

ОАО ГАЗПРОМ

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

31 MARCH 2011



Report on Review of Consolidated Interim Condensed Financial Information

To the Shareholders and Board of Directors of OAO Gazprom

Introduction

We have reviewed the accompanying consolidated interim condensed balance sheet of OAO Gazprom and its subsidiaries (the "Group") as of 31 March 2011 and the related consolidated interim condensed statements of comprehensive income, changes in equity and cash flows for the three month period then ended. Management is responsible for the preparation and presentation of this consolidated interim condensed financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this consolidated interim condensed financial information based on our review.

Scope of Review

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

Conclusion

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

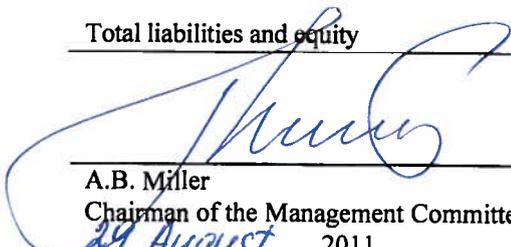
ZAO PricewaterhouseCoopers Audit

29 August 2011

Moscow, Russian Federation

OA0 GAZPROM
IFRS CONSOLIDATED INTERIM CONDENSED BALANCE SHEET (UNAUDITED)
AS OF 31 MARCH 2011
(In millions of Russian Roubles)

Notes		31 March 2011	31 December 2010
	Assets		
	Current assets		
6	Cash and cash equivalents	444,356	440,786
6	Restricted cash	3,422	3,669
7	Short-term financial assets	26,338	7,435
8	Accounts receivable and prepayments	832,667	757,900
9	Inventories	267,478	325,739
	VAT recoverable	161,977	158,390
	Other current assets	<u>179,248</u>	<u>171,976</u>
		1,915,486	1,865,895
	Non-current assets		
10	Property, plant and equipment	5,590,829	5,486,429
11	Investments in associated undertakings and jointly controlled entities	766,757	757,157
12	Long-term accounts receivable and prepayments	524,173	436,432
13	Available-for-sale long-term financial assets	198,284	191,417
14	Other non-current assets	<u>512,480</u>	<u>498,663</u>
		<u>7,592,523</u>	<u>7,370,098</u>
	Total assets	<u>9,508,009</u>	<u>9,235,993</u>
	Liabilities and equity		
	Current liabilities		
	Accounts payable and accrued charges	495,120	702,640
	Profit tax payable	63,093	45,649
	Other taxes payable	114,095	71,920
	Short-term borrowings and current portion of long-term borrowings	179,398	190,845
	Short-term promissory notes payable	<u>51</u>	<u>207</u>
		851,757	1,011,261
	Non-current liabilities		
15	Long-term borrowings	1,108,829	1,124,395
22	Provisions for liabilities and charges	199,253	200,040
16	Deferred tax liabilities	337,743	333,143
	Other non-current liabilities	<u>30,063</u>	<u>30,793</u>
		<u>1,675,888</u>	<u>1,688,371</u>
	Total liabilities	2,527,645	2,699,632
	Equity		
17	Share capital	325,194	325,194
17	Treasury shares	(103,920)	(103,986)
	Retained earnings and other reserves	<u>6,485,560</u>	<u>6,028,543</u>
		6,706,834	6,249,751
	Non-controlling interest	<u>273,530</u>	<u>286,610</u>
	Total equity	<u>6,980,364</u>	<u>6,536,361</u>
	Total liabilities and equity	9,508,009	9,235,993


A.B. Miller
Chairman of the Management Committee

29 August 2011

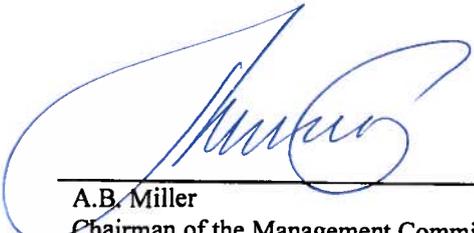

E.A. Vasilieva
Chief Accountant

29 August 2011

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

OAO GAZPROM
IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)
FOR THE THREE MONTHS ENDED 31 MARCH 2011
(In millions of Russian Roubles)

Notes		Three months ended 31 March	
		2011	2010
18	Sales	1,316,747	954,327
	Net loss from trading activity	(330)	(196)
19	Operating expenses	<u>(817,909)</u>	<u>(614,830)</u>
	Operating profit	498,508	339,301
20	Finance income	73,968	71,502
20	Finance expense	(20,278)	(18,965)
11	Share of net income of associated undertakings and jointly controlled entities	38,519	28,229
	Gains on disposal of available-for-sale financial assets	<u>349</u>	<u>1,629</u>
	Profit before profit tax	591,066	421,696
	Current profit tax expense	(108,864)	(55,053)
	Deferred profit tax expense	<u>(3,702)</u>	<u>(29,794)</u>
	Profit tax expense	(112,566)	(84,847)
	Profit for the period	478,500	336,849
	Other comprehensive income		
	Gains arising from change in fair value of available-for-sale financial assets, net of tax	7,173	9,793
	Share of other comprehensive (loss) income of associated undertakings and jointly controlled entities	(5,579)	11
	Translation differences	<u>(19,624)</u>	<u>(22,214)</u>
	Other comprehensive loss for the period, net of tax	(18,030)	(12,410)
	Total comprehensive income for the period	460,470	324,439
	Profit attributable to:		
	owners of OAO Gazprom	467,969	324,953
	non-controlling interest	<u>10,531</u>	<u>11,896</u>
		478,500	336,849
	Total comprehensive income attributable to:		
	owners of OAO Gazprom	451,528	314,630
	non-controlling interest	<u>8,942</u>	<u>9,809</u>
		460,470	324,439
21	Basic and diluted earnings per share for profit attributable to the owners of OAO Gazprom (in Roubles)	20.39	14.16

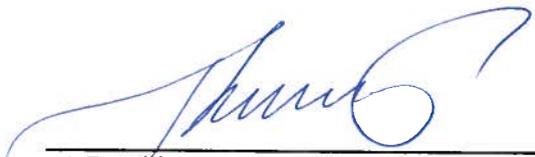

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ОАО ГАЗПРОМ
IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE THREE MONTHS ENDED 31 MARCH 2011
(In millions of Russian Roubles)

Notes	Three months ended 31 March		
	2011	2010	
	Operating activities		
	Profit before profit tax	591,066	421,696
	Adjustments to profit before profit tax		
	Depreciation	66,968	61,502
	Net unrealised foreign exchange gains	(66,470)	(59,254)
	Interest expense	16,918	14,279
	Interest income	(4,042)	(7,560)
	Gains on disposal of available-for-sale financial assets	(349)	(1,629)
	Share of net income of associated undertakings and jointly controlled entities	(38,519)	(28,229)
	Charge for provisions	8,968	9,965
	Derivatives loss	365	4,980
	Other	(8,387)	2,836
	Total effect of adjustments	(24,548)	(3,110)
	Decrease in non-current assets	27	397
	(Decrease) increase in non-current liabilities	(791)	100
	Total effect of working capital changes	(83,610)	123,424
	Profit tax paid	(91,719)	(59,391)
	Net cash provided by operating activities	390,425	483,116
	Investing activities		
	Capital expenditures	(397,406)	(218,599)
	Net change in loans made	(147)	2,501
23	Acquisition of subsidiaries, net of cash acquired	(24,560)	(38,114)
	Investment in associated undertakings and jointly controlled entities	(619)	(18,254)
	Proceeds from sale of interest in subsidiaries	3,650	-
	Interest received	1,142	5,502
	Change in available-for-sale long-term financial assets	(286)	(3,305)
	Proceeds from associated undertakings and jointly controlled entities	10,111	25,208
	Other	(651)	(5,000)
	Net cash used for investing activities	(408,766)	(250,061)
	Financing activities		
	Proceeds from long-term borrowings	73,669	13,214
	Repayment of long-term borrowings (including current portion)	(17,460)	(29,043)
	Net repayment of short-term borrowings	(15,683)	(17,590)
	Net repayment of promissory notes	(156)	(812)
	Interest paid	(15,012)	(14,115)
	Sales of treasury shares	66	-
	Change in restricted cash	247	(536)
	Net cash provided by (used for) financing activities	25,671	(48,882)
	Effect of exchange rate changes on cash and cash equivalents	(3,760)	(7,588)
	Increase in cash and cash equivalents	3,570	176,585
6	Cash and cash equivalents, at the beginning of reporting period	440,786	249,759
6	Cash and cash equivalents, at the end of reporting period	444,356	426,344


