

JSC Gazprom Neft

Interim Condensed Consolidated Financial Statements

**As of and for the three and nine months ended September 30, 2009 and 2008
(Unaudited)**

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Report of Independent Auditors

To the Board of Directors and Shareholders of
JSC Gazprom Neft:

We have reviewed the accompanying interim condensed consolidated balance sheet of JSC Gazprom Neft and its subsidiaries as of September 30, 2009, and the related interim condensed consolidated statements of income for each of the three and nine month periods ended September 30, 2009 and 2008, and the interim condensed consolidated statement of cash flows for the nine months ended September 30, 2009 and 2008. These interim financial statements are the responsibility of the Company's management.

We conducted our review in accordance with standards generally accepted in the United States of America. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim condensed consolidated financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We previously audited in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet as of December 31, 2008, and the related consolidated statements of income, of changes in shareholders' equity, and of cash flows for the year then ended (not presented herein), and in our report dated April 15, 2009 we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying interim condensed consolidated balance sheet as of September 30, 2009, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

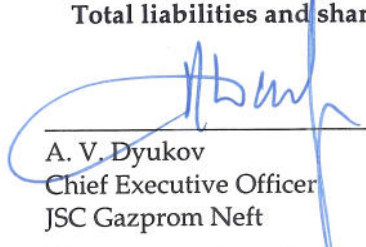
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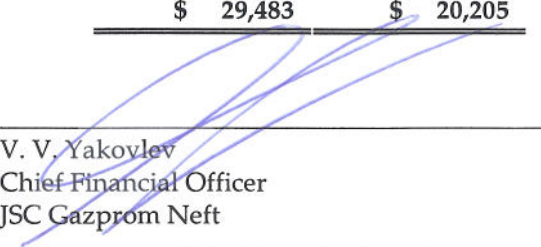
November 30, 2009

JSC Gazprom Neft
Interim Condensed Consolidated Balance Sheets
As of September 30, 2009 and December 31, 2008

Currency – US\$ millions

	Notes	September 30, 2009 (unaudited)	December 31, 2008
Assets			
Current assets:			
Cash and cash equivalents	4	\$ 981	\$ 2,075
Short-term investments		167	143
Short-term loans receivable		47	17
Accounts receivable, net	5	3,258	1,866
Inventories	6	1,728	1,256
Other current assets, net	7	794	580
Total current assets		6,975	5,937
Long-term investments and loans receivable	8	6,930	4,812
Property, plant and equipment, net	9	13,892	9,169
Goodwill and other intangible assets	10	1,142	92
Other non-current assets		436	80
Non-current deferred income tax assets		108	115
Total assets		\$ 29,483	\$ 20,205
Liabilities and shareholders' equity			
Current liabilities:			
Short-term debt	11	\$ 2,560	\$ 613
Accounts payable and accrued liabilities		2,390	1,111
Income and other taxes payable		802	299
Dividends payable		606	525
Current portion of long-term debt	12	1,780	1,472
Total current liabilities		8,138	4,020
Long-term debt	12	2,098	1,608
Asset retirement obligations		343	330
Other long-term liabilities		145	-
Deferred income tax liabilities		697	147
Total liabilities		11,421	6,105
Equity:			
Common stock (authorized, issued and outstanding: 4,741,299,639 shares, 0.0016 Ruble par value)		2	2
Additional paid-in-capital		573	573
Retained earnings		14,984	13,431
Less: Common stock held in treasury, at cost (23,359,582 shares as of September 30, 2009)		(45)	(45)
Total shareholders' equity		15,514	13,961
Non-controlling interest		2,548	139
Total equity		18,062	14,100
Total liabilities and shareholders' equity		\$ 29,483	\$ 20,205


A. V. Dyukov
Chief Executive Officer
JSC Gazprom Neft


V. V. Yakovlev
Chief Financial Officer
JSC Gazprom Neft

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

JSC Gazprom Neft
Interim Condensed Consolidated Statements of Income
For the three and nine months ended September 30, 2009 and 2008

Currency - US\$ millions
(except per share data)

	Notes	Three months ended September 30, 2009 (unaudited)	Three months ended September 30, 2008 (unaudited)	Nine months ended September 30, 2009 (unaudited)	Nine months ended September 30, 2008 (unaudited)
Revenues					
Refined products and oil and gas sales		\$ 6,960	\$ 10,161	\$ 16,236	\$ 28,208
Other		127	146	360	509
Total	16	7,087	10,307	16,596	28,717
Costs and other deductions					
Cost of purchased oil, gas, petroleum products		1,807	2,404	3,828	6,875
Operating expenses		561	547	1,300	1,449
Selling, general and administrative expenses		306	308	910	747
Transportation expenses		475	483	1,398	1,361
Depreciation, depletion and amortization		407	371	1,114	943
Export duties		1,188	2,261	2,539	5,949
Taxes other than income taxes		1,166	1,788	2,693	4,646
Exploration expenses		14	46	77	147
Cost of other sales		102	71	243	345
Total		6,026	8,279	14,102	22,462
Operating income		1,061	2,028	2,494	6,255
Other income (expense)					
Share in income of equity affiliates	8	116	244	216	563
Gain on investment		-	-	470	-
Interest income		49	38	115	61
Interest expense		(123)	(44)	(266)	(122)
Other (expense) income, net		(47)	24	(104)	175
Foreign exchange gain (loss), net		72	(189)	80	(132)
Total		67	73	511	545
Income before provision for income taxes		1,128	2,101	3,005	6,800
Provision for income taxes		287	468	621	1,515
Deferred income tax (benefit) expense		(21)	21	(29)	36
Total		266	489	592	1,551
Net income		\$ 862	\$ 1,612	\$ 2,413	\$ 5,249
Less: Net income attributable to non-controlling interest		(16)	(19)	(38)	(48)
Net income attributable to Gazprom Neft		\$ 846	1,593	2,375	5,201
Basic and Diluted Net income per Common Share attributable to Gazprom Neft (US\$ per share)		0.1793	0.3360	0.5034	1.0970
Weighted-average number of common shares outstanding Basic and Diluted (millions)		4,718	4,741	4,718	4,741

