

ОАО ГАЗПРОМ

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

30 SEPTEMBER 2011



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 September 2011 and the related consolidated interim condensed statements of comprehensive income for the three and nine month periods then ended, and of cash flows and of changes in equity for the nine month period 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 consolidated interim condensed financial information based on our review.

Scope of Review

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

Conclusion

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

ZAO PricewaterhouseCoopers Audit

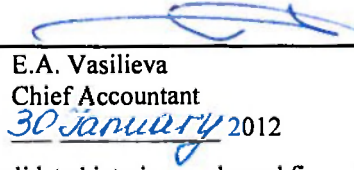
30 January 2012

Moscow, Russian Federation

OAO GAZPROM
IFRS CONSOLIDATED INTERIM CONDENSED BALANCE SHEET (UNAUDITED)
AS OF 30 SEPTEMBER 2011
(In millions of Russian Roubles)

| Notes | | 30 September 2011 | 31 December 2010 |
|-------|--|----------------------|---------------------|
| | Assets | | |
| | Current assets | | |
| 6 | Cash and cash equivalents | 381,748 | 440,786 |
| 6 | Restricted cash | 3,837 | 3,669 |
| 7 | Short-term financial assets | 25,201 | 7,435 |
| 8 | Accounts receivable and prepayments | 744,046 | 757,900 |
| 9 | Inventories | 395,399 | 325,739 |
| | VAT recoverable | 213,519 | 158,390 |
| | Other current assets | <u>238,563</u> | <u>171,976</u> |
| | | 2,002,313 | 1,865,895 |
| | Non-current assets | | |
| 10 | Property, plant and equipment | 6,046,053 | 5,486,429 |
| 11 | Investments in associated undertakings and jointly controlled entities | 749,871 | 757,157 |
| 12 | Long-term accounts receivable and prepayments | 623,961 | 436,432 |
| 13 | Available-for-sale long-term financial assets | 170,057 | 191,417 |
| 14 | Other non-current assets | <u>477,055</u> | <u>498,663</u> |
| | | <u>8,066,997</u> | <u>7,370,098</u> |
| | Total assets | <u>10,069,310</u> | <u>9,235,993</u> |
| | Liabilities and equity | | |
| | Current liabilities | | |
| | Accounts payable and accrued charges | 588,677 | 702,640 |
| | Profit tax payable | 4,755 | 45,649 |
| | Other taxes payable | 82,232 | 71,920 |
| | Short-term borrowings and current portion of long-term borrowings | 278,860 | 190,845 |
| | Short-term promissory notes payable | <u>53</u> | <u>207</u> |
| | | 954,577 | 1,011,261 |
| | Non-current liabilities | | |
| 15 | Long-term borrowings | 1,151,078 | 1,124,395 |
| 22 | Provisions for liabilities and charges | 205,549 | 200,040 |
| 16 | Deferred tax liabilities | 365,061 | 333,143 |
| | Other non-current liabilities | <u>34,626</u> | <u>30,793</u> |
| | | <u>1,756,314</u> | <u>1,688,371</u> |
| | Total liabilities | 2,710,891 | 2,699,632 |
| | Equity | | |
| 17 | Share capital | 325,194 | 325,194 |
| 17 | Treasury shares | (104,587) | (103,986) |
| | Retained earnings and other reserves | <u>6,863,671</u> | <u>6,028,543</u> |
| | | 7,084,278 | 6,249,751 |
| | Non-controlling interest | <u>274,141</u> | <u>286,610</u> |
| | Total equity | <u>7,358,419</u> | <u>6,536,361</u> |
| | Total liabilities and equity | <u>10,069,310</u> | <u>9,235,993</u> |


A.B. Miller
Chairman of the Management Committee
30 January 2012


E.A. Vasilieva
Chief Accountant
30 January 2012

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 NINE MONTHS ENDED 30 SEPTEMBER 2011
(In millions of Russian Roubles)

| Notes | | Three months ended 30 September | | Nine months ended 30 September | |
|-------|---|------------------------------------|------------------|-----------------------------------|--------------------|
| | | 2011 | 2010 | 2011 | 2010 |
| 18 | Sales | 949,585 | 779,278 | 3,296,656 | 2,495,557 |
| | Net (loss) gain from trading activity | (601) | 3,349 | (837) | 5,786 |
| 19 | Operating expenses | <u>(620,949)</u> | <u>(585,608)</u> | <u>(2,119,289)</u> | <u>(1,726,604)</u> |
| | Operating profit | 328,035 | 197,019 | 1,176,530 | 774,739 |
| 20 | Finance income | 10,247 | 35,379 | 117,012 | 126,967 |
| 20 | Finance expense | (147,648) | (44,958) | (192,323) | (128,402) |
| 11 | Share of net income of associated undertakings and jointly controlled entities | 9,213 | 21,208 | 71,779 | 74,153 |
| | Gains on disposal of available-for-sale financial assets | <u>10</u> | <u>1,092</u> | <u>841</u> | <u>2,481</u> |
| | Profit before profit tax | 199,857 | 209,740 | 1,173,839 | 849,938 |
| | Current profit tax expense | (28,623) | (48,999) | (198,969) | (148,389) |
| | Deferred profit tax expense | <u>(15,609)</u> | <u>(222)</u> | <u>(34,043)</u> | <u>(32,796)</u> |
| | Profit tax expense | (44,232) | (49,221) | (233,012) | (181,185) |
| | Profit for the period | 155,625 | 160,519 | 940,827 | 668,753 |
| | Other comprehensive income | | | | |
| | (Losses) gains arising from change in fair value of available-for-sale financial assets, net of tax | (17,711) | 13,252 | (20,100) | 13,426 |
| | Share of other comprehensive (loss) income of associated undertakings and jointly controlled entities | (502) | 680 | (6,854) | 1,406 |
| | Translation differences | <u>48,407</u> | <u>8,152</u> | <u>23,373</u> | <u>(5,163)</u> |
| | Other comprehensive income (loss) for the period, net of tax | 30,194 | 22,084 | (3,581) | 9,669 |
| | Total comprehensive income for the period | 185,819 | 182,603 | 937,246 | 678,422 |
| | Profit attributable to: | | | | |
| | owners of OAO Gazprom | 151,978 | 159,037 | 923,647 | 653,721 |
| | non-controlling interest | <u>3,647</u> | <u>1,482</u> | <u>17,180</u> | <u>15,032</u> |
| | | 155,625 | 160,519 | 940,827 | 668,753 |
| | Total comprehensive income (loss) attributable to: | | | | |
| | owners of OAO Gazprom | 178,954 | 182,889 | 918,731 | 662,968 |
| | non-controlling interest | <u>6,865</u> | <u>(286)</u> | <u>18,515</u> | <u>15,454</u> |
| | | 185,819 | 182,603 | 937,246 | 678,422 |
| 21 | Basic and diluted earnings per share for profit attributable to the owners of OAO Gazprom (in Roubles) | 6.62 | 6.93 | 40.25 | 28.49 |


A.B. Miller
Chairman of the Management Committee
30 January 2012



E.A. Vasilieva
Chief Accountant
30 January 2012

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

OAO GAZPROM
IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011
(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 | | | | |
| Nine months ended 30 September 2010 | | | | | | | | |
| | Balance as of 31 December 2009 | 22.9 | 325,194 | (104,204) | 5,105,525 | 5,326,515 | 322,806 | 5,649,321 |
| | Profit for the period | - | - | - | 653,721 | 653,721 | 15,032 | 668,753 |
| | Other comprehensive income: | | | | | | | |
| | Gains arising from change in fair value of available-for-sale financial assets, net of tax | - | - | - | 13,426 | 13,426 | - | 13,426 |
| | Share of other comprehensive income of associated undertakings and jointly controlled entities | - | - | - | 1,406 | 1,406 | - | 1,406 |
| | Translation differences | - | - | - | (5,585) | (5,585) | 422 | (5,163) |
| | Total comprehensive income for the nine months ended 30 September 2010 | - | - | - | 662,968 | 662,968 | 15,454 | 678,422 |
| | Purchase of non-controlling interest in subsidiaries | - | - | - | (2,499) | (2,499) | (17,435) | (19,934) |
| | Disposal of shares in subsidiaries | - | - | - | - | - | (3,024) | (3,024) |
| | Return of social assets to governmental authorities | - | - | - | (308) | (308) | - | (308) |
| | Dividends | - | - | - | (55,007) | (55,007) | (1,110) | (56,117) |
| | Balance as of 30 September 2010 | 22.9 | 325,194 | (104,204) | 5,710,679 | 5,931,669 | 316,691 | 6,248,360 |
| Nine months ended 30 September 2011 | | | | | | | | |
| | Balance as of 31 December 2010 | 23.0 | 325,194 | (103,986) | 6,028,543 | 6,249,751 | 286,610 | 6,536,361 |
| | Profit for the period | - | - | - | 923,647 | 923,647 | 17,180 | 940,827 |
| | Other comprehensive income: | | | | | | | |
| | Losses arising from change in fair value of available-for-sale financial assets, net of tax | - | - | - | (20,100) | (20,100) | - | (20,100) |
| | Share of other comprehensive loss of associated undertakings and jointly controlled entities | - | - | - | (6,854) | (6,854) | - | (6,854) |
| | Translation differences | - | - | - | 22,038 | 22,038 | 1,335 | 23,373 |
| | Total comprehensive income for the nine months ended 30 September 2011 | - | - | - | 918,731 | 918,731 | 18,515 | 937,246 |
| 23 | Purchase of non-controlling interest in subsidiaries | - | - | - | 5,656 | 5,656 | (29,451) | (23,795) |
| | Net treasury shares transactions | (0.1) | - | (601) | - | (601) | - | (601) |
| | Return of social assets to governmental authorities | - | - | - | (502) | (502) | - | (502) |
| | Dividends | - | - | - | (88,757) | (88,757) | (1,533) | (90,290) |
| | Balance as of 30 September 2011 | 22.9 | 325,194 | (104,587) | 6,863,671 | 7,084,278 | 274,141 | 7,358,419 |


A.B. Miller
Chairman of the Management Committee
30 January 2012


E.A. Vasilieva
Chief Accountant
30 January 2012

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

OAO GAZPROM
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 30 SEPTEMBER 2011
(In millions of Russian Roubles)

1 NATURE OF OPERATIONS

OAO Gazprom and its subsidiaries (the “Group”) operate one of the largest gas pipeline systems in the world and are responsible for major part of gas production and high pressure gas transportation in the Russian Federation. The Group is also a major supplier of gas to European countries. The Group is also engaged in oil production, refining activities, electric and heat energy generation. 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 Group is involved in the following principal activities:

- Exploration and production of gas;
- Transportation of gas;
- Sales of gas within Russian Federation and abroad;
- 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 production of other goods, works and services.

The gas business is subject to seasonal fluctuations with peak demand in the first and fourth quarters of each year. Historically approximately 20% and 70% of total annual gas volumes are shipped in the three and nine months, ended 30 September, respectively.

2 ECONOMIC ENVIRONMENT IN THE RUSSIAN FEDERATION

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

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

3 BASIS OF PRESENTATION

The consolidated interim condensed financial information is prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”). This consolidated interim condensed financial information should be read together with the consolidated financial statements for the year ended 31 December 2010 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 31.88 and 30.48 as of 30 September 2011 and 31 December 2010, respectively. The official RR to Euro exchange rates as determined by the Central Bank of the Russian Federation were 43.40 and 40.33 as of 30 September 2011 and 31 December 2010, respectively.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The principal accounting policies followed by the Group and the critical accounting estimates in applying accounting policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2010 and revised, as appropriate, to give effect to the new accounting standards described below.

