

ОАО ГАЗПРОМ

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

31 MARCH 2010

Report on Review of Consolidated Interim Condensed Financial Information

To the Shareholders and Board of Directors of OAO Gazprom

Introduction

We have reviewed the accompanying consolidated interim condensed balance sheet of OAO Gazprom and its subsidiaries (the "Group") as of 31 March 2010 and the related consolidated interim condensed statements of comprehensive income, cash flows and changes in equity for the three month period then ended. Management is responsible for the preparation and presentation of this consolidated interim condensed financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this consolidated interim condensed financial information based on our review.

Scope of Review

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

Conclusion

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

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

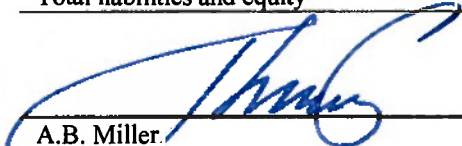
ZAO PricewaterhouseCoopers Audit

Moscow, Russian Federation

31 August 2010

OA O GAZPROM
IFRS CONSOLIDATED INTERIM CONDENSED BALANCE SHEET (UNAUDITED)
AS OF 31 MARCH 2010
(In millions of Russian Roubles)

Notes	31 March 2010	31 December 2009	
	Assets		
	Current assets		
6	Cash and cash equivalents	398,797	249,759
6	Restricted cash	3,532	4,872
7	Short-term financial assets	16,536	52,137
8	Accounts receivable and prepayments	804,965	842,914
9	Inventories	254,103	286,719
	VAT recoverable	124,578	144,691
	Other current assets	90,206	107,044
		<u>1,692,717</u>	<u>1,688,136</u>
10	Assets of disposal group held for sale	137,700	-
		<u>1,830,417</u>	<u>1,688,136</u>
	Non-current assets		
11,26	Property, plant and equipment	4,983,770	4,899,223
12	Investments in associated undertakings and jointly controlled entities	799,578	794,705
13	Long-term accounts receivable and prepayments	368,779	413,309
14	Available-for-sale long-term financial assets	98,039	106,658
15	Other non-current assets	477,659	464,291
		<u>6,727,825</u>	<u>6,678,186</u>
	Total assets	8,558,242	8,366,322
	Liabilities and equity		
	Current liabilities		
	Accounts payable and accrued charges	447,994	502,075
	Profit tax payable	35,549	37,267
	Other taxes payable	73,612	71,057
	Short-term borrowings and current portion of long-term borrowings	307,912	424,855
	Short-term promissory notes payable	5,379	11,761
		<u>870,446</u>	<u>1,047,015</u>
10	Liabilities of disposal group held for sale	121,498	-
		<u>991,944</u>	<u>1,047,015</u>
	Non-current liabilities		
16	Long-term borrowings	1,066,230	1,184,457
	Long-term promissory notes payable	47	4,592
23	Provisions for liabilities and charges	144,474	143,591
17,26	Deferred tax liabilities	353,717	321,524
	Other non-current liabilities	25,520	17,151
		<u>1,589,988</u>	<u>1,671,315</u>
	Total liabilities	2,581,932	2,718,330
	Equity		
18	Share capital	325,194	325,194
18	Treasury shares	(104,204)	(104,204)
	Retained earnings and other reserves	5,420,049	5,105,525
		<u>5,641,039</u>	<u>5,326,515</u>
	Non-controlling interest	335,271	321,477
	Total equity	5,976,310	5,647,992
	Total liabilities and equity	8,558,242	8,366,322


A.B. Miller
Chairman of the Management Committee
31 August 2010


E.A. Vasilieva
Chief Accountant
31 August 2010

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

OAQ GAZPROM
IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)
FOR THE THREE MONTHS ENDED 31 MARCH 2010
(In millions of Russian Roubles)

Notes		Three months ended	
		2010	2009
		31 March	
19	Sales	956,816	837,156
	Net gain from trading activity	5,964	3,339
20	Operating expenses	<u>(623,479)</u>	<u>(557,902)</u>
	Operating profit	339,301	282,593
21	Finance income	71,502	119,014
21	Finance expense	(18,965)	(268,438)
12	Share of net income of associated undertakings and jointly controlled entities	28,229	13,536
	Gains on disposal of available-for-sale financial assets	<u>1,629</u>	<u>516</u>
	Profit before profit tax	421,696	147,221
	Current profit tax expense	(55,053)	(33,787)
	Deferred profit tax expense	<u>(29,794)</u>	<u>(3,257)</u>
	Profit tax expense	(84,847)	(37,044)
	Profit for the period	336,849	110,177
	Other comprehensive income		
	Gains arising from change in fair value of available-for-sale financial assets, net of tax	9,793	1,740
	Share of other comprehensive income of associated undertakings and jointly controlled entities	11	1,617
	Translation differences	<u>(22,214)</u>	<u>11,811</u>
	Other comprehensive (loss) income for the period, net of tax	(12,410)	15,168
	Total comprehensive income for the period	324,439	125,345
	Profit attributable to:		
	owners of OAO Gazprom	324,953	103,679
	non-controlling interest	<u>11,896</u>	<u>6,498</u>
		336,849	110,177
	Total comprehensive income attributable to:		
	owners of OAO Gazprom	314,630	119,135
	non-controlling interest	<u>9,809</u>	<u>6,210</u>
		324,439	125,345
22	Basic and diluted earnings per share for profit attributable to the owners of OAO Gazprom (in Roubles)	14.16	4.39


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OAO GAZPROM
IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE THREE MONTHS ENDED 31 MARCH 2010
(In millions of Russian Roubles)

Notes	Three months ended 31 March	
	2010	2009
	Operating activities	
	421,696	147,221
	Profit before profit tax	
	Adjustments to profit before profit tax	
	68,014	54,480
	Depreciation	
	(59,254)	140,370
	Net unrealised foreign exchange (gains) losses	
	14,279	13,041
	Interest expense	
	(7,560)	(3,951)
	Interest income	
	(1,629)	(516)
	Gains on disposal of available-for-sale financial assets	
	(28,229)	(13,536)
	Share of net income of associated undertakings and jointly controlled entities	
	9,965	10,149
	Charge for provisions	
	4,980	(2,487)
	Derivatives loss (gain)	
	2,836	2,676
	Other	
	3,402	200,226
	Total effect of adjustments	
	397	6,657
	Decrease in non-current assets	
	100	(28)
	Increase (decrease) in non-current liabilities	
	116,912	(65,921)
	Total effect of working capital changes	
	(59,391)	(54,192)
	Profit tax paid	
	483,116	233,963
	Net cash provided by operating activities	
	Investing activities	
	(218,599)	(205,417)
	Capital expenditures	
	2,501	(11,798)
6	Net change in loans made	
	(38,114)	(18,057)
	Acquisition of subsidiaries, net of cash acquired	
	(18,254)	(21,970)
	Investment in associated undertakings and jointly controlled entities	
	5,502	2,869
	Interest received	
	(3,305)	2,457
	Change in available-for-sale long-term financial assets	
	25,208	9,172
	Proceeds from associated undertakings and jointly controlled entities	
	(5,000)	6,673
	Other	
	(250,061)	(236,071)
	Net cash used for investing activities	
	Financing activities	
	13,214	85,131
	Proceeds from long-term borrowings	
	(29,043)	(84,201)
	Repayment of long-term borrowings (including current portion)	
	(17,590)	191
	Net (repayment of) proceeds from short-term borrowings	
	(812)	1,538
	Net (repayment of) proceeds from promissory notes	
	(14,115)	(18,317)
	Interest paid	
	-	(58)
	Purchases of treasury shares	
	(536)	(533)
	Change in restricted cash	
	(48,882)	(16,249)
	Net cash used for financing activities	
	(7,588)	12,941
	Effect of exchange rate changes on cash and cash equivalents	
	176,585	(5,416)
	Increase (decrease) in cash and cash equivalents	
6	249,759	343,833
	Cash and cash equivalents, at the beginning of reporting period	
	426,344	338,417
	Cash and cash equivalents, at the end of reporting period	
6	398,797	338,417
	Included in cash and cash equivalents per the balance sheet	
10	27,547	-
	Included in the assets of the disposal group held for sale	



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31 August 2010



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OAO GAZPROM
IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)
FOR THE THREE MONTHS ENDED 31 MARCH 2010
(In millions of Russian Roubles)

