

ОАО ГАЗПРОМ

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

30 JUNE 2012



Report on Review of Consolidated Interim Condensed Financial Information

To the Shareholders and Board of Directors of OAO Gazprom

Introduction

We have reviewed the accompanying consolidated interim condensed balance sheet of OAO Gazprom and its subsidiaries (the "Group") as of 30 June 2012 and the related consolidated interim condensed statements of comprehensive income for the three and six month periods then ended, and of cash flows and of changes in equity for the six month period then ended. Management is responsible for the preparation and presentation of this consolidated interim condensed financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this consolidated interim condensed financial information based on our review.

Scope of Review

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

Conclusion

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

ZAO PricewaterhouseCoopers Audit

30 October 2012

Moscow, Russian Federation

OA O GAZPROM
IFRS CONSOLIDATED INTERIM CONDENSED BALANCE SHEET (UNAUDITED)
AS OF 30 JUNE 2012
(In millions of Russian Roubles)

Notes	30 June 2012	31 December 2011
Assets		
Current assets		
6	512,809	501,344
6	3,951	3,877
7	22,082	23,991
8	874,644	784,053
9	420,914	407,530
	319,155	303,454
	<u>242,384</u>	<u>216,044</u>
	2,395,939	2,240,293
Non-current assets		
10	7,088,061	6,718,575
11	646,250	715,966
12	552,282	517,097
13	158,439	181,138
14	<u>572,006</u>	<u>527,627</u>
	<u>9,017,038</u>	<u>8,660,403</u>
	11,412,977	10,900,696
Liabilities and equity		
Current liabilities		
	1,075,834	804,644
	4,631	44,036
	108,819	93,707
	<u>364,420</u>	<u>366,868</u>
	1,553,704	1,309,255
Non-current liabilities		
15	1,162,647	1,173,294
22	213,681	206,734
16	392,000	402,728
	<u>39,455</u>	<u>47,694</u>
	<u>1,807,783</u>	<u>1,830,450</u>
	3,361,487	3,139,705
Equity		
17	325,194	325,194
17	(104,125)	(104,605)
	<u>7,520,047</u>	<u>7,242,982</u>
	7,741,116	7,463,571
	<u>310,374</u>	<u>297,420</u>
	<u>8,051,490</u>	<u>7,760,991</u>
	11,412,977	10,900,696


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


E.A. Vasilieva
Chief Accountant
30 October 2012

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

OA0 GAZPROM
IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2012
(In millions of Russian Roubles)

Notes		Three months ended 30 June		Six months ended 30 June	
		2012	2011	2012	2011
18	Sales	1,005,488	1,030,324	2,230,366	2,347,071
	Net gain (loss) from trading activity	4,028	94	5,518	(236)
19	Operating expenses	(696,350)	(680,431)	(1,623,751)	(1,498,340)
	Operating profit	313,166	349,987	612,133	848,495
20	Finance income	14,192	32,797	153,393	106,765
20	Finance expense	(152,022)	(24,397)	(182,063)	(44,675)
11	Share of net income of associated undertakings and jointly controlled entities	23,319	24,047	71,689	62,566
	Gains (losses) on disposal of available-for-sale financial assets	<u>122</u>	<u>482</u>	<u>(78)</u>	<u>831</u>
	Profit before profit tax	198,777	382,916	655,074	973,982
	Current profit tax expense	(37,754)	(61,482)	(139,132)	(170,346)
	Deferred profit tax (expense) benefit	<u>(3,112)</u>	<u>(14,732)</u>	<u>9,584</u>	<u>(18,434)</u>
	Profit tax expense	(40,866)	(76,214)	(129,548)	(188,780)
	Profit for the period	157,911	306,702	525,526	785,202
	Other comprehensive income				
	Losses arising from change in fair value of available-for-sale financial assets, net of tax	(25,570)	(9,562)	(22,019)	(2,389)
	Share of other comprehensive loss of associated undertakings and jointly controlled entities	(2,281)	(773)	(5,039)	(6,352)
	Translation differences	55,456	(5,410)	8,037	(25,034)
	Losses from cash flow hedges, net of tax	<u>(12,258)</u>	<u>-</u>	<u>(6,040)</u>	<u>-</u>
	Other comprehensive income (loss) for the period, net of tax	15,347	(15,745)	(25,061)	(33,775)
	Total comprehensive income for the period	173,258	290,957	500,465	751,427
	Profit attributable to:				
	owners of OAO Gazprom	150,826	303,700	508,667	771,669
	non-controlling interest	<u>7,085</u>	<u>3,002</u>	<u>16,859</u>	<u>13,533</u>
		157,911	306,702	525,526	785,202
	Total comprehensive income attributable to:				
	owners of OAO Gazprom	162,866	288,249	482,933	739,777
	non-controlling interest	<u>10,392</u>	<u>2,708</u>	<u>17,532</u>	<u>11,650</u>
		173,258	290,957	500,465	751,427
21	Basic and diluted earnings per share for profit attributable to the owners of OAO Gazprom (in Roubles)	6.57	13.23	22.16	33.62


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


E.A. Vasilieva
Chief Accountant
30 October 2012

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

OA0 GAZPROM
IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2012
(In millions of Russian Roubles)

Notes	Six months ended 30 June	
	2012	2011
	Operating activities	
	655,074	973,982
	Profit before profit tax	
	Adjustments to profit before profit tax	
	158,859	133,920
	24,330	(73,803)
	17,839	19,368
	(13,492)	(7,557)
	78	(831)
	(71,689)	(62,566)
	42,907	18,522
	14,891	(1,291)
	<u>(9,767)</u>	<u>1,415</u>
	163,956	27,177
	Total effect of adjustments	
	(1,741)	(1,957)
	2,111	(1,749)
	119,973	(53,170)
	Total effect of working capital changes	
	(214,235)	(254,835)
	<u>725,138</u>	<u>689,448</u>
	Net cash provided by operating activities	
	Investing activities	
	(657,117)	(662,070)
20	(30,262)	(22,783)
	(4,901)	(9,400)
23,26	(21,892)	(24,560)
	(14,646)	(4,374)
	-	5,852
	6,614	2,955
	(1,599)	115
	92,066	45,645
	<u>2,459</u>	<u>1,673</u>
	<u>(629,278)</u>	<u>(666,947)</u>
	Net cash used for investing activities	
	Financing activities	
	40,021	130,096
	(84,469)	(74,609)
	(29,864)	(33,873)
	-	(154)
20	(13,509)	(19,967)
	480	(6)
	(74)	289
	<u>(87,415)</u>	<u>1,776</u>
	Net cash (used for) provided by financing activities	
	<u>3,020</u>	<u>(9,694)</u>
	<u>11,465</u>	<u>14,583</u>
	Increase in cash and cash equivalents	
6	<u>501,344</u>	<u>440,786</u>
	Cash and cash equivalents, at the beginning of reporting period	
6	<u>512,809</u>	<u>455,369</u>
	Cash and cash equivalents, at the end of reporting period	


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


E.A. Vasilieva
Chief Accountant
30 October 2012

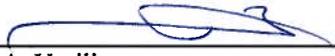
The accompanying notes are an integral part of this consolidated interim condensed financial information.

OAO GAZPROM
IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2012
(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			
Six months ended 30 June 2011							
Balance as of 31 December 2010	23.0	325,194	(103,986)	6,028,543	6,249,751	286,610	6,536,361
Profit for the period		-	-	771,669	771,669	13,533	785,202
Other comprehensive income:							
Losses arising from change in fair value of available-for-sale financial assets, net of tax		-	-	(2,389)	(2,389)	-	(2,389)
Share of other comprehensive loss of associated undertakings and jointly controlled entities		-	-	(6,352)	(6,352)	-	(6,352)
Translation differences		-	-	(23,151)	(23,151)	(1,883)	(25,034)
Total comprehensive income for the six months ended 30 June 2011		-	-	739,777	739,777	11,650	751,427
Purchase of non-controlling interest in subsidiaries		-	-	5,656	5,656	(22,565)	(16,909)
Net treasury shares transactions	0.0	-	(6)	-	(6)	-	(6)
Return of social assets to governmental authorities		-	-	(366)	(366)	-	(366)
Dividends		-	-	(88,757)	(88,757)	(1,533)	(90,290)
Balance as of 30 June 2011	23.0	325,194	(103,992)	6,684,853	6,906,055	274,162	7,180,217
Six months ended 30 June 2012							
Balance as of 31 December 2011	22.9	325,194	(104,605)	7,242,982	7,463,571	297,420	7,760,991
Profit for the period		-	-	508,667	508,667	16,859	525,526
Other comprehensive income:							
Losses arising from change in fair value of available-for-sale financial assets, net of tax		-	-	(22,019)	(22,019)	-	(22,019)
Share of other comprehensive loss of associated undertakings and jointly controlled entities		-	-	(5,039)	(5,039)	-	(5,039)
Translation differences		-	-	7,147	7,147	890	8,037
Losses from cash flow hedges, net of tax		-	-	(5,823)	(5,823)	(217)	(6,040)
Total comprehensive income for the six months ended 30 June 2012		-	-	482,933	482,933	17,532	500,465
Purchase of non-controlling interest in subsidiaries		-	-	-	-	(1,255)	(1,255)
Net treasury shares transactions	0.0	-	480	-	480	-	480
Return of social assets to governmental authorities		-	-	(2)	(2)	-	(2)
Dividends		-	-	(205,866)	(205,866)	(3,323)	(209,189)
Balance as of 30 June 2012	22.9	325,194	(104,125)	7,520,047	7,741,116	310,374	8,051,490


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


E.A. Vasilieva
Chief Accountant
30 October 2012

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

OA0 GAZPROM
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 30 JUNE 2012
(In millions of Russian Roubles)

1 NATURE OF OPERATIONS

OA0 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 OA0 Gazprom and has a controlling interest (including both direct and indirect ownership) of over 50% in OA0 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 30% of total annual gas volumes are shipped in the first calendar quarter and approximately 20% in the second calendar quarter.