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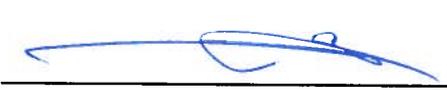

E.A. Vasilieva
Chief Accountant
29 August 2011

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OAO GAZPROM
IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)
FOR THE THREE MONTHS ENDED 31 MARCH 2011
(In millions of Russian Roubles)

Note	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				
Three months ended 31 March 2010								
	Balance as of 31 December 2009	22.9	325,194	(104,204)	5,105,525	5,326,515	322,806	5,649,321
	Profit for the period	-	-	-	324,953	324,953	11,896	336,849
	Other comprehensive income:							
	Gains arising from change in fair value of available-for-sale financial assets, net of tax	-	-	-	9,783	9,783	10	9,793
	Share of other comprehensive income of associated undertakings and jointly controlled entities	-	-	-	11	11	-	11
	Translation differences	-	-	-	(20,117)	(20,117)	(2,097)	(22,214)
	Total comprehensive income for the three months ended 31 March 2010	-	-	-	314,630	314,630	9,809	324,439
	Disposal of shares in subsidiaries	-	-	-	-	-	3,985	3,985
	Return of social assets to governmental authorities	-	-	-	(106)	(106)	-	(106)
	Balance as of 31 March 2010	22.9	325,194	(104,204)	5,420,049	5,641,039	336,600	5,977,639
Three months ended 31 March 2011								
	Balance as of 31 December 2010	23.0	325,194	(103,986)	6,028,543	6,249,751	286,610	6,536,361
	Profit for the period	-	-	-	467,969	467,969	10,531	478,500
	Other comprehensive income:							
	Gains arising from change in fair value of available-for-sale financial assets, net of tax	-	-	-	7,173	7,173	-	7,173
	Share of other comprehensive loss of associated undertakings and jointly controlled entities	-	-	-	(5,579)	(5,579)	-	(5,579)
	Translation differences	-	-	-	(18,035)	(18,035)	(1,589)	(19,624)
	Total comprehensive income for the three months ended 31 March 2011	-	-	-	451,528	451,528	8,942	460,470
23	Purchase of non-controlling interest in subsidiaries	-	-	-	5,656	5,656	(22,022)	(16,366)
	Net treasury shares transactions	(0.0)	-	66	-	66	-	66
	Return of social assets to governmental authorities	-	-	-	(167)	(167)	-	(167)
	Balance as of 31 March 2011	23.0	325,194	(103,920)	6,485,560	6,706,834	273,530	6,980,364


A.B. Miller
Chairman of the Management Committee
29 August 2011


E.A. Vasilieva
Chief Accountant
29 August 2011

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

OAO GAZPROM
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 31 MARCH 2011
(In millions of Russian Roubles)

1 NATURE OF OPERATIONS

OAO Gazprom and its subsidiaries (the “Group”) operate one of the largest gas pipeline systems in the world and are responsible for major part of gas production and high pressure gas transportation in the Russian Federation. The Group is also a major supplier of gas to European countries. The Group is also engaged in oil production, refining activities, electric and heat energy generation. The Government of the Russian Federation is the ultimate controlling party of OAO Gazprom and has a controlling interest (including both direct and indirect ownership) of over 50% in OAO Gazprom.

The Group is involved in the following principal activities:

- Exploration and production of gas;
- Transportation of gas;
- Sales of gas within Russian Federation and abroad;
- Gas storage;
- Production of crude oil and gas condensate;
- Processing of oil, gas condensate and other hydrocarbons, and sales of refined products; and
- Electric and heat energy generation and sales.

Other activities primarily include production of other goods, works and services.

The gas business is subject to seasonal fluctuations with peak demand in the first and fourth quarters of each year. Typically approximately 30% of total annual gas volumes are shipped in the first calendar quarter.

2 ECONOMIC ENVIRONMENT IN THE RUSSIAN FEDERATION

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

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

3 BASIS OF PRESENTATION

The consolidated interim condensed financial information is prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”). This consolidated interim condensed financial information should be read together with the consolidated financial statements for the year ended 31 December 2010 prepared in accordance with International Financial Reporting Standards (“IFRS”).

The official Russian Rouble (“RR”) to US dollar (“USD”) exchange rates as determined by the Central Bank of the Russian Federation were 28.43 and 30.48 as of 31 March 2011 and 31 December 2010, respectively. The official RR to Euro exchange rates as determined by the Central Bank of the Russian Federation were 40.02 and 40.33 as of 31 March 2011 and 31 December 2010, respectively.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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

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

New accounting developments

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

ОАО ГАЗПРОМ
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 31 MARCH 2011
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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES
(continued)

(a) Standards, Amendments or Interpretations effective in 2011

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

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

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

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

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

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

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

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

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

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

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

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.

ОАО ГАЗПРОМ
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 31 MARCH 2011
(In millions of Russian Roubles)

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

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

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

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

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

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

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

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

IFRS 11 “Joint arrangements” (“IFRS 11”) (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013, with earlier application permitted), replaces IAS 31 “Interests in Joint Ventures” (“IAS 31”) and SIC 13 “Jointly Controlled Entities—Non-Monetary Contributions by Ventures”. Changes in the definitions have reduced the number of “types” of joint arrangements to two: joint operations and joint

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

ventures. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated.

Equity accounting is mandatory for participants in joint ventures. The Group is currently assessing the impact of the standard on the consolidated financial statements.