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

JSC Gazprom Neft
Interim Condensed Consolidated Statements of Cash Flows
For the nine months ended September 30, 2009 and 2008

Currency - US\$ millions

	Nine months ended September 30, 2009 (unaudited)	Nine months ended September 30, 2008 (unaudited)
<i>Operating activities</i>		
Net income	\$ 2,375	\$ 5,201
Reconciliation of net income to net cash provided by operating activities:		
Share in income of equity affiliates, net of dividends received	(89)	(485)
Gain on investment	(470)	-
Non-controlling interest	38	48
Deferred income tax (benefit) expense	(29)	36
Depreciation, depletion and amortization	1,114	943
Asset retirement obligation accretion expense net of spending on existing obligations	20	17
Allowance for doubtful accounts	(93)	9
Loss on disposal of property, plant and equipment	(5)	(4)
Changes in assets and liabilities, net of acquisitions:		
Accounts receivable	(783)	(546)
Inventories	(115)	(472)
Other current assets	134	(164)
Other non-current assets	(113)	(64)
Accounts payable, accrued liabilities and other long-term liabilities	132	98
Income and other taxes payable	295	28
Net cash provided by operating activities	2,411	4,645
<i>Investing activities</i>		
Purchase of investments net of cash acquired (Note 3)	(2,147)	(32)
Acquisition of short-term investments	(124)	-
Proceeds from sales of short-term investments	101	-
Loans issued	(215)	(402)
Loans proceeds received	93	333
Proceeds from disposals of property, plant and equipment	10	19
Capital expenditures	(1,783)	(2,489)
Net cash used in investing activities	(4,065)	(2,571)
<i>Financing activities</i>		
Short and long-term loans proceeds received	4,157	1,846
Short and long-term loans repaid	(2,909)	(1,345)
Dividends paid	(746)	(606)
Purchase of treasury shares	-	(9)
Net cash provided by (used in) financing activities	502	(114)
Effect of foreign exchange on cash and cash equivalents	58	(47)
(Decrease) increase in cash and cash equivalents	(1,094)	1,913
Cash and cash equivalents as of the beginning of the period	2,075	721
Cash and cash equivalents as of the end of the period	\$ 981	\$ 2,634

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

1. GeneralDescription of Business

JSC Gazprom Neft (formerly OAO Siberian Oil Company) and its subsidiaries (the "Company") is a vertically integrated oil company operating in the Russian Federation, CIS and Europe. The Company's principal activities include exploration, production and development of crude oil and gas, production of refined petroleum products and distribution and marketing operations through its retail outlets. Export trade is conducted through a wholly owned subsidiary, Gazprom Neft Trading GmbH, which operates as a trader for the Company's export sales.

OAO Siberian Oil Company ("Sibneft") was created by Presidential Decree Number 872 dated August 24, 1995. On September 29, 1995 Sibneft's charter was approved when the Government of the Russian Federation issued Resolution Number 972. The Omsk Registration Chamber officially registered Sibneft on October 6, 1995. In October 2005 OAO Gazprom ("Gazprom") completed its acquisition of a 75.68% stake in Sibneft, becoming a subsidiary of Gazprom. On May 30, 2006 Sibneft was renamed "JSC Gazprom Neft". In April 2009, Gazprom entered into an agreement to exercise its option to acquire an additional 20% interest in the Company.

2. Summary of Significant Accounting PoliciesBasis of Presentation

The Company maintains its books and records in accordance with accounting and taxation principles and practices mandated by the local legislation of the countries where the Company and its subsidiaries operate. The accompanying interim condensed consolidated financial statements were derived from the statutory books and records of the Company and its subsidiaries with adjustments and reclassifications made to present them in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The Company uses the US Dollar as its reporting currency.

The interim condensed consolidated financial statements are unaudited and have been prepared in accordance with US GAAP for interim financial reporting of public companies. Interim Financial Reporting and do not include all disclosures necessarily required by US GAAP. The Company omitted disclosures which would substantially duplicate the disclosures contained in its 2008 audited consolidated financial statements, such as accounting policies and details of accounts which have not changed significantly in amount or composition. Management believes that the disclosures are adequate to make the information presented not misleading if these interim condensed consolidated financial statements are read in conjunction with the Company's 2008 audited consolidated financial statements and the notes related thereto. In the opinion of the Company's management, the unaudited interim condensed consolidated financial statements and notes thereto reflect all known adjustments of a normal and recurring nature necessary to fairly state the Company's financial position, results of operations and cash flows for the interim periods. Subsequent events occurring after September 30, 2009 were evaluated through November 30, 2009, the date these financial statements were available to be issued.

The results for the three and nine months ended September 30, 2009 are not necessarily indicative of the results expected for the full year.

Management Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the balance sheet as well as the revenues and expenses during the reporting periods. Certain significant estimates and assumptions for the Company include: recoverability and useful lives of long-term assets and investments; identifying assets acquired and liabilities assumed in business combinations and determining fair value; allowances for doubtful accounts receivable; asset retirement obligations; legal and tax contingencies; depreciation, depletion and amortization; environmental remediation obligations; oil reserves; recognition and disclosure of guarantees and other commitments. While management uses its best estimates and judgments, actual results could differ from those estimates and assumptions used.

Foreign Currency Translation

The management of the Company has determined the US Dollar is the functional and reporting currency of the Company as the majority of its revenues, costs, property and equipment purchased, debt and trade liabilities are either priced, incurred, payable or otherwise measured in US Dollars. Monetary assets and liabilities have been translated into US Dollars at the exchange rate as of the balance sheet date. Non-monetary assets and liabilities have been translated at historical rates. Revenues, expenses and cash flows are translated into US Dollars at average rates for the period or exchange rates prevailing on the transaction dates where practicable. Gains and losses resulting from the re-measurement into US Dollars are included in the interim condensed consolidated statement of income.