2 ECONOMIC ENVIRONMENT IN THE RUSSIAN FEDERATION

The Russian Federation displays certain characteristics of an emerging market. Tax, currency and customs legislation is subject to varying interpretations and contributes to the challenges faced by companies operating in the Russian Federation.

The international sovereign debt crisis, stock market volatility and other risks could have a negative effect on the Russian financial and corporate sectors. Management determined impairment provisions by considering the economic situation and outlook at the end of the reporting period.

The future economic development of the Russian Federation is dependent upon external factors and internal measures undertaken by the government to sustain growth, and to change the tax, legal and regulatory environment. Management believes it is taking all necessary measures to support the sustainability and development of the Group’s business in the current business and economic environment.

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 2011 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 32.82 and 32.20 as of 30 June 2012 and 31 December 2011, respectively. The official RR to Euro exchange rates as determined by the Central Bank of the Russian Federation were 41.32 and 41.67 as of 30 June 2012 and 31 December 2011, 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 2011, except with respect to cash flow hedges, 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.

Hedge accounting

The Group applies hedge accounting policy for those derivatives that are designated as a hedging instrument.

The Group has designated only cash flow hedges – hedges against the exposure to the variability of cash flow currency exchange rates on highly probable forecast transactions. The effective portion of changes in the fair value of derivatives which are designated and qualify as cash flow hedges is recognised in other comprehensive income. Changes in the fair value of certain derivative instruments which do not qualify for hedge accounting are recognised immediately in profit and loss.

ОАО ГАЗПРОМ
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 30 JUNE 2012
(In millions of Russian Roubles)

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

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity until the forecast transaction occurs. Any ineffective portion is ultimately recognised in profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss on any associated hedging instrument that was reported in equity is immediately transferred to profit and loss.

New accounting developments

In 2012 the Group has adopted all IFRS, amendments and interpretations which are effective 1 January 2012 and which are relevant to its operations.

(a) Standards, Amendments or Interpretations effective in 2012

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

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

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

IFRS 9 “Financial Instruments” (“IFRS 9”), issued in November 2009 and 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.

ОАО ГАЗПРОМ
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 30 JUNE 2012
(In millions of Russian Roubles)

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

The IASB has published an amendment to 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.

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 and 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 and 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 and 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.

OAO GAZPROM
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 30 JUNE 2012
(In millions of Russian Roubles)

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

Amended IAS 19 “Employee benefits” (“IAS 19”), issued June 2011 and 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.

Improvements to International Financial Reporting Standards, issued in May 2012 and effective for annual periods beginning on or after 1 January 2013. The improvements consist of a mixture of substantive changes and clarifications in the following standards and interpretations:

Amendment to IFRS 1 “First time adoption of International Financial Reporting Standards” (“IFRS 1”) (i) clarifies that an entity that resumes preparing its IFRS financial statements may either repeatedly apply IFRS 1 or apply all IFRSs retrospectively as if it had never stopped applying them, and (ii) adds an exemption from applying IAS 23, Borrowing costs, retrospectively by first-time adopters.

Amendment to IAS 1 “Presentation of financial statements” (“IAS 1”) clarifies that explanatory notes are not required to support the third balance sheet presented at the beginning of the preceding period when it is provided because it was materially impacted by a retrospective restatement, changes in accounting policies or reclassifications for presentation purposes as required by IAS 8 “Accounting policies, changes in accounting estimates and errors” (“IAS 8”), while explanatory notes will be required when an entity voluntarily decides to provide additional comparative statements.

Amendment to IAS 16 “Property, plant and equipment” (“IAS 16”) clarifies that servicing equipment that is used for more than one period is classified as property, plant and equipment rather than inventory.

Amendment to IAS 32 “Financial instruments: Presentation” (“IAS 32”) clarifies that certain tax consequences of distributions to owners should be accounted for in the income statement as was always required by IAS 12.

Amendment to IAS 34 “Interim financial reporting” (“IAS 34”) brings its requirements in line with IFRS 8 “Operating segments”. IAS 34 will require disclosure of a measure of total assets and liabilities for an operating segment only if such information is regularly provided to chief operating decision maker and there has been a material change in those measures since the last annual financial statements.

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

5 SEGMENT INFORMATION

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

The Board of Directors and Management Committee of OAO Gazprom (chief operating decision maker (CODM)) provide general management of the Group, an assessment of the operating results and allocate resources using 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;

OAO GAZPROM
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 30 JUNE 2012
(In millions of Russian Roubles)

5 SEGMENT INFORMATION (continued)

- 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.

	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
Six months ended 30 June 2012									
Total segment revenues	<u>261,668</u>	<u>385,235</u>	<u>1,356,643</u>	<u>14,553</u>	<u>301,591</u>	<u>548,515</u>	<u>177,136</u>	<u>109,320</u>	<u>3,154,661</u>
Inter-segment sales	257,085	324,956	117,100	14,034	172,257	4,805	-	-	890,237
External sales	4,583	60,279	1,239,543	519	129,334	543,710	177,136	109,320	2,264,424
Segment result	<u>11,471</u>	<u>22,298</u>	<u>317,684</u>	<u>1,536</u>	<u>67,716</u>	<u>49,525</u>	<u>18,609</u>	<u>1,352</u>	<u>490,191</u>
Depreciation	54,884	164,561	5,170	6,650	24,854	14,959	10,177	9,568	290,823
Share of net income (loss) of associated undertakings and jointly controlled entities	579	1,905	10,468	(238)	48,124	4,995	-	5,856	71,689
Six months ended 30 June 2011									
Total segment revenues	<u>203,636</u>	<u>347,705</u>	<u>1,587,199</u>	<u>13,316</u>	<u>272,352</u>	<u>455,413</u>	<u>182,151</u>	<u>96,818</u>	<u>3,158,590</u>
Inter-segment sales	199,965	292,205	118,594	13,000	155,059	3,475	-	-	782,298
External sales	3,671	55,500	1,468,605	316	117,293	451,938	182,151	96,818	2,376,292
Segment result	<u>27,980</u>	<u>17,821</u>	<u>549,069</u>	<u>2,138</u>	<u>64,280</u>	<u>55,854</u>	<u>29,220</u>	<u>(2,557)</u>	<u>743,805</u>
Depreciation	43,569	133,541	3,146	4,881	22,468	11,659	8,845	8,762	236,871
Share of net income (loss) of associated undertakings and jointly controlled entities	796	(484)	8,852	-	32,612	3,466	-	17,324	62,566
Three months ended 30 June 2012									
Total segment revenues	<u>128,837</u>	<u>200,069</u>	<u>565,646</u>	<u>7,813</u>	<u>140,207</u>	<u>290,024</u>	<u>64,572</u>	<u>52,989</u>	<u>1,450,157</u>
Inter-segment sales	126,744	171,849	45,103	7,622	76,066	2,285	-	-	429,669
External sales	2,093	28,220	520,543	191	64,141	287,739	64,572	52,989	1,020,488
Segment result	<u>8,068</u>	<u>19,082</u>	<u>148,947</u>	<u>979</u>	<u>30,433</u>	<u>36,343</u>	<u>2,143</u>	<u>4,779</u>	<u>250,774</u>
Depreciation	27,233	82,038	2,704	3,318	12,618	7,686	5,009	5,186	145,792
Share of net income (loss) of associated undertakings and jointly controlled entities	270	1,124	4,172	(238)	16,093	2,324	-	(426)	23,319
Three months ended 30 June 2011									
Total segment revenues	<u>104,923</u>	<u>179,110</u>	<u>651,433</u>	<u>7,316</u>	<u>142,866</u>	<u>238,801</u>	<u>68,677</u>	<u>49,523</u>	<u>1,442,649</u>
Inter-segment sales	103,245	152,406	50,804	7,262	82,918	1,750	-	-	398,385
External sales	1,678	26,704	600,629	54	59,948	237,051	68,677	49,523	1,044,264
Segment result	<u>18,119</u>	<u>12,946</u>	<u>219,277</u>	<u>1,136</u>	<u>35,979</u>	<u>18,734</u>	<u>4,551</u>	<u>1,417</u>	<u>312,159</u>
Depreciation	21,827	66,668	1,631	2,425	10,862	5,866	4,342	4,412	118,033
Share of net income (loss) of associated undertakings and jointly controlled entities	399	(3,221)	3,984	-	17,661	1,800	-	3,424	24,047

OAO GAZPROM
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 30 JUNE 2012
(In millions of Russian Roubles)

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 June		For the six months ended 30 June	
	2012	2011	2012	2011
Segment result	250,774	312,159	490,191	743,805
Difference in depreciation	66,948	51,082	131,964	102,952
(Expenses) gains associated with pension obligations	(5,025)	(6,256)	(9,421)	9,435
Finance income (expense), net	(137,830)	8,400	(28,670)	62,090
Gains (losses) on disposal of available-for-sale financial assets	122	482	(78)	831
Share of net income of associated undertakings and jointly controlled entities	23,319	24,047	71,689	62,566
Other	469	(6,998)	(601)	(7,697)
Profit before profit tax	198,777	382,916	655,074	973,982

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

	For the three months ended 30 June		For the six months ended 30 June	
	2012	2011	2012	2011
External sales for reportable segments	967,499	994,741	2,155,104	2,279,474
External sales for other segments	52,989	49,523	109,320	96,818
Total external segment sales	1,020,488	1,044,264	2,264,424	2,376,292
Differences in external sales	(15,000)	(13,940)	(34,058)	(29,221)
Total sales per the statement of comprehensive income	1,005,488	1,030,324	2,230,366	2,347,071

Substantially all of the Group's operating assets are located in the Russian Federation. Segment assets consist primarily of property, plant and equipment, accounts receivable and prepayments, investments in associated undertakings and jointly controlled entities, and inventories. Cash and cash equivalents, restricted cash, VAT recoverable, financial assets and other current and non-current assets are not considered to be segment assets but rather are managed on a central basis.

