

ОАО ГАЗПРОМ

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

30 SEPTEMBER 2010



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 2010 and the related consolidated interim condensed statements of comprehensive income for the three and nine month periods then ended, and of cash flows and of changes in equity for the nine month period then ended. Management is responsible for the preparation and presentation of this consolidated interim condensed financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this consolidated interim condensed financial information based on our review.

Scope of Review

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

Conclusion

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

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

8 February 2011

OAO GAZPROM
IFRS CONSOLIDATED INTERIM CONDENSED BALANCE SHEET (UNAUDITED)
AS OF 30 SEPTEMBER 2010
(In millions of Russian Roubles)

Notes		30 September 2010	31 December 2009
	Assets		
	Current assets		
6	Cash and cash equivalents	315,832	249,759
6	Restricted cash	3,658	4,872
7	Short-term financial assets	19,901	52,137
8,24	Accounts receivable and prepayments	668,266	846,725
9	Inventories	333,859	286,719
	VAT recoverable	122,586	144,691
	Other current assets	<u>160,619</u>	<u>107,044</u>
		1,624,721	1,691,947
	Non-current assets		
10,25	Property, plant and equipment	5,245,555	4,899,223
11	Investments in associated undertakings and jointly controlled entities	827,073	794,705
12	Long-term accounts receivable and prepayments	423,387	413,309
13	Available-for-sale long-term financial assets	85,197	106,658
14	Other non-current assets	<u>482,353</u>	<u>462,686</u>
		<u>7,063,565</u>	<u>6,676,581</u>
	Total assets	8,688,286	8,368,528
	Liabilities and equity		
	Current liabilities		
	Accounts payable and accrued charges	547,358	502,075
	Profit tax payable	7,687	37,267
24	Other taxes payable	64,013	71,934
	Short-term borrowings and current portion of long-term borrowings	220,673	424,855
	Short-term promissory notes payable	<u>5,399</u>	<u>11,761</u>
		845,130	1,047,892
	Non-current liabilities		
15	Long-term borrowings	1,065,196	1,184,457
	Long-term promissory notes payable	1	4,592
22	Provisions for liabilities and charges	148,626	143,591
16,25	Deferred tax liabilities	357,945	321,524
	Other non-current liabilities	<u>23,028</u>	<u>17,151</u>
		<u>1,594,796</u>	<u>1,671,315</u>
	Total liabilities	2,439,926	2,719,207
	Equity		
17	Share capital	325,194	325,194
17	Treasury shares	(104,204)	(104,204)
	Retained earnings and other reserves	<u>5,710,679</u>	<u>5,105,525</u>
		5,931,669	5,326,515
	Non-controlling interest	<u>316,691</u>	<u>322,806</u>
	Total equity	6,248,360	5,649,321
	Total liabilities and equity	8,688,286	8,368,528

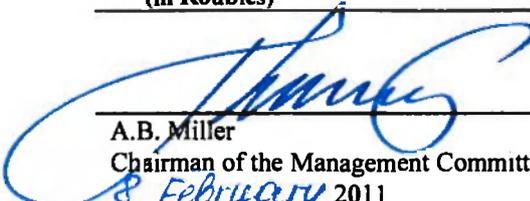
A.B. Miller
Chairman of the Management Committee
8 February 2011

E.A. Vasilieva
Chief Accountant
8 February 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 AND NINE MONTHS ENDED 30 SEPTEMBER 2010
(In millions of Russian Roubles)

Notes		Three months ended 30 September		Nine months ended 30 September	
		2010	2009	2010	2009
18	Sales	786,451	684,207	2,507,744	2,154,742
	Net gain from trading activity	2,555	525	10,316	2,876
19	Operating expenses	<u>(591,987)</u>	<u>(527,835)</u>	<u>(1,743,321)</u>	<u>(1,568,784)</u>
	Operating profit	197,019	156,897	774,739	588,834
	Purchase of non-controlling interest in OAO Gazprom neft	-	-	-	13,865
20	Finance income	35,379	99,264	126,967	339,679
20	Finance expense	(44,958)	(66,172)	(128,402)	(383,245)
11	Share of net income of associated undertakings and jointly controlled entities	21,208	27,250	74,153	43,040
	Gains (losses) on disposal of available-for-sale financial assets	<u>1,092</u>	<u>(518)</u>	<u>2,481</u>	<u>2,321</u>
	Profit before profit tax	209,740	216,721	849,938	604,494
	Current profit tax expense	(48,999)	(31,719)	(148,389)	(120,112)
	Deferred profit tax expense	<u>(222)</u>	<u>(11,473)</u>	<u>(32,796)</u>	<u>(5,093)</u>
	Profit tax expense	(49,221)	(43,192)	(181,185)	(125,205)
	Profit for the period	160,519	173,529	668,753	479,289
	Other comprehensive income				
	Gains arising from change in fair value of available-for-sale financial assets, net of tax	13,252	10,363	13,426	22,831
	Share of other comprehensive income of associated undertakings and jointly controlled entities	680	371	1,406	4,331
	Translation differences	8,152	(9,263)	(5,163)	(3,337)
	Revaluation of equity interest	-	-	-	<u>9,911</u>
	Other comprehensive income for the period, net of tax	22,084	1,471	9,669	33,736
	Total comprehensive income for the period	182,603	175,000	678,422	513,025
	Profit (loss) attributable to:				
	owners of OAO Gazprom	159,037	174,631	653,721	470,874
	non-controlling interest	<u>1,482</u>	<u>(1,102)</u>	<u>15,032</u>	<u>8,415</u>
		160,519	173,529	668,753	479,289
	Total comprehensive income (expense) attributable to:				
	owners of OAO Gazprom	182,889	178,869	662,968	509,265
	non-controlling interest	<u>(286)</u>	<u>(3,869)</u>	<u>15,454</u>	<u>3,760</u>
		182,603	175,000	678,422	513,025
21	Basic and diluted earnings per share for profit attributable to the owners of OAO Gazprom (in Roubles)	6.93	7.39	28.49	19.92


A.B. Miller
Chairman of the Management Committee
8 February 2011


E.A. Vasilieva
Chief Accountant
8 February 2011

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

OAO GAZPROM
IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010
(In millions of Russian Roubles)

Notes	Nine months ended 30 September	
	2010	2009
	Operating activities	
	849,938	604,494
	Profit before profit tax	
	Adjustments to profit before profit tax	
	-	(13,865)
	Gain on acquisition of non-controlling interest in OAO Gazprom neft	
	175,832	155,749
	Depreciation	
	(14,162)	13,891
	Net unrealised foreign exchange (gains) losses	
	30,790	56,987
	Interest expense	
	(15,188)	(27,230)
	Interest income	
	(2,481)	(2,321)
	Gains on disposal of available-for-sale financial assets	
	(74,153)	(43,040)
	Share of net income of associated undertakings and jointly controlled entities	
	23,930	28,781
	Charge for provisions	
	9,935	(1,645)
	Derivatives loss (gain)	
	<u>12,593</u>	<u>7,614</u>
	Other	
	147,096	174,921
	Total effect of adjustments	
	(4,919)	2,059
	(Increase) decrease in non-current assets	
	324	784
	Increase in non-current liabilities	
	233,945	(72,949)
	Total effect of working capital changes	
	<u>(208,025)</u>	<u>(122,261)</u>
	Profit tax paid	
	1,018,359	587,048
	Net cash provided by operating activities	
	Investing activities	
	(691,587)	(587,002)
	Capital expenditures	
	(4,264)	(32,682)
	Net change in loans made	
	(72,294)	(67,980)
	Acquisition of subsidiaries, net of cash acquired	
	-	(138,527)
	Acquisition of non-controlling interest in OAO Gazprom neft	
26	(32,504)	-
	Decrease of cash and cash equivalents from deconsolidation of banking subsidiaries	
	6,416	-
	Proceeds from sale of interest in subsidiaries	
	(31,417)	(40,130)
	Investment in associated undertakings and jointly controlled entities	
	8,039	26,882
	Interest received	
	(3,601)	3,684
	Change in available-for-sale long-term financial assets	
	73,865	27,636
	Proceeds from associated undertakings and jointly controlled entities	
	<u>(1,429)</u>	<u>(281)</u>
	Other	
	(748,776)	(808,400)
	Net cash used for investing activities	
	Financing activities	
	112,834	440,173
	Proceeds from long-term borrowings	
	(260,307)	(234,139)
	Repayment of long-term borrowings (including current portion)	
	(27,244)	3,401
	Net (repayment of) proceeds from short-term borrowings	
	(812)	(1,332)
	Net repayment of promissory notes	
	(23,665)	(45,528)
	Interest paid	
	-	(58)
	Purchases of treasury shares	
	(662)	(1,450)
	Change in restricted cash	
	<u>(199,856)</u>	<u>161,067</u>
	Net cash (used for) provided by financing activities	
	(3,654)	5,139
	Effect of exchange rate changes on cash and cash equivalents	
	66,073	(55,146)
	Increase (decrease) in cash and cash equivalents	
6	<u>249,759</u>	<u>343,833</u>
	Cash and cash equivalents, at the beginning of reporting period	
6	315,832	288,687
	Cash and cash equivalents, at the end of reporting period	

