (continued)**

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Long-term accounts receivable and prepayments are presented net of impairment provision of RR 18,642 and RR 17,309 as of 31 March 2009 and 31 December 2008, respectively.

As of 31 March 2009 and 31 December 2008 long-term accounts receivable included RR 33,163, relating to the operations of Group's banking subsidiaries. This balance mainly represents deposits and long-term loans issued to customers at commercial rates based on credit risk and maturities.

**13 AVAILABLE-FOR-SALE LONG-TERM FINANCIAL ASSETS**

Available-for-sale long-term financial assets, in total amount of RR 45,921 and RR 48,186, are shown net of provision for impairment of RR 6,740 and RR 9,013 as of 31 March 2009 and 31 December 2008, respectively.

Available-for-sale long-term financial assets owned by the Group's banking subsidiaries amounted to RR 18,003 and RR 14,881 as of 31 March 2009 and 31 December 2008, respectively.

**14 OTHER NON-CURRENT ASSETS**

Other non-current assets include net pension assets in the amount of RR 243,982 as of 31 March 2009 and 31 December 2008.

**15 LONG-TERM BORROWINGS**

	<b>Currency</b>	<b>Final Maturity</b>	<b>31 March 2009</b>	<b>31 December 2008</b>
Long-term borrowings payable to:				
Credit Suisse International	JPY	2018	62,801	58,654
The Royal bank of Scotland (Deutschland AG)	US dollar	2013	60,001	53,065
Loan participation notes issued in June 2007 <sup>1</sup>	GBP	2013	55,483	47,201
Loan participation notes issued in October 2007 <sup>1</sup>	Euro	2018	54,389	52,628
Loan participation notes issued in May 2005 <sup>1</sup>	Euro	2015	47,142	42,861
Loan participation notes issued in November 2006 <sup>1</sup>	US dollar	2016	46,940	39,930
Loan participation notes issued in September 2003 <sup>1</sup>	Euro	2010	46,728	42,291
Loan participation notes issued in December 2005 <sup>1</sup>	Euro	2012	45,579	41,557
ABN AMRO Bank N.V. <sup>2</sup>	US dollar	2012	45,045	44,245
Loan participation notes issued in March 2007 <sup>1</sup>	US dollar	2022	44,409	38,982
White Nights Finance B.V.	US dollar	2014	44,356	-
Loan participation notes issued in August 2007 <sup>1</sup>	US dollar	2037	42,904	37,729
Loan participation notes issued in April 2004 <sup>1</sup>	US dollar	2034	42,312	35,789
Calyon Credit Agricole CIB <sup>2</sup>	US dollar	2010	40,851	41,183
Loan participation notes issued in April 2008 <sup>1</sup>	US dollar	2018	38,854	32,903
Loan participation notes issued in October 2006 <sup>1</sup>	Euro	2014	35,224	33,706
WestLB AG <sup>2</sup>	US dollar	2013	34,274	29,760
Structured export notes issued in July 2004 <sup>3</sup>	US dollar	2020	32,316	30,451
Loan participation notes issued in June 2007 <sup>1</sup>	Euro	2014	32,162	29,273
Deutsche Bank AG	US dollar	2014	29,666	25,553

