

OAO GAZPROM

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

30 JUNE 2009

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

To the Shareholders and Board of Directors of OAO Gazprom

Introduction

We have reviewed the accompanying consolidated interim condensed balance sheet of OAO Gazprom and its subsidiaries (the "Group") as of 30 June 2009, and the related consolidated interim condensed statements of comprehensive income for the three and six month periods then ended, 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 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 26 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

30 October 2009

OAO GAZPROM
IFRS CONSOLIDATED INTERIM CONDENSED BALANCE SHEET (UNAUDITED)
AS OF 30 JUNE 2009
(In millions of Russian Roubles)

Notes	30 June 2009	31 December 2008	
Assets			
Current assets			
6	Cash and cash equivalents	374,292	343,833
6	Restricted cash	4,232	3,747
7	Short-term financial assets	30,115	23,448
8	Accounts receivable and prepayments	707,265	675,934
9	Inventories	286,254	276,954
	VAT recoverable	110,173	115,878
	Other current assets	<u>119,324</u>	<u>132,281</u>
		1,631,655	1,572,075
Non-current assets			
10	Property, plant and equipment	4,388,176	4,020,522
11	Investments in associated undertakings and jointly controlled entities	801,343	772,143
12	Long-term accounts receivable and prepayments	415,079	343,805
13	Available-for-sale long-term financial assets	64,869	48,186
14	Other non-current assets	<u>445,349</u>	<u>411,837</u>
		6,114,816	5,596,493
	Total assets	7,746,471	7,168,568
Liabilities and equity			
Current liabilities			
	Accounts payable and accrued charges	382,786	466,757
	Profit tax payable	15,004	6,774
	Other taxes payable	58,699	50,622
	Short-term borrowings and current portion of long-term borrowings	500,414	432,640
	Short-term promissory notes payable	<u>8,217</u>	<u>8,052</u>
		965,120	964,845
Non-current liabilities			
15	Long-term borrowings	1,202,635	923,230
	Long-term promissory notes payable	1,546	1,718
22	Provisions for liabilities and charges	97,534	85,807
16	Deferred tax liabilities	285,692	265,279
	Other non-current liabilities	<u>15,926</u>	<u>14,590</u>
		1,603,333	1,290,624
	Total liabilities	2,568,453	2,255,469
Equity			
17	Share capital	325,194	325,194
17	Treasury shares	(655)	(597)
	Retained earnings and other reserves	<u>4,601,840</u>	<u>4,280,518</u>
		4,926,379	4,605,115
	Non-controlling interest	<u>251,639</u>	<u>307,984</u>
	Total equity	5,178,018	4,913,099
	Total liabilities and equity	7,746,471	7,168,568

A.B. Miller
Chairman of the Management Committee
30 October 2009

E.A. Vasilieva
Chief Accountant
30 October 2009

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

OAO GAZPROM
IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2009
(In millions of Russian Roubles)

Notes	Three months ended 30 June		Six months ended 30 June		
	2009	2008	2009	2008	
18	Sales	708,295	843,363	1,639,698	1,755,113
19	Operating expenses	(558,951)	(492,370)	(1,207,761)	(1,038,493)
	Operating profit	149,344	350,993	431,937	716,620
24	Purchase of non-controlling interest in OAO Gazprom neft	13,865	-	13,865	-
	Gain from change in fair value of call option	-	45,798	-	28,375
20	Finance income	121,401	28,961	240,415	85,605
20	Finance expenses	(48,635)	(31,335)	(317,073)	(71,925)
11	Share of net income of associated undertakings and jointly controlled entities	2,254	12,938	15,790	25,392
	Gains on disposal of available-for-sale financial assets	2,323	7,860	2,839	11,476
	Profit before profit tax	240,552	415,215	387,773	795,543
	Current profit tax expense	(54,606)	(88,334)	(88,393)	(180,530)
	Deferred profit tax	9,637	(3,578)	6,380	(5,660)
	Profit tax expense	(44,969)	(91,912)	(82,013)	(186,190)
	Profit for the period	195,583	323,303	305,760	609,353
	Other comprehensive income				
	Gains (losses) arising from change in fair value of available-for-sale financial assets, net of tax	10,728	(28,185)	12,468	(68,372)
	Share of other comprehensive income of associated undertakings and jointly controlled entities	2,343	-	3,960	-
	Translation differences	(5,885)	264	5,926	3,320
25	Revaluation of equity interest	9,911	-	9,911	-
	Other comprehensive income (loss) for the period, net of tax	17,097	(27,921)	32,265	(65,052)
	Total comprehensive income for the period	212,680	295,382	338,025	544,301
	Profit attributable to:				
	owners of OAO Gazprom	192,564	300,318	296,243	573,757
	non-controlling interest	3,019	22,985	9,517	35,596
		195,583	323,303	305,760	609,353
	Total comprehensive income attributable to:				
	owners of OAO Gazprom	211,261	272,353	330,396	509,619
	non-controlling interest	1,419	23,029	7,629	34,682
		212,680	295,382	338,025	544,301
21	Basic and diluted earnings per share for profit attributable to the owners of OAO Gazprom (in Roubles)	8.14	12.75	12.53	24.37

A.B. Miller
Chairman of the Management Committee
30 October 2009

E.A. Vasilieva
Chief Accountant
30 October 2009

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OAO GAZPROM
IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2009
(In millions of Russian Roubles)

Notes	Six months ended 30 June	
	2009	2008
	Operating activities	
	Profit before profit tax	387,773 795,543
	Adjustments to profit before profit tax	
24	Gain on acquisition of non-controlling interest in OAO Gazprom Neft	(13,865) -
	Gain from change in fair value of call option	- (28,375)
	(Gain) loss from change in fair value of derivatives	(1,948) 12,347
	Depreciation	106,342 99,747
	Net unrealised foreign exchange losses (gains)	56,423 (16,275)
	Interest expense	36,105 39,501
	Interest income	(15,798) (36,890)
	Gains on disposal of available-for-sale financial assets	(2,839) (11,476)
	Share of net income of associated undertakings and jointly controlled entities	(15,790) (25,392)
	Charge for provisions	16,751 17,728
	Other	2,259 293
	Total effect of adjustments	167,640 51,208
	Decrease (increase) in non-current assets	692 (39,718)
	Increase (decrease) in non-current liabilities	155 (3,078)
	Total effect of working capital changes	38,555 (121,643)
	Profit tax paid	(70,628) (184,151)
	Net cash provided by operating activities	524,187 498,161
	Investing activities	
	Capital expenditures	(394,116) (336,565)
	Net change in loans made	(24,070) (13,537)
	Acquisition of subsidiaries, net of cash acquired	(54,204) -
24	Acquisition of non-controlling interest in OAO Gazprom Neft	(138,527) -
	Advances for acquisition of investments	- (46,628)
	Investment in associated undertakings and jointly controlled entities	(21,011) (57,384)
	Interest received	18,256 34,221
	Change in long-term available-for-sale financial assets	(4,674) (18,743)
	Decrease in cash and cash equivalents due to Gazprombank Group deconsolidation	- (47,242)
	Proceeds from associated undertakings and jointly controlled entities	11,360 18,829
	Other	(10,831) (6,044)
	Net cash used for investing activities	(617,817) (473,093)
	Financing activities	
	Proceeds from long-term borrowings	297,161 107,740
	Repayment of long-term borrowings (including current portion)	(167,978) (187,574)
	Net proceeds from short-term borrowings	18,777 111,103
	Net (redemption) proceeds from promissory notes	(1,458) 1,097
	Interest paid	(28,971) (41,687)
	Purchases of treasury shares	(58) (112,022)
	Proceeds from the sale of treasury shares	- 105,231
	Change in restricted cash	(485) (6,804)
	Net cash provided by (used for) financing activities	116,988 (22,916)
	Effect of exchange rate changes on cash and cash equivalents	7,101 (3,739)
	Increase (decrease) in cash and cash equivalents	30,459 (1,587)
6	Cash and cash equivalents, at the beginning of reporting period	343,833 279,109
6	Cash and cash equivalents, at the end of reporting period	374,292 277,522

A.B. Miller
Chairman of the Management Committee
2009

E.A. Vasilieva
Chief Accountant
30 October 2009

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OAO GAZPROM
IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2009
(In millions of Russian Roubles)