Profit tax in the interim periods is accrued using a tax rate that would be applicable to expected total annual earnings.

New accounting developments

In 2011 the Group has adopted all IFRS, amendments and interpretations which are effective 1 January 2011 and which are relevant to its operations.

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NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 30 SEPTEMBER 2011
(In millions of Russian Roubles)

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

(a) Standards, Amendments or Interpretations effective in 2011

Amendment to IAS 32 “Financial Instruments: Presentation” (“IAS 32”) (issued in October 2008 and effective for annual periods beginning on or after 1 February 2010). The amendment exempts certain rights issues of shares with proceeds denominated in foreign currencies from classification as financial derivatives. The application of this amendment did not materially affect the Group’s consolidated financial statements.

Amendment to IAS 24 “Related Party Disclosures” (“IAS 24”) (issued in November 2009 and effective for annual periods beginning on or after 1 January 2011). IAS 24 was revised in 2009 by: (a) simplifying the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition and by (b) providing a partial exemption from the disclosure requirements for government-related entities. The application of this amendment did not materially affect the Group’s consolidated financial statements.

IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments” (effective for annual periods beginning on or after 1 July 2010). This IFRIC clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished through the debtor issuing its own equity instruments to the creditor. A gain or loss is recognised in the profit and loss account based on the fair value of the equity instruments compared to the carrying amount of the debt. The application of this amendment did not materially affect the Group’s consolidated financial statements.

Amendment to IFRIC 14 “Prepayments of a Minimum Funding Requirement” (“IFRIC 14”) effective for annual periods beginning on or after 1 January 2011. This amendment applies only to companies that are required to make minimum funding contributions to a defined benefit pension plan. It removes an unintended consequence of IFRIC 14 related to voluntary pension prepayments when there is a minimum funding requirement. The application of this amendment did not materially affect the Group’s consolidated financial statements.

Improvements to International Financial Reporting Standards (issued in May 2010 and effective from 1 January 2011). The improvements consist of a mixture of substantive changes and clarifications in the following standards and interpretations:

Amendment to IFRS 3 “Business Combinations” (“IFRS 3”) (i) requires measurement at fair value (unless another measurement basis is required by other IFRS standards) of non-controlling interests that are not present ownership interest or do not entitle the holder to a proportionate share of net assets in the event of liquidation, (ii) provides guidance on acquiree’s share-based payment arrangements that were not replaced or were voluntarily replaced as a result of a business combination.

Amendment to IFRS 7 “Financial Instruments: Disclosures” (“IFRS 7”) clarifies certain disclosure requirements, in particular (i) by adding an explicit emphasis on the interaction between qualitative and quantitative disclosures about the nature and extent of financial risks, (ii) by removing the requirement to disclose carrying amount of renegotiated financial assets that would otherwise be past due or impaired, (iii) by replacing the requirement to disclose fair value of collateral by a more general requirement to disclose its financial effect, and (iv) by clarifying that an entity should disclose the amount of foreclosed collateral held at the reporting date and not the amount obtained during the reporting period.

Amendment to IAS 1 “Presentation of Financial Statements” (“IAS 1”) clarifies that the components of the statement of changes in equity include profit or loss, other comprehensive income, total comprehensive income and transactions with owners and that an analysis of other comprehensive income by item may be presented in the notes.

Amendment to IAS 34 “Interim Financial Reporting” (“IAS 34”) adds additional examples of significant events and transactions requiring disclosure in a condensed interim financial report, including transfers between the levels of fair value hierarchy, changes in classification of financial assets or changes in business or economic environment that affect the fair values of the entity’s financial instruments.

Amendment to IFRIC 13 “Customer Loyalty Programmes” clarifies measurement of fair value of award credits.

The application of these improvements did not materially affect the Group’s consolidated financial statements.

OA O GAZPROM
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 30 SEPTEMBER 2011
(In millions of Russian Roubles)

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

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 IFRS 7 “Financial Instruments: Disclosures” (issued in October 2010 and is effective for annual periods beginning on or after 1 July 2011). The amendment requires additional disclosures in respect of risk exposures arising from transferred financial assets. The amendment includes a requirement to disclose by class of asset the nature, carrying amount and a description of the risks and rewards of financial assets that have been transferred to another party yet remain on the entity's balance sheet. Disclosures are also required to enable a user to understand the amount of any associated liabilities, and the relationship between the financial assets and associated liabilities. Where financial assets have been derecognised but the entity is still exposed to certain risks and rewards associated with the transferred asset, additional disclosures are required to enable the effects of those risks to be understood. The application of this amendment is not expected to materially affect the Group's consolidated financial statements.

Amendments to IAS 12 “Income taxes: Recovery of Underlying Assets” (“IAS 12”) (issued in December 2010 and effective for annual periods beginning on or after 1 January 2012). The amendment introduced a rebuttable presumption that an investment property carried at fair value is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. SIC 21, “Income Taxes – Recovery of Revalued Non-Depreciable Assets”, which addresses similar issues involving non-depreciable assets measured using the revaluation model in IAS 16 “Property, Plant and Equipment” (“IAS 16”) was incorporated into IAS 12 after excluding from its scope investment properties measured at fair value. The application of this amendment is not expected to materially affect the Group's consolidated financial statements.

IFRS 9 “Financial Instruments” (“IFRS 9”) (issued in November 2009, effective for annual periods beginning on or after 1 January 2013, with earlier application permitted). IFRS 9 replaces those parts of IAS 39 relating to the classification and measurement of financial assets. Key features are as follows:

- Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.
- An instrument is subsequently measured at amortised cost only if it is a debt instrument and both (i) the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and (ii) the asset's contractual cash flows represent only payments of principal and interest (that is, it has only “basic loan features”). All other debt instruments are to be measured at fair value through profit or loss.
- All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.

The IASB has published an amendment to IFRS 9 “Financial Instruments” (“IFRS 9”), that delays the effective date from annual periods beginning on or after 1 January 2013 to 1 January 2015. This amendment is a result of the Board extending its timeline for completing the remaining phases of its project to replace IAS 39 beyond June 2011.

The Group is currently assessing the impact of the standard on the consolidated financial statements.

ОАО ГАЗПРОМ
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 30 SEPTEMBER 2011
(In millions of Russian Roubles)

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

IFRS 10 “Consolidated financial statements” (“IFRS 10”) (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013, with earlier application permitted), replaces all of the guidance on control and consolidation in IAS 27 “Consolidated and separate financial statements” and SIC-12 “Consolidation - special purpose entities”. IFRS 10 changes the definition of control so that the same criteria are applied to all entities to determine control. This definition is supported by extensive application guidance. The Group is currently assessing the impact of the standard on the consolidated financial statements.

IFRS 11 “Joint arrangements” (“IFRS 11”) (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013, with earlier application permitted), replaces IAS 31 “Interests in Joint Ventures” (“IAS 31”) and SIC 13 “Jointly Controlled Entities—Non-Monetary Contributions by Ventures”. Changes in the definitions have reduced the number of “types” of joint arrangements to two: joint operations and joint ventures. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated. Equity accounting is mandatory for participants in joint ventures. The Group is currently assessing the impact of the standard on the consolidated financial statements.

IFRS 12 “Disclosure of interest in other entities” (“IFRS 12”) (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013, with earlier application permitted), applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity; it replaces the disclosure requirements currently found in IAS 27 “Consolidated and Separate Financial Statements” and IAS 28 “Investments in associates”. IFRS 12 requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity’s interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. To meet these objectives, the new standard requires disclosures in a number of areas, including significant judgements and assumptions made in determining whether an entity controls, jointly controls or significantly influences its interests in other entities, extended disclosures on share of non-controlling interests in group activities and cash flows, summarised financial information of subsidiaries with material non-controlling interests, and detailed disclosures of interests in unconsolidated structured entities. The Group is currently assessing the impact of the standard on the consolidated financial statements.

IFRS 13 “Fair value measurement” (“IFRS 13”) (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013, with earlier application permitted), aims to improve consistency and reduce complexity by providing a precise definition of fair value, and a single source of fair value measurement and disclosure requirements for use across IFRSs. The Group is currently assessing the impact of the standard on the consolidated financial statements.

Amended IAS 27 “Separate Financial Statements” (“IAS 27”) (issued May 2011, effective for annual periods beginning on or after 1 January 2013, with earlier application permitted), contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The application of this amendment is not expected to materially affect the Group’s consolidated financial statements.

Amended IAS 28 “Investments in Associates and Joint Ventures” (“IAS 28”) (issued May 2011, effective for annual periods beginning on or after 1 January 2013, with earlier application permitted), prescribes the accounting for investments in associates and contains the requirements for the application of the equity method to investments in associates and joint ventures. The Group is currently assessing the impact of the standard on the consolidated financial statements.

Amendments to IAS 1 “Presentation of financial statements” (“IAS 1”) (issued June 2011, effective for annual periods beginning on or after 1 July 2012), changes the disclosure of items presented in other comprehensive income (OCI). The amendments require entities to separate items presented in OCI into two groups, based on whether or not they may be recycled to profit or loss in the future. The suggested title used by IAS 1 has changed to ‘statement of profit or loss and other comprehensive income’. The Group is currently assessing the impact of the standard on the consolidated financial statements.

Amended IAS 19 “Employee benefits” (“IAS 19”) (issued June 2011, effective for periods beginning on or after 1 January 2013), makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. The Group is currently assessing the impact of the standard on the consolidated financial statements.

OAO GAZPROM
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 30 SEPTEMBER 2011
(In millions of Russian Roubles)

5 SEGMENT INFORMATION

The Group operates as a vertically integrated business with substantially all external gas sales generated by the 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 different 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 – sales of gas within Russian Federation and abroad;
- 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.

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.