The official rates of exchange of the Ruble to the US Dollar as of September 30, 2009 and December 31, 2008 were 30.09 Rubles and 29.38 Rubles per US \$1.00, respectively.

The translation of local currency denominated assets and liabilities into US Dollars for the purpose of these interim condensed consolidated financial statements does not indicate that the Company could realize or settle, in US Dollars, the reported values of these assets and liabilities. Likewise, it does not indicate that the Company could return or distribute the reported US Dollar value of capital to its shareholders.

Goodwill and Other Intangible Assets

Goodwill represents the excess of acquisition cost over the fair value of net assets acquired. The excess of the fair value of net assets acquired over acquisition cost represents negative goodwill which is recognized as a gain in the consolidated statement of income during the period of the acquisition.

Goodwill is not amortized, but is tested for impairment at least on an annual basis. Intangible assets with indefinite useful lives are tested for impairment at least annually. Intangible assets that have limited useful lives are amortized on a straight-line basis over the shorter of their useful or legal lives.

Non-Controlling Interest

Effective January 1, 2009, and retroactive to the earliest period presented the Company has adopted the provisions for the accounting and reporting of non-controlling interests in a subsidiary in consolidated financial statements as required by the Consolidations topic of the Codification. Prospectively, certain changes in a parent's ownership interest are to be accounted for as equity transactions and when a subsidiary is deconsolidated, any non-controlling equity investment in the former subsidiary is to be initially measured at fair value. In addition ownership interests in the company's subsidiaries held by parties other than the parent are presented separately from the parent's equity on the consolidated balance sheet. The amount of consolidated net income attributable to the parent and the non-controlling interests are both presented on the face of the consolidated statement of income.

Income Taxes

The Company follows the provisions of the Income Taxes Sub Topic of the Codification to arrive at the effective tax rate. The effective tax rate is based on the best estimate of the expected annual tax rate to be applied to the taxable income for the current reporting period. The rate is based on the currently enacted tax rate of 20% (24% as of September 30, 2008) and includes estimates for the annual tax effect of permanent differences, foreign income taxed at lower rates and the realization of deferred tax assets.

Accounting Standards Adopted

Effective June 30, 2009 the Company adopted the Codification. The Codification is now the source of authoritative generally accepted accounting principles in the United States of America. The Codification changed the referencing of financial standards but was not intended to change or alter existing US GAAP.

Effective January 1, 2009 the Company adopted the provisions for accounting for certain transactions with equity-method investees as required by the Consolidation Topic of the Codification. The Codification Topic addresses the initial measurement, decreases in value and changes in the level of ownership of the equity method investment. The adoption did not have a significant impact on the Company's results of operations, financial position or cash flows.

Effective January 1, 2009 the Company adopted the provisions of the Codification Topic Intangibles – goodwill and other. The provisions relate to the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under the Codification Topic and are intended to improve the consistency between the useful life of a recognized intangible asset and the period of expected cash flows used to measure the fair value of the asset. The provisions were applied as part of the Company's acquisitions subsequent to the adoption (Note 3 "Business combinations"); the adoption did not have a significant impact on the Company's consolidated results of operations, financial position or cash flows.

Effective January 1 2009, the Company adopted the provisions for accounting for business combinations as required by the Business Combinations Topic of the Codification. Under the provisions an acquiring entity will be required to recognize all the assets acquired, liabilities assumed and any non-controlling interest in the acquiree at their acquisition-date fair value with limited exceptions. The definition of a business is expected to be applicable to more transactions than under previous guidance. The specific provisions amend the accounting treatment for changes in control, step acquisitions, transaction costs, acquired contingent liabilities, in-process research and development, restructuring costs, changes in deferred tax asset valuation allowances as a result of a business combination and changes in income tax uncertainties after the acquisition date. Accounting for changes in valuation allowances for acquired deferred tax assets and the resolution of uncertain tax positions for prior business combinations will impact tax expense instead of impacting recorded goodwill. Additional disclosures are also required. The Company's acquisitions subsequent to the adoption (Note 3 "Business combinations") have been accounted for under the provisions the Business Combinations Topic.

Effective January 1, 2009 the Company adopted the fair value measurement provisions required by the Fair Value Measurements and Disclosure Topic of the Codification as it relates to measurement practices regarding non-financial assets and liabilities. Adoption did not have a significant effect on the Company's consolidated financial statements.

Effective June 30, 2009 the Company adopted the interim disclosure provisions about the fair value of financial instruments as required by the Fair Value Measurement and Disclosures Topic of the Codification. These provisions require disclosures about the fair value of financial instruments, previously only required in annual financial statements, to be included in interim financial statements.

Effective June 30, 2009 the Company adopted the subsequent events provisions of the Codification. These provisions provide guidance on management's assessment of subsequent events. Management evaluated subsequent events through November 30, 2009 which is the date the financial statements were available to be issued. The adoption of these provisions did not have an impact on the Company's consolidated financial statements.

Recently Issued Accounting Standards

In June 2009, the Financial Accounting Standards Board ("FASB") issued provisions related to accounting for transfers of financial assets removing the concept of a qualifying special-purpose entity and the exception from applying guidance related to variable interest entities that are qualifying special-purpose entities. The new provisions require that a transferor recognize and initially measure at fair value all assets obtained and liabilities incurred as a result of a transfer of financial assets accounted for as a sale. The standard also requires additional disclosures about any transfers of financial assets and a transferor's continuing involvement with transferred financial assets. The provisions are effective for fiscal years beginning after November 15, 2009, and interim periods within those fiscal years. The Company is currently evaluating the impact of adopting the provisions on its financial position, results of operations and cash flows.

In June 2009, the FASB issued provisions related to how a reporting entity determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. The determination of whether a reporting entity is required to consolidate another entity is based on, among other things, the purpose and design of the other entity and the reporting entity's ability to direct the activities of the other entity that most significantly impact its economic performance. The provisions also require additional disclosures about a reporting entity's involvement with variable interest entities and any significant changes in risk exposure due to that involvement. A reporting entity will be required to disclose how its involvement with a variable interest entity affects the reporting entity's financial statements. The provisions are effective for fiscal years beginning after November 15, 2009, and interim periods within those fiscal years. The Company is currently evaluating the impact of adopting the provisions on its financial position, results of operations and cash flows.