	Production of gas	Transport	Distribution	Gas storage	Production of crude oil and gas condensate	Refining	Electric and heat energy generation and sales	All other segments	Total
30 June 2012									
Segment assets	1,774,443	5,046,878	1,104,270	203,982	1,224,010	1,041,379	557,401	523,537	11,475,900
Investments in associated undertakings and jointly controlled entities	31,686	58,550	77,614	3,393	375,791	15,624	448	83,144	646,250
Capital additions	92,894	221,941	16,700	2,930	47,024	47,218	16,469	4,075	449,251
31 December 2011									
Segment assets	1,725,762	4,972,244	1,223,035	206,126	1,272,339	1,086,188	560,182	472,028	11,517,904
Investments in associated undertakings and jointly controlled entities	27,914	56,368	98,769	-	403,275	55,629	48	73,963	715,966
Capital additions	246,635	740,910	48,802	19,978	79,102	115,642	69,447	31,074	1,351,590

OAO GAZPROM
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 30 JUNE 2012
(In millions of Russian Roubles)

5 SEGMENT INFORMATION (continued)

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

	30 June 2012	31 December 2011
Segment assets for reportable segments	10,952,363	11,045,876
Other segments' assets	<u>523,537</u>	<u>472,028</u>
Total segment assets	11,475,900	11,517,904
Differences in property, plant and equipment, net*	(1,953,574)	(2,085,209)
Loan interest capitalised	291,307	264,167
Decommissioning costs	76,364	75,484
Cash and cash equivalents	512,809	501,344
Restricted cash	3,951	3,877
Short-term financial assets	22,082	23,991
VAT recoverable	319,155	303,454
Other current assets	242,384	216,044
Available-for-sale long-term financial assets	158,439	181,138
Other non-current assets	572,006	527,627
Inter-segment assets	(488,246)	(801,796)
Other	<u>180,400</u>	<u>172,671</u>
Total assets per the balance sheet	11,412,977	10,900,696

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

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

	Production of gas	Transport	Distri- bution	Gas storage	Production of crude oil and gas condensate	Refining	Electric and heat energy genera- tion and sales	All other segments	Total
Segment liabilities									
30 June 2012	79,199	251,286	620,921	4,796	129,514	178,616	33,827	116,717	1,414,876
31 December 2011	129,348	421,721	468,773	7,940	263,581	172,594	33,046	137,388	1,634,391

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

	30 June 2012	31 December 2011
Segment liabilities for reportable segments	1,298,159	1,497,003
Other segments' liabilities	<u>116,717</u>	<u>137,388</u>
Total segments liabilities	1,414,876	1,634,391
Current profit tax payable	4,631	44,036
Short-term borrowings, promissory notes and current portion of long-term borrowings	364,420	366,868
Long-term borrowings	1,162,647	1,173,294
Provisions for liabilities and charges	213,681	206,734
Deferred tax liabilities	392,000	402,728
Other non-current liabilities	39,455	47,694
Dividends	212,488	1,888
Inter-segment liabilities	(488,246)	(801,796)
Other	<u>45,535</u>	<u>63,868</u>
Total liabilities per the balance sheet	3,361,487	3,139,705

ОАО ГАЗПРОМ
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 30 JUNE 2012
(In millions of Russian Roubles)

6 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

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

	30 June 2012	31 December 2011
Cash on hand and bank balances payable on demand	412,193	390,381
Term deposits with original maturity of three months or less	<u>100,616</u>	<u>110,963</u>
	512,809	501,344

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

7 SHORT-TERM FINANCIAL ASSETS

	30 June 2012	31 December 2011
Financial assets held for trading	6,049	4,053
Available-for-sale financial assets	<u>16,033</u>	<u>19,938</u>
	22,082	23,991

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

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

8 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	30 June 2012	31 December 2011
Trade receivables	539,585	537,323
Prepayments and advances	180,436	131,271
Other receivables	<u>154,623</u>	<u>115,459</u>
	874,644	784,053

Accounts receivable and prepayments are presented net of impairment provision of RR 249,595 and RR 222,921 as of 30 June 2012 and 31 December 2011, respectively.

9 INVENTORIES

Inventories are presented net of provision for obsolescence of RR 5,143 and RR 4,331 as of 30 June 2012 and 31 December 2011, respectively.

ОАО ГАЗПРОМ
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 30 JUNE 2012
(In millions of Russian Roubles)

10

PROPERTY, PLANT AND EQUIPMENT

	Total production assets (including production licenses)	Social assets	Assets under construction	Total
As of 31 December 2010				
Cost	6,731,168	82,818	1,475,347	8,289,333
Accumulated depreciation	<u>(2,775,058)</u>	<u>(27,846)</u>	<u>-</u>	<u>(2,802,904)</u>
Net book value as of 31 December 2010	3,956,110	54,972	1,475,347	5,486,429
Six months ended 30 June 2011				
Net book value as of 31 December 2010	3,956,110	54,972	1,475,347	5,486,429
Depreciation	(131,560)	(1,303)	-	(132,863)
Additions	42,192	1,037	399,959	443,188
Translation differences	(5,423)	(35)	(1,948)	(7,406)
Transfers	113,953	881	(114,834)	-
Disposals	(23,762)	(907)	(12,697)	(37,366)
Charge for impairment provision	<u>-</u>	<u>-</u>	<u>(27)</u>	<u>(27)</u>
Net book value as of 30 June 2011	3,951,510	54,645	1,745,800	5,751,955
Six months ended 31 December 2011				
Net book value as of 30 June 2011	3,951,510	54,645	1,745,800	5,751,955
Depreciation	(141,774)	(1,480)	-	(143,254)
Additions	64,732	1,813	962,837	1,029,382
Acquisition of subsidiaries	79,041	49	763	79,853
Translation differences	8,372	-	3,196	11,568
Transfers	876,311	4,323	(880,634)	-
Disposals	(7,447)	(140)	(3,881)	(11,468)
Release of impairment provision	<u>-</u>	<u>-</u>	<u>539</u>	<u>539</u>
Net book value as of 31 December 2011	4,830,745	59,210	1,828,620	6,718,575
As of 31 December 2011				
Cost	7,880,332	89,055	1,828,620	9,798,007
Accumulated depreciation	<u>(3,049,587)</u>	<u>(29,845)</u>	<u>-</u>	<u>(3,079,432)</u>
Net book value as of 31 December 2011	4,830,745	59,210	1,828,620	6,718,575
Six months ended 30 June 2012				
Net book value as at 31 December 2011	4,830,745	59,210	1,828,620	6,718,575
Depreciation	(159,904)	(1,243)	-	(161,147)
Additions	4,695	1,229	492,258	498,182
Acquisition of subsidiaries	32,371	-	15,789	48,160
Translation differences	1,251	30	(861)	420
Transfers	188,205	300	(188,505)	-
Disposals	(11,486)	(483)	(5,021)	(16,990)
Release of impairment provision	<u>-</u>	<u>-</u>	<u>861</u>	<u>861</u>
Net book value as of 30 June 2012	4,885,877	59,043	2,143,141	7,088,061
As of 30 June 2012				
Cost	8,101,657	90,092	2,143,141	10,334,890
Accumulated depreciation	<u>(3,215,780)</u>	<u>(31,049)</u>	<u>-</u>	<u>(3,246,829)</u>
Net book value as of 30 June 2012	4,885,877	59,043	2,143,141	7,088,061

Production assets are shown net of provision for impairment of RUB 54,387 as of 30 June 2012 and 31 December 2011. Assets under construction are presented net of provision for impairment of RUB 92,617 and RUB 93,538 as of 30 June 2012 and 31 December 2011, 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 RUB 861 and RUB 901 as of 30 June 2012 and 31 December 2011, respectively.

OAO GAZPROM
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 30 JUNE 2012
(In millions of Russian Roubles)

11 INVESTMENTS IN ASSOCIATED UNDERTAKINGS AND JOINTLY CONTROLLED ENTITIES

Notes			Carrying value as of		Group's share of the profit (loss) for the six months ended	
			30 June	31 December	30 June	
			2012	2011	2012	2011
27	OAO NGK Slavneft and its subsidiaries	Joint venture	140,717	143,449	2,909	1,038
27,28	Sakhalin Energy Investment Company Ltd.	Associate	100,658	128,649	37,145	28,504
27	Gazprombank Group	Associate	69,118	60,868	5,383	17,284
27	OAO Tomskneft VNK and its subsidiaries	Joint venture	61,944	63,209	3,503	858
27	Salym Petroleum Development N.V.	Joint venture	44,065	41,300	3,801	2,261
27,28	Nord Stream AG	Joint venture	37,622	36,692	1,243	180
27	W & G Beteiligungs-GmbH & Co. KG (WINGAS GmbH & Co. KG)*	Associate	37,350	40,068	2,800	1,239
	OOO Yamal razvitie and its subsidiaries	Associate	24,610	24,642	(32)	(1,050)
	Shtokman Development AG	Joint venture	23,684	20,784	(226)	225
27	TOO KazRosGaz	Joint venture	18,107	35,663	4,341	4,299
27,28	SGT EuRoPol GAZ S.A.	Associate	16,987	16,253	305	3
	Wintershall AG	Associate	13,173	11,740	1,465	715
	ZAO Nortgaz	Joint venture	5,692	5,521	171	479
28	ZAO Achimgaz	Joint venture	5,346	4,520	826	801
27	AO Latvijas Gaze	Associate	4,686	4,579	123	159
27	AO Gazum	Associate	3,973	4,123	203	396
27,28	Blue Stream Pipeline company B.V.	Joint venture	3,120	2,682	357	269
27	AO Lietuvos dujos	Associate	2,892	3,023	205	373
23,27	OAO Gazprom neftekhim Salavat**	-	-	39,381	4,269	2,854
24,27	OAO Beltransgaz***	-	-	-	-	(936)
	Other (net of provision for impairment of RR 1,929 as of 30 June 2012 and 31 December 2011)		<u>32,506</u>	<u>28,820</u>	<u>2,898</u>	<u>2,615</u>
			646,250	715,966	71,689	62,566

* In May 2012 WINGAS GmbH & Co. KG was renamed into W & G Beteiligungs-GmbH & Co. KG.

