

**ОАО ГАЗПРОМ**

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

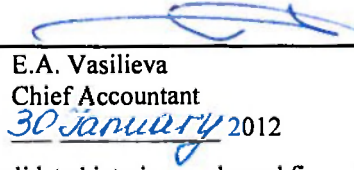
**30 SEPTEMBER 2011**



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

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

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

  
E.A. Vasilieva  
Chief Accountant  
30 January 2012

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

**OAO GAZPROM**  
**IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**(UNAUDITED)**  
**FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2011**  
(In millions of Russian Roubles)

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

  
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30 January 2012

  
E.A. Vasilieva  
Chief Accountant  
30 January 2012

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**OAO GAZPROM**  
**IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011**  
(In millions of Russian Roubles)

Notes	Nine months ended 30 September	
	2011	2010
	<b>Operating activities</b>	
	<b>1,173,839</b>	<b>849,938</b>
	Profit before profit tax	
	<b>Adjustments to profit before profit tax</b>	
	201,636	184,610
	Depreciation	
	67,663	(14,162)
	Net unrealised foreign exchange losses (gains)	
	21,292	30,790
	Interest expense	
	(13,452)	(15,188)
	Interest income	
	(841)	(2,481)
	Gains on disposal of available-for-sale financial assets	
	(71,779)	(74,153)
	Share of net income of associated undertakings and jointly controlled entities	
	36,339	24,437
	Charge for provisions	
	(1,258)	9,935
	Derivatives (gain) loss	
	(660)	12,593
	Other	
	238,940	156,381
	Total effect of adjustments	
	(3,307)	(4,919)
	Increase in non-current assets	
	2,146	324
	Increase in non-current liabilities	
	(40,716)	224,660
	Total effect of working capital changes	
	(303,150)	(208,025)
	Profit tax paid	
	<b>1,067,752</b>	<b>1,018,359</b>
	<b>Net cash provided by operating activities</b>	
	<b>Investing activities</b>	
	(1,066,253)	(648,082)
	Capital expenditures	
6	(42,290)	(43,505)
	Interest paid and capitalised	
	(19,587)	(4,264)
	Net change in loans made	
23	(30,760)	(72,294)
	Acquisition of subsidiaries, net of cash acquired	
	-	(32,504)
	Decrease of cash and cash equivalents from deconsolidation of banking subsidiaries	
	6,715	6,416
	Proceeds from sale of interest in subsidiaries	
	(6,834)	(31,417)
	Investment in associated undertakings and jointly controlled entities	
	6,779	8,039
	Interest received	
	(2,175)	(3,601)
	Change in long-term available-for-sale financial assets	
	83,419	73,865
	Proceeds from associated undertakings and jointly controlled entities	
	1,632	(1,429)
	Other	
	<b>(1,069,354)</b>	<b>(748,776)</b>
	<b>Net cash used for investing activities</b>	
	<b>Financing activities</b>	
	246,850	112,834
	Proceeds from long-term borrowings	
	(177,498)	(260,307)
	Repayment of long-term borrowings (including current portion)	
	(23,003)	(27,244)
	Net repayment of short-term borrowings	
	(154)	(812)
	Net repayment of promissory notes	
	(85,288)	(344)
	Dividends paid	
6	(18,790)	(23,321)
	Interest paid	
	(601)	-
	Purchase of treasury shares	
	(168)	(662)
	Change in restricted cash	
	<b>(58,652)</b>	<b>(199,856)</b>
	<b>Net cash used for financing activities</b>	
	1,216	(3,654)
	Effect of exchange rate changes on cash and cash equivalents	
	<b>(59,038)</b>	<b>66,073</b>
	<b>(Decrease) increase in cash and cash equivalents</b>	
6	440,786	249,759
	Cash and cash equivalents, at the beginning of reporting period	
6	<b>381,748</b>	<b>315,832</b>
	<b>Cash and cash equivalents, at the end of reporting period</b>	

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30 January 2012


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30 January 2012

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**OAO GAZPROM**  
**IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**(UNAUDITED)**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011**  
(In millions of Russian Roubles)

