

ОАО ГАЗПРОМ

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

30 JUNE 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 30 June 2008, and the related consolidated interim condensed statements of income for the three and six month periods then ended and of cash flows and of changes in equity for the six 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 25 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.

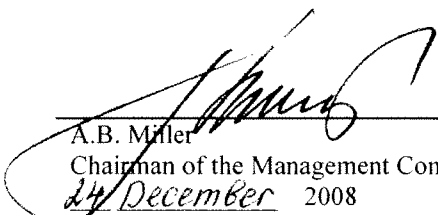
ZAO PricewaterhouseCoopers Audit

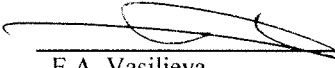
Moscow, Russian Federation

24 December 2008

ОАО ГАЗПРОМ
IFRS CONSOLIDATED INTERIM CONDENSED BALANCE SHEET (UNAUDITED)
AS OF 30 JUNE 2008
(In millions of Russian Roubles)

Notes	30 June 2008	31 December 2007
Assets		
Current assets		
6	277,522	279,109
6	3,963	12,025
7	37,236	113,911
8	655,294	697,464
9	240,567	245,406
	109,201	122,558
10	<u>221,662</u>	<u>95,944</u>
	1,545,445	1,566,417
Non-current assets		
11	3,571,208	3,490,477
12	776,202	670,403
13	269,899	402,382
14	124,999	256,210
10,15	<u>408,730</u>	<u>406,667</u>
	<u>5,151,038</u>	<u>5,226,139</u>
	6,696,483	6,792,556
Liabilities and equity		
Current liabilities		
	457,347	485,466
	12,092	23,033
	62,134	50,530
	311,451	504,070
	<u>1,036</u>	<u>21,455</u>
	844,060	1,084,554
Non-current liabilities		
16	803,741	981,408
23	75,597	79,213
17	299,796	308,353
	<u>11,641</u>	<u>25,931</u>
	<u>1,190,775</u>	<u>1,394,905</u>
	2,034,835	2,479,459
Equity		
18	325,194	325,194
18	(1,025)	(20,801)
	<u>4,092,764</u>	<u>3,646,396</u>
	4,416,933	3,950,789
	244,715	362,308
	<u>4,661,648</u>	<u>4,313,097</u>
	6,696,483	6,792,556

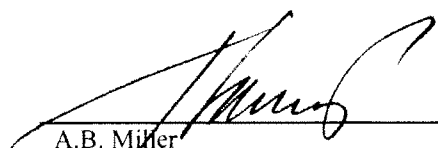

A.B. Miller
Chairman of the Management Committee
24 December 2008

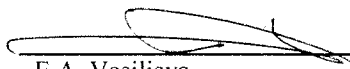

E.A. Vasilieva
Chief Accountant
24 December 2008

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

OAO GAZPROM
IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2008
(In millions of Russian Roubles)

Notes		Three months ended 30 June		Six months ended 30 June	
		2008	2007	2008	2007
19	Sales	840,252	532,366	1,743,196	1,143,894
20	Operating expenses	<u>(489,259)</u>	<u>(390,482)</u>	<u>(1,026,576)</u>	<u>(792,215)</u>
	Operating profit	350,993	141,884	716,620	351,679
10	Gain from change in fair value of call option	45,798	-	28,375	-
	Deconsolidation of NPF Gazfund	-	-	-	44,692
21	Finance income	28,961	37,814	85,605	63,229
21	Finance expenses	<u>(31,335)</u>	<u>(31,092)</u>	<u>(71,925)</u>	<u>(51,128)</u>
12	Share of net income of associated undertakings and jointly controlled entities	12,938	4,148	25,392	15,194
	Gains on disposal of available-for-sale financial assets	<u>7,860</u>	<u>9,854</u>	<u>11,476</u>	<u>18,447</u>
	Profit before profit tax	415,215	162,608	795,543	442,113
	Current profit tax expense	(88,334)	(49,500)	(180,530)	(105,834)
	Deferred profit tax expense	<u>(3,578)</u>	<u>(195)</u>	<u>(5,660)</u>	<u>(6,229)</u>
	Profit tax expense	(91,912)	(49,695)	(186,190)	(112,063)
	Profit for the period	323,303	112,913	609,353	330,050
	Attributable to:				
	Equity holders of OAO Gazprom	300,318	102,868	573,757	313,180
	Minority interest	<u>22,985</u>	<u>10,045</u>	<u>35,596</u>	<u>16,870</u>
		323,303	112,913	609,353	330,050
22	Basic and diluted earnings per share for profit attributable to the equity holders of OAO Gazprom (in Roubles)	12.75	4.37	24.37	13.41

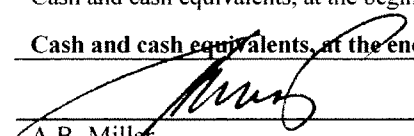

A.B. Miller
Chairman of the Management Committee
24 December 2008



E.A. Vasilieva
Chief Accountant
24 December 2008

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OA O GAZPROM
IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2008
(In millions of Russian Roubles)

Notes	Six months ended 30 June	
	2008	2007
	Operating activities	
	795,543	442,113
	Adjustments to profit before profit tax	
10	(28,375)	-
	-	(44,692)
	12,347	4,213
	99,747	93,024
	(16,275)	(8,043)
	39,501	35,228
	(36,890)	(38,274)
	(11,476)	(18,447)
	(25,392)	(15,194)
	17,728	9,568
	<u>293</u>	<u>(153)</u>
	51,208	17,230
	(34,828)	(12,740)
	(3,078)	(699)
	(4,890)	(49,044)
	(121,643)	419,422
	<u>(184,151)</u>	<u>(103,584)</u>
	498,161	712,698
	Investing activities	
	(336,565)	(214,293)
15, 27	(46,628)	-
	(57,384)	(218,547)
	-	(18,518)
	34,221	34,625
	(18,743)	(5,050)
24	(47,242)	-
	<u>(752)</u>	<u>(11,702)</u>
	(473,093)	(433,485)
	Financing activities	
	107,740	537,479
	(187,574)	(244,318)
	111,103	44,719
	1,097	(52,306)
	(41,687)	(35,208)
	(112,022)	(387,201)
	105,231	383,321
	<u>(6,804)</u>	<u>(17,266)</u>
	(22,916)	229,220
	(3,739)	(2,753)
	(1,587)	505,680
6	<u>279,109</u>	<u>269,224</u>
6	277,522	774,904


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Chairman of the Management Committee
24 December 2008


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Chief Accountant
24 December 2008

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OAO GAZPROM
IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2008
(In millions of Russian Roubles)