**15 LONG-TERM BORROWINGS (continued)**

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	<b>Currency</b>	<b>Final Maturity</b>	<b>31 March 2009</b>	<b>31 December 2008</b>
Citigroup Global Markets Deutschland AG and Co. KGaA	US dollar	2009	24,907	20,975
OAO Sberbank Rossii	US dollar	2010	24,866	-
Loan participation notes issued in March 2007 <sup>1</sup>	Euro	2017	22,973	20,906
Loan participation notes issued in November 2006 <sup>1</sup>	Euro	2017	22,503	21,552
Dresdner Bank AG <sup>2</sup>	US dollar	2010	18,674	18,558
ABN AMRO Bank N.V. <sup>2</sup>	US dollar	2010	18,360	18,535
Credit Suisse International	US dollar	2017	18,065	15,414
Loan participation notes issued in July 2008 <sup>1</sup>	US dollar	2013	17,318	15,107
Loan participation notes issued in April 2008 <sup>1</sup>	US dollar	2013	14,077	11,944
OOO Aragon <sup>4</sup>	Euro	2010	12,630	11,397
Credit Suisse International	Euro	2010	11,416	10,418
Commerzbank AG <sup>2</sup>	US dollar	2010	10,131	12,358
Deutsche Bank AG	US dollar	2011	9,975	8,455
Loan participation notes issued in November 2007 <sup>1</sup>	JPY	2012	9,093	7,729
Credit Suisse International	Euro	2009	9,092	16,680
OAO Gazprombank	Rouble	2012	7,500	7,508
BNP Paribas SA <sup>2</sup>	US dollar	2009	7,023	5,946
Credit Suisse International	US dollar	2009	6,879	5,894
OAO Bank of Moscow	Rouble	2010	6,452	7,529
Loan participation notes issued in November 2007 <sup>1</sup>	JPY	2010	6,055	5,151
ABN AMRO Bank N.V. <sup>2</sup>	US dollar	2013	5,867	5,068
J.P. Morgan Chase bank	US dollar	2011	5,207	4,429
Wintershall Holding AG <sup>4</sup>	Euro	2010	5,194	4,686
Russian bonds issued in November 2006	Rouble	2011	5,146	5,059
Russian bonds issued in November 2006	Rouble	2009	5,141	5,058
Russian bonds issued in July 2007 <sup>5</sup>	Rouble	2010	5,095	5,192
Russian bonds issued in February 2005	Rouble	2010	5,054	5,158
Russian bonds issued in February 2007	Rouble	2014	5,041	5,132
Russian bonds issued in August 2005	Rouble	2009	5,012	5,100
Russian bonds issued in March 2006 <sup>6</sup>	Rouble	2016	4,816	4,731
Russian bonds issued in September 2006 <sup>6</sup>	Rouble	2011	4,643	4,908
Gazstream S.A.	US dollar	2012	4,567	4,565
Gazstream S.A.	US dollar	2010	3,783	4,638
European bank for reconstruction and development	Rouble	2012	3,631	3,878
Citibank International PLC	US dollar	2009	3,176	4,803
Russian bonds issued in April 2007 <sup>5</sup>	Rouble	2012	2,969	2,915
ABN AMRO Bank N.V.	US dollar	2009	2,838	2,453
European bank for reconstruction and development	Rouble	2018	2,718	2,792
OAO Bank of Moscow	Rouble	2009	2,572	2,533
OAO Gazprombank	US dollar	2010	337	2,978
Salomon Brothers AG	US dollar	2009	-	15,436
Credit Suisse International	US dollar	2009	-	14,712
Credit Suisse International	Euro	2009	-	8,466
Other long-term borrowings	Various	Various	49,400	37,742
<b>Total long-term borrowings</b>			<b>1,291,632</b>	<b>1,162,249</b>
Less: current portion of long-term borrowings			(215,872)	(239,019)
			<b>1,075,760</b>	<b>923,230</b>

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<sup>1</sup> Issuer of these bonds is Gaz Capital S.A.

<sup>2</sup> Loans received from syndicate of banks, named lender is the bank-agent.

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

<sup>4</sup> Loans were obtained for development of Yuzhno-Russkoye oil and gas field.

<sup>5</sup> Issuers of these notes are OAO WGC-2 and OAO WGC-6.

<sup>6</sup> Issuer of these bonds is OAO Mosenergo.

Due for repayment:	31 March 2009	31 December 2008
Between one and two years	210,670	181,615
Between two and five years	372,927	267,294
After five years	<u>492,163</u>	<u>474,321</u>
	<b>1,075,760</b>	<b>923,230</b>

Long-term borrowings include fixed rate loans with a carrying value of RR 994,971 and RR 914,937 and fair value of RR 894,538 and RR 749,630 as of 31 March 2009 and 31 December 2008, respectively. All other long-term borrowings generally have variable interest rates linked to LIBOR, and the carrying amounts approximate fair value.

As of 31 March 2009 and 31 December 2008 long-term borrowings include RR 22,468 and RR 18,442, relating to the operations of Group's banking subsidiaries, respectively.

As of 31 March 2009 and 31 December 2008 long-term borrowings, including current portion, of RR 32,316 and RR 30,451, respectively, were secured by gas sales contracts to Western Europe.

## 16 PROFIT TAX

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 31 December 2008 and 31 March 2009.

	31 March 2009	Differences recognition and reversals	31 December 2008	31 March 2008	Differences recognition and reversals	31 December 2007
<b>Tax effects of taxable temporary differences:</b>						
Property, plant and equipment	(254,684)	(5,978)	(248,706)	(268,680)	(1,715)	(266,965)
Financial assets	(16,384)	2,948	(19,332)	(27,085)	14,075	(41,160)
Inventories	<u>(2,460)</u>	<u>(639)</u>	<u>(1,821)</u>	<u>(3,524)</u>	<u>477</u>	<u>(4,001)</u>
	<b>(273,528)</b>	<b>(3,669)</b>	<b>(269,859)</b>	<b>(299,289)</b>	<b>12,837</b>	<b>(312,126)</b>
<b>Tax effects of deductible temporary differences:</b>						
Tax losses carry forward	1,341	8	1,333	735	(242)	977
Other deductible temporary differences	<u>1,128</u>	<u>(2,119)</u>	<u>3,247</u>	<u>719</u>	<u>(2,077)</u>	<u>2,796</u>
	<b>2,469</b>	<b>(2,111)</b>	<b>4,580</b>	<b>1,454</b>	<b>(2,319)</b>	<b>3,773</b>
<b>Total net deferred tax liabilities</b>	<b>(271,059)</b>	<b>(5,780)</b>	<b>(265,279)</b>	<b>(297,835)</b>	<b>10,518</b>	<b>(308,353)</b>