OAO GAZPROM
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 30 SEPTEMBER 2011
(In millions of Russian Roubles)

5 SEGMENT INFORMATION (continued)

| | 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 |
|--|----------------------|----------------|------------------|----------------|---|----------------|--|-----------------------|------------------|
| Nine months ended 30 September 2011 | | | | | | | | | |
| Total segment revenues | <u>299,684</u> | <u>559,459</u> | <u>2,144,055</u> | <u>21,918</u> | <u>397,184</u> | <u>722,965</u> | <u>240,595</u> | <u>149,500</u> | <u>4,535,360</u> |
| Inter-segment sales | 294,679 | 476,958 | 161,730 | 21,285 | 232,746 | 5,242 | - | - | 1,192,640 |
| External sales | 5,005 | 82,501 | 1,982,325 | 633 | 164,438 | 717,723 | 240,595 | 149,500 | 3,342,720 |
| Segment result | <u>40,204</u> | <u>54,701</u> | <u>720,621</u> | <u>3,888</u> | <u>82,568</u> | <u>106,643</u> | <u>30,369</u> | <u>(5,806)</u> | <u>1,033,188</u> |
| Depreciation | 66,195 | 198,713 | 5,248 | 7,338 | 32,661 | 18,420 | 14,137 | 13,672 | 356,384 |
| Share of net income (loss) of associated undertakings and jointly controlled | 906 | (9,228) | 13,041 | - | 48,557 | 2,103 | - | 16,400 | 71,779 |
| Nine months ended 30 September 2010 | | | | | | | | | |
| Total segment revenues | <u>241,014</u> | <u>478,636</u> | <u>1,621,965</u> | <u>19,276</u> | <u>325,649</u> | <u>510,712</u> | <u>203,413</u> | <u>116,267</u> | <u>3,516,932</u> |
| Inter-segment sales | 236,306 | 411,441 | 131,338 | 18,636 | 184,283 | 6,001 | - | - | 988,005 |
| External sales | 4,708 | 67,195 | 1,490,627 | 640 | 141,366 | 504,711 | 203,413 | 116,267 | 2,528,927 |
| Segment result | <u>28,394</u> | <u>31,636</u> | <u>465,357</u> | <u>3,006</u> | <u>60,857</u> | <u>51,911</u> | <u>13,960</u> | <u>(5,817)</u> | <u>649,304</u> |
| Depreciation | 58,367 | 195,779 | 4,162 | 6,805 | 32,724 | 16,408 | 13,742 | 11,938 | 339,925 |
| Share of net income of associated undertakings and jointly controlled entities | 5,619 | 2,448 | 13,779 | - | 31,618 | 1,622 | - | 19,067 | 74,153 |
| Three months ended 30 September 2011 | | | | | | | | | |
| Total segment revenues | <u>96,048</u> | <u>211,754</u> | <u>556,856</u> | <u>8,602</u> | <u>124,832</u> | <u>267,552</u> | <u>58,444</u> | <u>52,682</u> | <u>1,376,770</u> |
| Inter-segment sales | 94,714 | 184,753 | 43,136 | 8,285 | 77,687 | 1,767 | - | - | 410,342 |
| External sales | 1,334 | 27,001 | 513,720 | 317 | 47,145 | 265,785 | 58,444 | 52,682 | 966,428 |
| Segment result | <u>12,224</u> | <u>36,880</u> | <u>171,552</u> | <u>1,750</u> | <u>18,288</u> | <u>50,789</u> | <u>1,149</u> | <u>(3,249)</u> | <u>289,383</u> |
| Depreciation | 22,626 | 65,172 | 2,102 | 2,457 | 10,193 | 6,761 | 5,292 | 4,910 | 119,513 |
| Share of net income (loss) of associated undertakings and jointly controlled entities | 110 | (8,744) | 4,189 | - | 15,945 | (1,363) | - | (924) | 9,213 |
| Three months ended 30 September 2010 | | | | | | | | | |
| Total segment revenues | <u>83,817</u> | <u>172,689</u> | <u>474,937</u> | <u>7,977</u> | <u>113,003</u> | <u>187,859</u> | <u>55,252</u> | <u>40,402</u> | <u>1,135,936</u> |
| Inter-segment sales | 82,794 | 151,070 | 36,725 | 7,732 | 65,157 | 2,273 | - | - | 345,751 |
| External sales | 1,023 | 21,619 | 438,212 | 245 | 47,846 | 185,586 | 55,252 | 40,402 | 790,185 |
| Segment result | <u>13,423</u> | <u>23,607</u> | <u>101,412</u> | <u>1,694</u> | <u>16,931</u> | <u>7,894</u> | <u>212</u> | <u>(2,493)</u> | <u>162,680</u> |
| Depreciation | 19,846 | 64,650 | 1,347 | 2,266 | 12,448 | 5,460 | 5,236 | 3,723 | 114,976 |
| Share of net income of associated undertakings and jointly controlled entities | 1,347 | 482 | 3,728 | - | 8,260 | 496 | - | 6,895 | 21,208 |

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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 September | | For the nine months ended 30 September | |
|--|--|----------------|---|----------------|
| | 2011 | 2010 | 2011 | 2010 |
| Segment result | 289,383 | 162,680 | 1,033,188 | 649,304 |
| Difference in depreciation | 51,796 | 50,985 | 154,748 | 155,315 |
| (Expenses) gains associated with pension obligations | (6,000) | (4,088) | 3,435 | (9,708) |
| Finance expense, net | (137,401) | (9,579) | (75,311) | (1,435) |
| Gains on disposal of available-for-sale financial assets | 10 | 1,092 | 841 | 2,481 |
| Share of net income of associated undertakings and jointly controlled entities | 9,213 | 21,208 | 71,779 | 74,153 |
| Other | (7,144) | (12,558) | (14,841) | (20,172) |
| Profit before profit tax | 199,857 | 209,740 | 1,173,839 | 849,938 |

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

| | For the three months ended 30 September | | For the nine months ended 30 September | |
|--|--|----------------|---|------------------|
| | 2011 | 2010 | 2011 | 2010 |
| External sales for reportable segments | 913,746 | 749,783 | 3,193,220 | 2,412,660 |
| External sales for other segments | 52,682 | 40,402 | 149,500 | 116,267 |
| Total external segment sales | 966,428 | 790,185 | 3,342,720 | 2,528,927 |
| Differences in external sales | (16,843) | (10,907) | (46,064) | (33,370) |
| Total sales per the statement of comprehensive income | 949,585 | 779,278 | 3,296,656 | 2,495,557 |

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 September 2011 | | | | | | | | | |
| Segment assets | 1,550,130 | 4,335,012 | 1,079,906 | 169,474 | 1,129,690 | 931,094 | 529,640 | 637,580 | 10,362,526 |
| Investments in associated undertakings and jointly controlled entities | 27,446 | 103,688 | 98,309 | - | 414,522 | 36,713 | 48 | 69,145 | 749,871 |
| Capital additions | 143,887 | 367,391 | 20,408 | 9,021 | 53,523 | 63,983 | 43,863 | 19,219 | 721,295 |
| 31 December 2010 | | | | | | | | | |
| Segment assets | 1,466,058 | 4,000,952 | 1,048,594 | 169,146 | 1,094,309 | 819,440 | 487,046 | 643,132 | 9,728,677 |
| Investments in associated undertakings and jointly controlled entities | 23,600 | 112,892 | 91,503 | - | 435,890 | 36,964 | 48 | 56,260 | 757,157 |
| Capital additions | 215,236 | 407,571 | 37,578 | 17,355 | 95,289 | 78,712 | 46,239 | 22,153 | 920,133 |

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5 SEGMENT INFORMATION (continued)

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

| | 30 September 2011 | 31 December 2010 |
|--|--------------------------|-------------------------|
| Segment assets for reportable segments | 9,724,946 | 9,085,545 |
| Other segments' assets | <u>637,580</u> | <u>643,132</u> |
| Total segment assets | 10,362,526 | 9,728,677 |
| Differences in property, plant and equipment, net* | (1,584,235) | (1,709,952) |
| Loan interest capitalised | 251,024 | 192,154 |
| Decommissioning costs | 74,903 | 65,017 |
| Cash and cash equivalents | 381,748 | 440,786 |
| Restricted cash | 3,837 | 3,669 |
| Short-term financial assets | 25,201 | 7,435 |
| VAT recoverable | 213,519 | 158,390 |
| Other current assets | 238,563 | 171,976 |
| Available-for-sale long-term financial assets | 170,057 | 191,417 |
| Other non-current assets | 477,055 | 498,663 |
| Inter-segment assets | (708,925) | (659,640) |
| Other | <u>164,037</u> | <u>147,401</u> |
| Total assets per the balance sheet | 10,069,310 | 9,235,993 |

* The difference in property, plant and equipment relates to adjustments of statutory fixed assets to comply with IFRS, such as reversal of revaluation of fixed assets recorded under Russian statutory accounting or accounting for historical hyperinflation which is not recorded under statutory accounting.

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 | Distri- bution | Gas storage | Production of crude oil and gas condensate | Refining | Electric and heat energy genera- tion and sales | All other segments | Total |
|----------------------------|------------------------------|------------------|---------------------------|--------------------|---|-----------------|--|-------------------------------|--------------|
| Segment liabilities | | | | | | | | | |
| 30 September 2011 | 101,158 | 240,600 | 445,743 | 4,094 | 242,378 | 101,082 | 33,156 | 188,162 | 1,356,373 |
| 31 December 2010 | 105,270 | 306,784 | 433,569 | 7,309 | 228,315 | 123,422 | 32,275 | 148,954 | 1,385,898 |

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

| | 30 September 2011 | 31 December 2010 |
|---|--------------------------|-------------------------|
| Segment liabilities for reportable segments | 1,168,211 | 1,236,944 |
| Other segments' liabilities | <u>188,162</u> | <u>148,954</u> |
| Total segments liabilities | 1,356,373 | 1,385,898 |
| Profit tax payable | 4,755 | 45,649 |
| Short-term borrowings and current portion of long-term borrowings | 278,860 | 190,845 |
| Short-term promissory notes payable | 53 | 207 |
| Long-term borrowings | 1,151,078 | 1,124,395 |
| Provisions for liabilities and charges | 205,549 | 200,040 |
| Deferred tax liabilities | 365,061 | 333,143 |
| Other non-current liabilities | 34,626 | 30,793 |
| Dividends payable | 2,420 | 2,258 |
| Inter-segment liabilities | (708,925) | (659,640) |
| Other | <u>21,041</u> | <u>46,044</u> |
| Total liabilities per the balance sheet | 2,710,891 | 2,699,632 |

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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, balances with banks and term deposits with original maturity of three months or less.

| | 30 September 2011 | 31 December 2010 |
|--|------------------------------|-----------------------------|
| Cash on hand and bank balances payable on demand | 306,157 | 339,109 |
| Term deposits with original maturity of three months or less | <u>75,591</u> | <u>101,677</u> |
| | 381,748 | 440,786 |

Total interest paid amounted to RR 18,330 and RR 61,080 for the three and nine months ended 30 September 2011, respectively, and RR 16,690 and RR 66,826 for the three and nine months ended 30 September 2010, respectively.

Restricted cash balances include cash and cash equivalents restricted as to withdrawal under the terms of certain borrowings.

7 SHORT-TERM FINANCIAL ASSETS

| | 30 September 2011 | 31 December 2010 |
|---|------------------------------|-----------------------------|
| Financial assets held for trading | 3,952 | 2,689 |
| Available-for-sale financial assets (net of impairment provision of RR 523 and RR 427 as of 30 September 2011 and 31 December 2010, respectively) | <u>21,249</u> | <u>4,746</u> |
| | 25,201 | 7,435 |

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 investments in money market funds, as well as debt securities, including third parties' promissory notes maturing within twelve months of the balance sheet date.

8 ACCOUNTS RECEIVABLE AND PREPAYMENTS

| | 30 September 2011 | 31 December 2010 |
|--------------------------|------------------------------|-----------------------------|
| Trade receivables | 428,930 | 400,252 |
| Prepayments and advances | 177,437 | 218,297 |
| Other receivables | <u>137,679</u> | <u>139,351</u> |
| | 744,046 | 757,900 |

Accounts receivable and prepayments are presented net of impairment provision of RR 191,713 and RR 175,479 as of 30 September 2011 and 31 December 2010, respectively.