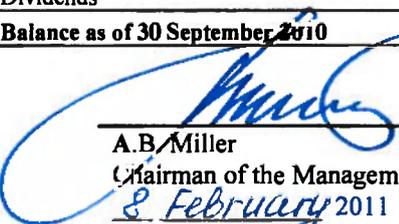
A.B. Miller
Chairman of the Management Committee
8 February 2011

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8 February 2011

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OAQ GAZPROM
IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010
(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				
<u>Nine months ended 30 September 2009</u>								
	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)
	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)
	Acquisition of the controlling interest in OOO SeverEnergiya	-	-	-	-	-	43,578	43,578
24	Acquisition of the controlling interest in Sibir Energy plc	-	-	-	-	-	56,724	56,724
	Non-controlling interest in subsidiaries acquired	-	-	-	-	-	31,192	31,192
	Purchase of non-controlling interest in OAO Gazprom neft	-	-	-	-	-	(152,392)	(152,392)
17	Net treasury shares transactions	0.0	-	(58)	-	(58)	-	(58)
	Dividends	-	-	-	(8,528)	(8,528)	(1,442)	(9,970)
	Balance as of 30 September 2009	23.6	325,194	(655)	4,780,541	5,105,080	289,404	5,394,484
<u>Nine months ended 30 September 2010</u>								
	Balance as of 31 December 2009	22.9	325,194	(104,204)	5,105,525	5,326,515	322,806	5,649,321
	Profit for the period	-	-	-	653,721	653,721	15,032	668,753
	Other comprehensive income:							
	Gains arising from change in fair value of available-for-sale financial assets, net of tax	-	-	-	13,426	13,426	-	13,426
	Share of other comprehensive income of associated undertakings and jointly controlled entities	-	-	-	1,406	1,406	-	1,406
	Translation differences	-	-	-	(5,585)	(5,585)	422	(5,163)
	Total comprehensive income for the nine months ended 30 September 2010	-	-	-	662,968	662,968	15,454	678,422
26	Disposal of controlling interest in subsidiaries	-	-	-	-	-	(3,024)	(3,024)
24	Purchase of non-controlling interest in subsidiaries	-	-	-	(2,499)	(2,499)	(17,435)	(19,934)
	Return of social assets to governmental authorities	-	-	-	(308)	(308)	-	(308)
	Dividends	-	-	-	(55,007)	(55,007)	(1,110)	(56,117)
	Balance as of 30 September 2010	22.9	325,194	(104,204)	5,710,679	5,931,669	316,691	6,248,360


A.B. Miller
Chairman of the Management Committee
8 February 2011


E.A. Vasilieva
Chief Accountant
8 February 2011

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

ОАО ГАЗПРОМ
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 30 SEPTEMBER 2010
(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 engaged in oil production, refining activities, electric and heat energy generation.

The Group is involved in the following principal activities:

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

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

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

2 ECONOMIC ENVIRONMENT IN THE RUSSIAN FEDERATION

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

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

3 BASIS OF PRESENTATION

The consolidated interim condensed financial information is prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”). This consolidated interim condensed financial information should be read together with the consolidated financial statements for the year ended 31 December 2009 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 30.40 and 30.24 as of 30 September 2010 and 31 December 2009, respectively. The official RR to Euro exchange rates as determined by the Central Bank of the Russian Federation were 41.35 and 43.39 as of 30 September 2010 and 31 December 2009, 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 2009 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 2010 the Group has adopted all IFRS, amendments and interpretations which are effective 1 January 2010 and which are relevant to its operations.

ОАО ГАЗПРОМ
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 30 SEPTEMBER 2010
(In millions of Russian Roubles)

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

(a) Standards, Amendments or Interpretations effective in 2010

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 requires 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 previous standard required 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 applied the amendment from 1 January 2010.

Amendment to IFRS 3 “Business Combinations” (“IFRS 3”), which is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. The revised IFRS 3 allows 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 has a corresponding effect on consolidated goodwill (goodwill attributable to non-controlling interest should 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 is 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 are accounted for separately from the business combinations and therefore recognized as expenses rather than included in goodwill. An acquirer should 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 applied the new provisions of this standard to business combinations 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 of land leases and setting out 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 combinations, providing additional guidance on techniques used in the absence of an 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 amendments did not have any material effect on the Group’s consolidated financial statements.

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

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 did not 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 for 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 an entity gives its owners a choice of receiving either non-cash assets or a cash alternative. IFRIC 17 did not have any material effect on the Group's consolidated financial statements.

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 did not 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 did not materially affect the Group's consolidated financial statements.

(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 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.

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

The Group is currently assessing the impact of the standard on the 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 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.

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:

IFRS 3 was amended (i) to require 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) to provide guidance on acquiree’s share-based payment arrangements that were not replaced or were voluntarily replaced as a result of a business combination and (iii) to clarify that the contingent considerations from business combinations that occurred before the effective date of revised IFRS 3 (issued in January 2008) will be accounted for in accordance with the guidance in the previous version of IFRS 3.

IFRS 7 was amended to clarify 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, and (iii) 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.

IAS 1 was amended to clarify 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.

IAS 27 was amended by clarifying the transition rules for amendments to IAS 21, 28 and 31 made by the revised IAS 27 (as amended in January 2008).

IAS 34 was amended to add 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.

IFRIC 13 was amended to clarify measurement of fair value of award credits. The application of these improvements is not expected to materially affect the Group’s consolidated financial statements.

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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
<u>Nine months ended 30 September 2010</u>									
Total segment revenues	<u>241,014</u>	<u>478,636</u>	<u>1,626,990</u>	<u>19,276</u>	<u>325,649</u>	<u>510,712</u>	<u>210,575</u>	<u>116,267</u>	<u>3,529,119</u>
Inter-segment sales	236,306	411,441	131,338	18,636	184,283	6,001	-	-	988,005
External sales	4,708	67,195	1,495,652	640	141,366	504,711	210,575	116,267	2,541,114
Segment result	<u>28,394</u>	<u>31,636</u>	<u>460,827</u>	<u>3,006</u>	<u>60,857</u>	<u>51,911</u>	<u>13,960</u>	<u>(1,287)</u>	<u>649,304</u>
Depreciation	53,773	180,363	4,162	6,805	32,724	16,408	13,742	11,938	319,915
Share of net income of associated undertakings and jointly controlled entities	5,619	2,448	13,779	-	31,618	1,622	-	19,067	74,153
<u>Nine months ended 30 September 2009</u>									
Total segment revenues	<u>219,962</u>	<u>432,352</u>	<u>1,511,782</u>	<u>15,217</u>	<u>260,557</u>	<u>407,285</u>	<u>139,894</u>	<u>112,245</u>	<u>3,099,294</u>
Inter-segment sales	216,339	390,789	77,458	14,816	138,221	4,924	-	-	842,547
External sales	3,623	41,563	1,434,324	401	122,336	402,361	139,894	112,245	2,256,747
Segment result	<u>31,353</u>	<u>49,782</u>	<u>321,966</u>	<u>3,208</u>	<u>58,850</u>	<u>38,159</u>	<u>12,238</u>	<u>(8,063)</u>	<u>507,493</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
<u>Three months ended 30 September 2010</u>									
Total segment revenues	<u>83,817</u>	<u>172,689</u>	<u>477,885</u>	<u>7,977</u>	<u>113,003</u>	<u>187,859</u>	<u>59,477</u>	<u>40,402</u>	<u>1,143,109</u>
Inter-segment sales	82,794	151,070	36,725	7,732	65,157	2,273	-	-	345,751
External sales	1,023	21,619	441,160	245	47,846	185,586	59,477	40,402	797,358
Segment result	<u>13,423</u>	<u>23,607</u>	<u>102,149</u>	<u>1,694</u>	<u>16,931</u>	<u>7,894</u>	<u>212</u>	<u>(3,230)</u>	<u>162,680</u>
Depreciation	16,075	52,042	1,347	2,266	12,448	5,460	5,236	3,724	98,598
Share of net income of associated undertakings and jointly controlled entities	1,347	482	3,728	-	8,260	496	-	6,895	21,208
<u>Three months ended 30 September 2009</u>									
Total segment revenues	<u>79,164</u>	<u>147,890</u>	<u>406,336</u>	<u>5,964</u>	<u>103,161</u>	<u>181,316</u>	<u>38,164</u>	<u>38,321</u>	<u>1,000,316</u>
Inter-segment sales	77,952	133,124	25,126	5,711	60,110	1,586	-	-	303,609
External sales	1,212	14,766	381,210	253	43,051	179,730	38,164	38,321	696,707
Segment result	<u>13,784</u>	<u>14,701</u>	<u>71,740</u>	<u>1,159</u>	<u>22,440</u>	<u>35,018</u>	<u>1,762</u>	<u>(10,081)</u>	<u>150,523</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