Notes	Number of shares outstanding (billions)	Attributable to equity holders of OAO Gazprom			Total	Minority interest	Total equity	
		Share capital	Treasury shares	Retained earnings and other reserves				
Six months ended 30 June 2007								
	Balance as of 31 December 2006	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	-	-	-	30,792	30,792	-	30,792
	Translation differences	-	-	-	430	430	-	430
	Net income recognised directly in equity	-	-	-	31,222	31,222	-	31,222
	Profit for the period	-	-	-	313,180	313,180	16,870	330,050
	Total recognised income for the period	-	-	-	344,402	344,402	16,870	361,272
18	Net treasury shares transactions	0.0	-	4,785	(3,999)	786	-	786
	Return of social assets to governmental authorities	-	-	-	(2,142)	(2,142)	-	(2,142)
	Dividends	-	-	-	(59,765)	(59,765)	(9,320)	(69,085)
	Deconsolidation of NPF Gazfund	0.6	-	8,838	111,015	119,853	90,844	210,697
	Acquisition of the controlling interest in OAO Mosenergo	-	-	-	6,386	6,386	66,936	73,322
	Disposal of shares in subsidiaries	-	-	-	-	-	17,931	17,931
	Balance as of 30 June 2007	23.5	325,194	(28,178)	3,300,962	3,597,978	344,623	3,942,601
Six months ended 30 June 2008								
	Balance as of 31 December 2007	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	-	-	-	(67,675)	(67,675)	(697)	(68,372)
	Translation differences	-	-	-	3,537	3,537	(217)	3,320
	Net loss recognised directly in equity	-	-	-	(64,138)	(64,138)	(914)	(65,052)
	Profit for the period	-	-	-	573,757	573,757	35,596	609,353
	Total recognised income for the period	-	-	-	509,619	509,619	34,682	544,301
18	Net treasury shares transactions	(0.0)	-	(6,975)	184	(6,791)	-	(6,791)
	Return of social assets to governmental authorities	-	-	-	(821)	(821)	-	(821)
	Dividends	-	-	-	(62,614)	(62,614)	(6,227)	(68,841)
24	Deconsolidation of Gazprombank Group	-	-	26,751	-	26,751	(148,035)	(121,284)
	Acquisition of shares in subsidiaries	-	-	-	-	-	1,987	1,987
	Balance as of 30 June 2008	23.6	325,194	(1,025)	4,092,764	4,416,933	244,715	4,661,648

A.B. Miller
Chairman of the Management Committee
24 December 2008

E.A. Vasilieva
Chief Accountant
24 December 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 also 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;
- Processing of oil, gas condensate and other hydrocarbons, and sales of refined products.

Other activities primarily comprise electric and heat energy generation, construction and 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 quarters and 22% in the second calendar quarters.

2 ECONOMIC ENVIRONMENT IN THE RUSSIAN FEDERATION

The Russian Federation displays certain characteristics of an emerging market, including relatively high inflation. Also as discussed in Note 26 the Russian economy have 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 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 23.46 and 24.55 as of 30 June 2008 and 31 December 2007, respectively. The official RR to Euro exchange rates as determined by the Central Bank of the Russian Federation were 36.91 and 35.93 as of 30 June 2008 and 31 December 2007, respectively.

In the first quarter of 2007 the Group ceased to consolidate the non-governmental pension fund, NPF Gazfund.

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 effective 24 June 2008 the Group lost its ability to control the financial and operating policies of the bank and its subsidiaries, including OAO Sibur Holding and its subsidiaries and Gazprom-Media Group (the “Gazprombank Group”) and ceased to consolidate OAO Gazprombank and its subsidiaries. As the Group has retained significant influence over Gazprombank Group, it is accounted under the equity method of accounting (see Note 24).

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.

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

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 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 operating segments. Such information may be different from what is used to prepare the statement of 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 income and balance sheet. The Group is currently assessing the impact of the application of IFRS 8 on its consolidated financial information.
- 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 this amendment is not expected to materially affect the Group’s consolidated financial information.
- 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 information.
- 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 will apply the amendment from 1 January 2009.
- 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 instruments that meet the definition of a financial liability. Management does not expect the amendment to materially affect the Group’s consolidated financial information.

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

- 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 will apply the amendment from 1 January 2010.
- 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 consolidated financial information.
- 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 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 information.

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 recognised in profit or loss rather than as a recovery of the investment. The amendment will not have a material impact on the Group’s consolidated financial information.
- 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 this amendment is not expected to materially affect the Group’s consolidated financial information.
- IFRIC 15 “Agreements for the Construction of Real Estate” (“IFRIC 15”), which 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 is not expected to materially affect the Group’s consolidated financial information.
- IFRIC 16 “Hedges of a Net Investment in a Foreign Operation” (“IFRIC 16”) which 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. The application of this interpretation is not expected to materially affect the Group’s consolidated financial information.
- Amendment to IAS 39 “Financial instruments: Recognition and measurement”, which is effective for annual periods beginning on or after 1 July 2008. The amendment allows the reclassification of certain financial assets previously classified as “held for trading” or “available for sale” to another category under limited circumstances. Various disclosures are required where a reclassification has been made. Derivatives and assets designated as “at fair value through profit or loss” under the fair value option are not eligible for this reclassification. Reclassification cannot be applied retrospectively before 1 July 2008. The Group is currently assessing the impact of the amended standard on its consolidated financial information.
- IFRIC 17 “Distributions of Non-cash assets to owners” (“IFRIC 17”) which is effective prospectively 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.

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 charges, fair values of acquired assets and liabilities and determining whether the Group has the ability to exercise control over certain entities (See Notes 3 and 24).

OAO GAZPROM
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 30 JUNE 2008
(In millions of Russian Roubles)

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; and
- Other – other activities, including electric and heat energy generation and banking.

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

	Production of gas	Transport	Distribu- tion	Production of crude oil and gas condensate	Refining	Other	Total
Six months ended 30 June 2008							
Segment revenues							
Inter-segment sales	135,580	275,086	57,523	64,690	4,072	-	536,951
External sales	<u>3,448</u>	<u>31,048</u>	<u>1,086,016</u>	<u>134,616</u>	<u>353,324</u>	<u>134,744</u>	<u>1,743,196</u>
Total segment revenues	139,028	306,134	1,143,539	199,306	357,396	134,744	2,280,147
Segment expenses							
Inter-segment expenses	(3,391)	(39,085)	(401,565)	-	(72,489)	(20,421)	(536,951)
External expenses	<u>(121,397)</u>	<u>(177,130)</u>	<u>(310,752)</u>	<u>(131,287)</u>	<u>(181,264)</u>	<u>(102,633)</u>	<u>(1,024,463)</u>
Total segment expenses	<u>(124,788)</u>	<u>(216,215)</u>	<u>(712,317)</u>	<u>(131,287)</u>	<u>(253,753)</u>	<u>(123,054)</u>	<u>(1,561,414)</u>
Segment result	14,240	89,919	431,222	68,019	103,643	11,690	718,733
Unallocated operating expenses							<u>(2,113)</u>
Operating profit							716,620
Share of net income (loss) of associated undertakings and jointly controlled entities	3,579	(191)	19,286	(2,345)	3,583	1,480	25,392

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5 SEGMENT INFORMATION (continued)