Notes	Number of shares outstanding (billions)	Attributable to the owners of OAO Gazprom			Total	Non-controlling interest	Total equity	
		Share capital	Treasury shares	Retained earnings and other reserves				
Three months ended 31 March 2009								
	Balance as of 31 December 2008	23.6	325,194	(597)	4,280,518	4,605,115	307,984	4,913,099
	Profit for the period	-	-	-	103,679	103,679	6,498	110,177
	Other comprehensive income:							
	Gains arising from change in fair value of available-for-sale financial assets, net of tax	-	-	-	1,740	1,740	-	1,740
	Share of other comprehensive income of associated undertakings and jointly controlled entities	-	-	-	1,617	1,617	-	1,617
	Translation differences	-	-	-	12,099	12,099	(288)	11,811
	Total comprehensive income for the three months ended 31 March 2009	-	-	-	119,135	119,135	6,210	125,345
	Return of social assets to governmental authorities	-	-	-	(46)	(46)	-	(46)
	Non-controlling interest in subsidiaries acquired	-	-	-	-	-	14,681	14,681
18	Net treasury shares transactions	(0.0)	-	(58)	-	(58)	-	(58)
	Balance as of 31 March 2009	23.6	325,194	(655)	4,399,607	4,724,146	328,875	5,053,021
Three months ended 31 March 2010								
	Balance as of 31 December 2009	22.9	325,194	(104,204)	5,105,525	5,326,515	321,477	5,647,992
	Profit for the period	-	-	-	324,953	324,953	11,896	336,849
	Other comprehensive income:							
	Gains arising from change in fair value of available-for-sale financial assets, net of tax	-	-	-	9,783	9,783	10	9,793
	Share of other comprehensive income of associated undertakings and jointly controlled entities	-	-	-	11	11	-	11
	Translation differences	-	-	-	(20,117)	(20,117)	(2,097)	(22,214)
	Total comprehensive income for the three months ended 31 March 2010	-	-	-	314,630	314,630	9,809	324,439
	Return of social assets to governmental authorities	-	-	-	(106)	(106)	-	(106)
	Disposal of shares in subsidiaries	-	-	-	-	-	3,985	3,985
	Balance as of 31 March 2010	22.9	325,194	(104,204)	5,420,049	5,641,039	335,271	5,976,310


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31 August 2010


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Chief Accountant
31 August 2010

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

OAQ GAZPROM
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 31 MARCH 2010
(In millions of Russian Roubles)

1 NATURE OF OPERATIONS

OAQ Gazprom and its subsidiaries (the “Group”) operate one of the largest gas pipeline systems in the world and are responsible for major part of gas production and high pressure gas transportation in the Russian Federation. The Group is also a major supplier of gas to European countries. The Group is engaged in oil production, refining activities, electric and heat energy generation.

The Group is involved in the following principal activities:

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

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

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

2 ECONOMIC ENVIRONMENT IN THE RUSSIAN FEDERATION

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

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

3 BASIS OF PRESENTATION

The consolidated interim condensed financial information is prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”). This consolidated interim condensed financial information should be read together with the consolidated financial statements for the year ended 31 December 2009 prepared in accordance with International Financial Reporting Standards (“IFRS”).

The official Russian Rouble (“RR”) to US dollar (“USD”) exchange rates as determined by the Central Bank of the Russian Federation were 29.36 and 30.24 as of 31 March 2010 and 31 December 2009, respectively. The official RR to Euro exchange rates as determined by the Central Bank of the Russian Federation were 39.70 and 43.39 as of 31 March 2010 and 31 December 2009, respectively.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The principal accounting policies followed by the Group and the critical accounting estimates in applying accounting policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2009 and revised, as appropriate, to give effect to the new accounting standards described below.

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

New accounting developments

In 2010 the Group has adopted all IFRS, amendments and interpretations which are effective 1 January 2010 and which are relevant to its operations.

(a) Standards, Amendments or Interpretations effective in 2010

Amendment to IAS 27 “Consolidated and Separate Financial Statements” (“IAS 27”), which is effective for annual periods beginning on or after 1 July 2009. The revised IAS 27 requires an entity to attribute total

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

comprehensive income to the owners of the parent and to the non-controlling interests (previously “minority interests”) even if this results in the non-controlling interests having a deficit balance (the previous standard required the excess losses to be allocated to the owners of the parent in most cases). The revised standard specifies that changes in a parent’s ownership interest in a subsidiary that do not result in the loss of control must be accounted for as equity transactions. It also specifies how an entity should measure any gain or loss arising on the loss of control over a subsidiary. At the date when control is lost, any investment retained in the former subsidiary will have to be measured at its fair value. The Group applied the amendment from 1 January 2010.

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

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

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

IFRIC 17 “Distributions of Non-cash assets to owners” (“IFRIC 17”) which is effective for annual periods

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

beginning on or after 1 July 2009. The interpretation provides guidance on accounting for distribution of assets other than cash (non-cash assets) as dividends to its owners acting in their capacity as owners. It also clarifies the situations, when entity gives its owners a choice of receiving either non-cash assets or a cash alternative. IFRIC 17 did not have any material effect on the Group's consolidated financial statements.

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

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

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

Amendment to IAS 32 "Financial Instruments: Presentation" which is effective for annual periods beginning on or after 1 February 2010. The amendment exempts certain rights issues of shares with proceeds denominated in foreign currencies from classification as financial derivatives. The application of this amendment is not expected to materially affect the Group's consolidated financial statements.

Amendment to IAS 24 "Related Party Disclosures" which is effective for annual periods beginning on or after 1 January 2011. IAS 24 was revised in 2009 by: (a) simplifying the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition and by (b) providing a partial exemption from the disclosure requirements for government-related entities. The Group is currently assessing the impact of the amended standard on the Group's consolidated financial statements.

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

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

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

IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" (effective for annual periods beginning on or after 1 July 2010). This IFRIC clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished through the debtor issuing its own equity instruments to the creditor.

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

A gain or loss is recognised in the profit and loss account based on the fair value of the equity instruments compared to the carrying amount of the debt. The application of this interpretation is not expected to materially affect the Group's consolidated financial statements.

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

5 SEGMENT INFORMATION

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

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

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

Other activities have been included within "All other segments" column.

The inter-segment sales mainly consist of:

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

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

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

OAO GAZPROM
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 31 MARCH 2010
(In millions of Russian Roubles)

5 SEGMENT INFORMATION (continued)

	Production of gas	Transport	Distribution	Gas storage	Production of crude oil and gas condensate	Refining	Electric and heat energy generation and sales	All other segments	Total
Three months ended 31 March 2010									
Total segment revenues	<u>81,253</u>	<u>154,663</u>	<u>668,354</u>	<u>5,224</u>	<u>105,011</u>	<u>155,609</u>	<u>96,555</u>	<u>35,528</u>	<u>1,302,197</u>
Inter-segment sales	79,186	129,516	57,591	4,988	60,427	2,064	-	-	333,772
External sales	2,067	25,147	610,763	236	44,584	153,545	96,555	35,528	968,425
Segment result	<u>8,571</u>	<u>4,214</u>	<u>223,660</u>	<u>1,062</u>	<u>21,911</u>	<u>15,573</u>	<u>16,209</u>	<u>3,332</u>	<u>294,532</u>
Depreciation	22,517	76,751	1,552	2,271	11,436	5,323	4,228	4,491	128,569
Share of net income of associated undertakings and jointly controlled entities	2,662	75	5,360	-	9,991	593	-	9,548	28,229
Three months ended 31 March 2009									
Total segment revenues	<u>72,189</u>	<u>137,364</u>	<u>699,315</u>	<u>4,308</u>	<u>64,092</u>	<u>99,643</u>	<u>60,497</u>	<u>35,048</u>	<u>1,172,456</u>
Inter-segment sales	69,656	124,539	31,061	4,284	28,137	1,839	-	-	259,516
External sales	2,533	12,825	668,254	24	35,955	97,804	60,497	35,048	912,940
Segment result	<u>7,739</u>	<u>3,159</u>	<u>205,402</u>	<u>1,123</u>	<u>12,972</u>	<u>4,637</u>	<u>14,706</u>	<u>4,173</u>	<u>253,911</u>
Depreciation	16,688	58,174	921	1,723	4,963	5,919	2,700	6,229	97,317
Share of net income (loss) of associated undertakings and jointly controlled entities	557	2,799	11,515	-	(887)	(1,464)	494	522	13,536