Notes	Number of shares outstanding (billions)	Attributable to the owners of OAO Gazprom				Total	Non-controlling interest	Total equity
		Share capital	Treasury shares	Retained earnings and other reserves				
<b>Nine months ended 30 September 2010</b>								
	<b>Balance as of 31 December 2009</b>	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)
	<b>Total comprehensive income for the nine months ended 30 September 2010</b>	-	-	-	662,968	662,968	15,454	678,422
	Purchase of non-controlling interest in subsidiaries	-	-	-	(2,499)	(2,499)	(17,435)	(19,934)
	Disposal of shares in subsidiaries	-	-	-	-	-	(3,024)	(3,024)
	Return of social assets to governmental authorities	-	-	-	(308)	(308)	-	(308)
	Dividends	-	-	-	(55,007)	(55,007)	(1,110)	(56,117)
	<b>Balance as of 30 September 2010</b>	22.9	325,194	(104,204)	5,710,679	5,931,669	316,691	6,248,360
<b>Nine months ended 30 September 2011</b>								
	<b>Balance as of 31 December 2010</b>	23.0	325,194	(103,986)	6,028,543	6,249,751	286,610	6,536,361
	Profit for the period	-	-	-	923,647	923,647	17,180	940,827
	Other comprehensive income:							
	Losses arising from change in fair value of available-for-sale financial assets, net of tax	-	-	-	(20,100)	(20,100)	-	(20,100)
	Share of other comprehensive loss of associated undertakings and jointly controlled entities	-	-	-	(6,854)	(6,854)	-	(6,854)
	Translation differences	-	-	-	22,038	22,038	1,335	23,373
	<b>Total comprehensive income for the nine months ended 30 September 2011</b>	-	-	-	918,731	918,731	18,515	937,246
23	Purchase of non-controlling interest in subsidiaries	-	-	-	5,656	5,656	(29,451)	(23,795)
	Net treasury shares transactions	(0.1)	-	(601)	-	(601)	-	(601)
	Return of social assets to governmental authorities	-	-	-	(502)	(502)	-	(502)
	Dividends	-	-	-	(88,757)	(88,757)	(1,533)	(90,290)
	<b>Balance as of 30 September 2011</b>	22.9	325,194	(104,587)	6,863,671	7,084,278	274,141	7,358,419

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

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**1 NATURE OF OPERATIONS**

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

The Group is involved in the following principal activities:

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

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

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

**2 ECONOMIC ENVIRONMENT IN THE RUSSIAN FEDERATION**

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

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

**3 BASIS OF PRESENTATION**

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

The official Russian Rouble (“RR”) to US dollar (“USD”) exchange rates as determined by the Central Bank of the Russian Federation were 31.88 and 30.48 as of 30 September 2011 and 31 December 2010, respectively. The official RR to Euro exchange rates as determined by the Central Bank of the Russian Federation were 43.40 and 40.33 as of 30 September 2011 and 31 December 2010, respectively.

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**

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

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

**New accounting developments**

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

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

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

(a) Standards, Amendments or Interpretations effective in 2011

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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**5 SEGMENT INFORMATION (continued)**

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

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

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

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

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
<b>30 September 2011</b>									
Segment assets	1,550,130	4,335,012	1,079,906	169,474	1,129,690	931,094	529,640	637,580	10,362,526
Investments in associated undertakings and jointly controlled entities	27,446	103,688	98,309	-	414,522	36,713	48	69,145	749,871
Capital additions	143,887	367,391	20,408	9,021	53,523	63,983	43,863	19,219	721,295
<b>31 December 2010</b>									
Segment assets	1,466,058	4,000,952	1,048,594	169,146	1,094,309	819,440	487,046	643,132	9,728,677
Investments in associated undertakings and jointly controlled entities	23,600	112,892	91,503	-	435,890	36,964	48	56,260	757,157
Capital additions	215,236	407,571	37,578	17,355	95,289	78,712	46,239	22,153	920,133

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**5 SEGMENT INFORMATION (continued)**

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

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

\* 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.

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

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

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

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**6 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH**

Balances included within cash and cash equivalents in the consolidated interim condensed balance sheet represent cash on hand, balances with banks and term deposits with original maturity of three months or less.

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

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

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

**7 SHORT-TERM FINANCIAL ASSETS**

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

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

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

**8 ACCOUNTS RECEIVABLE AND PREPAYMENTS**

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

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

**9 INVENTORIES**

Inventories are presented net of provision for obsolescence of RR 2,701 and RR 2,585 as of 30 September 2011 and 31 December 2010, respectively.