9 INVENTORIES

Inventories are presented net of provision for obsolescence of RR 2,701 and RR 2,585 as of 30 September 2011 and 31 December 2010, 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 2009 | | | | |
| Cost | 6,292,666 | 78,487 | 1,084,644 | 7,455,797 |
| Accumulated depreciation | <u>(2,529,546)</u> | <u>(27,028)</u> | - | <u>(2,556,574)</u> |
| Net book value as of 31 December 2009 | 3,763,120 | 51,459 | 1,084,644 | 4,899,223 |
| Nine months ended 30 September 2010 | | | | |
| Net book value as of 31 December 2009 | 3,763,120 | 51,459 | 1,084,644 | 4,899,223 |
| Depreciation | (183,690) | (1,747) | - | (185,437) |
| Additions | 4,259 | 1,518 | 558,840 | 564,617 |
| Acquisition of subsidiaries | 14,272 | - | 232 | 14,504 |
| Disposal of subsidiaries | (4,896) | - | - | (4,896) |
| Transfers | 141,375 | 1,516 | (142,891) | - |
| Disposals | (28,355) | (744) | (15,323) | (44,422) |
| Translation differences | 1,025 | 18 | 705 | 1,748 |
| Release of impairment provision | - | - | 218 | 218 |
| Net book value as of 30 September 2010 | 3,707,110 | 52,020 | 1,486,425 | 5,245,555 |
| Three months ended 31 December 2010 | | | | |
| Net book value as of 30 September 2010 | 3,707,110 | 52,020 | 1,486,425 | 5,245,555 |
| Depreciation | (62,668) | (678) | - | (63,346) |
| Additions | 12,827 | 195 | 437,518 | 450,540 |
| Disposal of subsidiaries | (103,828) | (3) | (13,076) | (116,907) |
| Transfers | 412,378 | 5,140 | (417,518) | - |
| Disposals | (9,657) | (1,704) | (17,326) | (28,687) |
| Translation differences | (52) | 2 | 163 | 113 |
| Charge for impairment provision | - | - | (839) | (839) |
| Net book value as of 31 December 2010 | 3,956,110 | 54,972 | 1,475,347 | 5,486,429 |
| As of 31 December 2010 | | | | |
| Cost | 6,731,168 | 82,818 | 1,475,347 | 8,289,333 |
| Accumulated depreciation | <u>(2,775,058)</u> | <u>(27,846)</u> | - | <u>(2,802,904)</u> |
| Net book value as of 31 December 2010 | 3,956,110 | 54,972 | 1,475,347 | 5,486,429 |
| Nine months ended 30 September 2011 | | | | |
| Net book value as of 31 December 2010 | 3,956,110 | 54,972 | 1,475,347 | 5,486,429 |
| Depreciation | (198,976) | (2,055) | - | (201,031) |
| Additions | 51,727 | 1,281 | 750,851 | 803,859 |
| Transfers | 217,381 | 2,370 | (219,751) | - |
| Disposals | (30,371) | (1,110) | (16,156) | (47,637) |
| Translation differences | 2,869 | 6 | 1,282 | 4,157 |
| Release of impairment provision | - | - | 276 | 276 |
| Net book value as of 30 September 2011 | 3,998,740 | 55,464 | 1,991,849 | 6,046,053 |
| As of 30 September 2011 | | | | |
| Cost | 6,968,991 | 84,108 | 1,991,849 | 9,044,948 |
| Accumulated depreciation | <u>(2,970,251)</u> | <u>(28,644)</u> | - | <u>(2,998,895)</u> |
| Net book value as of 30 September 2011 | 3,998,740 | 55,464 | 1,991,849 | 6,046,053 |

Production assets are shown net of provision for impairment of RR 54,387 as of 30 September 2011 and 31 December 2010. Assets under construction are presented net of provision for impairment of RR 95,540 and RR 96,146 as of 30 September 2011 and 31 December 2010, 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 774 and RR 1,354 as of 30 September 2011 and 31 December 2010, 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) for the nine months ended | | |
|-------|--|------------------|--|---------------|---------------|
| | 30 September 2011 | 31 December 2010 | 30 September 2011 | 2010 | |
| 25 | OAO NGK Slavneft and its subsidiaries | 145,161 | 151,826 | 1,674 | 2,053 |
| 25,26 | Sakhalin Energy Investment Company Ltd. | 136,861 | 153,871 | 42,695 | 25,962 |
| 25 | OAO Tomskneft VNK and its subsidiaries | 62,415 | 65,286 | 2,334 | 1,149 |
| 25 | Gazprombank Group | 58,745 | 50,362 | 15,666 | 19,074 |
| 25,27 | OAO Beltransgaz | 44,963 | 53,678 | (2,314) | 2,450 |
| 25 | WINGAS GmbH & Co. KG | 40,905 | 41,798 | 2,868 | 3,001 |
| 25 | Salym Petroleum Development N.V. | 40,675 | 38,395 | 2,280 | 1,736 |
| 26 | Nord Stream AG | 37,845 | 39,066 | (8,229) | (760) |
| 25 | TOO KazRosGaz | 33,478 | 27,034 | 6,548 | 6,734 |
| | OOO Yamal razvitie and its subsidiaries | 26,850 | 27,984 | (1,483) | - |
| | Shtokman Development AG | 20,840 | 17,741 | 157 | (361) |
| 25 | OAO Gazprom neftekhim Salavat | 20,431 | 19,940 | 1,207 | 1,109 |
| 25,26 | SGT EuRoPol GAZ S.A. | 17,457 | 17,314 | 832 | 361 |
| | Wintershall AG | 12,335 | 11,003 | 732 | 1,502 |
| | ZAO Nortgaz | 5,248 | 5,023 | 531 | 404 |
| 25 | AO Latvijas Gaze | 4,364 | 4,255 | 192 | 186 |
| 26 | ZAO Achimgaz | 4,195 | 3,054 | 1,141 | 1,071 |
| 25 | AO Gazum | 4,109 | 4,040 | 546 | 511 |
| 25 | AO Lietuvos dujos | 3,133 | 3,011 | 438 | 418 |
| 25,26 | Blue Stream Pipeline Company B.V. | 2,682 | 2,093 | 483 | 397 |
| 13,25 | OAO NOVATEK | - | - | - | 5,512 |
| | Other (net of provision for impairment of RR 2,096 as of 30 September 2011 and 31 December 2010) | <u>27,179</u> | <u>20,383</u> | <u>3,481</u> | <u>1,644</u> |
| | | 749,871 | 757,157 | 71,779 | 74,153 |

In July 2010 the Group set up OOO Yamal razvitie – jointly controlled entity on a fifty-fifty basis with OAO NOVATEK. As a result of disposal of 51% interest in OOO SeverEnergiya to OOO Yamal razvitie in November 2010, the Group retained effective 25.5% interest in OOO SeverEnergiya.

In December 2010 the Group sold 9.4% interest in OAO NOVATEK. As a result of that transaction, Group ceased to exercise significant influence over OAO NOVATEK and accounted for retained interest within available-for-sale long-term financial assets (see Note 13).

Summarized financial information on the Group's principal associated undertakings and jointly controlled entities is presented in tables below.

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

| | Percent of share capital held | Location | As of 30 September 2011 | | For the nine months ended 30 September 2011 | |
|---|-------------------------------|-------------|-------------------------|-------------|---|---------------|
| | | | Assets | Liabilities | Revenues | Profit (loss) |
| Gazprombank Group* | 45% | Russia | 2,059,328 | 1,818,523 | 94,226 | 34,958 |
| Sakhalin Energy Investment Company Ltd. | 50% | Bermuda | 661,843 | 373,856 | 194,200 | 89,609 |
| OAO NGK Slavneft and its subsidiaries | 50% | Russia | 599,065 | 320,230 | 118,429 | 3,357 |
| Nord Stream AG | 51% | Switzerland | 275,608 | 199,378 | - | (1,322) |
| WINGAS GmbH & Co. KG | 50% | Germany | 193,547 | 150,777 | 226,048 | 10,136 |
| OOO Yamal razvitie and its subsidiaries | 50% | Russia | 154,511 | 47,470 | - | (3,124) |
| OAO Tomskneft VNK and its subsidiaries | 50% | Russia | 122,594 | 66,840 | 76,117 | 4,440 |

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

| | Percent of share capital held | Location | As of 30 September 2011 | | For the nine months ended 30 September 2011 | |
|-----------------------------------|-------------------------------|-------------|-------------------------|-------------|---|---------------|
| | | | Assets | Liabilities | Revenues | Profit (loss) |
| OAO Gazprom neftekhim Salavat | 50% | Russia | 82,573 | 59,633 | 88,953 | 3,165 |
| Blue Stream Pipeline company B.V. | 50% | Netherlands | 69,099 | 58,516 | 6,456 | 1,930 |
| TOO KazRosGaz | 50% | Kazakhstan | 69,016 | 2,059 | 26,519 | 13,097 |
| OAO Beltransgaz | 50% | Belarus | 50,717 | 32,476 | 122,607 | (465) |
| SGT EuRoPol GAZ S.A. | 48% | Poland | 49,435 | 13,065 | 8,439 | 1,734 |
| Wintershall AG | 49% | Germany | 49,162 | 35,688 | 19,766 | 1,494 |
| Shtokman Development AG | 51% | Switzerland | 45,597 | 4,733 | - | 350 |
| Salym Petroleum Development N.V. | 50% | Netherlands | 40,552 | 20,762 | 46,869 | 5,246 |
| AO Lietuvos dujos | 37% | Lithuania | 32,841 | 7,012 | 15,440 | 1,182 |
| AO Gazum | 25% | Finland | 32,678 | 16,242 | 39,706 | 2,186 |
| AO Latvijas Gaze | 34% | Latvia | 31,855 | 10,938 | 14,579 | 566 |
| ZAO Nortgaz | 51% | Russia | 14,082 | 3,791 | 4,450 | 1,334 |
| ZAO Achimgaz | 50% | Russia | 11,429 | 3,040 | 4,265 | 2,281 |

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

| | Percent of share capital held | Location | As of 30 September 2010 | | For the nine months ended 30 September 2010 | |
|---|-------------------------------|-------------|-------------------------|-------------|---|---------------|
| | | | Assets | Liabilities | Revenues | Profit (loss) |
| Gazprombank Group* | 45% | Russia | 1,836,357 | 1,594,087 | 231,314 | 45,171 |
| Sakhalin Energy Investment Company Ltd. | 50% | Bermuda | 629,742 | 307,913 | 136,671 | 51,923 |
| OAO NGK Slavneft and its subsidiaries | 50% | Russia | 616,907 | 300,884 | 99,049 | 4,118 |
| OAO NOVATEK | 19% | Russia | 215,180 | 55,250 | 82,889 | 28,430 |
| Nord Stream AG | 51% | Switzerland | 164,259 | 81,996 | 1 | (1,491) |
| WINGAS GmbH & Co. KG | 50% | Germany | 151,512 | 106,748 | 198,898 | 9,256 |
| OAO Tomskneft VNK and its subsidiaries | 50% | Russia | 121,064 | 61,576 | 57,444 | 2,298 |
| OAO Gazprom neftekhim Salavat | 50% | Russia | 71,756 | 48,915 | 65,378 | 2,217 |
| Blue Stream Pipeline company B.V. | 50% | Netherlands | 66,639 | 58,738 | 6,125 | 1,589 |
| OAO Beltransgaz** | 50% | Belarus | 55,614 | 23,296 | 96,247 | 4,907 |
| SGT EuRoPol GAZ S.A. | 48% | Poland | 53,569 | 15,365 | 8,370 | 733 |
| TOO KazRosGaz | 50% | Kazakhstan | 51,848 | 778 | 26,539 | 13,468 |
| Salym Petroleum Development N.V. | 50% | Netherlands | 37,543 | 26,101 | 33,835 | 3,472 |
| Shtokman Development AG | 51% | Switzerland | 36,897 | 5,808 | - | (503) |
| Wintershall AG | 49% | Germany | 30,322 | 20,061 | 47,008 | 3,066 |
| AO Lietuvos dujos | 37% | Lithuania | 30,122 | 5,973 | 14,923 | 1,128 |
| AO Gazum | 25% | Finland | 29,985 | 14,326 | 35,486 | 2,042 |
| AO Latvijas Gaze | 34% | Latvia | 27,567 | 8,047 | 13,715 | 547 |
| ZAO Nortgaz | 51% | Russia | 12,345 | 3,241 | 3,602 | 921 |
| ZAO Achimgaz | 50% | Russia | 10,566 | 5,123 | 3,490 | 2,143 |

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

** In February 2010 the Group acquired 12.5% interest in OAO Beltransgaz for USD 625 million. As a result the Group increased its interest in OAO Beltransgaz up to 50%.