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

	For the three months ended 31 March	
	2010	2009
Segment result	<u>294,532</u>	<u>253,911</u>
Difference in depreciation	60,555	42,837
Expenses associated with pension obligations	(2,326)	(3,546)
Expenses associated with other provisions	-	(2,730)
Finance income (expense), net	52,537	(149,424)
Gains on disposal of available-for-sale financial assets	1,629	516
Share of net income of associated undertakings and jointly controlled entities	28,229	13,536
Other	(13,460)	(7,879)
Profit before profit tax	<u>421,696</u>	<u>147,221</u>

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

	For the three months ended 31 March	
	2010	2009
External sales for reportable segments	932,897	877,892
External sales for other segments	35,528	35,048
Total external segment sales	968,425	912,940
Differences in external sales	(11,609)	(75,784)
Total sales per the statement of comprehensive income	<u>956,816</u>	<u>837,156</u>

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

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5 SEGMENT INFORMATION (continued)

	Production of gas	Transport	Distribution	Gas storage	Production of crude oil and gas condensate	Refining	Electric and heat energy generation and sales	All other segments	Total
31 March 2010									
Segment assets	<u>1,519,361</u>	<u>3,714,705</u>	<u>917,933</u>	<u>161,750</u>	<u>1,124,474</u>	<u>775,260</u>	<u>471,047</u>	<u>526,951</u>	<u>9,211,481</u>
Investments in associated undertakings and jointly controlled entities	104,665	118,106	79,529	-	427,272	34,979	-	35,027	799,578
Capital additions	39,409	54,953	5,480	1,089	23,457	6,716	5,583	3,229	139,916
31 December 2009									
Segment assets	<u>1,438,222</u>	<u>3,323,087</u>	<u>874,339</u>	<u>125,069</u>	<u>1,122,449</u>	<u>746,270</u>	<u>470,221</u>	<u>546,008</u>	<u>8,645,665</u>
Investments in associated undertakings and jointly controlled entities	102,503	102,801	88,991	-	438,655	34,439	-	27,316	794,705
Capital additions	218,921	231,723	27,185	9,549	84,749	41,557	26,139	20,959	660,782
31 March 2009									
Segment assets	<u>1,168,908</u>	<u>3,326,371</u>	<u>843,794</u>	<u>117,470</u>	<u>1,163,962</u>	<u>368,913</u>	<u>404,374</u>	<u>480,221</u>	<u>7,874,013</u>
Investments in associated undertakings and jointly controlled entities	87,069	98,013	76,537	-	450,890	50,580	32,889	7,504	803,482
Capital additions	42,957	45,526	4,689	1,315	13,042	5,889	2,645	3,682	119,745

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

	31 March 2010	31 December 2009	31 March 2009
Segment assets for reportable segments	8,684,530	8,099,657	7,393,792
Other segments' assets	<u>526,951</u>	<u>546,008</u>	<u>480,221</u>
Total segment assets	<u>9,211,481</u>	<u>8,645,665</u>	<u>7,874,013</u>
Differences in property, plant and equipment, net*	(1,862,786)	(1,399,885)	(1,542,592)
Loan interest capitalised	155,188	143,967	124,797
Decommissioning costs	54,963	55,466	34,168
Cash and cash equivalents	398,797	249,759	338,417
Restricted cash	3,532	4,872	4,280
Short-term financial assets	16,536	52,137	22,460
VAT recoverable	124,578	144,691	105,329
Other current assets	90,206	107,044	196,569
Available-for-sale long-term financial assets	98,039	106,658	45,921
Other non-current assets	477,659	464,291	416,301
Assets associated with disposal group held for sale	137,700	-	-
Inter-segment assets	(459,647)	(380,774)	(272,791)
Other	<u>111,996</u>	<u>172,431</u>	<u>129,070</u>
Total assets per the balance sheet	<u>8,558,242</u>	<u>8,366,322</u>	<u>7,475,942</u>

* 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.

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5 SEGMENT INFORMATION (continued)

	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									
31 March 2010	113,807	168,908	234,267	2,705	212,019	96,391	36,090	108,849	973,036
31 December 2009	111,421	135,788	195,403	1,407	213,572	98,194	35,760	141,694	933,239
31 March 2009	59,708	120,454	327,530	624	87,682	59,882	18,523	64,734	739,137

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

	31 March 2010	31 December 2009	31 March 2009
Segment liabilities for reportable segments	864,187	791,545	674,403
Other segments' liabilities	108,849	141,694	64,734
Total segments liabilities	973,036	933,239	739,137
Profit tax payable	35,549	37,267	10,342
Short-term borrowings and current portion of long-term borrowings	307,912	424,855	446,675
Short-term promissory notes payable	5,379	11,761	9,590
Long-term borrowings	1,066,230	1,184,457	1,075,760
Long-term promissory notes payable	47	4,592	1,717
Provisions for liabilities and charges	144,474	143,591	90,969
Deferred tax liabilities	353,717	321,524	271,059
Other non-current liabilities	25,520	17,151	14,893
Dividends payable	1,260	1,924	6,570
Liabilities associated with disposal group held for sale	121,498	-	-
Inter-segment liabilities	(459,647)	(380,774)	(272,791)
Other	6,957	18,743	29,000
Total liabilities per the balance sheet	2,581,932	2,718,330	2,422,921

6 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Balances included within cash and cash equivalents in the consolidated interim condensed balance sheet represent cash on hand and balances with banks. Restricted cash balances include cash and cash equivalents restricted as to withdrawal under the terms of certain borrowings. As of 31 December 2009 restricted cash includes cash balances of RR 1,233 in banking subsidiaries, which are restricted as to withdrawal under banking regulations. As of 31 March 2010 restricted cash in banking subsidiaries in amount of RR 1,669 is classified within disposal group held for sale (see Note 10).

In March 2010 the Group paid the remaining part of purchase consideration for 51% share in OOO SeverEnergiya in the amount of USD 1.2 billion (approximately RR 34.7 billion).

7 SHORT-TERM FINANCIAL ASSETS

	31 March 2010	31 December 2009
Financial assets held for trading	2,731	21,939
Available-for-sale financial assets (net of impairment provision of RR 427 and RR 196 as of 31 March 2010 and 31 December 2009, respectively)	13,805	30,198
	16,536	52,137

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

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7 SHORT-TERM FINANCIAL ASSETS (continued)

Available-for-sale financial assets primarily comprise third parties' promissory notes maturing within twelve months of the balance sheet date and debt securities.

As of 31 December 2009 short-term financial assets owned by the Group's banking subsidiaries amounted to RR 35,535. As of 31 March 2010 short-term financial assets owned by the Group's banking subsidiaries are classified as financial assets within disposal group held for sale in amount of RR 32,274 (see Note 10).

8 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	31 March 2010	31 December 2009
Trade receivables	421,059	393,554
Prepayments and advances	235,226	263,765
Other receivables	<u>148,680</u>	<u>185,595</u>
	804,965	842,914

Accounts receivable and prepayments are presented net of impairment provision of RR 149,881 and RR 156,872 as of 31 March 2010 and 31 December 2009, respectively.

As of 31 December 2009 other receivables include RR 42,640 relating to the operations of the Group's banking subsidiaries. This balance mainly represents deposits with other banks and loans issued to customers at commercial rates based on credit risks and maturities. As of 31 March 2010 other receivables related to the operations of Group's banking subsidiaries are classified as accounts receivable and prepayments within disposal group held for sale in amount of RR 19,564 (see Note 10).

9 INVENTORIES

Inventories are presented net of provision for obsolescence of RR 3,746 and RR 3,540 as of 31 March 2010 and 31 December 2009, respectively.

10 DISPOSAL GROUP HELD FOR SALE

ZAO Gazenergoprombank and its banking subsidiaries are involved in various transactions with Group companies as well as transactions with external companies in different regions of the Russian Federation.

On 29 March 2010 the respective Boards of directors of OAO AB Rossiya, a bank not related to the Group, and ZAO Gazenergoprombank approved the reorganization in the form of the merger of ZAO Gazenergoprombank to OAO AB Rossiya. As a result of the decision, assets and liabilities of ZAO Gazenergoprombank as of 31 March 2010 were classified as held for sale. Prior to the Boards' approval this transaction had been agreed with the Federal Anti-monopoly Service of the Russian Federation. In April 2010 shareholders of both banks approved the reorganization in the form of the merger of ZAO Gazenergoprombank to OAO AB Rossiya and the conversion ratio. According to the merger agreement, all assets and liabilities of ZAO Gazenergoprombank are to be transferred to OAO AB Rossiya. In exchange for its existing controlling interest in ZAO Gazenergoprombank, the Group receives non-controlling interest in OAO AB Rossiya. In August 2010 reorganization process was finalized.

