

**ОАО ГАЗПРОМ**

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

**31 MARCH 2008**

**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 2008, and the related consolidated interim condensed statements of income, of cash flows and of changes in equity for the three months period then ended. Management is responsible for the preparation and presentation of this consolidated interim condensed financial information as set out on pages 3 to 27 in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this consolidated interim condensed financial information based on our review.

***Scope of Review***

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

***Conclusion***

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

Without qualifying our conclusion, we draw attention to Note 23 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.

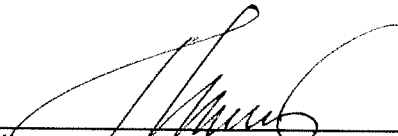
*ZAO PricewaterhouseCoopers Audit*

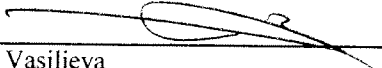
Moscow, Russian Federation

17 October 2008

**OAO GAZPROM**  
**IFRS CONSOLIDATED INTERIM CONDENSED BALANCE SHEET (UNAUDITED)**  
**AS OF 31 MARCH 2008**  
(In millions of Russian Roubles)

Notes	31 March 2008	31 December 2007
<b>Assets</b>		
<b>Current assets</b>		
6	371,654	279,109
6	15,974	12,025
7	95,446	113,911
8	858,572	697,464
9	218,631	245,406
	118,171	122,558
	<u>85,093</u>	<u>95,944</u>
	1,763,541	1,566,417
<b>Non-current assets</b>		
10	3,542,178	3,490,477
11	727,518	670,403
12	402,001	402,382
13	189,106	256,210
14	<u>452,297</u>	<u>406,667</u>
	<u>5,313,100</u>	<u>5,226,139</u>
	7,076,641	6,792,556
<b>Liabilities and equity</b>		
<b>Current liabilities</b>		
	523,331	485,466
	50,399	23,033
	69,970	50,530
	520,592	504,070
	<u>14,542</u>	<u>21,455</u>
	1,178,834	1,084,554
<b>Non-current liabilities</b>		
15	932,708	981,408
22	80,690	79,213
16	297,835	308,353
	<u>32,199</u>	<u>25,931</u>
	<u>1,343,432</u>	<u>1,394,905</u>
	2,522,266	2,479,459
<b>Equity</b>		
17	325,194	325,194
17	(29,688)	(20,801)
	<u>3,883,875</u>	<u>3,646,396</u>
	4,179,381	3,950,789
	<u>374,994</u>	<u>362,308</u>
	<u>4,554,375</u>	<u>4,313,097</u>
	7,076,641	6,792,556

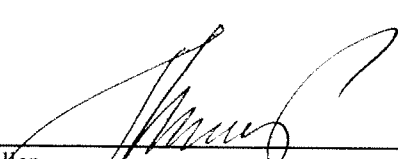
  
A.B. Miller  
Chairman of the Management Committee  
17 October 2008

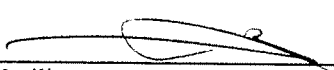
  
E.A. Vasilieva  
Chief Accountant  
17 October 2008

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

**OA0 GAZPROM**  
**IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED)**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2008**  
(In millions of Russian Roubles)

Notes		Three months ended	
		2008	2007
18	Sales	902,944	611,528
19	Operating expenses	<u>(537,317)</u>	<u>(401,733)</u>
	<b>Operating profit</b>	<b>365,627</b>	<b>209,795</b>
14	Loss from change in fair value of call option	(17,423)	-
	Deconsolidation of NPF Gazfund	-	44,692
20	Finance income	56,644	25,415
20	Finance expenses	<u>(40,590)</u>	<u>(20,036)</u>
11	Share of net income of associated undertakings and jointly controlled entities	12,454	11,046
	Gain on disposal of available-for-sale financial assets	<u>3,616</u>	<u>8,593</u>
	<b>Profit before profit tax</b>	<b>380,328</b>	<b>279,505</b>
	Current profit tax expense	(92,196)	(56,334)
	Deferred profit tax expense	<u>(2,082)</u>	<u>(6,034)</u>
	Profit tax expense	<u>(94,278)</u>	<u>(62,368)</u>
	<b>Profit for the period</b>	<b>286,050</b>	<b>217,137</b>
	<b>Attributable to:</b>		
	Equity holders of OAO Gazprom	273,439	210,312
	Minority interest	<u>12,611</u>	<u>6,825</u>
		<b>286,050</b>	<b>217,137</b>
21	<b>Basic and diluted earnings per share for profit attributable to the equity holders of OAO Gazprom (in Roubles)</b>	<b>11.61</b>	<b>9.07</b>

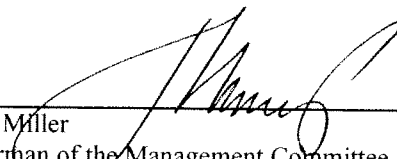
  
A.B. Miller  
Chairman of the Management Committee  
17 October 2008


  
E.A. Vasilieva  
Chief Accountant  
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**OA O GAZPROM**  
**IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2008**  
(In millions of Russian Roubles)

Notes	Three months ended 31 March	
	2008	2007
	<b>Operating activities</b>	
	380,328	279,505
	<b>Profit before profit tax</b>	
	<b>Adjustments to profit before profit tax</b>	
14	17,423	-
	-	(44,692)
	56,409	50,090
	(16,553)	(5,386)
	19,003	15,048
	(18,499)	(14,166)
	(3,616)	(8,593)
	(12,454)	(11,046)
	3,732	996
	<u>(2,060)</u>	<u>4,521</u>
	43,385	(13,228)
	33,215	(6,025)
	736	(12,053)
	1,873	1,663
	(23,986)	256,986
	<u>(59,616)</u>	<u>(45,380)</u>
	<b>375,935</b>	<b>461,468</b>
	<b>Investing activities</b>	
	(159,410)	(99,743)
	(43,825)	-
	(33,493)	-
	-	(18,518)
	15,036	14,686
	(722)	(5,778)
	<u>(10,418)</u>	<u>(7,033)</u>
	<b>(232,832)</b>	<b>(116,386)</b>
	<b>Financing activities</b>	
	76,404	102,425
	(126,440)	(36,844)
	30,446	8,059
	1,396	(19,197)
	(16,254)	(10,230)
	(59,397)	(74,112)
	49,906	85,140
	<u>(3,949)</u>	<u>(2,120)</u>
	<b>(47,888)</b>	<b>53,121</b>
	<u>(2,670)</u>	<u>(1,605)</u>
	<b>92,545</b>	<b>396,598</b>
6	<u>279,109</u>	<u>269,224</u>
6	<b>371,654</b>	<b>665,822</b>


  
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Chairman of the Management Committee  
17 October 2008