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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	
	2010	2009	2010	2009
Segment result	162,680	150,523	649,304	507,493
Difference in depreciation	41,955	32,827	144,084	122,340
Expenses associated with pension obligations	(4,088)	(2,454)	(9,708)	(7,948)
Expenses associated with other provisions	-	(17)	-	(2,034)
Purchase of non-controlling interest in OAO Gazprom neft	-	-	-	13,865
Finance (expense) income, net	(9,579)	33,092	(1,435)	(43,566)
Gains (losses) on disposal of available-for-sale financial assets	1,092	(518)	2,481	2,321
Share of net income of associated undertakings and jointly controlled entities	21,208	27,250	74,153	43,040
Other	(3,528)	(23,982)	(8,941)	(31,017)
Profit before profit tax	209,740	216,721	849,938	604,494

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	
	2010	2009	2010	2009
External sales for reportable segments	756,956	658,386	2,424,847	2,144,502
External sales for other segments	40,402	38,321	116,267	112,245
Total external segment sales	797,358	696,707	2,541,114	2,256,747
Differences in external sales	(10,907)	(12,500)	(33,370)	(102,005)
Total sales per the statement of comprehensive income	786,451	684,207	2,507,744	2,154,742

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 2010									
Segment assets	1,590,223	3,803,032	908,898	169,335	1,099,782	804,450	474,316	521,212	9,371,248
Investments in associated undertakings and jointly controlled entities	109,175	132,963	88,720	-	413,091	37,395	48	45,681	827,073
Capital additions	130,230	197,081	21,281	6,692	66,028	44,207	28,842	14,179	508,540
31 December 2009									
Segment assets	1,438,222	3,323,087	874,339	125,069	1,124,222	747,980	470,221	546,336	8,649,476
Investments in associated undertakings and jointly controlled entities	102,503	102,801	88,991	-	438,655	34,439	-	27,316	794,705
Capital additions	218,921	231,723	27,185	9,549	84,749	41,557	26,139	20,959	660,782
30 September 2009									
Segment assets	1,350,450	3,356,287	824,237	125,072	1,453,253	459,248	348,179	460,384	8,377,110
Investments in associated undertakings and jointly controlled entities	101,411	105,133	78,362	-	477,211	15,412	33,075	20,058	830,662
Capital additions	138,218	142,298	13,099	5,835	43,101	35,517	14,332	8,923	401,323

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5 SEGMENT INFORMATION (continued)

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

	30 September 2010	31 December 2009	30 September 2009
Segment assets for reportable segments	8,850,036	8,103,140	7,916,726
Other segments' assets	<u>521,212</u>	<u>546,336</u>	<u>460,384</u>
Total segment assets	9,371,248	8,649,476	8,377,110
Differences in property, plant and equipment, net*	(1,765,500)	(1,399,885)	(1,439,565)
Loan interest capitalised	180,574	143,967	132,784
Decommissioning costs	53,583	55,466	28,678
Cash and cash equivalents	315,832	249,759	288,687
Restricted cash	3,658	4,872	5,197
Short-term financial assets	19,901	52,137	54,105
VAT recoverable	122,586	144,691	126,612
Other current assets	160,619	107,044	149,030
Available-for-sale long-term financial assets	85,197	106,658	98,506
Other non-current assets	482,353	462,686	444,642
Inter-segment assets	(498,965)	(380,774)	(335,414)
Other	<u>157,200</u>	<u>172,431</u>	<u>176,016</u>
Total assets per the balance sheet	8,688,286	8,368,528	8,106,388

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

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

	Production of gas	Transport	Distri- bution	Gas storage	Production of crude oil and gas condensate	Refining	Electric and heat energy genera- tion and sales	All other segments	Total
Segment liabilities									
30 September 2010	98,040	195,914	244,551	2,561	231,627	70,405	41,668	140,037	1,024,803
31 December 2009	111,421	135,788	195,403	1,407	214,098	98,545	35,760	141,694	934,116
30 September 2009	57,421	118,539	264,959	1,221	128,696	94,683	23,426	100,757	789,702

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

	30 September 2010	31 December 2009	30 September 2009
Segment liabilities for reportable segments	884,766	792,422	688,945
Other segments' liabilities	<u>140,037</u>	<u>141,694</u>	<u>100,757</u>
Total segments liabilities	1,024,803	934,116	789,702
Profit tax payable	7,687	37,267	11,389
Short-term borrowings and current portion of long-term borrowings	220,673	424,855	545,564
Short-term promissory notes payable	5,399	11,761	16,183
Long-term borrowings	1,065,196	1,184,457	1,199,964
Long-term promissory notes payable	1	4,592	1,808
Provisions for liabilities and charges	148,626	143,591	110,107
Deferred tax liabilities	357,945	321,524	318,165
Other non-current liabilities	23,028	17,151	12,579
Dividends payable	57,473	1,924	9,049
Inter-segment liabilities	(498,965)	(380,774)	(335,414)
Other	<u>28,060</u>	<u>18,743</u>	<u>32,808</u>
Total liabilities per the balance sheet	2,439,926	2,719,207	2,711,904

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6 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Balances included within cash and cash equivalents in the consolidated interim condensed balance sheet represent cash on hand 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 2010 and 31 December 2009 restricted cash includes cash balances of RR nil and RR 1,233, respectively, in banking subsidiaries, which are restricted as to withdrawal under banking regulations. As of 31 December 2009 these balances of banking subsidiaries were mainly attributable to ZAO Gazenergoprombank that was deconsolidated in April 2010 (see Note 26).

7 SHORT-TERM FINANCIAL ASSETS

	30 September 2010	31 December 2009
Financial assets held for trading	2,425	21,939
Available-for-sale financial assets (net of impairment provision of RR 427 and RR 196 as of 30 September 2010 and 31 December 2009, respectively)	<u>17,476</u>	<u>30,198</u>
	19,901	52,137

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 third parties' promissory notes maturing within twelve months of the balance sheet date and debt securities.

As of 30 September 2010 and 31 December 2009 short-term financial assets owned by the Group's banking subsidiaries amounted to RR nil and RR 35,535, respectively. As of 31 December 2009 these assets mainly included financial assets of ZAO Gazenergoprombank that was deconsolidated in April 2010 (see Note 26).

8 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	30 September 2010	31 December 2009
Trade receivables	348,769	393,554
Prepayments and advances	185,344	263,765
Other receivables	<u>134,153</u>	<u>189,406</u>
	668,266	846,725

Accounts receivable and prepayments are presented net of impairment provision of RR 153,371 and RR 153,061 as of 30 September 2010 and 31 December 2009, respectively.

As of 30 September 2010 and 31 December 2009 other receivables include RR nil and RR 42,640, respectively, relating to the operations of the 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. As of 31 December 2009 other receivables of banking subsidiaries were mainly attributable to ZAO Gazenergoprombank that was deconsolidated in April 2010 (see Note 26).

9 INVENTORIES

Inventories are presented net of provision for obsolescence of RR 2,658 and RR 3,540 as of 30 September 2010 and 31 December 2009, 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 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	286,269	15	26,651	312,935
Transfers	152,896	844	(153,740)	-
Disposals	(6,150)	(893)	(7,470)	(14,513)
Translation differences	(9,987)	(69)	(2,628)	(12,684)
Charge of impairment provision	<u>(3,501)</u>	<u>-</u>	<u>(4,384)</u>	<u>(7,885)</u>
Net book value as of 30 September 2009	3,493,879	53,712	1,062,098	4,609,689
Three months ended 31 December 2009				
Net book value as of 30 September 2009	3,493,879	53,712	1,062,098	4,609,689
Depreciation	(61,571)	(570)	-	(62,141)
Additions	465	261	292,898	293,624
Acquisition of subsidiaries	61,058	36	15,963	77,057
Transfers	278,877	13	(278,890)	-
Disposals	(8,716)	(1,997)	(5,878)	(16,591)
Translation differences	(737)	4	116	(617)
Charge for impairment provision	<u>(135)</u>	<u>-</u>	<u>(1,663)</u>	<u>(1,798)</u>
Net book value as of 31 December 2009	3,763,120	51,459	1,084,644	4,899,223
As of 31 December 2009				
Cost	6,292,665	78,487	1,084,644	7,455,796
Accumulated depreciation	<u>(2,529,545)</u>	<u>(27,028)</u>	<u>-</u>	<u>(2,556,573)</u>
Net book value as of 31 December 2009	3,763,120	51,459	1,084,644	4,899,223
Nine months ended 30 September 2010				
Net book value as of 31 December 2009	3,763,120	51,459	1,084,644	4,899,223
Depreciation	(183,690)	(1,747)	-	(185,437)
Additions	4,259	1,518	558,840	564,617
Acquisition of subsidiaries	14,272	-	232	14,504
Disposal of subsidiaries	(4,896)	-	-	(4,896)
Transfers	141,375	1,516	(142,891)	-
Disposals	(28,355)	(744)	(15,323)	(44,422)
Translation differences	1,025	18	705	1,748
Release of impairment provision	<u>-</u>	<u>-</u>	<u>218</u>	<u>218</u>
Net book value as of 30 September 2010	3,707,110	52,020	1,486,425	5,245,555
As of 30 September 2010				
Cost	6,423,095	80,254	1,486,425	7,989,774
Accumulated depreciation	<u>(2,715,985)</u>	<u>(28,234)</u>	<u>-</u>	<u>(2,744,219)</u>
Net book value as of 30 September 2010	3,707,110	52,020	1,486,425	5,245,555

Production assets are shown net of provision for impairment of RR 54,387 as of 30 September 2010 and 31 December 2009. Assets under construction are presented net of provision for impairment of RR 95,883 and RR 97,157 as of 30 September 2010 and 31 December 2009, 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 1,842 and RR 2,265 as of 30 September 2010 and 31 December 2009, respectively.

