

OAO GAZPROM

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

30 SEPTEMBER 2009

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

To the Shareholders and Board of Directors of OAO Gazprom

Introduction

We have reviewed the accompanying consolidated interim condensed balance sheet of OAO Gazprom and its subsidiaries (the "Group") as of 30 September 2009, and the related consolidated interim condensed statements of comprehensive income for the three and nine month periods then ended, of cash flows and of changes in equity for the nine months then ended. Management is responsible for the preparation and presentation of this consolidated interim condensed financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this consolidated interim condensed financial information based on our review.

Scope of Review

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

Conclusion

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

Without qualifying our conclusion, we draw attention to Note 27 to the consolidated interim condensed financial information. The Government of the Russian Federation has a controlling interest in OAO Gazprom and governmental economic and social policies affect the Group's financial position, results of operations and cash flows.

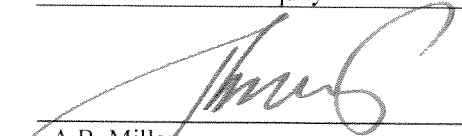
ZAO PricewaterhouseCoopers Audit

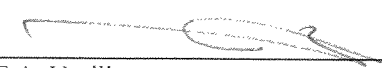
Moscow, Russian Federation

29 January 2010

OA O GAZPROM
IFRS CONSOLIDATED INTERIM CONDENSED BALANCE SHEET (UNAUDITED)
AS OF 30 SEPTEMBER 2009
(In millions of Russian Roubles)

Notes		30 September 2009	31 December 2008
	Assets		
	Current assets		
6	Cash and cash equivalents	288,687	343,833
6	Restricted cash	5,197	3,747
7	Short-term financial assets	54,105	23,448
8	Accounts receivable and prepayments	750,528	675,934
9	Inventories	307,784	276,954
	VAT recoverable	126,612	115,878
	Other current assets	<u>148,294</u>	<u>132,281</u>
		1,681,207	1,572,075
	Non-current assets		
10	Property, plant and equipment	4,607,225	4,020,522
11	Investments in associated undertakings and jointly controlled entities	830,631	772,143
12	Long-term accounts receivable and prepayments	438,643	343,805
13	Available-for-sale long-term financial assets	98,507	48,186
14	Other non-current assets	<u>444,320</u>	<u>411,837</u>
		6,419,326	5,596,493
	Total assets	8,100,533	7,168,568
	Liabilities and equity		
	Current liabilities		
	Accounts payable and accrued charges	431,211	466,757
	Profit tax payable	11,389	6,774
	Other taxes payable	63,964	50,622
	Short-term borrowings and current portion of long-term borrowings	543,439	432,640
	Short-term promissory notes payable	<u>16,183</u>	<u>8,052</u>
		1,066,186	964,845
	Non-current liabilities		
15	Long-term borrowings	1,200,308	923,230
	Long-term promissory notes payable	1,808	1,718
22	Provisions for liabilities and charges	100,090	85,807
16	Deferred tax liabilities	318,438	265,279
	Other non-current liabilities	<u>16,565</u>	<u>14,590</u>
		1,637,209	1,290,624
	Total liabilities	2,703,395	2,255,469
	Equity		
17	Share capital	325,194	325,194
17	Treasury shares	(655)	(597)
	Retained earnings and other reserves	<u>4,780,541</u>	<u>4,280,518</u>
		5,105,080	4,605,115
	Non-controlling interest	<u>292,058</u>	<u>307,984</u>
	Total equity	5,397,138	4,913,099
	Total liabilities and equity	8,100,533	7,168,568


A.B. Miller
Chairman of the Management Committee
29 January 2010


E.A. Vasilieva
Chief Accountant
29 January 2010

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

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

Notes	Three months ended 30 September		Nine months ended 30 September		
	2009	2008	2009	2008	
18	Sales	770,792	839,163	2,410,490	2,594,276
19	Operating expenses	(613,895)	(533,084)	(1,821,656)	(1,571,577)
	Operating profit	156,897	306,079	588,834	1,022,699
24	Purchase of non-controlling interest in OAD Gazprom neft	-	-	13,865	-
	Loss from change in fair value of call option	-	(70,348)	-	(41,973)
20	Finance income	99,264	29,087	339,679	114,692
20	Finance expenses	(66,172)	(69,311)	(383,245)	(141,236)
11	Share of net income of associated undertakings and jointly controlled entities	27,250	15,823	43,040	41,215
	Gains (losses) on disposal of available-for-sale financial assets	(518)	9,413	2,321	20,889
	Profit before profit tax	216,721	220,743	604,494	1,016,286
	Current profit tax expense	(31,719)	(78,818)	(120,112)	(259,348)
	Deferred profit tax	(11,473)	398	(5,093)	(5,262)
	Profit tax expense	(43,192)	(78,420)	(125,205)	(264,610)
	Profit for the period	173,529	142,323	479,289	751,676
	Other comprehensive income				
	Gains (losses) arising from change in fair value of available-for-sale financial assets, net of tax	10,363	10,532	22,831	(57,840)
	Share of other comprehensive income (losses) of associated undertakings and jointly controlled entities	371	(1,593)	4,331	(1,593)
	Translation differences	(9,263)	(1,315)	(3,337)	2,005
25	Revaluation of equity interest	-	-	9,911	-
	Other comprehensive income (loss) for the period, net of tax	1,471	7,624	33,736	(57,428)
	Total comprehensive income for the period	175,000	149,947	513,025	694,248
	Profit (loss) attributable to:				
	owners of OAO Gazprom	174,631	131,653	470,874	705,410
	non-controlling interest	(1,102)	10,670	8,415	46,266
		173,529	142,323	479,289	751,676
	Total comprehensive income (loss) attributable to:				
	owners of OAO Gazprom	178,869	137,999	509,265	647,618
	non-controlling interest	(3,869)	11,948	3,760	46,630
		175,000	149,947	513,025	694,248
21	Basic and diluted earnings per share for profit attributable to the owners of OAO Gazprom (in Roubles)	7.39	5.57	19.92	29.92

A.B. Miller
Chairman of the Management Committee

29 January 2010

E.A. Vasilieva
Chief Accountant

29 January 2010

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OA0 GAZPROM
IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2009
(In millions of Russian Roubles)

Notes	Nine months ended 30 September	
	2009	2008
	Operating activities	
	Profit before profit tax	604,494
		1,016,286
	Adjustments to profit before profit tax	
24	Gain on acquisition of non-controlling interest in OAO Gazprom Neft	(13,865)
	Loss from change in fair value of call option	-
	(Gain) loss from change in fair value of derivatives	41,973
	Depreciation	7,249
	Net unrealised foreign exchange losses	(1,645)
	Interest expense	155,749
	Interest income	145,538
	Gains on disposal of available-for-sale financial assets	13,891
	Share of net income of associated undertakings and jointly controlled entities	19,567
	Charge for provisions	56,987
	Other	(27,230)
	Total effect of adjustments	(41,605)
	Decrease (increase) in non-current assets	(2,321)
	Increase (decrease) in non-current liabilities	(20,889)
	Total effect of working capital changes	(41,215)
	Profit tax paid	32,407
	Net cash provided by operating activities	26,485
	(122,261)	(258,896)
	587,048	710,687
	Investing activities	
	Capital expenditures	(587,002)
	Net change in loans made	(530,831)
	Acquisition of subsidiaries, net of cash acquired	(32,682)
24	Acquisition of non-controlling interest in OAO Gazprom Neft	(14,309)
	Advances for acquisition of investments	(67,980)
	Investment in associated undertakings and jointly controlled entities	1,556
	Interest received	-
	Change in long-term available-for-sale financial assets	(7,408)
	Decrease in cash and cash equivalents due to Gazprombank Group deconsolidation	(40,130)
	Proceeds from associated undertakings and jointly controlled entities	(98,349)
	Other	26,882
	Net cash used for investing activities	34,466
	(808,400)	(23,098)
	(667,295)	(47,242)
	Financing activities	
	Proceeds from long-term borrowings	440,173
	Repayment of long-term borrowings (including current portion)	165,394
	Net proceeds from short-term borrowings	(234,139)
	Net (repayment of) proceeds from promissory notes	(238,488)
	Interest paid	3,401
	Purchases of treasury shares	109,383
	Proceeds from the sale of treasury shares	(1,332)
	Change in restricted cash	1,097
	Net cash provided by (used for) financing activities	(45,528)
	Effect of exchange rate changes on cash and cash equivalents	(52,327)
	(Decrease) increase in cash and cash equivalents	(58,337)
	5,139	(1,707)
	(55,146)	13,408
6	Cash and cash equivalents, at the beginning of reporting period	343,833
6	Cash and cash equivalents, at the end of reporting period	279,109
	288,687	292,517