Notes	Number of shares outstanding (billions)	Attributable to the owners of OAO Gazprom				Total	Non-controlling interest	Total equity
		Share capital	Treasury shares	Retained earnings and other reserves				
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
	Profit for the period	-	-	-	573,757	573,757	35,596	609,353
	Other comprehensive income:							
	Losses arising from change in fair value of available-for-sale financial assets, net of tax	-	-	(67,675)	(67,675)	(67,675)	(697)	(68,372)
	Translation differences	-	-	3,537	3,537	3,537	(217)	3,320
	Total comprehensive income for the six months ended 30 June 2008	-	-	-	509,619	509,619	34,682	544,301
	Return of social assets to governmental authorities	-	-	(821)	(821)	(821)	-	(821)
	Non-controlling interest in subsidiaries acquired	-	-	-	-	-	1,987	1,987
17	Net treasury shares transactions	(0.0)	-	(6,975)	184	(6,791)	-	(6,791)
	Dividends	-	-	(62,614)	(62,614)	(62,614)	(6,227)	(68,841)
	Deconsolidation of Gazprombank Group	-	26,751	-	-	26,751	(148,035)	(121,284)
	Balance as of 30 June 2008	23.6	325,194	(1,025)	4,092,764	4,416,933	244,715	4,661,648
Six months ended 30 June 2009								
	Balance as of 31 December 2008	23.6	325,194	(597)	4,280,518	4,605,115	307,984	4,913,099
	Profit for the period	-	-	-	296,243	296,243	9,517	305,760
	Other comprehensive income:							
	Gains arising from change in fair value of available-for-sale financial assets, net of tax	-	-	-	12,468	12,468	-	12,468
	Share of other comprehensive income of associated undertakings and jointly controlled entities	-	-	-	3,960	3,960	-	3,960
	Translation differences	-	-	-	7,814	7,814	(1,888)	5,926
25	Revaluation of equity interest	-	-	-	9,911	9,911	-	9,911
	Total comprehensive income for the six months ended 30 June 2009	-	-	-	330,396	330,396	7,629	338,025
	Return of social assets to governmental authorities	-	-	(546)	(546)	(546)	-	(546)
25	Acquisition of the controlling interest in Sibir Energy plc	-	-	-	-	-	55,208	55,208
	Non-controlling interest in subsidiaries acquired	-	-	-	-	-	34,652	34,652
24	Purchase of non-controlling interest in OAO Gazprom neft	-	-	-	-	-	(152,392)	(152,392)
17	Net treasury shares transactions	(0.0)	-	(58)	-	(58)	-	(58)
	Dividends	-	-	(8,528)	(8,528)	(8,528)	(1,442)	(9,970)
	Balance as of 30 June 2009	23.6	325,194	(655)	4,601,840	4,926,379	251,639	5,178,018

A.B. Miller
Chairman of the Management Committee
30 October 2009

E.A. Vasilieva
Chief Accountant
30 October 2009

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1 NATURE OF OPERATIONS

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

The Group is involved in the following principal activities:

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

Other activities primarily include banking.

The gas business is subject to seasonal fluctuations with peak demand in the first and fourth quarters of each year. Historically approximately 30% of total annual gas volumes are shipped in the first calendar quarters and approximately 20% 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 the Russian economy has been impacted by the continuing turmoil in the financial markets, economic downturn and drop in oil prices. Management is unable to predict all developments which could have an impact on Russia and gas importing countries economics and the banking sector and consequently what effect, if any, they could have on the financial position of the Group.

3 BASIS OF PRESENTATION

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

The official Russian Rouble (“RR”) to US dollar (“USD”) exchange rates as determined by the Central Bank of the Russian Federation were 31.29 and 29.38 as of 30 June 2009 and 31 December 2008, respectively. The official RR to Euro exchange rates as determined by the Central Bank of the Russian Federation were 43.82 and 41.44 as of 30 June 2009 and 31 December 2008, respectively.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

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

New accounting developments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Amendment to IAS 27 “Consolidated and Separate Financial Statements” (“IAS 27”), which is effective for annual periods beginning on or after 1 July 2009. The revised IAS 27 will require an entity to attribute total comprehensive income to the owners of the parent and to the non-controlling interests (previously “minority interests”) even if 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 over a subsidiary. At the date when control is lost, any investment retained in the former subsidiary will have to be measured at its fair value. The Group will prospectively apply the amendment from 1 January 2010.

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

Amendment to IFRS 3 “Business Combinations” (“IFRS 3”), which is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. The revised IFRS 3 will allow entities to choose to measure non-controlling interests using the existing IFRS 3 method (proportionate share of the acquiree’s identifiable net assets) or at fair value. Measurement of the non-controlling interests at fair value will have corresponding effect on consolidated goodwill (goodwill attributable to non-controlling interest will be recognized). The revised IFRS 3 is more detailed in providing guidance on the application of the acquisition method to business combinations. The requirement to measure at fair value every asset and liability at each step in a step acquisition for the purposes of calculating a portion of goodwill has been removed. Instead, goodwill will be measured as the difference at acquisition date between the fair value of any investment in the business held before the acquisition, the consideration transferred, the amount recognised for the non-controlling interest and the fair value of the net assets acquired. Acquisition-related costs will be accounted for separately from the business combination and therefore recognized as expenses rather than included in goodwill. An acquirer will have to recognize at the acquisition date a liability for any contingent purchase consideration. Changes in the value of that liability after the acquisition date will be recognized in accordance with other applicable IFRSs, as appropriate, rather than by adjusting goodwill. The revised IFRS 3 brings into its scope business combinations involving only mutual entities and business combinations achieved by contract alone. The Group will apply the new provisions of this standard prospectively to any business combination on or after 1 January 2010.

Improvements to International Financial Reporting Standards (issued in April 2009). Amendments to IFRS 2, IAS 38, IFRIC 9 and IFRIC 16 are effective for annual periods beginning on or after 1 July 2009; amendments to IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36 and IAS 39 are effective for annual periods beginning on or after 1 January 2010; the improvements have not yet been adopted by the EU. The improvements consist of a mixture of substantive changes and clarifications in the following standards and interpretations: clarification that contributions of businesses in common control transactions and formation of joint ventures are not within the scope of IFRS 2; clarification of disclosure requirements set by IFRS 5 and other standards for non-current assets (or disposal groups) classified as held for sale or discontinued operations; amending disclosure requirements for a measure of segment assets under IFRS 8; amending IAS 1 regarding non-current/current classification of liabilities settled by equity instruments; clarifying in IAS 7 that only expenditures that result in a recognised asset are eligible for classification as investing activities; clarifying the considerations for classification land leases and setting transition requirements for reclassification of unexpired leases in IAS 17; providing additional guidance in IAS 18 for determining whether an entity acts as a principal or an agent; clarification in IAS 36 that a cash generating unit shall not be larger than an operating segment before aggregation; supplementing IAS 38 regarding measurement of fair value of intangible assets acquired in a business combination, providing additional guidance on techniques used in the absence of active market; supplementing IAS 39 to exclude from its scope certain forward contracts resulting in business combinations, to clarify the period of reclassifying gains or losses on the hedged instruments from equity to profit or loss and to provide guidance for circumstances when prepayment options are closely related to the host contract; clarification that embedded derivatives in contracts acquired in common control transactions and formation of joint ventures are not within the scope of IFRIC 9; and removal of the restriction in IFRIC 16 that hedging instruments may not be held by the foreign operation that itself is being hedged. The Group does not expect the amendments to have any material effect on its consolidated financial statements.

Amendment to IAS 39, which is effective for annual periods beginning on or after 1 July 2009. The amendment to IAS 39 clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations. The application of this amendment is not expected to materially affect the Group’s consolidated financial statements.

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

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

IFRIC 18 “Transfers of Assets from customers” (“IFRIC 18”) which is effective for annual periods beginning on or after 1 July 2009. The interpretation clarifies the accounting for transfers of assets from customers, namely, the circumstances in which the definition of an asset is met; the recognition of the asset and the measurement of its cost on initial recognition; the identification of the separately identifiable services (one or more services in exchange for the transferred asset); the recognition of revenue, and the accounting for transfers of cash from customers. The application of this interpretation is not expected to materially affect the Group’s consolidated financial statements.

Amendments to IFRS 2 “Share-based Payment” which is effective for annual periods beginning on or after 1 January 2010. The amendments provide a clear basis to determine the classification of share-based payment awards in consolidated financial statements. The amendments incorporate into the standard the guidance in IFRIC 8 and IFRIC 11, which are withdrawn. The amendments expand on the guidance given in IFRIC 11 to address plans that were previously not considered in the interpretation. The amendments also clarify the defined terms in the Appendix to the standard. The application of these amendments is not expected to materially affect the Group’s consolidated financial statements.

5 SEGMENT INFORMATION

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

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

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

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

The inter-segment sales mainly consist of:

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

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

As of 30 June 2008 and for the six months then ended electric and heat energy generation and sales activities did not qualify as a reportable operating segment. However, with the acquisition of certain power generating assets in the second half of 2008, those activities have qualified as a reportable operating segment under IFRS 8, and have been presented as such in the segment information below. Previously reported segment information has been restated accordingly.