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11 INVESTMENTS IN ASSOCIATED UNDERTAKINGS AND JOINTLY CONTROLLED ENTITIES

Notes		Carrying value as of		Group's share of the profit (loss) for the nine months ended	
		30 September 2010	31 December 2009	30 September 2010	2009
28	Sakhalin Energy Investment Company Ltd.	163,043	187,323	25,962	2,058
27	OA0 NGK Slavneft and its subsidiaries	153,577	151,671	2,053	2,999
27,29	OA0 NOVATEK	83,763	78,929	5,512	3,231
27	OA0 Beltransgaz	70,951	50,340	2,450	589
27	OA0 Tomskneft VNK and its subsidiaries	64,784	69,614	1,149	2,862
27	Gazprombank Group	41,982	22,284	19,074	12,678
27	WINGAS GmbH & Co. KG	41,772	46,344	3,001	434
28	Nord Stream AG	40,922	32,373	(760)	(525)
24,27	Salym Petroleum Development N.V.	38,399	35,933	1,736	960
27	TOO KazRosGaz	25,535	18,675	6,734	7,541
27	OA0 Salavatnefteorgsyntez	20,381	19,272	1,109	(1,422)
27	SGT EuRoPol GAZ S.A.	18,339	17,744	361	2,269
	Shtokman Development AG	15,856	14,298	(361)	159
	Wintershall AG	10,549	11,325	1,502	1,373
	ZAO Nortgaz	4,644	4,331	404	399
27	AO Latvijas Gaze	4,032	4,326	186	120
27	AO Gazum	3,914	4,507	511	510
27	AO Lietuvos dujos	2,795	2,796	418	297
28	ZAO Achimgaz	2,721	1,650	1,071	(811)
27,28	Blue Stream Pipeline Company B.V.	2,010	1,603	397	233
	Other (net of provision for impairment of RR 2,096 and RR 2,452 as of 30 September 2010 and 31 December 2009, respectively)	<u>17,104</u>	<u>19,367</u>	<u>1,644</u>	<u>7,086</u>
		827,073	794,705	74,153	43,040

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

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

	Percent of share capital held	Location	As of 30 September 2010		For the nine months ended 30 September 2010	
			Assets	Liabilities	Revenues	Profit (loss)
Gazprombank Group*	45%	Russia	1,836,357	1,594,087	231,314	45,171
Sakhalin Energy Investment Company Ltd.	50%	Bermuda	629,742	307,913	136,671	51,923
OA0 NGK Slavneft and its subsidiaries	50%	Russia	616,907	300,884	99,049	4,118
OA0 NOVATEK	19%	Russia	215,180	55,250	82,889	28,430
Nord Stream AG	51%	Switzerland	164,259	81,996	1	(1,491)
WINGAS GmbH & Co. KG	50%	Germany	151,512	106,748	198,898	9,256
OA0 Tomskneft VNK and its subsidiaries	50%	Russia	121,064	61,576	57,444	2,298
OA0 Salavatnefteorgsyntez	50%	Russia	71,756	48,915	65,378	2,217
Blue Stream Pipeline company B.V.	50%	Netherlands	66,639	58,738	6,125	1,589
OA0 Beltransgaz**	50%	Belarus	55,614	23,296	96,247	4,907

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

	Percent of share capital held	Location	As of 30 September 2010		For the nine months ended 30 September 2010	
			Assets	Liabilities	Revenues	Profit (loss)
SGT EuRoPol GAZ S.A.	48%	Poland	53,569	15,365	8,370	733
TOO KazRosGaz	50%	Kazakhstan	51,848	778	26,539	13,468
Salym Petroleum Development N.V.	50%	Netherlands	37,543	26,101	33,835	3,472
Shtokman Development AG	51%	Switzerland	36,897	5,808	-	(503)
Wintershall AG	49%	Germany	30,322	20,061	47,008	3,066
AO Lietuvos dujos	37%	Lithuania	30,122	5,973	14,923	1,128
AO Gazum	25%	Finland	29,985	14,326	35,486	2,042
AO Latvijas Gaze	34%	Latvia	27,567	8,047	13,715	547
ZAO Nortgaz	51%	Russia	12,345	3,241	3,602	921
ZAO Achimgaz	50%	Russia	10,566	5,123	3,490	2,143

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

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

	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*	45%	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
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
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 Latvijas Gaze	34%	Latvia	30,775	10,728	14,432	354
AO Lietuvos dujos	37%	Lithuania	30,482	6,205	10,815	802
AO Gazum	25%	Finland	28,857	11,746	31,692	2,038
ZAO Nortgaz	51%	Russia	10,595	2,213	2,969	779
ZAO Achimgaz	50%	Russia	10,332	9,234	1,625	(657)

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

	30 September 2010	31 December 2009
OAO NOVATEK	153,781	117,538
OAO Salavatnefteorgsintez	16,046	19,748
AO Lietuvos dujos	4,613	4,539
AO Latvijas Gaze	4,019	3,382

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12 LONG-TERM ACCOUNTS RECEIVABLE AND PREPAYMENTS

	30 September 2010	31 December 2009
Long-term accounts receivable and prepayments	141,114	193,319
Advances for assets under construction	<u>282,273</u>	<u>219,990</u>
	423,387	413,309

Long-term accounts receivable and prepayments are presented net of impairment provision of RR 19,139 and RR 24,922 as of 30 September 2010 and 31 December 2009, respectively.

As of 30 September 2010 and 31 December 2009 long-term accounts receivable included RR nil and RR 62,967, 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. As of 31 December 2009 other receivable of banking subsidiaries were mainly attributable to ZAO Gazenergoprombank that was deconsolidated in April 2010 (see Note 26).

13 AVAILABLE-FOR-SALE LONG-TERM FINANCIAL ASSETS

Available-for-sale long-term financial assets, in total amount of RR 85,197 and RR 106,658 are shown net of provision for impairment of RR 2,156 and RR 5,354 as of 30 September 2010 and 31 December 2009, respectively.

As of 30 September 2010 and 31 December 2009 available-for-sale long-term financial assets owned by the Group's banking subsidiaries amounted to RR nil and RR 25,809 and are shown net of provision for impairment of RR nil and RR 1,473, respectively. As of 31 December 2009 these assets mainly included financial assets of ZAO Gazenergoprombank that was deconsolidated in April 2010 (see Note 26).

14 OTHER NON-CURRENT ASSETS

Other non-current assets include net pension assets in the amount of RR 243,982 as of 30 September 2010 and 31 December 2009.

15 LONG-TERM BORROWINGS

	Currency	Final maturity	30 September 2010	31 December 2009
Long-term borrowings payable to:				
Loan participation notes issued in April 2009 ¹	US dollar	2019	71,184	69,238
The Royal Bank of Scotland (ABN AMRO Bank NV)	US dollar	2013	53,632	54,625
Loan participation notes issued in October 2007 ¹	Euro	2018	51,683	55,100
Loan participation notes issued in June 2007 ¹	GBP	2013	51,092	48,589
Loan participation notes issued in December 2005 ¹	Euro	2012	42,877	43,509
Loan participation notes issued in May 2005 ¹	Euro	2015	42,158	44,875
Loan participation notes issued in November 2006 ¹	US dollar	2016	41,958	41,104
Loan participation notes issued in March 2007 ¹	US dollar	2022	39,695	40,128
White Nights Finance B.V.	US dollar	2014	39,648	39,441
Loan participation notes issued in July 2009 ¹	US dollar	2014	38,518	39,094
Loan participation notes issued in August 2007 ¹	US dollar	2037	38,350	38,838
Loan participation notes issued in April 2004 ¹	US dollar	2034	37,821	36,841
Loan participation notes issued in July 2009 ¹	Euro	2015	37,016	38,144
Loan participation notes issued in April 2008 ¹	US dollar	2018	34,730	33,871
Loan participation notes issued in October 2006 ¹	Euro	2014	33,220	35,289