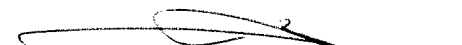
  
E.A. Vasilieva  
Chief Accountant  
17 October 2008

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**OA O GAZPROM**  
**IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2008**  
(In millions of Russian Roubles)

Notes	Number of shares out-standing (billions)	Attributable to equity holders of OAO Gazprom			Total	Minority interest	Total equity	
		Share capital	Treasury shares	Retained earnings and other reserves				
<b>Three months ended 31 March 2007</b>								
	<b>Balance as of 31 December 2006</b>	22.9	325,194	(41,801)	2,905,065	3,188,458	161,362	3,349,820
	Gains arising from change in fair value of available-for-sale financial assets		-	-	35,827	35,827	-	35,827
	Translation differences		-	-	(826)	(826)	-	(826)
	Net income recognised directly in equity		-	-	35,001	35,001	-	35,001
	Profit for the period		-	-	210,312	210,312	6,825	217,137
	Total recognised income for the period		-	-	245,313	245,313	6,825	252,138
17	Net treasury shares transactions	0.0	-	4,715	(1,550)	3,165	-	3,165
	Return of social assets to governmental authorities		-	-	(1,962)	(1,962)	-	(1,962)
	Deconsolidation of NPF Gazfund	0.6	-	8,838	111,015	119,853	90,844	210,697
	<b>Balance as of 31 March 2007</b>	23.5	325,194	(28,248)	3,257,881	3,554,827	259,031	3,813,858
<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
	Losses arising from change in fair value of available-for-sale financial assets		-	-	(39,658)	(39,658)	(529)	(40,187)
	Translation differences		-	-	3,485	3,485	(429)	3,056
	Net loss recognised directly in equity		-	-	(36,173)	(36,173)	(958)	(37,131)
	Profit for the period		-	-	273,439	273,439	12,611	286,050
	Total recognised income for the period		-	-	237,266	237,266	11,653	248,919
17	Net treasury shares transactions	(0.1)	-	(8,887)	225	(8,662)	-	(8,662)
	Return of social assets to governmental authorities		-	-	(12)	(12)	-	(12)
	Acquisition of shares in subsidiaries		-	-	-	-	1,033	1,033
	<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

  
A.B. Millet  
Chairman of the Management Committee  
17 October 2008

  
E.A. Vasilieva  
Chief Accountant  
17 October 2008

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 a major exporter of gas to European countries. The Group is engaged in oil production and refining activities.

The Group is involved in the following principal activities:

- Exploration and production of gas;
- Transportation of gas;
- Domestic and export sale of gas;
- Production of crude oil and gas condensate; and
- Processing of oil, gas condensate and other hydrocarbons, and sales of refined products.

Other activities primarily comprise banking, electric and heat energy generation, construction and media.

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**

Although there have been improvements in economic trends in the country, the Russian Federation continues to display certain characteristics of an emerging market. These characteristics include, but are not limited to, the existence of a currency that is not freely convertible in most countries outside of the Russian Federation, restrictive currency controls, and relatively high inflation. The tax, currency and customs legislation within the Russian Federation is subject to varying interpretations, and changes, which can occur frequently.

Future economic direction of the Russian Federation is largely dependent upon the effectiveness of economic, financial and monetary measures undertaken by the Government, together with tax, legal, regulatory, and political developments.

## **3 BASIS OF PRESENTATION**

The consolidated interim condensed financial information is prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”). This financial information should be read together with the consolidated financial statements for the year ended 31 December 2007 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 23.52 and 24.55 as of 31 March 2008 and 31 December 2007, respectively. The official RR to Euro exchange rates as determined by the Central Bank of the Russian Federation were 37.07 and 35.93 as of 31 March 2008 and 31 December 2007, respectively.

In the first quarter of 2007 the Group ceased to consolidate the non-governmental pension fund, NPF Gazfund. Although NPF Gazfund is now deconsolidated, the Group continued to consolidate OAO Gazprombank and its subsidiaries (including Sibur-Holding and Gazprom Media) because the Group has a history of and as of 31 March 2008 casted the majority of the votes at the meetings of the board of directors of OAO Gazprombank (see Note 25). As of 31 March 2008, the Group owns approximately 46 % of OAO Gazprombank and the bank owns 74 % and 100 % of Sibur-Holding and Gazprom Media, 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 2007.

##### **New accounting developments**

In 2008 there were no significant changes implemented in accounting policy. All changes caused by implementation of new standards have been made in accordance with the transition provisions in the respective standards where applicable, otherwise IAS 8 “Accounting policies, changes in accounting estimates and errors” was followed. All standards, amendments and interpretations adopted by the Group require retrospective application; there were no material adjustments required as a result of new accounting pronouncements issued.

In 2008 the Group has adopted all IFRS, amendments and interpretations which are effective 1 January 2008 and which are relevant to its operations.

Effective 1 January 2008, the Group adopted IFRIC 12 “Service Concession Arrangements” (“IFRIC 12”), which is effective for annual periods beginning on or after 1 January 2008. Service concessions are arrangements whereby a government or other public sector entity grants contracts for the supply of public services – such as roads, airports and other facilities – to private sector operators. The interpretation addresses how service concession operators should apply existing IFRSs to account for the obligations they undertake and rights they receive in service concession arrangements. The application of IFRIC 12 did not materially affect the Group’s consolidated interim condensed financial information.

The following new Standards and amendments to Standards are not yet effective and have not been applied in preparing this consolidated interim condensed financial information:

- IFRS 8 “Operating Segments” (“IFRS 8”), which is effective for annual 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 operations segments. Such information may be different from what is used to prepare the income statement 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 income statement and balance sheet. The Group is currently assessing the impact of the application of IFRS 8 on its consolidated financial statements.
- Amendment to IAS 23 “Borrowing costs” (“IAS 23”), which 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 is not expected to materially affect the Group’s consolidated financial statements.
- IFRIC 13 “Customer Loyalty Programmes” (“IFRIC 13”), which is effective for annual periods beginning on or after 1 July 2008. IFRIC 13 addresses whether the entity’s obligations to provide free or discounted goods or services in the future should be recognized and measured, and if consideration is allocated to the award credits how much should be allocated to them, when revenue should be recognized and, if a third party supplies the awards, how revenue should be measured. The application of IFRIC 13 is not expected to materially affect the Group’s consolidated financial statements.
- Amendment to IAS 1 “Presentation of Financial Statements” (“IAS 1”), which is effective for annual 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 will also 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 Group expects the revised IAS 1 to affect the presentation of its consolidated financial statements but to have no impact on the recognition or measurement of specific transactions and balances.
- Amendment to IAS 32 and IAS 1 (“Puttable financial instruments and obligations arising on liquidation”), which is effective from 1 January 2009. The amendment requires classification as equity of some financial



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

instruments that meet the definition of a financial liability. Management does not expect the amendment to materially affect the Group's consolidated financial statements.