Taxable temporary differences in relation to financial assets for the three months ended 31 March 2008 include difference on fair value adjustments on shares of RAO UES of Russia in the amount of RR 8,461, OAO WGC-5 in the amount of RR 688, OAO WGC-2 in the amount of RR 1,278 and OAO WGC-6 in the amount of RR 2,123 included within other comprehensive income. No current profit tax was paid on this revaluation.

## 17 EQUITY

### Share capital

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Share capital authorised, issued and paid totals RR 325,194 as of 31 March 2009 and 31 December 2008 and consists of 23.7 billion ordinary shares, each with a historical par value of 5 Russian Roubles.

**Treasury shares**

As of 31 March 2009 and 31 December 2008, subsidiaries of OAO Gazprom held 31 million and 30 million, respectively, of the ordinary shares of OAO Gazprom, which are accounted for as treasury shares. The management of the Group controls the voting rights of these shares.

**18 SALES**

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2009</b>	<b>2008</b>
Gas sales (including excise tax, customs duties and net of VAT) to customers in:		
Russian Federation	157,947	173,376
Former Soviet Union (excluding Russian Federation)	89,545	91,213
Europe and other countries	<u>481,541</u>	<u>448,617</u>
Gross sales of gas	729,033	713,206
Excise tax	(290)	-
Customs duties	<u>(52,276)</u>	<u>(117,414)</u>
Net sales of gas	676,467	595,792
Sales of refined products to customers in:		
Russian Federation	51,149	92,077
Former Soviet Union (excluding Russian Federation)	6,650	11,434
Europe and other countries	<u>40,005</u>	<u>67,652</u>
Total sales of refined products	97,804	171,163
Sales of crude oil and gas condensate to customers in:		
Russian Federation	3,333	8,050
Former Soviet Union (excluding Russian Federation)	4,699	5,441
Europe and other countries	<u>27,923</u>	<u>44,459</u>
Total sales of crude oil and gas condensate	35,955	57,950
Electric and heat energy sales	83,147	40,286
Gas transportation sales	12,825	15,905
Other revenue	<u>25,205</u>	<u>30,654</u>
<b>Total sales revenue</b>	<b><u>931,403</u></b>	<b><u>911,750</u></b>

**19 OPERATING EXPENSES**

	<b>Three months ended</b>	
	<b>31 March</b>	
Note	<b>2009</b>	<b>2008</b>
Purchased oil and gas	303,459	137,348
Transit of gas, oil and refined products	62,833	48,278
Staff costs	59,653	72,133
Depreciation	54,480	56,409
Cost of goods for resale, including refined products	50,891	32,327
24 Taxes other than on income	49,886	72,648
Repairs and maintenance	23,745	28,546
Materials	14,562	19,910
Electricity and heating expenses	10,539	16,854
Charge for impairment provisions	6,024	3,732
Social expenses	4,182	4,099

**19 OPERATING EXPENSES (continued)**

**Three months ended**

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	<b>31 March</b>	
	<b>2009</b>	<b>2008</b>
Insurance expenses	3,697	4,097
Rental expenses	3,695	3,597
Other	<u>1,164</u>	<u>46,145</u>
<b>Total operating expenses</b>	<b>648,810</b>	<b>546,123</b>

Staff costs include RR 4,125 and RR 4,611 of expenses associated with pension obligations for the three months ended 31 March 2009 and 31 March 2008, respectively.

**20 FINANCE INCOME AND EXPENSES**

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2009</b>	<b>2008</b>
Exchange gains	115,027	38,140
Interest income	3,951	18,499
Gains on extinguishment of restructured liabilities	<u>36</u>	<u>5</u>
<b>Total finance income</b>	<b>119,014</b>	<b>56,644</b>

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2009</b>	<b>2008</b>
Exchange losses	255,397	21,587
Interest expense	<u>13,041</u>	<u>19,003</u>
<b>Total finance expenses</b>	<b>268,438</b>	<b>40,590</b>

**21 BASIC AND DILUTED EARNINGS PER SHARE, ATTRIBUTABLE TO SHAREHOLDERS OF OAO GAZPROM**

Earnings per share have been calculated by dividing the profit, attributable to equity shareholders of OAO Gazprom by the weighted average number of shares outstanding during the period, excluding the weighted average number of ordinary shares purchased by the Group and held as treasury shares (see Note 17).

There were 23.6 and 23.5 billion weighted average shares outstanding for the three months ended 31 March 2009 and 2008, respectively.