A.B. Miller
Chairman of the Management Committee
29 January 2010

E.A. Vasilieva
Chief Accountant
29 January 2010

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

Notes	Number of shares outstanding (billions)	Attributable to the owners of OAO Gazprom				Total	Non-controlling interest	Total equity
		Share capital	Treasury shares	Retained earnings and other reserves				
Nine months ended 30 September 2008								
	Balance as of 31 December 2007	23.6	325,194	(20,801)	3,646,396	3,950,789	362,308	4,313,097
	Profit for the period	-	-	-	705,410	705,410	46,266	751,676
	Other comprehensive income:							
	Losses arising from change in fair value of available-for-sale financial assets, net of tax	-	-	(57,840)	(57,840)	-	-	(57,840)
	Share of other comprehensive income of associated undertakings and jointly controlled entities	-	-	(1,593)	(1,593)	-	-	(1,593)
	Translation differences	-	-	1,641	1,641	364	364	2,005
	Total comprehensive income for the nine months ended 30 September 2008	-	-	-	647,618	647,618	46,630	694,248
	Return of social assets to governmental authorities	-	-	(2,324)	(2,324)	-	-	(2,324)
	Acquisition of the controlling interest in OAO WGC-2 and OAO WGC-6	-	-	-	-	-	64,032	64,032
	Non-controlling interest in other subsidiaries acquired	-	-	-	-	-	764	764
17	Net treasury shares transactions	0.0	-	(7,184)	184	(7,000)	-	(7,000)
	Dividends	-	-	-	(62,614)	(62,614)	(6,227)	(68,841)
	Deconsolidation of Gazprombank Group	0.0	-	26,751	-	26,751	(148,035)	(121,284)
	Balance as of 30 September 2008	23.6	325,194	(1,234)	4,229,260	4,553,220	319,472	4,872,692
Nine months ended 30 September 2009								
	Balance as of 31 December 2008	23.6	325,194	(597)	4,280,518	4,605,115	307,984	4,913,099
	Profit for the period	-	-	-	470,874	470,874	8,415	479,289
	Other comprehensive income:							
	Gains arising from change in fair value of available-for-sale financial assets, net of tax	-	-	-	22,734	22,734	97	22,831
	Share of other comprehensive income of associated undertakings and jointly controlled entities	-	-	-	4,331	4,331	-	4,331
	Translation differences	-	-	-	1,415	1,415	(4,752)	(3,337)
25	Revaluation of equity interest	-	-	-	9,911	9,911	-	9,911
	Total comprehensive income for the nine months ended 30 September 2009	-	-	-	509,265	509,265	3,760	513,025
	Return of social assets to governmental authorities	-	-	-	(714)	(714)	-	(714)
26	Acquisition of the controlling interest in OOO SeverEnergiya	-	-	-	-	-	43,578	43,578
25	Acquisition of the controlling interest in Sibir Energy plc	-	-	-	-	-	55,128	55,128
	Non-controlling interest in other subsidiaries acquired	-	-	-	-	-	35,442	35,442
24	Purchase of non-controlling interest in OAO Gazprom nefl	-	-	-	-	-	(152,392)	(152,392)
17	Net treasury shares transactions	0.0	-	(58)	-	(58)	-	(58)
	Dividends	-	-	-	(8,528)	(8,528)	(1,442)	(9,970)
	Balance as of 30 September 2009	23.6	325,194	(655)	4,780,541	5,105,080	292,058	5,397,138

A.B. Miller
Chairman of the Management Committee

29 January 2010

E.A. Vasilieva
Chief Accountant

29 January 2010

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

1 NATURE OF OPERATIONS

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

The Group is involved in the following principal activities:

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

Other activities primarily include banking.

The gas business is subject to seasonal fluctuations with peak demand in the first and fourth quarters of each year. Historically approximately 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

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

3 BASIS OF PRESENTATION

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

The official Russian Rouble (“RR”) to US dollar (“USD”) exchange rates as determined by the Central Bank of the Russian Federation were 30.09 and 29.38 as of 30 September 2009 and 31 December 2008, respectively. The official RR to Euro exchange rates as determined by the Central Bank of the Russian Federation were 44.01 and 41.44 as of 30 September 2009 and 31 December 2008, respectively.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

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

New accounting developments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Amendment to IAS 27 “Consolidated and Separate Financial Statements” (“IAS 27”), which is effective for annual periods beginning on or after 1 July 2009. The revised IAS 27 will require an entity to attribute total comprehensive income to the owners of the parent and to the non-controlling interests (previously “minority interests”) even if this results in the non-controlling interests having a deficit balance (the current standard requires the excess losses to be allocated to the owners of the parent in most cases). The revised standard specifies that changes in a parent’s ownership interest in a subsidiary that do not result in the loss of control must be accounted for as equity transactions. It also specifies how an entity should measure any gain or loss arising on the loss of control over a subsidiary. At the date when control is lost, any investment retained in the former subsidiary will have to be measured at its fair value. The Group will prospectively apply the amendment from 1 January 2010.

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

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

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

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

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

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

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

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

Amendment to IAS 32 “Financial Instruments: Presentation” which is 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 is not expected to materially affect the Group’s consolidated financial statements.

Amendment to IAS 24 “Related Party Disclosures” which is 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 Group is currently assessing the impact of the amended standard on the Group’s consolidated financial statements.

IFRS 9 “Financial Instruments” (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 Group is currently assessing the impact of the standard on 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 interpretation is not expected to materially affect the Group’s consolidated financial statements.

Amendment to IFRIC 14 “Prepayments of a Minimum Funding Requirement” (effective for annual periods beginning on or after 1 January 2011). This amendment will have a limited impact as it 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 is not expected to materially affect the Group’s consolidated financial statements.

5 SEGMENT INFORMATION

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

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

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

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

The inter-segment sales mainly consist of:

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

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

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

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.

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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 2009									
Total segment revenues	<u>224,027</u>	<u>432,352</u>	<u>1,678,531</u>	<u>15,217</u>	<u>260,557</u>	<u>407,285</u>	<u>212,126</u>	<u>124,947</u>	<u>3,355,042</u>
Inter-segment sales	216,339	390,789	77,458	14,816	138,221	4,924	-	-	842,547
External sales	7,688	41,563	1,601,073	401	122,336	402,361	212,126	124,947	2,512,495
Segment result	<u>35,418</u>	<u>49,782</u>	<u>319,957</u>	<u>3,208</u>	<u>58,849</u>	<u>38,159</u>	<u>13,023</u>	<u>(8,026)</u>	<u>510,370</u>
Depreciation	47,694	163,583	3,059	5,188	18,565	19,727	9,774	10,499	278,089
Share of net income (loss) of associated undertakings and jointly controlled entities	4,088	2,566	14,291	-	9,255	(519)	680	12,679	43,040
Nine months ended 30 September 2008									
Total segment revenues	<u>213,593</u>	<u>451,120</u>	<u>1,663,103</u>	<u>16,437</u>	<u>307,349</u>	<u>558,580</u>	<u>133,869</u>	<u>128,365</u>	<u>3,472,416</u>
Inter-segment sales	208,644	404,156	85,641	16,080	116,264	5,721	-	-	836,506
External sales	4,949	46,964	1,577,462	357	191,085	552,859	133,869	128,365	2,635,910
Segment result	<u>23,621</u>	<u>25,033</u>	<u>629,367</u>	<u>3,924</u>	<u>77,805</u>	<u>177,543</u>	<u>(909)</u>	<u>1,702</u>	<u>938,086</u>
Depreciation	41,536	152,715	1,978	4,989	19,659	20,140	8,593	12,408	262,018
Share of net income (loss) of associated undertakings and jointly controlled entities	5,627	511	32,768	-	10,048	2,820	(51)	(10,508)	41,215
Three months ended 30 September 2009									
Total segment revenues	<u>80,731</u>	<u>147,890</u>	<u>462,180</u>	<u>5,964</u>	<u>103,161</u>	<u>181,316</u>	<u>64,633</u>	<u>41,026</u>	<u>1,086,901</u>
Inter-segment sales	77,952	133,124	25,126	5,711	60,110	1,586	-	-	303,609
External sales	2,779	14,766	437,054	253	43,051	179,730	64,633	41,026	783,292
Segment result	<u>15,351</u>	<u>14,701</u>	<u>70,442</u>	<u>1,159</u>	<u>22,439</u>	<u>35,018</u>	<u>(2,690)</u>	<u>(7,725)</u>	<u>148,695</u>
Depreciation	15,106	50,298	1,109	1,714	4,308	3,129	3,186	3,384	82,234
Share of net income of associated undertakings and jointly controlled entities	2,933	157	5,423	-	8,889	516	87	9,245	27,250
Three months ended 30 September 2008									
Total segment revenues	<u>74,565</u>	<u>156,900</u>	<u>519,564</u>	<u>6,699</u>	<u>108,043</u>	<u>189,267</u>	<u>61,188</u>	<u>33,976</u>	<u>1,150,202</u>
Inter-segment sales	73,064	140,984	28,118	6,542	51,574	1,649	-	-	301,931
External sales	1,501	15,916	491,446	157	56,469	187,618	61,188	33,976	848,271
Segment result	<u>12,356</u>	<u>9,115</u>	<u>173,817</u>	<u>1,752</u>	<u>25,398</u>	<u>61,043</u>	<u>(4,497)</u>	<u>3,097</u>	<u>282,081</u>
Depreciation	12,420	44,202	692	1,667	6,863	6,034	5,096	2,673	79,647
Share of net income (loss) of associated undertakings and jointly controlled entities	1,850	702	13,680	-	10,287	1,343	(51)	(11,988)	15,823