- 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 this results in the non-controlling interests having a deficit balance (the current standard requires the excess losses to be allocated to the owners of the parent in most cases). The revised standard specifies that changes in a parent's ownership interest in a subsidiary that do not result in the loss of control must be accounted for as equity transactions. It also specifies how an entity should measure any gain or loss arising on the loss of control of a subsidiary. At the date when control is lost, any investment retained in the former subsidiary will have to be measured at its fair value. The Group is currently assessing the impact of the amended standard on its consolidated financial statements.
- 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. The revised IFRS 3 is more detailed in providing guidance on the application of the purchase method to business combinations. The requirement to measure at fair value every asset and liability at each step in a step acquisition for the purposes of calculating a portion of goodwill has been removed. Instead, goodwill will be measured as the difference at acquisition date between the fair value of any investment in the business held before the acquisition, the consideration transferred and the net assets acquired. Acquisition-related costs will be accounted for separately from the business combination and therefore recognised as expenses rather than included in goodwill. An acquirer will have to recognise at the acquisition date a liability for any contingent purchase consideration. Changes in the value of that liability after the acquisition date will be recognised in accordance with other applicable IFRSs, as appropriate, rather than by adjusting goodwill. The revised IFRS 3 brings into its scope business combinations involving only mutual entities and business combinations achieved by contract alone. The Group will apply the new provisions of this standard to any business combination on or after 1 January 2010.
- Amendment to IFRS 2 “Share-based Payment” (“Vesting Conditions and Cancellations”), which 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 application of the amended standard is not expected to materially affect the Group's 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 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 IAS 16 assets which were previously held for rental 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 associates 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. Further amendments made to IAS 8, 10, 18, 20, 29, 34, 40, 41 and to IFRS 7 represent terminology or editorial changes only, which the IASB believes have no or minimal effect on accounting. Management does not expect the amendments to have any material effect on the Group's consolidated financial statements.

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

- Amendment to IFRS 1 and IAS 27 (“Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate”), which 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 amendments will not have a material impact on the Group’s consolidated financial statements.
- Amendment to IAS 39 “Financial instruments: recognition and measurement” (“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 these amendments is not expected to materially affect the Group’s consolidated financial statements.

**Critical accounting estimates**

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates and judgements. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include fair values of financial instruments, the impairment provisions, deferred profit tax, provisions for liabilities and fair values of acquired assets and liabilities. Management judgement also is involved in the assessment of control and the consolidation of certain affiliated entities in 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 gas distribution business. Following the practice suggested by IAS 14, “Segment Reporting” (“IAS 14”) for vertically integrated businesses the following business segments are identified within the Group:

- Production of gas – exploration and production of gas;
- Transport – transportation of gas;
- Distribution – domestic and export sale of gas;
- Production of crude oil and gas condensate – exploration 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;
- Other – other activities, including banking, electric and heat energy generation.

These segments are reflected by the Group’s organizational structure and the Group’s internal financial reporting system.

**OAO GAZPROM**  
**NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION**  
**(UNAUDITED) – 31 MARCH 2008**  
(In millions of Russian Roubles)

**5 SEGMENT INFORMATION (continued)**

	Production of gas	Transport	Distribu- tion	Production of crude oil and gas condensate	Refining	Other	Total
<b>Three months ended 31 March 2008</b>							
<b>Segment revenues</b>							
Inter-segment sales	64,485	132,181	32,476	28,653	1,839	-	259,634
External sales	<u>1,848</u>	<u>15,905</u>	<u>593,944</u>	<u>57,950</u>	<u>162,357</u>	<u>70,940</u>	<u>902,944</u>
<b>Total segment revenues</b>	66,333	148,086	626,420	86,603	164,196	70,940	1,162,578
<b>Segment expenses</b>							
Inter-segment expenses	(1,526)	(20,815)	(192,373)	-	(32,457)	(12,463)	(259,634)
External expenses	<u>(61,477)</u>	<u>(78,664)</u>	<u>(184,919)</u>	<u>(60,338)</u>	<u>(89,963)</u>	<u>(50,369)</u>	<u>(525,730)</u>
<b>Total segment expenses</b>	<u>(63,003)</u>	<u>(99,479)</u>	<u>(377,292)</u>	<u>(60,338)</u>	<u>(122,420)</u>	<u>(62,832)</u>	<u>(785,364)</u>
<b>Segment result</b>	3,330	48,607	249,128	26,265	41,776	8,108	377,214
Unallocated operating expenses							<u>(11,587)</u>
<b>Operating profit</b>							365,627
Share of net income of associated undertakings and jointly controlled entities	2,169	(484)	8,663	49	1,538	519	12,454
<b>Three months ended 31 March 2007</b>							
<b>Segment revenues</b>							
Inter-segment sales	59,381	118,189	14,201	19,148	1,367	-	212,286
External sales	<u>1,656</u>	<u>10,799</u>	<u>426,777</u>	<u>32,348</u>	<u>105,767</u>	<u>34,181</u>	<u>611,528</u>
<b>Total segment revenues</b>	61,037	128,988	440,978	51,496	107,134	34,181	823,814
<b>Segment expenses</b>							
Inter-segment expenses	(1,069)	(14,751)	(173,824)	-	(22,642)	-	(212,286)
External expenses	<u>(53,186)</u>	<u>(67,044)</u>	<u>(148,147)</u>	<u>(35,744)</u>	<u>(67,859)</u>	<u>(28,996)</u>	<u>(400,976)</u>
<b>Total segment expenses</b>	<u>(54,255)</u>	<u>(81,795)</u>	<u>(321,971)</u>	<u>(35,744)</u>	<u>(90,501)</u>	<u>(28,996)</u>	<u>(613,262)</u>
<b>Segment result</b>	6,782	47,193	119,007	15,752	16,633	5,185	210,552
Unallocated operating expenses							<u>(757)</u>
<b>Operating profit</b>							209,795
Share of net income of associated undertakings and jointly controlled entities	3,235	165	4,892	640	1,194	920	11,046

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**5 SEGMENT INFORMATION (continued)**

The inter-segment sales mainly consist of:

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

Internal transfer prices, mostly for production of gas and transportation segment, are established by the management of the Group with the objective of providing for the specific funding requirements of the individual subsidiaries within each segment. Prices are determined on the basis of the statutory accounting reports of the individual subsidiaries on a cost plus basis.

Included within unallocated expenses are corporate expenses, including provision for the impairment of certain financial assets.