Below is the breakdown of major classes of assets and liabilities of disposal group held for sale:

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10 DISPOSAL GROUP HELD FOR SALE (continued)

Assets of disposal group held for sale:	<u>31 March 2010</u>
Cash and cash equivalents	27,547
Restricted cash	1,669
Financial assets	49,477
Accounts receivable and prepayments	51,514
Property, plant and equipment	4,896
Deferred tax assets	1,164
Investments in associated undertakings and jointly controlled entities	1,018
Other assets	<u>415</u>
Total assets of disposal group held for sale	137,700
Liabilities of disposal group held for sale:	
Accounts payable and accrued charges	32,233
Borrowings	79,888
Promissory notes payable	9,266
Provisions for liabilities and charges	94
Other liabilities	<u>17</u>
Total liabilities of disposal group held for sale	121,498

The above total assets and total liabilities exclude RR 45,222 and RR 46,858 of intercompany balances, respectively. The net assets of ZAO Gazenergoprombank as of 31 March 2010 amount to RR 14,566. No impairment of assets was necessary as a result of the decision to reorganize this subsidiary.

11 PROPERTY, PLANT AND EQUIPMENT

	Total production assets (including production licenses)	Social assets	Assets under construction	Total
As of 31 December 2008				
Cost	5,522,304	82,248	759,007	6,363,559
Accumulated depreciation	<u>(2,316,305)</u>	<u>(26,732)</u>	-	<u>(2,343,037)</u>
Net book value as of 31 December 2008	3,205,999	55,516	759,007	4,020,522
Three months ended 31 March 2009				
Net book value as of 31 December 2008	3,205,999	55,516	759,007	4,020,522
Depreciation	(52,741)	(610)	-	(53,351)
Additions	5,535	46	136,482	142,063
Acquisition of subsidiaries	50,849	-	2,297	53,146
Transfers	34,555	816	(35,371)	-
Disposals	(3,310)	(111)	(2,327)	(5,748)
Translation differences	(3,574)	(19)	(496)	(4,089)
Charge of impairment provision	-	-	<u>(3,580)</u>	<u>(3,580)</u>
Net book value as of 31 March 2009	3,237,313	55,638	856,012	4,148,963
Nine months ended 31 December 2009				
Net book value as of 31 March 2009	3,237,313	55,638	856,012	4,148,963
Depreciation	(169,300)	(1,794)	-	(171,094)
Additions	23,753	348	601,078	625,179
Acquisition of subsidiaries	198,330	51	138,465	336,846
Transfers	397,218	41	(397,259)	-
Disposals	(11,556)	(2,779)	(11,021)	(25,356)
Translation differences	(7,150)	(46)	(2,016)	(9,212)
Charge for impairment provision	<u>(3,636)</u>	-	<u>(2,467)</u>	<u>(6,103)</u>
Net book value as of 31 December 2009	3,664,972	51,459	1,182,792	4,899,223
As of 31 December 2009				
Cost	6,179,522	78,487	1,182,792	7,440,801
Accumulated depreciation	<u>(2,514,550)</u>	<u>(27,028)</u>	-	<u>(2,541,578)</u>
Net book value as of 31 December 2009	3,664,972	51,459	1,182,792	4,899,223

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11 PROPERTY, PLANT AND EQUIPMENT (continued)

	Total production assets (including production licenses)	Social assets	Assets under construction	Total
Three months ended 31 March 2010				
Net book value as of 31 December 2009	3,664,972	51,459	1,182,792	4,899,223
Depreciation	(61,439)	(593)	-	(62,032)
Additions	3,374	341	163,080	166,795
Reclassified as disposal group held for sale	(4,896)	-	-	(4,896)
Transfers	41,142	335	(41,477)	-
Disposals	(6,597)	(138)	(4,771)	(11,506)
Translation differences	(2,965)	(26)	(964)	(3,955)
Release of impairment provision	-	-	141	141
Net book value as of 31 March 2010	3,633,591	51,378	1,298,801	4,983,770
As of 31 March 2010				
Cost	6,209,059	78,906	1,298,801	7,586,766
Accumulated depreciation	(2,575,468)	(27,528)	-	(2,602,996)
Net book value as of 31 March 2010	3,633,591	51,378	1,298,801	4,983,770

Production assets are shown net of provision for impairment of RR 54,387 as of 31 March 2010 and 31 December 2009. Assets under construction are presented net of provision for impairment of RR 96,966 and RR 97,157 as of 31 March 2010 and 31 December 2009, respectively.

Included in the property, plant and equipment are social assets, such as rest houses, housing, schools and medical facilities, vested to the Group at privatisation with a net book value of RR 2,120 and RR 2,265 as of 31 March 2010 and 31 December 2009, respectively.

12 INVESTMENTS IN ASSOCIATED UNDERTAKINGS AND JOINTLY CONTROLLED ENTITIES

Notes	Carrying value as of		Group's share of the profit (loss)* for the three months ended	
	31 March 2010	31 December 2009	31 March 2010	2009
	176,813	187,323	9,468	(3,063)
27 Sakhalin Energy Investment Company Ltd.	151,781	151,671	257	(806)
27 OAO NGK Slavneft and its subsidiaries	81,097	78,929	2,168	414
27 OAO NOVATEK	71,218	69,614	1,604	2,539
27 OAO Tomskneft VNK and its subsidiaries	68,594	50,340	14	663
27 OAO Beltransgaz	39,362	46,344	1,708	2,315
27 WINGAS GmbH & Co. KG	33,854	35,933	(1,577)	-
25,27 Salym Petroleum Development N.V.**	31,331	22,284	9,548	522
27 Gazprombank Group	29,312	32,373	(234)	(165)
28 Nord Stream AG	20,064	18,675	1,918	4,295
27 TOO KazRosGaz	19,801	19,272	529	(1,307)
27 OAO Salavatnefteorgsintez	17,795	17,744	186	2,223
27 SGT EuRoPol GAZ S.A.	13,576	14,298	(310)	(62)
Shtokman Development AG	10,718	11,325	371	294
Wintershall AG	4,604	4,331	273	149
ZAO Nortgaz	4,127	4,326	133	119
27 AO Latvijas Gaze	2,893	2,796	318	137
27 AO Lietuvos dujos	1,664	1,603	109	78
27,28 Blue Stream Pipeline Company B.V.				
Other (net of provision for impairment of RR 2,106 and RR 2,452 as of 31 March 2010 and 31 December 2009, respectively)	<u>20,974</u>	<u>25,524</u>	<u>1,746</u>	<u>5,191</u>
	799,578	794,705	28,229	13,536

* Represents Group's share of the profit (loss) of the associated undertakings and jointly controlled entities for the three months ended 31 March 2010 and 2009, respectively.

** Acquisition of controlling interest in Sibir Energy plc resulted in acquisition of 50% interest in Salym Petroleum Development N.V. (see Note 25).

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12 INVESTMENTS IN ASSOCIATED UNDERTAKINGS AND JOINTLY CONTROLLED ENTITIES
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Summarized financial information on the Group's principal associated undertakings and jointly controlled entities is presented in tables below.