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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	
	2009	2008	2009	2008
Segment result	148,695	282,081	510,370	938,086
Difference in depreciation	32,827	34,058	122,340	116,682
Expenses associated with pension obligations	(2,454)	(2,653)	(7,948)	(8,034)
Expenses associated with other provisions	(17)	814	(2,034)	(1,776)
Loss from change in fair value of call option	-	(70,348)	-	(41,973)
Purchase of non-controlling interest in OAO Gazprom neft	-	-	13,865	-
Finance (expense) income, net	33,092	(40,224)	(43,566)	(26,544)
Gains (losses) on disposal of available-for-sale financial assets	(518)	9,413	2,321	20,889
Share of net income of associated undertakings and jointly controlled entities	27,250	15,823	43,040	41,215
Other	(22,154)	(8,221)	(33,894)	(22,259)
Profit before profit tax	216,721	220,743	604,494	1,016,286

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	
	2009	2008	2009	2008
External sales for reportable segments	742,266	814,295	2,387,548	2,507,545
External sales for other segments	41,026	33,976	124,947	128,365
Total external segment sales	783,292	848,271	2,512,495	2,635,910
Differences in external sales	(12,500)	(9,108)	(102,005)	(41,634)
Total sales per the statement of comprehensive income	770,792	839,163	2,410,490	2,594,276

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 2009									
Segment assets	1,350,664	3,356,287	824,237	125,072	1,449,686	458,097	348,179	460,091	8,372,313
Investments in associated undertakings and jointly controlled entities	101,411	105,133	78,362	-	477,180	15,412	33,075	20,058	830,631
Capital additions	138,218	142,298	13,099	5,835	43,101	35,517	14,332	8,923	401,323
31 December 2008									
Segment assets	1,163,367	3,354,775	779,763	119,285	1,187,681	375,161	353,916	404,541	7,738,489
Investments in associated undertakings and jointly controlled entities	81,865	71,860	73,375	-	450,774	51,996	32,309	9,964	772,143
Capital additions	220,213	227,485	34,702	8,224	80,585	48,654	37,553	27,329	684,745
30 September 2008									
Segment assets	1,076,097	3,306,209	769,421	116,170	1,224,935	356,874	406,812	438,233	7,694,751
Investments in associated undertakings and jointly controlled entities	78,146	77,304	58,330	-	488,653	31,807	39,208	34,552	808,000
Capital additions	137,324	136,086	17,273	5,873	61,618	23,621	21,053	9,103	411,951

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5 SEGMENT INFORMATION (continued)

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

	30 September 2009	31 December 2008	30 September 2008
Segment assets for reportable segments	7,912,222	7,333,948	7,256,518
Other segments' assets	<u>460,091</u>	<u>404,541</u>	<u>438,233</u>
Total segment assets	8,372,313	7,738,489	7,694,751
Differences in property, plant and equipment, net	(1,439,565)	(1,568,013)	(1,616,438)
Loan interest capitalised	132,784	107,287	100,982
Capitalized provision for environmental liabilities	28,678	29,257	33,470
Cash and cash equivalents	288,687	343,833	292,517
Restricted cash	5,197	3,747	3,496
Short-term financial assets	54,105	23,448	19,436
Current VAT recoverable	126,612	115,878	115,491
Other current assets	148,294	132,281	132,945
Available-for-sale long-term financial assets	98,507	48,186	51,806
Other non-current assets	444,320	411,837	382,544
Inter-segment assets	(335,414)	(304,253)	(325,717)
Other	<u>176,015</u>	<u>86,591</u>	<u>102,105</u>
Total assets per the balance sheet	8,100,533	7,168,568	6,987,388

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
Total liabilities									
30 September 2009	57,421	118,539	264,959	1,221	128,114	94,295	23,426	100,757	788,732
31 December 2008	76,910	153,857	241,385	1,094	80,651	61,529	21,852	96,677	733,955
30 September 2008	52,550	110,560	226,663	710	98,387	74,960	23,408	129,984	717,222

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

	30 September 2009	31 December 2008	30 September 2008
Segment liabilities for reportable segments	687,975	637,278	587,238
Other segments' liabilities	<u>100,757</u>	<u>96,677</u>	<u>129,984</u>
Total segments liabilities	788,732	733,955	717,222
Profit tax payable	11,389	6,774	9,741
Short-term borrowings and current portion of long-term borrowings	543,439	432,640	322,408
Short-term promissory notes payable	16,183	8,052	297
Long-term borrowings	1,200,308	923,230	839,145
Long-term promissory notes payable	1,808	1,718	2,095
Provisions for liabilities and charges	100,090	85,807	77,085
Deferred tax liabilities	318,438	265,279	320,235
Other non-current liabilities	16,565	14,590	3,229
Dividends	9,049	7,519	69,732
Inter-segment liabilities	(335,414)	(304,253)	(325,717)
Other	<u>32,808</u>	<u>80,158</u>	<u>79,224</u>
Total liabilities per the balance sheet	2,703,395	2,255,469	2,114,696

6 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Balances included within cash and cash equivalents in the consolidated interim condensed balance sheet represent cash on hand and balances with banks. Restricted cash balances include cash and cash equivalents restricted as to withdrawal under the terms of certain borrowings. As of 30 September 2009 and 31 December 2008 restricted cash includes cash balances of RR 1,182 and RR 162 respectively, in subsidiary banks, which are restricted as to withdrawal under banking regulations.

7 SHORT-TERM FINANCIAL ASSETS

	<u>30 September 2009</u>	<u>31 December 2008</u>
Financial assets held for trading	21,046	12,206
Available-for-sale financial assets (net of impairment provision of RR 1,034 and RR 779 as of 30 September 2009 and 31 December 2008, respectively)	<u>33,059</u>	<u>11,242</u>
	<u>54,105</u>	<u>23,448</u>

Financial assets held for trading owned by the Group's banking subsidiaries amounted to RR 16,141 and RR 8,989 as of 30 September 2009 and 31 December 2008, respectively.

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

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

8 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	<u>30 September 2009</u>	<u>31 December 2008</u>
Trade receivables	366,210	393,996
Prepayments and advances	224,262	168,638
Other receivables	<u>160,056</u>	<u>113,300</u>
	<u>750,528</u>	<u>675,934</u>

Accounts receivable and prepayments are presented net of impairment provision of RR 128,427 and RR 114,175 as of 30 September 2009 and 31 December 2008, respectively.

As of 30 September 2009 and 31 December 2008 other receivables include RR 40,960 and RR 33,680, respectively, relating to the operations of Group's banking subsidiaries. This balance mainly represents deposits with other banks and loans issued to customers at commercial rates based on credit risks and maturities.

9 INVENTORIES

Inventories are presented net of provision for obsolescence of RR 993 and RR 574 as of 30 September 2009 and 31 December 2008, respectively.

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10 PROPERTY, PLANT AND EQUIPMENT

	Total production assets (including production licenses)	Social assets	Assets under construction	Total
As of 31 December 2007				
Cost	5,022,660	83,597	556,248	5,662,505
Accumulated depreciation	<u>(2,143,913)</u>	<u>(28,115)</u>	<u>-</u>	<u>(2,172,028)</u>
Net book value as of 31 December 2007	2,878,747	55,482	556,248	3,490,477
Nine months ended 30 September 2008				
Net book value as of 31 December 2007	2,878,747	55,482	556,248	3,490,477
Depreciation	(147,874)	(1,828)	-	(149,702)
Additions	10,992	83	421,783	432,858
Acquisition of subsidiaries	141,298	-	5,512	146,810
Disposal of subsidiaries	(43,949)	(800)	(27,742)	(72,491)
Transfers	116,385	1,047	(117,432)	-
Disposals	(8,621)	(3,869)	(9,847)	(22,337)
Translation differences	231	32	(621)	(358)
Charge of impairment provision	<u>-</u>	<u>-</u>	<u>(1,884)</u>	<u>(1,884)</u>
Net book value as of 30 September 2008	2,947,209	50,147	826,017	3,823,373
Three months ended 31 December 2008				
Net book value as of 30 September 2008	2,947,209	50,147	826,017	3,823,373
Depreciation	(49,914)	(579)	-	(50,493)
Additions	12,347	1,532	269,709	283,588
Acquisition of subsidiaries	19,692	7	290	19,989
Transfers	322,138	4,124	(326,262)	-
Disposals	(250)	(66)	(2,741)	(3,057)
Translation differences	3,201	351	(4,149)	(597)
Charge for impairment provision	<u>(48,424)</u>	<u>-</u>	<u>(3,857)</u>	<u>(52,281)</u>
Net book value as of 31 December 2008	3,205,999	55,516	759,007	4,020,522
As of 31 December 2008				
Cost	5,522,304	82,248	759,007	6,363,559
Accumulated depreciation	<u>(2,316,305)</u>	<u>(26,732)</u>	<u>-</u>	<u>(2,343,037)</u>
Net book value as of 31 December 2008	3,205,999	55,516	759,007	4,020,522
Nine months ended 30 September 2009				
Net book value as of 31 December 2008	3,205,999	55,516	759,007	4,020,522
Depreciation	(160,470)	(1,834)	-	(162,304)
Additions	28,823	133	444,662	473,618
Acquisition of subsidiaries	283,805	261	26,651	310,717
Transfers	152,896	844	(153,740)	-
Disposals	(6,150)	(1,139)	(7,470)	(14,759)
Translation differences	(9,987)	(69)	(2,628)	(12,684)
Charge for impairment provision	<u>(3,501)</u>	<u>-</u>	<u>(4,384)</u>	<u>(7,885)</u>
Net book value as of 30 September 2009	3,491,415	53,712	1,062,098	4,607,225
As of 30 September 2009				
Cost	5,964,862	81,286	1,062,098	7,108,246
Accumulated depreciation	<u>(2,473,447)</u>	<u>(27,574)</u>	<u>-</u>	<u>(2,501,021)</u>
Net book value as of 30 September 2009	3,491,415	53,712	1,062,098	4,607,225