There are no dilutive financial instruments outstanding.

**22 PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>31 March</b>	<b>31 December</b>
	<b>2009</b>	<b>2008</b>
Provision for environmental liabilities	51,814	50,550
Provision for pension obligations	31,863	28,128
Other	<u>7,292</u>	<u>7,129</u>
	<b>90,969</b>	<b>85,807</b>

The Group operates a defined benefit plan, concerning the majority employees of the Group. These benefits include pension benefits provided by the non-governmental pension fund, NPF Gazfund, and certain post-retirement benefits from the Group at their retirement date.

The net pension assets related to benefits, provided by the pension plan NPF Gazfund in the amount of RR 243,982 as of 31 March 2009 and 31 December 2008 are presented within other non-current assets in the consolidated balance sheet. In accordance with IAS 19, pension assets are recorded at estimated fair market values subject to certain limitations. As of 31 March 2009 and 31 December 2008 management estimated

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**22 PROVISIONS FOR LIABILITIES AND CHARGES (continued)**

the fair value of these assets at approximately RR 265 billion and RR 257 billion, respectively. The pension assets comprise shares of OAO Gazprom, shares of OAO Gazprombank and other assets held by NPF Gazfund.

**23 ACQUISITION OF THE CONTROLLING INTEREST IN NAFTA INDUSTRIJA SRBIJE (NIS)**

On February 3, 2009, the Group acquired a 51% interest in NIS for RR 18.9 billion (Euro 400 million). As part of the purchase agreement the Group pledged to invest Euro 547 million (approximately RR 24.6 billion) to rebuild and upgrade NIS's refining facilities by 2012. NIS is one of the largest vertically integrated oil companies in central Europe, operating two oil refineries in Pancevo and Novi Sad, Serbia with a total processing capacity of 7.3 million tones per year. NIS also has crude oil production of approximately 0.6 million tones per year from its oil and gas exploration and production operations in Serbia and operates a network of retail stations throughout Serbia.

In accordance with IFRS 3 "Business Combinations", the Group recognized the acquired assets and liabilities assumed based upon their fair values. In the interim condensed financial information, the purchase price allocation is preliminary as the Group is in the process of finalizing the fair value estimates for certain assets and liabilities, primarily for property, plant and equipment and certain long-term receivables and investments. Management is required to finalise the purchase accounting within 12 months of the date of acquisition. Any revisions to the provisional values will be reflected as of the acquisition date.

Details of the assets acquired and liabilities assumed are as follows:

	<b>Book value</b>	<b>Provisional fair value</b>
Cash and cash equivalents	794	794
Accounts receivable and prepayments	8,900	8,900
Inventories	10,759	10,759
Other current assets	<u>1,920</u>	<u>1,920</u>
<b>Current assets</b>	<b>22,373</b>	<b>22,373</b>
Property, plant and equipment	59,302	53,146
Other non-current assets	<u>7,240</u>	<u>7,944</u>
<b>Non-current assets</b>	<b>66,542</b>	<b>61,090</b>
<b>Total assets</b>	<b>88,915</b>	<b>83,463</b>
Accounts payable and accrued charges	12,085	12,085
Profit tax payable	92	92
Other taxes payable	3,333	3,333
Short-term borrowings and current portion of long-term borrowings	<u>23,342</u>	<u>23,342</u>
<b>Current liabilities</b>	<b>38,852</b>	<b>38,852</b>
Long-term borrowings	6,741	6,741
Provisions for liabilities and charges	417	417
Other non-current liabilities	<u>2,160</u>	<u>2,160</u>
<b>Non-current liabilities</b>	<b>9,318</b>	<b>9,318</b>
<b>Total liabilities</b>	<b>48,170</b>	<b>48,170</b>
<b>Net assets at acquisition date</b>	<b>40,745</b>	<b>35,293</b>
<b>Provisional fair value of net assets at acquisition date</b>		35,293
Fair value of the Group's interest		17,999
Purchase consideration		<u>18,851</u>
<b>Provisional goodwill</b>		<b>852</b>



**23 ACQUISITION OF THE CONTROLLING INTEREST IN NAFTA INDUSTRIJA SRBIJE (NIS) (continued)**

The acquisition of NIS contributed revenues of approximately RR 10,969 and profit of RR 85 to the Group for the period from the date of acquisition to 31 March 2009. If the acquisition had occurred on 1 January 2009, the Group's revenue for the three months ended 31 March 2009 would have been RR 936,888. The Group's profit for the three months ended 31 March 2009 would have been RR 110,221.

**24 RELATED PARTIES**

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

The nature of the related party relationships for those related parties with whom the Group entered into significant transactions or had significant balances outstanding as of 31 March 2009 are detailed below.

**Government**

The Government of the Russian Federation is the ultimate controlling party of OAO Gazprom and has a controlling interest (including both direct and indirect ownership) of over 50% in OAO Gazprom.