Reclassifications

Certain reclassifications have been made to previously reported amounts to conform to the current year's presentation; such reclassifications have no effect on net income, net cash flow or shareholders' equity.

3. Business Combinations

Acquisition of Naftna Industrije Srbije

On February 3, 2009, the Company acquired a 51% interest in Serbia's Naftna Industrija Srbije (NIS) for € 400 million (US\$ 521 million). As part of the purchase agreement the Company pledged to invest € 547 million (approximately US\$ 712 million) 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 7.2 million tonnes per year. NIS also has crude oil production of approximately 0.6 million tonnes per year from its oil and gas exploration and production operations in Serbia, holds a minority share in a PSA in Angola and operates a network of retail stations throughout Serbia.

The following table summarizes the consideration transferred to acquire NIS, as well as the fair value of the non-controlling interest as of the acquisition date:

Cash	521
Fair value of the non-controlling interest in NIS	501
Total fair value	1,022

In the interim condensed consolidated financial statements as of and for the period ended 31 March 2009 the Company undertook an initial assessment of the estimated fair values of the assets and liabilities acquired as of February 3, 2009. This assessment was preliminary as the Company was in the process of finalizing the fair value estimates for certain assets and liabilities, primarily property, plant and equipment, and certain long term receivables and investments.

In the six months to 30 September 2009 the Company updated the initial assessment of the estimated fair values of certain of the assets and liabilities acquired based on further analysis in that period. The principal changes to the assessment of fair values relate to changes in the fair value of the downstream refining assets, upstream production licenses and trade receivables that are not recoverable.

As of September 30, 2009 the purchase price allocation remains provisional as the Company continues to evaluate certain assets and liabilities acquired, principally property plant and equipment and certain long term receivables and investments.

The following table summarizes the revised estimates of fair value of the assets and liabilities acquired as of February 3, 2009.

	As of the acquisition date
Cash and cash equivalents	\$ 22
Accounts receivable, net	197
Inventories	297
Other current assets	53
Intangible assets	200
Property, plant and equipment	1,458
Other non-current assets	5
Total assets acquired	\$ 2,232
Short term loans and current portion of long-term debt	\$ (645)
Other current liabilities	(315)
Long-term debt	(186)
Other non-current liabilities	(192)
Total liabilities assumed	\$ (1,338)
Total identifiable assets acquired and liabilities assumed	\$ 894
Consideration paid	\$ (1,022)
Goodwill	128

The primary reasons for the acquisition and the principal factors contributing to goodwill are the Company's ability to deliver its own crude oil to the NIS refineries and the expected increase in refining throughput and improvement of product mix, which will allow for future increases in refined product sales to the export market. All of the goodwill has been assigned to the Company's Refining and Marketing Segment. The goodwill is not deductible for tax purposes.

The fair value of the non-controlling interest of US\$ 501 million was estimated by applying the income approach as there are no market comparatives. This fair value measurement is based on significant inputs not observable in the market and thus represents Level 3 measurement as defined by the Business Combinations Topic of the Codification. The fair value estimate is based on discount rates between 15.2% and 17.3%, financial forecasts prepared in nominal US Dollars and publicly available macroeconomic and industry information.

The acquisition of NIS contributed revenues of approximately US\$ 1,535 million and a loss of approximately US\$ 49 million during the period February 3, 2009 through September 30, 2009. The following unaudited pro forma summary presents consolidated information of the Company as if the business combination had occurred on January 1, 2009 after applying the Company's accounting policies:

	Pro forma September 30, 2009
Revenues	16,722
Net income	2,375

Presenting unaudited pro forma information for the comparative nine month period ending September 30, 2008 is impractical as NIS has not historically prepared US GAAP information and does not have data to objectively determine adjustments to statutory accounts to derive US GAAP financial information for any period during 2008.

Acquisition of Sibir Energy

In the period from April 23, 2009, being the date of the Company's first acquisition of shares in Sibir Energy plc ("Sibir"), until June 23, 2009, the Company invested £1,057 million (approximately US\$ 1,662 million) to acquire 48.39% of the ordinary shares of Sibir, and the rights to purchase additional 6.32% of the ordinary shares of Sibir. This acquisition of shares of Sibir provided the Company with effective control over Sibir and indirect control over Moscow Refinery, having increased its effective interest in Moscow Refinery from 38.63% to 59.75%. The Company previously accounted for its 38.63% interest in Moscow Refinery as an equity method investment.

Sibir is a vertically integrated oil company operating in the Russian Federation. Sibir's primary upstream assets include JSC Magma Oil Company (95% Sibir owned) and a 50% interest in Salym Petroleum Development (a joint venture with Royal Dutch Shell). Sibir's upstream assets are located in Khanti-Mansiysky Autonomous Region and comprise annual production interest of over 80,000 barrels of oil per day (bopd). Sibir also holds a 38.63% stake in the Moscow Oil Refinery ("Moscow Refinery"), which is jointly managed with Gazprom Neft, and a network of 134 retail stations in the City of Moscow and the Moscow region through JSC Moscow Fueling Company and JSC Mosnefteproduct.