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5 SEGMENT INFORMATION (continued)

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

	Production of gas	Transport	Distribution	Gas storage	Production of crude oil and gas condensate	Refining	Electric and heat energy generation and sales	All other segments	Total
Six months ended 30 June 2009									
Total segment revenues	<u>143,296</u>	<u>284,462</u>	<u>1,216,351</u>	<u>9,253</u>	<u>157,396</u>	<u>225,969</u>	<u>147,493</u>	<u>83,921</u>	<u>2,268,141</u>
Inter-segment sales	138,387	257,665	52,332	9,105	78,111	3,338	-	-	538,938
External sales	4,909	26,797	1,164,019	148	79,285	222,631	147,493	83,921	1,729,203
Segment result	<u>20,067</u>	<u>35,081</u>	<u>249,515</u>	<u>2,049</u>	<u>36,410</u>	<u>3,141</u>	<u>15,713</u>	<u>(301)</u>	<u>361,675</u>
Depreciation	32,588	113,285	1,950	3,474	14,257	16,598	6,588	7,115	195,855
Share of net income (loss) of associated undertakings and jointly controlled entities	1,155	2,409	8,868	-	366	(1,035)	593	3,434	15,790
Six months ended 30 June 2008									
Total segment revenues	<u>139,028</u>	<u>306,134</u>	<u>1,143,539</u>	<u>9,738</u>	<u>199,306</u>	<u>369,313</u>	<u>72,681</u>	<u>94,389</u>	<u>2,334,128</u>
Inter-segment sales	135,580	275,086	57,523	9,538	64,690	4,072	-	-	546,489
External sales	3,448	31,048	1,086,016	200	134,616	365,241	72,681	94,389	1,787,639
Segment result	<u>11,265</u>	<u>27,831</u>	<u>443,637</u>	<u>2,172</u>	<u>52,407</u>	<u>116,500</u>	<u>3,588</u>	<u>(1,395)</u>	<u>656,005</u>
Depreciation	29,116	108,513	1,286	3,322	12,796	14,106	3,497	9,735	182,371
Share of net income (loss) of associated undertakings and jointly controlled entities	3,777	(191)	19,088	-	(239)	1,477	-	1,480	25,392
Three months ended 30 June 2009									
Total segment revenues	<u>71,107</u>	<u>147,098</u>	<u>450,133</u>	<u>4,945</u>	<u>93,304</u>	<u>126,326</u>	<u>64,346</u>	<u>44,179</u>	<u>1,001,438</u>
Inter-segment sales	68,731	133,126	21,271	4,821	49,974	1,499	-	-	279,422
External sales	2,376	13,972	428,862	124	43,330	124,827	64,346	44,179	722,016
Segment result	<u>12,328</u>	<u>31,922</u>	<u>44,113</u>	<u>3,290</u>	<u>23,438</u>	<u>(1,496)</u>	<u>2,167</u>	<u>(7,727)</u>	<u>108,035</u>
Depreciation	15,900	55,111	1,029	1,751	9,294	10,679	3,888	886	98,538
Share of net income (loss) of associated undertakings and jointly controlled entities	598	(390)	(2,647)	-	1,253	429	99	2,912	2,254
Three months ended 30 June 2008									
Total segment revenues	<u>72,695</u>	<u>158,049</u>	<u>517,119</u>	<u>5,503</u>	<u>112,703</u>	<u>196,311</u>	<u>32,395</u>	<u>46,353</u>	<u>1,141,128</u>
Inter-segment sales	71,095	142,906	25,047	5,332	36,037	2,233	-	-	282,650
External sales	1,600	15,143	492,072	171	76,666	194,078	32,395	46,353	858,478
Segment result	<u>7,202</u>	<u>15,950</u>	<u>204,034</u>	<u>3,079</u>	<u>32,802</u>	<u>71,141</u>	<u>(1,393)</u>	<u>(9,253)</u>	<u>323,562</u>
Depreciation	11,928	45,106	817	1,678	6,454	6,988	1,835	4,088	78,894
Share of net income (loss) of associated undertakings and jointly controlled entities	1,379	293	10,654	-	(288)	(61)	-	961	12,938

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5 SEGMENT INFORMATION (continued)

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

	For the three months ended 30 June		For the six months ended 30 June	
	2009	2008	2009	2008
Segment result	108,035	323,562	361,675	656,005
Difference in depreciation	46,676	35,556	89,513	82,624
Expenses associated with pension obligations	(1,369)	(770)	(5,494)	(5,381)
Expenses associated with other provisions	713	(1,906)	(2,017)	(2,590)
Gain from change in fair value of call option	-	45,798	-	28,375
Purchase of non-controlling interest in OAO Gazprom neft	13,865	-	13,865	-
Finance (expense) income, net	72,766	(2,374)	(76,658)	13,680
Gains on disposal of available-for-sale financial assets	2,323	7,860	2,839	11,476
Share of net income of associated undertakings and jointly controlled entities	2,254	12,938	15,790	25,392
Other	(4,711)	(5,449)	(11,740)	(14,038)
Profit before profit tax	240,552	415,215	387,773	795,543

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

	For the three months ended 30 June		For the six months ended 30 June	
	2009	2008	2009	2008
External sales for reportable segments	677,837	812,125	1,645,282	1,693,250
External sales for other segments	44,179	46,353	83,921	94,389
Total external segment sales	722,016	858,478	1,729,203	1,787,639
Differences in external sales	(13,721)	(15,115)	(89,505)	(32,526)
Total sales per the statement of comprehensive income	708,295	843,363	1,639,698	1,755,113

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

	Production of gas	Transport	Distribution	Gas storage	Production of crude oil and gas condensate	Refining	Electric and heat energy generation and sales	All other segments	Total
30 June 2009									
Segment assets	<u>1,230,932</u>	<u>3,344,071</u>	<u>758,890</u>	<u>122,261</u>	<u>1,399,081</u>	<u>449,005</u>	<u>348,711</u>	<u>453,821</u>	<u>8,106,772</u>
Investments in associated undertakings and jointly controlled entities	91,575	102,838	73,997	-	473,746	15,209	32,988	10,990	801,343
Capital additions	94,190	87,104	12,437	2,894	32,276	22,883	5,946	5,084	262,814
31 December 2008									
Segment assets	<u>1,163,367</u>	<u>3,354,775</u>	<u>779,763</u>	<u>119,285</u>	<u>1,187,681</u>	<u>375,161</u>	<u>393,202</u>	<u>365,255</u>	<u>7,738,489</u>
Investments in associated undertakings and jointly controlled entities	81,865	71,860	73,375	-	450,774	51,996	32,309	9,964	772,143
Capital additions	220,213	227,485	34,702	8,224	80,585	48,654	37,553	27,329	684,745
30 June 2008									
Segment assets	<u>1,038,788</u>	<u>3,270,751</u>	<u>661,035</u>	<u>115,651</u>	<u>1,208,574</u>	<u>354,371</u>	<u>171,252</u>	<u>492,656</u>	<u>7,313,078</u>
Investments in associated undertakings and jointly controlled entities	77,900	76,020	54,325	-	486,071	31,395	-	50,491	776,202
Capital additions	81,367	69,487	15,349	2,459	37,314	17,460	11,539	5,626	240,601

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5 SEGMENT INFORMATION (continued)

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

	30 June 2009	31 December 2008	30 June 2008
Segment assets for reportable segments	7,652,951	7,373,234	6,820,422
Other segments' assets	453,821	365,255	492,656
Total segment assets	8,106,772	7,738,489	7,313,078
Differences in property, plant and equipment, net	(1,479,670)	(1,568,013)	(1,653,871)
Loan interest capitalised	122,497	107,287	89,692
Capitalized provision for environmental liabilities	29,376	29,257	34,109
Cash and cash equivalents	374,292	343,833	277,522
Restricted cash	4,232	3,747	3,963
Short-term financial assets	30,115	23,448	37,236
Current VAT recoverable	110,173	115,878	109,201
Other current assets	119,324	132,281	221,662
Available-for-sale long-term financial assets	64,869	48,186	124,999
Other non-current assets	445,349	411,837	408,730
Inter-segment assets	(315,143)	(304,253)	(292,045)
Other	134,285	86,591	22,207
Total assets per the balance sheet	7,746,471	7,168,568	6,696,483

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

	Production of gas	Transport	Distribution	Gas storage	Production of crude oil and gas condensate	Refining	Electric and heat energy generation and sales	All other segments	Total
Total liabilities									
30 June 2009	53,457	118,830	243,448	850	109,871	84,811	15,743	75,015	702,025
31 December 2008	76,910	153,857	241,385	1,094	80,651	61,529	21,852	96,677	733,955
30 June 2008	51,438	106,312	191,897	499	115,636	84,721	8,412	111,427	670,342

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

	30 June 2009	31 December 2008	30 June 2008
Segment liabilities for reportable segments	627,010	637,278	558,915
Other segments' liabilities	75,015	96,677	111,427
Total segments liabilities	702,025	733,955	670,342
Profit tax payable	15,004	6,774	12,092
Short-term borrowings and current portion of long-term borrowings	500,414	432,640	311,451
Short-term promissory notes payable	8,217	8,052	1,036
Long-term borrowings	1,202,635	923,230	803,741
Long-term promissory notes payable	1,546	1,718	972
Provisions for liabilities and charges	97,534	85,807	75,597
Deferred tax liabilities	285,692	265,279	299,796
Other non-current liabilities	15,926	14,590	10,669
Dividends	10,062	7,519	69,803
Inter-segment liabilities	(315,143)	(304,253)	(292,045)
Other	44,541	80,158	71,381
Total liabilities per the balance sheet	2,568,453	2,255,469	2,034,835

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 2009 and 31 December 2008 restricted cash includes cash balances of RR 415 and RR 162, respectively, in subsidiary banks, which are restricted as to withdrawal under banking regulations.

7 SHORT-TERM FINANCIAL ASSETS

	30 June 2009	31 December 2008
Financial assets held for trading	14,060	12,206
Available-for-sale financial assets (net of impairment provision of RR 1,029 and RR 779 as of 30 June 2009 and 31 December 2008, respectively)	<u>16,055</u>	<u>11,242</u>
	<u>30,115</u>	<u>23,448</u>

Financial assets held for trading owned by the Group's banking subsidiaries amounted to RR 8,669 and RR 8,989 as of 30 June 2009 and 31 December 2008, respectively.