The Government does not prepare financial statements for public use. The 11 seats on the Board of Directors include six State representatives. Governmental economic and social policies affect the Group's financial position, results of operations and cash flows.

As a condition of privatisation in 1992, the Government imposed an obligation on the Group to provide an uninterrupted supply of gas to customers in the Russian Federation at government controlled prices.

**Parties under control of the Government**

In the normal course of business the Group enters into transactions with other entities under Government control. Prices of natural gas sales and electricity tariffs in Russia are regulated by the Federal Tariffs Service ("FTS"). Bank loans with related parties are provided on the basis of market rates. Taxes are accrued and settled in accordance with Russian tax legislation.

As of 31 March 2009 and 31 December 2008 and for the three months ended 31 March 2009 and 2008 the Group had the following significant transactions and balances with the Government and parties under control of the Government:

Notes	As of 31 March 2009		Three months ended 31 March 2009	
	Assets	Liabilities	Income	Expenses
<b>Transactions and balances with the Government</b>				
	46,892	10,342	-	33,787
	142	2,929	-	9,556
	199,613	24,241	-	-
	89,397	-	-	-
19	1,348	27,727	-	49,886
<b>Transactions and balances with other parties under control of the Government</b>				
	-	-	4,191	-
	-	-	36,079	-
	-	-	480	-
	19,223	-	-	-
	-	-	-	18,501
	-	7,217	-	-
	-	64,093	-	-
	-	-	-	452
	1,164	-	-	-
	19,942	-	-	-

**OAo GAZPROM**  
**NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION**  
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(In millions of Russian Roubles)

**24 RELATED PARTIES (continued)**

Notes	As of 31 December 2008		Three months ended 31 March 2008		
	Assets	Liabilities	Income	Expenses	
	<b>Transactions and balances with the Government</b>				
	Current profit tax	30,518	6,774	-	92,196
	Unified social tax	558	1,075	-	11,707
	VAT recoverable/payable	199,990	20,134	-	-
	Customs duties	60,841	-	-	-
19	Other taxes	2,565	29,537	-	72,648
	<b>Transactions and balances with other parties under control of the Government</b>				
	Gas sales	-	-	55,094	-
	Electricity sales	-	-	13,180	-
	Other services sales	-	-	1,138	-
	Accounts receivable	9,360	-	-	-
	Oil transportation expenses	-	-	-	13,054
	Accounts payable	-	5,444	-	-
	Loans	-	14,610	-	-
	Interest income/expense	-	-	551	544
	Short-term financial assets	1,176	-	-	-
	Available-for-sale long-term financial assets	18,319	-	-	-

Gas sales and respective accounts receivable, oil transportation expenses and respective accounts payable included in the table above are related to major State controlled utility companies.

In the normal course of business the Group incurs electricity and heating expenses (see Note 19). A part of these expenses relates to purchases from the entities under Government control. Due to specifics of electricity market in Russian Federation, these purchases can not be accurately separated from the purchases from private companies.

See consolidated interim condensed statement of changes in equity for returns of social assets to governmental authorities during the three months ended 31 March 2009 and 2008. See Note 10 for net book values as of 31 March 2009 and 31 December 2008 of social assets vested to the Group at privatisation.

**Compensation for key management personnel**

Key management personnel (the members of the Board of Directors and Management Committee of OAO Gazprom) receive short-term compensation, including salary, bonuses and remuneration for serving on the management bodies of various Group companies. Government officials, who are directors, do not receive remuneration from the Group. The remuneration for serving on the Boards of Directors of Group companies is subject to approval by the General Meeting of Shareholders of each Group company. Compensation of key management personnel (other than remuneration for serving as directors of Group companies) is determined by the terms of the employment contracts. Key management personnel also receive certain short-term benefits related to healthcare.

According to Russian legislation, the Group makes contributions to the Russian Federation State pension fund for all of its employees including key management personnel. Key management personnel also participate in certain post-retirement benefit programs. The programs include pension benefits provided by the non-governmental pension fund, NPF Gazfund, and a one-time retirement payment from the Group. Employees of the majority of Group companies are eligible for such benefits.