The following table summarizes the consideration transferred to acquire Sibir, including the fair value of the non controlling interests in both Sibir and Moscow refinery at the acquisition date as well as the fair value of the Company's pre-existing interest in Moscow refinery at the acquisition date:

Cash paid	\$ 1,662
Fair value of the non-controlling interest in Sibir	1,056
Fair value of the non-controlling interest in Moscow Refinery	839
Fair value of the Company's investment in Moscow Refinery	806
Held before the business combination	
Total fair value	4,363

The following table summarizes the revised estimates of fair value of the assets and liabilities acquired as of June 23, 2009. The purchase price allocation is preliminary as the Company is in the process of finalizing the fair value estimates for certain assets and liabilities, primarily for property, plant and equipment and determining the completeness of liabilities recorded:

	As of the acquisition date
Cash and cash equivalents	\$ 175
Accounts receivable, net	319
Inventories	60
Other current assets	140
Intangible assets	618
Property, plant and equipment	2,366
Other non-current assets	1,726
Total assets acquired	\$ 5,404
Short-term and current portion of long-term debt	\$ (165)
Other current liabilities	(421)
Long-term debt	(185)
Other non-current liabilities	(559)
Total liabilities assumed	\$ (1,330)
Total identifiable assets acquired and liabilities assumed	\$ 4,074
Consideration transferred	\$ (4,363)
Goodwill	289

As a result of the Company obtaining control over Moscow refinery, the Company's previously held 38.63% interest was re-measured to fair value, resulting in a gain of US\$ 470 million. This has been recognized in the line item "Other income (expense), net" in the consolidated statement of income.

The fair values of the non-controlling interests in Sibir and Moscow refinery of US\$ 1,056 million and US\$ 839 million respectively were estimated by applying an income approach as there are no market comparatives. The fair value measurement are based on significant inputs not observable in the market and thus represents Level 3 measurement as defined by the Business Combinations Topic of the Codification. The fair value estimate is based on discount rates between 10.8% and 13.6%, financial forecasts prepared in nominal US Dollars and publicly available macroeconomic and industry information.

The acquisition of Sibir contributed revenues of approximately US\$ 648 million and net income of approximately US\$ 144 million during the period June 23, 2009 through September 30, 2009. The following unaudited pro forma summary presents consolidated information of the Company as if the business combination had occurred on January 1, 2008:

	Pro forma September 30, 2009	Pro forma September 30, 2008
Revenues	17,572	31,945
Net income	2,455	5,584

These amounts have been calculated after applying the Company's accounting policies and adjusting the results of Sibir and Moscow Refinery to reflect the additional depreciation and amortization arising from the purchase accounting that would have been charged assuming the fair values adjustments to property plant and equipment and intangible assets had been applied from 1 January 2008.

The goodwill recognized as a result of the business combination is attributable to the Company's ability to increase the delivery of its own crude to the Moscow refinery and the expected increase in refining throughput and improved flexibility of product sales which will increase access to various product sales channels and result in higher net back prices. All of the goodwill arising on the business combination has been assigned to the Company's Refining and Marketing Segment. The goodwill is not deductible for tax purposes.

Acquisition of Orton Oil Limited

On July 21, 2009 the Company acquired 100% of Orton Oil Limited ("Orton"), an un-listed investment and financing company registered in Cyprus. The purchase consideration comprised \$109 million in cash. The only asset held by Orton is a 50% investment in Bennfield Limited ("Bennfield") which, in turn, holds a 25.66% interest in Sibir.

The Company has undertaken an initial assessment of the estimated fair values of the assets and liabilities acquired as of July 21, 2009. This assessment is preliminary as the Company is in the process of finalizing the fair value for certain assets and liabilities, primarily investments, receivables and payables.

The following table summarizes the estimates of fair value of the assets and liabilities acquired as of July 21, 2009.

	As of the acquisition date
Long-term Investment	\$ 741
Total assets acquired	\$ 741
Other current liabilities	(666)
Total liabilities assumed	(666)
Total identifiable assets acquired and liabilities assumed	\$ 75
Consideration paid	\$ 109
Goodwill	34

The primary reasons for the acquisition and the principal factors contributing to goodwill relate to the Company's ability to increase its influence on Sibir Energy. All of the goodwill has been assigned to the Company's Refining and Marketing Segment. The goodwill is non deductible for tax purposes.

Other current liabilities of \$666 million represent a payable to a related party

As a result of an outstanding shareholder dispute related to the 50% of Bennfield not held by Orton, the Company has been unable to exert influence in the period since the acquisition over the governance of Bennfield or exercise the rights that would typically exist as an equity investor.

4. Cash and Cash Equivalents

Cash and cash equivalents as of September 30, 2009 and December 31, 2008 comprise the following:

	<u>2009</u>	<u>2008</u>
Cash in bank - Rubles	\$ 158	\$ 424
Cash in bank - foreign currency	529	359
Bank deposits and other cash equivalents	274	1,290
Cash on hand	20	2
Total cash and cash equivalents	<u>\$ 981</u>	<u>\$ 2,075</u>

As of September 30, 2009 and December 31, 2008 the majority of bank deposits are represented by US Dollars. Bank deposits represent deposits with original maturities of less than three months.

5. Accounts Receivable, Net

Accounts receivable as of September 30, 2009 and December 31, 2008 comprise the following:

	<u>2009</u>	<u>2008</u>
Trade receivables	\$ 2,123	\$ 818
Value added tax receivable	1,002	555
Related party receivables	88	34
Other receivables	385	518
Less allowance for doubtful accounts	(340)	(59)
<i>Total accounts receivable</i>	<u>\$ 3,258</u>	<u>\$ 1,866</u>

Trade receivables represent amounts due from customers in the ordinary course of business, denominated primarily in US Dollars, and are short-term in nature.

Other receivables consist primarily of profit taxes receivable and other miscellaneous receivables.