Production assets are shown net of provision for impairment of RR 54,262 and RR 50,750 as of 30 September 2009 and 31 December 2008, respectively. Assets under construction are presented net of provision for impairment of RR 97,938 and RR 93,826 as of 30 September 2009 and 31 December 2008, respectively.

Included in the property, plant and equipment are social assets, such as rest houses, housing, schools and medical facilities, vested to the Group at privatisation with a net book value of RR 3,262 and RR 4,167 as of 30 September 2009 and 31 December 2008, respectively.

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11 INVESTMENTS IN ASSOCIATED UNDERTAKINGS AND JOINTLY CONTROLLED ENTITIES

Notes	Carrying value as of		Group's share of the profit (loss)*		
	30 September 2009	31 December 2008	30 September 2009	2008	
	Sakhalin Energy Investment Company Ltd.	221,187	234,917	2,058	(2,910)
27	OAo NGK Slavneft and its subsidiaries	154,120	151,151	2,999	9,518
27	OAo NOVATEK	79,754	75,363	3,231	3,924
27	OAo Tomskneft VNK and its subsidiaries	68,332	69,286	2,862	3,571
27	OAo Beltransgaz	50,196	28,179	589	484
27	WINGAS GmbH & Co. KG	41,841	44,428	434	430
25, 27	Salym Petroleum Development N.V.**	39,817	-	960	-
27	OAo TGC-1	33,075	32,309	680	(51)
	Nord Stream AG	33,065	25,528	(525)	-
27	SGT EuRoPol GAZ S.A.	19,634	16,921	2,269	(83)
27	TOO KazRosGaz	17,181	9,898	7,541	3,223
27	Gazprombank Group	15,262	-	12,678	(12,100)
	Shtokman Development AG	14,283	2,622	159	-
	Wintershall AG	11,148	12,856	1,373	2,743
	ZAO Nortgaz	4,275	3,876	399	968
27	AO Latvijas Gaze	4,148	4,100	120	(5)
27	AO Lietuvos dujos	2,455	2,226	297	300
27	Blue Stream Pipeline company B.V.	1,497	1,232	233	110
27	OAo Salavatnefteorgsyntez ***	-	20,959	(1,422)	-
25	OAo Moscovsky NPZ ***	-	15,922	153	440
	Other (net of provision for impairment of RR 2,933 and 3,000 as of 30 September 2009 and 31 December 2008, respectively)	<u>19,361</u>	<u>20,370</u>	<u>5,952</u>	<u>30,653</u>
		<u>830,631</u>	<u>772,143</u>	<u>43,040</u>	<u>41,215</u>

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

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

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

Summarized financial information of 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 2009		For the nine months ended 30 September 2009	
			Assets	Liabilities	Revenues	Profit (loss)
Gazprombank Group*	44%	Russia	1,802,456	1,622,715	166,236	43,661
Sakhalin Energy Investment Company Ltd.	50%	Bermuda	685,779	251,827	64,182	4,117
OAo NGK Slavneft and its subsidiaries	50%	Russia	621,813	255,764	97,349	6,016
OAo NOVATEK	19%	Russia	183,203	55,933	62,100	16,665
WINGAS GmbH & Co. KG	50%	Germany	145,961	113,184	266,151	4,265
OAo Tomskneft VNK and its subsidiaries	50%	Russia	143,287	75,098	51,259	5,723
OAo TGC-1	29%	Russia	88,434	22,973	25,247	2,368
Nord Stream AG	51%	Switzerland	87,497	20,642	2	(1,030)
Blue Stream Pipeline company B.V.	50%	Netherlands	66,898	61,047	5,845	931
SGT EuRoPol GAZ S.A.	48%	Poland	58,884	17,981	13,660	4,688
OAo Beltransgaz**	38%	Belarus	56,006	24,298	68,947	2,051

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(continued)

	Percent of share capital held	Location	As of 30 September 2009		For the nine months ended 30 September 2009	
			Assets	Liabilities	Revenues	Profit (loss)
Salym Petroleum Development N.V.***	50%	Netherlands	39,935	32,383	16,591	1,921
TOO KazRosGaz	50%	Kazakhstan	35,973	1,608	30,524	15,083
Shtokman Development AG	51%	Switzerland	34,758	6,751	-	311
Wintershall AG	49%	Germany	31,557	20,798	45,485	2,802
AO Lietuvos dujos	37%	Lithuania	30,482	6,205	10,815	802
AO Latvijas Gaze	34%	Latvia	30,775	10,728	14,432	354
ZAO Nortgaz	51%	Russia	10,595	2,213	2,969	779

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

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

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

	Percent of share capital held	Location	As of 30 September 2008		For the nine months ended 30 September 2008	
			Assets	Liabilities	Revenues	Profit (loss)
Gazprombank Group	45%	Russia	1,433,573	1,238,829	47,833	(26,783)
Sakhalin Energy Investment Company Ltd.	50%	Bermuda	564,745	152,847	-	(5,821)
OAO NGK Slavneft and its subsidiaries	50%	Russia	542,968	207,637	148,551	13,049
OAO NOVATEK	19%	Russia	138,516	41,224	62,691	20,241
OAO Tomskneft VNK and its subsidiaries	50%	Russia	137,277	74,508	67,741	7,143
WINGAS GmbH & Co. KG	50%	Germany	115,357	87,450	211,361	2,335
OAO TGC-1*	29%	Russia	72,869	10,469	3,732	(176)
SGT EuRoPol GAZ S.A.	48%	Poland	64,839	24,682	10,199	1,314
Blue Stream Pipeline company B.V.	50%	Netherlands	56,538	52,527	5,121	439
OAO Beltransgaz**	25%	Belarus	46,613	11,845	44,091	1,937
OAO Moscovsky NPZ	39%	Russia	45,736	3,615	7,330	1,140
Wintershall AG	49%	Germany	32,382	20,272	82,794	5,599
AO Latvijas Gaze	34%	Latvia	27,662	11,829	10,868	(14)
AO Lietuvos Dujos	37%	Lithuania	25,974	5,305	11,066	810
Nord Stream AG***	51%	Switzerland	24,804	1,632	-	-
TOO KazRosGaz	50%	Kazakhstan	17,235	1,596	17,489	6,446
ZAO Nortgaz	51%	Russia	10,680	3,211	4,833	1,898

* In July 2008 the Group acquired 28.7% interest in OAO TGC-1 for RR 39,219. The revenues and profit of OAO TGC-1 for the nine months ended 30 September 2008 are disclosed from the date of acquisition.

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

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

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

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

	30 September 2009	31 December 2008
OA O NOVATEK	87,356	33,130
OA O TGC-1	13,494	3,761
AO Lietuvos dujos	5,929	2,700
AO Latvijas Gaze	4,231	3,568

12 LONG-TERM ACCOUNTS RECEIVABLE AND PREPAYMENTS

	30 September 2009	31 December 2008
Long-term accounts receivable and prepayments	214,483	150,502
Advances for assets under construction	<u>224,160</u>	<u>193,303</u>
	438,643	343,805

Long-term accounts receivable and prepayments are presented net of impairment provision of RR 33,764 and RR 17,309 as of 30 September 2009 and 31 December 2008, respectively.

As of 30 September 2009 and 31 December 2008 long-term accounts receivable included RR 60,955 and RR 33,163, respectively, relating to the operations of Group's banking subsidiaries. This balance mainly represents deposits and long-term loans issued to customers at commercial rates based on credit risk and maturities.

13 AVAILABLE-FOR-SALE LONG-TERM FINANCIAL ASSETS

Available-for-sale long-term financial assets, in total amount of RR 98,507 and RR 48,186, are shown net of provision for impairment of RR 6,195 and RR 9,013 as of 30 September 2009 and 31 December 2008, respectively.