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

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

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

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

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

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

OAO GAZPROM
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 31 MARCH 2011
(In millions of Russian Roubles)

5 SEGMENT INFORMATION

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

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

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

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

The inter-segment sales mainly consist of:

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

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

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

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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
Three months ended 31 March 2011									
Total segment revenues	<u>98,713</u>	<u>168,595</u>	<u>935,766</u>	<u>6,000</u>	<u>129,486</u>	<u>216,612</u>	<u>113,474</u>	<u>47,295</u>	<u>1,715,941</u>
Inter-segment sales	96,720	139,799	67,790	5,738	72,141	1,725	-	-	383,913
External sales	1,993	28,796	867,976	262	57,345	214,887	113,474	47,295	1,332,028
Segment result	<u>9,861</u>	<u>4,875</u>	<u>329,792</u>	<u>1,002</u>	<u>28,301</u>	<u>37,120</u>	<u>24,669</u>	<u>(3,974)</u>	<u>431,646</u>
Depreciation	21,742	66,873	1,515	2,456	11,606	5,793	4,503	4,350	118,838
Share of net income of associated undertakings and jointly controlled entities	397	2,737	4,868	-	14,951	1,666	-	13,900	38,519
Three months ended 31 March 2010									
Total segment revenues	<u>81,253</u>	<u>154,663</u>	<u>667,886</u>	<u>5,224</u>	<u>105,011</u>	<u>155,609</u>	<u>94,536</u>	<u>35,528</u>	<u>1,299,710</u>
Inter-segment sales	79,186	129,516	57,593	4,988	60,427	2,064	-	-	333,774
External sales	2,067	25,147	610,293	236	44,584	153,545	94,536	35,528	965,936
Segment result	<u>8,571</u>	<u>4,214</u>	<u>229,798</u>	<u>1,062</u>	<u>21,911</u>	<u>15,573</u>	<u>16,209</u>	<u>(2,806)</u>	<u>294,532</u>
Depreciation	19,240	65,581	1,552	2,271	11,436	5,323	4,228	4,491	114,122
Share of net income of associated undertakings and jointly controlled entities	2,662	75	5,360	-	9,991	593	-	9,548	28,229

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

	For the three months ended 31 March	
	2011	2010
Segment result	<u>431,646</u>	<u>294,532</u>
Difference in depreciation	51,870	52,620
Gains (expenses) associated with pension obligations	15,691	(2,326)
Finance income, net	53,690	52,537
Gains on disposal of available-for-sale financial assets	349	1,629
Share of net income of associated undertakings and jointly controlled entities	38,519	28,229
Other	(699)	(5,525)
Profit before profit tax	<u>591,066</u>	<u>421,696</u>

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

	For the three months ended 31 March	
	2011	2010
External sales for reportable segments	1,284,733	930,408
External sales for other segments	47,295	35,528
Total external segment sales	<u>1,332,028</u>	<u>965,936</u>
Differences in external sales	(15,281)	(11,609)
Total sales per the statement of comprehensive income	<u>1,316,747</u>	<u>954,327</u>

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.

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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
31 March 2011									
Segment assets	1,470,851	4,113,989	1,017,603	166,966	1,112,039	863,285	515,701	590,048	9,850,482
Investments in associated undertakings and jointly controlled entities	22,661	112,674	83,488	-	441,444	38,311	48	68,131	766,757
Capital additions	46,614	76,561	6,554	1,241	23,102	15,487	8,556	3,782	181,897
31 December 2010									
Segment assets	1,466,058	4,000,952	1,048,594	169,146	1,094,309	819,440	487,046	643,132	9,728,677
Investments in associated undertakings and jointly controlled entities	23,600	112,892	91,503	-	435,890	36,964	48	56,260	757,157
Capital additions	215,236	407,571	37,578	17,355	95,289	78,712	46,239	22,153	920,133

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

	31 March 2011	31 December 2010
Segment assets for reportable segments	9,260,434	9,085,545
Other segments' assets	590,048	643,132
Total segment assets	9,850,482	9,728,677
Differences in property, plant and equipment, net*	(1,676,043)	(1,709,952)
Loan interest capitalised	216,841	192,154
Decommissioning costs	65,702	65,017
Cash and cash equivalents	444,356	440,786
Restricted cash	3,422	3,669
Short-term financial assets	26,338	7,435
VAT recoverable	161,977	158,390
Other current assets	179,248	171,976
Available-for-sale long-term financial assets	198,284	191,417
Other non-current assets	512,480	498,663
Inter-segment assets	(654,222)	(659,640)
Other	179,144	147,401
Total assets per the balance sheet	9,508,009	9,235,993

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

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

	Production of gas	Transport	Distribution	Gas storage	Production of crude oil and gas condensate	Refining	Electric and heat energy generation and sales	All other segments	Total
Segment liabilities									
31 March 2011	86,241	281,762	391,088	8,163	226,687	87,343	29,691	123,354	1,234,329
31 December 2010	105,270	306,784	433,569	7,309	228,315	123,422	32,275	148,954	1,385,898

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5 SEGMENT INFORMATION (continued)

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

	<u>31 March 2011</u>	<u>31 December 2010</u>
Segment liabilities for reportable segments	1,110,975	1,236,944
Other segments' liabilities	<u>123,354</u>	<u>148,954</u>
Total segments liabilities	1,234,329	1,385,898
Profit tax payable	63,093	45,649
Short-term borrowings and current portion of long-term borrowings	179,398	190,845
Short-term promissory notes payable	51	207
Long-term borrowings	1,108,829	1,124,395
Provisions for liabilities and charges	199,253	200,040
Deferred tax liabilities	337,743	333,143
Other non-current liabilities	30,063	30,793
Dividends payable	1,955	2,258
Inter-segment liabilities	(654,222)	(659,640)
Other	<u>27,153</u>	<u>46,044</u>
Total liabilities per the balance sheet	<u>2,527,645</u>	<u>2,699,632</u>

6 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Balances included within cash and cash equivalents in the consolidated interim condensed balance sheet represent cash on hand, balances with banks and term deposits with original maturity of three months or less. Restricted cash balances include cash and cash equivalents restricted as to withdrawal under the terms of certain borrowings.

	<u>31 March 2011</u>	<u>31 December 2010</u>
Cash on hand and bank balances payable on demand	406,291	339,109
Term deposits with original maturity of three months or less	<u>38,065</u>	<u>101,677</u>
	444,356	440,786

7 SHORT-TERM FINANCIAL ASSETS

	<u>31 March 2011</u>	<u>31 December 2010</u>
Financial assets held for trading	3,036	2,689
Available-for-sale financial assets (net of impairment provision of RR 183 and RR 427 as of 31 March 2011 and 31 December 2010, respectively)	<u>23,302</u>	<u>4,746</u>
	26,338	7,435

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

Available-for-sale financial assets primarily comprise investments in money market funds, as well as debt securities, including third parties' promissory notes maturing within twelve months of the balance sheet date.

8 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	<u>31 March 2011</u>	<u>31 December 2010</u>
Trade receivables	519,722	400,252
Prepayments and advances	180,505	218,297
Other receivables	<u>132,440</u>	<u>139,351</u>
	832,667	757,900

Accounts receivable and prepayments are presented net of impairment provision of RR 182,932 and RR 175,479 as of 31 March 2011 and 31 December 2010, respectively.

9 INVENTORIES

Inventories are presented net of provision for obsolescence of RR 2,421 and RR 2,585 as of 31 March 2011 and 31 December 2010, respectively.