6. Inventories

Inventories as of September 30, 2009 and December 31, 2008 consist of the following:

	<u>2009</u>	<u>2008</u>
Crude oil	\$ 288	\$ 106
Petroleum products	559	295
Materials and supplies	772	820
Other	109	35
<i>Total inventories</i>	<u>\$ 1,728</u>	<u>\$ 1,256</u>

7. Other Current Assets

Other current assets as of September 30, 2009 and December 31, 2008 consist of the following:

	<u>2009</u>	<u>2008</u>
Prepaid customs duties	\$ 174	\$ 216
Advances paid	349	334
Prepaid expenses	54	22
Other assets	217	8
<i>Total other current assets</i>	<u>\$ 794</u>	<u>\$ 580</u>

8. Long-Term Investments and Loans Receivable

Long-Term Investments

None of the companies listed below are publicly traded in Russia and due to the nature of the financial markets it is not possible to obtain current market price for these investments. The significant equity and other long-term investments as of September 30, 2009 and December 31, 2008 are summarized below:

	Ownership Percentage	Net book value as of	
		September 30, 2009	December 31, 2008
<i>Investments in equity affiliates:</i>			
JSC Slavneft	49.9	\$ 2,802	\$ 2,710
JSC Tomskneft VNK	50.0	1,420	1,458
JSC Moscow Oil Refinery*		-	331
Salym Petroleum Development N.V.	50.0	1,257	-
Total investments in equity affiliates		5,479	4,499
<i>Total long-term investments, at cost</i>		947	225
<i>Long-term loans receivable</i>		504	88
Total long-term investments		\$ 6,930	\$ 4,812

* As a result of the acquisition of Sibir Energy on 23 June 2009 the Company gained control of JSC Moscow Oil Refinery and, accordingly, JSC Moscow Oil Refinery is now consolidated within these financial statements (Note 3 "Business Combinations").

The Company's share in income of equity affiliates including share in non-controlling interest consists of the following for the three and nine months ended September 30, 2009 and 2008:

	Three months ended September 30, 2009	Three months ended September 30, 2008	Nine months ended September 30, 2009	Nine months ended Septemebr 30, 2008
<i>Equity affiliates:</i>				
JSC Slavneft	\$ 62	\$ 176	\$ 92	\$ 396
JSC Tomskneft VNK	25	56	88	149
JSC Moscow Oil Refinery	-	12	5	18
Salym Petroleum Development N.V.	29		31	
Total share of income in equity affiliates	\$ 116	\$ 244	\$ 216	\$ 563

The Company's investment in JSC Slavneft and various minority stakes in Slavneft subsidiaries ("Slavneft") are held through a series of off-shore entities and an investment trust. During 2005, the Company and TNK-BP agreed to jointly manage the production and the refineries of the Slavneft group with each party purchasing its share of production, refer also to Note 15 "Related Party Transactions".

JSC Gazprom Neft**Notes to Interim Condensed Consolidated Financial Statements - Unaudited
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Currency - US\$ millions

The following table summarizes the financial information of Slavneft as of September 30, 2009 and December 31, 2008 and for the nine months ended September 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Current assets	\$ 1,204	\$ 1,002
Long-term assets	6,596	6,453
Total liabilities	2,188	2,051
Revenues	2,997	6,301
Net income including non-controlling interest	185	794

In December 2007 the Company acquired a 50% equity interest in JSC Tomskneft VNK ("Tomskneft") and its subsidiaries from a subsidiary of OJSC Oil Company Rosneft ("Rosneft"). As part of this transaction, the Company and Rosneft agreed to jointly manage the business operations of Tomskneft and to each purchase their respective share of Tomskneft's annual production.

The following table summarizes the financial information of Tomskneft as of September 30, 2009 and December 31, 2008 and for the nine months ended September 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Current assets	\$ 877	\$ 881
Long-term assets	3,692	3,880
Total liabilities	2,397	2,496
Revenues	1,578	2,817
Net income	176	363

In June 2009 and as part of the acquisition of Sibir Energy (Note 3 "Business Combinations") the Company acquired a 27.4% equity interest in Salym Petroleum Development N.V. ("Salym"). Salym is owned 50% by Sibir Energy and 50% by Shell Salym Development B.V., a member of the Royal Dutch/Shell group of companies. The operations of Salym relate to the development of the Salym group of oilfields located in the Khanti-Mansiysky autonomous region of the Russian Federation.

The following table summarizes the financial information of Salym as of September 30, 2009. Revenue and net income are shown for the post-acquisition period June 23, 2009 through September 30, 2009.

	<u>2009</u>
Current assets	\$ 330
Long-term assets	997
Total liabilities	1,076
Revenues	430
Net income	63

Long-Term Loans Receivable

Long-term loans receivables of US\$ 504 million and US\$ 88 million are mostly due from related parties as of September 30, 2009 and December 31, 2008, respectively. These loans bear interest rates from nil to 9.50%. The fair value of these loans is approximately US\$ 497 million and US\$ 52 million as of September 30, 2009 and December 31, 2008 assuming an average discount rate of 12.0% and 13.0% for the periods ended September 30, 2009 and December 31, 2008, respectively (CBR interbank refinancing rate).

9. Property, Plant and Equipment

As of September 30, 2009 property, plant and equipment comprise the following:

	<u>Cost</u>	<u>Accumulated DD&A</u>	<u>Net book value</u>
Exploration and production	\$ 19,889	\$ (10,831)	\$ 9,058
Refining	4,682	(1,807)	2,875
Marketing and distribution	1,328	(139)	1,189
Other	13	(1)	12
Assets under construction	758	-	758
Total	<u>\$ 26,670</u>	<u>\$ (12,778)</u>	<u>\$ 13,892</u>
Comparative balance as of December 31, 2008	<u>\$ 21,144</u>	<u>\$ (11,975)</u>	<u>\$ 9,169</u>

10. Goodwill and intangible assets

Changes in the amount of carrying value of goodwill for the nine months ended September 30, 2009 by reportable segment are as follows:

	<u>Exploration and Production</u>	<u>Refining, Marketing and Distribution</u>	<u>Total</u>
Balance at December 31, 2008	\$ -	\$ -	\$ -
Acquisitions	-	452	452
Balance at September 30, 2009	-	452	452

In 2009 the Company acquired NIS, Sibir Energy and Ortonoil and recognized goodwill in the amount of US\$ 128 million, US\$ 352 million and US\$ 34 million, respectively. The goodwill recognized in both acquisitions has been assigned to the respective downstream assets acquired. Annual impairment tests for goodwill will be performed in the fourth quarter.