Available-for-sale long-term financial assets owned by the Group's banking subsidiaries amounted to RR 20,982 and RR 14,881 and are shown net of provision for impairment of RR 2,227 and RR 272 as of 30 September 2009 and 31 December 2008, respectively.

14 OTHER NON-CURRENT ASSETS

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

15 LONG-TERM BORROWINGS

	Currency	Final maturity	30 September 2009	31 December 2008
Long-term borrowings payable to:				
OA O Sberbank Rossii	US dollar	2014	92,057	-
Loan participation notes issued in April 2009 ¹	US dollar	2019	70,456	-
Loan participation notes issued in October 2007 ¹	Euro	2018	55,006	52,628
The Royal Bank of Scotland (Deutschland AG)	US dollar	2013	53,084	53,065
Loan participation notes issued in June 2007 ¹	GBP	2013	50,570	47,201
Loan participation notes issued in December 2005 ¹	Euro	2012	45,634	41,557

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15 LONG-TERM BORROWINGS (continued)

	Currency	Final maturity	30 September 2009	31 December 2008
Loan participation notes issued in May 2005 ¹	Euro	2015	44,869	42,861
Loan participation notes issued in September 2003 ¹	Euro	2010	44,044	42,291
Loan participation notes issued in November 2006 ¹	US dollar	2016	41,529	39,930
Loan participation notes issued in March 2007 ¹	US dollar	2022	39,290	38,982
White Nights Finance B.V.	US dollar	2014	39,243	-
Loan participation notes issued in July 2009 ¹	US dollar	2014	38,133	-
Loan participation notes issued in August 2007 ¹	US dollar	2037	37,958	37,729
Loan participation notes issued in July 2009 ¹	Euro	2015	37,922	-
Loan participation notes issued in April 2004 ¹	US dollar	2034	37,434	35,789
Loan participation notes issued in October 2006 ¹	Euro	2014	35,357	33,706
Loan participation notes issued in April 2008 ¹	US dollar	2018	34,375	32,903
Loan participation notes issued in June 2007 ¹	Euro	2014	32,321	29,273
WestLB AG ²	US dollar	2013	30,303	29,760
ABN AMRO Bank N.V. ²	US dollar	2012	29,563	44,245
Structured export notes issued in July 2004 ³	US dollar	2020	26,510	30,451
Calyon Credit Agricole CIB ²	US dollar	2010	24,085	41,183
Loan participation notes issued in March 2007 ¹	Euro	2017	23,095	20,906
Loan participation notes issued in November 2006 ¹	Euro	2017	22,601	21,552
Citigroup Global Markets Deutschland AG and Co. KGaA	US dollar	2009	22,035	20,975
OA0 Sberbank Rossii	US dollar	2010	21,937	-
Deutsche Bank AG	US dollar	2014	21,168	25,553
Russian bonds issued in April 2009 ⁷	Rouble	2019	18,971	-
OA0 Russian Agricultural Bank	US dollar	2014	18,055	-
Credit Suisse International	US dollar	2017	15,985	15,414
Loan participation notes issued in July 2008 ¹	US dollar	2013	15,322	15,107
Loan participation notes issued in April 2009 ¹	CHF	2011	15,131	-
J.P. Morgan Chase bank	US dollar	2012	12,639	-
Loan participation notes issued in April 2008 ¹	US dollar	2013	12,454	11,944
OOO Aragon ⁴	Euro	2010	12,101	11,397
OA0 VTB Bank	US dollar	2012	12,037	-
Commerzbank AG ²	US dollar	2010	11,788	18,558
Credit Suisse International	Euro	2010	11,059	10,418
ABN AMRO Bank N.V. ²	US dollar	2010	10,817	18,535
Russian bonds issued in June 2009	Rouble	2012	10,331	-
Loan participation notes issued in November 2007 ¹	JPY	2012	8,045	7,729
OA0 Gazprombank	Rouble	2012	7,500	7,508
Deutsche Bank AG	US dollar	2011	7,289	8,455
Credit Suisse International	US dollar	2009	6,185	5,894
BNP Paribas SA ²	US dollar	2009	6,182	5,946
OA0 Sberbank Rossii	US dollar	2011	6,018	-
ABN AMRO Bank N.V. ²	US dollar	2013	5,450	5,068
Loan participation notes issued in November 2007 ¹	JPY	2010	5,357	5,151
Russian bonds issued in June 2009	Rouble	2014	5,173	-

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15 LONG-TERM BORROWINGS (continued)

	Currency	Final maturity	30 September 2009	31 December 2008
Russian bonds issued in November 2006	Rouble	2011	5,147	5,059
Russian bonds issued in November 2006	Rouble	2009	5,142	5,058
Russian bonds issued in July 2007 ⁵	Rouble	2010	5,096	5,192
Russian bonds issued in February 2005	Rouble	2010	5,055	5,158
Russian bonds issued in February 2007	Rouble	2014	5,042	5,132
Wintershall Holding AG ⁴	Euro	2010	4,977	4,686
Russian bonds issued in March 2006 ⁶	Rouble	2016	4,817	4,731
Russian bonds issued in September 2006 ⁶	Rouble	2011	4,653	4,908
Golden Gates B.V.	Rouble	2010	4,302	7,529
J.P. Morgan Chase bank	US dollar	2011	3,822	4,429
Gazstream S.A.	US dollar	2012	3,463	4,565
European bank for reconstruction and development	Rouble	2012	3,131	3,878
Russian bonds issued in April 2007 ⁵	Rouble	2012	2,969	2,915
European bank for reconstruction and development	Rouble	2018	2,558	2,792
ABN AMRO Bank N.V.	US dollar	2009	2,509	2,453
Golden Gates B.V.	Rouble	2009	2,573	2,533
Credit Suisse International	JPY	2009	-	58,654
Credit Suisse International	Euro	2009	-	16,680
Salomon Brothers AG	US dollar	2009	-	15,436
Credit Suisse International	US dollar	2009	-	14,712
Commerzbank AG ²	US dollar	2009	-	12,358
Credit Suisse International	Euro	2009	-	8,466
Other long-term borrowings	Various	Various	118,042	55,261
Total long-term borrowings			1,467,766	1,162,249
Less: current portion of long-term borrowings			(267,458)	(239,019)
			1,200,308	923,230

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

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

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

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

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

⁶ Issuer of these bonds is OAO Mosenergo.

⁷ Issuer of these bonds is OAO Gazpromneft.

	30 September 2009	31 December 2008
Due for repayment:		
Between one and two years	167,322	181,615
Between two and five years	516,601	267,294
After five years	<u>516,385</u>	<u>474,321</u>
	1,200,308	923,230

Long-term borrowings include fixed rate loans with a carrying value of RR 1,194,461 and RR 914,937 and fair value of RR 1,202,227 and RR 749,630 as of 30 September 2009 and 31 December 2008, respectively. All other long-term borrowings generally have variable interest rates linked to LIBOR, and the carrying amounts approximate fair value.

As of 30 September 2009 and 31 December 2008 long-term borrowings include RR 61,013 and RR 18,442, relating to the operations of Group's banking subsidiaries, respectively.

As of 30 September 2009 and 31 December 2008 long-term borrowings, including current portion, of RR 26,510 and RR 30,451 respectively, were secured by gas sales contracts to Western Europe.

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16 PROFIT TAX

Differences between the recognition criteria in Russian statutory taxation regulations and IFRS give rise to certain temporary differences between the carrying value of certain assets and liabilities for financial reporting purposes and for profit tax purposes. In November 2008 the Federal Law on changes in Russian Tax Code relating to the decrease in corporate profit tax rate in Russia from 24% to 20% was adopted, effective from 1 January 2009. The 20% tax rate was applied to determine the deferred tax liabilities as at 31 December 2008 and 30 September 2009.

	Differences		Differences		Differences	
	30 September	recognition	31 December	30 September	recognition	31 December
	2009	and reversals	2008	2008	and reversals	2007
Tax effects of taxable temporary differences:						
Property, plant and equipment	(298,702)	(49,996)	(248,706)	(303,050)	(36,085)	(266,965)
Financial assets	(21,100)	(1,768)	(19,332)	(19,382)	21,778	(41,160)
Inventories	<u>(3,293)</u>	<u>(1,472)</u>	<u>(1,821)</u>	<u>(2,482)</u>	<u>1,519</u>	<u>(4,001)</u>
	(323,095)	(53,236)	(269,859)	(324,914)	(12,788)	(312,126)
Tax effects of deductible temporary differences:						
Tax losses carry forward	2,328	995	1,333	1,247	270	977
Other deductible temporary differences	<u>2,329</u>	<u>(918)</u>	<u>3,247</u>	<u>3,432</u>	<u>636</u>	<u>2,796</u>
	4,657	77	4,580	4,679	906	3,773
Total net deferred tax liabilities	(318,438)	(53,159)	(265,279)	(320,235)	(11,882)	(308,353)

Taxable temporary differences attributable to property, plant and equipment recognized in the nine months ended 30 September 2009 include the effect of the acquisition of the controlling interest in Sibir Energy plc (see Note 25) and Naftna Industrija Srbije (see Note 23) in the amount of RR 18,925 and OOO SeverEnergiya (see Note 26) in the amount of RR 20,841.