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**PROPERTY, PLANT AND EQUIPMENT**

	<b>Total production assets (including production licenses)</b>	<b>Social assets</b>	<b>Assets under construction</b>	<b>Total</b>
<b>As of 31 December 2009</b>				
Cost	6,292,666	78,487	1,084,644	7,455,797
Accumulated depreciation	<u>(2,529,546)</u>	<u>(27,028)</u>	<u>-</u>	<u>(2,556,574)</u>
<b>Net book value as of 31 December 2009</b>	<b>3,763,120</b>	<b>51,459</b>	<b>1,084,644</b>	<b>4,899,223</b>
<b>Nine months ended 30 September 2010</b>				
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>
<b>Net book value as of 30 September 2010</b>	<b>3,707,110</b>	<b>52,020</b>	<b>1,486,425</b>	<b>5,245,555</b>
<b>Three months ended 31 December 2010</b>				
Net book value as of 30 September 2010	3,707,110	52,020	1,486,425	5,245,555
Depreciation	(62,668)	(678)	-	(63,346)
Additions	12,827	195	437,518	450,540
Disposal of subsidiaries	(103,828)	(3)	(13,076)	(116,907)
Transfers	412,378	5,140	(417,518)	-
Disposals	(9,657)	(1,704)	(17,326)	(28,687)
Translation differences	(52)	2	163	113
Charge for impairment provision	<u>-</u>	<u>-</u>	<u>(839)</u>	<u>(839)</u>
<b>Net book value as of 31 December 2010</b>	<b>3,956,110</b>	<b>54,972</b>	<b>1,475,347</b>	<b>5,486,429</b>
<b>As of 31 December 2010</b>				
Cost	6,731,168	82,818	1,475,347	8,289,333
Accumulated depreciation	<u>(2,775,058)</u>	<u>(27,846)</u>	<u>-</u>	<u>(2,802,904)</u>
<b>Net book value as of 31 December 2010</b>	<b>3,956,110</b>	<b>54,972</b>	<b>1,475,347</b>	<b>5,486,429</b>
<b>Nine months ended 30 September 2011</b>				
Net book value as of 31 December 2010	3,956,110	54,972	1,475,347	5,486,429
Depreciation	(198,976)	(2,055)	-	(201,031)
Additions	51,727	1,281	750,851	803,859
Transfers	217,381	2,370	(219,751)	-
Disposals	(30,371)	(1,110)	(16,156)	(47,637)
Translation differences	2,869	6	1,282	4,157
Release of impairment provision	<u>-</u>	<u>-</u>	<u>276</u>	<u>276</u>
<b>Net book value as of 30 September 2011</b>	<b>3,998,740</b>	<b>55,464</b>	<b>1,991,849</b>	<b>6,046,053</b>
<b>As of 30 September 2011</b>				
Cost	6,968,991	84,108	1,991,849	9,044,948
Accumulated depreciation	<u>(2,970,251)</u>	<u>(28,644)</u>	<u>-</u>	<u>(2,998,895)</u>
<b>Net book value as of 30 September 2011</b>	<b>3,998,740</b>	<b>55,464</b>	<b>1,991,849</b>	<b>6,046,053</b>

Production assets are shown net of provision for impairment of RR 54,387 as of 30 September 2011 and 31 December 2010. Assets under construction are presented net of provision for impairment of RR 95,540 and RR 96,146 as of 30 September 2011 and 31 December 2010, respectively.

Included in the property, plant and equipment are social assets, such as rest houses, housing, schools and medical facilities, vested to the Group at privatisation with a net book value of RR 774 and RR 1,354 as of 30 September 2011 and 31 December 2010, respectively.