**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. Included within restricted cash are balances of cash and cash equivalents totalling RR 2,808 and RR 2,974 as of 31 March 2008 and 31 December 2007, respectively, which are restricted as to withdrawal under the terms of certain borrowings. In addition, restricted cash comprises cash balances of RR 13,166 and RR 9,051 as of 31 March 2008 and 31 December 2007 respectively, in subsidiary banks, which are restricted as to withdrawal under banking regulations.

**7 SHORT-TERM FINANCIAL ASSETS**

	<u>31 March 2008</u>	<u>31 December 2007</u>
Financial assets held for trading	86,895	96,309
Available-for-sale financial assets (net of impairment provision of RR 3,195 and of RR 3,171 as of 31 March 2008 and 31 December 2007, respectively)	<u>8,551</u>	<u>17,602</u>
	<u>95,446</u>	<u>113,911</u>

Financial assets held for trading owned by OAO Gazprombank amounted to RR 80,179 and RR 88,933 as of 31 March 2008 and 31 December 2007, respectively. These assets primarily comprise marketable equity and debt securities intended to generate short-term profits through trading.

Available-for-sale investments primarily comprise third parties promissory notes maturing within twelve months of the balance sheet date.

**8 ACCOUNTS RECEIVABLE AND PREPAYMENTS**

	<u>31 March 2008</u>	<u>31 December 2007</u>
Trade receivables	368,944	307,311
Prepayments and advances	143,600	120,109
Other receivables	<u>346,028</u>	<u>270,044</u>
	<u>858,572</u>	<u>697,464</u>

Accounts receivable and prepayments are presented net of impairment provision of RR 95,857 and RR 91,048 as of 31 March 2008 and 31 December 2007, respectively.

As of 31 March 2008 and 31 December 2007 other receivables include RR 288,577 and RR 215,926 respectively, relating to the operations of OAO Gazprombank. These balances mainly represent deposits with other banks and loans issued to customers at commercial rates based on credit risks and maturities.

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**9 INVENTORIES**

Inventories are presented net of provision for obsolescence of RR 1,425 and RR 1,796 as of 31 March 2008 and 31 December 2007, 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 2006</b>				
Cost	4,567,453	90,081	374,995	5,032,529
Accumulated depreciation	(1,968,195)	(29,366)	-	(1,997,561)
<b>Net book value as of 31 December 2006</b>	<b>2,599,258</b>	<b>60,715</b>	<b>374,995</b>	<b>3,034,968</b>
<b>Three months ended 31 March 2007</b>				
Net book value as of 31 December 2006	2,599,258	60,715	374,995	3,034,968
Depreciation	(46,056)	(659)	-	(46,715)
Additions	341	-	82,214	82,555
Transfers	30,445	80	(30,525)	-
Disposals	(789)	(2,295)	(1,075)	(4,159)
Charge of impairment provision	-	-	(256)	(256)
<b>Net book value as of 31 March 2007</b>	<b>2,583,199</b>	<b>57,841</b>	<b>425,353</b>	<b>3,066,393</b>
<b>Nine months ended 31 December 2007</b>				
Net book value as of 31 March 2007	2,583,199	57,841	425,353	3,066,393
Depreciation	(135,981)	(1,900)	-	(137,881)
Additions	34,732	188	450,927	485,847
Acquisition of subsidiaries	92,754	25	16,575	109,354
Transfers	316,624	2,781	(319,405)	-
Disposals	(12,828)	(3,453)	(17,201)	(33,482)
Charge of impairment provision	247	-	(1)	246
<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>As of 31 December 2007</b>				
Cost	5,022,660	83,597	556,248	5,662,505
Accumulated depreciation	(2,143,913)	(28,115)	-	(2,172,028)
<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	102,604	104,748
Transfers	23,641	93	(23,734)	-
Disposals	(1,377)	(216)	(528)	(2,121)
Charge of impairment provision	-	-	(2,191)	(2,191)
<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>As of 31 March 2008</b>				
Cost	5,044,637	83,460	632,399	5,760,496
Accumulated depreciation	(2,189,677)	(28,641)	-	(2,218,318)
<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>

Production assets are shown net of provision for impairment of RR 2,326 and RR 2,326 as of 31 March 2008 and 31 December 2007. Assets under construction are presented net of provision for impairment of RR 94,251 and RR 92,060 as of 31 March 2008 and 31 December 2007, 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 6,969 and RR 7,080 as of 31 March 2008 and 31 December 2007, respectively.

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

Notes		Group's share of the profit (loss)*			
		Carrying value as of		31 March	
		31 March 2008	31 December 2007	2008	2007
	Sakhalin Energy Investment Company Ltd.	252,335	239,606	(1,619)	-
23	OA0 NGK Slavneft	147,501	145,464	2,037	1,657
23	OA0 Tomskneft	88,645	88,181	326	-
23	OA0 Novatek	73,915	68,973	1,455	632
23	OA0 Beltransgaz	31,740	-	98	-
23	SGT EuRoPol GAZ S.A.	30,660	31,131	(607)	149
23	WINGAS GmbH	29,914	31,339	1,476	2,186
	OA0 Moscovsky NPZ	15,744	15,548	212	178
	Wintershall AG	11,352	10,259	769	-
23	RosUkrEnerg0 AG	4,957	73	4,719	48
23	TOO KazRosGaz	5,107	4,388	926	349
	AO Latvijas Gaze	3,796	3,571	86	110
23	OA0 Stroytransgaz	3,634	3,638	(4)	4
	ZAO Nortgaz	3,298	2,843	456	355
	AO Lietuvos Dujos	2,388	2,095	210	269
	Blue Stream Pipeline company B.V.	882	895	25	16
	Other (net of provision for impairment of RR 5,038 and RR 5,819 as of 31 March 2008 and 31 December 2007, respectively)	<u>21,650</u>	<u>22,399</u>	<u>1,889</u>	<u>5,093</u>
		<u>727,518</u>	<u>670,403</u>	<u>12,454</u>	<u>11,046</u>

\* represents Group's share of the profit (loss) of the associates and jointly controlled entities for the three months ended 31 March 2008 and 31 March 2007, respectively.