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

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

8 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	30 June 2009	31 December 2008
Trade receivables	365,798	393,996
Prepayments and advances	149,393	168,638
Other receivables	<u>192,074</u>	<u>113,300</u>
	<u>707,265</u>	<u>675,934</u>

Accounts receivable and prepayments are presented net of impairment provision of RR 123,735 and RR 114,175 as of 30 June 2009 and 31 December 2008, respectively.

As of 30 June 2009 and 31 December 2008 other receivables include RR 41,926 and RR 33,680, respectively, relating to the operations of Group's banking subsidiaries. This balance mainly represents deposits with other banks and loans issued to customers at commercial rates based on credit risks and maturities.

9 INVENTORIES

Inventories are presented net of provision for obsolescence of RR 939 and RR 574 as of 30 June 2009 and 31 December 2008, respectively.

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10 PROPERTY, PLANT AND EQUIPMENT

	Total production assets (including production licenses)	Social assets	Assets under construction	Total
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	252,667	263,156
Disposal of subsidiaries	(43,949)	(800)	(27,742)	(72,491)
Transfers	51,070	227	(51,297)	-
Disposals	(3,932)	(1,414)	(5,245)	(10,591)
Translation differences	(506)	8	(68)	(566)
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
Six months ended 31 December 2008				
Net book value as of 30 June 2008	2,795,476	52,346	723,386	3,571,208
Depreciation	(101,428)	(1,167)	-	(102,595)
Additions	12,933	1,532	438,825	453,290
Acquisition of subsidiaries	160,990	7	5,802	166,799
Transfers	387,453	4,943	(392,396)	-
Disposals	(3,872)	(2,219)	(7,344)	(13,435)
Translation differences	2,871	74	(4,702)	(1,757)
Charge for impairment provision	<u>(48,424)</u>	-	<u>(4,564)</u>	<u>(52,988)</u>
Net book value as of 31 December 2008	3,205,999	55,516	759,007	4,020,522
As of 31 December 2008				
Cost	5,522,304	82,248	759,007	6,363,559
Accumulated depreciation	<u>(2,316,305)</u>	<u>(26,732)</u>	-	<u>(2,343,037)</u>
Net book value as of 31 December 2008	3,205,999	55,516	759,007	4,020,522
Six months ended 30 June 2009				
Net book value as of 31 December 2008	3,205,999	55,516	759,007	4,020,522
Depreciation	(108,889)	(1,236)	-	(110,125)
Additions	10,944	130	293,232	304,306
Acquisition of subsidiaries	180,768	257	16,900	197,925
Transfers	90,670	821	(91,491)	-
Disposals	(4,926)	(928)	(4,942)	(10,796)
Translation differences	(7,670)	(35)	(1,309)	(9,014)
Charge for impairment provision	-	-	<u>(4,642)</u>	<u>(4,642)</u>
Net book value as of 30 June 2009	3,366,896	54,525	966,755	4,388,176
As of 30 June 2009				
Cost	5,786,120	81,723	966,755	6,834,598
Accumulated depreciation	<u>(2,419,224)</u>	<u>(27,198)</u>	-	<u>(2,446,422)</u>
Net book value as of 30 June 2009	3,366,896	54,525	966,755	4,388,176

Production assets are shown net of provision for impairment of RR 50,750 as of 30 June 2009 and 31 December 2008. Assets under construction are presented net of provision for impairment of RR 98,196 and RR 93,826 as of 30 June 2009 and 31 December 2008, respectively.

Included in the property, plant and equipment are social assets, such as rest houses, housing, schools and medical facilities, vested to the Group at privatisation with a net book value of RR 3,494 and RR 4,167 as of 30 June 2009 and 31 December 2008, respectively.

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11 INVESTMENTS IN ASSOCIATED UNDERTAKINGS AND JOINTLY CONTROLLED ENTITIES

Notes	Carrying value as of		Group's share of the profit (loss)*		
	30 June 2009	31 December 2008	30 June 2009	2008	
	Sakhalin Energy Investment Company Ltd.	222,367	234,917	(3,266)	(7,916)
26	OA0 NGK Slavneft and its subsidiaries	152,088	151,151	937	5,255
26	OA0 NOVATEK	78,178	75,363	1,806	2,822
26	OA0 Tomskneft VNK and its subsidiaries	67,357	69,286	2,133	2,216
26	OA0 Beltransgaz	50,040	28,179	497	262
26	WINGAS GmbH & Co. KG	39,930	44,428	(1,691)	1,125
25, 26	Salym Petroleum Development N.V.**	38,459	-	74	-
	Nord Stream AG	33,172	25,528	(299)	-
26	OA0 TGC-1	32,988	32,309	593	-
26	SGT EuRoPol GAZ S.A.	18,159	16,921	2,061	(512)
26	TOO KazRosGaz	15,480	9,898	5,143	1,889
	Wintershall AG	10,597	12,856	881	1,855
	Shtokman Development AG	7,572	2,622	11	-
26	Gazprombank Group	5,347	-	3,432	-
26	AO Latvijas Gaze	4,514	4,100	138	11
	ZAO Nortgaz	4,149	3,876	273	767
26	AO Lietuvos dujos	2,381	2,226	245	286
26	Blue Stream Pipeline company B.V.	1,467	1,232	150	59
26	OA0 Salavatnefteorgsyntez ***	-	20,959	(1,422)	-
25	OA0 Moscovsky NPZ ***	-	15,922	153	163
	Other (net of provision for impairment of RR 2,949 and 3,000 as of 30 June 2009 and 31 December 2008, respectively)	<u>17,098</u>	<u>20,370</u>	<u>3,941</u>	<u>17,110</u>
		<u>801,343</u>	<u>772,143</u>	<u>15,790</u>	<u>25,392</u>

* represents Group's share of the profit (loss) of the associated undertakings and jointly controlled entities for the six months ended 30 June 2009 and 2008, respectively.

** In June 2009 the Group acquired Sibir Energy plc that holds 50% share in Salym Petroleum Development N.V. (see note 25).

*** The Group started to consolidate OA0 Salavatnefteorgsyntez and OA0 Moscovsky NPZ from the second quarter of 2009.

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 2009		For the six months ended 30 June 2009	
			Assets	Liabilities	Revenues	Profit (loss)
Gazprombank Group*	45%	Russia	1,855,343	1,698,842	105,141	22,443
Sakhalin Energy Investment Company Ltd.	50%	Bermuda	715,855	263,179	31,279	(6,533)
OA0 NGK Slavneft and its subsidiaries	50%	Russia	618,015	254,965	63,616	1,878
OA0 NOVATEK	19%	Russia	186,391	66,092	40,129	9,302
OA0 Tomskneft VNK and its subsidiaries	50%	Russia	150,413	78,414	29,361	4,265
WINGAS GmbH & Co. KG	50%	Germany	132,700	101,563	195,512	(516)
OA0 TGC-1	29%	Russia	84,744	19,584	19,407	2,067
Nord Stream AG	51%	Switzerland	75,350	8,324	2	(584)
Blue Stream Pipeline company B.V.	50%	Netherlands	72,923	67,199	3,993	601
SGT EuRoPol GAZ S.A.	48%	Poland	61,294	23,464	10,145	4,255
OA0 Beltransgaz**	38%	Belarus	59,886	27,880	47,154	1,809

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

	Percent of share capital held	Location	As of 30 June 2009		For the six months ended 30 June 2009	
			Assets	Liabilities	Revenues	Profit (loss)
Salym Petroleum Development N.V.***	50%	Netherlands	42,553	35,740	1,100	269
TOO KazRosGaz	50%	Kazakhstan	33,365	2,405	22,227	10,286
Wintershall AG	49%	Germany	32,155	22,468	28,804	1,798
AO Lietuvos dujos	37%	Lithuania	30,111	6,187	8,857	661
AO Latvijas Gaze	34%	Latvia	27,573	6,768	12,470	407
Shtokman Development AG	51%	Switzerland	21,556	6,356	-	22
ZAO Nortgaz	51%	Russia	10,784	2,649	2,024	532

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

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

*** The revenues and profit of Salym Petroleum Development N.V. for the six months ended 30 June 2009 are disclosed from the date of acquisition.

	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)
OAO NGK Slavneft and its subsidiaries	50%	Russia	468,964	153,103	96,361	7,302
OAO Tomskneft VNK and its subsidiaries	50%	Russia	131,730	76,578	43,089	4,374
OAO NOVATEK	19%	Russia	119,001	27,161	40,578	14,555
WINGAS GmbH & Co. KG	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
OAO Moscovsky NPZ	39%	Russia	44,096	3,121	4,322	413
OAO 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

* In February 2008 the Group purchased 12.5% interest in OAO Beltransgaz for USD 625 million. As a result the Group increased its interest in OAO Beltransgaz up to 25%. The revenues and profit of OAO Beltransgaz for the six months ended 30 June 2008 are disclosed from the date of acquisition of additional share.

** 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 company is still in the process of constructing the pipeline.

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.