17 EQUITY

Share capital

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

Treasury shares

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

18 SALES

	Three months ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2009	2008	2009	2008
Gas sales (including excise tax, customs duties and net of VAT) to customers in:				
Russian Federation	77,749	75,913	325,964	340,186
Former Soviet Union (excluding Russian Federation)	82,586	90,446	253,389	267,677
Europe and other countries	<u>368,970</u>	<u>421,184</u>	<u>1,202,564</u>	<u>1,294,769</u>
Gross sales of gas	529,305	587,543	1,781,917	1,902,632
Excise tax	-	(80)	(290)	(80)
Customs duties	<u>(89,472)</u>	<u>(94,516)</u>	<u>(234,089)</u>	<u>(320,141)</u>
Net sales of gas	439,833	492,947	1,547,538	1,582,411

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18 SALES (continued)

	Three months ended 30 September		Nine months ended 30 September	
	2009	2008	2009	2008
Sales of refined products to customers in:				
Russian Federation	97,517	113,650	209,532	318,753
Former Soviet Union (excluding Russian Federation)	10,900	12,029	24,297	35,729
Europe and other countries	<u>71,313</u>	<u>61,939</u>	<u>168,532</u>	<u>198,377</u>
Total sales of refined products	179,730	187,618	402,361	552,859
Sales of crude oil and gas condensate to customers in:				
Russian Federation	1,936	6,377	9,457	24,184
Former Soviet Union (excluding Russian Federation)	9,312	8,395	20,733	23,844
Europe and other countries	<u>31,803</u>	<u>41,697</u>	<u>92,146</u>	<u>143,057</u>
Total sales of crude oil and gas condensate	43,051	56,469	122,336	191,085
Electric and heat energy sales	63,632	59,997	209,221	130,903
Gas transportation sales	14,766	15,916	41,563	46,964
Other revenue	<u>29,780</u>	<u>26,216</u>	<u>87,471</u>	<u>90,054</u>
Total sales revenue	770,792	839,163	2,410,490	2,594,276

19 OPERATING EXPENSES

Note	Three months ended 30 September		Nine months ended 30 September	
	2009	2008	2009	2008
Purchased gas and oil	182,057	180,893	656,198	464,941
Staff costs	62,031	54,676	184,201	184,801
Taxes other than on income	64,215	70,766	171,881	207,072
27 Transit of gas, oil and refined products	56,352	45,028	167,617	138,185
Depreciation	49,407	45,791	155,749	145,538
Cost of goods for resale, including refined products	34,139	33,214	127,347	92,286
Repairs and maintenance	37,662	44,335	93,724	101,136
Materials	26,799	18,143	58,612	63,033
Electricity and heating expenses	11,168	9,842	31,182	39,127
Charge for impairment provisions	11,413	3,634	19,002	12,140
Social expenses	5,879	5,302	14,309	13,619
Rental expenses	4,101	2,712	12,969	9,017
Insurance expenses	3,894	3,925	11,243	11,182
Other	<u>64,778</u>	<u>14,823</u>	<u>117,622</u>	<u>89,500</u>
Total operating expenses	613,895	533,084	1,821,656	1,571,577

Staff costs include RR 4,243 and RR 13,405 of expenses associated with pension obligations for the three and nine months ended 30 September 2009, respectively, and RR 5,123 and RR 14,345 for the three and nine months ended 30 September 2008, respectively.

20 FINANCE INCOME AND EXPENSES

	Three months ended 30 September		Nine months ended 30 September	
	2009	2008	2009	2008
Exchange gains	87,822	24,367	312,367	73,066
Interest income	11,432	4,715	27,230	41,605
Gains on extinguishment of restructured liabilities	<u>10</u>	<u>5</u>	<u>82</u>	<u>21</u>
Total finance income	99,264	29,087	339,679	114,692

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20 FINANCE INCOME AND EXPENSES (continued)

	Three months ended		Nine months ended	
	30 September		30 September	
	2009	2008	2009	2008
Exchange losses	45,290	60,209	326,258	92,633
Interest expense	<u>20,882</u>	<u>9,102</u>	<u>56,987</u>	<u>48,603</u>
Total finance expenses	66,172	69,311	383,245	141,236

21 BASIC AND DILUTED EARNINGS PER SHARE, ATTRIBUTABLE TO SHAREHOLDERS OF OA0 GAZPROM

Earnings per share have been calculated by dividing the profit, attributable to equity shareholders of OA0 Gazprom by the weighted average number of shares outstanding during the period, excluding the weighted average number of ordinary shares purchased by the Group and held as treasury shares (see Note 17).

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

There are no dilutive financial instruments outstanding.

22 PROVISIONS FOR LIABILITIES AND CHARGES

	30 September 2009	31 December 2008
Provision for environmental liabilities	54,058	50,550
Provision for pension obligations	36,308	28,128
Other	<u>9,724</u>	<u>7,129</u>
	100,090	85,807

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 243,982 as of 30 September 2009 and 31 December 2008 are presented within other non-current assets in the consolidated balance sheet. In accordance with IAS 19, pension assets are recorded at estimated fair market values subject to certain limitations. As of 30 September 2009 and 31 December 2008 management estimated the fair value of these assets at approximately RR 387 billion and RR 257 billion, respectively. The pension assets comprise shares of OA0 Gazprom, shares of OA0 Gazprombank and other assets held by NPF Gazfund.

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

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

In accordance with IFRS 3 "Business Combinations", the Group recognized the acquired assets and liabilities assumed based upon their fair values. As of 30 September 2009 the Group has updated the initial assessment of the estimated fair values of certain assets and liabilities acquired based on further analysis. The principal changes to the assessment of fair values relate to changes in the fair value of the refining assets, production licenses and trade receivables that are not recoverable.

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

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

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

	Book value	Provisional fair value
Cash and cash equivalents	794	794
Accounts receivable and prepayments	7,756	7,756
Inventories	10,759	10,759
Other current assets	<u>1,302</u>	<u>1,302</u>
Current assets	20,611	20,611
Property, plant and equipment	58,896	52,746
Other non-current assets	<u>7,240</u>	<u>7,415</u>
Non-current assets	66,136	60,161
Total assets	86,747	80,772
Accounts payable and accrued charges	7,662	7,662
Profit tax payable	92	92
Other taxes payable	3,333	3,333
Short-term borrowings and current portion of long-term borrowings	<u>23,342</u>	<u>23,342</u>
Current liabilities	34,429	34,429
Long-term borrowings	6,741	6,741
Provisions for liabilities and charges	417	417
Deferred tax liabilities	1,927	2,207
Other non-current liabilities	<u>4,660</u>	<u>4,660</u>
Non-current liabilities	13,745	14,025
Total liabilities	48,174	48,454
Net assets at acquisition date	38,573	32,318
Provisional fair value of net assets at acquisition date		32,318
Fair value of the Group's interest		16,482
Purchase consideration		<u>18,851</u>
Provisional goodwill		2,369

The acquisition of NIS contributed sales of approximately RR 50,048 and loss of RR 85 to the Group for the period from the date of acquisition to 30 September 2009. If the acquisition had occurred on 1 January 2009, the Group's sales for the three and nine months ended 30 September 2009 would have been RR 770,792 and RR 2,416,746. The Group's profit for the three and nine months ended 30 September 2009 would have been RR 173,529 and RR 479,278.

24 PURCHASE OF NON-CONTROLLING INTEREST IN OAO GAZPROM NEFT

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

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

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

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

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

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

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

	Book value	Provisional fair value
Cash and cash equivalents	5,456	5,456
Accounts receivable and prepayments	13,619	13,619
Inventories	1,884	1,884
Other current assets	<u>429</u>	<u>429</u>
Current assets	21,388	21,388
Property, plant and equipment	23,799	92,085
Investments in associated undertakings and jointly controlled entities	32,915	38,413
Long-term accounts receivable and prepayments	15,164	15,164
Other non-current assets	<u>851</u>	<u>1,116</u>
Non-current assets	72,729	146,778
Total assets	94,117	168,166
Accounts payable and accrued charges	9,915	9,915
Profit tax payable	73	73
Other taxes payable	3,156	3,156
Short-term borrowings and current portion of long-term borrowings	<u>5,151</u>	<u>5,151</u>
Current liabilities	18,295	18,295
Long-term borrowings	5,782	5,782
Deferred tax liabilities	1,671	16,718
Provisions for liabilities and charges	300	300
Other non-current liabilities	<u>6</u>	<u>6</u>
Non-current liabilities	7,759	22,806
Total liabilities	26,054	41,101

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	Book value	Provisional fair value
Net assets at acquisition date	68,063	127,065
Non-controlling interest		(1,577)
Provisional fair value of net assets at acquisition date		125,488
Fair value of the Group's interest		71,937
Revaluation surplus		9,911
Purchase consideration		<u>68,506</u>
Provisional goodwill		6,480

The acquisition of Sibir Energy plc contributed sales of approximately RR 21,212 and profit of RR 2,752 to the Group for the period from the date of acquisition to 30 September 2009. If the acquisition had occurred on 1 January 2009, the Group' sales for the three and nine months ended 30 September 2009 would have been RR 770,792 and RR 2, 447,218. The Group's profit for the three and nine months ended 30 September 2009 would have been RR 173,529 and RR 483,025 respectively.