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

	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)
OA0 NGK Slavneft	50%	Russia	420,613	115,668	44,541	2,741
RosUkrEnerg0 AG	50%	Switzerland	123,464	98,826	82,960	6,161
WINGAS GmbH	50%	Germany	115,072	94,015	85,125	4,164
OA0 Novatek	19%	Russia	111,346	21,991	20,167	7,499
OA0 Tomskneft	50%	Russia	78,363	54,559	18,817	2,392
SGT EuRoPol GAZ S.A.	48%	Poland	63,855	26,051	4,340	221
OA0 Stroytransgaz	18%	Russia	59,627	38,920	9,150	(25)
Blue Stream Pipeline company B.V.	50%	Netherlands	52,703	49,284	1,581	101
OA0 Moscovsky NPZ	39%	Russia	44,452	3,890	2,578	545
OA0 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

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

	Percent of share capital held	Location	As of 31 March 2007		For the three months ended 31 March 2007	
			Assets	Liabilities	Revenues	Profit (loss)
OA0 NGK Slavneft	50%	Russia	357,628	73,816	30,857	3,325
RosUkrEnergo AG	50%	Switzerland	120,755	98,069	92,956	1,734
WINGAS GmbH	35%	Germany	93,604	85,584	68,558	6,120
OA0 Novatek	19%	Russia	89,961	16,899	14,871	4,347
Blue Stream Pipeline company B.V.	50%	Netherlands	59,045	55,269	1,755	63
SGT EuRoPol GAZ S.A.	48%	Poland	57,397	29,004	3,476	311
OA0 Stroytransgaz	18%	Russia	49,203	30,086	7,597	104
OA0 Moscovsky NPZ	39%	Russia	43,395	3,615	2,368	458
AO Lietuvos Dujos	37%	Lithuania	23,559	4,218	3,292	725
AO Latvijas Gaze	34%	Latvia	18,658	3,483	3,576	322
ZAO Nortgaz	51%	Russia	6,630	1,481	1,675	696
TOO KazRosGaz	50%	Kazakhstan	5,831	1,215	2,947	699

\*In February 2008 the Group purchased 12.5% interest in OA0 Beltransgaz for USD 625 million. As a result the Group increased its interest in OA0 Beltransgaz up to 25%. The revenues and profit of OA0 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 associates 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 2008	31 December 2007
OA0 Novatek	111,744	111,149
AO Latvijas Gaze	5,197	7,161
AO Lietuvos Dujos	6,587	6,365

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

	31 March 2008	31 December 2007
Long-term accounts receivable and prepayments	245,786	270,430
Advances for assets under construction	<u>156,215</u>	<u>131,952</u>
	<u>402,001</u>	<u>402,382</u>

Long-term accounts receivable and prepayments are presented net of impairment provision of RR 13,318 and RR 17,634 as of 31 March 2008 and 31 December 2007, respectively.

As of 31 March 2008 and 31 December 2007 long term accounts receivable and prepayments include RR 154,906 and RR 180,620, respectively, relating to the operations of OA0 Gazprombank. These balances mainly represent long-term loans issued to customers at commercial rates based on credit risks and maturities.

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

Available-for-sale long-term financial assets, in total amount of RR 189,106 and RR 256,210, are shown net of provision for impairment of RR 2,465 and RR 2,467 as of 31 March 2008 and 31 December 2007, respectively.

Available-for-sale long-term financial assets owned by OAO Gazprombank amounted to RR 37,008 and RR 35,877 as of 31 March 2008 and 31 December 2007, respectively.

**14 OTHER NON-CURRENT ASSETS**

Other non current assets include the net pension assets in the amount of RR 242,975 and RR 243,982 as of 31 March 2008 and 31 December 2007, respectively.

In April 2007, ENI S.p.A. (Eni) offered the Group an option to acquire its 20% interest in OAO Gazprom Neft by April 2009, at a price of USD 3.7 billion plus certain financial expenses. As of 31 March 2008 and 31 December 2007 other non-current assets include RR 33,315 and RR 50,738, respectively, relating to the fair value of option with Eni.

Also as of 31 March 2008 other non-current assets include RR 39,219 which is related to the Group payment for 28.7% share in TGC-1 shares made in February 2008 (see Note 25).

**15 LONG-TERM BORROWINGS**

	<b>Currency</b>	<b>Final Maturity</b>	<b>31 March 2008</b>	<b>31 December 2007</b>
Long-term borrowings payable to:				
ABN AMRO*	US dollar	2012	47,401	49,614
Calyon Credit Agricole CIB*	US dollar	2010	47,112	54,289
Loan participation notes issued in October 2007**	Euro	2018	44,866	43,651
ABN AMRO	US dollar	2013	41,482	44,334
Citibank International PLC*	US dollar	2008	41,156	43,051
Loan participation notes issued in May 2005**	Euro	2015	38,882	37,165
Credit Swiss International	US dollar	2018	38,840	-
Loan participation notes issued in September 2003**	Euro	2010	38,545	36,668
Loan participation notes issued in June 2007**	GBP	2013	38,359	39,435
Loan participation notes issued in December 2005**	Euro	2012	37,488	36,033
Loan participation notes issued in November 2006**	US dollar	2016	32,313	33,360
Loan participation notes issued in March 2007**	US dollar	2022	30,703	32,568
Loan participation notes issued in August 2007**	US dollar	2037	29,662	31,521
Loan participation notes issued April 2004**	US dollar	2034	29,253	29,900
Loan participation notes issued in October 2006**	Euro	2014	29,056	29,225
Deutsche Bank AG	US dollar	2014	28,454	29,618
Loan participation notes issued in June 2007**	Euro	2014	26,529	25,382
Structured export notes issued in July 2004**	US dollar	2020	25,462	28,645
Eurobonds issued in September 2005*****	US dollar	2015	23,342	24,768
ABN AMRO*	US dollar	2010	21,217	24,429
Dresdner Bank AG*	US dollar	2010	20,394	23,283
Loan participation notes issued in March 2007**	Euro	2017	18,888	18,127
Loan participation notes issued in November 2006**	Euro	2017	18,553	18,685
Eurobonds issued in October 2003*****	US dollar	2008	18,158	18,607
Salomon Brothers AG	US dollar	2009	17,220	17,524
Eurobonds issued in April 2007*****	US dollar	2010	16,689	17,145
Credit Suisse International	Euro	2009	14,926	14,467
Credit Suisse International	US dollar	2017	12,491	12,877
Salomon Brothers AG	US dollar	2009	12,025	12,903



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**15 LONG TERM BORROWINGS (continued)**