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

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

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

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

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

	Percent of share capital held	Location	As of 31 March 2009		For the three months ended 31 March 2009	
			Assets	Liabilities	Revenues	Profit (loss)
Gazprombank Group*	45%	Russia	2,054,119	1,907,221	50,583	16,267
Sakhalin Energy Investment Company Ltd.	50%	Bermuda	772,450	259,221	11,962	(6,126)
OAo NGK Slavneft and its subsidiaries	50%	Russia	623,046	260,932	24,293	(1,854)
OAo Tomskneft VNK and its subsidiaries	50%	Russia	154,071	71,941	11,176	5,076
OAo NOVATEK	19%	Russia	145,245	46,385	16,316	2,139
WINGAS GmbH & Co. KG	50%	Germany	142,970	111,353	126,624	6,196
Blue Stream Pipeline Company B.V.	50%	Netherlands	76,809	70,925	2,063	313
OAo Beltransgaz**	38%	Belarus	64,526	28,911	25,987	2,275
SGT EuRoPol GAZ S.A.	48%	Poland	64,100	25,181	7,267	4,592
OAo Salavatnefteorgsyntez	50%	Russia	58,701	37,317	11,697	(2,615)
Nord Stream AG	51%	Switzerland	57,896	1,996	-	(321)
Wintershall AG	49%	Germany	36,229	19,400	12,328	600
AO Lietuvos dujos	37%	Lithuania	32,734	7,638	6,650	370
TOO KazRosGaz	50%	Kazakhstan	29,942	3,323	10,879	8,591
AO Latvijas Gaze	34%	Latvia	28,055	6,717	9,514	350
Shtokman Development AG	51%	Switzerland	13,007	6,261	-	(122)
ZAO Nortgaz	51%	Russia	10,740	2,848	1,055	289

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

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

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

	31 March 2010	31 December 2009
OAo NOVATEK	125,874	117,538
OAo Salavatnefteorgsyntez	20,276	19,748
AO Lietuvos dujos	4,219	4,539
AO Latvijas Gaze	3,842	3,382

13 LONG-TERM ACCOUNTS RECEIVABLE AND PREPAYMENTS

	31 March 2010	31 December 2009
Long-term accounts receivable and prepayments	131,466	193,319
Advances for assets under construction	<u>237,313</u>	<u>219,990</u>
	368,779	413,309

Long-term accounts receivable and prepayments are presented net of impairment provision of RR 14,929 and RR 24,922 as of 31 March 2010 and 31 December 2009, respectively.

As of 31 December 2009 long-term accounts receivable included RR 62,967 relating to the operations of Group's banking subsidiaries. This balance mainly represents deposits and long-term loans issued to customers at commercial rates based on credit risk and maturities. As of 31 March 2010 long-term accounts receivable related to the operations of the Group's banking subsidiaries are classified as accounts receivables and prepayments within disposal group held for sale in amount of RR 31,679 (see Note 10).

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14 AVAILABLE-FOR-SALE LONG-TERM FINANCIAL ASSETS

Available-for-sale long-term financial assets, in total amount of RR 98,039 and RR 106,658, are shown net of provision for impairment of RR 2,038 and RR 5,354 as of 31 March 2010 and 31 December 2009, respectively.

As of 31 December 2009 available-for-sale long-term financial assets owned by the Group's banking subsidiaries amounted to RR 25,809 and are shown net of provision for impairment of RR 1,473. As of 31 March 2010 available-for-sale long-term financial assets owned by the Group's banking subsidiaries are classified as financial assets within disposal group held for sale in amount of RR 17,203 and are shown net of provision for impairment of RR 696 (see Note 10).

15 OTHER NON-CURRENT ASSETS

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

16 LONG-TERM BORROWINGS

	Currency	Final maturity	31 March 2010	31 December 2009
Long-term borrowings payable to:				
Loan participation notes issued in April 2009 ¹	US dollar	2019	68,751	69,238
OA0 Sberbank Rossii	US dollar	2013	67,977	70,564
The Royal Bank of Scotland (ABN AMRO Bank NV)	US dollar	2013	51,799	54,625
Loan participation notes issued in October 2007 ¹	Euro	2018	48,049	55,100
Loan participation notes issued in June 2007 ¹	GBP	2013	47,898	48,589
Loan participation notes issued in May 2005 ¹	Euro	2015	41,647	44,875
Loan participation notes issued in September 2003 ¹	Euro	2010	41,281	44,278
Loan participation notes issued in November 2006 ¹	US dollar	2016	40,524	41,104
Loan participation notes issued in December 2005 ¹	Euro	2012	40,266	43,509
Loan participation notes issued in March 2007 ¹	US dollar	2022	38,339	40,128
White Nights Finance B.V.	US dollar	2014	38,293	39,441
Loan participation notes issued in July 2009 ¹	US dollar	2014	37,202	39,094
Loan participation notes issued in August 2007 ¹	US dollar	2037	37,039	38,838
Loan participation notes issued in April 2004 ¹	US dollar	2034	36,528	36,841
Loan participation notes issued in July 2009 ¹	Euro	2015	34,168	38,144
Loan participation notes issued in April 2008 ¹	US dollar	2018	33,543	33,871
Loan participation notes issued in October 2006 ¹	Euro	2014	31,118	35,289
WestLB AG ²	US dollar	2013	29,554	30,446
Loan participation notes issued in June 2007 ¹	Euro	2014	28,413	30,649
Structured export notes issued in July 2004 ³	US dollar	2020	23,714	27,118
OA0 Sberbank Rossii	US dollar	2010	22,914	25,937
GK Vnesheconombank	US dollar	2011	22,082	22,751
Loan participation notes issued in March 2007 ¹	Euro	2017	20,295	21,888

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

	Currency	Final maturity	31 March 2010	31 December 2009
Loan participation notes issued in November 2006 ¹	Euro	2017	19,879	22,564
Russian bonds issued in April 2009 ⁷	Rouble	2019	18,971	18,856
OAO Russian Commercial Bank	US dollar	2012	18,323	18,872
Deutsche Bank AG	US dollar	2014	15,724	16,144
Credit Suisse International	US dollar	2017	15,596	15,867
The Royal Bank of Scotland (ABN AMRO Bank NV) ²	US dollar	2012	15,569	24,550
Loan participation notes issued in April 2009 ¹	CHF	2011	15,017	15,472
Loan participation notes issued in July 2008 ¹	US dollar	2013	14,951	15,551
Bank of Tokyo-Mitsubishi UFJ Ltd.	US dollar	2012	14,742	15,184
J.P. Morgan Chase bank	US dollar	2012	12,385	12,757
Loan participation notes issued in April 2008 ¹	US dollar	2013	12,153	12,295
OAO Bank VTB	US dollar	2012	11,864	12,226
Credit Agricole CIB ²	US dollar	2010	11,751	18,156
Russian bonds issued in June 2009	Rouble	2012	10,331	10,007
Credit Suisse International	Euro	2010	9,958	10,860
Loan participation notes issued in November 2007 ¹	JPY	2012	7,850	7,956
OAO Gazprombank	Rouble	2012	7,500	7,500
Commerzbank AG (Dresdner Bank AG) ²	US dollar	2010	6,898	9,474
OOO Aragon ⁴	Euro	2010	6,867	7,343
Deutsche Bank AG	US dollar	2014	5,892	6,058
Deutsche Bank AG	US dollar	2011	5,667	5,770
The Royal Bank of Scotland (ABN AMRO Bank NV) ²	US dollar	2013	5,319	5,479
The Royal Bank of Scotland (ABN AMRO Bank NV) ²	US dollar	2010	5,276	8,152
Loan participation notes issued in November 2007 ¹	JPY	2010	5,228	5,302
Russian bonds issued in June 2009	Rouble	2014	5,173	5,004
Russian bonds issued in December 2009 ⁶	Rouble	2014	5,164	5,038
Russian bonds issued in November 2006	Rouble	2011	5,147	5,060
Russian bonds issued in July 2007 ⁵	Rouble	2010	5,096	5,001
Russian bonds issued in February 2007	Rouble	2014	5,042	5,133
Russian bonds issued in October 2008 ⁸	Rouble	2012	5,000	5,000
Russian bonds issued in March 2006 ⁶	Rouble	2016	4,817	4,909
Russian bonds issued in September 2006 ⁶	Rouble	2011	4,653	4,799
Wintershall Holding GmbH (Wintershall Holding AG) ⁴	Euro	2010	4,588	4,906
E.ON Ruhrgas AG	Euro	2010	4,292	4,589
OAO TransCreditBank	Rouble	2012	4,100	2,718
J.P. Morgan Chase bank	US dollar	2011	2,977	3,034
Russian bonds issued in April 2007 ⁵	Rouble	2012	2,969	2,916
Gazstream S.A.	US dollar	2012	2,816	3,525
Golden Gates B.V. (OAO Bank of Moscow)	Rouble	2010	2,151	3,227

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16 LONG-TERM BORROWINGS (continued)

	Currency	Final maturity	31 March 2010	31 December 2009
Russian bonds issued in February 2005	Rouble	2010	-	5,159
Other long-term borrowings	Various	Various	<u>68,242</u>	<u>113,406</u>
Total long-term borrowings			1,287,332	1,418,136
Less: current portion of long-term borrowings			<u>(221,102)</u>	<u>(233,679)</u>
			1,066,230	1,184,457

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

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

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

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

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

⁶ Issuer of these bonds is OAO Mosenergo.