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PROPERTY, PLANT AND EQUIPMENT

	Total production assets (including production licenses)	Social assets	Assets under construction	Total
As of 31 December 2009				
Cost	6,292,666	78,487	1,084,644	7,455,797
Accumulated depreciation	<u>(2,529,546)</u>	<u>(27,028)</u>	-	<u>(2,556,574)</u>
Net book value as of 31 December 2009	3,763,120	51,459	1,084,644	4,899,223
Three months ended 31 March 2010				
Net book value as of 31 December 2009	3,763,120	51,459	1,084,644	4,899,223
Depreciation	(61,439)	(593)	-	(62,032)
Additions	3,374	341	163,080	166,795
Reclassified as disposal group held for sale	(4,896)	-	-	(4,896)
Transfers	41,142	335	(41,477)	-
Disposals	(6,597)	(138)	(4,771)	(11,506)
Translation differences	(2,965)	(26)	(964)	(3,955)
Release of impairment provision	-	-	141	141
Net book value as of 31 March 2010	3,731,739	51,378	1,200,653	4,983,770
Nine months ended 31 December 2010				
Net book value as of 31 March 2010	3,731,739	51,378	1,200,653	4,983,770
Depreciation	(184,919)	(1,832)	-	(186,751)
Additions	13,712	1,372	833,278	848,362
Acquisition of subsidiaries	14,271	-	232	14,503
Transfers	512,611	6,321	(518,932)	-
Disposals	(31,415)	(2,310)	(27,878)	(61,603)
Disposals of subsidiaries	(103,828)	(3)	(13,076)	(116,907)
Translation differences	3,939	46	1,832	5,817
Charge for impairment provision	-	-	(762)	(762)
Net book value as of 31 December 2010	3,956,110	54,972	1,475,347	5,486,429
As of 31 December 2010				
Cost	6,731,168	82,818	1,475,347	8,289,333
Accumulated depreciation	<u>(2,775,058)</u>	<u>(27,846)</u>	-	<u>(2,802,904)</u>
Net book value as of 31 December 2010	3,956,110	54,972	1,475,347	5,486,429
Three months ended 31 March 2011				
Net book value as of 31 December 2010	3,956,110	54,972	1,475,347	5,486,429
Depreciation	(64,977)	(836)	-	(65,813)
Additions	34,425	955	162,371	197,751
Translation differences	(4,559)	(96)	(1,049)	(5,704)
Transfers	41,649	845	(42,494)	-
Disposals	(12,890)	(819)	(8,104)	(21,813)
Charge for impairment provision	-	-	(21)	(21)
Net book value as of 31 March 2011	3,949,758	55,021	1,586,050	5,590,829
As of 31 March 2011				
Cost	6,795,576	83,128	1,586,050	8,464,754
Accumulated depreciation	<u>(2,845,818)</u>	<u>(28,107)</u>	-	<u>(2,873,925)</u>
Net book value as of 31 March 2011	3,949,758	55,021	1,586,050	5,590,829

Production assets are shown net of provision for impairment of RR 54,387 as of 31 March 2011 and 31 December 2010. Assets under construction are presented net of provision for impairment of RR 95,974 and RR 96,146 as of 31 March 2011 and 31 December 2010, respectively.

Included in the property, plant and equipment are social assets, such as rest houses, housing, schools and medical facilities, vested to the Group at privatisation with a net book value of RR 1,161 and RR 1,354 as of 31 March 2011 and 31 December 2010, respectively.

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11 INVESTMENTS IN ASSOCIATED UNDERTAKINGS AND JOINTLY CONTROLLED ENTITIES

Notes	Carrying value as of		Group's share of the profit (loss) for the three months ended	
	31 March 2011	31 December 2010	31 March 2011	2010
25,26 Sakhalin Energy Investment Company Ltd.	160,040	153,871	13,165	9,468
25 OAO NGK Slavneft and its subsidiaries	148,769	151,826	54	257
25 OAO Tomskneft VNK and its subsidiaries	65,205	65,286	(81)	1,604
25 Gazprombank Group	58,432	50,362	13,781	9,548
25 OAO Beltransgaz	52,480	53,678	1,062	14
26 Nord Stream AG	40,267	39,066	1,516	(234)
25 Salyam Petroleum Development N.V.	39,841	38,395	1,446	(1,577)
25 WINGAS GmbH & Co. KG	35,797	41,798	1,203	1,708
OOO Yamal razvitie and its subsidiaries	27,486	27,984	(499)	-
25 TOO KazRosGaz	26,798	27,034	1,674	1,918
25 OAO Gazprom neftekhim Salavat (former OAO Salavatnefteorgsintez)	21,450	19,940	1,510	529
25, 26 SGT EuRoPol GAZ S.A.	17,051	17,314	(30)	186
Shtokman Development AG	16,628	17,741	82	(310)
Wintershall AG	11,513	11,003	611	371
ZAO Nortgaz	5,341	5,023	318	273
25 AO Latvijas Gaze	4,354	4,255	129	133
25 AO Gazum	4,310	4,040	302	405
26 ZAO Achimgaz	3,450	3,054	396	523
25 AO Lietuvos dujos	3,241	3,011	254	318
25,26 Blue Stream Pipeline Company B.V.	2,135	2,093	189	109
13,25 OAO NOVATEK	-	-	-	2,168
Other (net of provision for impairment of RR 2,096 as of 31 March 2011 and 31 December 2010)	<u>22,169</u>	<u>20,383</u>	<u>1,437</u>	<u>818</u>
	766,757	757,157	38,519	28,229

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

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

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

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

	Percent of share capital held	Location	As of 31 March 2011		For the three months ended 31 March 2011	
			Assets	Liabilities	Revenues	Profit (loss)
Gazprombank Group*	44%	Russia	2,015,587	1,775,998	27,089	30,988
Sakhalin Energy Investment Company Ltd.	50%	Bermuda	631,810	332,987	58,378	26,329
OAO NGK Slavneft and its subsidiaries	50%	Russia	613,351	316,224	39,617	108
Nord Stream AG	51%	Switzerland	205,522	124,543	-	2,972
WINGAS GmbH & Co. KG	50%	Germany	174,136	134,097	89,467	3,805
OOO Yamal razvitie and its subsidiaries	50%	Russia	150,028	40,639	-	(998)
OAO Tomskneft VNK and its subsidiaries	50%	Russia	115,153	59,516	24,926	(162)

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

	Percent of share capital held	Location	As of 31 March 2011		For the three months ended 31 March 2011	
			Assets	Liabilities	Revenues	Profit (loss)
OAo Gazprom neftekhim						
Salavat	50%	Russia	80,233	55,254	30,465	3,028
OAo Beltransgaz	50%	Belarus	67,589	35,076	54,158	2,142
Blue Stream Pipeline						
Company B.V.	50%	Netherlands	62,085	53,677	2,173	756
TOO KazRosGaz	50%	Kazakhstan	55,199	1,602	7,403	3,347
SGT EuRoPol GAZ S.A.	48%	Poland	50,251	14,729	3,570	(62)
Wintershall AG	49%	Germany	45,573	33,196	18,958	1,244
Salym Petroleum						
Development N.V.	50%	Netherlands	38,782	23,682	15,608	2,891
Shtokman Development AG	51%	Switzerland	38,255	5,650	-	161
AO Gazum	25%	Finland	33,463	16,222	17,827	1,208
AO Lietuvos dujos	37%	Lithuania	31,172	6,394	6,594	686
AO Latvijas Gaze	34%	Latvia	27,243	6,695	8,257	380
ZAO Nortgaz	51%	Russia	14,256	3,784	1,770	624
ZAO Achimgaz	50%	Russia	10,093	3,192	1,397	793