	<b>Currency</b>	<b>Final Maturity</b>	<b>31 March 2008</b>	<b>31 December 2007</b>
Sumitomo Mitsui Banking Corporation Europe Limited*	US dollar	2008	11,700	12,326
Credit Suisse International	US dollar	2008	11,692	12,041
Credit Suisse International	US dollar	2009	11,296	12,292
Dresdner Bank AG*	US dollar	2008	11,120	15,516
JP Morgan Chase bank	Rouble	2010	10,752	11,833
OOO Aragon	Euro	2010	10,419	9,882
Eurobonds issued in February 2007*****	Rouble	2010	10,037	10,219
Credit Suisse International	Euro	2010	9,425	9,036
Citibank International PLC	US dollar	2009	8,791	10,908
Deutsche Bank AG	US dollar	2011	8,541	8,718
Credit Suisse International	Euro	2008	7,597	7,279
Credit Suisse International	Euro	2008	7,549	7,246
Eurobonds issued in January 2004*****	US dollar	2008	7,263	7,443
Wintershall Holding AG****	Rouble	2015	6,975	6,975
Loan participation notes issued in November 2007**	JPY	2012	6,287	6,457
ABN AMRO*	US dollar	2008	5,434	5,674
Liberty Hampshire Corporation	Rouble	2009	5,146	5,067
Russian bonds issued in November 2006	Rouble	2011	5,145	5,058
Russian bonds issued in November 2006	Rouble	2009	5,140	5,056
Russian bonds issued in February 2005	Rouble	2010	5,053	5,155
Russian bonds issued in August 2005	Rouble	2009	5,050	5,137
Russian bonds issued in February 2007	Rouble	2014	5,006	5,130
J.P. Morgan Chase bank	US dollar	2011	4,837	4,942
Russian bonds issued in March 2006*****	Rouble	2016	4,817	5,129
Credit Suisse International	US dollar	2009	4,782	4,931
BNP Paribas SA	US dollar	2008	4,705	4,913
Gazstream S.A.	US dollar	2010	4,647	5,673
Russian bonds issued in September 2006*****	Rouble	2011	4,642	5,107
Wintershall Holding AG****	Euro	2010	4,284	4,063
Loan participation notes issued in November 2007**	JPY	2010	4,186	4,303
Gazstream S.A.	US dollar	2012	4,060	4,768
ABN AMRO	US dollar	2009	3,927	4,105
ABN AMRO*	US dollar	2009	3,565	4,450
Mannesmann (Deutsche Bank AG)*	Euro	2008	3,146	3,011
Wintershall Holding AG****	Rouble	2013	3,000	3,000
Deutsche Bank AG	US dollar	2009	1,597	1,672
Credit Suisse International	US dollar	2009	-	40,250
Depfa Bank*	US dollar	2008	-	12,590
Other long-term borrowings	Various	Various	<u>135,166</u>	<u>130,922</u>
Total long-term borrowings			1,206,245	1,255,551
Less: current portion of long-term borrowings			<u>(273,537)</u>	<u>(274,143)</u>
			932,708	981,408

\* Loans received from syndicate of banks, named lender is the bank-agent.

\*\* Issuer of these bonds is Gaz Capital S.A.

\*\*\* Issuer of these notes is Gazprom International S.A.

\*\*\*\* Loans were obtained for development of Yuzhno-Russkoye oil and gas field.

\*\*\*\*\* Issuer of these bonds is OAO Mosenergo.

\*\*\*\*\* Issuer of these bonds is OAO Gazprombank.

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**15 LONG TERM BORROWINGS (continued)**

Due for repayment:	31 March 2008	31 December 2007
Between one and two years	127,568	188,171
Between two and five years	294,587	277,673
After five years	<u>510,553</u>	<u>515,564</u>
	932,708	981,408

Long-term borrowings include fixed rate loans with a carrying value of RR 838,483 and RR 869,194 and fair value of RR 806,116 and RR 871,253 as of 31 March 2008 and 31 December 2007, 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 2008 and 31 December 2007, long-term borrowings of OAO Gazprombank amount to RR 167,015 and RR 162,259, including current portion of RR 19,861 and RR 20,611, respectively.

As of 31 March 2008 and 31 December 2007 long-term borrowings, including current portion, of RR 25,462 and RR 28,645, 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. The tax effect of the movement on these temporary differences is recorded at the statutory rate of 24%.

	31 March 2008	Differences recognition and reversals	31 December 2007	31 March 2007	Differences recognition and reversals	31 December 2006
<b>Tax effects of taxable temporary differences:</b>						
Property, plant and equipment	(268,680)	(1,715)	(266,965)	(243,578)	(1,839)	(241,739)
Financial assets	(27,085)	14,075	(41,160)	(48,886)	(10,774)	(38,112)
Inventories	<u>(3,524)</u>	<u>477</u>	<u>(4,001)</u>	<u>(2,271)</u>	<u>(2,082)</u>	<u>(189)</u>
	<b>(299,289)</b>	<b>12,837</b>	<b>(312,126)</b>	<b>(294,735)</b>	<b>(14,695)</b>	<b>(280,040)</b>
<b>Tax effects of deductible temporary differences:</b>						
Tax losses carry forward	735	(242)	977	1,771	65	1,706
Other deductible temporary differences	<u>719</u>	<u>(2,077)</u>	<u>2,796</u>	<u>2,344</u>	<u>(482)</u>	<u>2,826</u>
	<b>1,454</b>	<b>(2,319)</b>	<b>3,773</b>	<b>4,115</b>	<b>(417)</b>	<b>4,532</b>
<b>Total net deferred tax liabilities</b>	<b>(297,835)</b>	<b>10,518</b>	<b>(308,353)</b>	<b>(290,620)</b>	<b>(15,112)</b>	<b>(275,508)</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.

Taxable temporary differences in relation to financial assets for the three months ended 31 March 2007 include difference on fair value adjustment on shares of RAO UES of Russia in the amount of RR 7,721.

No current profit tax was paid on this revaluation.

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**17 EQUITY**

**Share capital**

Share capital authorised, issued and paid totals RR 325,194 as of 31 March 2008 and 31 December 2007 and consists of 23.7 billion ordinary shares, each with a historical par value of 5 Russian Roubles.

**Treasury shares**

At 31 March 2008 and 31 December 2007, subsidiaries of OAO Gazprom held 100 million and 66 million, respectively, of the ordinary shares of OAO Gazprom. The management of the Group controls the voting rights of these shares.

In addition, treasury shares as of 31 March 2008 include 50 million of Gazprom shares recognized under a put option written by the Group in November 2007 with a strike price of USD 16.38 per share. The option expires in May 2009. Financial liabilities recognized under this put option are fair valued at RR 17,583 as of 31 March 2008 and are included in other non-current liabilities in the consolidated interim condensed balance sheet.