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

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

	30 June 2009	31 December 2008
OA O NOVATEK	87,887	33,130
OA O TGC-1	8,627	3,761
AO Latvijas Gaze	3,600	3,568
AO Lietuvos dujos	2,619	2,700

12 LONG-TERM ACCOUNTS RECEIVABLE AND PREPAYMENTS

	30 June 2009	31 December 2008
Long-term accounts receivable and prepayments	208,745	150,502
Advances for assets under construction	206,334	193,303
	<u>415,079</u>	<u>343,805</u>

Long-term accounts receivable and prepayments are presented net of impairment provision of RR 20,797 and RR 17,309 as of 30 June 2009 and 31 December 2008, respectively.

As of 30 June 2009 and 31 December 2008 long-term accounts receivable included RR 64,251 and RR 33,163, respectively, relating to the operations of Group's banking subsidiaries. This balance mainly represents deposits and long-term loans issued to customers at commercial rates based on credit risk and maturities.

13 AVAILABLE-FOR-SALE LONG-TERM FINANCIAL ASSETS

Available-for-sale long-term financial assets, in total amount of RR 64,869 and RR 48,186, are shown net of provision for impairment of RR 6,684 and RR 9,013 as of 30 June 2009 and 31 December 2008, respectively.

Available-for-sale long-term financial assets owned by the Group's banking subsidiaries amounted to RR 23,079 and RR 14,881 and are shown net of provision for impairment of RR 1,948 and RR 272 as of 30 June 2009 and 31 December 2008, respectively.

14 OTHER NON-CURRENT ASSETS

Other non-current assets include net pension assets in the amount of RR 243,982 as of 30 June 2009 and 31 December 2008.

15 LONG-TERM BORROWINGS

	Currency	Final maturity	30 June 2009	31 December 2008
Long-term borrowings payable to:				
OA O Sberbank Rossii	US dollar	2014	95,671	-
Loan participation notes issued in April 2009 ¹	US dollar	2019	71,634	-
The Royal Bank of Scotland (Deutschland AG)	US dollar	2013	56,515	53,065
Loan participation notes issued in October 2007 ¹	Euro	2018	53,896	52,628
Loan participation notes issued in June 2007 ¹	GBP	2013	51,812	47,201
Loan participation notes issued in September 2003 ¹	Euro	2010	46,413	42,291

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15 LONG-TERM BORROWINGS (continued)

	Currency	Final maturity	30 June 2009	31 December 2008
Loan participation notes issued in December 2005 ¹	Euro	2012	44,940	41,557
Loan participation notes issued in May 2005 ¹	Euro	2015	44,034	42,861
Loan participation notes issued in November 2006 ¹	US dollar	2016	42,526	39,930
Loan participation notes issued in March 2007 ¹	US dollar	2022	41,516	38,982
White Nights Finance B.V.	US dollar	2014	40,805	-
Loan participation notes issued in August 2007 ¹	US dollar	2037	40,182	37,729
Loan participation notes issued in April 2004 ¹	US dollar	2034	38,115	35,789
ABN AMRO Bank N.V. ²	US dollar	2012	36,112	44,245
Loan participation notes issued in April 2008 ¹	US dollar	2018	35,043	32,903
Loan participation notes issued in October 2006 ¹	Euro	2014	34,772	33,706
Loan participation notes issued in June 2007 ¹	Euro	2014	31,769	29,273
WestLB AG ²	US dollar	2013	31,516	29,760
Calyon Credit Agricole CIB ²	US dollar	2010	31,308	41,183
Structured export notes issued in July 2004 ³	US dollar	2020	30,257	30,451
OA0 Sberbank Rossii	US dollar	2010	22,845	-
Loan participation notes issued in March 2007 ¹	Euro	2017	22,697	20,906
Citigroup Global Markets Deutschland AG and Co. KGaA	US dollar	2009	22,338	20,975
Loan participation notes issued in November 2006 ¹	Euro	2017	22,221	21,552
Deutsche Bank AG	US dollar	2014	21,944	25,553
GPB Credit Risk Management S.A.	US dollar	2014	19,145	-
Rosselkhozbank	US dollar	2014	18,774	-
Loan participation notes issued in July 2008 ¹	US dollar	2013	16,362	15,107
Credit Suisse International	US dollar	2017	16,413	15,414
Commerzbank AG ²	US dollar	2010	14,726	18,558
Loan participation notes issued in April 2009 ¹	CHF	2011	14,627	-
ABN AMRO Bank N.V. ²	US dollar	2010	14,070	18,535
Loan participation notes issued in April 2008 ¹	US dollar	2013	12,720	11,944
OOO Aragon ⁴	Euro	2010	12,050	11,397
Credit Suisse International	Euro	2010	10,974	10,418
Russian bonds issued in April 2009 ⁷	Rouble	2019	10,000	-
Russian bonds issued in June 2009	Rouble	2012	10,000	-
Loan participation notes issued in November 2007 ¹	JPY	2012	8,231	7,729
OA0 Gazprombank	Rouble	2012	7,500	7,508
Deutsche Bank AG	US dollar	2011	7,474	8,455
Credit Suisse International	US dollar	2009	6,379	5,894
BNP Paribas SA ²	US dollar	2009	6,318	5,946
ABN AMRO Bank N.V. ²	US dollar	2013	5,667	5,068
Loan participation notes issued in November 2007 ¹	JPY	2010	5,485	5,151
OA0 Bank of Moscow	Rouble	2010	5,377	7,529
Russian bonds issued in July 2007 ⁵	Rouble	2010	5,191	5,192
Russian bonds issued in February 2005	Rouble	2010	5,157	5,158
Russian bonds issued in February 2007	Rouble	2014	5,131	5,132
Russian bonds issued in August 2005	Rouble	2009	5,099	5,100
Russian bonds issued in November 2006	Rouble	2011	5,059	5,059
Russian bonds issued in November 2006	Rouble	2009	5,057	5,058

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15 LONG-TERM BORROWINGS (continued)

	Currency	Final maturity	30 June 2009	31 December 2008
Russian bonds issued in June 2009	Rouble	2014	5,000	-
Wintershall Holding AG ⁴	Euro	2010	4,955	4,686
Russian bonds issued in March 2006 ⁶	Rouble	2016	4,907	4,731
Russian bonds issued in September 2006 ⁶	Rouble	2011	4,730	4,908
Gazstream S.A.	US dollar	2012	4,254	4,565
J.P. Morgan Chase bank	US dollar	2011	3,926	4,429
Gazstream S.A.	US dollar	2010	3,528	4,638
European bank for reconstruction and development	Rouble	2012	3,374	3,878
Russian bonds issued in April 2007 ⁵	Rouble	2012	2,915	2,915
European bank for reconstruction and development	Rouble	2018	2,633	2,792
ABN AMRO Bank N.V.	US dollar	2009	2,609	2,453
OA0 Bank of Moscow	Rouble	2009	2,533	2,533
Credit Suisse International	JPY	2009	-	58,654
Credit Suisse International	Euro	2009	-	16,680
Salomon Brothers AG	US dollar	2009	-	15,436
Credit Suisse International	US dollar	2009	-	14,712
Commerzbank AG ²	US dollar	2009	-	12,358
Credit Suisse International	Euro	2009	-	8,466
Other long-term borrowings	Various	Various	105,099	45,523
Total long-term borrowings			1,414,330	1,162,249
Less: current portion of long-term borrowings			(211,695)	(239,019)
			1,202,635	923,230

¹ Issuer of these bonds is Gaz Capital S.A.

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

³ Issuer of these notes is Gazprom International S.A.

⁴ Loans were obtained for development of Yuzhno-Russkoye oil and gas field.

⁵ Issuers of these notes are OA0 WGC-2 and OA0 WGC-6.

⁶ Issuer of these bonds is OA0 Mosenergo.

⁷ Issuer of these bonds is OA0 Gazpromneft.

	30 June 2009	31 December 2008
Due for repayment:		
Between one and two years	239,210	181,615
Between two and five years	470,466	267,294
After five years	492,959	474,321
	1,202,635	923,230

Long-term borrowings include fixed rate loans with a carrying value of RR 1,120,885 and RR 914,937 and fair value of RR 933,652 and RR 749,630 as of 30 June 2009 and 31 December 2008, respectively. All other long-term borrowings generally have variable interest rates linked to LIBOR, and the carrying amounts approximate fair value.

As of 30 June 2009 and 31 December 2008 long-term borrowings include RR 57,459 and RR 18,442, relating to the operations of Group's banking subsidiaries, respectively.

As of 30 June 2009 and 31 December 2008 long-term borrowings, including current portion, of RR 30,257 and RR 30,451, respectively, were secured by gas sales contracts to Western Europe.

16 PROFIT TAX

Differences between the recognition criteria in Russian statutory taxation regulations and IFRS give rise to certain temporary differences between the carrying value of certain assets and liabilities for financial

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16 PROFIT TAX (continued)

reporting purposes and for profit tax purposes. In November 2008 the Federal Law on changes in Russian Tax Code relating to the decrease in corporate profit tax rate in Russia from 24% to 20% was adopted, effective from 1 January 2009. The 20% tax rate was applied to determine the deferred tax liabilities as at 31 December 2008 and 30 June 2009.