Other intangible assets at September 30, 2009 and December 31, 2008 comprise the following:

	<u>2009</u>	<u>2008</u>
Licenses	\$ 12	\$ 21
Software	63	52
Land rights	578	-
Other intangible assets	37	19
Total other intangible assets	<u>\$ 690</u>	<u>\$ 92</u>

11. Short-Term Loans

As of September 30, 2009 and December 31, 2008 the Company has short-term loans outstanding as follows:

	<u>2009</u>	<u>2008</u>
Banks	\$ 2,181	\$ 302
Related parties	371	306
Other	8	5
Total short-term loans	<u>\$ 2,560</u>	<u>\$ 613</u>

As of September 30, 2009 short-term loans were provided by international and Russian banks for funding of working capital and consisted of unsecured facilities.

As of September 30, 2009 the Company has a loan from the State Corporation Bank for Development and Foreign Economic Affairs (Vnesheconombank) for a total of US\$ 600 million repayable in US Dollars. The loan bears interest rate of LIBOR plus 5.0%.

As of September 30, 2009 the Company has a US\$ 857 million loan outstanding from Sberbank repayable in US Dollars. The loan bears an interest rate of 10.00% and matured in November 2009.

As of September 30, 2009, the Company has US\$ 724 million in short term loans from a number of European and Russian banks, primarily repayable in US Dollars. These loans bear interest rates fluctuating from LIBOR/EURIBOR plus margin of 0.45% to a fixed rate of 13,75%. As of December 31, 2008, the Company had US\$ 150 million in various short-term bank loans repayable in US Dollars. These loans bore interest between LIBOR plus 0.55% to LIBOR plus 4.75%.

As of September 30, 2009 the Company has several interest-free loans from Tomskneft in the amount of US\$ 301 million, repayable in Rubles which matures between April-October 2010. As of December 31, 2008 the Company had several interest-free loans from Tomskneft in the amount of US\$ 289 million. Tomskneft is a related party to the Company.

As of September 30, 2009 weighted average interest rates related to the short-term loans in foreign currency and in Rubles were 7.5% and 0.6%, respectively. As of December 31, 2008 weighted average interest rates related to the short-term loans in foreign currency and in Rubles were 5.6% and 0.3%, respectively.

12. Long-Term Debt

As of September 30, 2009 and December 31, 2008 the Company has long-term outstanding loans as follows:

	2009	2008
Bonds	\$ 598	\$ 500
Bank loans outstanding	3,129	2,564
Other borrowings	151	16
Less current portion of long- term debt	(1,780)	(1,472)
Total long-term debt	\$ 2,098	\$ 1,608

Bank loans are comprised of loan facilities primarily in US Dollars from major western banks and their affiliates.

In December 2002, the Company placed US\$ 500 million in 7-year Eurobonds on the Luxemburg Stock Exchange (all current as of December 31, 2008). The bonds bore interest of 10.75% per year and had semi-annual coupon payments due on January 15 and July 15 of each year. These Eurobonds matured and were repaid in full on January 15, 2009.

On April 21, 2009, the Company placed a ten-year Ruble Bonds (04 series) with the total par value of RUR 10 billion (approximately US\$ 332 million). The bonds bear interest of 16.7% per year with 2 year put option and have semi-annual coupon payments.

On July 21, 2009, the Company placed a seven-year Ruble Bonds (03 series) with the total par value of RUR 8 billion (approximately US\$ 266 million). The bonds bear interest of 14.75% per year with 3 year put option and have semi-annual coupon payments.

During 2007 the Company obtained a US\$ 2.2 billion syndicated loan from Calyon, ABN-AMRO, Commerzbank and Citibank maturing in September 2010, bearing a floating interest rate of LIBOR plus 0.75%. As of September 30, 2009, the amount outstanding under this syndicated loan is US\$ 800 million (all current). As of December 31, 2008 the amount outstanding under the loan was US\$ 1.4 billion (including current portion of US\$ 800 million).

During 2008 the Company obtained a US\$ 1 billion syndicated loan in two tranches from BBVA Bank, BTMU Bank, Barclays Capital, Sumitomo Mutsui Banking Corporation and WestLB Bank. The first tranche in the amount of US\$ 315 million bears a floating interest rate of LIBOR plus 1.5% and matures in May 2011. The second tranche in amount of US\$ 685 million bears a floating interest rate of LIBOR plus 1.75% and matures in May 2013. As of September 30, 2009 the Company had US\$ 1 billion outstanding under the syndicated loan (including current portion of US\$ 105 million). As of December 31, 2008 the amount outstanding under the loan was US\$ 1 billion

During 2006 the Company obtained a US\$ 630 million syndicated loan from Citibank and ABN-AMRO Bank maturing in July 2009, bearing a floating interest of LIBOR plus 0.6%. As of September 30, 2009, the loan was repaid in full. As of December 31, 2008 the amount outstanding under the loan was US\$ 163 million (all current).

As of September 30, 2009 the Company has several loans from Sberbank in the amount of US\$ 962 million repayable in US Dollars (including current portion of US\$ 767 million). These loans bear fixed interest rates from 8.15% to 12.50%.

As of September 30, 2009 the Company has US\$ 367 million in long term loans from a number of banks. These loans bear interest rates fluctuating from LIBOR/EURIBOR plus 0.6% to 5.00%.

The loan agreements contain financial covenants that require the Company's ratios of Consolidated EBITDA to Consolidated Interest Payable, Consolidated Indebtedness to Consolidated Tangible Net Worth and Consolidated Indebtedness to Consolidated EBITDA. Management believes the Company is in compliance with these covenants as of September 30, 2009 and December 31, 2008, respectively.

Maturities of long-term loans as of September 30, 2009 are as follows:

<u>Year due</u>	<u>Amount due</u>
2010	\$ 1,780
2011	1,169
2012	650
2013	166
2014 and further	113
	<u>\$ 3,878</u>

13. Fair Value of Financial Instruments

The estimated fair values of financial instruments are determined with reference to various market information and other valuation methodologies as considered appropriate, however considerable judgment is required in interpreting market data to develop these estimates. Accordingly, the estimates are not necessarily indicative of the amounts that the Company could realize in a current market situation. Certain of these financial instruments are with major financial institutions and expose the Company to market and credit risk. The creditworthiness of these institutions is routinely reviewed and full performance is anticipated.