** In May 2012 the Group acquired an additional 18.48% interest in OAO Gazprom neftekhim Salavat. As a result the Group's share in OAO Gazprom neftekhim Salavat increased to 87.51% and the Group obtained control over OAO Gazprom neftekhim Salavat.

Group's share in profit of OAO Gazprom neftekhim Salavat for the six months ended 30 June includes gain on revaluation of previously held interest in the amount of RR 4,689 (see Note 23).

*** In December 2011 the Group acquired the remaining 50% interest in OAO Beltransgaz. As a result the Group obtained control over OAO Beltransgaz (see Note 24).

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 June 2012		For the six months ended 30 June 2012	
			Assets	Liabilities	Revenues	Profit (loss)
Gazprombank Group*	38%	Russia	2,664,375	2,347,568	68,840	11,594
Sakhalin Energy Investment Company Ltd.	50%	Bermuda	645,443	422,052	150,068	74,292
OAO NGK Slavneft and its subsidiaries	50%	Russia	586,117	305,537	93,345	5,137
Nord Stream AG	51%	Switzerland	313,164	237,370	11,375	2,437
W & G Beteiligungs-GmbH & Co. KG	50%	Germany	226,202	187,013	233,947	13,727
OOO Yamal razvitie and its subsidiaries	50%	Russia	180,878	70,195	1,199	(485)
OAO Tomskneft VNK and its subsidiaries	50%	Russia	103,408	67,465	53,328	6,710
Blue Stream Pipeline company B.V.	50%	Netherlands	72,558	60,220	4,475	1,427
Shtokman Development AG	51%	Switzerland	50,828	4,388	-	(393)

OAO GAZPROM
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 30 JUNE 2012
(In millions of Russian Roubles)

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

	Percent of share capital held	Location	As of 30 June 2012		For the six months ended 30 June 2012	
			Assets	Liabilities	Revenues	Profit (loss)
SGT EuRoPol GAZ S.A.	48%	Poland	48,681	13,290	6,296	795
Wintershall AG	49%	Germany	45,973	30,345	52,545	2,989
Salym Petroleum Development N.V.	50%	Netherlands	39,331	11,714	37,047	7,555
TOO KazRosGaz	50%	Kazakhstan	38,083	1,869	23,130	8,723
AO Latvijas Gaze	34%	Latvia	33,929	8,125	13,559	361
AO Gazum	25%	Finland	31,386	15,497	26,987	811
AO Lietuvos dujos	37%	Lithuania	30,046	5,750	11,439	553
ZAO Nortgaz	51%	Russia	24,394	13,233	2,607	399
ZAO Achimgaz	50%	Russia	15,784	5,093	2,763	1,617
OAO Gazprom neftekhim Salavat**	–	Russia	–	–	47,478	(606)

* 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.

In February 2012 OAO Gazprom purchased 375,000 out of 4,534,500 ordinary shares of OAO Gazprombank placed in the course of additional share issue, registered by the Central Bank of the Russian Federation in December 2011. The rest of the shares issued were purchased by other bank's shareholders, and GK Vnesheconombank. As a result of this transaction, the effective Group's share in OAO Gasprombank as of 30 June 2012 decreased to 38%.

** The revenue and loss of OAO Gazprom neftekhim Salavat for the six month ended 30 June 2012 are disclosed until the date of acquisition of controlling share (see Note 23).

	Percent of share capital held	Location	As of 30 June 2011		For the six months ended 30 June 2011	
			Assets	Liabilities	Revenues	Profit (loss)
Gazprombank Group*	45%	Russia	1,985,807	1,742,192	55,093	38,567
OAO NGK Slavneft and its subsidiaries	50%	Russia	604,728	317,064	79,716	2,130
Sakhalin Energy Investment Company Ltd.	50%	Bermuda	589,954	312,824	123,332	56,965
Nord Stream AG	51%	Switzerland	239,090	156,844	-	354
W & G Beteiligungs-GmbH & Co. KG	50%	Germany	173,636	133,415	159,326	2,178
OOO Yamal razvitie and its subsidiaries	50%	Russia	152,541	24,292	-	(2,077)
OAO Tomskneft VNK and its subsidiaries	50%	Russia	124,057	77,943	51,326	1,488
OAO Gazprom neftekhim Salavat	50%	Russia	80,979	54,171	64,296	5,717
Blue Stream Pipeline company B.V.	50%	Netherlands	63,092	54,476	4,051	1,076
TOO KazRosGaz	50%	Kazakhstan	60,100	4,715	17,269	8,598
SGT EuRoPol GAZ S.A.	48%	Poland	49,758	13,972	6,051	7
Wintershall AG	49%	Germany	45,132	32,399	19,359	1,459
Shtokman Development AG	51%	Switzerland	40,735	4,597	-	479
OAO Beltransgaz	50%	Belarus	40,155	23,125	78,743	(1,851)
Salym Petroleum Development N.V.	50%	Netherlands	37,599	20,331	31,581	4,523
AO Lietuvos dujos	37%	Lithuania	30,664	6,737	10,838	1,006
AO Gazum	25%	Finland	30,273	15,500	28,814	1,585
AO Latvijas Gaze	34%	Latvia	28,518	7,773	11,155	467
ZAO Nortgaz	51%	Russia	14,439	3,652	3,065	939
ZAO Achimgaz	50%	Russia	10,729	3,019	2,844	1,602

* 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.

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

	30 June 2012	31 December 2011
AO Latvijas Gaze	4,964	4,594
AO Lietuvos dujos	3,979	4,380
OAO Gazprom neftekhim Salavat	-	60,702

OAO GAZPROM
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 30 JUNE 2012
(In millions of Russian Roubles)

12 LONG-TERM ACCOUNTS RECEIVABLE AND PREPAYMENTS

	30 June 2012	31 December 2011
Long-term accounts receivable and prepayments	189,168	186,414
Advances for assets under construction	<u>363,114</u>	<u>330,683</u>
	552,282	517,097

Long-term accounts receivable and prepayments are presented net of impairment provision of RR 16,400 and RR 18,220 as of 30 June 2012 and 31 December 2011, respectively.

13 AVAILABLE-FOR-SALE LONG-TERM FINANCIAL ASSETS

Available-for-sale long-term financial assets, in total amount of RR 158,439 and RR 181,138 are shown net of provision for impairment of RR 1,465 and RR 1,565 as of 30 June 2012 and 31 December 2011, respectively.

As of 30 June 2012 and 31 December 2011 long-term available-for-sale financial assets include OAO NOVATEK shares in the amount of RR 105,515 and RR 122,270, respectively.

14 OTHER NON-CURRENT ASSETS

Included within other non-current assets is VAT recoverable related to assets under construction totalling RR 98,127 and RR 84,950 as of 30 June 2012 and 31 December 2011, respectively.

Other non-current assets include net pension assets in the amount of RR 244,939 as of 30 June 2012 and RR 248,001 as of 31 December 2011, respectively.

Other non-current assets include goodwill on subsidiaries in the amount of RR 146,701 and RR 102,800 as of 30 June 2012 and 31 December 2011, respectively.

15 LONG-TERM BORROWINGS

	Currency	Final maturity	30 June 2012	31 December 2011
Long-term borrowings payable to:				
Loan participation notes issued in April 2009 ¹	US dollar	2019	75,128	73,707
The Royal Bank of Scotland AG	US dollar	2013	59,272	58,151
Loan participation notes issued in June 2007 ¹	US dollar	2013	54,340	51,725
Loan participation notes issued in October 2007 ¹	Euro	2018	50,831	52,919
Natixis SA ²	US dollar	2015	49,227	48,300
Loan participation notes issued in November 2006 ¹	US dollar	2016	44,601	43,757
Loan participation notes issued in March 2007 ¹	US dollar	2022	43,541	42,718
White Nights Finance B.V.	US dollar	2014	42,796	41,986
Loan participation notes issued in July 2009 ¹	US dollar	2014	42,410	41,608
Loan participation notes issued in December 2005 ¹	Euro	2012	42,380	41,788
Loan participation notes issued in August 2007 ¹	US dollar	2037	42,142	41,345
Loan participation notes issued in May 2005 ¹	Euro	2015	41,525	43,100
Loan participation notes issued in April 2004 ¹	US dollar	2034	39,975	39,218
Loan participation notes issued in April 2008 ¹	US dollar	2018	36,752	36,057
Loan participation notes issued in July 2009 ¹	Euro	2015	36,279	38,031
Loan participation notes issued in November 2011 ¹	US dollar	2016	32,988	32,364
Loan participation notes issued in November 2010 ¹	US dollar	2015	32,965	32,342
Loan participation notes issued in October 2006 ¹	Euro	2014	32,795	33,892
Loan participation notes issued in June 2007 ¹	Euro	2014	29,960	29,435
ZAO Mizuho Corporate Bank (Moscow)	US dollar	2016	28,684	28,011
Bank of Tokyo-Mitsubishi UFJ Ltd. ²	US dollar	2016	26,275	25,780
Loan participation notes issued in March 2007 ¹	Euro	2017	21,405	21,022
Loan participation notes issued in November 2006 ¹	Euro	2017	20,955	21,669
Russian bonds issued in April 2010 ⁶	Rouble	2013	20,317	20,670
Loan participation notes issued in November 2011 ¹	US dollar	2021	20,209	19,440
RosUkrEnergo AG	US dollar	2012	17,256	10,778
Credit Suisse International	US dollar	2017	17,219	16,886
Loan participation notes issued in July 2008 ¹	US dollar	2013	16,874	16,555
Bank of Tokyo-Mitsubishi UFJ Ltd.	US dollar	2013	16,431	16,122