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

| | 30 September 2011 | 31 December 2010 |
|-------------------------------|-------------------|------------------|
| OAO Gazprom neftekhim Salavat | 42,667 | 20,046 |
| AO Latvijas Gaze | 4,444 | 3,735 |
| AO Lietuvos dujos | 4,333 | 5,134 |

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12 LONG-TERM ACCOUNTS RECEIVABLE AND PREPAYMENTS

| | 30 September 2011 | 31 December 2010 |
|---|------------------------------|-----------------------------|
| Long-term accounts receivable and prepayments | 205,823 | 169,124 |
| Advances for assets under construction | <u>418,138</u> | <u>267,308</u> |
| | 623,961 | 436,432 |

Long-term accounts receivable and prepayments are presented net of impairment provision of RR 21,085 and RR 22,470 as of 30 September 2011 and 31 December 2010, respectively.

13 AVAILABLE-FOR-SALE LONG-TERM FINANCIAL ASSETS

Available-for-sale long-term financial assets, in total amount of RR 170,057 and RR 191,417 are shown net of provision for impairment of RR 1,773 and RR 2,164 as of 30 September 2011 and 31 December 2010, respectively.

As of 30 September 2011 and 31 December 2010 long-term available-for-sale financial assets include OAO NOVATEK shares in the amount of RR 112,349 and RR 110,471, respectively.

14 OTHER NON-CURRENT ASSETS

Included within other non-current assets is VAT recoverable related to assets under construction totalling RR 95,834 and RR 107,969 as of 30 September 2011 and 31 December 2010 respectively.

Other non-current assets include net pension assets in the amount of RR 249,334 as of 30 September 2011 and RR 254,304 as of 31 December 2010 respectively.

15 LONG-TERM BORROWINGS

| | Currency | Final maturity | 30 September 2011 | 31 December 2010 |
|---|-----------------|---------------------------|------------------------------|-----------------------------|
| Long-term borrowings payable to: | | | | |
| Loan participation notes issued in April 2009 ¹ | US dollar | 2019 | 74,631 | 69,771 |
| The Royal Bank of Scotland AG | US dollar | 2013 | 56,229 | 55,046 |
| Loan participation notes issued in October 2007 ¹ | Euro | 2018 | 54,245 | 51,220 |
| Loan participation notes issued in June 2007 ¹ | US dollar | 2013 | 53,566 | 48,963 |
| Natixis SA ² | US dollar | 2015 | 47,816 | 45,721 |
| Loan participation notes issued in December 2005 ¹ | Euro | 2012 | 45,003 | 40,445 |
| Loan participation notes issued in May 2005 ¹ | Euro | 2015 | 44,248 | 41,715 |
| Loan participation notes issued in November 2006 ¹ | US dollar | 2016 | 43,989 | 41,421 |
| Loan participation notes issued in March 2007 ¹ | US dollar | 2022 | 41,617 | 40,437 |
| White Nights Finance B.V. | US dollar | 2014 | 41,568 | 39,744 |
| Loan participation notes issued in July 2009 ¹ | US dollar | 2014 | 40,383 | 39,386 |
| Loan participation notes issued in August 2007 ¹ | US dollar | 2037 | 40,207 | 39,137 |
| Loan participation notes issued in April 2004 ¹ | US dollar | 2034 | 39,652 | 37,124 |
| Loan participation notes issued in July 2009 ¹ | Euro | 2015 | 38,851 | 36,809 |
| Loan participation notes issued in April 2008 ¹ | US dollar | 2018 | 36,411 | 34,131 |
| Loan participation notes issued in October 2006 ¹ | Euro | 2014 | 34,867 | 32,804 |
| Loan participation notes issued in November 2010 ¹ | US dollar | 2015 | 32,425 | 30,615 |
| Loan participation notes issued in June 2007 ¹ | Euro | 2014 | 31,874 | 28,490 |
| Loan participation notes issued in March 2007 ¹ | Euro | 2017 | 22,776 | 20,347 |
| Loan participation notes issued in November 2006 ¹ | Euro | 2017 | 22,287 | 20,975 |
| Russian bonds issued in April 2010 ⁶ | Rouble | 2013 | 20,670 | 20,000 |
| UniCredit Bank AG ^{2,8} | US dollar | 2018 | 19,150 | - |
| ZAO Mizuho Corporate Bank (Moscow) | US dollar | 2016 | 19,125 | - |
| UniCredit Bank AG ^{2,8} | Euro | 2018 | 18,820 | - |
| RosUkrEnergO AG | US dollar | 2012 | 18,413 | - |
| Structured export notes issued in July 2004 ³ | US dollar | 2020 | 18,324 | 22,747 |
| Credit Suisse International | US dollar | 2017 | 16,932 | 15,989 |
| Loan participation notes issued in July 2008 ¹ | US dollar | 2013 | 16,230 | 15,671 |
| Bank of Tokyo-Mitsubishi UFJ Ltd. | US dollar | 2012 | 15,959 | 15,259 |
| BNP Paribas SA ² | Euro | 2022 | 14,575 | 7,108 |

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15 LONG-TERM BORROWINGS (continued)

| | Currency | Final maturity | 30 September 2011 | 31 December 2010 |
|---|-----------------|-----------------------|--------------------------|-------------------------|
| J.P. Morgan Chase bank | US dollar | 2012 | 13,436 | 12,847 |
| Loan participation notes issued in April 2008 ¹ | US dollar | 2013 | 13,192 | 12,390 |
| OA OVTB Bank | US dollar | 2012 | 12,882 | 12,317 |
| WestLB AG ² | US dollar | 2013 | 11,806 | 25,744 |
| Citibank International plc ² | US dollar | 2021 | 10,797 | 10,269 |
| GK Vnesheconombank | Rouble | 2025 | 10,602 | 6,621 |
| Russian bonds issued in April 2009 ⁶ | Rouble | 2019 | 10,368 | 11,173 |
| Russian bonds issued in June 2009 | Rouble | 2012 | 10,338 | 10,011 |
| Sumitomo Mitsui Finance Dublin Limited | US dollar | 2016 | 10,231 | - |
| Russian bonds issued in February 2011 ⁶ | Rouble | 2021 | 10,127 | - |
| Russian bonds issued in February 2011 ⁶ | Rouble | 2016 | 10,121 | - |
| Russian bonds issued in February 2011 ⁶ | Rouble | 2021 | 10,121 | - |
| OA O Sberbank Rossii | US dollar | 2012 | 9,944 | 16,643 |
| Deutsche Bank AG | US dollar | 2014 | 9,641 | 9,217 |
| Bank of Tokyo-Mitsubishi UFJ Ltd. | US dollar | 2016 | 9,574 | - |
| Bank of Tokyo-Mitsubishi UFJ Ltd. | US dollar | 2015 | 9,565 | 9,198 |
| Deutsche Bank AG | US dollar | 2014 | 9,431 | 11,410 |
| Eurofert Trading Limited llc ⁴ | Rouble | 2015 | 8,600 | 8,600 |
| Loan participation notes issued in November 2007 ¹ | JPY | 2012 | 8,522 | 8,017 |
| Russian bonds issued in July 2009 ⁶ | Rouble | 2016 | 8,230 | 8,000 |
| Credit Agricole CIB ² | US dollar | 2013 | 7,982 | 7,633 |
| Deutsche Bank AG | US dollar | 2014 | 6,395 | 6,115 |
| The Royal Bank of Scotland AG ² | US dollar | 2012 | 5,634 | 10,774 |
| UniCredit Bank AG ^{2,8} | Rouble | 2018 | 5,516 | - |
| Russian bonds issued in June 2009 | Rouble | 2014 | 5,177 | 5,006 |
| Russian bonds issued in December 2009 ⁵ | Rouble | 2014 | 5,167 | 5,039 |
| Russian bonds issued in November 2006 | Rouble | 2011 | 5,149 | 5,061 |
| The Royal Bank of Scotland AG ² | US dollar | 2013 | 5,143 | 5,521 |
| Russian bonds issued in February 2007 | Rouble | 2014 | 5,044 | 5,134 |
| Eurofert Trading Limited llc ⁴ | Rouble | 2015 | 5,000 | 5,000 |
| Russian bonds issued in March 2006 ⁵ | Rouble | 2016 | 4,819 | 4,910 |
| Russian bonds issued in July 2009 ⁷ | Rouble | 2014 | 2,704 | 5,000 |
| OA O Russian National Commercial Bank | US dollar | 2011 | - | 19,018 |
| Russian bonds issued in September 2006 ⁵ | Rouble | 2011 | - | 4,801 |
| Other long-term borrowings | Various | Various | <u>93,532</u> | <u>99,422</u> |
| Total long-term borrowings | | | 1,385,633 | 1,251,966 |
| Less: current portion of long-term borrowings | | | <u>(234,555)</u> | <u>(127,571)</u> |
| | | | 1,151,078 | 1,124,395 |

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 Issuers of these notes are OA O WGC-2 and OA O WGC-6.

⁵ Issuer of these bonds is OA O Mosenergo.

⁶ Issuer of these bonds is OA O Gazprom neft.

⁷ Issuer of these bonds is OA O TGC-1.

⁸ Loans were obtained for development of Yuzhno-Russkoye oil and gas field.

| | 30 September 2011 | 31 December 2010 |
|----------------------------|--------------------------|-------------------------|
| Due for repayment: | | |
| Between one and two years | 273,113 | 166,853 |
| Between two and five years | 529,298 | 551,310 |
| After five years | <u>348,667</u> | <u>406,232</u> |
| | 1,151,078 | 1,124,395 |

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15 LONG-TERM BORROWINGS (continued)

Long-term borrowings, including current portion, include fixed rate loans with a carrying value of RR 1,133,757 and RR 1,065,435 and fair value of RR 1,164,770 and RR 1,130,206 as of 30 September 2011 and 31 December 2010, respectively. All other long-term borrowings generally have variable interest rates linked to LIBOR, and the difference between carrying value of these liabilities and their fair value is not significant.

As of 30 September 2011 and 31 December 2010 long-term borrowings of RR 18,324 and RR 22,747, respectively, inclusive of current portion of long-term borrowings, are secured by revenues from export supplies of gas to Western Europe.

On the Loan participation notes issued by Gaz Capital S.A. in April 2009 due in 2019 noteholders can execute the right of early redemption in April 2012 at par value in total amount of RR 71,719 as of 30 September 2011.

On the Loan participation notes issued by Gaz Capital S.A. in April 2004 due in 2034 noteholders can execute the right of early redemption in April 2014 at par value in total amount of RR 38,250 as of 30 September 2011.