	30 June 2009	Differences recognition and reversals	31 December 2008	30 June 2008	Differences recognition and reversals	31 December 2007
Tax effects of taxable temporary differences:						
Property, plant and equipment	(278,576)	(29,870)	(248,706)	(270,870)	(3,905)	(266,965)
Financial assets	(18,523)	809	(19,332)	(29,237)	11,923	(41,160)
Inventories	<u>(2,724)</u>	<u>(903)</u>	<u>(1,821)</u>	<u>(2,233)</u>	<u>1,768</u>	<u>(4,001)</u>
	(299,823)	(29,964)	(269,859)	(302,340)	9,786	(312,126)
Tax effects of deductible temporary differences:						
Tax losses carry forward	1,163	(170)	1,333	1,049	72	977
Other deductible temporary differences	<u>12,968</u>	<u>9,721</u>	<u>3,247</u>	<u>1,495</u>	<u>(1,301)</u>	<u>2,796</u>
	14,131	9,551	4,580	2,544	(1,229)	3,773
Total net deferred tax liabilities	(285,692)	(20,413)	(265,279)	(299,796)	8,557	(308,353)

Taxable temporary differences attributable to property, plant and equipment recognized in the six months ended 30 June 2009 include the effect of the acquisition of the controlling interest in Sibir Energy plc (see Note 25) and Naftna Industrija Srbije (see Note 23) amounted to RR 18,220.

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 included within other comprehensive income. No current profit tax was paid on this revaluation.

17 EQUITY

Share capital

Share capital authorised, issued and paid totals RR 325,194 as of 30 June 2009 and 31 December 2008 and consists of 23.7 billion ordinary shares, each with a historical par value of 5 Russian Roubles.

Treasury shares

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

18 SALES

	Three months ended 30 June		Six months ended 30 June	
	2009	2008	2009	2008
Gas sales (including excise tax, customs duties and net of VAT) to customers in:				
Russian Federation	90,268	90,897	248,215	264,273
Former Soviet Union (excluding Russian Federation)	81,258	86,018	170,803	177,231
Europe and other countries	<u>352,053</u>	<u>424,968</u>	<u>833,594</u>	<u>873,585</u>
Gross sales of gas	523,579	601,883	1,252,612	1,315,089
Excise tax	-	-	(290)	-
Customs duties	<u>(92,341)</u>	<u>(108,211)</u>	<u>(144,617)</u>	<u>(225,625)</u>
Net sales of gas	431,238	493,672	1,107,705	1,089,464
Sales of refined products to customers in:				
Russian Federation	60,866	113,026	112,015	205,103

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18 SALES (continued)

	Three months ended		Six months ended	
	30 June		30 June	
	2009	2008	2009	2008
Former Soviet Union (excluding Russian Federation)	6,747	12,266	13,397	23,700
Europe and other countries	<u>57,214</u>	<u>68,786</u>	<u>97,219</u>	<u>136,438</u>
Total sales of refined products	124,827	194,078	222,631	365,241
Sales of crude oil and gas condensate to customers in:				
Russian Federation	4,188	9,757	7,521	17,807
Former Soviet Union (excluding Russian Federation)	6,722	10,008	11,421	15,449
Europe and other countries	<u>32,420</u>	<u>56,901</u>	<u>60,343</u>	<u>101,360</u>
Total sales of crude oil and gas condensate	43,330	76,666	79,285	134,616
Electric and heat energy sales	62,442	30,620	145,589	70,906
Gas transportation sales	13,972	15,143	26,797	31,048
Other revenue	<u>32,486</u>	<u>33,184</u>	<u>57,691</u>	<u>63,838</u>
Total sales revenue	708,295	843,363	1,639,698	1,755,113

19 OPERATING EXPENSES

Note	Three months ended		Six months ended	
	30 June		30 June	
	2009	2008	2009	2008
Purchased gas and oil	170,682	146,700	474,141	284,048
Staff costs	62,517	57,992	122,170	130,125
Transit of gas, oil and refined products	48,432	44,879	111,265	93,157
26 Taxes other than on income	57,780	63,658	107,666	136,306
Depreciation	51,862	43,338	106,342	99,747
Cost of goods for resale, including refined products	42,317	26,745	93,208	59,072
Repairs and maintenance	32,317	28,255	56,062	56,801
Materials	17,251	24,980	31,813	44,890
Electricity and heating expenses	9,475	12,431	20,014	29,285
Rental expenses	5,173	2,708	8,868	6,305
Social expenses	4,248	4,218	8,430	8,317
Charge for impairment provisions	1,159	4,774	7,589	8,506
Insurance expenses	3,652	3,160	7,349	7,257
Other	<u>52,086</u>	<u>28,532</u>	<u>52,844</u>	<u>74,677</u>
Total operating expenses	558,951	492,370	1,207,761	1,038,493

Staff costs include RR 5,037 and RR 9,162 of expenses associated with pension obligations for the three and six months ended 30 June 2009, respectively, and RR 4,611 and RR 9,222 for the three and six months ended 30 June 2008, respectively.

20 FINANCE INCOME AND EXPENSES

	Three months ended		Six months ended	
	30 June		30 June	
	2009	2008	2009	2008
Exchange gains	109,518	10,559	224,545	48,699
Interest income	11,847	18,391	15,798	36,890
Gains on extinguishment of restructured liabilities	<u>36</u>	<u>11</u>	<u>72</u>	<u>16</u>
Total finance income	121,401	28,961	240,415	85,605

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20 FINANCE INCOME AND EXPENSES (continued)

	Three months ended 30 June		Six months ended 30 June	
	2009	2008	2009	2008
Exchange losses	25,571	10,837	280,968	32,424
Interest expense	<u>23,064</u>	<u>20,498</u>	<u>36,105</u>	<u>39,501</u>
Total finance expenses	48,635	31,335	317,073	71,925

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

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

There were 23.6 billion weighted average shares outstanding for the three and six months ended 30 June 2009 and 23.5 billion weighted average shares outstanding for the three and six months ended 30 June 2008, respectively.

There are no dilutive financial instruments outstanding.

22 PROVISIONS FOR LIABILITIES AND CHARGES

	30 June 2009	31 December 2008
Provision for environmental liabilities	53,411	50,550
Provision for pension obligations	33,839	28,128
Other	<u>10,284</u>	<u>7,129</u>
	97,534	85,807

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 provided upon retirement.

The net pension assets related to benefits, provided by the pension plan NPF Gazfund in the amount of RR 243,982 as of 30 June 2009 and 31 December 2008 are presented within other non-current assets in the consolidated balance sheet. In accordance with IAS 19, pension assets are recorded at estimated fair market values subject to certain limitations. As of 30 June 2009 and 31 December 2008 management estimated the fair value of these assets at approximately RR 326 billion and RR 257 billion, respectively. The pension assets comprise shares of OAO Gazprom, shares of OAO Gazprombank and other assets held by NPF Gazfund.

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

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

In accordance with IFRS 3 "Business Combinations", the Group recognized the acquired assets and liabilities assumed based upon their fair values. In the three months ended 30 June 2009 the Group has updated the initial assessment of the estimated fair values of certain assets and liabilities acquired based on further analysis. The principal changes to the assessment of fair values included an increase in the fair value of the refining assets and a decrease in the fair value of upstream production licenses. In the interim condensed

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

financial information for the six months ended 30 June 2009, the purchase price allocation is preliminary as the Group is in the process of finalizing the fair value estimates for certain assets and liabilities, primarily for property, plant and equipment, certain long-term receivables and investments. Management is required to finalise the purchase accounting within 12 months of the date of acquisition. Any revisions to the provisional values will be reflected as of the acquisition date.

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

	Book value	Provisional fair value
Cash and cash equivalents	794	794
Accounts receivable and prepayments	8,900	8,900
Inventories	10,759	10,759
Other current assets	<u>1,920</u>	<u>1,920</u>
Current assets	22,373	22,373
Property, plant and equipment	59,302	53,471
Other non-current assets	<u>7,240</u>	<u>7,619</u>
Non-current assets	66,542	61,090
Total assets	88,915	83,463
Accounts payable and accrued charges	12,085	12,085
Profit tax payable	92	92
Other taxes payable	3,333	3,333
Short-term borrowings and current portion of long-term borrowings	<u>23,342</u>	<u>23,342</u>
Current liabilities	38,852	38,852
Long-term borrowings	6,741	6,741
Provisions for liabilities and charges	417	417
Deferred tax liabilities	1,636	1,636
Other non-current liabilities	<u>232</u>	<u>597</u>
Non-current liabilities	9,026	9,391
Total liabilities	47,878	48,243
Net assets at acquisition date	41,037	35,220
Provisional fair value of net assets at acquisition date		35,220
Fair value of the Group's interest		17,962
Purchase consideration		<u>18,851</u>
Provisional goodwill		889

The acquisition of NIS contributed sales of approximately RR 28,045 and loss of RR 1,309 to the Group for the period from the date of acquisition to 30 June 2009. If the acquisition had occurred on 1 January 2009, the Group's sales for the three and six months ended 30 June 2009 would have been RR 708,295 and RR 1,645,307. The Group's profit for the three and six months ended 30 June 2009 would have been RR 195,583 and RR 305,498.