OAo GAZPROM
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 30 JUNE 2012
(In millions of Russian Roubles)

15 LONG-TERM BORROWINGS (continued)

	Currency	Final maturity	30 June 2012	31 December 2011
Structured export notes issued in July 2004 ³	US dollar	2020	16,388	18,838
BNP Paribas SA ²	Euro	2022	15,807	15,935
Russian bonds issued in November 2011 ⁸	Rouble	2014	15,021	14,878
UniCredit Bank AG ^{2,9}	US dollar	2018	14,787	17,983
UniCredit Bank AG ^{2,9}	Euro	2018	13,429	16,797
Loan participation notes issued in April 2008 ¹	US dollar	2013	13,341	13,089
OAo VTB Bank	US dollar	2012	13,262	13,012
GK Vnesheconombank	Rouble	2025	12,900	11,779
ING Bank N.V.	US dollar	2014	10,643	-
Sumitomo Mitsui Finance Dublin Limited	US dollar	2016	10,536	10,337
Russian bonds issued in February 2011 ⁶	Rouble	2021	10,351	10,127
Russian bonds issued in February 2011 ⁶	Rouble	2016	10,335	10,121
Russian bonds issued in February 2011 ⁶	Rouble	2021	10,335	10,121
Russian bonds issued in February 2012 ⁶	Rouble	2022	10,325	-
Russian bonds issued in April 2009 ⁶	Rouble	2019	10,166	10,368
OAo Gazprombank	Rouble	2018	10,000	10,000
Deutsche Bank AG	US dollar	2014	9,925	9,737
Bank of Tokyo-Mitsubishi UFJ Ltd.	US dollar	2015	9,911	9,719
Citibank International plc ²	US dollar	2021	9,858	10,262
Bank of Tokyo-Mitsubishi UFJ Ltd.	US dollar	2016	9,856	9,672
Loan participation notes issued in November 2007 ¹	JPY	2012	8,633	8,470
Eurofert Trading Limited llc ⁴	Rouble	2015	8,600	8,600
Russian bonds issued in July 2009 ⁶	Rouble	2016	8,533	8,230
Credit Agricole CIB ²	US dollar	2013	8,218	8,064
BNP Paribas SA ²	Euro	2023	7,015	2,530
OAo Gazprombank	Rouble	2017	7,000	-
WestLB AG ²	US dollar	2013	6,946	10,224
Deutsche Bank AG	US dollar	2014	6,583	6,460
Banc of America Securities Limited	US dollar	2016	5,911	5,800
Deutsche Bank AG	US dollar	2014	5,877	6,923
Russian bonds issued in February 2007	Rouble	2014	5,135	5,135
Russian bonds issued in December 2009 ⁵	Rouble	2014	5,041	5,041
Russian bonds issued in June 2009	Rouble	2014	5,011	5,008
Eurofert Trading Limited llc ⁴	Rouble	2015	5,000	5,000
UniCredit Bank AG ^{2,9}	Rouble	2018	4,135	5,127
OAo Nordea Bank	US dollar	2014	4,102	-
The Royal Bank of Scotland AG ²	US dollar	2013	3,310	4,546
Russian bonds issued in July 2009 ⁷	Rouble	2014	2,989	2,894
OAo TransKreditBank	Rouble	2014	2,534	4,535
Russian bonds issued in March 2006 ⁵	Rouble	2016	473	4,911
J.P. Morgan Chase bank	US dollar	2012	-	13,576
Russian bonds issued in June 2009	Rouble	2012	-	10,014
OAo Sberbank Rossii	US dollar	2012	-	7,535
The Royal Bank of Scotland AG ²	US dollar	2012	-	3,795
Other long-term borrowings	Various	Various	<u>100,206</u>	<u>90,667</u>
Total long-term borrowings			<u>1,483,960</u>	<u>1,475,236</u>
Less: current portion of long-term borrowings			<u>(321,313)</u>	<u>(301,942)</u>
			<u>1,162,647</u>	<u>1,173,294</u>

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

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

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

⁴ Issuer of these notes is OAo WGC-2 and OAo WGC-6. In November 2011 OAo WGC-6 was merged with OAo WGC-2 (see Note 25).

⁵ Issuer of these bonds is OAo Mosenergo.

⁶ Issuer of these bonds is OAo Gazprom neft.

⁷ Issuer of these bonds is OAo TGC-1.

⁸ Issuer of these bonds is OOO Gazprom capital.

⁹ Loans were obtained for development of Yuzhno-Russkoye oil and gas field.

ОАО ГАЗПРОМ
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 30 JUNE 2012
(In millions of Russian Roubles)

15 LONG-TERM BORROWINGS (continued)

	30 June 2012	31 December 2011
Due for repayment:		
Between one and two years	299,395	264,547
Between two and five years	490,208	586,574
After five years	<u>373,044</u>	<u>322,173</u>
	1,162,647	1,173,294

Long-term borrowings include fixed rate loans with a carrying value of RR 1,195,509 and RR 1,191,984 and fair value of RR 1,278,295 and RR 1,228,357 as of 30 June 2012 and 31 December 2011, respectively. All other long-term borrowings have variable interest rates generally linked to LIBOR, and the difference between carrying value of these liabilities and their fair value is not significant.

As of 30 June 2012 and 31 December 2011 long-term borrowings of RR 16,388 and RR 18,838, respectively, inclusive of current portion of long-term borrowings, are secured by revenues from export supplies of gas to Western Europe.

As of 30 June 2012 and 31 December 2011 according to the project facility agreement, signed within the framework of the development project of Yuzhno-Russkoe oil and gas field with the group of international financial institutions with UniCredit Bank AG acting as a facility agent, ordinary shares of ОАО Severneftegazprom with the pledge value of RR 16,968 and fixed assets with the pledge value of RR 26,666 were pledged to ING Bank N.V. (London branch) up to the date of full redemption of the liabilities on this agreement. Management of the Group does not expect any substantial consequences to occur which relate to respective pledge agreement.

Under the terms of 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 39,380 as of 30 June 2012, including accrued interest.

Under the terms of the Russian bonds with the nominal value of RR 14,865 issued by ООО Gazprom Capital in November 2011 due in 2014 bondholders can execute the right of early redemption in November 2012 at par, including accrued interest.

Under the terms of the Russian bonds with the nominal value of RR 10,000 issued by ОАО Gazprom neft in February 2012 due in 2022 bondholders can execute the right of early redemption in February 2015 at par, including accrued interest.

Under the terms of the Russian bonds with the nominal value of RR 10,000 issued by ОАО Gazprom neft neft in February 2011 due in 2021 bondholders can execute the right of early redemption in February 2016 at par, including accrued interest.

Under the terms of the Russian bonds with the nominal value of RR 10,000 issued by ОАО Gazprom neft neft in February 2011 due in 2021 bondholders can execute the right of early redemption in February 2018 at par, including accrued interest.

Under the terms of the Russian bonds with the nominal value of RR 10,000 issued by ОАО Gazprom neft in April 2009 due in 2019 bondholders can execute the right of early redemption in April 2018 at par, including accrued interest.

Under the terms of the Russian bonds with the nominal value of RR 8,000 issued by ОАО Gazprom neft in July 2009 due in 2016 bondholders can execute the right of early redemption in July 2012 at par, including accrued interest.

Under the terms of the Russian bonds with the nominal value of RR 5,000 issued by ОАО Mosenergo in December 2009 due in 2014 bondholders can execute the right of early redemption in December 2012 at par, including accrued interest.

Under the terms of the Russian bonds with the nominal value of RR 471 issued by ОАО Mosenergo in March 2006 due in 2016 bondholders can execute the right of early redemption in February 2013 at par, including accrued interest.

Under the terms of the Russian bonds with the nominal value of RR 2,894 issued by ОАО TGC-1 in July 2009 due in 2014 bondholders can execute the right of early redemption in July 2013 at par, including accrued interest.

OAO GAZPROM
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 30 JUNE 2012
(In millions of Russian Roubles)

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 applicable statutory rates, including the prevailing rate of 20% in the Russian Federation.

	30 June 2012	Differences recognition and reversals	31 December 2011	30 June 2011	Differences recognition and reversals	31 December 2010
Tax effects of taxable temporary differences:						
Property, plant and equipment	(416,501)	(26,442)	(390,059)	(335,922)	(19,355)	(316,567)
Financial assets	(10,820)	3,854	(14,674)	(16,548)	1,674	(18,222)
Inventories	<u>(5,218)</u>	<u>(450)</u>	<u>(4,768)</u>	<u>(1,081)</u>	<u>1,490</u>	<u>(2,571)</u>
	(432,539)	(23,038)	(409,501)	(353,551)	(16,191)	(337,360)
Tax effects of deductible temporary differences:						
Tax losses carry forward	192	(704)	896	1,004	186	818
Other deductible temporary differences	<u>40,347</u>	<u>34,470</u>	<u>5,877</u>	<u>1,945</u>	<u>(1,454)</u>	<u>3,399</u>
	40,539	33,766	6,773	2,949	(1,268)	4,217
Total net deferred tax liabilities	(392,000)	10,728	(402,728)	(350,602)	(17,459)	(333,143)

Taxable temporary differences recognized for the six months ended 30 June 2012 and 2011 include the effect of accelerated depreciation on certain property, plant and equipment. As a result a deferred tax liability related to property, plant and equipment was recognized for the six months ended 30 June 2012 and 2011 in amount of RR 8,097 and RR 10,727, respectively, with the corresponding offsetting credit to the current profit tax expense. Therefore there was no net impact to the consolidated net profit for the period.