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

	Percent of share capital held	Location	As of 31 March 2010		For the three months ended 31 March 2010	
			Assets	Liabilities	Revenues	Profit (loss)
Gazprombank Group*	45%	Russia	1,759,229	1,539,353	70,530	23,660
Sakhalin Energy Investment Company Ltd.	50%	Bermuda	630,855	284,375	47,820	18,937
OAo NGK Slavneft and its subsidiaries	50%	Russia	615,334	301,107	32,661	515
OAo NOVATEK	19%	Russia	204,915	58,038	27,742	11,182
WINGAS GmbH & Co. KG	50%	Germany	139,085	105,617	90,430	4,119
OAo Tomskneft VNK and its subsidiaries	50%	Russia	131,168	61,333	18,051	3,208
Nord Stream AG	51%	Switzerland	115,574	56,075	-	(459)
OAo Gazprom neftekhim						
Salavat	50%	Russia	69,576	47,895	21,875	1,057
Blue Stream Pipeline						
Company B.V.	50%	Netherlands	64,521	58,000	1,968	435
SGT EuRoPol GAZ S.A.	48%	Poland	53,598	16,527	3,583	368
OAo Beltransgaz**	50%	Belarus	51,794	24,911	33,891	33
TOO KazRosGaz	50%	Kazakhstan	41,776	1,648	8,487	3,836
Salym Petroleum						
Development N.V.	50%	Netherlands	36,856	28,272	12,457	1,184
Shtokman Development AG	51%	Switzerland	33,812	7,193	-	(440)
AO Gazum	25%	Finland	31,838	13,791	16,721	1,621
Wintershall AG	49%	Germany	31,518	20,465	15,368	757
AO Lietuvos dujos	37%	Lithuania	30,328	6,615	8,220	858
AO Latvijas Gaze	34%	Latvia	24,504	4,665	7,383	392
ZAO Nortgaz	51%	Russia	10,824	1,797	1,460	536
ZAO Achimgaz	50%	Russia	10,069	5,722	1,202	1,046

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

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

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(continued)

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

	31 March 2011	31 December 2010
OA O Gazprom neftekhim Salavat	17,626	20,046
AO Lietuvos dujos	5,497	5,134
AO Latvijas Gaze	4,710	3,735

12 LONG-TERM ACCOUNTS RECEIVABLE AND PREPAYMENTS

	31 March 2011	31 December 2010
Long-term accounts receivable and prepayments	166,962	169,124
Advances for assets under construction	<u>357,211</u>	<u>267,308</u>
	524,173	436,432

Long-term accounts receivable and prepayments are presented net of impairment provision of RR 17,091 and RR 22,470 as of 31 March 2011 and 31 December 2010, respectively.

13 AVAILABLE-FOR-SALE LONG-TERM FINANCIAL ASSETS

Available-for-sale long-term financial assets, in total amount of RR 198,284 and RR 191,417 are shown net of provision for impairment of RR 2,290 and RR 2,164 as of 31 March 2011 and 31 December 2010, respectively.

As of 31 March 2011 and 31 December 2010 long-term available-for-sale financial assets include OA O NOVATEK shares in the amount of RR 119,864 and RR 110,471, respectively.

14 OTHER NON-CURRENT ASSETS

Included within other non-current assets is VAT recoverable related to assets under construction totalling RR 116,922 and RR 107,969 as of 31 March 2011 and 31 December 2010 respectively.

Other non-current assets include net pension assets in the amount of RR 252,647 as of 31 March 2011 and RR 254,304 as of 31 December 2010 respectively.

15 LONG-TERM BORROWINGS

	Currency	Final maturity	31 March 2011	31 December 2010
Long-term borrowings payable to:				
Loan participation notes issued in April 2009 ¹	US dollar	2019	66,562	69,771
The Royal Bank of Scotland AG	US dollar	2013	50,150	55,046
Loan participation notes issued in October 2007 ¹	Euro	2018	48,435	51,220
Loan participation notes issued in June 2007 ¹	US dollar	2013	46,373	48,963
Natixis SA ²	US dollar	2015	42,649	45,721
Loan participation notes issued in May 2005 ¹	Euro	2015	41,982	41,715
Loan participation notes issued in December 2005 ¹	Euro	2012	40,590	40,445
Loan participation notes issued in November 2006 ¹	US dollar	2016	39,233	41,421
Loan participation notes issued in March 2007 ¹	US dollar	2022	37,118	40,437
White Nights Finance B.V.	US dollar	2014	37,074	39,744
Loan participation notes issued in July 2009 ¹	US dollar	2014	36,018	39,386
Loan participation notes issued in August 2007 ¹	US dollar	2037	35,860	39,137
Loan participation notes issued in April 2004 ¹	US dollar	2034	35,365	37,124
Loan participation notes issued in July 2009 ¹	Euro	2015	34,443	36,809
Loan participation notes issued in April 2008 ¹	US dollar	2018	32,475	34,131
Loan participation notes issued in October 2006 ¹	Euro	2014	31,368	32,804
Loan participation notes issued in November 2010 ¹	US dollar	2015	28,920	30,615
Loan participation notes issued in June 2007 ¹	Euro	2014	28,641	28,490

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15 LONG-TERM BORROWINGS (continued)

	Currency	Final maturity	31 March 2011	31 December 2010
WestLB AG ²	US dollar	2013	22,480	25,744
Russian bonds issued in April 2010 ⁶	Rouble	2013	20,666	20,000
Loan participation notes issued in March 2007 ¹	Euro	2017	20,459	20,347
Loan participation notes issued in November 2006 ¹	Euro	2017	20,039	20,975
Structured export notes issued in July 2004 ³	US dollar	2020	18,611	22,747
OAO Russian National Commercial Bank	US dollar	2012	17,740	19,018
Loan participation notes issued in April 2009 ¹	CHF	2011	16,693	17,209
RosUkrEnergO AG	US dollar	2012	16,139	-
Credit Suisse International	US dollar	2017	15,099	15,989
Loan participation notes issued in July 2008 ¹	US dollar	2013	14,475	15,671
Bank of Tokyo-Mitsubishi UFJ Ltd.	US dollar	2012	14,235	15,259
OAO Sberbank Rossii (AK Sberregatelny bank RF (OAO))	US dollar	2012	13,306	16,643
J.P. Morgan Chase bank	US dollar	2012	11,991	12,847
Loan participation notes issued in April 2008 ¹	US dollar	2013	11,766	12,390
OAO VTB Bank	US dollar	2012	11,483	12,317
Russian bonds issued in April 2009 ⁶	Rouble	2019	10,746	11,173
Deutsche Bank AG	US dollar	2014	10,683	11,410
Russian bonds issued in June 2009	Rouble	2012	10,334	10,011
Russian bonds issued in February 2011 ⁶	Rouble	2021	10,124	-
Russian bonds issued in February 2011 ⁶	Rouble	2016	10,119	-
Russian bonds issued in February 2011 ⁶	Rouble	2021	10,119	-
Citibank International plc ²	US dollar	2021	9,628	10,269
BNP Paribas SA ²	Euro	2022	9,428	7,108
Eurofert Trading Limited Llc ⁴	Rouble	2015	8,600	8,600
Deutsche Bank AG	US dollar	2014	8,595	9,217
Bank of Tokyo-Mitsubishi UFJ Ltd.	US dollar	2016	8,539	-
Bank of Tokyo-Mitsubishi UFJ Ltd.	US dollar	2015	8,531	9,198
The Royal Bank of Scotland AG ²	US dollar	2012	8,375	10,774
Russian bonds issued in July 2009 ⁶	Rouble	2016	8,233	8,000
GK Vnesheconombank	Rouble	2025	7,932	6,621
Loan participation notes issued in November 2007 ¹	JPY	2012	7,600	8,017
Credit Agricole CIB ²	US dollar	2013	7,120	7,633
Deutsche Bank AG	US dollar	2014	5,705	6,115
Russian bonds issued in June 2009	Rouble	2014	5,175	5,006
Russian bonds issued in December 2009 ⁵	Rouble	2014	5,166	5,039
The Royal Bank of Scotland AG ²	US dollar	2013	5,150	5,521
Russian bonds issued in November 2006	Rouble	2011	5,148	5,061
Russian bonds issued in July 2009 ⁷	Rouble	2011	5,066	5,000
Russian bonds issued in February 2007	Rouble	2014	5,043	5,134
Eurofert Trading Limited Llc. ⁴	Rouble	2015	5,000	5,000
Russian bonds issued in March 2006 ⁵	Rouble	2016	4,818	4,910
Russian bonds issued in September 2006 ⁵	Rouble	2011	4,655	4,801
Other long-term borrowings	Various	Various	<u>80,604</u>	<u>82,213</u>
Total long-term borrowings			1,244,674	1,251,966
Less: current portion of long-term borrowings			<u>(135,845)</u>	<u>(127,571)</u>
			1,108,829	1,124,395

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

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

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

⁴ Issuers of these notes are OAO WGC-2 and OAO WGC-6.