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15 LONG-TERM BORROWINGS (continued)

	Currency	Final maturity	30 September 2010	31 December 2009
Loan participation notes issued in June 2007 ¹	Euro	2014	30,369	30,649
WestLB AG ²	US dollar	2013	27,289	30,446
Structured export notes issued in July 2004 ³	US dollar	2020	22,295	27,118
Loan participation notes issued in March 2007 ¹	Euro	2017	21,700	21,888
Loan participation notes issued in November 2006 ¹	Euro	2017	21,236	22,564
Russian bonds issued in April 2010 ⁷	Rouble	2013	20,666	-
OAD Sberbank Rossii	US dollar	2012	18,975	25,937
OAD Russian Commercial Bank	US dollar	2012	18,971	18,872
Natixis SA ²	US dollar	2015	16,722	-
Loan participation notes issued in April 2009 ¹	CHF	2011	16,230	15,472
Credit Suisse International	US dollar	2017	16,150	15,867
Loan participation notes issued in July 2008 ¹	US dollar	2013	15,480	15,551
Bank of Tokyo-Mitsubishi UFJ Ltd.	US dollar	2012	15,222	15,184
Deutsche Bank AG	US dollar	2014	13,856	16,144
J.P. Morgan Chase bank	US dollar	2012	12,812	12,757
Loan participation notes issued in April 2008 ¹	US dollar	2013	12,583	12,295
The Royal Bank of Scotland AG (ABN AMRO Bank NV) ²	US dollar	2012	12,545	24,550
OAD VTB Bank	US dollar	2012	12,290	12,226
Russian bonds issued in April 2009 ⁷	Rouble	2019	10,741	10,427
Credit Suisse International	Euro	2010	10,398	10,860
Russian bonds issued in June 2009	Rouble	2012	10,334	10,007
Citibank International plc ²	US dollar	2021	9,359	-
Deutsche Bank AG	US dollar	2014	9,194	-
Bank of Tokyo-Mitsubishi UFJ Ltd.	US dollar	2015	9,123	-
Russian bonds issued in July 2009 ⁷	Rouble	2016	8,233	8,429
Loan participation notes issued in November 2007 ¹	JPY	2012	8,128	7,956
Credit Agricole CIB ²	US dollar	2013	7,615	-
Deutsche Bank AG	US dollar	2014	6,100	6,058
The Royal Bank of Scotland AG (ABN AMRO Bank NV) ²	US dollar	2013	5,507	5,479
Loan participation notes issued in November 2007 ¹	JPY	2010	5,413	5,302
Russian bonds issued in July 2009 ⁸	Rouble	2014	5,200	5,000
Russian bonds issued in June 2009	Rouble	2014	5,175	5,004
Russian bonds issued in December 2009 ⁶	Rouble	2014	5,166	5,038
Russian bonds issued in November 2006	Rouble	2011	5,148	5,060
Russian bonds issued in February 2007	Rouble	2014	5,043	5,133
Russian bonds issued in March 2006 ⁶	Rouble	2016	4,818	4,909
Russian bonds issued in September 2006 ⁶	Rouble	2011	4,655	4,799
Deutsche Bank AG	US dollar	2011	4,401	5,770
ZAO Raiffeisenbank	US dollar	2013	3,042	-
OAD Nordea Bank	US dollar	2014	3,040	-
Commerzbank AG (Dresdner Bank AG) ²	US dollar	2010	2,382	9,474
Gazstream S.A.	US dollar	2012	2,333	3,525
J.P. Morgan Chase bank	US dollar	2011	2,314	3,034
Russian bonds issued in April 2007 ⁵	Rouble	2012	1,575	2,916
OAD Sberbank Rossii	US dollar	2010	-	70,564
Loan participation notes issued in September 2003 ¹	Euro	2010	-	44,278

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15 LONG-TERM BORROWINGS (continued)

	Currency	Final maturity	30 September 2010	31 December 2009
GK Vnesheconombank	US dollar	2010	-	22,751
Credit Agricole CIB ²	US dollar	2010	-	18,156
The Royal Bank of Scotland AG (ABN AMRO Bank NV) ²	US dollar	2010	-	8,152
OA0 Gazprombank	Rouble	2010	-	7,500
OOO Aragon ⁴	Euro	2010	-	7,343
Russian bonds issued in February 2005	Rouble	2010	-	5,159
Russian bonds issued in July 2007 ⁵	Rouble	2010	-	5,001
Wintershall Holding GmbH (Wintershall Holding AG) ⁴	Euro	2010	-	4,906
Golden Gates B.V. (OA0 Bank of Moscow)	Rouble	2010	-	3,227
Other long-term borrowings	Various	Various	<u>71,517</u>	<u>120,713</u>
Total long-term borrowings			<u>1,204,927</u>	<u>1,418,136</u>
Less: current portion of long-term borrowings			<u>(139,731)</u>	<u>(233,679)</u>
			<u>1,065,196</u>	<u>1,184,457</u>

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

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

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

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

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

⁶ Issuer of these bonds is OA0 Mosenergo.

⁷ Issuer of these bonds is OA0 Gazprom neft.

⁸ Issuer of these bonds is OA0 TGC-1.

	30 September 2010	31 December 2009
Due for repayment:		
Between one and two years	96,615	162,848
Between two and five years	573,270	527,212
After five years	<u>395,311</u>	<u>494,397</u>
	<u>1,065,196</u>	<u>1,184,457</u>

Long-term borrowings, including current portion, include fixed rate loans with a carrying value of RR 1,028,301 and RR 1,149,288 and fair value of RR 1,113,733 and RR 1,199,339 as of 30 September 2010 and 31 December 2009, respectively.

All other long-term borrowings generally have variable interest rates linked to LIBOR, and the difference between carrying value of these liabilities and their fair value is not significant.

As of 30 September 2010 and 31 December 2009 long-term borrowings include RR nil and RR 57,365, respectively, relating to the operations of the Group's banking subsidiaries. As of 31 December 2009 long-term borrowings of the banking subsidiaries were partly attributable to borrowings of ZAO Gazenergoprombank that was deconsolidated in April 2010 (see Note 26).

As of 30 September 2010 and 31 December 2009 long-term borrowings, including current portion, of RR 22,295 and RR 27,118 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%.

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16 PROFIT TAX (continued)

	30 September	Differences	31 December	30 September	Differences	31 December
	2010	recognition	2009	2009	and reversals	2008
		and reversals				
Tax effects of taxable temporary differences:						
Property, plant and equipment	(342,564)	(37,938)	(304,626)	(298,429)	(49,723)	(248,706)
Financial assets	(18,372)	(668)	(17,704)	(21,100)	(1,768)	(19,332)
Inventories	<u>(1,717)</u>	<u>1,651</u>	<u>(3,368)</u>	<u>(3,293)</u>	<u>(1,472)</u>	<u>(1,821)</u>
	(362,653)	(36,955)	(325,698)	(322,822)	(52,963)	(269,859)
Tax effects of deductible temporary differences:						
Tax losses carry forward	2,293	54	2,239	2,328	995	1,333
Other deductible temporary differences	<u>2,415</u>	<u>480</u>	<u>1,935</u>	<u>2,329</u>	<u>(918)</u>	<u>3,247</u>
	4,708	534	4,174	4,657	77	4,580
Total net deferred tax liabilities	(357,945)	(36,421)	(321,524)	(318,165)	(52,886)	(265,279)

Taxable temporary differences recognized for the nine months ended 30 September 2010 include the effect of applying a special accelerated depreciation coefficient of 2 for property, plant and equipment operated in aggressive environment. 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 30 September 2010 and 31 December 2009 and consists of 23.7 billion ordinary shares, each with a historical par value of 5 Russian Roubles.

Treasury shares

As of 30 September 2010 and 31 December 2009, subsidiaries of OAO Gazprom held 724 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.