17 EQUITY

Share capital

Share capital authorised, issued and paid totals RR 325,194 as of 30 June 2012 and 31 December 2011 and consists of 23.7 billion ordinary shares, each with a historical par value of 5 Russian Roubles.

Treasury shares

As of 30 June 2012 and 31 December 2011, subsidiaries of OAO Gazprom held 724 million and 726 million of the ordinary shares of OAO Gazprom, respectively, which are accounted for as treasury shares. The management of the Group controls the voting rights of these shares.

ОАО ГАЗПРОМ
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 30 JUNE 2012
(In millions of Russian Roubles)

18 SALES

	Three months ended		Six months ended	
	30 June		30 June	
	2012	2011	2012	2011
Gas sales gross of customs duties to customers in:				
Russian Federation	120,231	132,588	389,301	398,630
Former Soviet Union (excluding Russian Federation)	131,918	137,227	304,283	357,470
Europe and other countries	<u>415,685</u>	<u>428,233</u>	<u>907,987</u>	<u>896,354</u>
	667,834	698,048	1,601,571	1,652,454
Customs duties	(90,517)	(95,741)	(224,259)	(180,178)
Effect of retroactive gas price adjustments*	<u>(54,681)</u>	<u>-</u>	<u>(133,186)</u>	<u>-</u>
Sales of gas	522,636	602,307	1,244,126	1,472,276
Sales of refined products to customers in:				
Russian Federation	180,303	136,229	339,440	257,364
Former Soviet Union (excluding Russian Federation)	19,720	12,087	33,449	22,912
Europe and other countries	<u>87,716</u>	<u>88,735</u>	<u>170,821</u>	<u>171,662</u>
Total sales of refined products	287,739	237,051	543,710	451,938
Sales of crude oil and gas condensate to customers in:				
Russian Federation	12,250	10,982	25,609	18,370
Former Soviet Union (excluding Russian Federation)	6,464	9,223	16,331	17,148
Europe and other countries	<u>45,427</u>	<u>39,743</u>	<u>87,394</u>	<u>81,775</u>
Total sales of crude oil and gas condensate	64,141	59,948	129,334	117,293
Electric and heat energy sales	65,535	67,679	177,136	180,215
Gas transportation sales	28,220	26,704	60,279	55,500
Other revenues	<u>37,217</u>	<u>36,635</u>	<u>75,781</u>	<u>69,849</u>
Total sales	1,005,488	1,030,324	2,230,366	2,347,071

*Effect of retroactive gas price adjustments recorded for the three and six months ended 30 June 2012 was RR 54,681 and RR 133,186, respectively. These adjustments relate to volumes of gas delivered in 2010 and 2011 for which a discount was agreed in 2012. The price adjustments recorded for six months ended 31 June 2012 do not take into account the effect of possible refunds in previously paid customs duties but the result for the period include a deferred tax asset for the profit tax impact. Currently the Group is in ongoing negotiations related to price renegotiations with certain customers. The effects of gas price adjustments, including corresponding impacts on customs duties and profit tax, and ongoing negotiations are recorded when they become probable and a reliable estimate of the amounts can be made.

OAO GAZPROM
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 30 JUNE 2012
(In millions of Russian Roubles)

22 PROVISIONS FOR LIABILITIES AND CHARGES

	30 June 2012	31 December 2011
Provision for decommissioning and site restoration costs	104,695	102,017
Provision for pension obligations	102,171	95,678
Other	<u>6,815</u>	<u>9,039</u>
	213,681	206,734

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 244,939 and RR 248,001 as of 30 June 2012 and 31 December 2011, 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 June 2012 and 31 December 2011 management estimated the fair value of these assets at approximately RR 503 billion and RR 447 billion, respectively. The pension assets comprise shares of OAO Gazprom, shares of OAO Gazprombank and other assets held by NPF Gazfund.

23 ACQUISITION OF THE CONTROLLING INTEREST IN OAO GAZPROM NEFTEKHIM SALAVAT

In December 2008 the Group acquired a 50% interest plus one ordinary share in OAO Gazprom neftekhim Salavat for cash consideration of RR 20,959. Since then the Group started to exercise significant influence and applied the equity method of accounting for its investment in OAO Gazprom neftekhim Salavat.

During the period from November 2011 to December 2011 as a result of series of transactions, the Group acquired an additional 19.03% interest in OAO Gazprom neftekhim Salavat for total cash consideration of RR 19,008. Despite having a 69.03% interest as of 31 December 2011, the Group still did not exercise control over OAO Gazprom neftekhim Salavat due to its corporate governance regulations.

In May 2012 the Group acquired additional 18.48% interest in OAO Gazprom neftekhim Salavat for cash consideration of RR 18,458 increasing its interest to 87.51% and, as a result, obtained control over OAO Gazprom neftekhim Salavat.

In accordance with IFRS 3 “Business Combinations”, the Group recognized the acquired assets and liabilities based upon their fair values. Management made a preliminary assessment on a provisional basis. Management is required to finalise the accounting within 12 months from the date of acquisition. Any revisions to the provisional values will be reflected as of the acquisition date.

Purchase consideration includes cash for the 18.48% interest in OAO Gazprom neftekhim Salavat acquired in May 2012 in the amount of RR 18.4 billion and fair value of previously acquired 69.03% interest accounted for using the equity method in the amount of RR 43.7 billion.

As a result of the Group obtaining control over OAO Gazprom neftekhim Salavat, the Group’s previously held 69.03% interest was remeasured to fair value, resulting in a gain of RR 4.7 billion. This has been recognised in the line item ‘Share of net income of associated undertakings and jointly controlled entities’ in the consolidated interim condensed statement of comprehensive income.

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

	Book value	Provisional fair value
Cash and cash equivalents	7,196	7,196
Accounts receivable and prepayments	15,600	15,600
VAT recoverable	2,489	2,489
Inventories	10,760	10,760
Other current assets	5,868	5,868
Current assets	41,913	41,913
Property, plant and equipment	48,160	48,160
Long-term accounts receivable and prepayments	14,969	14,969
Other non-current assets	877	877
Non-current assets	64,006	64,006
Total assets	105,919	105,919

OAO GAZPROM
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 30 JUNE 2012
(In millions of Russian Roubles)

23 ACQUISITION OF THE CONTROLLING INTEREST IN OAO GAZPROM NEFTEKHIM SALAVAT (continued)

	Book value	Provisional fair value
Accounts payable and accrued charges	35,630	35,630
Short-term borrowings, promissory notes and current portion of long-term borrowings	24,612	24,612
Current liabilities	60,242	60,242
Long-term borrowings	20,696	20,696
Deferred tax liabilities	2,636	2,636
Provisions for liabilities and charges	961	961
Other non-current liabilities	85	85
Non-current liabilities	24,378	24,378
Total liabilities	84,620	84,620
Net assets at acquisition date	21,299	21,299
Non-controlling interest at acquisition date		2,660
Purchase consideration		62,108
Provisional goodwill		43,469

If the acquisition had occurred on 1 January 2012, the Group's sales for the six months ended 30 June 2012 would have been RR 2,290,689. The Group's profit for the six months ended 30 June 2012 would have been RR 531,714, respectively.

24 ACQUISITION OF THE CONTROLLING INTEREST IN OAO BELTRANSGAZ

During the period from June 2007 to February 2010 as a result of series of transactions, the Group acquired a 50% interest in OAO Beltransgaz. Four equal installments in the amount of USD 625 million were paid by the Group for each 12.5% share acquired. Since February 2008, when the Group's interest in OAO Beltransgaz increased to 25%, the Group started to exercise significant influence and applied the equity method of accounting for its investment in OAO Beltransgaz.

In November 2011 the Group entered into a share purchase agreement with the State Property Committee of the Republic of Belarus to acquire the remaining 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.

In accordance with IFRS 3 "Business Combinations", the Group recognized the acquired assets and liabilities based upon their fair values. Management made a preliminary assessment on a provisional basis. Management is required to finalise the accounting within 12 months from the date of acquisition. Any revisions to the provisional values will be reflected as of the acquisition date.

Purchase consideration includes 50% share in OAO Beltransgaz acquired in December 2011 in the amount of RR 78.3 billion (USD 2,500 million) and fair value of previously acquired 50% share in OAO Beltransgaz accounted for using the equity method in the amount of RR 34.3 billion.

As a result of the Group obtaining control over OAO Beltransgaz, the Group's previously held 50% interest was remeasured to fair value, resulting in a loss of RR 9.63 billion. This has been recognised in the line item 'Share of net income of associated undertakings and jointly controlled entities' in the consolidated statement of comprehensive income for the year ended 31 December 2011.