26 ACQUISITION OF THE CONTROLLING INTEREST IN OOO SEVERENERGIYA

In September 2009 the Group acquired a 51% interest in OOO SeverEnergiya. The purchase consideration is USD 1.6 billion (approximately RR 47 billion). In September 2009, the Group transferred the first installment in the amount of USD 0.4 billion (RR 11.6 billion). The remaining part is to be paid by 31 March 2010. These transactions provided the Group with effective control over OOO SeverEnergiya and accordingly OOO SeverEnergiya became a subsidiary of the Group.

OOO SeverEnergiya holds exploration and production rights in hydrocarbon reserves in Russian Federation in Western Siberia.

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

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

	Book value	Provisional fair value
Cash and cash equivalents	821	821
Accounts receivable and prepayments	786	786
Inventories	1,039	1,039
VAT recoverable	1,652	1,652
Other current assets	<u>1,242</u>	<u>1,242</u>
Current assets	5,540	5,540
Property, plant and equipment	11,242	113,524
Investments in associated undertakings and jointly controlled entities	1,316	1,316
Long-term accounts receivable and prepayments	544	544
Deferred tax assets	821	-
Other non-current assets	<u>634</u>	<u>634</u>
Non-current assets	14,557	116,018
Total assets	20,097	121,558
Accounts payable and accrued charges	928	928
Profit tax payable	15	15
Short-term borrowings and current portion of long-term borrowings	3,999	3,999
Short-term promissory notes payable	<u>8,046</u>	<u>8,046</u>

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26 ACQUISITION OF THE CONTROLLING INTEREST IN OOO SEVERENERGIYA (continued)

	Book value	Provisional fair value
Current liabilities	12,988	12,988
Deferred tax liabilities	-	<u>19,635</u>
Non-current liabilities	-	<u>19,635</u>
Total liabilities	12,988	32,623
Net assets at acquisition date	7,109	88,935
Provisional fair value of net assets at acquisition date		88,935
Fair value of the Group's interest		45,357
Purchase consideration ¹		<u>46,387</u>
Provisional goodwill		1,030

¹ Purchase consideration includes the amount of RR 11.6 billion which was already paid in cash and present value of remaining part in the amount of RR 34.8 billion due on 31 March 2010. The Group has legal obligation to pay this amount.

The acquisition of OOO SeverEnergiya did not have a material effect on the Group's sales and profit for the period from the date of acquisition to 30 September 2009. If the acquisition had occurred on 1 January 2009, the Group's sales for the three and nine months ended 30 September 2009 would have been RR 770,794 and RR 2,410,496. The Group's profit for the three and nine months ended 30 September 2009 would have been RR 172,786 and RR 476,980 respectively.

27 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 2009 is detailed below.

Government

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

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

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

Parties under control of the Government

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

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

Notes	As of 30 September 2009		Three months ended 30 September 2009		Nine months ended 30 September 2009	
	Assets	Liabilities	Income	Expenses	Income	Expenses
Transactions and balances with the Government						
	33,526	11,389	-	31,719	-	120,112
	364	1,658	-	5,400	-	23,490
	254,254	28,590	-	-	-	-
	99,101	-	-	-	-	-
19	908	33,771	-	64,215	-	171,881

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Note	As of 30 September 2009		Three months ended 30 September 2009		Nine months ended 30 September 2009	
	Assets	Liabilities	Income	Expenses	Income	Expenses
	Transactions and balances with other parties under control of the Government					
	-	-	4,367	-	11,984	-
	-	-	19,098	-	83,317	-
	-	-	1,068	-	2,090	-
	14,870	-	-	-	-	-
	-	-	-	14,452	-	48,396
	-	6,735	-	-	-	-
	-	215,449	-	-	-	-
	-	-	-	5,842	-	10,435
	1,244	-	-	-	-	-
	32,099	-	-	-	-	-
Note	As of 31 December 2008		Three months ended 30 September 2008		Nine months ended 30 September 2008	
	Assets	Liabilities	Income	Expenses	Income	Expenses
Transactions and balances with the Government						
	30,518	6,774	-	78,818	-	259,348
	558	1,075	-	5,285	-	24,892
	199,990	20,134	-	-	-	-
	60,841	-	-	-	-	-
19	2,565	29,537	-	70,766	-	207,072
Transactions and balances with other parties under control of the Government						
	-	-	4,028	-	91,590	-
	-	-	12,656	-	53,146	-
	-	-	577	-	1,619	-
	9,360	-	-	-	-	-
	-	-	-	19,166	-	46,636
	-	5,444	-	-	-	-
	-	14,610	-	-	-	-
	-	-	-	35	854	636
	1,176	-	-	-	-	-
	18,319	-	-	-	-	-

Gas sales and respective accounts receivable, oil transportation expenses and respective accounts payable included in the table above are related to major State controlled 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 2009 and 2008. See Note 10 for net book values as of 30 September 2009 and 31 December 2008 of social assets vested to the Group at privatisation.

Compensation for key management personnel

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

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27 RELATED PARTIES (continued)

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

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

Associated undertakings and jointly controlled entities

For the three and nine months ended 30 September 2009 and 2008 and as of 30 September 2009 and 31 December 2008 the Group had the following significant transactions and balances with associated undertakings and jointly controlled entities:

	Three months ended 30 September		Nine months ended 30 September	
	2009	2008	2009	2008
	Revenues	Revenues	Revenues	Revenues
Gas sales				
Wintershall Erdgas Handelshaus GmbH & Co.KG	23,794	24,423	78,165	84,397
ZAO Panrusgaz	16,857	16,688	40,430	50,212
OA O Beltransgaz	15,496	14,607	60,720	39,911
WINGAS GmbH & Co. KG	13,950	14,020	44,956	39,650
AO Gazum	4,134	6,143	17,791	18,286
Wintershall Erdgas Handelshaus Zug AG	3,413	10,190	10,166	22,386
AO Overgaz Inc.	2,723	3,670	12,628	9,892
AO Latvijas Gaze	2,301	2,151	4,731	3,696
AO Moldovagaz	2,102	1,562	16,814	5,408
Promgaz SPA	2,010	3,708	8,350	10,281
ZAO Gazprom YRGM Trading	1,567	1,030	4,065	2,554
GWH-Gaz und Warenhandels GmbH	1,497	2,435	4,826	7,497
OA O TGC-I	1,436	1,769	8,381	1,769
AO Lietuvos dujos	797	1,672	5,489	5,442
AO Turusgaz	-	1,450	1,501	3,833
RosUkrEnerg o AG	-	58,012	204	165,067
Gas transportation sales				
OA O NOVATEK	5,347	3,057	14,143	8,729
ZAO Gazprom YRGM Trading	3,539	1,823	8,660	4,734
RosUkrEnerg o AG	-	5,664	-	16,727
Crude oil and refined product sales				
OA O NGK Slavneft and its subsidiaries	2,896	4,031	6,269	13,441
OA O Salavatnefteorgsintez*	-	-	3,167	-
Gas refining services sales				
TOO KazRosGaz	954	804	3,106	2,759
Purchased gas	Expenses	Expenses	Expenses	Expenses
ZAO Gazprom YRGM Trading	9,416	6,167	28,086	15,032
TOO KazRosGaz	7,091	4,070	25,648	11,832
OA O NOVATEK	4,706	1,472	11,491	4,342
RosUkrEnerg o AG	-	11,791	-	22,721
Purchased transit of gas				
OA O Beltransgaz	3,891	3,299	10,621	7,927
SGT EuRoPol GAZ S.A.	3,358	2,969	8,941	9,636

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27 RELATED PARTIES (continued)

	Three months ended 30 September		Nine months ended 30 September	
	2009	2008	2009	2008
	Expenses	Expenses	Expenses	Expenses
Purchased transit of gas				
Blue Stream Pipeline Company B.V.	2,022	1,853	6,835	5,397
WINGAS GmbH & Co. KG	1,241	927	3,718	2,796
Purchased crude oil and refined products				
OA0 NGK Slavneft and its subsidiaries	16,656	21,980	40,862	66,038
OA0 Tomskneft VNK and its subsidiaries	9,807	10,727	22,737	26,865
Salym Petroleum Development N.V.	8,153	-	8,153	-
Purchased processing services				
OA0 NGK Slavneft and its subsidiaries	1,891	1,718	5,132	4,256

* OA0 Salavatnefteorgsyntez is consolidated as subsidiary from the second quarter of 2009.