**OAO GAZPROM**  
**NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION**  
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**24 RELATED PARTIES (continued)**

**Associated undertakings and jointly controlled entities**

For the three months ended 31 March 2009 and 2008 and as of 31 March 2009 and 31 December 2008 the Group had the following significant transactions and balances with associated undertakings and jointly controlled entities:

	<b>Three months ended 31 March</b>	
	<b>2009</b>	<b>2008</b>
	<b>Revenues</b>	<b>Revenues</b>
<b>Gas sales</b>		
Wintershall Erdgas Handelshaus GmbH & Co.KG	36,178	28,517
OAO Beltransgaz	25,793	11,483
Wintershall Gas GmbH & Co. KG	16,533	14,215
ZAO Panrusgaz	15,080	15,828
AO Moldovagaz	11,980	2,504
AO Gazum	9,369	6,823
AO Overgaz Inc.	5,960	3,151
OAO TGC-1	4,517	-
AO Lietuvos dujos	3,817	2,294
Promgaz SPA	3,787	3,175
Wintershall Erdgas Handelshaus Zug AG	3,693	4,481
GWH – Gaz und Warenhandels GmbH	1,930	2,565
AO Latvijas Gaze	1,520	-
AO Turusgaz	1,433	1,206
ZAO Gazprom YRGM Trading	1,213	1,956
RosUkrEnergO AG	280	50,864
<b>Gas transportation sales</b>		
OAO NOVATEK	3,131	2,873
ZAO Gazprom YRGM Trading	2,403	1,362
RosUkrEnergO AG	-	5,112
<b>Gas condensate, crude oil and refined products sales</b>		
OAO NGK Slavneft and its subsidiaries	1,357	4,978
OAO Salavatnefteorgsintez	1,141	-
<b>Gas processing sales</b>		
TOO KazRosGaz	1,101	1,089
<b>Purchased gas</b>		
ZAO Gazprom YRGM Trading	<b>Expenses</b> 9,552	<b>Expenses</b> 3,946
TOO KazRosGaz	8,008	4,012
OAO NOVATEK	1,712	1,363
RosUkrEnergO AG	-	2,846
<b>Gas transportation purchases</b>		
OAO Beltransgaz	3,363	1,616
Blue Stream Pipeline Company B.V.	2,669	1,838
SGT EuRoPol GAZ S.A.	2,584	3,343
Wintershall Gas GmbH & Co. KG	1,260	931
<b>Crude oil and refined products purchases</b>		
OAO NGK Slavneft and its subsidiaries	8,992	19,850
OAO Tomskneft VNK and its subsidiaries	4,377	5,330
<b>Processing services purchases</b>		
OAO NGK Slavneft and its subsidiaries	1,663	1,218

**OAO GAZPROM**  
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Gas is sold to associated undertakings in the Russian Federation mainly at the rates established by the FTS.

**24 RELATED PARTIES (continued)**

Gas is sold outside the Russian Federation (except for that sold to RosUkrEnergO AG) under long-term contracts based on world commodity prices.

	As of 31 March 2009		As of 31 December 2008	
	Assets	Liabilities	Assets	Liabilities
<b>Short-term accounts receivable and prepayments</b>				
RosUkrEnergO AG	20,224	-	76,514	-
OAO Beltransgaz	20,213	-	8,664	-
AO Moldovagaz*	14,357	-	3,274	-
Wintershall Erdgas Handelshaus GmbH & Co.KG	8,887	-	1,783	-
Wintershall Gas GmbH & Co. KG	6,123	-	13,888	-
OAO NGK Slavneft and its subsidiaries	4,452	-	4,313	-
AO Gazum	3,681	-	4,322	-
ZAO Panrusgaz	2,982	-	11,341	-
OAO Salavatnefteorgsyntez	2,382	-	2,493	-
SGT EuRoPol GAZ S.A.	1,384	-	1,295	-
OAO Sibur Holding and its subsidiaries	1,175	-	1,589	-
Wintershall Erdgas Handelshaus Zug AG	1,018	-	11,925	-
OAO Gazprombank	1,006	-	1,077	-
ZAO Gazprom YRGM Trading	928	-	2,196	-
<b>Cash in associated undertakings</b>				
OAO Gazprombank	160,877	-	161,255	-
<b>Long-term accounts receivable and prepayments</b>				
Wintershall Gas GmbH & Co. KG	12,711	-	11,721	-
OAO Sibur Holding and its subsidiaries	4,275	-	3,587	-
SGT EuRoPol GAZ S.A.	3,501	-	3,555	-
<b>Long-term promissory notes</b>				
OAO Gazprombank	2,579	-	2,536	-
<b>Short-term accounts payable</b>				
SGT EuRoPol GAZ S.A.	-	5,205	-	4,470
Wintershall Gas GmbH & Co. KG	-	4,437	-	9,239
TOO KazRosGaz	-	4,192	-	1,994
ZAO Gazprom YRGM Trading	-	3,895	-	4,591
OAO Sibur Holding and its subsidiaries	-	2,335	-	2,756
OAO NOVATEK	-	1,455	-	1,111
OAO NGK Slavneft and its subsidiaries	-	707	-	1,580
OAO Beltransgaz	-	449	-	1,351
RosUkrEnergO AG	-	-	-	9,176
<b>Long-term accounts payable:</b>				
OAO Sibur Holding and subsidiaries	-	3,627	-	3,627
<b>Short-term loans from associated undertakings</b>				
OAO Tomskneft VNK and its subsidiaries	-	7,771	-	8,478
OAO Gazprombank	-	3,743	-	7,875
Wintershall Erdgas Handelshaus GmbH & Co.KG	-	-	-	2,344
<b>Long-term loans from associated undertakings</b>				
OAO Gazprombank	-	11,256	-	9,513

\* Net of impairment provision on accounts receivable in the amount of RR 37,125 as of 31 March 2009 and 31 December 2008.