18 SALES

	Three months ended		Nine months ended	
	30 September		30 September	
	2010	2009	2010	2009
Gas sales (including excise tax, customs duties and net of VAT) to customers in:				
Russian Federation	93,823	77,749	437,410	325,964
Former Soviet Union (excluding Russian Federation)	106,657	82,586	323,315	253,389
Europe and other countries	<u>291,966</u>	<u>311,559</u>	<u>953,358</u>	<u>1,031,750</u>
Gross sales of gas	492,446	471,894	1,714,083	1,611,103
Excise tax	-	-	-	(290)
Customs duties	<u>(50,263)</u>	<u>(89,472)</u>	<u>(213,723)</u>	<u>(234,089)</u>
Net sales of gas	442,183	382,422	1,500,360	1,376,724
Sales of refined products to customers in:				
Russian Federation	112,116	97,517	294,918	209,532
Former Soviet Union (excluding Russian Federation)	9,867	10,900	26,218	24,297
Europe and other countries	<u>63,603</u>	<u>71,313</u>	<u>183,575</u>	<u>168,532</u>
Total sales of refined products	185,586	179,730	504,711	402,361

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18 SALES (continued)

	Three months ended		Nine months ended	
	30 September		30 September	
	2010	2009	2010	2009
Sales of crude oil and gas condensate to customers in:				
Russian Federation	4,298	1,936	15,304	9,457
Former Soviet Union (excluding Russian Federation)	6,318	9,312	18,953	20,733
Europe and other countries	<u>37,230</u>	<u>31,803</u>	<u>107,109</u>	<u>92,146</u>
Total sales of crude oil and gas condensate	47,846	43,051	141,366	122,336
Electric and heat energy sales	57,940	37,163	206,610	136,989
Gas transportation sales	21,619	14,766	67,195	41,563
Other revenue	<u>31,277</u>	<u>27,075</u>	<u>87,502</u>	<u>74,769</u>
Total sales revenue	<u>786,451</u>	<u>684,207</u>	<u>2,507,744</u>	<u>2,154,742</u>

The presentation of interim condensed financial statements for the three and nine months ended 30 September 2009 related to sales of gas, electric and heat energy has been changed to be consistent with the net presentation of trading activity result. The effect of this reclassification on sales for the three and nine months ended 30 September 2009 was a reduction of RR 86,585 and RR 255,748 and had no effect on operating income and cash flows.

19 OPERATING EXPENSES

Note	Three months ended		Nine months ended	
	30 September		30 September	
	2010	2009	2010	2009
Purchased gas and oil	161,739	124,913	444,269	487,439
Staff costs	67,985	62,031	216,931	184,201
27 Taxes other than on income	63,964	64,215	208,556	171,881
Transit of gas, oil and refined products	63,192	56,352	208,508	167,617
Depreciation	56,644	49,407	175,832	155,749
Repairs and maintenance	43,036	37,662	104,798	93,724
Materials	20,010	26,799	60,586	58,612
Cost of goods for resale, including refined products	19,460	5,223	51,891	43,234
Electricity and heating expenses	14,272	11,168	44,404	31,182
Rental expenses	6,998	4,101	18,347	12,969
Research and development expenses	6,519	5,076	17,589	15,744
Social expenses	6,696	5,879	16,726	14,309
Transportation services	6,314	2,887	12,973	5,610
Insurance expenses	3,576	3,894	11,105	11,243
Charge for impairment provisions	774	8,189	9,742	15,376
Exchange rate differences on operating items	(14)	1,645	6,961	(34,401)
Other	<u>50,822</u>	<u>58,394</u>	<u>134,103</u>	<u>134,295</u>
Total operating expenses	<u>591,987</u>	<u>527,835</u>	<u>1,743,321</u>	<u>1,568,784</u>

Staff costs include RR 4,013 and RR 14,188 of expenses associated with pension obligations for the three and nine months ended 30 September 2010, respectively, and RR 4,243 and RR 13,405 for the three and nine months ended 30 September 2009, respectively.

20 FINANCE INCOME AND EXPENSES

	Three months ended		Nine months ended	
	30 September		30 September	
	2010	2009	2010	2009
Exchange gains	31,532	87,822	111,774	312,367
Interest income	3,846	11,432	15,188	27,230
Gains on extinguishment of restructured liabilities	<u>1</u>	<u>10</u>	<u>5</u>	<u>82</u>
Total finance income	<u>35,379</u>	<u>99,264</u>	<u>126,967</u>	<u>339,679</u>

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20 FINANCE INCOME AND EXPENSES (continued)

	Three months ended		Nine months ended	
	30 September		30 September	
	2010	2009	2010	2009
Exchange losses	38,322	45,290	97,612	326,258
Interest expense	6,636	20,882	30,790	56,987
Total finance expenses	44,958	66,172	128,402	383,245

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

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

There were 22.9 billion weighted average shares outstanding for the three and nine months ended 30 September 2010 and 23.6 billion weighted average shares outstanding for the three and nine months ended 30 September 2009.

There are no dilutive financial instruments outstanding.

22 PROVISIONS FOR LIABILITIES AND CHARGES

	30 September	31 December
	2010	2009
Provision for environmental liabilities	86,282	84,272
Provision for pension obligations	46,526	36,651
Other	15,818	22,668
	148,626	143,591

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 2010 and 31 December 2009 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 2010 and 31 December 2009 management estimated the fair value of these assets at approximately RR 516 billion and RR 514 billion, respectively. The pension assets comprise shares of OAO Gazprom, shares of OAO Gazprombank and other assets held by NPF Gazfund.

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

On 3 February, 2009, the Group acquired a 51% interest in NIS for RR 18.5 billion (Euro 400 million). As part of the purchase agreement the Group pledged to invest Euro 547 million (approximately RR 24.6 billion as at acquisition date) 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.

As of 31 March 2010 the Group has finalized assessment of the estimated fair values of certain assets and liabilities acquired in accordance with IFRS 3 "Business Combinations". There were no changes to the estimated fair values as of 31 December 2009.

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

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

	Book value	Attributable fair value
Cash and cash equivalents	794	794
Accounts receivable and prepayments	7,796	7,796
Inventories	8,496	8,496
Other current assets	<u>1,302</u>	<u>1,302</u>
Current assets	18,388	18,388
Property, plant and equipment	58,896	53,148
Other non-current assets	<u>5,429</u>	<u>5,604</u>
Non-current assets	64,325	58,752
Total assets	82,713	77,140
Accounts payable and accrued charges	7,382	7,382
Current 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	34,149	34,149
Long-term borrowings	6,741	6,741
Provisions for liabilities and charges	6,163	10,434
Deferred tax liabilities	1,654	1,934
Other non-current liabilities	<u>237</u>	<u>237</u>
Non-current liabilities	14,795	19,346
Total liabilities	48,944	53,495
Net assets at acquisition date	33,769	23,645
Fair value of net assets at acquisition date		23,645
Fair value of the Group's interest		12,059
Purchase consideration		<u>18,489</u>
Goodwill		6,430

24 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 54.71% of the ordinary shares of Sibir. This transaction provided the Group with effective control over Sibir and accordingly Sibir became a subsidiary of the Group at this date.

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

Sibir also holds a 38.63% stake in the OAO Moskovsky NPZ and a network of 134 retail stations in Moscow and the Moscow region through OAO Moscow Fuelling 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 other comprehensive income. The purchase consideration includes approximately RR 15 billion representing the cost of the purchase of the previous equity interest.

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

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, management revised the preliminary assessment disclosed in the consolidated financial statements for the year ended 31 December 2009. As a result, the fair value of accounts receivable and prepayments and other taxes payable increased by RR 3,936 and RR 906, respectively, with the responding decrease of goodwill. Revisions made to the preliminary assessment applied in the consolidated interim condensed financial information were reflected as of the acquisition date. As of 30 June 2010 the Group finalized assessment of the estimated fair values of certain assets and liabilities acquired in accordance with IFRS 3 “Business Combinations”.

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

	Book value	Attributable fair value
Cash and cash equivalents	5,643	5,643
Accounts receivable and prepayments	20,679	21,456
Inventories	1,884	1,884
Other current assets	<u>429</u>	<u>616</u>
Current assets	28,635	29,599
Property, plant and equipment	23,799	94,147
Investments in associated undertakings and jointly controlled entities	32,946	38,444
Long-term accounts receivable and prepayments	11,852	11,852
Other non-current assets	<u>851</u>	<u>1,116</u>
Non-current assets	69,448	145,559
Total assets	98,083	175,158
Accounts payable and accrued charges	9,915	10,259
Current profit tax payable	73	73
Other taxes payable	4,062	4,062
Short-term borrowings and current portion of long-term borrowings	<u>7,276</u>	<u>7,276</u>
Current liabilities	21,326	21,670
Long-term borrowings	5,438	5,438
Deferred tax liabilities	1,671	16,718
Provisions for liabilities and charges	300	300
Other non-current liabilities	<u>6</u>	<u>443</u>
Non-current liabilities	7,415	22,899
Total liabilities	28,741	44,569
Net assets at acquisition date	69,342	130,589
Non-controlling interest		(1,577)
Fair value of net assets at acquisition date		129,012
Fair value of the Group’s interest		73,865
Revaluation surplus		9,911
Purchase consideration		<u>68,506</u>
Goodwill		4,552

In May 2010 the Group increased its interest in Sibir from 54.71% to 80.37% through obtaining of control over a company, the major asset of which was a 25.66% interest in Sibir. In addition, the Group’s effective interest in OAO Moskovsky NPZ increased from 57.17% to 66.66%. The Group has accounted for the transaction as an acquisition of a non-controlling interest where control is maintained. The difference between the non-controlling interest acquired and consideration paid at the date of acquisition of RR 2,499 has been recognized in equity and is included within retained earnings and other reserves.

In July 2010 the Group sold 3.02% of the ordinary shares of Sibir to OAO Central Fuel Company which is controlled by the Government of Moscow. As a result of these transactions the Group’s interest in Sibir equals to 77.35%.