	Production of gas	Transport	Distribu- tion	Production of crude oil and gas condensate	Refining	Other	Total
Six months ended 30 June 2007							
Segment revenues							
Inter-segment sales	115,065	242,292	26,067	39,677	3,063	-	426,164
External sales	<u>2,965</u>	<u>21,059</u>	<u>755,328</u>	<u>74,994</u>	<u>221,784</u>	<u>67,764</u>	<u>1,143,894</u>
Total segment revenues	118,030	263,351	781,395	114,671	224,847	67,764	1,570,058
Segment expenses							
Inter-segment expenses	(2,421)	(27,463)	(350,072)	-	(46,208)	-	(426,164)
External expenses	<u>(101,752)</u>	<u>(153,092)</u>	<u>(239,304)</u>	<u>(83,703)</u>	<u>(137,915)</u>	<u>(60,204)</u>	<u>(775,970)</u>
Total segment expenses	<u>(104,173)</u>	<u>(180,555)</u>	<u>(589,376)</u>	<u>(83,703)</u>	<u>(184,123)</u>	<u>(60,204)</u>	<u>(1,202,134)</u>
Segment result	13,857	82,796	192,019	30,968	40,724	7,560	367,924
Unallocated operating expenses							<u>(16,245)</u>
Operating profit							351,679
Share of net income of associated undertakings and jointly controlled entities	2,285	283	6,617	2,019	3,764	226	15,194
Three months ended 30 June 2008							
Segment revenues							
Inter-segment sales	71,095	142,905	25,047	36,037	2,233	-	277,317
External sales	<u>1,600</u>	<u>15,143</u>	<u>492,072</u>	<u>76,666</u>	<u>190,967</u>	<u>63,804</u>	<u>840,252</u>
Total segment revenues	72,695	158,048	517,119	112,703	193,200	63,804	1,117,569
Segment expenses							
Inter-segment expenses	(1,865)	(18,270)	(209,192)	-	(40,032)	(7,958)	(277,317)
External expenses	<u>(59,920)</u>	<u>(98,466)</u>	<u>(125,833)</u>	<u>(70,949)</u>	<u>(91,301)</u>	<u>(52,264)</u>	<u>(498,733)</u>
Total segment expenses	<u>(61,785)</u>	<u>(116,736)</u>	<u>(335,025)</u>	<u>(70,949)</u>	<u>(131,333)</u>	<u>(60,222)</u>	<u>(776,050)</u>
Segment result	10,910	41,312	182,094	41,754	61,867	3,582	341,519
Unallocated operating expenses							<u>9,474</u>
Operating profit							350,993
Share of net income (loss) of associated undertakings and jointly controlled entities	1,410	293	10,623	(2,394)	2,045	961	12,938

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5 SEGMENT INFORMATION (continued)

	Production of gas	Transport	Distribu- tion	Production of crude oil and gas condensate	Refining	Other	Total
Three months ended 30 June 2007							
Segment revenues							
Inter-segment sales	55,684	124,103	11,866	20,529	1,696	-	213,878
External sales	<u>1,309</u>	<u>10,260</u>	<u>328,551</u>	<u>42,646</u>	<u>116,017</u>	<u>33,583</u>	<u>532,366</u>
Total segment revenues	56,993	134,363	340,417	63,175	117,713	33,583	746,244
Segment expenses							
Inter-segment expenses	(1,352)	(12,712)	(176,248)	-	(23,566)	-	(213,878)
External expenses	<u>(48,566)</u>	<u>(86,048)</u>	<u>(91,157)</u>	<u>(47,959)</u>	<u>(70,056)</u>	<u>(31,208)</u>	<u>(374,994)</u>
Total segment expenses	<u>(49,918)</u>	<u>(98,760)</u>	<u>(267,405)</u>	<u>(47,959)</u>	<u>(93,622)</u>	<u>(31,208)</u>	<u>(588,872)</u>
Segment result	7,075	35,603	73,012	15,216	24,091	2,375	157,372
Unallocated operating expenses							<u>(15,488)</u>
Operating profit							141,884
Share of net income (loss) of associated undertakings and jointly controlled entities	<u>(950)</u>	118	1,725	1,379	2,570	(694)	4,148

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; and
- Refining - sale of refined hydrocarbon products to other segments.

Internal transfer prices, mostly for production of gas and transport segments, 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 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. Restricted cash balances include cash and cash equivalents restricted as to withdrawal under the terms of certain borrowings. As of 30 June 2008 and 31 December 2007 restricted cash comprises cash balances of RR 1,089 and RR 9,051, respectively, in subsidiary banks, which are restricted as to withdrawal under banking regulations.

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7 SHORT-TERM FINANCIAL ASSETS

	30 June 2008	31 December 2007
Financial assets held for trading	14,300	96,309
Available-for-sale financial assets (net of impairment provision of RR 103 and of RR 3,171 as of 30 June 2008 and 31 December 2007, respectively)	<u>22,936</u>	<u>17,602</u>
	<u>37,236</u>	<u>113,911</u>

Financial assets held for trading owned by Group's banking subsidiaries amounted to RR 6,932 and RR 88,933 as of 30 June 2008 and 31 December 2007, respectively. The assets held for trading as of 31 December 2007 mainly included financial assets of OAO Gazprombank. The bank was deconsolidated in June 2008 (see Note 24).

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

Available-for-sale investments 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

	30 June 2008	31 December 2007
Trade receivables	376,308	307,311
Prepayments and advances	149,941	120,109
Other receivables	<u>129,045</u>	<u>270,044</u>
	<u>655,294</u>	<u>697,464</u>

Accounts receivable and prepayments are presented net of impairment provision of RR 86,143 and RR 91,048 as of 30 June 2008 and 31 December 2007, respectively.

As of 30 June 2008 and 31 December 2007 other receivables include RR 14,775 and RR 215,926, relating to the operations of Group's banking subsidiaries, respectively. As of 31 December 2007 other receivables of banking subsidiaries were presented by OAO Gazprombank. The bank was deconsolidated in June 2008 (see Note 24). 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 1,407 and RR 1,796 as of 30 June 2008 and 31 December 2007, respectively.

10 OTHER CURRENT ASSETS

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 30 June 2008 and 31 December 2007 other current assets and other non-current assets include RR 79,113 and RR 50,738, respectively, relating to the fair value of option with Eni.

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11 PROPERTY, PLANT AND EQUIPMENT

	Total production assets (including production licenses)	Social assets	Assets under construction	Total
As of 31 December 2006				
Cost	4,567,453	90,081	374,995	5,032,529
Accumulated depreciation	<u>(1,968,195)</u>	<u>(29,366)</u>	-	<u>(1,997,561)</u>
Net book value as of 31 December 2006	2,599,258	60,715	374,995	3,034,968
Six months ended 30 June 2007				
Net book value as of 31 December 2006	2,599,258	60,715	374,995	3,034,968
Depreciation	(91,004)	(1,301)	-	(92,305)
Additions	1,370	211	185,776	187,357
Acquisition of subsidiaries	91,426	-	16,432	107,858
Transfers	57,097	80	(57,177)	-
Disposals	(4,396)	(2,934)	(5,634)	(12,964)
Charge for impairment provision	-	-	<u>(963)</u>	<u>(963)</u>
Net book value as of 30 June 2007	2,653,751	56,771	513,429	3,223,951
Six months ended 31 December 2007				
Net book value as of 30 June 2007	2,653,751	56,771	513,429	3,223,951
Depreciation	(91,033)	(1,258)	-	(92,291)
Additions	33,389	291	347,365	381,045
Acquisition of subsidiaries	1,328	25	143	1,496
Transfers	290,286	2,467	(292,753)	-
Disposals	(9,221)	(2,814)	(12,642)	(24,677)
Release of impairment provision	<u>247</u>	<u>-</u>	<u>706</u>	<u>953</u>
Net book value as of 31 December 2007	2,878,747	55,482	556,248	3,490,477
As of 31 December 2007				
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>
Net book value as of 31 December 2007	2,878,747	55,482	556,248	3,490,477
Six months ended 30 June 2008				
Net book value as of 31 December 2007	2,878,747	55,482	556,248	3,490,477
Depreciation	(96,360)	(1,240)	-	(97,600)
Additions	10,406	83	252,101	262,590
Disposal of subsidiaries	(43,949)	(800)	(27,742)	(72,491)
Transfers	50,564	235	(50,799)	-
Disposals	(3,932)	(1,414)	(5,245)	(10,591)
Charge for impairment provision	-	-	<u>(1,177)</u>	<u>(1,177)</u>
Net book value as of 30 June 2008	2,795,476	52,346	723,386	3,571,208
As of 30 June 2008				
Cost	5,011,224	80,484	723,386	5,815,094
Accumulated depreciation	<u>(2,215,748)</u>	<u>(28,138)</u>	-	<u>(2,243,886)</u>
Net book value as of 30 June 2008	2,795,476	52,346	723,386	3,571,208