⁵ Issuer of these bonds is OAO Mosenergo.

⁶ Issuer of these bonds is OAO Gazprom neft.

⁷ Issuer of these bonds is OAO TGC-1.

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15 LONG-TERM BORROWINGS (continued)

	31 March 2011	31 December 2010
Due for repayment:		
Between one and two years	229,197	166,853
Between two and five years	467,241	551,310
After five years	<u>412,391</u>	<u>406,232</u>
	1,108,829	1,124,395

Long-term borrowings, including current portion, include fixed rate loans with a carrying value of RR 1,061,888 and RR 1,065,435 and fair value of RR 1,156,473 and RR 1,130,206 as of 31 March 2011 and 31 December 2010, respectively. All other long-term borrowings generally have variable interest rates linked to LIBOR, and the difference between carrying value of these liabilities and their fair value is not significant.

As of 31 March 2011 and 31 December 2010 long-term borrowings, including current portion, of RR 18,611 and RR 22,747 were secured by revenues from export supplies of gas to Western Europe.

16 PROFIT TAX

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

	31 March 2011	Differences recognition and reversals	31 December 2010	31 March 2010	Differences recognition and reversals	31 December 2009
Tax effects of taxable temporary differences:						
Property, plant and equipment	(320,774)	(4,207)	(316,567)	(336,585)	(31,959)	(304,626)
Financial assets	(17,641)	581	(18,222)	(18,501)	(797)	(17,704)
Inventories	<u>(2,245)</u>	<u>326</u>	<u>(2,571)</u>	<u>(1,740)</u>	<u>1,628</u>	<u>(3,368)</u>
	(340,660)	(3,300)	(337,360)	(356,826)	(31,128)	(325,698)
Tax effects of deductible temporary differences:						
Tax losses carry forward	787	(31)	818	2,148	(91)	2,239
Other deductible temporary differences	<u>2,130</u>	<u>(1,269)</u>	<u>3,399</u>	<u>961</u>	<u>(974)</u>	<u>1,935</u>
	2,917	(1,300)	4,217	3,109	(1,065)	4,174
Total net deferred tax liabilities	(337,743)	(4,600)	(333,143)	(353,717)	(32,193)	(321,524)

Taxable temporary differences recognized for the three months ended 31 March 2010 include the effect of applying a special accelerated depreciation coefficient of 2 for property, plant and equipment operated in aggressive environment. As a result deferred tax liability related to property, plant and equipment was recognized in the amount of RR 23,088.

17 EQUITY

Share capital

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

Treasury shares

As of 31 March 2011 and 31 December 2010, subsidiaries of OAO Gazprom held 723 million of the ordinary shares of OAO Gazprom, which are accounted for as treasury shares. The management of the Group controls the voting rights of these shares.

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18 SALES

	Three months ended	
	31 March	
	2011	2010
Gas sales (including excise tax, customs duties and net of VAT) to customers in:		
Russian Federation	266,042	232,783
Former Soviet Union (excluding Russian Federation)	220,243	118,393
Europe and other countries	<u>468,121</u>	<u>365,482</u>
Gross sales of gas	954,406	716,658
Customs duties	<u>(84,437)</u>	<u>(104,298)</u>
Net sales of gas	869,969	612,360
Sales of refined products to customers in:		
Russian Federation	121,135	86,366
Former Soviet Union (excluding Russian Federation)	10,825	7,754
Europe and other countries	<u>82,927</u>	<u>59,425</u>
Total sales of refined products	214,887	153,545
Sales of crude oil and gas condensate to customers in:		
Russian Federation	7,388	4,862
Former Soviet Union (excluding Russian Federation)	7,925	5,360
Europe and other countries	<u>42,032</u>	<u>34,362</u>
Total sales of crude oil and gas condensate	57,345	44,584
Electric and heat energy sales	112,536	93,397
Gas transportation sales	28,796	25,147
Other revenue	<u>33,214</u>	<u>25,294</u>
Total sales revenue	<u>1,316,747</u>	<u>954,327</u>

19 OPERATING EXPENSES

Note	Three months ended	
	31 March	
	2011	2010
	263,513	130,891
25	101,886	71,417
	87,812	75,461
	66,968	61,502
	63,746	76,386
	31,644	27,626
	25,050	24,141
	24,092	6,216
	21,248	17,580
	20,434	20,513
	9,046	4,431
	7,242	5,303
	4,404	5,074
	4,142	3,912
	3,822	5,243
	2,105	1,842
	391	4,242
	<u>38,823</u>	<u>50,968</u>
	<u>776,368</u>	<u>592,748</u>
Changes in inventories of finished goods, work in progress and other effects	<u>41,541</u>	<u>22,082</u>
Total operating expenses	<u>817,909</u>	<u>614,830</u>

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

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19 OPERATING EXPENSES (continued)

Staff costs include RR 8,577 and RR 5,723 of expenses associated with pension obligations for the three months ended 31 March 2011 and 2010, respectively.

20 FINANCE INCOME AND EXPENSES

	Three months ended	
	31 March	
	2011	2010
Exchange gains	69,830	63,940
Interest income	4,042	7,560
Gains on extinguishment of restructured liabilities	<u>96</u>	<u>2</u>
Total finance income	73,968	71,502
Exchange losses	3,360	4,686
Interest expense	<u>16,918</u>	<u>14,279</u>
Total finance expenses	20,278	18,965

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

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

There were 23.0 billion and 22.9 billion weighted average shares outstanding for the three months ended 31 March 2011 and 2010, respectively.

There are no dilutive financial instruments outstanding.

22 PROVISIONS FOR LIABILITIES AND CHARGES

	31 March	31 December
	2011	2010
Provision for decommissioning and site restoration costs	103,190	101,407
Provision for pension obligations	88,278	84,064
Other	<u>7,785</u>	<u>14,569</u>
	199,253	200,040

The Group operates a defined benefit plan, concerning the majority of the employees of the Group. These benefits include pension benefits provided by the non-governmental pension fund, NPF Gazfund, and certain post-retirement benefits from the Group provided upon retirement.

The net pension assets related to benefits, provided by the pension plan NPF Gazfund in the amount of RR 252,647 and RR 254,304 as of 31 March 2011 and 31 December 2010, respectively, are presented within other non-current assets in the consolidated balance sheet. In accordance with IAS 19, pension assets are recorded at estimated fair market values subject to certain limitations. As of 31 March 2011 and 31 December 2010 management estimated the fair value of these assets at approximately RR 450 billion and RR 438 billion, respectively. The pension assets comprise shares of OAO Gazprom, shares of OAO Gazprombank and other assets held by NPF Gazfund.