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**11 INVESTMENTS IN ASSOCIATED UNDERTAKINGS AND JOINTLY CONTROLLED ENTITIES**

Notes	Carrying value as of		Group's share of the profit (loss) for the nine months ended		
	30 September 2011	31 December 2010	30 September 2011	2010	
25	OA0 NGK Slavneft and its subsidiaries	145,161	151,826	1,674	2,053
25,26	Sakhalin Energy Investment Company Ltd.	136,861	153,871	42,695	25,962
25	OA0 Tomskneft VNK and its subsidiaries	62,415	65,286	2,334	1,149
25	Gazprombank Group	58,745	50,362	15,666	19,074
25,27	OA0 Beltransgaz	44,963	53,678	(2,314)	2,450
25	WINGAS GmbH & Co. KG	40,905	41,798	2,868	3,001
25	Salym Petroleum Development N.V.	40,675	38,395	2,280	1,736
26	Nord Stream AG	37,845	39,066	(8,229)	(760)
25	TOO KazRosGaz	33,478	27,034	6,548	6,734
	OOO Yamal razvitie and its subsidiaries	26,850	27,984	(1,483)	-
	Shtokman Development AG	20,840	17,741	157	(361)
25	OA0 Gazprom neftekhim Salavat	20,431	19,940	1,207	1,109
25,26	SGT EuRoPol GAZ S.A.	17,457	17,314	832	361
	Wintershall AG	12,335	11,003	732	1,502
	ZAO Nortgaz	5,248	5,023	531	404
25	AO Latvijas Gaze	4,364	4,255	192	186
26	ZAO Achimgaz	4,195	3,054	1,141	1,071
25	AO Gazum	4,109	4,040	546	511
25	AO Lietuvos dujos	3,133	3,011	438	418
25,26	Blue Stream Pipeline Company B.V.	2,682	2,093	483	397
13,25	OA0 NOVATEK	-	-	-	5,512
	Other (net of provision for impairment of RR 2,096 as of 30 September 2011 and 31 December 2010)	<u>27,179</u>	<u>20,383</u>	<u>3,481</u>	<u>1,644</u>
		<b>749,871</b>	<b>757,157</b>	<b>71,779</b>	<b>74,153</b>

In July 2010 the Group set up OOO Yamal razvitie – jointly controlled entity on a fifty-fifty basis with OA0 NOVATEK. As a result of disposal of 51% interest in OOO SeverEnergiya to OOO Yamal razvitie in November 2010, the Group retained effective 25.5% interest in OOO SeverEnergiya.

In December 2010 the Group sold 9.4% interest in OA0 NOVATEK. As a result of that transaction, Group ceased to exercise significant influence over OA0 NOVATEK and accounted for retained interest within available-for-sale long-term financial assets (see Note 13).

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

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

	Percent of share capital held	Location	As of 30 September 2011		For the nine months ended 30 September 2011	
			Assets	Liabilities	Revenues	Profit (loss)
Gazprombank Group*	45%	Russia	2,059,328	1,818,523	94,226	34,958
Sakhalin Energy Investment Company Ltd.	50%	Bermuda	661,843	373,856	194,200	89,609
OA0 NGK Slavneft and its subsidiaries	50%	Russia	599,065	320,230	118,429	3,357
Nord Stream AG	51%	Switzerland	275,608	199,378	-	(1,322)
WINGAS GmbH & Co. KG	50%	Germany	193,547	150,777	226,048	10,136
OOO Yamal razvitie and its subsidiaries	50%	Russia	154,511	47,470	-	(3,124)
OA0 Tomskneft VNK and its subsidiaries	50%	Russia	122,594	66,840	76,117	4,440

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

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

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

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

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

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

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

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

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**12 LONG-TERM ACCOUNTS RECEIVABLE AND PREPAYMENTS**

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

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

**13 AVAILABLE-FOR-SALE LONG-TERM FINANCIAL ASSETS**

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

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

**14 OTHER NON-CURRENT ASSETS**

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

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

**15 LONG-TERM BORROWINGS**

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

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**15 LONG-TERM BORROWINGS (continued)**

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

<sup>1</sup> Issuer of these bonds is Gaz Capital S.A.

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

<sup>3</sup> Issuer of these notes is Gazprom International S.A.

<sup>4</sup> Issuers of these notes are OA O WGC-2 and OA O WGC-6.

<sup>5</sup> Issuer of these bonds is OA O Mosenergo.

<sup>6</sup> Issuer of these bonds is OA O Gazprom neft.

<sup>7</sup> Issuer of these bonds is OA O TGC-1.

<sup>8</sup> Loans were obtained for development of Yuzhno-Russkoye oil and gas field.