Production assets are shown net of provision for impairment of RR 2,326 and RR 2,326 as of 30 June 2008 and 31 December 2007, respectively. Assets under construction are presented net of provision for impairment of RR 93,237 and RR 92,060 as of 30 June 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 6,059 and RR 7,080 as of 30 June 2008 and 31 December 2007, respectively.

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12 INVESTMENTS IN ASSOCIATED UNDERTAKINGS AND JOINTLY CONTROLLED ENTITIES

Notes	Carrying value as of		Group's share of the profit (loss)*		
	30 June 2008	31 December 2007	30 June 2008	2007	
	Sakhalin Energy Investment Company Ltd.	250,002	239,606	(7,916)	(138)
25	OAO NGK Slavneft and its subsidiaries	150,719	145,464	5,255	5,208
25	OAO Tomskneft and its subsidiaries	90,535	88,181	2,216	-
25	OAO Novatek	73,896	68,973	2,822	1,702
24, 25	Gazprombank Group	41,402	-	-	-
25	WINGAS GmbH	33,104	31,339	1,125	2,152
25	OAO Beltransgaz	31,902	-	262	-
	Nord Stream AG	24,117	-	-	-
25	SGT EuRoPol GAZ S.A.	19,089	31,131	(512)	307
	OAO Moscovsky NPZ	15,711	15,548	163	574
	Wintershall AG	10,029	10,259	1,855	-
25	TOO KazRosGaz	6,033	4,388	1,889	1,205
	AO Latvijas Gaze	3,668	3,571	11	110
	ZAO Norgaz	3,609	2,843	767	572
	OOO Sibmetakhim	3,346	-	-	-
	AO Lietuvos Dujos	2,253	2,095	286	295
	Blue Stream Pipeline company B.V.	912	895	59	(24)
25	RosUkrEnergo AG	-	73	13,634	(275)
	Other (net of provision for impairment of RR 3,288 and RR 5,819 as of 30 June 2008 and 31 December 2007, respectively)	<u>15,875</u>	<u>26,037</u>	<u>3,476</u>	<u>3,506</u>
		<u>776,202</u>	<u>670,403</u>	<u>25,392</u>	<u>15,194</u>

* represents Group's share of the profit (loss) of the associated undertakings and jointly controlled entities for the six months ended 30 June 2008 and 2007, respectively.

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12 INVESTMENTS IN ASSOCIATED UNDERTAKINGS AND JOINTLY CONTROLLED ENTITIES
(continued)

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 30 June 2008		For the six months ended 30 June 2008	
			Assets	Liabilities	Revenues	Profit (loss)
Gazprombank Group*	45%	Russia	1,144,770	930,077	-	-
Sakhalin Energy Investment Company Ltd.	50%	Bermuda	478,711	94,325	-	(15,832)
OA0 NGK Slavneft and its subsidiaries	50%	Russia	468,964	153,103	96,361	7,302
OA0 Tomskneft and its subsidiaries	50%	Russia	131,730	76,578	43,089	4,374
OA0 Novatek	19%	Russia	119,001	27,161	40,578	14,555
RosUkrEnergo AG	50%	Switzerland	109,950	98,716	193,516	1,996
WINGAS GmbH	50%	Germany	103,757	75,247	149,022	3,966
SGT EuRoPol GAZ S.A.	48%	Poland	65,934	26,165	7,555	419
Blue Stream Pipeline company B.V.	50%	Netherlands	54,861	51,318	3,323	235
OA0 Moscovsky NPZ	39%	Russia	44,096	3,121	4,322	413
OA0 Beltransgaz**	25%	Belarus	42,116	10,505	24,231	785
Wintershall AG	49%	Germany	36,876	26,466	55,035	3,786
Nord Stream AG***	51%	Switzerland	27,652	4,140	-	-
AO Lietuvos Dujos	37%	Lithuania	25,851	5,030	8,197	770
AO Latvijas Gaze	34%	Latvia	25,081	7,832	8,483	33
TOO KazRosGaz	50%	Kazakhstan	13,484	1,418	10,932	3,778
ZAO Nortgaz	51%	Russia	10,218	3,143	3,669	1,504
OOO Sibmetakhim****	50%	Russia	6,885	193	3,079	1,179

*Deconsolidation of Gazprombank Group since 24 June 2008 (see Note 24).

**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 six months ended 30 June 2008 are disclosed from the date of acquisition of additional shares.

*** In April 2008 it was decided to increase the share capital of Nord Stream AG through additional share issue to the existing shareholders. The Group contributed additional RR 21,686 into the charter capital. The Group's interest did not change as a result of this transaction. Revenue and profit of Nord Stream AG are not significant due to the fact that the company is still in the process of constructing the pipeline.

****Group share in OOO Sibmetakhim decreased to 50% due to deconsolidation of Gazprombank Group (see Note 24).

	Percent of share capital held	Location	As of 30 June 2007		For the six months ended 30 June 2007	
			Assets	Liabilities	Revenues	Profit (loss)
Sakhalin Energy Investment Company Ltd.	50%	Bermuda	419,041	41,632	2,739	(3,237)
OA0 NGK Slavneft and its subsidiaries	50%	Russia	360,596	69,740	69,814	10,448
WINGAS GmbH	35%	Germany	99,061	91,109	99,235	6,161
RosUkrEnergo AG	50%	Switzerland	95,447	70,859	152,623	3,821
OA0 Novatek	19%	Russia	90,373	16,742	30,314	8,563
Blue Stream Pipeline company B.V.	50%	Netherlands	61,033	57,443	3,501	(96)
SGT EuRoPol GAZ S.A.	48%	Poland	58,206	28,670	6,120	531
OA0 Moscovsky NPZ	39%	Russia	44,039	3,615	4,817	1,102
AO Lietuvos Dujos	37%	Lithuania	23,684	4,533	4,919	795
AO Latvijas Gaze	34%	Latvia	21,107	5,616	5,510	324
TOO KazRosGaz	50%	Kazakhstan	7,485	1,392	7,383	2,411
ZAO Nortgaz	51%	Russia	6,641	1,067	3,032	1,121

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12 INVESTMENTS IN ASSOCIATED UNDERTAKINGS AND JOINTLY CONTROLLED ENTITIES (continued)

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:

	30 June 2008	31 December 2007
OAo Novatek	120,030	111,149
AO Latvijas Gaze	7,326	7,161
AO Lietuvos Dujos	6,453	6,365

13 LONG-TERM ACCOUNTS RECEIVABLE AND PREPAYMENTS

	30 June 2008	31 December 2007
Long-term accounts receivable and prepayments	106,486	270,430
Advances for assets under construction	<u>163,413</u>	<u>131,952</u>
	<u>269,899</u>	<u>402,382</u>

Long-term accounts receivable and prepayments are presented net of impairment provision of RR 9,842 and RR 17,634 as of 30 June 2008 and 31 December 2007, respectively.