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25 ACQUISITION OF THE CONTROLLING INTEREST IN OAO TGC-1

As of 31 December 2009, the Group completed a series of transactions and obtained the controlling interest in OAO TGC-1. The Group's controlling interest of 51.8% have been accumulated through the acquisition of OOO Gazprom investproekt (former name - OOO Russian Energy Projects) which owned 19.5% interest in OAO TGC-1 in November 2009 and acquisition of additional 3.6% interest in OAO TGC-1 in the fourth quarter 2009.

The Group accounted for 28.7% interest in OAO TGC-1 owned prior to the fourth quarter of 2009 as an investment in associated undertakings and jointly controlled entities that was accounted as equity investment.

In accordance with IFRS 3 "Business Combinations", the Group recognized the acquired assets and liabilities based upon their fair values. In the interim condensed financial information for the three months ended 31 March 2010, management revised the preliminary assessment disclosed in consolidated financial statements for the year ended 31 December 2009. As a result, the fair value of items of property, plant and equipment and deferred tax liability has been increased by RR 5,305 and RR 1,061, respectively, with a corresponding decrease in goodwill. Revisions made to the preliminary assessment applied in consolidated financial statements were reflected as of the acquisition date. As of 31 March 2010 the Group has finalized assessment of the fair values of the assets and liabilities acquired in accordance with IFRS 3 "Business Combinations".

The total purchase consideration primarily includes the cost of shares acquired in the fourth quarter 2009 in amount of RR 28.3 billion and the fair value of the equity investment of RR 33.2 billion.

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

	Book value	Attributable fair value
Cash and cash equivalents	683	683
Accounts receivable and prepayments	6,366	6,366
VAT recoverable	2,807	2,807
Inventories	2,132	2,132
Other current assets	48	48
Current assets	12,036	12,036
Property, plant and equipment	78,710	126,679
Long-term accounts receivable and prepayments	6,418	6,418
Other non-current assets	956	956
Non-current assets	86,084	134,053
Total assets	98,120	146,089
Accounts payable and accrued charges	9,568	9,568
Short-term borrowings and current portion of long-term borrowings	6,918	6,918
Other current liabilities	798	798
Current liabilities	17,284	17,284
Long-term borrowings	8,499	8,499
Deferred tax liabilities	3,852	13,445
Other non-current liabilities	773	773
Non-current liabilities	13,124	22,717
Total liabilities	30,408	40,001
Net assets at acquisition date	67,712	106,088
Fair value of net assets at acquisition date		106,088
Fair value of the Group's interest		54,940
Purchase consideration		61,538
Goodwill		6,598

26 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. As a result of the decision, assets and liabilities of ZAO Gazenergoprombank as of 31 March 2010 were classified as held for sale. Assets and liabilities of disposal group held for sale in the amount of RR 137,700 and RR 121,498, respectively, were shown net of RR 45,222 and RR 46,858 of intercompany balances, respectively.

On 30 April 2010 shareholders of both banks approved the reorganization in the form of the merger of ZAO Gazenergoprombank to OAO AB Rossiya. 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 and received non-controlling interest in OAO AB Rossiya after completion of procedures required by the Central Bank of Russia. As a result, ZAO Gazenergoprombank and its subsidiaries were deconsolidated from the financial statements of the Group starting 30 April 2010 and recognized at fair value of RR 8,514. This investment was classified within other non-current assets. The deconsolidation of ZAO Gazenergoprombank did not have a material impact on the consolidated interim condensed statement of comprehensive income.

In August 2010 the reorganization in the form of the merger of ZAO Gazenergoprombank to OAO AB Rossiya was finalized. As a result of the reorganization the Group received non-controlling interest in OAO AB Rossiya recognized at fair value of RR 8,514 and classified as long-term available for sale investment.

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 2010 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 2010 and 31 December 2009 and for the three and nine months ended 30 September 2010 and 2009, the Group had the following significant transactions and balances with the Government and parties under control of the Government:

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27 RELATED PARTIES (continued)

Notes	As of 30 September 2010		Three months ended 30 September 2010		Nine months ended 30 September 2010	
	Assets	Liabilities	Income	Expenses	Income	Expenses
	Transactions and balances with the Government					
	48,604	7,687	-	48,999	-	148,389
	Insurance contributions to non-budget funds					
	474	1,883	-	5,879	-	29,135
	293,676	27,457	-	-	-	-
	53,189	-	-	-	-	-
19	1,458	34,673	-	63,964	-	208,556
	Transactions and balances with other parties under control of the Government					
	-	-	714	-	2,166	-
	-	-	31,788	-	129,752	-
	-	-	478	-	1,349	-
	11,804	-	-	-	-	-
	-	-	-	21,221	-	64,780
	-	4,080	-	-	-	-
	-	50,278	-	-	-	-
	-	-	-	1,092	-	6,557
	749	-	-	-	-	-
	51,153	-	-	-	-	-

Notes	As of 31 December 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					
	18,418	37,267	-	31,719	-	120,112
	407	1,626	-	5,400	-	23,490
	262,565	28,239	-	-	-	-
	142,041	-	-	-	-	-
19	2,804	42,109	-	64,215	-	171,881
	Transactions and balances with other parties under control of the Government					
	-	-	4,367	-	11,984	-
	-	-	19,098	-	83,317	-
	-	-	1,068	-	2,090	-
	23,562	-	-	-	-	-
	-	-	-	14,452	-	48,396
	-	8,981	-	-	-	-
	-	148,641	-	-	-	-
	-	-	-	5,842	-	10,435
	14,577	-	-	-	-	-
	47,165	-	-	-	-	-

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 2010 and 2009. See Note 10 for net book values as of 30 September 2010 and 31 December 2009 of social assets vested to the Group at privatisation.

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27 RELATED PARTIES (continued)

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.

Associated undertakings and jointly controlled entities

For the three and nine months ended 30 September 2010 and 2009 and as of 30 September 2010 and 31 December 2009 the Group had the following significant transactions and balances with associated undertakings and jointly controlled entities:

	Three months ended		Nine months ended	
	30 September	30 September	30 September	30 September
	2010	2009	2010	2009
	Revenues	Revenues	Revenues	Revenues
Gas sales				
OAO Beltransgaz	26,696	15,496	83,318	60,720
Wintershall Erdgas Handelshaus GmbH & Co.KG (WIEH)	15,009	23,794	59,332	78,165
ZAO Panrusgaz	14,730	16,857	48,737	40,430
WINGAS GmbH & Co. KG	7,900	13,950	27,202	44,956
AO Gazum	5,182	4,134	18,360	17,791
AO Overgaz Inc.	3,747	2,723	13,248	12,628
ZAO Gazprom YRGM Trading	2,893	1,567	9,372	4,065
AO Moldovagaz	2,858	2,102	11,365	16,814
Promgaz SPA	2,358	2,010	9,126	8,350
GWH-Gaz und Warenhandels GmbH	2,301	1,497	6,889	4,826
ZAO Gazprom YRGM Development	2,066	-	6,694	-
PremiumGas S.p.A.	1,538	-	5,780	-
AO Lietuvos dujos	1,531	797	7,515	5,489
Wintershall Erdgas Handelshaus Zug AG (WIEE)*	1,398	3,413	16,267	10,166
AO Latvijas Gaze	1,370	2,301	3,224	4,731
OAO TGC-1**	-	1,436	-	8,381
Gas transportation sales				
OAO NOVATEK	6,940	5,347	18,998	14,143
ZAO Gazprom YRGM Trading	3,995	3,539	12,943	8,660
ZAO Gazprom YRGM Development	2,853	-	9,245	-
Gas condensate, crude oil and refined products sales				
OAO NGK Slavneft and its subsidiaries	6,401	2,896	24,111	6,269
OAO Salavatnefteorgsintez	2,781	-	8,823	3,167
Gas refining services sales				
TOO KazRosGaz	839	954	3,319	3,106

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27 **RELATED PARTIES (continued)**

	Three months ended 30 September		Nine months ended 30 September	
	2010 Expenses	2009 Expenses	2010 Expenses	2009 Expenses
Purchased gas				
ZAO Gazprom YRGM Trading	9,440	9,416	29,821	28,086
ZAO Gazprom YRGM Development	6,754	-	21,326	-
TOO KazRosGaz	6,033	7,091	21,170	25,648
OAO NOVATEK	2,317	4,706	8,976	11,491
Purchased transit of gas				
OAO Beltransgaz	3,920	3,891	10,440	10,621
SGT EuRoPol GAZ S.A.	2,341	3,358	7,226	8,941
Blue Stream Pipeline Company B.V.	1,895	2,022	5,726	6,835
WINGAS GmbH & Co. KG	1,098	1,241	3,273	3,718
Purchased crude oil and refined products				
OAO NGK Slavneft and its subsidiaries	13,245	16,656	41,839	40,862
OAO Tomskneft VNK and its subsidiaries	8,721	9,807	24,958	22,737
Salym Petroleum Development N.V.	6,519	8,153	18,636	8,153
Purchased processing services				
OAO NGK Slavneft and its subsidiaries	2,141	1,891	5,839	5,132

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

** OAO TGC-1 is consolidated from the moment of acquisition of controlling interest in December 2009 (See Note 25).

Gas is sold to associated undertakings in the Russian Federation mainly at the rates established by the FTS. Gas is generally sold outside the Russian Federation under long-term contracts based on world commodity prices.