24 PURCHASE OF NON-CONTROLLING INTEREST IN OAO GAZPROM NEFT

In April 2009 the Group purchased an additional 20% interest in OAO Gazprom Neft for USD 4.1 billion (approximately RR 138 billion) from ENI S.p.A. In the result of this transaction the Group has increased its interest in OAO Gazprom Neft to 95.68%. The difference between the carrying value of the acquired non-controlling interest (approximately RR 152 billion) and purchase consideration in the amount of RR 14 billion was recognized in the consolidated statement of comprehensive income.

25 ACQUISITION OF THE CONTROLLING INTEREST IN SIBIR ENERGY PLC (SIBIR)

In the period from 23 April, 2009, being the date of the Group's first acquisition of shares in Sibir, until 23 June 2009, the Company invested £1,057 million (approximately RR 53 billion) to acquire 48.39% of the ordinary shares of Sibir, and the rights to purchase additional 6.32% of the ordinary shares of Sibir. These transactions provided the Group with effective control over Sibir and accordingly Sibir became a subsidiary of the Group at this date.

Sibir is a vertically integrated oil company operating in the Russian Federation. Sibir's primary upstream assets include OAO Magma Oil Company (95% Sibir owned) and a 50% interest in Salym Petroleum Development N.V. (a joint venture with Royal Dutch Shell). Sibir's upstream assets are located in Khanty-Mansiysk Autonomous Region and comprise annual production interest of over 10,600 tons of oil per day. Sibir also holds a 38.63% stake in the OAO Moskovsky NPZ and a network of 134 retail stations in Moscow and the Moscow region through OAO Moscow Fueling Company and OAO Mosnefteproduct.

As a result of the acquisition of the ordinary shares of Sibir, the Group also obtained control over OAO Moskovsky NPZ, having increased its cumulative share in OAO Moskovsky NPZ from 38.63% to 77.26%. The Group previously accounted for its 38.63% interest in OAO Moskovsky NPZ as equity investment. As a result of the Group obtaining control over OAO Moskovsky NPZ, the Group's previously held 38.63% interest was re-measured to fair value, resulting in a revaluation surplus of RR 9,911 recognised in equity. The purchase consideration includes approximately RR 15 billion representing the cost of the purchase of the previous equity interest.

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

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

	Book value	Provisional fair value
Cash and cash equivalents	5,386	5,386
Accounts receivable and prepayments	9,354	9,354
Inventories	1,884	1,884
Other current assets	<u>699</u>	<u>699</u>
Current assets	17,323	17,323
Property, plant and equipment	23,805	92,092
Investments in associated undertakings and jointly controlled entities	32,915	38,413
Long-term accounts receivable and prepayments	17,463	17,463
Other non-current assets	<u>2,875</u>	<u>3,140</u>
Non-current assets	77,058	151,108
Total assets	94,381	168,431
Accounts payable and accrued charges	9,915	9,915
Profit tax payable	73	73
Other taxes payable	1,462	1,462
Short-term borrowings and current portion of long-term borrowings	<u>5,151</u>	<u>5,151</u>
Current liabilities	16,601	16,601
Long-term borrowings	7,550	7,550
Deferred tax liabilities	1,671	16,718
Provisions for liabilities and charges	300	300
Other non-current liabilities	<u>6</u>	<u>6</u>
Non-current liabilities	9,527	24,574
Total liabilities	26,128	41,175

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25 ACQUISITION OF THE CONTROLLING INTEREST IN SIBIR ENERGY PLC (SIBIR) (continued)

	Book value	Provisional fair value
Net assets at acquisition date	68,253	127,256
Non-controlling interest		(1,573)
Provisional fair value of net assets at acquisition date		125,683
Fair value of the Group's interest		72,048
Revaluation surplus		9,911
Purchase consideration		<u>68,506</u>
Provisional goodwill		6,369

The acquisition of Sibir Energy plc did not have a material effect on the Group's sales and profit for the period from the date of acquisition to 30 June 2009. If the acquisition had occurred on 1 January 2009, the Group' sales for the three and six months ended 30 June 2009 would have been RR 725,831 and RR 1,676,426. The Group's profit for the three and six months ended 30 June 2009 would have been RR 198,575 and RR 309,496 respectively.

26 RELATED PARTIES

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

The nature of the related party relationships for those related parties with whom the Group entered into significant transactions or had significant balances outstanding as of 30 June 2009 is detailed below.

Government

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

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

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

Parties under control of the Government

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

As of 30 June 2009 and 31 December 2008 and for the three months ended 30 June 2009 and 2008, the Group had the following significant transactions and balances with the Government and parties under control of the Government:

Notes	As of 30 June 2009		Three months ended 30 June 2009		Six months ended 30 June 2009	
	Assets	Liabilities	Income	Expenses	Income	Expenses
Transactions and balances with the Government						
	11,112	15,004	-	54,606	-	88,393
	254	2,133	-	8,534	-	18,090
	220,533	26,068	-	-	-	-
	42,572	-	-	-	-	-
19	809	30,587	-	57,780	-	107,666

26 RELATED PARTIES (continued)

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.

Associated undertakings and jointly controlled entities

For the three and six months ended 30 June 2009 and 2008 and as of 30 June 2009 and 31 December 2008 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	
	2009	2008	2009	2008
	Revenues	Revenues	Revenues	Revenues
Gas sales				
Wintershall Erdgas Handelshaus GmbH & Co.KG	18,193	31,457	54,371	59,974
OAO Beltransgaz	19,431	13,821	45,224	25,304
WINGAS GmbH & Co. KG	14,473	11,415	31,006	25,630
ZAO Panrusgaz	8,493	17,696	23,573	33,524
AO Moldovagaz	2,732	1,342	14,712	3,846
AO Gazum	4,288	5,320	13,657	12,143
AO Overgaz Inc.	3,945	3,071	9,905	6,222
OAO TGC-1	2,428	-	6,945	-
Wintershall Erdgas Handelshaus Zug AG	3,060	7,715	6,753	12,196
Promgaz SPA	2,553	3,398	6,340	6,573
AO Lietuvos dujos	875	1,476	4,692	3,770
GWH-Gaz und Warenhandels GmbH	1,399	2,497	3,329	5,062
ZAO Gazprom YRGM Trading	1,285	839	2,498	1,524
AO Latvijas Gaze	910	1,545	2,430	1,545
AO Turusgaz	68	1,177	1,501	2,383
RosUkrEnergO AG	-	56,191	204	107,055
Gas transportation sales				
OAO Novatek	5,665	2,799	8,796	5,672
ZAO Gazprom YRGM Trading	2,718	1,549	5,121	2,911
RosUkrEnergO AG	-	5,951	-	11,063
Crude oil and refined product sales				
OAO NGK Slavneft and its subsidiaries	2,016	4,432	3,373	9,410
OAO Salavatnefteorgsintez*	2,026	-	3,167	-
Gas refining services sales				
TOO KazRosGaz	1,051	866	2,152	1,955
Purchased gas				
ZAO Gazprom YRGM Trading	Expenses 9,118	Expenses 4,919	Expenses 18,670	Expenses 8,865
RosUkrEnergO AG	-	8,084	-	10,930
TOO KazRosGaz	10,549	3,750	18,557	7,762
OAO Novatek	5,073	1,507	6,785	2,870
Purchased transit of gas				
OAO Beltransgaz	3,367	3,012	6,730	4,628
SGT EuRoPol GAZ S.A.	2,999	3,324	5,583	6,667

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26 RELATED PARTIES (continued)

	Three months ended 30 June		Six months ended 30 June	
	2009	2009	2009	2008
	Expenses	Expenses	Expenses	Expenses
Purchased transit of gas				
WINGAS GmbH & Co. KG	1,217	938	2,477	1,869
Blue Stream Pipeline Company B.V.	2,144	1,706	4,813	3,544
Purchased crude oil and refined products				
OAO NGK Slavneft and its subsidiaries	15,214	24,208	24,206	44,058
OAO Tomskneft VNK and its subsidiaries	8,553	10,808	12,930	16,138
Purchased processing services				
OAO NGK Slavneft and its subsidiaries	1,578	1,320	3,241	2,538

* OAO Salavatnefteorgsintez is consolidated as subsidiary from the second quarter of 2009.

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.