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

	Book value	Provisional fair value
Cash and cash equivalents	8,187	8,187
Accounts receivable and prepayments	34,046	34,046
VAT recoverable	1,907	1,907
Inventories	4,490	4,490
Other current assets	365	365
Current assets	48,995	48,995
Property, plant and equipment	31,668	79,854
Other non-current assets	251	251
Non-current assets	31,919	80,105
Total assets	80,914	129,100

OA0 GAZPROM
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 30 JUNE 2012
(In millions of Russian Roubles)

24 ACQUISITION OF THE CONTROLLING INTEREST IN OAO BELTRANSOAZ (continued)

	Book value	Provisional fair value
Accounts payable and accrued charges	41,891	41,891
Short-term borrowings, promissory notes and current portion of long-term borrowings	9,627	9,627
Current liabilities	51,518	51,518
Long-term borrowings	301	301
Deferred tax liabilities	-	8,674
Other non-current liabilities	5	5
Non-current liabilities	306	8,980
Total liabilities	51,824	60,498
Net assets at acquisition date	29,090	68,602
Purchase consideration		112,605
Provisional goodwill		44,003

Goodwill is attributable to enabling effective integration of the Russian and Belarusian gas transmission systems, reducing transit risks, providing additional security of gas sales in the respective markets over the long term. The acquisition of OAO Beltransgaz also allowed the Group to play an active role in the gas infrastructure development in the Republic of Belarus – which is very important for its synchronization with the Company's facilities development in Russia.

25 MERGER OF OAO WGC-2 AND OAO WGC-6

In June 2011 the Annual general shareholders meeting of OAO WGC-2 took a decision to reorganize OAO WGC-2 in the form of a merger with OAO WGC-6. As a result of this reorganization, completed in November 2011, all assets and liabilities of OAO WGC-6 were transferred to OAO WGC-2. The share capital of OAO WGC-2 was increased in form of an additional ordinary shares issue. Placement of shares was performed by conversion of all shares of OAO WGC-6 into ordinary shares of OAO WGC-2. As the result of this reorganization, the share of Gazprom Group in OAO WGC-2 amounts to 58%.

26 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 Gazpromneft-MNPZ 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.

27 RELATED PARTIES

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

The nature of the related party relationships for those related parties with whom the Group entered into significant transactions or had significant balances outstanding as of 30 June 2012 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

ОАО ГАЗПРОМ
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 30 JUNE 2012
(In millions of Russian Roubles)

27 RELATED PARTIES (continued)

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 June 2012 and 31 December 2011 and for the three months ended 30 June 2012 and 2011, the Group had the following significant transactions and balances with the Government and parties under control of the Government:

Notes	As of 30 June 2012		Three months ended 30 June 2012		Six months ended 30 June 2012		
	Assets	Liabilities	Income	Expenses	Income	Expenses	
	Transactions and balances with the Government						
	Current profit tax	92,662	4,631	-	37,754	-	139,132
	Insurance contributions to non budget funds	340	5,368	-	13,951	-	33,975
	VAT recoverable/payable	485,940	47,630	-	-	-	-
	Customs duties	78,607	-	-	-	-	-
19	Other taxes	3,004	55,821	-	139,652	-	297,230
	Transactions and balances with other parties under control of the Government						
	Gas sales	-	-	8,003	-	25,635	-
	Electricity and heating sales	-	-	39,989	-	103,388	-
	Other services sales	-	-	365	-	797	-
	Accounts receivable	22,241	-	-	-	-	-
	Oil transportation expenses	-	-	-	24,404	-	48,262
	Accounts payable	-	5,746	-	-	-	-
	Loans	-	63,977	-	-	-	-
	Interest income/expense	-	-	-	929	-	1,758
	Short-term financial assets	4,619	-	-	-	-	-
	Available-for-sale long-term financial assets	23,826	-	-	-	-	-
Notes	As of 31 December 2011		Three months ended 30 June 2011		Six months ended 30 June 2011		
	Assets	Liabilities	Income	Expenses	Income	Expenses	
	Transactions and balances with the Government						
	Current profit tax	58,769	44,036	-	61,482	-	170,346
	Insurance contributions to non-budget funds	682	2,358	-	17,468	-	37,138
	VAT recoverable/payable	456,498	44,734	-	-	-	-
	Customs duties	69,375	-	-	-	-	-
19	Other taxes	2,194	46,615	-	104,656	-	206,542
	Transactions and balances with other parties under control of the Government						
	Gas sales	-	-	1,199	-	2,544	-
	Electricity sales	-	-	46,474	-	119,362	-
	Other services sales	-	-	469	-	949	-
	Accounts receivable	32,118	-	-	-	-	-
	Oil transportation expenses	-	-	-	21,105	-	41,361
	Accounts payable	-	11,658	-	-	-	-
	Loans	-	54,735	-	-	-	-
	Interest income/expense	-	-	-	449	-	984
	Short-term financial assets	3,136	-	-	-	-	-
	Available-for-sale long-term financial assets	32,128	-	-	-	-	-

OA O GAZPROM
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 30 JUNE 2012
(In millions of Russian Roubles)

27 **RELATED PARTIES (continued)**

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 six months ended 30 June 2012 and 2011. See Note 10 for net book values as of 30 June 2012 and 31 December 2011 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 six months ended 30 June 2012 and 2011 and as of 30 June 2012 and 31 December 2011 the Group had the following significant transactions and balances with associated undertakings and jointly controlled entities:

	Three months ended		Six months ended	
	30 June		30 June	
	2012	2011	2012	2011
	Revenues		Revenues	
Gas sales				
Wintershall Erdgas Handelshaus GmbH & Co. KG (WIEH)	23,274	21,440	48,280	49,228
W & G Beteiligungs-GmbH & Co. KG (WINGAS GmbH & Co. KG)*	17,863	15,709	35,161	31,377
ZAO Panrusgaz	13,732	13,852	22,678	24,401
Wintershall Erdgas Handelshaus Zug AG (WIEE)**	9,651	11,041	18,342	22,411
AO Overgaz Inc.	8,467	6,053	17,345	11,816
AO Gazum	6,306	7,530	16,210	17,655
AO Moldovagaz	4,546	3,033	13,565	9,605
PremiumGas S.p.A.	4,141	1,648	7,386	4,272
AO Lietuvos dujos	1,763	2,269	6,470	5,824
AO Latvijas Gaze	1,941	1,469	6,412	5,593
ZAO Gazprom YRGM Trading	2,666	2,345	5,761	4,848
ZAO Gazprom YRGM Development	1,904	1,675	4,115	3,463
Bosphorus Gaz Corporation A.S.	847	746	1,978	2,103
SGT EuRoPol GAZ S.A.	812	504	1,338	1,020
OAO Beltransgaz***	-	29,646	-	70,889
Promgaz S.p.A.****	-	3,762	-	7,787
GWH Gazhandel GmbH *****	-	1,960	-	4,900
Gas transportation sales				
ZAO Gazprom YRGM Trading	4,593	4,902	9,927	10,134
ZAO Gazprom YRGM Development	3,281	3,501	7,091	7,238

OA0 GAZPROM
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 30 JUNE 2012
(In millions of Russian Roubles)

27 **RELATED PARTIES (continued)**

	Three months ended		Six months ended	
	30 June		30 June	
	2012	2011	2012	2011
TOO KazRosGaz	493	455	1,041	920
Gas condensate, crude oil and refined products sales				
OA0 NGK Slavneft and its subsidiaries	7,696	10,063	16,288	17,146
OA0 Gazprom neftekhim Salavat*****	4,460	5,643	10,036	10,047
Gas refining services sales				
TOO KazRosGaz	1,252	1,244	2,609	2,683
	Expenses		Expenses	
Purchased gas				
W & G Beteiligungs-GmbH & Co. KG	10,782	7,140	29,363	15,054
ZAO Gazprom YRGM Trading	13,356	12,883	28,915	26,066
ZAO Gazprom YRGM Development	9,548	9,213	20,677	18,636
TOO KazRosGaz	11,380	7,982	20,078	13,456
Sakhalin Energy Investment Company Ltd.	928	920	2,031	2,768
RosUkrEnergo AG	-	12,284	-	122,541
Purchased transit of gas				
Nord Stream AG	5,775	-	11,424	-
SGT EuRoPol GAZ S.A.	2,547	2,606	5,060	5,183
Blue Stream Pipeline Company B.V.	1,626	1,673	3,605	3,594
W & G Beteiligungs-GmbH & Co. KG	42	928	683	1,841
OA0 Beltransgaz***	-	3,751	-	7,197
Purchased crude oil and refined products				
OA0 NGK Slavneft and its subsidiaries	17,117	17,291	41,224	34,063
OA0 Tomskneft VNK and its subsidiaries	12,079	11,693	25,531	22,728
Salym Petroleum Development N.V.	7,344	8,029	18,783	16,459
Purchased processing services				
OA0 NGK Slavneft and its subsidiaries	2,588	1,823	5,074	3,778

*In May 2012 WINGAS GmbH & Co. KG was renamed into W & G Beteiligungs-GmbH & Co. KG.

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

*** In December 2011 the Group acquired the remaining 50% shares in OA0 "Beltransgaz". As a result of this transaction "Beltransgaz" became a subsidiary of the Group (see Note 24).

**** In December 2011 the Group acquired the remaining 50% shares in Promgaz S.p.A. As a result of this transaction Promgaz S.p.A became a subsidiary of the Group.

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

***** In May 2012 the Group acquired an additional 18.48% interest in OA0 Gazprom neftekhim Salavat. As a result the Group's share in OA0 Gazprom neftekhim Salavat increased to 87.51% and the Group obtained control over OA0 Gazprom neftekhim Salavat (see Note 23).

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.