On the Russian bonds with the nominal value of RR 10,000 issued by OAO Gazprom neft in April 2009 due in 2019 bondholders can execute the right of early redemption in April 2018 at par.

On the Russian bonds with the nominal value of RR 10,000 issued by OAO Gazprom neft in February 2011 due in 2021 bondholders can execute the right of early redemption in February 2016 at par.

On the Russian bonds with the nominal value of RR 10,000 issued by OAO Gazprom neft in February 2011 due in 2021 bondholders can execute the right of early redemption in February 2018 at par.

On the Russian bonds with the nominal value of RR 8,000 issued by OAO Gazprom neft in July 2009 due in 2016 bondholders can execute the right of early redemption in July 2012 at par.

On the Russian bonds with the nominal value of RR 5,000 issued by OAO Mosenergo in December 2009 due in 2014 bondholders can execute the right of early redemption in December 2012 at par.

On the Russian bonds with the nominal value of RR 4,783 issued by OAO Mosenergo in March 2006 due in 2016 bondholders can execute the right of early redemption in March 2012 at par.

On the Russian bonds with the nominal value of RR 2,704 issued by OAO TGC-1 in July 2009 due in 2014 bondholders can execute the right of early redemption in July 2013 at par.

16 PROFIT TAX

Differences between the recognition criteria in Russian statutory taxation regulations and IFRS give rise to certain temporary differences between the carrying value of certain assets and liabilities for financial reporting purposes and for profit tax purposes. The tax effect of the movement on these temporary differences is recorded at the statutory rate of 20%.

| | Differences | | | Differences | | |
|---|----------------------|------------------------------|---------------------|----------------------|------------------------------|---------------------|
| | 30 September 2011 | recognition and reversals | 31 December 2010 | 30 September 2010 | recognition and reversals | 31 December 2009 |
| Tax effects of taxable temporary differences: | | | | | | |
| Property, plant and equipment | (353,818) | (37,251) | (316,567) | (342,564) | (37,938) | (304,626) |
| Financial assets | (13,971) | 4,251 | (18,222) | (18,372) | (668) | (17,704) |
| Inventories | (216) | 2,355 | (2,571) | (1,717) | 1,651 | (3,368) |
| | (368,005) | (30,645) | (337,360) | (362,653) | (36,955) | (325,698) |
| Tax effects of deductible temporary differences: | | | | | | |
| Tax losses carry forward | 1,329 | 511 | 818 | 2,293 | 54 | 2,239 |
| Other deductible temporary differences | 1,615 | (1,784) | 3,399 | 2,415 | 480 | 1,935 |
| | 2,944 | (1,273) | 4,217 | 4,708 | 534 | 4,174 |
| Total net deferred tax liabilities | (365,061) | (31,918) | (333,143) | (357,945) | (36,421) | (321,524) |

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16 PROFIT TAX (continued)

Taxable temporary differences recognized for the nine months ended 30 September 2011 and 2010 include the effect of applying a special accelerated depreciation coefficient of 2 for property, plant and equipment operated in aggressive environment. As a result deferred tax liability related to property, plant and equipment recognized for the nine months ended 30 September 2011 and 2010 was RR 20,263 and RR 23,088, respectively.

17 EQUITY

Share capital

Share capital authorised, issued and paid totals RR 325,194 as of 30 September 2011 and 31 December 2010 and consists of 23.7 billion ordinary shares, each with a historical par value of 5 Russian Roubles.

Treasury shares

As of 30 September 2011 and 31 December 2010, subsidiaries of OAO Gazprom held 726 million and 723 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 | | Nine months ended | |
|--|---------------------------|-----------------------|--------------------------|-------------------------|
| | 30 September | | 30 September | |
| | 2011 | 2010 | 2011 | 2010 |
| Gas sales (including customs duties and net of VAT) to customers in: | | | | |
| Russian Federation | 103,641 | 93,823 | 502,271 | 437,410 |
| Former Soviet Union (excluding Russian Federation) | 128,060 | 106,657 | 496,134 | 323,315 |
| Europe and other countries | <u>355,970</u> | <u>289,018</u> | <u>1,241,720</u> | <u>948,333</u> |
| Gross sales of gas | 587,671 | 489,498 | 2,240,125 | 1,709,058 |
| Customs duties | <u>(72,617)</u> | <u>(50,263)</u> | <u>(252,795)</u> | <u>(213,723)</u> |
| Net sales of gas | 515,054 | 439,235 | 1,987,330 | 1,495,335 |
| Sales of refined products to customers in: | | | | |
| Russian Federation | 164,548 | 112,116 | 421,912 | 294,918 |
| Former Soviet Union (excluding Russian Federation) | 12,884 | 9,867 | 35,796 | 26,218 |
| Europe and other countries | <u>88,353</u> | <u>63,603</u> | <u>260,015</u> | <u>183,575</u> |
| Total sales of refined products | 265,785 | 185,586 | 717,723 | 504,711 |
| Sales of crude oil and gas condensate to customers in: | | | | |
| Russian Federation | 8,861 | 4,298 | 27,231 | 15,304 |
| Former Soviet Union (excluding Russian Federation) | 9,541 | 6,318 | 26,689 | 18,953 |
| Europe and other countries | <u>28,743</u> | <u>37,230</u> | <u>110,518</u> | <u>107,109</u> |
| Total sales of crude oil and gas condensate | 47,145 | 47,846 | 164,438 | 141,366 |
| Electric and heat energy sales | 57,330 | 53,715 | 237,545 | 199,448 |
| Gas transportation sales | 27,001 | 21,619 | 82,501 | 67,195 |
| Other revenue | <u>37,270</u> | <u>31,277</u> | <u>107,119</u> | <u>87,502</u> |
| Total sales revenue | <u>949,585</u> | <u>779,278</u> | <u>3,296,656</u> | <u>2,495,557</u> |

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19 OPERATING EXPENSES

| Note | Three months ended 30 September | | Nine months ended 30 September | |
|--|------------------------------------|----------------|-----------------------------------|------------------|
| | 2011 | 2010 | 2011 | 2010 |
| | 176,279 | 154,301 | 628,590 | 428,209 |
| 25 Purchased gas and oil | 103,726 | 66,950 | 310,268 | 211,816 |
| Taxes other than on income | 89,319 | 76,963 | 267,377 | 227,500 |
| Staff costs | 67,716 | 63,991 | 201,636 | 184,610 |
| Depreciation | 64,326 | 63,105 | 197,740 | 202,393 |
| Transit of gas, oil and refined products | 56,643 | 51,723 | 127,583 | 121,279 |
| Repairs and maintenance | 26,809 | 13,706 | 77,676 | 36,006 |
| Cost of goods for resale, including refined products | 26,959 | 23,290 | 76,595 | 69,737 |
| Materials | 15,111 | 13,058 | 54,192 | 42,921 |
| Electricity and heating expenses | 7,395 | 2,585 | 24,205 | 13,509 |
| Transportation services | 8,336 | 7,319 | 22,078 | 18,294 |
| Social expenses | 8,461 | 5,688 | 20,339 | 15,775 |
| Rental expenses | 1,871 | 1,639 | 17,885 | 15,830 |
| Heat transmission | 4,474 | 12,135 | 14,667 | 22,572 |
| Research and development expenses | 5,398 | 4,208 | 13,737 | 11,796 |
| Insurance expenses | 10,177 | 1,281 | 11,527 | 10,249 |
| Charge for impairment provisions | 2,382 | 2,044 | 6,496 | 6,284 |
| Processing services | (33,325) | (14) | (3,883) | 6,961 |
| Exchange rate differences on operating items | 55,113 | 64,160 | 123,964 | 138,024 |
| Other | 697,170 | 628,132 | 2,192,672 | 1,783,765 |
| Changes in inventories of finished goods, work in progress and other effects | (76,221) | (42,524) | (73,383) | (57,161) |
| Total operating expenses | 620,949 | 585,608 | 2,119,289 | 1,726,604 |

Starting from 1 January 2011 the Group changed presentation of operating expenses disclosing by nature the expenses incurred during the period and adjusting them for the total change in inventories of finished goods, work in progress and other effects. The comparative information was adjusted accordingly. Management believes that the current presentation of operating expenses is more reflective to the Group's operations.

Staff costs include RR 7,640 and RR 24,812 of expenses associated with pension obligations for the three and nine months ended 30 September 2011, respectively, and RR 4,013 and RR 14,188 for the three and nine months ended 30 September 2010, respectively.

20 FINANCE INCOME AND EXPENSES

| | Three months ended 30 September | | Nine months ended 30 September | |
|---|------------------------------------|---------------|-----------------------------------|----------------|
| | 2011 | 2010 | 2011 | 2010 |
| Exchange gains | 4,258 | 31,532 | 103,368 | 111,774 |
| Interest income | 5,895 | 3,846 | 13,452 | 15,188 |
| Gains on extinguishment of restructured liabilities | 94 | 1 | 192 | 5 |
| Total finance income | 10,247 | 35,379 | 117,012 | 126,967 |
| Exchange losses | 145,724 | 38,322 | 171,031 | 97,612 |
| Interest expense | 1,924 | 6,636 | 21,292 | 30,790 |
| Total finance expenses | 147,648 | 44,958 | 192,323 | 128,402 |

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

Earnings per share have been calculated by dividing the profit, attributable to owners 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 22.9 billion and 23.0 billion weighted average shares outstanding for the three and nine months ended 30 September 2011, respectively, and 22.9 billion weighted average shares outstanding for the three and nine months ended 30 September 2010. There are no dilutive financial instruments outstanding.

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22 PROVISIONS FOR LIABILITIES AND CHARGES

| | 30 September 2011 | 31 December 2010 |
|--|------------------------------|-----------------------------|
| Provision for decommissioning and site restoration costs | 102,742 | 101,407 |
| Provision for pension obligations | 97,387 | 84,064 |
| Other | <u>5,420</u> | <u>14,569</u> |
| | 205,549 | 200,040 |

The Group operates a defined benefit plan, concerning the majority of the 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 249,334 and RR 254,304 as of 30 September 2011 and 31 December 2010, respectively, are presented within other non-current assets in the consolidated balance sheet. In accordance with IAS 19, pension assets are recorded at estimated fair market values subject to certain limitations. As of 30 September 2011 and 31 December 2010 management estimated the fair value of these assets at approximately RR 419 billion and RR 438 billion, respectively. The pension assets comprise shares of OAO Gazprom, shares of OAO Gazprombank and other assets held by NPF Gazfund.

23 PURCHASE OF NON-CONTROLLING INTEREST IN SIBIR ENERGY LTD.

On 14 February 2011 the Board of Directors of Sibir Energy Ltd. adopted a resolution to reduce the share capital by 86.25 million shares (22.39%). OAO Central Fuel Company, an affiliate to the Moscow Government, made a decision to withdraw membership in Sibir Energy Ltd. for a compensation of USD 740 million. As a result of the transaction starting from 15 February 2011 the Group has 100% interest in Sibir Energy Ltd.

Following the reduction in share capital of Sibir Energy Ltd. the Group has increased its effective interest in OAO Moskovsky NPZ from 66.04% to 74.36%.

As a result of this transaction the difference between the non-controlling interest acquired and consideration paid has been recognized in equity in amount of RR 5,405 and is included within retained earnings and other reserves.