⁷ Issuer of these bonds is OAO Gazprom neft.

⁸ Issuer of these bonds is OAO TGC-1.

Due for repayment:	31 March 2010	31 December 2009
Between one and two years	126,749	162,848
Between two and five years	499,687	527,212
After five years	<u>439,794</u>	<u>494,397</u>
	1,066,230	1,184,457

Long-term borrowings include fixed rate loans with a carrying value of RR 1,097,572 and RR 1,149,288 and fair value of RR 1,145,262 and RR 1,199,339 as of 31 March 2010 and 31 December 2009, respectively. All other long-term borrowings generally have variable interest rates linked to LIBOR, and the difference between carrying value of these liabilities and their fair value is not significant.

As of 31 December 2009 long-term borrowings include RR 57,365 relating to the operations of the Group's banking subsidiaries. As of 31 March 2010 long-term borrowings relating to the operations of the Group's banking subsidiaries are classified as borrowing within disposal group held for sale in amount of RR 22,679 (see Note 10).

As of 31 March 2010 and 31 December 2009 long-term borrowings, including current portion, of RR 23,714 and RR 27,118 were secured by revenues from export supplies of gas to Western Europe.

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17 PROFIT TAX

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

	31 March 2010	Differences recognition and reversals	31 December 2009	31 March 2009	Differences recognition and reversals	31 December 2008
Tax effects of taxable temporary differences:						
Property, plant and equipment	(336,585)	(31,959)	(304,626)	(254,684)	(5,978)	(248,706)
Financial assets	(18,501)	(797)	(17,704)	(16,384)	2,948	(19,332)
Inventories	<u>(1,740)</u>	<u>1,628</u>	<u>(3,368)</u>	<u>(2,460)</u>	<u>(639)</u>	<u>(1,821)</u>
	(356,826)	(31,128)	(325,698)	(273,528)	(3,669)	(269,859)
Tax effects of deductible temporary differences:						
Tax losses carry forward	2,148	(91)	2,239	1,341	8	1,333
Other deductible temporary differences	<u>961</u>	<u>(974)</u>	<u>1,935</u>	<u>1,128</u>	<u>(2,119)</u>	<u>3,247</u>
	3,109	(1,065)	4,174	2,469	(2,111)	4,580
Total net deferred tax liabilities	(353,717)	(32,193)	(321,524)	(271,059)	(5,780)	(265,279)

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

18 EQUITY

Share capital

Share capital authorised, issued and paid totals RR 325,194 as of 31 March 2010 and 31 December 2009 and consists of 23.7 billion ordinary shares, each with a historical par value of 5 Russian Roubles.

Treasury shares

As of 31 March 2010 and 31 December 2009, subsidiaries of OAO Gazprom held 724 million of the ordinary shares of OAO Gazprom, which are accounted for as treasury shares. The management of the Group controls the voting rights of these shares.

19 SALES

	Three months ended 31 March	
	2010	2009
Gas sales (including excise tax, customs duties and net of VAT) to customers in:		
Russian Federation	232,783	157,947
Former Soviet Union (excluding Russian Federation)	118,393	89,545
Europe and other countries	<u>365,952</u>	<u>414,638</u>
Gross sales of gas	717,128	662,130
Excise tax	-	(290)
Customs duties	<u>(104,298)</u>	<u>(52,276)</u>
Net sales of gas	612,830	609,564

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19 **SALES (continued)**

	Three months ended 31 March	
	2010	2009
Sales of refined products to customers in:		
Russian Federation	86,366	51,149
Former Soviet Union (excluding Russian Federation)	7,754	6,650
Europe and other countries	<u>59,425</u>	<u>40,005</u>
Total sales of refined products	153,545	97,804
Sales of crude oil and gas condensate to customers in:		
Russian Federation	4,862	3,333
Former Soviet Union (excluding Russian Federation)	5,360	4,699
Europe and other countries	<u>34,362</u>	<u>27,923</u>
Total sales of crude oil and gas condensate	44,584	35,955
Electric and heat energy sales	95,416	59,607
Gas transportation sales	25,147	12,825
Other revenue	<u>25,294</u>	<u>21,401</u>
Total sales revenue	956,816	837,156

The presentation of interim condensed financial statements for the three months ended 31 March 2009 related to sales of gas, electric and heat energy has been changed to be consistent with the net presentation of trading activity result. The effect of this reclassification on sales for the three months ended 31 March 2009 was a reduction of RR 94,247 and had no effect on operating income and cash flows.

20 **OPERATING EXPENSES**

Note	Three months ended 31 March	
	2010	2009
Purchased gas and oil	138,536	239,588
Staff costs	82,764	59,653
Transit of gas, oil and refined products	76,360	62,833
27 Taxes other than on income	74,985	49,886
Depreciation	68,014	54,480
Repairs and maintenance	27,412	23,745
Materials	21,642	14,562
Exchange rate differences on operating items	20,760	(52,591)
Electricity and heating expenses	18,966	10,539
Cost of goods for resale, including refined products	11,816	23,854
Rental expenses	5,976	3,695
Social expenses	5,303	4,182
Insurance expenses	4,578	3,697
Charge for impairment provisions	4,242	6,024
Other	<u>62,125</u>	<u>53,755</u>
Total operating expenses	623,479	557,902

Staff costs include RR 5,723 and RR 4,125 of expenses associated with pension obligations for the three months ended 31 March 2010 and 31 March 2009, respectively.

21 **FINANCE INCOME AND EXPENSES**

	Three months ended 31 March	
	2010	2009
Exchange gains	63,940	115,027
Interest income	7,560	3,951
Gains on extinguishment of restructured liabilities	<u>2</u>	<u>36</u>
Total finance income	71,502	119,014

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21 FINANCE INCOME AND EXPENSES (continued)

	Three months ended	
	31 March	
	2010	2009
Exchange losses	4,686	255,397
Interest expense	<u>14,279</u>	<u>13,041</u>
Total finance expenses	<u>18,965</u>	<u>268,438</u>

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

Earnings per share have been calculated by dividing the profit, attributable to equity shareholders of OAO Gazprom by the weighted average number of shares outstanding during the period, excluding the weighted average number of ordinary shares purchased by the Group and held as treasury shares (see Note 18).

There were 22.9 and 23.6 billion weighted average shares outstanding for the three months ended 31 March 2010 and 2009, respectively.

There are no dilutive financial instruments outstanding.

23 PROVISIONS FOR LIABILITIES AND CHARGES

	31 March	31 December
	2010	2009
Provision for environmental liabilities	85,934	84,272
Provision for pension obligations	38,771	36,651
Other	<u>19,769</u>	<u>22,668</u>
	<u>144,474</u>	<u>143,591</u>

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

The net pension assets related to benefits, provided by the pension plan NPF Gazfund in the amount of RR 243,982 as of 31 March 2010 and 31 December 2009 are presented within other non-current assets in the consolidated balance sheet. In accordance with IAS 19, pension assets are recorded at estimated fair market values subject to certain limitations. As of 31 March 2010 and 31 December 2009 management estimated the fair value of these assets at approximately RR 541 billion and RR 514 billion, respectively. The pension assets comprise shares of OAO Gazprom, shares of OAO Gazprombank and other assets held by NPF Gazfund.

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

On 3 February, 2009, the Group acquired a 51% interest in NIS for RR 18.5 billion (Euro 400 million). As part of the purchase agreement the Group pledged to invest Euro 547 million (approximately RR 24.6 billion as at acquisition date) to rebuild and upgrade NIS's refining facilities by 2012. NIS is one of the largest vertically integrated oil companies in Central Europe, operating two oil refineries in Pancevo and Novi Sad, Serbia with a total processing capacity of 7.3 million tons per year. NIS also has crude oil production of approximately 0.6 million tons per year from its oil and gas exploration and production operations in Serbia and operates a network of retail stations throughout Serbia.