As of 30 June 2008 and 31 December 2007 other receivables included RR 8,047 and RR 180,620, relating to the operations of Group's banking subsidiaries, respectively. As of 31 December 2007 long-term accounts receivables of the banking subsidiaries was mainly presented by OAO Gazprombank. The bank was deconsolidated in June 2008 (see Note 24). This balance mainly represents long-term loans issued to customers at commercial rates based on credit risk and maturities.

14 AVAILABLE-FOR-SALE LONG-TERM FINANCIAL ASSETS

Available-for-sale long-term financial assets, in total amount of RR 124,999 and RR 256,210, are shown net of provision for impairment of RR 2,604 and RR 2,467 as of 30 June 2008 and 31 December 2007, respectively.

Available-for-sale long-term financial assets owned by OAO Gazprombank amounted to RR 35,877 as of 31 December 2007. The bank was deconsolidated in June 2008 (see Note 24).

15 OTHER NON-CURRENT ASSETS

Other non-current assets include the net pension assets in the amount of RR 240,500 and RR 243,982 as of 30 June 2008 and 31 December 2007, respectively.

Also as of 30 June 2008 other non-current assets include the RR 39,219 prepayment for 28.7% interest in TGC-1 made in February 2008 (see Note 27).

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16 LONG-TERM BORROWINGS

	Currency	Final Maturity	30 June 2008	31 December 2007
Long-term borrowings payable to:				
Loan participation notes issued in October 2007**	Euro	2018	45,400	43,651
ABN AMRO*	US dollar	2012	43,218	49,614
ABN AMRO	US dollar	2013	42,367	44,334
Calyon Credit Agricole CIB*	US dollar	2010	42,282	54,289
Credit Suisse International	US dollar	2018	39,253	-
Loan participation notes issued in September 2003**	Euro	2010	39,094	36,668
Loan participation notes issued in June 2007**	GBP	2013	38,842	39,435
Loan participation notes issued in December 2005**	Euro	2012	37,852	36,033
Loan participation notes issued in May 2005**	Euro	2015	37,088	37,165
Loan participation notes issued in November 2006**	US dollar	2016	31,880	33,360
Loan participation notes issued in March 2007**	US dollar	2022	31,123	32,568
Loan participation notes issued in August 2007**	US dollar	2037	30,123	31,521
Loan participation notes issued in October 2006**	Euro	2014	29,290	29,225
Loan participation notes issued in April 2004**	US dollar	2034	28,574	29,900
Loan participation notes issued in June 2007**	Euro	2014	26,759	25,382
Loan participation notes issued in April 2008**	US dollar	2018	26,270	-
Structured export notes issued in July 2004***	US dollar	2020	25,856	28,645
Deutsche Bank AG	US dollar	2014	24,336	29,618
Citibank International PLC*	US dollar	2008	20,544	43,051
Loan participation notes issued in March 2007**	Euro	2017	19,118	18,127
ABN AMRO*	US dollar	2010	19,040	24,429
Loan participation notes issued in November 2006**	Euro	2017	18,716	18,685
Dresdner Bank AG*	US dollar	2010	18,460	23,283
Salomon Brothers AG	US dollar	2009	16,746	17,524
Credit Suisse International	Euro	2009	14,856	14,467
Salomon Brothers AG	US dollar	2009	12,314	12,903
Credit Suisse International	US dollar	2017	12,305	12,877
WestLB AG	US dollar	2013	11,756	-
Credit Suisse International	US dollar	2009	11,426	12,292
OOO Aragon	Euro	2010	10,150	9,882
JP Morgan Chase bank	Rouble	2010	9,682	11,833
Loan participation notes issued in April 2008**	US dollar	2013	9,536	-
Credit Suisse International	Euro	2010	9,285	9,036
Deutsche Bank AG	US dollar	2011	7,858	8,718
Credit Suisse International	Euro	2008	7,654	7,279
Credit Suisse International	Euro	2008	7,440	7,246
Dresdner Bank AG*	US dollar	2008	7,381	15,516
Citibank International PLC	US dollar	2009	7,124	10,908
Wintershall Holding AG****	Rouble	2015	7,100	6,975

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16 LONG-TERM BORROWINGS (continued)

	Currency	Final Maturity	30 June 2008	31 December 2007
Loan participation notes issued in November 2007**	JPY	2012	6,171	6,457
Russian bonds issued in February 2005	Rouble	2010	5,155	5,155
Russian bonds issued in August 2005	Rouble	2009	5,137	5,137
Russian bonds issued in February 2007	Rouble	2014	5,130	5,130
Liberty Hampshire Corporation	Rouble	2009	5,066	5,067
Russian bonds issued in November 2006	Rouble	2011	5,058	5,058
Russian bonds issued in November 2006	Rouble	2009	5,056	5,056
Russian bonds issued in September 2006*****	Rouble	2011	4,882	5,107
Credit Swiss International	US dollar	2009	4,828	4,931
Russian bonds issued in March 2006*****	Rouble	2016	4,753	5,129
Gazstream S.A.	US dollar	2010	4,700	5,673
BNP Paribas SA	US dollar	2008	4,692	4,913
Wintershall Holding AG****	Euro	2010	4,173	4,063
J.P. Morgan Chase bank	US dollar	2011	4,125	4,942
Loan participation notes issued in November 2007**	JPY	2010	4,112	4,303
Gazstream S.A.	US dollar	2012	4,100	4,768
ABN AMRO	US dollar	2009	3,917	4,105
Wintershall Holding AG****	Rouble	2013	3,048	3,000
Mannesmann (Deutsche Bank AG)*	Euro	2008	1,546	3,011
Deutsche Bank AG	US dollar	2009	1,059	1,672
Credit Suisse International	US dollar	2009	-	40,250
Eurobonds issued in September 2005*****	US dollar	2015	-	24,768
Eurobonds issued in October 2003*****	US dollar	2008	-	18,607
Eurobonds issued in April 2007*****	US dollar	2010	-	17,145
Depfa Bank*	US dollar	2008	-	12,590
Sumitomo Mitsui Banking Corporation Europe Limited*	US dollar	2008	-	12,326
Credit Suisse International	US dollar	2008	-	12,041
Eurobonds issued in February 2007*****	Rouble	2010	-	10,219
Eurobonds issued in January 2004*****	US dollar	2008	-	7,443
ABN AMRO*	US dollar	2008	-	5,674
ABN AMRO*	US dollar	2009	-	4,450
Other long-term borrowings	Various	Various	53,235	130,922
Total long-term borrowings			1,018,041	1,255,551
Less: current portion of long-term borrowings			(214,300)	(274,143)
			803,741	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.