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

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

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

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

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24 DECONSOLIDATION OF ZAO GAZENERGOPROMBANK

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

25 RELATED PARTIES

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

The nature of the related party relationships for those related parties with whom the Group entered into significant transactions or had significant balances outstanding as of 31 March 2011 is detailed below.

Government

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

The Government does not prepare consolidated financial statements for public use. On 30 June 2011 the extraordinary General Shareholders Meeting was held to fulfil the assignments of the President of the Russian Federation to replace government officials on boards of directors in open joint stock companies with independent or representative directors. As a result of the extraordinary General Shareholders Meeting authority of two State representatives on the Board of Directors was terminated ahead of schedule and the new Board of Directors was elected. Governmental economic and social policies affect the Group’s financial position, results of operations and cash flows.

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

Parties under control of the Government

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

As of 31 March 2011 and 31 December 2010 and for the three months ended 31 March 2011 and 2010, the Group had the following significant transactions and balances with the Government and parties under control of the Government:

Notes	As of 31 March 2011		Three months ended 31 March 2011	
	Assets	Liabilities	Income	Expenses
Transactions and balances with the Government				
	14,857	63,093	-	108,864
	261	6,465	-	19,670
	303,849	58,863	-	-
	50,493	-	-	-
19	1,564	48,767	-	101,886
Transactions and balances with other parties under control of the Government				
	-	-	1,345	-
	-	-	72,888	-
	-	-	480	-
	43,975	-	-	-
	-	-	-	20,256
	-	10,997	-	-

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25 RELATED PARTIES (continued)

		As of 31 March 2011		Three months ended 31 March 2011	
		Assets	Liabilities	Income	Expenses
	Loans	-	48,366	-	-
	Interest income/expense	-	-	-	535
	Short-term financial assets	2,851	-	-	-
	Available-for-sale long-term financial assets	52,530	-	-	-
Notes		As of 31 December 2010		Three months ended 31 March 2010	
		Assets	Liabilities	Income	Expenses
	Transactions and balances with the Government				
	Current profit tax	14,265	45,649	-	55,053
	Insurance contributions to non-budget funds	753	1,438	-	14,750
	VAT recoverable/payable	299,121	32,365	-	-
	Customs duties	44,197	-	-	-
19	Other taxes	1,689	38,117	-	71,417
	Transactions and balances with other parties under control of the Government				
	Gas sales	-	-	832	-
	Electricity sales	-	-	63,300	-
	Other services sales	-	-	486	-
	Accounts receivable	26,977	-	-	-
	Oil transportation expenses	-	-	-	20,061
	Accounts payable	-	9,289	-	-
	Loans	-	48,710	-	-
	Interest income/expense	-	-	-	2,910
	Short-term financial assets	517	-	-	-
	Available-for-sale long-term financial assets	54,718	-	-	-

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

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

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

Compensation for key management personnel

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

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

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

Associated undertakings and jointly controlled entities

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

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25 RELATED PARTIES (continued)

	Three months ended	
	31 March	
	2011	2010
	Revenues	
Gas sales		
OAO Beltransgaz	41,243	32,998
Wintershall Erdgas Handelshaus GmbH & Co. KG (WIEH)	27,788	24,168
WINGAS GmbH & Co. KG	15,668	10,499
Wintershall Erdgas Handelshaus Zug AG (WIEE)*	11,370	6,600
ZAO Panrusgaz	10,549	19,738
AO Gazum	10,125	8,524
AO Moldovagaz	6,572	5,551
AO Overgaz Inc.	5,763	4,853
AO Latvijas Gaze	4,124	413
Promgaz S.p.A.	4,025	3,476
AO Lietuvos dujos	3,555	4,401
GWH – Gaz und Warenhandels GmbH	2,940	2,453
PremiumGas S.p.A.	2,624	2,664
ZAO Gazprom YRGM Trading	2,503	3,481
ZAO Gazprom YRGM Development	1,788	2,487
Bosphorus Gaz Corporation A.S.	1,357	702
Gas transportation sales		
OAO NOVATEK**	-	6,288
ZAO Gazprom YRGM Trading	5,232	4,808
ZAO Gazprom YRGM Development	3 737	3 434
Gas condensate, crude oil and refined products sales		
OAO NGK Slavneft and its subsidiaries	7,083	7,353
OAO Gazprom neftekhim Salavat (former OAO Salavatnefteorgsintez)	4,404	2,519
Gas refining services sales		
TOO KazRosGaz	1,439	1,298
	Expenses	
Purchased gas		
RosUkrEnergo AG	110,257	-
ZAO Gazprom YRGM Trading	13,183	11,025
ZAO Gazprom YRGM Development	9,423	7,881
OAO NOVATEK**	-	3,721
TOO KazRosGaz	5,474	6,298
Sakhalin Energy Investment Company Ltd.	1,848	1,276
Purchased transit of gas		
OAO Beltransgaz	3,446	3,117
SGT EuRoPol GAZ S.A.	2,577	2,577
Blue Stream Pipeline Company B.V.	1,921	1,972
WINGAS GmbH & Co. KG	913	1,126
Purchased crude oil and refined products		
OAO NGK Slavneft and its subsidiaries	16,772	14,915
OAO Tomskneft VNK and its subsidiaries	11,035	7,981
Salym Petroleum Development N.V.	8,430	6,576
Purchased processing services		
OAO NGK Slavneft and its subsidiaries	1,955	1,842

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

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

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25 RELATED PARTIES (continued)

Gas is sold to associated undertakings in the Russian Federation mainly at the rates established by the FTS. Gas is sold outside the Russian Federation mainly under long-term contracts prices in which are indexed mainly to world oil product prices.

	As of 31 March 2011		As of 31 December 2010	
	Assets	Liabilities	Assets	Liabilities
Short-term accounts receivable and prepayments				
OAo Beltransgaz	14,749	-	14,972	-
RosUkrEnergog AG	12,284	-	81,622	-
Wintershall Erdgas Handelshaus GmbH & Co.KG (WIEH)	11,280	-	7,253	-
OAo Gazprom neftekhim Salavat	10,245	-	10,829	-
WINGAS GmbH & Co.KG	6,358	-	7,870	-
AO Overgaz Inc.	5,639	-	5,820	-
AO Moldovagaz*	5,367	-	2,717	-
ZAO Panrusgaz	5,115	-	8,087	-
AO Gazum	4,551	-	5,164	-
Wintershall Erdgas Handelshaus Zug AG, (WIEE)	3,625	-	2,763	-
Promgaz S.p.A.	2,106	-	2,143	-
ZAO Gazprom YRGM Development	1,996	-	1,023	-
AO Lietuvos dujos	1,498	-	2,103	-
OAo Gazprombank	1,350	-	1,567	-
OAo NGK Slavneft and its subsidiaries	1,319	-	1,238	-
ZAO Gazprom YRGM Trading	1,436	-	1,432	-
TOO KazRosGaz	677	-	647	-
OAo Sibur Holding and its subsidiaries	198	-	498	-
Cash balances in associated undertakings				
OAo Gazprombank	223,533	-	191,552	-
Long-term accounts receivable and prepayments				
WINGAS GmbH & Co. KG	15,320	-	15,439	-
OAo Sibur Holding and its subsidiaries	4,428	-	3,894	-
Salym Petroleum Development N.V.	4,257	-	4,806	-
Long-term promissory notes				
OAo Gazprombank	953	-	943	-
Short-term accounts payable				
ZAO Gazprom YRGM Trading	-	7,457	-	6,466
SGT EuRoPol GAZ S.A.	-	6,199	-	6,976
OAo Sibur Holding and its subsidiaries	-	4,088	-	3,777
ZAO Gazprom YRGM Development	-	4,012	-	4,984
Salym Petroleum Development N.V.	-	3,435	-	2,635
Promgaz S.p.A.	-	3,296	-	1,583
TOO KazRosGaz	-	3,106	-	4,336
OAo Beltransgaz	-	1,989	-	1,297
OAo NGK Slavneft and its subsidiaries	-	1,905	-	1,394
WINGAS GmbH & Co.KG	-	1,592	-	2,806
OAo Gazprombank	-	179	-	708
RosUkrEnergog AG	-	-	-	8,447
Other non-current liabilities				
ZAO Gazprom YRGM Trading	-	3,187	-	3,683
OAo Sibur Holding and its subsidiaries	-	150	-	1,115
ZAO Gazprom YRGM Development	-	497	-	-