	As of 30 September 2010		As of 31 December 2009	
	Assets	Liabilities	Assets	Liabilities
Short-term accounts receivable and prepayments				
RosUkrEnergo AG	22,524	-	10,573	-
AO Moldovagaz*	15,213	-	3,731	-
OAO Beltransgaz	11,802	-	9,725	-
OAO Salavatnefteorgsyntez	11,329	-	10,488	-
ZAO Panrusgaz	6,526	-	8,877	-
Wintershall Erdgas Handelshaus GmbH & Co.KG (WIEH)	6,402	-	12,018	-
AO Gazum	3,108	-	4,082	-
WINGAS GmbH & Co.KG	2,950	-	4,791	-
ZAO Gazprom YRGM Trading	2,492	-	1,354	-
ZAO Gazprom YRGM Development	1,780	-	5,121	-
Wintershall Erdgas Handelshaus Zug AG, (WIEE)	1,609	-	2,249	-
OAO NGK Slavneft and its subsidiaries	1,534	-	1,647	-
OAO NOVATEK	624	-	530	-
OAO Gazprombank	1,253	-	1,026	-
OAO Sibur Holding and its subsidiaries	305	-	4,083	-
Short-term loans				
Salym Petroleum Development N.V.	3,303	-	2,335	-
Cash in associated companies				
OAO Gazprombank	134,812	-	93,148	-

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	As of 30 September 2010		As of 31 December 2009	
	Assets	Liabilities	Assets	Liabilities
Long-term accounts receivable and prepayments				
RosUkrEnergO AG	-	-	11,842	-
OA O Sibur Holding and its subsidiaries	4,099	-	1,406	-
Long-term loans and promissory notes				
WINGAS GmbH & Co.KG	15,828	-	16,609	-
Salym Petroleum Development N.V.	5,363	-	8,896	-
OA O Gazprombank	1,583	-	2,193	-
Short-term accounts payable				
ZAO Gazprom YRGM Trading	-	7,373	-	5,546
SGT EuRoPol GAZ S.A.	-	6,487	-	6,590
OA O Sibur Holding and its subsidiaries	-	3,419	-	3,839
TOO KazRosGaz	-	3,448	-	1,896
ZAO Gazprom YRGM Development	-	3,048	-	9,547
Salym Petroleum Development N.V.	-	2,049	-	1,896
WINGAS GmbH & Co.KG	-	2,023	-	2,675
OA O NGK Slavneft and its subsidiaries	-	1,828	-	788
OA O Beltransgaz	-	1,229	-	2,028
OA O NOVATEK	-	1,090	-	784
Long-term accounts payable				
OA O Sibur Holding and its subsidiaries	-	1,102	-	100
Short-term loans from associated companies (including current portion of long-term liabilities)				
OA O Tomskneft VNK and its subsidiaries	-	5,491	-	10,463
OA O Gazprombank	-	4,937	-	4,563
Long-term loans from associated companies				
OA O Gazprombank	-	2,752	-	9,536

* Net of impairment provision on accounts receivable in the amount of RR 50,376 and RR 51,802 as of 30 September 2010 and 31 December 2009 respectively.

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 2010 is appropriate and all of the Group's material tax, currency and customs positions will be sustainable.

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28 COMMITMENTS, CONTINGENCIES AND OPERATING RISKS (continued)

Financial guarantees

	30 September 2010	31 December 2009
Outstanding guarantees issued on behalf of:		
Sakhalin Energy Investment Company Ltd.	101,035	101,318
Nord Stream AG	44,385	2,655
Blue Stream Pipeline Company B.V.	15,742	18,317
MRK Energy DMCC	8,665	8,620
EM Interfinance Limited	5,714	5,785
Blackrock Capital Investments Limited	4,839	4,900
OOO Stroygazconsulting	4,500	8,841
OOO Production Company VIS	4,472	-
ZAO Achimgaz	4,436	4,841
Devere Capital International Limited	4,233	5,672
OAO Group E4	3,554	3,729
Gaztransit	787	972
Other	<u>18,768</u>	<u>22,636</u>
	221,130	188,286

Included in financial guarantees are amounts denominated in USD of USD 4,805 million and USD 4,919 million as of 30 September 2010 and 31 December 2009, respectively, as well as amounts denominated in Euro of Euro 1,266 million and Euro 259 million as of 30 September 2010 and 31 December 2009, 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 2010 and 31 December 2009, outstanding amounts of these loans were RR 15,742 (USD 518 million) and RR 18,317 (USD 606 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, December 2009 and December 2015, respectively. Bonds were issued for financing of construction of a transit pipeline in Poland by SGT EuRoPol GAZ S.A. In December 2009 loans issued by DSL Assets International Limited and United Energy Investments Limited were redeemed. As a result as of 30 September 2010 and 31 December 2009 the guarantees issued on behalf of Devere Capital International Limited, Blackrock Capital Investments Limited and EM Interfinance Limited amounted to RR 14,786 (USD 486 million) and RR 16,357 (USD 541 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 30 September 2010 and 31 December 2009 the above guarantee amounted to RR 4,436 (Euro 107 million) and RR 4,841 (Euro 112 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 31 December 2009 the above guarantee amounted to RR 2,655 (Euro 61 million). As of 30 September 2010 this loan was repaid.

In March 2010 the Group provided a guarantee to Societe Generale on behalf of Nord Stream AG under the credit facility for financing of Nord Stream gas pipeline Phase 1 construction completion. According to guarantee agreements the Group has to redeem debt up to the amount of the Group's share (51%) in the obligations of Nord Stream AG toward the Societe Generale in the event that Nord Stream AG fails to repay those amounts. As of 30 September 2010 the above guarantee amounted to RR 44,385 (Euro 1,073 million).

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In April 2008 the Group provided a guarantee to Credit Suisse International and National Reserve bank (OAO) on behalf of MRK Energy DMCC related to loan received by MRK Energy DMCC. The purpose of the loan is the financing of the construction of gas pipeline “Kudarsky pereval – Tskhinval” (South Ossetia). As of 30 September 2010 and 31 December 2009 the above guarantee amounted to RR 8,665 and RR 8,620, 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 2010 and 31 December 2009 the above guarantee amounted to RR 3,554 (Euro 86 million) and RR 3,729 (Euro 86 million), respectively.

In June 2008 the Group provided a guarantee to the Bank of Tokyo-Mitsubishi UFJ Ltd. on behalf of Sakhalin Energy Investment Company Ltd. under the credit facility up to the amount of the Group’s share (50%) in the obligations of Sakhalin Energy Investment Company Ltd. toward the Bank of Tokyo-Mitsubishi UFJ Ltd. As of 30 September 2010 and 31 December 2009 the above guarantee amounted to RR 101,035 (USD 3,323 million) and RR 101,318 (USD 3,350 million), respectively.

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 Bovanenkovo-Ukhta gas trunk-line system. As of 30 September 2010 and 31 December 2009 the above guarantee amounted to RR 4,500 and RR 8,841, 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 of generating capacities of OAO WGC-6. As of 30 September 2010 the above guarantee amounted to RR 4,472.

Other guarantees of the Group included guarantees, issued by the Group’s banking subsidiaries to third parties, in the amount of RR nil and RR 5,700 as of 30 September 2010 and 31 December 2009, respectively.

29 POST BALANCE SHEET EVENTS

Investments

In November 2010 the Group sold its entire 51% controlling interest in OOO SeverEnergiya to OOO Yamal razvitie – Joint venture on a fifty-fifty basis between the Group (OAO Gazprom нефт) and OAO Novatek for RR 56,247.

In December 2010 the Group sold 9.4% interest in OAO NOVATEK to Gazprombank Group for RR 57,460.

Borrowings and loans

In July 2010 the Group signed an agreement to obtain a long-term participation loan from a consortium of banks in the amount of USD 1,500 million due in 2015 at an interest rate of LIBOR +2.1%. The Bank of Tokyo-Mitsubishi UFJ Ltd., Natixis SA and Societe Generale were appointed as bank agents. In August and November 2010 the Group obtained USD 550 million and USD 480 million, respectively, under this agreement.

In November 2010 the Group issued USD 1,000 million Loan Participation Notes due in 2015 at an interest rate of 5.092% under the USD 30,000 million Programme for the Issuance of Loan Participation Notes.

In November 2010 the Group signed an agreement to obtain a long-term loan from RosUkrEnergo AG in the amount of USD 550 million due in 2012 at an interest rate of 3.5%.

OAO GAZPROM
INVESTMENT RELATIONSHIPS

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