**18 SALES**

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2008</b>	<b>2007</b>
Gas sales (including excise tax, customs duties and net of VAT) to customers in:		
Russian Federation	173,376	135,915
Former Soviet Union (excluding Russian Federation)	91,213	82,714
Far abroad	<u>448,617</u>	<u>282,661</u>
Gross sales of gas	713,206	501,290
Customs duties	<u>(117,414)</u>	<u>(72,857)</u>
Net sales of gas	595,792	428,433
Sales of refined products to customers in:		
Russian Federation	83,511	57,363
Former Soviet Union (excluding Russian Federation)	11,434	6,914
Far abroad	<u>67,412</u>	<u>41,490</u>
Total sales of refined products	162,357	105,767
Sales of crude oil and gas condensate to customers in:		
Russian Federation	8,050	8,224
Former Soviet Union (excluding Russian Federation)	5,441	3,418
Far abroad	<u>44,459</u>	<u>20,706</u>
Total sales of crude oil and gas condensate	57,950	32,348
Gas transportation sales	15,905	10,799
Other revenues	<u>70,940</u>	<u>34,181</u>
Total sales revenue	<u>902,944</u>	<u>611,528</u>

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**19 OPERATING EXPENSES**

Note	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2008</b>	<b>2007</b>
	137,348	104,272
	72,133	55,311
23	63,842	50,509
	56,409	50,090
	48,278	37,747
	32,327	13,734
	28,546	18,131
	19,910	22,592
23	16,854	12,322
	4,099	3,384
	4,097	3,204
	3,732	996
	3,597	4,229
	<u>46,145</u>	<u>25,212</u>
	<u>537,317</u>	<u>401,733</u>

Staff costs include RR 4,611 and RR 3,395 of expenses associated with the defined benefit plan for the three months ended 31 March 2008 and 2007, respectively.

**20 FINANCE INCOME AND EXPENSES**

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2008</b>	<b>2007</b>
Exchange gains	38,140	10,374
Interest income	18,499	14,166
Gains on extinguishment of restructured liabilities	<u>5</u>	<u>875</u>
Total finance income	<u>56,644</u>	<u>25,415</u>

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2008</b>	<b>2007</b>
Exchange losses	21,587	4,988
Interest expense	<u>19,003</u>	<u>15,048</u>
Total finance expenses	<u>40,590</u>	<u>20,036</u>

**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 23.5 and 23.2 billion weighted average shares outstanding for the three months ended 31 March 2008 and 2007, respectively.

There are no dilutive financial instruments outstanding.

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**22 PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>31 March 2008</b>	<b>31 December 2007</b>
Provision for pension obligations	22,385	20,738
Provision for environmental liabilities	52,325	51,604
Other	<u>5,980</u>	<u>6,871</u>
	<u>80,690</u>	<u>79,213</u>

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 242,975 and RR 243,982 as of 31 March 2008 and 31 December 2007, respectively 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. At 31 March 2008 and 31 December 2007 management estimated the fair value of these assets at approximately RR 504 billion and RR 583 billion, respectively. The pension assets comprise shares of OAO Gazprom, shares of OAO Gazprombank and other assets held by NPF Gazfund.

**23 RELATED PARTIES**

For the purpose of this consolidated interim condensed 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”.

**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 2008 and 31 December 2007 and for the three months ended 31 March 2008 and 2007 the Group had the following significant transactions and balances with the Government and parties under control of the Government:

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**23 RELATED PARTIES (continued)**

Notes	As of 31 March 2008		For the three months ended 31 March 2008	
	Assets	Liabilities	Revenues/ Income	Expenses
<b>Transactions and balances with the Government</b>				
	9,321	50,399	-	92,196
	365	2,221	-	11,707
	180,244	32,974	-	-
	31,063	-	-	-
19	1,430	34,936	-	63,842
<b>Transactions and balances with other parties under control of the Government</b>				
	-	-	55,094	-
	-	-	13,180	-
	-	-	1,138	-
	63,585	-	-	-
	-	-	-	13,054
	-	23,867	-	-
	-	32,164	-	-
	-	-	551	544
	10,320	-	-	-
	118,628	-	-	-

Notes	As of 31 December 2007		For the three months ended 31 March 2007	
	Assets	Liabilities	Revenues/ Income	Expenses
<b>Transactions and balances with the Government</b>				
	9,378	23,033	-	56,334
	583	1,319	-	9,831
	190,560	17,000	-	-
	20,323	-	-	-
19	4,311	32,389	-	50,509
<b>Transactions and balances with other parties under control of the Government</b>				
	-	-	62,195	-
	44,373	-	-	-
	-	-	-	10,390
	-	21,328	-	-
	-	28,007	-	-
	-	-	482	416
	15,030	-	-	-
	-	-	232	-
	159,211	-	-	-

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.

**23 RELATED PARTIES (continued)**

In the normal course of business the Group incurs electricity and heating expenses (see Note 19). Significant 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 condensed interim statement of changes in equity for returns of social assets to governmental authorities during the three months ended 31 March 2008 and 2007. See Note 10 for net book values as of 31 March 2008 and 31 December 2007 of social assets vested to the Group at privatisation.

See Note 24 for financial guarantees issued by the Group to the associated undertakings and jointly controlled entities.

**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 annual 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.

**Associated undertakings and jointly controlled entities**

For the three months ended 31 March 2008 and 2007 and as of 31 March 2008 and 31 December 2007 the Group had the following significant transactions and balances with associated undertakings and jointly controlled entities:

	<b>Three months ended 31 March</b>	
	<b>2008</b>	<b>2007</b>
	<b>Revenues</b>	<b>Revenues</b>
<b>Gas sales</b>		
RosUkrEnergo AG	50,864	46,023
Wintershall Erdgas Handelshaus GmbH & Co.KG	28,517	15,516
ZAO Panrusgaz	15,828	13,685
WINGAS GmbH	14,215	10,297
OAO Beltransgaz*	11,483	-
AO Gazum	6,823	4,888
Wintershall Erdgas Handelshaus Zug AG	4,481	4,754
Promgaz SPA	3,175	2,209
GWH-Gaz und Warenhandels GmbH	2,565	1,501
AO Moldovagaz	2,504	2,317
OAO Mosenergo**	-	9,455
<b>Gas transportation sales</b>		
RosUkrEnergo AG	5,112	2,864
OAO Novatek	2,873	2,011
<b>Crude oil and refined product sales</b>		
OAO NGK Slavneft	4,978	2,565

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**23 RELATED PARTIES (continued)**

	<b>Three months ended 31 March</b>	
	<b>2008</b>	<b>2007</b>
<b>Purchased gas</b>	<b>Expenses</b>	<b>Expenses</b>
TOO KazRosGaz	4,012	2,340
RosUkrEnergo AG	2,846	21,322
OAO Novatek	1,363	1,110
<b>Purchased transit of gas</b>		
SGT EuRoPol GAZ S.A.	3,343	2,532
OAO Beltransgaz*	1,616	-
<b>Purchased crude oil and refined products</b>		
OAO NGK Slavneft	19,850	11,809
OAO Tomskneft	5,330	-
<b>Purchased processing services</b>		
OAO NGK Slavneft	1,218	1,360
<b>Construction services purchases</b>		
OAO Stroytransgaz	2,509	1,753

\* The figures for gas sales and purchased transit of gas are shown from the date of acquisition of additional share in OAO Beltransgaz (see Note 11).

\*\* OAO Mosenergo is consolidated since the acquisition of controlling interest in it in May 2007.