24 DECONSOLIDATION OF ZAO GAZENERGOPROMBANK

On 29 March 2010 the respective Boards of directors of ZAO Gazenergoprombank, banking subsidiary of the Group, and OAO AB Rossiya, a bank not related to the Group, approved a reorganization in the form of the merger of ZAO Gazenergoprombank to OAO AB Rossiya. On 30 April 2010 shareholders of both banks also approved that reorganization. According to the merger agreement, all assets and liabilities of ZAO Gazenergoprombank were transferred to OAO AB Rossiya; in exchange for its existing controlling interest in ZAO Gazenergoprombank, the Group received a non-controlling interest in OAO AB Rossiya. According to the terms of the merger agreement the Group lost the ability to control the financial and operating policies of ZAO Gazenergoprombank on 30 April 2010. As a result, the Group ceased to include assets, liabilities, operating results and cash flows of ZAO Gazenergoprombank within the consolidated financial statements from 30 April 2010.

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25 RELATED PARTIES

For the purpose of this consolidated interim condensed financial information, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions as defined by IAS 24 “Related Party Disclosures”. 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 September 2011 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 consolidated financial statements for public use. On 30 June 2011 the extraordinary General Shareholders Meeting was held to fulfil the assignments of the President of the Russian Federation to replace government officials on boards of directors in open joint stock companies with independent or representative directors. As a result of the extraordinary General Shareholders Meeting authority of two State representatives on the Board of Directors was terminated ahead of schedule and the new Board of Directors was elected. 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, gas transportation 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 September 2011 and 31 December 2010 and for the three months ended 30 September 2011 and 2010, the Group had the following significant transactions and balances with the Government and parties under control of the Government:

| Notes | As of 30 September 2011 | | Three months ended 30 September 2011 | | Nine months ended 30 September 2011 | |
|---|-------------------------|-------------|--------------------------------------|----------|-------------------------------------|----------|
| | Assets | Liabilities | Income | Expenses | Income | Expenses |
| Transactions and balances with the Government | | | | | | |
| | 75,874 | 4,755 | - | 28,623 | - | 198,969 |
| | | | | | | |
| | 506 | 2,893 | - | 11,074 | - | 48,212 |
| | 388,350 | 36,332 | - | - | - | - |
| | 73,084 | - | - | - | - | - |
| 19 | 1,570 | 43,007 | - | 103,726 | - | 310,268 |
| Transactions and balances with other parties under control of the Government | | | | | | |
| | - | - | 1,326 | - | 3,870 | - |
| | - | - | 32,363 | - | 151,725 | - |
| | - | - | 433 | - | 1,382 | - |
| | 22,263 | - | - | - | - | - |
| | - | - | - | 19,321 | - | 60,682 |
| | - | 17,696 | - | - | - | - |
| | - | 53,172 | - | - | - | - |
| | - | - | - | 1,276 | - | 2,260 |
| | 2,284 | - | - | - | - | - |
| | 30,966 | - | - | - | - | - |

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25 RELATED PARTIES (continued)

| Notes | As of 31 December 2010 | | Three months ended 30 September 2010 | | Nine months ended 30 September 2010 | | |
|-------|---|-------------|---|----------|--|----------|---------|
| | Assets | Liabilities | Income | Expenses | Income | Expenses | |
| | Transactions and balances with the Government | | | | | | |
| | Current profit tax | 14,265 | 45,649 | - | 48,999 | - | 148,389 |
| | Insurance contributions to non-budget funds | 753 | 1,438 | - | 5,879 | - | 29,135 |
| | VAT recoverable/payable | 299,121 | 32,365 | - | - | - | - |
| | Customs duties | 44,197 | - | - | - | - | - |
| 19 | Other taxes | 1,689 | 38,117 | - | 66,950 | - | 211,816 |
| | Transactions and balances with other parties under control of the Government | | | | | | |
| | Gas sales | - | - | 714 | - | 2,166 | - |
| | Electricity sales | - | - | 31,788 | - | 129,752 | - |
| | Other services sales | - | - | 478 | - | 1,349 | - |
| | Accounts receivable | 26,977 | - | - | - | - | - |
| | Oil transportation expenses | - | - | - | 20,349 | - | 57,743 |
| | Accounts payable | - | 9,289 | - | - | - | - |
| | Loans | - | 48,710 | - | - | - | - |
| | Interest income/expense | - | - | - | 1,092 | - | 6,557 |
| | Short-term financial assets | 517 | - | - | - | - | - |
| | Available-for-sale long-term financial assets | 54,718 | - | - | - | - | - |

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

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

See the consolidated interim condensed statement of changes in equity for returns of social assets to governmental authorities during the nine months ended 30 September 2011 and 2010. See Note 10 for net book values as of 30 September 2011 and 31 December 2010 of social assets vested to the Group at privatisation.

Compensation for key management personnel

Key management personnel (the members of the Board of Directors and Management Committee of OAO Gazprom) receive short-term compensation, including salary, bonuses and remuneration for serving on the management bodies of various Group companies. Government officials, who are directors, do not receive remuneration from the Group. The remuneration for serving on the Boards of Directors of Group companies is subject to approval by the General Meeting of Shareholders of each Group company.

Compensation of key management personnel (other than remuneration for serving as directors of Group companies) is determined by the terms of the employment contracts. Key management personnel also receive certain short-term benefits related to healthcare.

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

Associated undertakings and jointly controlled entities

For the three and nine months ended 30 September 2011 and 2010 and as of 30 September 2011 and 31 December 2010 the Group had the following significant transactions and balances with associated undertakings and jointly controlled entities:

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25 **RELATED PARTIES (continued)**

| | Three months ended | | Nine months ended | |
|---|---------------------------|-------------|--------------------------|-------------|
| | 30 September | | 30 September | |
| | 2011 | 2010 | 2011 | 2010 |
| | Revenues | | Revenues | |
| Gas sales | | | | |
| OAo Beltransgaz | 35,438 | 26,696 | 106,327 | 83,318 |
| Wintershall Erdgas Handelshaus GmbH & Co. KG (WIEH) | 17,137 | 15,009 | 66,365 | 59,332 |
| WINGAS GmbH & Co. KG | 14,720 | 7,900 | 46,097 | 27,202 |
| ZAO Panrusgaz | 14,614 | 14,730 | 39,015 | 48,737 |
| Wintershall Erdgas Handelshaus Zug AG (WIEE)* | 2,234 | 1,398 | 24,645 | 16,267 |
| AO Gazum | 5,137 | 5,182 | 22,792 | 18,360 |
| AO Overgaz Inc. | 5,798 | 3,747 | 17,614 | 13,248 |
| AO Moldovagaz | 3,862 | 2,858 | 13,467 | 11,365 |
| Promgaz S.p.A. | 1,943 | 2,358 | 9,730 | 9,126 |
| AO Lietuvos dujos | 2,359 | 1,531 | 8,183 | 7,515 |
| AO Latvijas Gaze | 1,702 | 1,370 | 7,295 | 3,224 |
| ZAO Gazprom YRGM Trading | 1,907 | 2,893 | 6,755 | 9,372 |
| PremiumGas S.p.A. | 1,202 | 1,538 | 5,474 | 5,780 |
| GWH Gashandel GmbH ** | - | 2,301 | 4,900 | 6,889 |
| ZAO Gazprom YRGM Development | 1,362 | 2,066 | 4,825 | 6,694 |
| Bosphorus Gaz Corporation A.S. | 887 | 819 | 2,990 | 2,448 |
| Gas transportation sales | | | | |
| ZAO Gazprom YRGM Trading | 4,273 | 3,995 | 14,407 | 12,943 |
| ZAO Gazprom YRGM Development | 3,053 | 2,853 | 10,291 | 9,245 |
| OAo NOVATEK*** | - | 6,940 | - | 18,998 |
| Gas condensate, crude oil and refined products sales | | | | |
| OAo NGK Slavneft and its subsidiaries | 11,448 | 6,401 | 28,594 | 24,111 |
| OAo Gazprom neftekhim Salavat | 4,194 | 2,781 | 14,241 | 8,823 |
| Gas refining services sales | | | | |
| TOO KazRosGaz | 1,066 | 839 | 3,749 | 3,319 |
| | Expenses | | Expenses | |
| Purchased gas | | | | |
| RosUkrEnergo AG | - | - | 122,541 | - |
| ZAO Gazprom YRGM Trading | 11,529 | 9,440 | 37,595 | 29,821 |
| ZAO Gazprom YRGM Development | 8,248 | 6,754 | 26,884 | 21,326 |
| WINGAS GmbH & Co. KG | 8,718 | 6,243 | 23,772 | 18,073 |
| TOO KazRosGaz | 6,332 | 6,033 | 19,788 | 21,170 |
| Sakhalin Energy Investment Company Ltd. | 650 | 2,063 | 3,418 | 6,264 |
| OAo NOVATEK*** | - | 2,317 | - | 8,976 |
| Purchased transit of gas | | | | |
| OAo Beltransgaz | 3,591 | 3,920 | 10,788 | 10,440 |
| SGT EuRoPol GAZ S.A. | 2,555 | 2,341 | 7,738 | 7,226 |
| Blue Stream Pipeline Company B.V. | 1,793 | 1,895 | 5,387 | 5,726 |
| WINGAS GmbH & Co. KG | 969 | 1,098 | 2,810 | 3,273 |
| Purchased crude oil and refined products | | | | |
| OAo NGK Slavneft and its subsidiaries | 16,825 | 13,245 | 50,888 | 41,839 |
| OAo Tomskneft VNK and its subsidiaries | 11,159 | 8,721 | 33,887 | 24,958 |
| Salym Petroleum Development N.V. | 7,762 | 6,519 | 24,221 | 18,636 |
| Purchased processing services | | | | |
| OAo NGK Slavneft and its subsidiaries | 2,263 | 2,141 | 6,041 | 5,839 |

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25 RELATED PARTIES (continued)

* Wintershall Erdgas Handelshaus Zug AG (WIEE) is the subsidiary of Wintershall Erdgas Handelshaus GmbH & Co.KG (WIEH).

**In May 2011 the Group acquired a 50% interest in GWH Gashandel GmbH. As a result of this transaction, GWH Gashandel GmbH became a subsidiary.

***In December 2010 the Group sold 9.4% interest in OAO NOVATEK. As a result of that transaction, Group ceased to exercise significant influence over OAO NOVATEK and accounted for retained interest within available-for-sale long-term financial assets (see Note 13).