	As of 30 June 2009		As of 31 December 2008	
	Assets	Liabilities	Assets	Liabilities
Short-term accounts receivable and prepayments				
OAO Beltransgaz	18,815	-	8,664	-
RosUkrEnergo AG	18,503	-	76,514	-
AO Moldovagaz*	13,694	-	3,274	-
WINGAS GmbH & Co. KG	11,935	-	13,888	-
Wintershall Erdgas Handelshaus GmbH & Co.KG	11,300	-	1,783	-
ZAO Panrusgaz	4,982	-	11,341	-
SGT EuRoPol GAZ S.A.	4,700	-	1,295	-
OAO NGK Slavneft and its subsidiaries	4,152	-	4,313	-
AO Gazum	1,719	-	4,322	-
OAO Gazprombank	1,719	-	1,077	-
Wintershall Erdgas Handelshaus Zug AG	1,267	-	11,925	-
OAO Sibur Holding and its subsidiaries	1,136	-	1,589	-
OAO NOVATEK	1,118	-	209	-
ZAO Gazprom YRGM Trading	1,013	-	2,196	-
OAO Salavatnefteorgsintez**	-	-	2,493	-
Cash in associated companies				
OAO Gazprombank	199,331	-	161,255	-
Long-term accounts receivable and prepayments				
WINGAS GmbH & Co. KG	16,774	-	11,721	-
Salym Petroleum Development N.V.	14,841	-	-	-
OAO Sibur Holding and its subsidiaries	4,362	-	3,587	-
SGT EuRoPol GAZ S.A.	-	-	3,555	-
Long-term promissory notes				
OAO Gazprombank	2,295	-	2,536	-
Short-term accounts payable				
SGT EuRoPol GAZ S.A.	-	5,460	-	4,470

26 RELATED PARTIES (continued)

	As of 30 June 2009		As of 31 December 2008	
	Assets	Liabilities	Assets	Liabilities
Short-term accounts payable				
WINGAS GmbH & Co. KG	-	3,862	-	9,239
TOO KazRosGaz	-	3,442	-	1,994
ZAO Gazprom YRGM Trading	-	3,402	-	4,591
OAO Sibur Holding and its subsidiaries	-	2,616	-	2,756
OAO NOVATEK	-	2,196	-	1,111
Salym Petroleum Development N.V.	-	1,784	-	-
OAO Beltransgaz	-	1,652	-	1,351
OAO NGK Slavneft and its subsidiaries	-	818	-	1,580
RosUkrEnergo AG	-	-	-	9,176
Long-term accounts payable				
OAO Sibur Holding and its subsidiaries	-	3,627	-	3,627
Short-term loans from associated companies				
OAO Tomskneft VNK and its subsidiaries	-	10,322	-	8,478
OAO Gazprombank	-	3,646	-	7,875
Wintershall Erdgas Handelshaus GmbH & Co.KG	-	-	-	2,344
Long-term loans from associated companies				
OAO Gazprombank	-	10,850	-	9,513

* Net of impairment provision on accounts receivable in the amount of RR 37,125 as of 30 June 2009 and 31 December 2008, respectively.

** OAO Salavatnefteorgsintez is consolidated as subsidiary from the second quarter of 2009.

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

See Note 27 for financial guarantees issued by the Group to the associated undertakings and jointly controlled entities.

27 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 2009 is appropriate and all of the Group's material tax, currency and customs positions will be sustainable.

Recent volatility in global financial markets

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

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

Management is unable to estimate reliably the effects on the Group's financial position of any further deterioration in the liquidity of the financial markets and the increased volatility in the currency and equity

27 COMMITMENTS, CONTINGENCIES AND OPERATING RISKS (continued)

markets. Management believes it is taking all the necessary measures to support the sustainability and growth of the Group's business in the current circumstances.

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

The Group is exposed to deteriorating economic conditions resulting from general economic downturn and decline in oil prices. These new market conditions would have an impact on medium term cash flow forecast and assessment of potential impairment of financial and non-financial assets. Management believes that as of 30 June 2009 market conditions did not result in significant change from 31 December 2008 in medium and long-term cash-flow forecasts and impairment assessment.

Financial guarantees

	30 June 2009	31 December 2008
Outstanding guarantees issued on behalf of:		
BSPC	22,311	24,092
OOO Stroygazconsulting	10,723	-
MRK Energy DMCC	6,959	6,959
EM Interfinance Limited	6,081	5,823
Devere Capital International Limited	5,956	5,691
Blackrock Capital Investments Limited	5,144	4,934
ZAO Achimgaz	4,901	4,961
AO Group E4	3,766	3,562
Nord Stream AG	2,682	2,536
Gaztransit	1,143	1,294
DSL Assets International Limited	473	888
United Energy Investments Limited	473	887
Other	<u>24,303</u>	<u>25,701</u>
	94,915	87,328

Included in financial guarantees are amounts denominated in USD of USD 1,392 million and USD 1,587 million as of 30 June 2009 and 31 December 2008, respectively.

In July 2005 Blue Stream Pipeline Company B.V. (BSPC) refinanced some of the existing liabilities, guaranteed by the Group, by means of repayment of the liabilities to a group of Italian and Japanese banks. For the purpose of this transaction loans in the amount of USD 1,185.3 million were received from Gazstream S.A. The Group guaranteed the above loans. As of 30 June 2009 and 31 December 2008, outstanding amounts of these loans were RR 21,751 (USD 695 million) and RR 23,052 (USD 785 million), respectively, which were guaranteed by the Group, pursuant to its obligations.

As of 30 June 2009 and 31 December 2008, BSPC also borrowed RR 560 (USD 18 million) and RR 1,040 (USD 35 million), respectively, of credit facilities, provided by Depfa Investment Bank Ltd., which were guaranteed by the Group.

In 2007 the Group provided a guarantee to Wintershall Vermögens-Verwaltungsgesellschaft mbH on behalf of ZAO Achimgaz as a security of loans received and used for additional financing of the pilot implementation of the project on the development of Achimsky deposits of the Urengoy field. The Group's liability with respect to loans is limited by 50% in accordance with the ownership interest in ZAO Achimgaz. As of 30 June 2009 and 31 December 2008 the above guarantee amounted to RR 4,901 (Euro 112 million) and RR 4,961 (Euro 120 million), respectively.

In January 2008 the Group provided a guarantee to Europipe GmbH, supplier of large-diameter steel pipes, on behalf of Nord Stream AG related to pipe supply contract for construction of Nord Stream pipeline. As of 30 June 2009 and 31 December 2008 the above guarantee amounted to RR 2,682 (Euro 61 million) and RR 2,536 (Euro 61 million), respectively.

In April 2008 the Group provided a guarantee to Credit Suisse International and National Reserve bank (AO) 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 2009 and 31 December 2008 the above guarantee amounted to RR 6,959.

27 COMMITMENTS, CONTINGENCIES AND OPERATING RISKS (continued)

In 2006 the Group guaranteed loans*issued by five financing entities (Devere Capital International Limited, Blackrock Capital Investments Limited, DSL Assets International Limited, United Energy Investments Limited, EM Interfinance Limited). These companies were special purpose entities of Gazprombank Group, which beared risks, associated with the loans.

Following the deconsolidation of Gazprombank Group and because the Group remains a guarantor, the guarantees provided by the Group are reported as guarantees to third parties. As of 30 June 2009 and 31 December 2008 the above guarantees amounted to RR 18,127 (USD 578 million) and RR 18,223 (USD 620 million), respectively.

In May 2008 the Group provided a guarantee to OAO Bank of Moscow on behalf of OAO Group E4 as a security of loans for obligations under contracts for delivering of power units. As of 30 June 2009 and 31 December 2008 the above guarantee amounted to RR 3,766 (Euro 86 million) and RR 3,562 (Euro 86 million).

In April 2009 the Group provided a guarantee to OAO Gazpromank on behalf of OOO Stroygazconsulting as a security of credit facility for construction supply of Bovanenkovskoye, Yamburgskoe fields and Bovanenkovo-Ukhta gas trunk-line system. As of 30 June 2009 the above guarantee amounted to RR 10,723.

Other guarantees of the Group included guarantees, issued by OAO Sobinbank to third parties in the amount of RR 6,727 and RR 8,267 as of 30 June 2009 and 31 December 2008, respectively.

28 POST BALANCE SHEET EVENTS

Investments

In June 2009 the Group entered into an agreement with E.On Ruhrgas AG to swap 25% less three ordinary and three preference shares without voting right in share capital of OAO Severneftegazprom. In exchange the Group will receive E.On Ruhrgas AG's share in ZAO Gerosgaz, which will lead to the increase in OAO Gazprom's treasury shares by an additional 2.9%. The transaction is expected to be closed in the fourth quarter of 2009.

In June 2009 the Group entered into agreement with Arctic Russia B.V., Eni (owns 60% of Arctic Russia B.V.) and Enel (owns 40% of Arctic Russia B.V.) regarding acquisition of 51% interest in OOO SeverEnergiya. In September 2009 the Group transferred the first instalment in connection with the agreement and purchased a 51% interest in OOO SeverEnergiya. OOO SeverEnergiya owns OAO Arcticgas, ZAO Urengoil Inc. and OAO Neftegastehnologiya. The purchase consideration is limited to USD 1.6 billion.

Borrowings and loans

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

In July 2009 the Group issued bonds in the amount of RR 8,000 due in 2012 at an interest rate of 14.75%.

In July 2009 the Group obtained a credit from J.P. Morgan Chase bank in the amount of USD 420 million, due in 2012 at an interest rate of 10.95%.

In August 2009 the Group signed an agreement to obtain a long-term participation loan from a consortium of banks in the amount of USD 500 million due in 2012 at an interest rate of Libor+5%. The bank agent is The Bank of Tokyo Mitsubishi UFJ Ltd. In October 2009 the Group obtained USD 300 million under this agreement.

In September 2009 the Group obtained a credit from OAO Bank VTB in the amount of USD 400 million, due in 2012 at an interest rate of 10.5%.

In September 2009 the Group issued USD 595 million Euro Commercial Paper due in December 2009 under the European Commercial Paper Programme.

In October 2009 the Group issued USD 596 million Euro Commercial Paper due in December 2009 under the European Commercial Paper Programme.

ОАО ГАЗПРОМ
INVESTMENT RELATIONSHIPS

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