Due for repayment:	30 June 2008	31 December 2007
Between one and two years	118,670	188,171
Between two and five years	245,054	277,673
After five years	440,017	515,564
	803,741	981,408

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16 LONG-TERM BORROWINGS (continued)

Long-term borrowings include fixed rate loans with a carrying value of RR 726,875 and RR 869,194 and fair value of RR 702,293 and RR 871,253 as of 30 June 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 30 June 2008 and 31 December 2007 long-term borrowings include RR 14,116 (including current portion of nil) and RR 162,259 (including current portion of RR 20,611), relating to the operations of Group's banking subsidiaries, respectively. The bank was deconsolidated in June 2008 (see Note 24).

As of 30 June 2008 and 31 December 2007 long-term borrowings, including current portion, of RR 25,856 and RR 28,645, respectively, were secured by gas sales contracts to Western Europe.

17 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%.

	30 June 2008	Differences recognition and reversals	31 December 2007	30 June 2007	Differences recognition and reversals	31 December 2006
Tax effects of taxable temporary differences:						
Property, plant and equipment	(270,870)	(3,905)	(266,965)	(263,183)	(21,444)	(241,739)
Financial assets	(29,237)	11,923	(41,160)	(50,033)	(11,921)	(38,112)
Inventories	<u>(2,233)</u>	<u>1,768</u>	<u>(4,001)</u>	<u>(2,569)</u>	<u>(2,380)</u>	<u>(189)</u>
	(302,340)	9,786	(312,126)	(315,785)	(35,745)	(280,040)
Tax effects of deductible temporary differences:						
Tax losses carry forward	1,049	72	977	1,782	76	1,706
Other deductible temporary differences	<u>1,495</u>	<u>(1,301)</u>	<u>2,796</u>	<u>3,547</u>	<u>721</u>	<u>2,826</u>
	2,544	(1,229)	3,773	5,329	797	4,532
Total net deferred tax liabilities	(299,796)	8,557	(308,353)	(310,456)	(34,948)	(275,508)

Taxable temporary differences in relation to financial assets for the six months ended 30 June 2008 include difference on fair value adjustments on shares of RAO UES of Russia in the amount of RR 13,587, OAO WGC-5 in the amount of RR 691, OAO WGC-2 in the amount of RR 1,861 and OAO WGC-6 in the amount of RR 2,634.

Taxable temporary differences in relation to financial assets for the six months ended 30 June 2007 include difference on fair value adjustment on shares of RAO UES of Russia in the amount of RR 6,908. No current profit tax was paid on this revaluation.

18 EQUITY

Share capital

Share capital authorised, issued and paid totals RR 325,194 as of 30 June 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

As of 30 June 2008 and 31 December 2007, subsidiaries of OAO Gazprom held 31 million and 66 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.

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19 SALES

	Three months ended		Six months ended	
	30 June		30 June	
	2008	2007	2008	2007
Gas sales (including excise tax, customs duties and net of VAT) to customers in:				
Russian Federation	90,897	78,385	264,273	214,300
Former Soviet Union (excluding Russian Federation)	86,018	62,687	177,231	145,401
Far abroad	<u>424,968</u>	<u>251,077</u>	<u>873,585</u>	<u>533,738</u>
Gross sales of gas	601,883	392,149	1,315,089	893,439
Excise tax	-	(54)	-	(54)
Customs duties	<u>(108,211)</u>	<u>(62,235)</u>	<u>(225,625)</u>	<u>(135,092)</u>
Net sales of gas	493,672	329,860	1,089,464	758,293
Sales of refined products to customers in:				
Russian Federation	110,191	61,925	193,702	119,288
Former Soviet Union (excluding Russian Federation)	12,266	11,840	23,700	18,754
Far abroad	<u>68,510</u>	<u>42,252</u>	<u>135,922</u>	<u>83,742</u>
Total sales of refined products	190,967	116,017	353,324	221,784
Sales of crude oil and gas condensate to customers in:				
Russian Federation	9,757	5,326	17,807	13,550
Former Soviet Union (excluding Russian Federation)	10,008	4,993	15,449	8,411
Far abroad	<u>56,901</u>	<u>32,327</u>	<u>101,360</u>	<u>53,033</u>
Total sales of crude oil and gas condensate	76,666	42,646	134,616	74,994
Gas transportation sales	15,143	10,260	31,048	21,059
Other revenues	<u>63,804</u>	<u>33,583</u>	<u>134,744</u>	<u>67,764</u>
Total sales revenue	<u>840,252</u>	<u>532,366</u>	<u>1,743,196</u>	<u>1,143,894</u>

20 OPERATING EXPENSES

Note	Three months ended		Six months ended	
	30 June		30 June	
	2008	2007	2008	2007
	146,700	84,164	284,048	188,436
	57,992	53,088	130,125	108,399
25 Taxes other than on income	60,547	47,565	124,389	98,074
Depreciation	43,338	42,934	99,747	93,024
Transit of gas, oil and refined products	44,879	39,316	93,157	77,063
Cost of goods for resale, including refined products	26,745	7,444	59,072	21,178
Repairs and maintenance	28,255	27,348	56,801	45,479
Materials	24,980	22,962	44,890	45,554
Electricity and heating expenses	12,431	10,426	29,285	22,748
Charge for impairment provisions	4,774	1,782	8,506	2,778
Social expenses	4,218	3,597	8,317	6,981
Insurance expenses	3,160	2,469	7,257	5,673
Rental expense	2,708	3,924	6,305	8,153
Other expenses	<u>28,532</u>	<u>43,463</u>	<u>74,677</u>	<u>68,675</u>
Total operating expenses	<u>489,259</u>	<u>390,482</u>	<u>1,026,576</u>	<u>792,215</u>

Staff costs include RR 4,611 and RR 9,222 of expenses associated with pension obligations for the three and six months ended 30 June 2008, respectively, and RR 3,395 and RR 6,790 for the three and six months ended 30 June 2007, respectively.

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21 FINANCE INCOME AND EXPENSES

	Three months ended		Six months ended	
	30 June		30 June	
	2008	2007	2008	2007
Exchange gains	10,559	13,569	48,699	23,943
Interest income	18,391	24,108	36,890	38,274
Gains on extinguishment of restructured liabilities	<u>11</u>	<u>137</u>	<u>16</u>	<u>1,012</u>
Total finance income	28,961	37,814	85,605	63,229

	Three months ended		Six months ended	
	30 June		30 June	
	2008	2007	2008	2007
Exchange losses	10,837	10,912	32,424	15,900
Interest expense	<u>20,498</u>	<u>20,180</u>	<u>39,501</u>	<u>35,228</u>
Total finance expenses	31,335	31,092	71,925	51,128

22 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 18).

There were 23.5 billion weighted average shares outstanding for the three and six months ended 30 June 2008, and 23.5 and 23.4 billion weighted average shares outstanding for the three and six months ended 30 June 2007, respectively.

There are no dilutive financial instruments outstanding.

23 PROVISIONS FOR LIABILITIES AND CHARGES

	30 June 2008	31 December 2007
Provision for pension obligations	22,465	20,738
Provision for environmental liabilities	52,865	51,604
Other	<u>267</u>	<u>6,871</u>
	75,597	79,213

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 240,500 and RR 243,982 as of 30 June 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 30 June 2008 and 31 December 2007 management estimated the fair value of these assets at approximately RR 593 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.