Gas is sold to associated undertakings in the Russian Federation mainly at the rates established by the FTS. Gas is sold outside the Russian Federation (except for that sold to RosUkrEnerg0 AG) under long-term contracts based on world commodity prices.

	As of 30 September 2009		As of 31 December 2008	
	Assets	Liabilities	Assets	Liabilities
Short-term accounts receivable and prepayments				
RosUkrEnerg0 AG	17,867	-	76,514	-
AO Moldovagaz*	14,520	-	3,274	-
OA0 Beltransgaz	12,412	-	8,664	-
ZAO Panrusgaz	10,997	-	11,341	-
WINGAS GmbH & Co. KG	10,159	-	13,888	-
Wintershall Erdgas Handelshaus GmbH & Co.KG	8,870	-	1,783	-
OA0 NGK Slavneft and its subsidiaries	5,941	-	4,313	-
AO Gazum	2,285	-	4,322	-
Wintershall Erdgas Handelshaus Zug AG	1,303	-	11,925	-
OA0 Gazprombank	1,301	-	1,077	-
ZAO Gazprom YRGM Trading	1,245	-	2,196	-
OA0 Sibur Holding and its subsidiaries	711	-	1,589	-
OA0 NOVATEK	467	-	209	-
SGT EuRoPol GAZ S.A.	-	-	1,295	-
OA0 Salavatnefteorgsyntez**	-	-	2,493	-
Cash in associated companies				
OA0 Gazprombank	135,822	-	152,726	-
Long-term accounts receivable and prepayments				
WINGAS GmbH & Co. KG	16,846	-	11,721	-
Salym Petroleum Development N.V.	12,871	-	-	-
OA0 Sibur Holding and its subsidiaries	4,525	-	3,587	-
SGT EuRoPol GAZ S.A.	-	-	3,555	-
Long-term promissory notes				
OA0 Gazprombank	2,344	-	2,536	-

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27 RELATED PARTIES (continued)

	As of 30 September 2009		As of 31 December 2008	
	Assets	Liabilities	Assets	Liabilities
Short-term accounts payable				
SGT EuRoPol GAZ S.A.	-	5,880	-	4,470
WINGAS GmbH & Co. KG	-	3,706	-	9,239
ZAO Gazprom YRGM Trading	-	3,017	-	4,591
OAo Beltransgaz	-	2,780	-	1,351
OAo NGK Slavneft and its subsidiaries	-	2,409	-	1,580
TOO KazRosGaz	-	1,683	-	1,994
OAo NOVATEK	-	752	-	1,111
OAo Sibur Holding and its subsidiaries	-	404	-	2,756
RosUkrEnergo AG	-	-	-	9,176
Long-term accounts payable				
OAo Sibur Holding and its subsidiaries	-	3,627	-	3,627
Short-term loans from associated companies				
OAo Tomskneft VNK and its subsidiaries	-	9,067	-	8,478
OAo Gazprombank	-	4,121	-	7,875
Wintershall Erdgas Handelshaus GmbH & Co.KG	-	-	-	2,344
Long-term loans from associated companies				
OAo Gazprombank	-	10,675	-	9,513

* Net of impairment provision on accounts receivable in the amount of RR 37.125 as of 30 September 2009 and 31 December 2008.

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

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

See Note 28 for financial guarantees issued by the Group to the associated undertakings and jointly controlled entities.

28 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 2009 is appropriate and all of the Group's material tax, currency and customs positions will be sustainable.

Recent volatility in global financial markets

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

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

Management is unable to estimate reliably the effects on the Group's financial position of any further

28 COMMITMENTS, CONTINGENCIES AND OPERATING RISKS (continued)

deterioration in the liquidity of the financial markets and the increased volatility in the currency and equity markets. Management believes it is taking all the necessary measures to support the sustainability and growth of the Group's business in the current circumstances. The net pension assets included into other non-current assets are also exposed to the decline in the market price of certain investments made by NPF Gazfund.

The Group is exposed to deteriorating economic conditions resulting from general economic downturn and decline in oil prices. These new market conditions would have an impact on medium term cash flow forecast and assessment of potential impairment of financial and non-financial assets.

Financial guarantees

	30 September 2009	31 December 2008
Outstanding guarantees issued on behalf of:		
BSPC	17,992	24,092
OOO Stroygazconsulting	7,524	-
MRK Energy DMCC	6,959	6,959
EM Interfinance Limited	5,796	5,823
Devere Capital International Limited	5,682	5,691
Blackrock Capital Investments Limited	4,899	4,934
ZAO Achimgaz	4,909	4,961
OA O Group E4	3,782	3,562
Nord Stream AG	2,693	2,536
Gaztransit	1,024	1,294
DSL Assets International Limited	227	888
United Energy Investments Limited	227	887
Other	<u>22,935</u>	<u>25,701</u>
	84,649	87,328

Included in financial guarantees are amounts denominated in USD of USD 1,306 million and USD 1,587 million as of 30 September 2009 and 31 December 2008, respectively.

In July 2005 Blue Stream Pipeline Company B.V. (BSPC) refinanced some of the existing liabilities, guaranteed by the Group, by means of repayment of the liabilities to a group of Italian and Japanese banks. For the purpose of this transaction loans in the amount of USD 1,185.3 million were received from Gazstream S.A. The Group guaranteed the above loans. As of 30 September 2009 and 31 December 2008, outstanding amounts of these loans were RR 17,992 (USD 598 million) and RR 23,052 (USD 785 million), respectively, which were guaranteed by the Group, pursuant to its obligations.

As 31 December 2008, BSPC also borrowed RR 1,040 (USD 35 million) of credit facilities, provided by Depfa Investment Bank Ltd., which were guaranteed by the Group. As of 30 September 2009 this loan was repaid.

In 2007 the Group provided a guarantee to Wintershall Vermögens-Verwaltungsgesellschaft mbH on behalf of ZAO Achimgaz as a security of loans received and used for additional financing of the pilot implementation of the project on the development of Achimsky deposits of the Urengoy field. The Group's liability with respect to loans is limited by 50% in accordance with the ownership interest in ZAO Achimgaz. As of 30 September 2009 and 31 December 2008 the above guarantee amounted to RR 4,909 (Euro 112 million) and RR 4,961 (Euro 120 million), respectively.

In January 2008 the Group provided a guarantee to Europipe GmbH, supplier of large-diameter steel pipes, on behalf of Nord Stream AG related to pipe supply contract for construction of Nord Stream pipeline. As of 30 September 2009 and 31 December 2008 the above guarantee amounted to RR 2,693 (Euro 61 million) and RR 2,536 (Euro 61 million), respectively.

In April 2008 the Group provided a guarantee to Credit Suisse International and National Reserve bank (OA O) on behalf of MRK Energy DMCC related to loan received by MRK Energy DMCC. The purpose of the loan is financing of construction of gas pipeline "Kudarsky pereval – Tskhinval" (South Ossetia). As of 30 September 2009 and 31 December 2008 the above guarantee amounted to RR 6,959.

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

28 COMMITMENTS, CONTINGENCIES AND OPERATING RISKS (continued)

because the Group remains a guarantor, the guarantees provided by the Group are reported as guarantees to third parties. As of 30 September 2009 and 31 December 2008 the above guarantees amounted to RR 16,831 (USD 559 million) and RR 18,223 (USD 620 million), respectively.

In May 2008 the Group provided a guarantee to OAO Bank of Moscow on behalf of OAO Group E4 as a security of loans for obligations under contracts for delivering of power units. As of 30 September 2009 and 31 December 2008 the above guarantee amounted to RR 3,782 (Euro 86 million) and RR 3,562 (Euro 86 million).

In April 2009 the Group provided a guarantee to OAO Gazprombank on behalf of OOO Stroygazconsulting as a security of credit facility for construction supply of Bovanenkovskoye, Yamburgskoe fields and Bovanenkov-Ukhta gas trunk-line system. As of 30 September 2009 the above guarantee amounted to RR 7,524.

Other guarantees of the Group included guarantees, issued by OAO Sobinbank to third parties in the amount of RR 4,591 and RR 8,267 as of 30 September 2009 and 31 December 2008, respectively.

29 POST BALANCE SHEET EVENTS

Investments

In October 2009 the Group closed the agreement with E.On Ruhrgas AG to swap 25% less three ordinary and three preference shares without voting right in share capital of OAO Severneftegazprom. In exchange the Group received E.On Ruhrgas AG's share in ZAO Gerosgaz, which will lead to the increase in OAO Gazprom's treasury shares by an additional 2.9%.

In December 2009 the Group increased its share in OAO TGC-1 from 28.7% to 51.8%.

Borrowings and loans

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

In December 2009 the Group obtained a credit from OAO Gazprombank in amount of USD 624 million due in 2012 at an interest rate of 6.5%.

In December 2009 the Group signed an agreement to obtain long-term credit from BNP Paribas S.A. in amount of Euro 408 million due in 2020 at an interest rate EURIBOR+1.9%.

ОАО ГАЗПРОМ
INVESTMENT RELATIONSHIPS

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