OAO GAZPROM
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 30 JUNE 2012
(In millions of Russian Roubles)

27 **RELATED PARTIES (continued)**

	As of 30 June 2012		As of 31 December 2011	
	Assets	Liabilities	Assets	Liabilities
Short-term accounts receivable and prepayments				
Wintershall Erdgas Handelshaus GmbH & Co.KG (WIEH)	18,493	-	16,325	-
W & G Beteiligungs-GmbH & Co. KG	13,605	-	7,908	-
AO Overgaz Inc.	8,764	-	7,410	-
Wintershall Erdgas Handelshaus Zug AG (WIEE)	6,706	-	1,485	-
ZAO Panrusgaz	5,664	-	8,117	-
OAO Gazprombank	3,757	-	615	-
AO Moldovagaz*	3,338	-	4,388	-
OAO NGK Slavneft and its subsidiaries	2,753	-	3,361	-
AO Gazum	2,691	-	4,077	-
ZAO Gazprom YRGM trading	2,345	-	1,458	-
ZAO Gazprom YRGM Development	1,675	-	1,042	-
AO Lietuvos dujos	685	-	2,319	-
TOO KazRosGaz	593	-	717	-
OAO Gazprom neftekhim Salavat	-	-	8,532	-
Short-term promissory notes				
OAO Gazprombank	388	-	372	-
Cash balances				
OAO Gazprombank	244,673	-	251,350	-
Long-term accounts receivable and prepayments				
W & G Beteiligungs-GmbH & Co. KG	15,818	-	15,952	-
Gas Project Development Central Asia AG	1,740	-	1,707	-
Bosphorus Gaz Corporation A.S.	1,543	-	870	-
Salym Petroleum Development N.V.	-	-	567	-
Long-term promissory notes				
OAO Gazprombank	677	-	646	-
Short-term accounts payable				
GT EuRoPol GAZ S.A.	-	6,982	-	6,997
ZAO Gazprom YRGM trading	-	5,759	-	6,761
TOO KazRosGaz	-	3,952	-	3,267
ZAO Gazprom YRGM Development	-	3,672	-	4,388
W & G Beteiligungs-GmbH & Co. KG	-	3,386	-	2,956
Salym Petroleum Development N.V.	-	2,241	-	514
Nord Stream AG	-	1,977	-	1,999
OAO NGK Slavneft and its subsidiaries	-	1,640	-	1,976
OAO Gazprombank	-	132	-	134
Other non-current liabilities				
ZAO Gazprom YRGM Trading	-	2,390	-	2,390
ZAO Gazprom YRGM Development	-	372	-	372
Short-term borrowings (including current portion of long-term borrowings)				
RosUkrEnergo AG	-	17,256	-	10,778
OAO Gazprombank	-	15,153	-	11,202
OAO Tomskneft VNK and its subsidiaries	-	7,778	-	6,647
Wintershall Erdgas Handelshaus GmbH & Co.KG (WIEH)	-	-	-	1,095
Long-term borrowings				
OAO Gazprombank	-	21,899	-	16,229

Net of impairment provision on accounts receivable in the amount of RR 107,548 and RR 92,643 as of 30 June 2012 and 31 December 2011, respectively.

OAO GAZPROM
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 30 JUNE 2012
(In millions of Russian Roubles)

27 RELATED PARTIES (continued)

Investments in associated undertakings and jointly controlled entities are disclosed in Note 11.
 See Note 28 for financial guarantees issued by the Group to the associated undertakings and jointly controlled entities.

28 COMMITMENTS, CONTINGENCIES AND OPERATING RISKS

Taxation

The tax, currency and customs legislation within the Russian Federation is subject to varying interpretations and frequent changes. Tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments. Management believes that its interpretation of the relevant legislation as of 30 June 2012 is appropriate and all of the Group's material tax, currency and customs positions will be sustainable.

Financial guarantees

	30 June 2012	31 December 2011
Outstanding guarantees issued on behalf of:		
Nord Stream AG	118,234	105,616
Sakhalin Energy Investment Company Ltd.	103,441	103,220
EM Interfinance Limited	5,898	5,869
Blue Stream Pipeline Company B.V.	5,194	7,976
Blackrock Capital Investments Limited	5,008	4,985
OAO Group E4	1,485	1,498
Devere Capital International Limited	990	1,958
ZAO Achimgaz	-	387
Other	<u>35,280</u>	<u>31,806</u>
	<u>275,530</u>	<u>263,315</u>

Included in financial guarantees are amounts denominated in USD of USD 3,996 million and USD 4,129 million as of 30 June 2012 and 31 December 2011, respectively, as well as amounts denominated in Euro of Euro 3,143 million and Euro 2,815 million as of 30 June 2012 and 31 December 2011, 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 June 2012 and 31 December 2011, outstanding amounts of these loans were RR 5,194 (USD 158 million) and RR 7,976 (USD 248 million), respectively, which were guaranteed by the Group, pursuant to its obligations.

In 2006 the Group guaranteed Asset Repackaging Trust Five B.V. (registered in Netherlands) bonds issued by five financing entities: Devere Capital International Limited, Blackrock Capital Investments Limited, DSL Assets International Limited, United Energy Investments Limited, EM Interfinance Limited (registered in Ireland) in regard to bonds issued with due dates December 2012, June 2018, December 2009, December 2009 and December 2015, respectively. Bonds were issued for financing of construction of a transit pipeline in Poland by SGT EuRoPol GAZ S.A. In December 2009 loans issued by DSL Assets International Limited and United Energy Investments Limited were redeemed. As a result as of 30 June 2012 and 31 December 2011 the guarantees issued on behalf of Devere Capital International Limited, Blackrock Capital Investments Limited and EM Interfinance Limited amounted to RR 11,896 (USD 363 million) and RR 12,812 (USD 398 million), respectively.

In 2007 the Group provided a guarantee to Wintershall Vermögens-Verwaltungsgesellschaft mbH on behalf of ZAO Achimgaz as a security of loans received and used for additional financing of the pilot implementation of the project on the development of Achimsky deposits of the Urengoy field. The Group's liability with respect to loans is limited by 50% in accordance with the ownership interest in ZAO Achimgaz. As of 31 December 2011 the above guarantee amounted to RR 387 (Euro 9 million). As of 30 June 2012 this credit facility was repaid.

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 June 2012 and 31 December 2011 the above guarantee amounted to RR 1,485 (Euro 36 million) and RR 1,498 (Euro 36 million), respectively.

OA O GAZPROM
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 30 JUNE 2012
(In millions of Russian Roubles)

28 COMMITMENTS, CONTINGENCIES AND OPERATING RISKS (continued)

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 June 2012 and 31 December 2011 the above guarantee amounted to RR 103,441 (USD 3,152 million) and RR 103,220 (USD 3,206 million), respectively.

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 June 2012 and 31 December 2011 the above guarantee within the Group's share in Nord Stream AG obligations to the bank amounted to RR 81,695 (Euro 1,977 million) and RR 72,205 (Euro 1,733 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 June 2012 and 31 December 2011 the above guarantee within the Group's share in Nord Stream AG obligations to the bank amounted to RR 36,539 (Euro 884 million) and RR 33,411 (Euro 802 million), respectively.

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 ongoing.

In November 2011 Polskie Gornictwo Naftowe i Gazownictwo SA (PGNiG SA) filed a lawsuit against the Group to international arbitration demanding reconsideration of long-term contracts prices for gas supplies. Negotiations with PGNiG SA on the contract prices are ongoing.

29 POST BALANCE SHEET EVENTS

Borrowings and loans

In July 2012 the Group obtained a long-term participation loan from a consortium of banks in the amount of USD 500 million due in 2015 at an interest rate of LIBOR +3.25%. The Royal Bank of Scotland AG was appointed as bank agent.

In July 2012 the Group issued Loan participation notes in the amount of USD 1,000 million due in 2022 at an interest rate of 4.95% and Loan participation notes in the amount of Euro 1,400 million due in 2017 at an interest rate of 3.755% under the USD 30,000 million Programme for the Issuance of Loan Participation Notes.

In August 2012 the Group obtained a long-term loan from Deutsche Bank AG in the amount of USD 400 million due in 2016 at an interest rate of LIBOR +4.15%.

In September 2012 the Group obtained a long-term loan from Credit Agricole CIB in the amount of Euro 240 million due in 2015 at an interest rate of LIBOR +2.8%.

In September 2012 the Group issued Loan participation notes in the amount of USD 1,500 million due in 2022 at an interest rate of 4.375%.

Investments

In July 2012 the agreements between the shareholders of Shtokman Development AG expired. According to the terms of the agreements, upon expiration of its terms, foreign participants (Statoil ASA and Total S.A.) have to pass their shares to OAO Gazprom at the minimum price determined by the shareholders agreements. In July 2012 Statoil ASA signed an agreement to transfer its 24% interest in Shtokman Development AG to OAO Gazprom. The cash payment for the acquired share was accomplished by OAO Gazprom in September 2012. As a result of this transaction the Group's share in Shtokman Development AG increased to 75%.

In September 2012 the Group acquired an additional 10.06% interest in the ordinary shares of OAO Gazprom neftekhim Salavat for cash consideration of RR 10,054 increasing its interest to 97.57%.

ОАО ГАЗПРОМ
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 30 JUNE 2012
(In millions of Russian Roubles)

29 POST BALANCE SHEET EVENTS (continued)

Legal matters

In August 2012 the European Commission initiated an investigation into a potential breach of European Union antimonopoly law by the Group. The Group is analyzing the information related to the investigation and no provision has been recorded.

In October 2012 the Ministry of Energy of the Republic of Lithuania filed a claim against the Group to the Stockholm Chamber of Commerce related to the Group's potential breach of the shareholders' agreement with AO Lietuvos dujos, and unfair pricing of gas supplied to Lithuania. AO Lietuvos dujos claims approximately RR 60 billion. The Group is assessing the claim and no provision has been recorded.

OAO GAZPROM
INVESTMENT RELATIONSHIPS

The Company may be contacted at its registered office:

OAO Gazprom
Nametkina str., 16
V-420, GSP-7, 117997, Moscow
Russia

Telephone: (7 495) 719 3001

Facsimile: (7 495) 719 8333, 719 8335

www.gazprom.ru (in Russian)

www.gazprom.com (in English)