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

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

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

	Book value	Attributable fair value
Cash and cash equivalents	794	794
Accounts receivable and prepayments	7,796	7,796
Inventories	8,496	8,496
Other current assets	<u>1,302</u>	<u>1,302</u>
Current assets	18,388	18,388
Property, plant and equipment	58,896	53,148
Other non-current assets	<u>5,429</u>	<u>5,604</u>
Non-current assets	64,325	58,752
Total assets	82,713	77,140
Accounts payable and accrued charges	7,382	7,382
Current profit tax payable	92	92
Other taxes payable	3,333	3,333
Short-term borrowings and current portion of long-term borrowings	<u>23,342</u>	<u>23,342</u>
Current liabilities	34,149	34,149
Long-term borrowings	6,741	6,741
Provisions for liabilities and charges	6,163	10,434
Deferred tax liabilities	1,654	1,934
Other non-current liabilities	<u>237</u>	<u>237</u>
Non-current liabilities	14,795	19,346
Total liabilities	48,944	53,495
Net assets at acquisition date	33,769	23,645
Fair value of net assets at acquisition date		23,645
Fair value of the Group's interest		12,059
Purchase consideration		<u>18,489</u>
Goodwill		6,430

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

In the period from 23 April 2009, being the date of the Group's first acquisition of shares in Sibir, until 23 June 2009, the Company invested GBP 1,057 million (approximately RR 53 billion) to acquire 54.71% of the ordinary shares of Sibir. This transaction provided the Group with effective control over Sibir and accordingly Sibir became a subsidiary of the Group at this date.

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

Sibir also holds a 38.63% stake in the OAO Moskovsky NPZ and a network of 134 retail stations in Moscow and the Moscow region through OAO Moscow Fuelling Company and OAO Mosneftproduct.

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

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

In accordance with IFRS 3 “Business Combinations”, the Group recognized the acquired assets and liabilities assumed based upon their fair values. The fair value of the purchase consideration and the purchase price allocation is preliminary as the Group is in the process of finalizing the fair value estimates for certain assets and liabilities, primarily for property, plant and equipment and determined the completeness of liabilities recorded. Management is required to finalize the purchase accounting within 12 months of the date of acquisition. Any revisions to the provisional values will be reflected as of the acquisition date.

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

	Book value	Provisional fair value
Cash and cash equivalents	5,643	5,643
Accounts receivable and prepayments	16,743	17,520
Inventories	1,884	1,884
Other current assets	<u>429</u>	<u>616</u>
Current assets	24,699	25,663
Property, plant and equipment	23,799	94,147
Investments in associated undertakings and jointly controlled entities	32,946	38,444
Long-term accounts receivable and prepayments	11,852	11,852
Other non-current assets	<u>851</u>	<u>1,116</u>
Non-current assets	69,448	145,559
Total assets	94,147	171,222
Accounts payable and accrued charges	9,915	10,259
Current profit tax payable	73	73
Other taxes payable	3,156	3,156
Short-term borrowings and current portion of long-term borrowings	<u>7,276</u>	<u>7,276</u>
Current liabilities	20,420	20,764
Long-term borrowings	5,438	5,438
Deferred tax liabilities	1,671	16,718
Provisions for liabilities and charges	300	300
Other non-current liabilities	<u>6</u>	<u>443</u>
Non-current liabilities	7,415	22,899
Total liabilities	27,835	43,663
Net assets at acquisition date	66,312	127,559
Non-controlling interest		(1,577)
Provisional fair value of net assets at acquisition date		125,982
Fair value of the Group’s interest		72,207
Revaluation surplus		9,911
Purchase consideration		<u>68,506</u>
Provisional goodwill		6,210

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26 ACQUISITION OF THE CONTROLLING INTEREST IN OAO TGC-1

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

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

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

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

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

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

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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 31 March 2010 is detailed below.

Government

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

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

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

Parties under control of the Government

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

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

Notes	As of 31 March 2010		Three months ended 31 March 2010	
	Assets	Liabilities	Income	Expenses
Transactions and balances with the Government				
	16,086	35,549	-	55,053
	219	4,390	-	14,750
	252,561	31,189	-	-
	111,993	-	-	-
20	2,099	38,060	-	74,985
Transactions and balances with other parties under control of the Government				
	-	-	832	-
	-	-	63,300	-
	-	-	486	-
	30,882	-	-	-
	-	-	-	20,061
	-	17,233	-	-
	-	141,284	-	-
	-	-	-	2,910
	3	-	-	-
	51,310	-	-	-

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27 **RELATED PARTIES (continued)**

Note	As of 31 December 2009		Three months ended 31 March 2009	
	Assets	Liabilities	Income	Expenses
Transactions and balances with the Government				
	18,418	37,267	-	33,787
	407	1,626	-	9,556
	262,565	28,239	-	-
	142,041	-	-	-
20	2,804	41,232	-	49,886
Transactions and balances with other parties under control of the Government				
	-	-	4,191	-
	-	-	36,079	-
	-	-	480	-
	23,562	-	-	-
	-	-	-	18,501
	-	8,981	-	-
	-	148,641	-	-
	-	-	-	452
	14,577	-	-	-
	47,165	-	-	-

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

In the normal course of business the Group incurs electricity and heating expenses (see Note 20). A part of these expenses relates to purchases from the entities under Government control. Due to the specifics of the electricity market in the Russian Federation, these purchases can not be accurately separated from the purchases from private companies.

See the consolidated interim condensed statement of changes in equity for returns of social assets to governmental authorities during the three months ended 31 March 2010 and 2009. See Note 11 for net book values as of 31 March 2010 and 31 December 2009 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.

Associated undertakings and jointly controlled entities

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

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27 **RELATED PARTIES (continued)**

	Three months ended	
	31 March	
	2010	2009
	Revenues	Revenues
Gas sales		
OAO Beltransgaz	32,998	25,793
Wintershall Erdgas Handelshaus GmbH & Co.KG (WIEH)	24,168	36,178
ZAO Panrusgaz	19,738	15,080
WINGAS GmbH & Co. KG	10,499	16,533
AO Gazum	8,524	9,369
Wintershall Erdgas Handelshaus Zug AG (WIEE)*	6,600	3,693
AO Moldovagaz	5,551	11,980
AO Overgaz Inc.	4,853	5,960
AO Lietuvos Dujos	4,401	3,817
ZAO Gazprom YRGM Trading	3,481	1,213
Promgaz S.p.A.	3,476	3,787
PremiumGas S.p.A.	2,664	-
ZAO Gazprom YRGM Development	2,487	-
GWH – Gaz und Warenhandels GmbH	2,453	1,930
AO Latvijas Gaze	413	1,520
OAO TGC-1**	-	4,517
Gas transportation sales		
OAO NOVATEK	6,288	3,131
ZAO Gazprom YRGM Trading	4,808	2,403
ZAO Gazprom YRGM Development	3,434	-
Gas condensate, crude oil and refined products sales		
OAO NGK Slavneft and its subsidiaries	7,353	1,357
OAO Salavatnefteorgsintez	2,519	1,141
Gas refining services sales		
TOO KazRosGaz	1,298	1,101
	Expenses	Expenses
Purchased gas		
ZAO Gazprom YRGM Trading	11,025	9,552
ZAO Gazprom YRGM Development	7,881	-
TOO KazRosGaz	6,298	8,008
OAO NOVATEK	3,721	1,712
Purchased transit of gas		
OAO Beltransgaz	3,117	3,363
SGT EuRoPol GAZ S.A.	2,577	2,584
Blue Stream Pipeline Company B.V.	1,972	2,669
WINGAS GmbH & Co. KG	1,126	1,260
Purchased crude oil and refined products		
OAO NGK Slavneft and its subsidiaries	14,915	8,992
OAO Tomskneft VNK and its subsidiaries	7,981	4,377
Salym Petroleum Development N.V.	6,576	-
Purchased processing services		
OAO NGK Slavneft and its subsidiaries	1,883	1,663

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

** OAO TGC-1 is consolidated from the moment of acquisition of controlling interest in December 2009 (See Note 26).

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27 **RELATED PARTIES (continued)**