Gas is sold to associated undertakings in the Russian Federation mainly at the rates established by the FTS. Gas is sold outside the Russian Federation (except for that sold to RosUkrEnergo AG) under long-term contracts based on world commodity prices.

	<b>As of 31 March 2008</b>		<b>As of 31 December 2007</b>	
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
<b>Short-term accounts receivable and prepayments</b>				
RosUkrEnergo AG	71,429	-	57,446	-
Wintershall Erdgas Handelshaus Zug AG	13,978	-	12,439	-
WINGAS GmbH	12,578	-	14,833	-
OAO Beltransgaz*	8,744	-	-	-
ZAO Panrusgaz	6,900	-	6,583	-
AO Gazum	3,346	-	2,868	-
OAO NGK Slavneft	2,624	-	2,516	-
AO Moldovagaz**	2,358	-	1,260	-
SGT EuRoPol GAZ S.A.	1,104	-	1,105	-
Wintershall Erdgas Handelshaus GmbH & Co.KG	1,093	-	4,078	-
OAO Novatek	243	-	243	-
<b>Long-term accounts receivable and prepayments</b>				
RosUkrEnergo AG	15,573	-	6,947	-
WINGAS GmbH	10,484	-	10,163	-
SGT EuRoPol GAZ S.A.	3,725	-	3,955	-



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**23 RELATED PARTIES (continued)**

	As of 31 March 2008		As of 31 December 2007	
	Assets	Liabilities	Assets	Liabilities
<b>Short-term accounts payable</b>				
SGT EuRoPol GAZ S.A.	-	2,846	-	2,456
WINGAS GmbH	-	2,657	-	3,245
OAO Beltransgaz*	-	2,400	-	-
OAO Tomskneft	-	2,377	-	-
OAO NGK Slavneft	-	1,679	-	4,242
TOO KazRosGaz	-	1,262	-	1,787
OAO Novatek	-	587	-	375
RosUkrEnerg AG	-	-	-	2,001
<b>Short-term accounts receivable and payable for construction services</b>				
OAO Stroytransgaz	316	2,644	1,141	2,322

\* In February 2008 the Group purchased additional interest in OAO Beltransgaz (see Note 11).

\*\* Net of impairment provision on accounts receivable in the amount of RR 27,821 as of 31 March 2008 and 31 December 2007.

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

See Note 24 for financial guarantees issued by the Group on behalf of associated undertakings and jointly controlled entities.

**24 COMMITMENTS, CONTINGENCIES AND OPERATING RISKS**

**Taxation**

Russian tax, currency and customs legislation is subject to varying interpretations and changes, which can occur frequently. 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 2008 is appropriate and all of the Group's tax, currency and customs positions will be sustainable.

**Financial guarantees**

	31 March 2008	31 December 2007
Outstanding guarantees issued on behalf of:		
BSPC	20,891	24,352
ZAO Achimgaz	4,676	4,591
Gazprom Libya B.V.	4,280	4,467
Nord Stream AG	2,269	-
Gaztransit	1,207	1,346
Other	63,880	59,484
	97,203	94,240

Included in financial guarantees are amounts denominated in USD of USD 1,411 million and USD 1,348 million as of 31 March 2008 and 31 December 2007, 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 2008 and 31 December 2007, outstanding amounts of these loans were RR 20,288 (USD 863 million) and RR 23,652 (USD 964 million), respectively, which were guaranteed by the Group, pursuant to its obligations.

As of 31 March 2008 and 31 December 2007, BSPC also borrowed RR 603 (USD 26 million) and RR 700 (USD 29 million) of credit facilities, provided by Depfa bank, which were guaranteed by the Group.

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

In April 2007, the Group provided a guarantee to The National Oil Corporation of Libya under a production sharing agreement on behalf of Gazprom Libya B.V. As of 31 March 2008 and 31 December 2007, the outstanding amount was RR 4,280 (USD 182 million) and RR 4,467 (USD 182 million), respectively.

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 2008 and December 2007 the above guarantee amounted to RR 4,676 (Euro 126 million) and RR 4,591 (Euro 128 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 at 31 March 2008, the above guarantee amounted to RR 2,269.

Other guarantees primarily relate to those issued by OAO Gazprombank to third parties in the amount of RR 57,392 and RR 54,122 as of 31 March 2008 and 31 December 2007, respectively. In January 2007, OAO Gazprombank provided guarantees to OAO Sberbank on behalf of OAO Sibneftegaz. As of 31 March 2008 and 31 December 2007, the outstanding amount of these guarantees was RR 5,746 and RR 5,934, respectively.

In August 2007, OAO Gazprombank provided a guarantee to OAO LUKOIL-Nizhegorodnefteorgsintez on behalf of OAO Lukoil-NORSI-Invest. As of 31 March 2008 and 31 December 2007, the outstanding amount was RR 5,308.

In 2007, OAO Gazprombank provided a guarantee to former owners of OAO Salavatnefteorgsyntez shares on behalf of ZAO Lider with respect to its purchase of interest in OAO Salavatnefteorgsyntez. As of 31 March 2008 and 31 December 2007, the total outstanding amount was RR 16,525.

**25 POST BALANCE SHEET EVENTS**

**Investments**

At the general shareholders meeting of OAO Gazprombank on 24 June 2008, the shareholders elected the new Board of Directors. Five out of twelve newly elected Board members are representatives of OAO Gazprom. As a result of the change in the Board composition the company lost its ability to control the financial and operating policies of the bank. As the Group has retained significant influence over OAO Gazprombank it will be accounted under the equity method of accounting.

In July 2008 the Group obtained a 44.4% interest in WGC-2 and 42.9% interest in WGC-6, as a result of restructuring of RAO UES, thus increasing the Group's share to the controlling interest.

In July 2008 the Group acquired the 28.7% interest in TGC-1 prepaid for in February 2008.

**Borrowings and loans**

In April 2008, the Group issued USD 400 million Loan Participation Notes due in 2013 at an interest rate of 7.343% and USD 1,100 million Loan Participation Notes due in 2018 at an interest rate of 8.146% under the USD 30,000 million Programme for the Issuance of Loan Participation Notes.

In July 2008, the Group issued USD 500 million Loan Participation Notes due in 2013 at an interest rate of 7.51% under the USD 30,000 million Programme for the Issuance of Loan Participation Notes.

In May and July 2008 the Group obtained syndicated financing from Bank WestLB AG in the amount of USD 1,000 million in two tranches: USD 685 million due in 2013 at an interest rate of Libor+1.75% and USD 315 million due in 2011 at an interest rate of Libor+1.5%, correspondingly.

In August 2008 the Group signed an agreement to obtain long-term financing from ABN AMRO in the amount of USD 500 million due in 2013 at an interest rate of Libor+1.45%. In August-September 2008 the Group obtained USD 250 million under this agreement.

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