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

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**15 LONG-TERM BORROWINGS (continued)**

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

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

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

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

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

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

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

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

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

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

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

**16 PROFIT TAX**

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

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

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**16 PROFIT TAX (continued)**

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

**17 EQUITY**

**Share capital**

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

**Treasury shares**

As of 30 September 2011 and 31 December 2010, subsidiaries of OAO Gazprom held 726 million and 723 million, respectively, of the ordinary shares of OAO Gazprom, which are accounted for as treasury shares. The management of the Group controls the voting rights of these shares.

**18 SALES**

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

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**19 OPERATING EXPENSES**

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

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

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

**20 FINANCE INCOME AND EXPENSES**

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

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

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

There were 22.9 billion and 23.0 billion weighted average shares outstanding for the three and nine months ended 30 September 2011, respectively, and 22.9 billion weighted average shares outstanding for the three and nine months ended 30 September 2010. There are no dilutive financial instruments outstanding.

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**22 PROVISIONS FOR LIABILITIES AND CHARGES**

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

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

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

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

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

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

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

**24 DECONSOLIDATION OF ZAO GAZENERGOPROMBANK**

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



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**25 RELATED PARTIES**

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

The nature of the related party relationships for those related parties with whom the Group entered into significant transactions or had significant balances outstanding as of 30 September 2011 is detailed below.

**Government**

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

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

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

**Parties under control of the Government**

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

As of 30 September 2011 and 31 December 2010 and for the three months ended 30 September 2011 and 2010, the Group had the following significant transactions and balances with the Government and parties under control of the Government:

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

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**25 RELATED PARTIES (continued)**

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

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

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

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

**Compensation for key management personnel**

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

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

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

**Associated undertakings and jointly controlled entities**

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

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25 **RELATED PARTIES (continued)**

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

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**25 RELATED PARTIES (continued)**

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

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

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

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

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

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**25 RELATED PARTIES (continued)**

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

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

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

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

**26 COMMITMENTS, CONTINGENCIES AND OPERATING RISKS**

**Taxation**

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

**Financial guarantees**

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

Included in financial guarantees are amounts denominated in USD of USD 4,180 million and USD 4,374 million as of 30 September 2011 and 31 December 2010, respectively, as well as amounts denominated in Euro of Euro 2,530 million and Euro 1,494 million as of 30 September 2011 and 31 December 2010, respectively.

In July 2005 Blue Stream Pipeline Company B.V. (BSPC) refinanced some of the existing liabilities, guaranteed by the Group, by means of repayment of the liabilities to a group of Italian and Japanese banks. For the purpose of this transaction, loans in the amount of USD 1,185.3 million were received from Gazstream S.A. The Group guaranteed the above loans. As of 30 September 2011 and 31 December 2010, outstanding amounts of these loans were RR 7,795 (USD 245 million) and RR 12,974 (USD 426 million), respectively, which were guaranteed by the Group, pursuant to its obligations.

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**26 COMMITMENTS, CONTINGENCIES AND OPERATING RISKS (continued)**

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

In 2007 the Group provided a guarantee to Wintershall Vermogens-Verwaltungsgesellschaft mbH on behalf of ZAO Achimgaz as a security of loans received and used for additional financing of the pilot implementation of the project on the development of Achimsky deposits of the Urengoy field. The Group's liability with respect to loans is limited by 50% in accordance with the ownership interest in ZAO Achimgaz. As of 30 September 2011 and 31 December 2010 the above guarantee amounted to RR 406 (Euro 9 million) and RR 4,330 (Euro 107 million), respectively.

In May 2008 the Group provided a guarantee to OAO Bank of Moscow on behalf of OAO Group E4 as a security of loans for obligations under contracts for delivering of power units. As of 30 September 2011 and 31 December 2010 the above guarantee amounted to RR 1,560 (Euro 36 million) and RR 1,450 (Euro 36 million), respectively.

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

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

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

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

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

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

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**26 COMMITMENTS, CONTINGENCIES AND OPERATING RISKS (continued)**

**Claims**

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

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

**Other**

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

**27 POST BALANCE SHEET EVENTS**

**Investments**

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

**Borrowings and loans**

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

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

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

**OAO GAZPROM**  
**INVESTMENT RELATIONSHIPS**

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