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

	As of 31 March 2010		As of 31 December 2009	
	Assets	Liabilities	Assets	Liabilities
Short-term accounts receivable and prepayments				
OA0 Beltransgaz	14,328	-	9,725	-
OA0 Salavatnefteorgsintez	10,363	-	10,488	-
RosUkrEnerg0 AG	10,320	-	10,573	-
Wintershall Erdgas Handelshaus GmbH & Co.KG (WIEH)	10,133	-	12,018	-
AO Moldovagaz*	7,968	-	3,731	-
WINGAS GmbH & Co.KG	4,211	-	4,791	-
AO Gazum	3,702	-	4,082	-
Wintershall Erdgas Handelshaus Zug AG, (WIEE)	2,848	-	2,249	-
ZAO Gazprom YRGM Trading	2,656	-	1,354	-
ZAO Gazprom YRGM Development	2,401	-	5,121	-
OA0 NOVATEK	1,551	-	530	-
ZAO Panrusgaz	1,463	-	8,877	-
OA0 NGK Slavneft and its subsidiaries	1,145	-	1,647	-
OA0 Gazprombank	958	-	1,026	-
OA0 Sibur Holding and its subsidiaries	436	-	4,083	-
Cash in associated companies				
OA0 Gazprombank	144,768	-	93,148	-
Long-term accounts receivable and prepayments				
RosUkrEnerg0 AG	11,498	-	11,842	-
OA0 Sibur Holding and its subsidiaries	4,582	-	1,406	-
Long-term loans and promissory notes				
WINGAS GmbH & Co.KG	15,198	-	16,609	-
Salym Petroleum Development N.V.	8,138	-	8,896	-
OA0 Gazprombank	2,311	-	2,193	-
Short-term accounts payable				
ZAO Gazprom YRGM Trading	-	8,215	-	5,546
SGT EuRoPol GAZ S.A.	-	6,350	-	6,590
OA0 Beltransgaz	-	5,027	-	2,028
ZAO Gazprom YRGM Development	-	3,647	-	9,547
OA0 Sibur Holding and its subsidiaries	-	3,627	-	3,839
WINGAS GmbH & Co.KG	-	2,645	-	2,675
Salym Petroleum Development N.V.	-	2,494	-	-
TOO KazRosGaz	-	2,314	-	1,896
OA0 NGK Slavneft and its subsidiaries	-	1,731	-	788
OA0 NOVATEK	-	1,459	-	784
Long-term accounts payable				
OA0 Sibur Holding and its subsidiaries	-	-	-	100

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27 RELATED PARTIES (continued)

	As of 31 March 2010		As of 31 December 2009	
	Assets	Liabilities	Assets	Liabilities
Short-term loans from associated companies (including current portion of long-term liabilities)				
OAO Tomskneft VNK and its subsidiaries	-	10,742	-	10,463
OAO Gazprombank	-	4,928	-	4,563
Long-term loans from associated companies				
OAO Gazprombank	-	9,812	-	9,536

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

Investments in associated undertakings and jointly controlled entities are disclosed in Note 12.

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

Financial guarantees

	31 March 2010	31 December 2009
Outstanding guarantees issued on behalf of:		
Blue Stream Pipeline Company B.V.	14,960	18,317
MRK Energy DMCC	8,369	8,620
OOO Stroygazconsulting	7,000	8,841
EM Interfinance Limited	5,588	5,785
Devere Capital International Limited	5,043	5,672
Blackrock Capital Investments Limited	4,727	4,900
ZAO Achimgaz	4,250	4,841
OAO Group E4	3,412	3,729
Nord Stream AG	2,430	2,655
OOO Production Company VIS	2,230	-
Gaztransit	884	972
Other	<u>21,539</u>	<u>22,636</u>
	80,432	86,968

Included in financial guarantees are amounts denominated in USD of USD 1,447 million and USD 1,569 million as of 31 March 2010 and 31 December 2009, respectively.

In July 2005 Blue Stream Pipeline Company B.V. (BSPC) refinanced some of the existing liabilities, guaranteed by the Group, by means of repayment of the liabilities to a group of Italian and Japanese banks. For the purpose of this transaction loans in the amount of USD 1,185.3 million were received from Gazstream S.A. The Group guaranteed the above loans. As of 31 March 2010 and 31 December 2009, outstanding amounts of these loans were RR 14,960 (USD 509 million) and RR 18,317 (USD 606 million), respectively, which were guaranteed by the Group, pursuant to its obligations.

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

28 COMMITMENTS, CONTINGENCIES AND OPERATING RISKS (continued)

December 2009 and December 2015, respectively. Bonds were issued for financing of construction of transit pipeline in Poland by SGT EuRoPol GAZ S.A. In December 2009 loans issued by DSL Assets International Limited and United Energy Investments Limited were redeemed. As a result as of 31 March 2010 and 31 December 2009 the guarantees issued on behalf of Devere Capital International Limited, Blackrock Capital Investments Limited and EM Interfinance Limited amounted to RR 15,358 (USD 523 million) and RR 16,357 (USD 541 million), respectively.

In 2007 the Group provided a guarantee to Wintershall Vermögens-Verwaltungsgesellschaft mbH on behalf of ZAO Achimgaz as a security of loans received and used for additional financing of the pilot implementation of the project on the development of Achimsky deposits of the Urengoy field. The Group's liability with respect to loans is limited by 50% in accordance with the ownership interest in ZAO Achimgaz. As of 31 March 2010 and 31 December 2009 the above guarantee amounted to RR 4,250 (Euro 107 million) and RR 4,841 (Euro 112 million), respectively.

In January 2008 the Group provided a guarantee to Europipe GmbH, supplier of large-diameter steel pipes, on behalf of Nord Stream AG related to pipe supply contract for construction of Nord Stream pipeline. As of 31 March 2010 and 31 December 2009 the above guarantee amounted to RR 2,430 (Euro 61 million) and RR 2,655 (Euro 61 million), respectively.

In April 2008 the Group provided a guarantee to Credit Suisse International and National Reserve bank (OAO) on behalf of MRK Energy DMCC related to loan received by MRK Energy DMCC. The purpose of the loan is financing of construction of gas pipeline "Kudarsky pereval – Tskhinval" (South Ossetia). As of 31 March 2010 and 31 December 2009 the above guarantee amounted to RR 8,369 and RR 8,620, respectively.

In May 2008 the Group provided a guarantee to OAO Bank of Moscow on behalf of OAO Group E4 as a security of loans for obligations under contracts for delivering of power units. As of 31 March 2010 and 31 December 2009 the above guarantee amounted to RR 3,412 (Euro 86 million) and RR 3,729 (Euro 86 million), respectively.

In April 2009 the Group provided a guarantee to OAO Gazprombank on behalf of OOO Stroygazconsulting as a security of credit facility for construction supply of Bovanenkovskoye, Yamburgskoe fields and Bovanenkovo-Ukhta gas trunk-line system. As of 31 March 2010 and 31 December 2009 the above guarantee amounted to RR 7,000 and RR 8,841, respectively.

In January 2010 the Group provided a guarantee to OAO Bank VTB on behalf of OOO Production Company VIS as a security of credit facility for financing of projects of construction industrial units for Gazprom Group, including priority investment projects of construction generating capacities of OAO WGC-6. As of 31 March 2010 the above guarantee amounted to RR 2,230.

Other guarantees of the Group included guarantees, issued by the Group's banking subsidiaries to third parties, in the amount of RR 5,440 and RR 5,700 as of 31 March 2010 and 31 December 2009, respectively.

29 POST BALANCE SHEET EVENTS

Investments

In May 2010 the Group acquired additional 25.66% of the ordinary shares of Sibir Energy plc. In July 2010 the Group sold 3.02% of the ordinary shares of Sibir Energy plc to OAO Central Fuel Company which is controlled by the Government of Moscow. As a result of these transactions the Group's interest in Sibir Energy plc equals to 77.35%.

In August 2010 the reorganization in the form of the merger of ZAO Gazenergoprombank to OAO AB Rossiya was finalized. As a result of the reorganization the Group received non-controlling interest in OAO AB Rossiya in exchange for its existing controlling interest in ZAO Gazenergoprombank.

Borrowings and loans

In February 2010 the Group signed an agreement to obtain a long-term loan from Citibank N.A. in the amount of USD 367 million due in 2021 at an interest rate of LIBOR +1.6%. In June 2010 the Group obtained USD 287 million under this agreement.

In April 2010 the Group issued bonds in the amount of RR 20,000 due in 2013 at an interest rate of 7.15%.

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29 POST BALANCE SHEET EVENTS (continued)

In June 2010 the Group obtained a loan from Credit Agricole CIB in amount of USD 250 million due in 2013 at an interest rate of LIBOR +2.15%.

In June 2010 the Group obtained a loan from Deutsche Bank AG in the amount of USD 300 million due in 2014 at an interest rate of 6.23%.

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

ОАО ГАЗПРОМ
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