**24 RELATED PARTIES (continued)**

Investments in associated undertakings and jointly controlled entities are disclosed in Note 11.

See Note 25 for financial guarantees issued by the Group to the associated undertakings and jointly controlled entities.

**25 COMMITMENTS, CONTINGENCIES AND OPERATING RISKS**

**Taxation**

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

Management believes that its interpretation of the relevant legislation as of 31 March 2009 is appropriate and all of the Group's material tax, currency and customs positions will be sustainable.

**Recent volatility in global financial markets**

The ongoing global liquidity crisis which commenced in the middle of 2007 has resulted in, among other things, a lower level of capital market funding, lower liquidity levels across the banking sector, and, at times, higher interbank lending rates. The uncertainties in the global financial market, have also led to bank failures and bank rescues in the United States of America, Western Europe and in Russia. Such circumstances could affect the ability of the Group to obtain new borrowings and re-finance its existing borrowings at terms and conditions similar to those applied to earlier transactions. The debtors of the Group may also be affected by the lower liquidity situation which could in turn impact their ability to repay their outstanding payables. Deteriorating operating conditions for debtors may also have an impact on management's cash flow forecasts and assessment of the impairment of financial and non-financial assets. To the extent that information is available, management has reflected revised estimates of expected future cash flows in their impairment assessments.

The uncertainty in the global markets combined with other local factors has over the recent period led to very high volatility in the Russian Stock Markets and at times much higher than normal interbank lending rates.

Management is unable to estimate reliably the effects on the Group's financial position of any further deterioration in the liquidity of the financial markets and the increased volatility in the currency and equity markets. Management believes it is taking all the necessary measures to support the sustainability and growth of the Group's business in the current circumstances.

The net pension assets included into other non-current assets are also exposed to the decline in the market price of certain investments made by NPF Gazfund.

The Group is exposed to deteriorating economic conditions resulting from general economic downturn and decline in oil prices. These new market conditions would have an impact on medium term cash flow forecast and assessment of potential impairment of financial and non-financial assets. Management believes that as of 31 March 2009 market conditions did not result in significant change from 31 December 2008 in medium and long-term cash-flow forecasts and impairment assessment.

**25 COMMITMENTS, CONTINGENCIES AND OPERATING RISKS (continued)**

**Financial guarantees**

	<b>31 March 2009</b>	<b>31 December 2008</b>
Outstanding guarantees issued on behalf of:		
BSPC	24,534	24,092
MRK Energy DMCC	6,959	6,959
EM Interfinance Limited	6,713	5,823
Devere Capital International Limited	6,546	5,691
ZAO Achimgaz	5,042	4,961
Blackrock Capital Investments Limited	5,700	4,934
OAO Group E4	3,862	3,562
Nord Stream AG	2,750	2,536
Gaztransit	1,363	1,294
DSL Assets International Limited	774	888
United Energy Investments Limited	773	887
Other	<u>24,488</u>	<u>25,701</u>
	<b>89,504</b>	<b>87,328</b>

Included in financial guarantees are amounts denominated in USD of USD 1,458 million and USD 1,587 million as of 31 March 2009 and 31 December 2008, respectively.

In July 2005 Blue Stream Pipeline Company B.V. (BSPC) refinanced some of the existing liabilities, guaranteed by the Group, by means of repayment of the liabilities to a group of Italian and Japanese banks. For the purpose of this transaction loans in the amount of USD 1,185.3 million were received from Gazstream S.A. The Group guaranteed the above loans. As of 31 March 2009 and 31 December 2008, outstanding amounts of these loans were RR 23,337 (USD 686 million) and RR 23,052 (USD 785 million), respectively, which were guaranteed by the Group, pursuant to its obligations.

As of 31 March 2009 and 31 December 2008, BSPC also borrowed RR 1,197 (USD 35 million) and RR 1,040 (USD 35 million) of credit facilities, provided by Depfa Investment Bank Ltd., which were guaranteed by the Group.

In 2007 the Group provided a guarantee to Wintershall Vermögens-Verwaltungsgesellschaft mbH on behalf of ZAO Achimgaz as a security of loans received and used for additional financing of the pilot implementation of the project on the development of Achimsky deposits of the Urengoy field. The Group's liability with respect to loans is limited by 50% in accordance with the ownership interest in ZAO Achimgaz. As of 31 March 2009 and 31 December 2008 the above guarantee amounted to RR 5,042 (Euro 112 million) and RR 4,961 (Euro 120 million), respectively.