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 mainly under long-term contracts prices in which are indexed mainly to world oil product prices.

| | As of 30 September 2011 | | As of 31 December 2010 | |
|--|-------------------------|-------------|------------------------|-------------|
| | Assets | Liabilities | Assets | Liabilities |
| Short-term accounts receivable and prepayments | | | | |
| OAO Beltransgaz | 16,755 | - | 14,972 | - |
| AO Moldovagaz* | 16,722 | - | 2,717 | - |
| OAO Gazprom neftekhim Salavat | 8,751 | - | 10,829 | - |
| WINGAS GmbH & Co.KG | 7,840 | - | 7,870 | - |
| ZAO Panrusgaz | 7,263 | - | 8,087 | - |
| AO Overgaz Inc. | 6,222 | - | 5,820 | - |
| Wintershall Erdgas Handelshaus GmbH & Co.KG (WIEH) | 5,696 | - | 7,253 | - |
| AO Gazum | 3,220 | - | 5,164 | - |
| Promgaz S.p.A. | 2,100 | - | 2,143 | - |
| OAO NGK Slavneft and its subsidiaries | 1,957 | - | 1,238 | - |
| ZAO Gazprom YRGM Trading | 1,803 | - | 1,432 | - |
| AO Lietuvos dujos | 1,475 | - | 2,103 | - |
| Wintershall Erdgas Handelshaus Zug AG, (WIEE) | 1,310 | - | 2,763 | - |
| ZAO Gazprom YRGM Development | 1,288 | - | 1,023 | - |
| OAO Sibur Holding and its subsidiaries | 614 | - | 498 | - |
| OAO Gazprombank | 518 | - | 1,567 | - |
| TOO KazRosGaz | 427 | - | 647 | - |
| RosUkrEnergo AG | - | - | 81,622 | - |
| Cash and cash equivalents balances in associated undertakings | | | | |
| OAO Gazprombank | 145,865 | - | 191,552 | - |
| Long-term accounts receivable and prepayments | | | | |
| WINGAS GmbH & Co. KG | 16,612 | - | 15,439 | - |
| OAO Sibur Holding and its subsidiaries | 5,001 | - | 3,894 | - |
| Salym Petroleum Development N.V. | 2,104 | - | 4,806 | - |
| Long-term promissory notes | | | | |
| OAO Gazprombank | 977 | - | 943 | - |
| Short-term accounts payable | | | | |
| SGT EuRoPol GAZ S.A. | - | 6,793 | - | 6,976 |
| ZAO Gazprom YRGM Trading | - | 5,516 | - | 6,466 |
| ZAO Gazprom YRGM Development | - | 3,499 | - | 4,984 |
| OAO Sibur Holding and its subsidiaries | - | 3,649 | - | 3,777 |
| TOO KazRosGaz | - | 3,179 | - | 4,336 |
| Salym Petroleum Development N.V. | - | 3,058 | - | 2,635 |
| WINGAS GmbH & Co.KG | - | 2,934 | - | 2,806 |
| Promgaz S.p.A. | - | 2,316 | - | 1,583 |
| OAO NGK Slavneft and its subsidiaries | - | 1,666 | - | 1,394 |
| OAO Beltransgaz | - | 1,346 | - | 1,297 |
| OAO Gazprombank | - | 107 | - | 708 |
| RosUkrEnergo AG | - | - | - | 8,447 |

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25 RELATED PARTIES (continued)

| | As of 30 September 2011 | | As of 31 December 2010 | |
|--|-------------------------|-------------|------------------------|-------------|
| | Assets | Liabilities | Assets | Liabilities |
| Other non-current liabilities | | | | |
| ZAO Gazprom YRGM Trading | - | 3,186 | - | 3,187 |
| OA0 Sibur Holding and its subsidiaries | - | 1,891 | - | 1,115 |
| ZAO Gazprom YRGM Development | - | 497 | - | 497 |
| Short-term loans and current portion of long-term borrowings from associated undertakings | | | | |
| OA0 Gazprombank | - | 12,667 | - | 6,973 |
| OA0 Tomskneft VNK and its subsidiaries | - | 5,247 | - | 7,027 |
| Wintershall Erdgas Handelshaus GmbH & Co.KG (WIEH) | - | 1,140 | - | 2,527 |
| OA0 NGK Slavneft and its subsidiaries | - | 228 | - | - |
| Long-term loans from associated undertakings | | | | |
| RosUkrEnerg0 AG | - | 18,413 | - | - |
| OA0 Gazprombank | - | 3,893 | - | 3,770 |

* Net of impairment provision on accounts receivable in the amount of RR 70,107 and RR 69,305 as of 30 September 2011 and 31 December 2010 respectively.

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

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

26 COMMITMENTS, CONTINGENCIES AND OPERATING RISKS

Taxation

The tax, currency and customs legislation within the Russian Federation is subject to varying interpretations and frequent changes. Tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments. Management believes that its interpretation of the relevant legislation as of 30 September 2011 is appropriate and all of the Group's material tax, currency and customs positions will be sustainable.

Financial guarantees

| | 30 September 2011 | 31 December 2010 |
|---|-------------------|------------------|
| Outstanding guarantees issued on behalf of: | | |
| Sakhalin Energy Investment Company Ltd. | 104,155 | 100,260 |
| Nord Stream AG | 99,016 | 50,005 |
| Blue Stream Pipeline Company B.V. | 7,795 | 12,974 |
| EM Interfinance Limited | 5,839 | 5,694 |
| Blackrock Capital Investments Limited | 4,951 | 4,824 |
| Devere Capital International Limited | 2,431 | 4,217 |
| OA0 Group E4 | 1,560 | 1,450 |
| ZAO Achimgaz | 406 | 4,330 |
| OOO Severny Europeysky Trubny Proekt | - | 27,227 |
| OOO Torgovy Dom Truboprovod | - | 8,305 |
| OOO Production Company VIS | - | 4,472 |
| Other | <u>24,508</u> | <u>17,619</u> |
| | 250,661 | 241,377 |

Included in financial guarantees are amounts denominated in USD of USD 4,180 million and USD 4,374 million as of 30 September 2011 and 31 December 2010, respectively, as well as amounts denominated in Euro of Euro 2,530 million and Euro 1,494 million as of 30 September 2011 and 31 December 2010, 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 September 2011 and 31 December 2010, outstanding amounts of these loans were RR 7,795 (USD 245 million) and RR 12,974 (USD 426 million), respectively, which were guaranteed by the Group, pursuant to its obligations.

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26 COMMITMENTS, CONTINGENCIES AND OPERATING RISKS (continued)

In 2006 the Group guaranteed Asset Repackaging Trust Five B.V. (registered in Netherlands) bonds issued by five financing entities: Devere Capital International Limited, Blackrock Capital Investments Limited, DSL Assets International Limited, United Energy Investments Limited, EM Interfinance Limited (registered in Ireland) in regard to bonds issued with due dates December 2012, June 2018, December 2009, December 2009 and December 2015, respectively. Bonds were issued for financing of construction of a transit pipeline in Poland by SGT EuRoPol GAZ S.A. In December 2009 loans issued by DSL Assets International Limited and United Energy Investments Limited were redeemed. As a result as of 30 September 2011 and 31 December 2010 the guarantees issued on behalf of Devere Capital International Limited, Blackrock Capital Investments Limited and EM Interfinance Limited amounted to RR 13,221 (USD 415 million) and RR 14,735 (USD 483 million), respectively.

In 2007 the Group provided a guarantee to Wintershall Vermogens-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 September 2011 and 31 December 2010 the above guarantee amounted to RR 406 (Euro 9 million) and RR 4,330 (Euro 107 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 September 2011 and 31 December 2010 the above guarantee amounted to RR 1,560 (Euro 36 million) and RR 1,450 (Euro 36 million), respectively.

In June 2008 the Group provided a guarantee to the Bank of Tokyo-Mitsubishi UFJ Ltd. on behalf of Sakhalin Energy Investment Company Ltd. under the credit facility up to the amount of the Group's share (50%) in the obligations of Sakhalin Energy Investment Company Ltd. toward the Bank of Tokyo-Mitsubishi UFJ Ltd. As of 30 September 2011 and 31 December 2010 the above guarantee amounted to RR 104,155 (USD 3,268 million) and RR 100,260 (USD 3,290 million), respectively.

In January 2010 the Group provided a guarantee to OAO Bank VTB on behalf of OOO Production Company VIS as a security of credit facility for financing of projects of construction industrial units for Gazprom Group, including priority investment projects of construction generating capacities of OAO WGC-6. As of 31 December 2010 the above guarantee amounted to RR 4,472. In September 2011 this credit facility was repaid.

In March 2010 the Group provided a guarantee to Societe Generale on behalf of Nord Stream AG under the credit facility for financing of Nord Stream gas pipeline Phase 1 construction completion. According to guarantee agreements the Group has to redeem debt up to the amount of the Group's share (51%) in the obligations of Nord Stream toward the Societe Generale in the event that Nord Stream fail to repay those amounts. As of 30 September 2011 and 31 December 2010 the above guarantee within the Group's share in Nord Stream AG obligations to the bank amounted to RR 70,008 (Euro 1,613 million) and RR 50,005 (Euro 1,240 million), respectively.

In May 2011 the Group provided a guarantee to Societe Generale on behalf of Nord Stream AG under the credit facility for financing of Nord Stream gas pipeline Phase 2 construction completion. According to guarantee agreements the Group has to redeem debt up to the amount of the Group's share (51%) in the obligations of Nord Stream toward the Societe Generale in the event that Nord Stream fail to repay those amounts. As of 30 September 2011 the above guarantee within the Group's share in Nord Stream AG obligations to the bank amounted to RR 29,008 (Euro 668 million).

In November 2010 the Group provided a guarantee to OAO Gazprombank on behalf of OOO Severny Europeysky Trubny Proekt as a security of credit facility for payments settlement with suppliers of pipes supplied to subsidiaries of OAO Gazprom. As of 31 December 2010 the above guarantee amounted to RR 27,227. In February 2011 this credit facility was repaid.

In November 2010 the Group provided a guarantee to OAO Gazprombank on behalf of OOO Torgovy Dom Truboprovod as a security of credit facility for payments settlement with suppliers of pipes supplied to subsidiaries of OAO Gazprom. As of 31 December 2010 the above guarantee amounted to RR 8,305. In February 2011 this credit facility was repaid.

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26 COMMITMENTS, CONTINGENCIES AND OPERATING RISKS (continued)

Claims

In December 2010 RWE Transgas, a.s. filed a lawsuit against the Group to international arbitration demanding reconsideration of long-term contract prices for gas supplies. The matter is currently under consideration of arbitration court. Negotiations with RWE Transgas, a.s. on the contract prices are in progress. Management of the Group cannot estimate potential exposure in respect of this claim.

In July 2011 E.ON Ruhrgas AG filed a lawsuit against the Group to international arbitration demanding reconsideration of long-term contracts prices for gas supplies. The consideration of the case has not been assigned yet. Negotiations with E.ON Ruhrgas AG on the contract prices are in progress. Management of the Group cannot estimate potential exposure in respect of this claim.

Other

The Group has transportation agreements with certain of its associated undertakings and jointly controlled entities (see Note 25). In November 2011 the Group began commercial gas deliveries through Nord Stream and commenced the transportation agreement with Nord Stream AG.

27 POST BALANCE SHEET EVENTS

Investments

In November 2011 the Group entered into share purchase agreement with State Property Committee of the Republic of Belarus to acquire additional 50% interest in OAO Beltransgaz for cash consideration of USD 2,500 million. In December 2011 the transaction was finalised. As a result the Group increased its ownership interest up to 100% and obtained control over OAO Beltransgaz.

Borrowings and loans

In November 2011 the Group issued Loan participation notes in the amount of USD 1,000 million due in 2016 at an interest rate of 4.95% and Loan participation notes in the amount of USD 600 million due in 2021 at an interest rate of 5.99% under the USD 30,000 million Programme for the Issuance of Loan Participation Notes.

In November 2011 the Group issued interest-bearing documentary bonds in the amount of RR 15,000 due in 2014 at an interest rate of 7.6%.

In December 2011 the Group obtained syndicated loan facility from consortium of banks in the amount of USD 800 million due in 2016 at an interest rate of LIBOR+1.95%. Bank of Tokyo-Mitsubishi UFJ Ltd. was appointed as bank agent.

OAO GAZPROM
INVESTMENT RELATIONSHIPS

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