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24 DECONSOLIDATION OF GAZPROMBANK GROUP

As discussed in Note 3 the Group lost the ability to control the financial and operating policies of Gazprombank Group on 24 June 2008. At that date the bank and its subsidiaries were deconsolidated from the financial statements of the Group. The deconsolidation has resulted in the decrease/(increase) in the following line items of the consolidated interim condensed balance sheet:

Current assets	
Cash and cash equivalents	47,242
Restricted cash	14,866
Short-term financial assets	88,277
Accounts receivable and prepayments	252,017
Inventories	21,432
VAT recoverable	8,763
Other current assets	<u>32,602</u>
	465,199
Non-current assets	
Property, plant and equipment	72,491
Investments in associated undertakings and jointly controlled entities	46,142
Long-term accounts receivable and prepayments	221,041
Available-for-sale long-term financial assets	20,437
Other non-current assets	<u>15,080</u>
	<u>375,191</u>
Total assets	840,390
Liabilities and equity	
Current liabilities	
Accounts payable and accrued charges	221,351
Current profit tax payable	195
Other taxes payable	6,100
Short-term borrowings and current portion of long-term borrowings	246,140
Short-term promissory notes payable	<u>25,007</u>
	498,793
Non-current liabilities	
Long-term borrowings	164,985
Provisions for liabilities and charges	1,421
Deferred tax liabilities	(5,910)
Other non-current liabilities	<u>18,415</u>
	<u>178,911</u>
Total liabilities	677,704
Equity	
Treasury shares	(26,751)
Retained earnings and other reserves	<u>-</u>
	(26,751)
Minority interest	<u>148,035</u>
Total equity	<u>121,284</u>
Total liabilities and equity	798,988

Recognition of investment in Gazprombank as investment in associated undertaking	41,402
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The deconsolidation of Gazprombank Group did not have a material impact on the consolidated interim condensed statement of income.

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25 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 consolidated 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 30 June 2008 and 31 December 2007 and for the three and six months ended 30 June 2008 and 2007 the Group had the following significant transactions and balances with the Government and parties under control of the Government:

Notes	As of 30 June 2008		For the three months ended 30 June 2008		For the six months ended 30 June 2008	
	Assets	Liabilities	Income	Expenses	Income	Expenses
	Transactions and balances with the Government					
	-	12,092	-	88,334	-	180,530
	322	2,028	-	7,900	-	19,607
	181,964	27,975	-	-	-	-
	40,074	-	-	-	-	-
20	24,786	32,277	-	60,547	-	124,389
	Transactions and balances with other parties under control of the Government					
	-	-	32,468	-	87,562	-
	-	-	25,401	-	38,581	-
	-	-	1,319	-	2,457	-
	3,586	-	-	-	-	-
	-	-	-	14,416	-	27,470
	-	5,547	-	-	-	-
	-	11,215	-	-	-	-
	-	-	303	57	854	601
	13,102	-	-	-	-	-
	84,983	-	-	-	-	-

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25 RELATED PARTIES (continued)

Notes	As of 31 December 2007		For the three months ended 30 June 2007		For the six months ended 30 June 2007		
	Assets	Liabilities	Income	Expenses	Income	Expenses	
	Transactions and balances with the Government						
	Current profit tax	9,378	23,033	-	49,500	-	105,834
	Unified social tax	583	1,319	-	7,906	-	17,737
	VAT recoverable/payable	190,560	17,000	-	-	-	-
	Customs duties	20,323	-	-	-	-	-
20	Other taxes	4,311	32,389	-	47,565	-	98,074
	Transactions and balances with other parties under control of the Government						
	Gas sales	-	-	39,344	-	101,539	-
	Accounts receivable	44,373	-	-	-	-	-
	Oil transportation expenses	-	-	-	11,966	-	22,356
	Accounts payable	-	21,328	-	-	-	-
	Loans	-	28,007	-	-	-	-
	Interest income/expense	-	-	328	599	810	1,015
	Short-term financial assets	15,030	-	-	-	-	-
	Investments in associated undertakings and jointly controlled entities	-	-	-	357	-	125
	Available-for-sale long-term financial assets	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.

In the normal course of business the Group incurs electricity and heating expenses (see Note 20). 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 interim condensed statement of changes in equity for returns of social assets to governmental authorities during the six months ended 30 June 2008 and 2007. See Note 11 for net book values as of 30 June 2008 and 31 December 2007 of social assets vested to the Group at privatisation.

See Note 26 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 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.

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25 RELATED PARTIES (continued)

Associated undertakings and jointly controlled entities

For the three and six months ended 30 June 2008 and 2007 and as of 30 June 2008 and 31 December 2007 the Group had the following significant transactions and balances with associated undertakings and jointly controlled entities:

	Three months ended 30 June		Six months ended 30 June	
	2008	2007	2008	2007
Gas sales	Revenues	Revenues	Revenues	Revenues
RosUkrEnergO AG	56,191	38,558	107,055	84,581
Wintershall Erdgas Handelshaus GmbH & Co.KG	31,457	13,697	59,974	29,213
OAO Mosenergo**	-	10,111	-	19,566
ZAO Panrusgaz	17,696	9,728	33,524	23,413
WINGAS GmbH	11,415	9,247	25,630	19,544
OAO Beltransgaz*	13,821	-	25,304	-
Wintershall Erdgas Handelshaus Zug AG	7,715	5,544	12,196	10,298
AO Gazum	5,320	3,230	12,143	8,118
Promgaz SPA	3,398	1,986	6,573	4,195
GWH-Gaz und Warenhandels GmbH	2,497	1,130	5,062	2,631
AO Moldovagaz	1,342	1,011	3,846	3,328
Gas transportation sales				
RosUkrEnergO AG	5,951	3,114	11,063	5,978
OAO Novatek	2,799	2,169	5,672	4,180
Crude oil and refined product sales				
OAO NGK Slavneft and its subsidiaries	4,432	3,173	9,410	5,738
Purchased gas	Expenses	Expenses	Expenses	Expenses
RosUkrEnergO AG	8,084	3,685	10,930	25,007
TOO KazRosGaz	3,750	3,944	7,762	6,284
OAO Novatek	1,507	1,130	2,870	2,240
Purchased transit of gas				
SGT EuRoPol GAZ S.A.	3,324	2,686	6,667	5,218
OAO Beltransgaz*	3,012	-	4,628	-
Purchased crude oil and refined products				
OAO NGK Slavneft and its subsidiaries	24,208	15,395	44,058	27,204
OAO Tomskneft and its subsidiaries	10,808	-	16,138	-
Purchased processing services				
OAO NGK Slavneft and its subsidiaries	1,320	1,222	2,538	2,582

* 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 12).

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

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25 RELATED PARTIES (continued)

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 RosUkrEnerg0 AG) under long-term contracts based on world commodity prices.