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25 RELATED PARTIES (continued)

	As of 31 March 2011		As of 31 December 2010	
	Assets	Liabilities	Assets	Liabilities
Short-term loans from associated companies				
OAO Tomskneft VNK and its subsidiaries	-	8,586	-	7,027
OAO Gazprombank	-	2,380	-	6,973
Wintershall Erdgas Handelshaus GmbH & Co.KG (WIEH)	-	-	-	2,527
OAO NGK Slavneft and its subsidiaries	-	373	-	-
Long-term loans from associated undertaking				
RosUkrEnergo AG	-	16,139	-	-
OAO Gazprombank	-	2,353	-	3,770

* Net of impairment provision on accounts receivable in the amount of RR 67,898 and RR 69,305 as of 31 March 2011 and 31 December 2010 respectively.

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

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

26 COMMITMENTS, CONTINGENCIES AND OPERATING RISKS

Taxation

The tax, currency and customs legislation within the Russian Federation is subject to varying interpretations and frequent changes. Tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments. Management believes that its interpretation of the relevant legislation as of 31 March 2011 is appropriate and all of the Group's material tax, currency and customs positions will be sustainable.

Financial guarantees

	31 March 2011	31 December 2010
Outstanding guarantees issued on behalf of:		
Sakhalin Energy Investment Company Ltd.	93,996	100,260
Nord Stream AG	55,389	50,005
Blue Stream Pipeline Company B.V.	9,462	12,974
EM Interfinance Limited	5,264	5,694
OOO Production Company VIS	4,472	4,472
Blackrok Capital Investments Limited	4,461	4,824
Devere Capital International Limited	3,057	4,217
OAO Group E4	1,438	1,450
ZAO Achimgaz	371	4,330
OOO Severny Europeysky Trubny Proekt	-	27,227
OOO Torgovy Dom Truboprovod	-	8,305
Other	17,085	17,619
	194,995	241,377

Included in financial guarantees are amounts denominated in USD of USD 4,277 million and USD 4,374 million as of 31 March 2011 and 31 December 2010, respectively, as well as amounts denominated in Euro of Euro 1,545 million and Euro 1,494 million as of 31 March 2011 and 31 December 2010, respectively.

In July 2005 Blue Stream Pipeline Company B.V. (BSPC) refinanced some of the existing liabilities, guaranteed by the Group, by means of repayment of the liabilities to a group of Italian and Japanese banks. For the purpose of this transaction loans in the amount of USD 1,185.3 million were received from Gazstream S.A. The Group guaranteed the above loans. As of 31 March 2011 and 31 December 2010, outstanding amounts of these loans were RR 9,462 (USD 333 million) and RR 12,974 (USD 426 million), respectively, which were guaranteed by the Group, pursuant to its obligations.

In 2006 the Group guaranteed Asset Repackaging Trust Five B.V. (registered in Netherlands) bonds issued by five financing entities: Devere Capital International Limited, Blackrock Capital Investments Limited, DSL Assets International Limited, United Energy Investments Limited, EM Interfinance Limited (registered in Ireland) in regard to bonds issued with due dates December 2012, June 2018, December 2009,

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26 COMMITMENTS, CONTINGENCIES AND OPERATING RISKS (continued)

December 2009 and December 2015, respectively. Bonds were issued for financing of construction of a transit pipeline in Poland by SGT EuRoPol GAZ S.A. In December 2009 loans issued by DSL Assets International Limited and United Energy Investments Limited were redeemed. As a result as of 31 March 2011 and 31 December 2010 the guarantees issued on behalf of Devere Capital International Limited, Blackrock Capital Investments Limited and EM Interfinance Limited amounted to RR 12,782 (USD 450 million) and RR 14,735 (USD 483 million), respectively.

In 2007 the Group provided a guarantee to Wintershall Vermögens-Verwaltungsgesellschaft mbH on behalf of ZAO Achimgaz as a security of loans received and used for additional financing of the pilot implementation of the project on the development of Achimsky deposits of the Urengoy field. The Group's liability with respect to loans is limited by 50% in accordance with the ownership interest in ZAO Achimgaz. As of 31 March 2011 and 31 December 2010 the above guarantee amounted to RR 371 (Euro 9 million) and RR 4,330 (Euro 107 million), respectively.

In May 2008 the Group provided a guarantee to OAO Bank of Moscow on behalf of OAO Group E4 as a security of loans for obligations under contracts for delivering of power units. As of 31 March 2011 and 31 December 2010 the above guarantee amounted to RR 1,438 (Euro 36 million) and RR 1,450 (Euro 36 million), respectively.

In June 2008 the Group provided a guarantee to the Bank of Tokyo-Mitsubishi UFJ Ltd. on behalf of Sakhalin Energy Investment Company Ltd. under the credit facility up to the amount of the Group's share (50%) in the obligations of Sakhalin Energy Investment Company Ltd. toward the Bank of Tokyo-Mitsubishi UFJ Ltd. As of 31 March 2011 and 31 December 2010 the above guarantee amounted to RR 93,996 (USD 3,306 million) and RR 100,260 (USD 3,290 million), respectively.

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

In March 2010 the Group provided a guarantee to Societe Generale on behalf of Nord Stream AG under the credit facility for financing of Nord Stream gas pipeline Phase 1 construction completion. According to guarantee agreements the Group has to redeem debt up to the amount of the Group's share (51%) in the obligations of Nord Stream toward the Societe Generale in the event that Nord Stream fail to repay those amounts. As of 31 March 2011 and 31 December 2010 the above guarantee within the Group's share in Nord Stream AG obligations to the bank amounted to RR 55,389 (Euro 1,384 million) and RR 50,005 (Euro 1,240 million), respectively.

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

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

27 POST BALANCE SHEET EVENTS

Borrowings and loans

In April 2011 the Group signed the agreement to obtain long-term unsecured syndicated loan facility from consortium of banks in the amount of USD 600 million at an interest rate of LIBOR+1.5% due in 2016. ZAO Mizuho Corporate Bank (Moscow) was appointed as bank agent.

In May 2011 the Group obtained project finance for the development of Yuzhno-Russkoye oil and gas field from consortium of foreign banks and OAO Gazprombank in the amount of RR 5,993, USD 657 million and Euro 474 million at an interest rate of 11.4%, LIBOR+2.35% and EURIBOR+2.35%, respectively, due in 2018. UniCredit Bank AG was appointed as bank agent.

OAO GAZPROM
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