In January 2008 the Group provided a guarantee to Europipe GmbH, supplier of large-diameter steel pipes, on behalf of Nord Stream AG related to pipe supply contract for construction of Nord Stream pipeline. As of 31 March 2009 and 31 December 2008 the above guarantee amounted to RR 2,750 (Euro 61 million) and RR 2,536 (Euro 61 million), respectively.

In April 2008 the Group provided a guarantee to Credit Suisse International and National Reserve bank (OAO) on behalf of MRK Energy DMCC related to loan received by MRK Energy DMCC. The purpose of the loan is financing of construction of gas pipeline "Kudarsky pereval – Tskhinval" (South Ossetia). As of 31 March 2009 and 31 December 2008 the above guarantee amounted to RR 6,959.

In 2006 the Group guaranteed loans issued by five financing entities (Devere Capital International Limited, Blackrock Capital Investments Limited, DSL Assets International Limited, United Energy Investments Limited, EM Interfinance Limited). These companies were special purpose entities of Gazprombank Group, which bore risks, associated with the loans. Following the deconsolidation of Gazprombank Group and because the Group remains a guarantor, the guarantees provided by the Group are reported as guarantees to third parties. As of 31 March 2009 and 31 December 2008 the above guarantees amounted to RR 20,506 (USD 603 million) and RR 18,223 (USD 620 million), respectively.

In May 2008 the Group provided a guarantee to OAO Bank of Moscow on behalf of OAO Group E4 as a security of loans for obligations under contracts for delivering of power units. As of 31 March 2009 and 31 December 2008 the above guarantee amounted to RR 3,862 (Euro 86 million) and RR 3,562 (Euro 86 million).

Other guarantees of the Group included guarantees, issued by OAO Sobinbank to third parties in the amount of RR 7,653 and RR 8,267 as of 31 March 2009 and 31 December 2008, respectively.

## **26 POST BALANCE SHEET EVENTS**

### **Significant change in currency rate**

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US dollar and the Euro. The foreign exchange risk relates to currency denominated assets and liabilities.

The official Russian Rouble (“RR”) to US dollar (“USD”) exchange rates as determined by the Central Bank of the Russian Federation changed from 34.01 to 31.92 in the period from 31 March 2009 to 19 August 2009. The official RR to Euro exchange rates as determined by the Central Bank of the Russian Federation changed from 44.94 to 45.09 in the period from 31 March 2009 to 19 August 2009.

### **Investments**

On 24 April 2009 the Group exercised the option agreement with ENI S.p.A. to purchase the additional 20% interest in OAO Gazprom Neft for USD 4.1 billion. In the result of this transaction the Group has increased its interest in OAO Gazprom Neft to 95.68%. The Group obtained credits from a group of banks in order to finance the transaction.

In June 2009, the Group entered into an agreement with E.ON Ruhrgas AG to swap 25% less three ordinary share and three non-voting share in share capital of OAO Severneftegazprom. In exchange we received E.ON Ruhrgas AG’s share in ZAO Gerosgaz (“Gerosgaz”), which led to the increase in OAO Gazprom’s treasury shares by an additional 2.9%.

As a result of the number of transactions during the period from April to June 2009 the Group acquired 55% interest in Sibir Energy plc for USD 1,670 million in total.

### **Borrowings and loans**

In April 2009 the Group obtained a credit from OAO Sberbank Rossii in the amount of USD 3,000 million due in 2014 at an interest rate of 10%.

In April 2009 the Group obtained a loan from OAO Russian Agricultural Bank in the amount of USD 600 million due in 2014 at an interest rate of 10%.

In April 2009 the Group obtained a loan from GPB Credit Risk Management S.A. in the amount of USD 600 million due in 2014 at an interest rate of 10%.

In April 2009 the Group issued USD 2,250 million Loan Participation Notes due in 2019 at an interest rate 9.25% and CHF 500 million Loan Participation Notes due in 2011 at an interest rate 9% under the USD 30,000 million Programme for the Issuance of Loan Participation Notes.

In April 2009 the Group issued bonds in the amount of RR 10,000 due in 2019 at an interest rate of 16.7% with two years buy-back put option.

In June 2009 the Group issued certified interest bearing non-convertible bonds at the amount of RR 5,000 due in 2014 at an interest rate 13.75% and RR 10,000 due in 2012 at an interest rate 13.12%.

In July 2009 the Group issued USD 1,250 million Loan Participation Notes due in 2014 at an interest rate 8.125% and Euro 850 million Loan Participation Notes due in 2015 at an interest rate 8.125% under the USD 30,000 million Programme for the Issuance of Loan Participation Notes.

**OAO GAZPROM**  
**INVESTMENT RELATIONSHIPS**

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