	As of 30 June 2008		As of 31 December 2007	
	Assets	Liabilities	Assets	Liabilities
Short-term accounts receivable and prepayments				
RosUkrEnerg0 AG	72,255	-	57,446	-
OOO Elion	16,892	-	-	-
Wintershall Erdgas Handelshaus Zug AG	14,426	-	12,439	-
WINGAS GmbH	13,405	-	14,833	-
ZAO Panrusgaz	8,300	-	6,583	-
OA0 Beltransgaz	8,094	-	-	-
AO Moldovagaz*	3,168	-	1,260	-
OA0 NGK Slavneft and its subsidiaries	2,917	-	2,516	-
AO Gazum	2,382	-	2,868	-
Wintershall Erdgas Handelshaus GmbH & Co.KG	2,353	-	4,078	-
OA0 Sibur Holding and its subsidiaries	1,758	-	-	-
OA0 Gazprombank	1,162	-	-	-
SGT EuRoPol GAZ S.A.	1,100	-	1,105	-
OA0 Novatek	283	-	243	-
Short-term promissory notes				
OA0 Gazprombank	2,571	-	-	-
Cash in associated companies				
OA0 Gazprombank	162,268	-	-	-
Long-term accounts receivable and prepayments				
WINGAS GmbH	10,439	-	10,163	-
OA0 Sibur Holding and its subsidiaries	4,608	-	-	-
SGT EuRoPol GAZ S.A.	3,483	-	3,955	-
RosUkrEnerg0 AG	3,319	-	6,947	-
Long-term promissory notes				
OA0 Gazprombank	2,084	-	-	-
Short-term accounts payable				
OA0 Beltransgaz	-	5,386	-	-
OA0 Sibur Holding and its subsidiaries	-	3,867	-	-
SGT EuRoPol GAZ S.A.	-	3,495	-	2,456
WINGAS GmbH	-	2,867	-	3,245
OA0 NGK Slavneft and its subsidiaries	-	2,486	-	4,242
TOO KazRosGaz	-	1,424	-	1,787
RosUkrEnerg0 AG	-	1,001	-	2,001
OA0 Gazprombank	-	823	-	-
OA0 Novatek	-	615	-	375
Short-term loans from associated companies				
OA0 Gazprombank	-	6,221	-	-

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25 RELATED PARTIES (continued)

	As of 30 June 2008		As of 31 December 2007	
	Assets	Liabilities	Assets	Liabilities
Long-term loans from associated companies				
OAQ Gazprombank	-	3,408	-	-

* Net of impairment provision on accounts receivable in the amount of RR 27,821 as of 30 June 2008 and 31 December 2007, respectively.

Investments in associated undertakings and jointly controlled entities are disclosed in Note 12.

See Note 26 for financial guarantees issued by the Group on behalf of associated undertakings and jointly controlled entities.

26 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 30 June 2008 is appropriate and all of the Group's 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 borrowers of the Group may also be affected by the lower liquidity situation which could in turn impact their ability to repay their outstanding loans. Deteriorating operating conditions for borrowers 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 during 2008 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 listed investments made by NPF Gazfund.

26 COMMITMENTS, CONTINGENCIES AND OPERATING RISKS (continued)

Economic downturn

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 30 June 2008 market conditions did not result in significant change in medium and long-term cash-flow forecasts and impairment assessment.

Financial guarantees

	30 June 2008	31 December 2007
Outstanding guarantees issued on behalf of:		
BSPC	21,119	24,352
MRK Energy DMCC	6,959	-
EM Interfinance Limited	5,197	-
Devere Capital International Limited	4,865	-
ZAO Achimgaz	4,708	4,591
Blackrock Capital Investments Limited	4,559	-
Nord Stream AG	2,259	-
Gaztransit	1,270	1,346
DSL Assets International Limited	1,055	-
United Energy Investments Limited	1,054	-
Gazprom Libya B.V.	-	4,467
Other	<u>11,845</u>	<u>59,484</u>
	<u>64,890</u>	<u>94,240</u>

Included in financial guarantees are amounts denominated in USD of USD 1,698 million and USD 1,348 million as of 30 June 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 30 June 2008 and 31 December 2007, outstanding amounts of these loans were RR 20,503 (USD 874 million) and RR 23,652 (USD 964 million), respectively, which were guaranteed by the Group, pursuant to its obligations.

As of 30 June 2008 and 31 December 2007, BSPC also borrowed RR 616 (USD 26 million) and RR 700 (USD 29 million) of credit facilities, provided by Depfa bank, 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 30 June 2008 and 31 December 2007 the above guarantee amounted to RR 4,708 (Euro 128 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 pipe, on behalf of Nord Stream AG related to pipe supply contract for construction of Nord Stream pipeline. As of 30 June 2008, the above guarantee amounted to RR 2,259 (Euro 61 million).

In April 2008 the Group provided a guarantee to Credit Swiss 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 30 June 2008 the outstanding amount of this guarantee was RR 6,959.

In 2006 the Group provided guarantees to Asset Repackaging Trust Five B.V. (registered in the Netherlands) on behalf of the five companies (Devere Capital International Limited, Blackrock Capital Investments Limited, DCL Assets International Limited, United Energy Investments Limited, EM Interfinance Limited) registered in Ireland, with respect to the loan issued by them to SGT EuRoPol GAZ S.A. These guarantees are accounted for as external since OAO Gazprombank deconsolidation. OAO Gazprombank bore risks, associated with this loan. The guarantees amounted to RR 16,730 (USD 713 million) as of 30 June 2008.

26 COMMITMENTS, CONTINGENCIES AND OPERATING RISKS (continued)

Other guarantees of the Group included guarantees, issued by OAO Gazprombank to third parties in the amount of RR 54,122 as of 31 December 2007. In January 2007, OAO Gazprombank provided guarantees to OAO Sberbank on behalf of OAO Sibneftegaz. As of 31 December 2007, the outstanding amount of these guarantees was 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 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 December 2007, the total outstanding amount was RR 16,525.

27 POST BALANCE SHEET EVENTS

Significant change in currency rate

The official Russian Rouble (“RR”) to US dollar (“USD”) exchange rates as determined by the Central Bank of the Russian Federation increased from 23.46 to 28.34 in the period from 30 June 2008 to 24 December 2008. The official RR to Euro exchange rates as determined by the Central Bank of the Russian Federation increased from 36.91 to 39.67 in the period from 30 June 2008 to 24 December 2008.

Taxation

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. This tax rate will be applied to determine the deferred tax liabilities as of 31 December 2008. If the rate of 20% was applied to calculation of tax effect of temporary differences that are expected to reverse in periods subsequent to 1 January 2009 the deferred tax liability as of 30 June 2008 would have been RR 48,900 lower.

Investments

As a result of the restructuring of RAO UES in July 2008 the Group exchanged its shares in RAO UES for interest in certain companies, including 44.4% interest in OAO WGC-2 and 42.9% interest in OAO WGC-6. As a result the Group obtained control over OAO WGC-2 and OAO WGC-6 with an ownership interest amounting to 57.2% and 60.0%, respectively.

In July 2008 the Group acquired the 28.7% interest in OAO TGC-1 for RR 39,219 prepaid for in February 2008.

In October 2008 the Group acquired the 100% interest in OAO Sobinbank.

Borrowings and loans

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-September 2008 the Group obtained financing from ABN AMRO in the amount of USD 500 million due in 2013 at an interest rate of Libor+1.45%.

In March 2008 the Group signed an agreement to obtain financing from OAO Gazprombank in the amount of USD 100 million due in 2010 at an interest rate of 9.0%. In August-September 2008 the Group obtained USD 30 million under this agreement.

In November 2008 the Group obtained a loan from Societe Generale in the amount of USD 250 million due in 2009 at an interest rate of Libor+3.6%.

In December 2008 the Group obtained a loan from OAO Vneshekonombank in the amount of USD 153 million due in 2009 at an interest rate of Libor+5% to refinance part of the loan from Deutsche Bank, received in December 2004.

**OAO GAZPROM
INVESTMENT RELATIONSHIPS**

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