The net carrying values of cash and cash equivalents, short-term investments, short-term loans receivable, accounts receivable and payable approximate their fair values because of the short maturities of these instruments.

As discussed in Note 7, the Company has investments in certain Russian and CIS companies. There are no quoted market prices for these instruments and a precise estimate of fair value could not be made without incurring excessive costs.

Loan arrangements on short-term and long-term debt have both fixed and variable interest rates that reflect the currently available terms for similar debt. Management believes the carrying values of short-term and long-term debt are not materially different from their fair values.

The Fair Value Measurement and Disclosure Topic of the Codification establish a formal fair value hierarchy based on the inputs used to measure fair value. The three levels of the fair value hierarchy are as follows:

Level 1: Valuations utilizing quoted, unadjusted prices for identical assets or liabilities in active markets that the Company has the ability to access. This is the most reliable evidence of fair value and does not require a significant degree of judgment.

Level 2: Valuations utilizing quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Valuations utilizing significant, unobservable inputs. This provides the least objective evidence of fair value and requires a significant degree of judgment.

The Company's only assets and liabilities measured at fair value on a recurring basis are its derivative financial instruments, which have been valued using Level 2 inputs under the fair value hierarchy.

The Company uses derivative financial instruments to manage its exposure to changes in foreign currency exchange rates. A majority of Company's revenues are received in US Dollars, a growth or a decline in the value of the US Dollar against the Russian Ruble impacts the Company's operating results and cash flows. These transactions are not accounted for as hedges pursuant to the Fair Value Measurements and Disclosures Topic of the Codification.

The Company does not purchase, hold or sell derivative financial instruments unless it has an existing asset or obligation or anticipates a future activity that is likely to occur that will result in an exposure to foreign exchange risk. The Company does not enter into any derivative instruments for speculative purposes.

At September 30, 2009, and December 31, 2009 the Company had outstanding currency exchange derivative contracts for a total notional value of US\$ 616 million and US\$ 50 million respectively.

The following table presents the fair values and corresponding balance sheet captions of the Company's derivative instruments as of September 30, 2009 and December 31, 2008:

	<u>2009</u>	<u>2008</u>
Assets		
Other non-current assets	\$ 94	-
Total assets	<u>94</u>	<u>-</u>
Liabilities		
Other current accrued liabilities	-	\$ 9
Total liabilities	<u>-</u>	<u>9</u>

During the nine months ended September 30, 2009, the Company recognized US\$ 93.5 million in unrealized gain in foreign exchange gain, net in the Interim Condensed Consolidated Financial Statement.

14. Commitments and Contingencies

Taxes

During 2008, tax authorities completed reviews over the operations of the Company and its subsidiaries for the year ended December 31, 2006. There were no significant findings as a result of these reviews.

Russian tax and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation, including the allocation of tax payments to the Federal and Regional budgets, as applied to the transactions and activity of the Group may be challenged by the relevant authorities. The Russian tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments, and it is possible that transactions and activities that have not been challenged in the past may be challenged. The Supreme Arbitration Court issued guidance to lower courts on reviewing tax cases providing a systemic roadmap for anti-avoidance claims, and it is possible that this will significantly increase the level and frequency of tax authorities scrutiny. As a result, significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for the preceding three calendar years. Under certain circumstances reviews by tax authorities may cover longer periods. The years 2007 and 2008 are currently open for review. Management believes it has adequately provided for any probable losses that might arise from these matters.

Operating Environment

While there have been improvements in the economic situation in the Russian Federation in recent years, the country continues to display some characteristics of an emerging market. These characteristics include, but are not limited to, the existence of a currency that is not freely convertible in any countries outside of the Russian Federation, restrictive currency controls, and a high level of inflation. The prospects for future economic stability in the Russian Federation are largely dependent upon the effectiveness of economic measures undertaken by the government, together with legal, regulatory, and political developments.

The ongoing global liquidity crisis has resulted in, among other things, a lower level of capital market funding and lower liquidity levels across the Russian Federation. The uncertainties in the global financial market, has also led to bank failures and or bank rescues. While the Russian government has introduced a range of stabilization measures aimed at providing liquidity and supporting debt refinancing for Russian banks and companies, such circumstances could affect the ability of the Company to obtain new borrowings and re-finance its existing borrowings at terms and conditions similar to those applied to earlier transactions. Additionally, the uncertainty in the global markets combined with other local factors has led to very high volatility in the Russian Stock Markets during 2008 and 2009.

Management is unable to reliably determine the effects on the Company's future financial position, results of operations or cash flows as a result of the ongoing crisis. Management believes the Company's current and long-term investment and capital expenditures program can be funded through cash generated from existing operations. Management also believes the Company has the ability to obtain syndicated loans and other financings as needed to fund business acquisitions and other transactions that may arise in the future (Refer to Note 17 Subsequent Events).

Environmental Matters

The enforcement of environmental regulation in the Russian Federation is evolving and the enforcement posture of government authorities is continually being reconsidered. The Company periodically evaluates its potential obligations under environmental regulation. Management is of the opinion that the Company has met the government's requirements concerning environmental matters, and therefore believes that the Company does not have any material current environmental liabilities.

15. Related Party Transactions

JSC Moscow Oil Refinery (Moscow Refinery)

For the three and nine months ended September 30, 2009 and 2008 and up to the date control was obtained (Note 3 "Business combinations") the Company processed crude oil based on processing agreements and conducted other transactions with Moscow Refinery. Such transactions are in the ordinary course of business and on terms available to other suppliers. The information on transactions with Moscow Refinery for the three and nine months ended September 30, 2009 and 2008 is presented below:

	Three months ended September 30, 2009*	Three months ended September 30, 2008*	Nine months ended September 30, 2009	Nine months ended September 30, 2008
Processing fees	-	\$ 12	\$ 34	\$ 46
Oil products purchased	-	3	1	4
Oil products sales	-	5	-	5

* The data presented is for the period ended June 23, 2009 when control was obtained and Moscow Refinery became the Company's subsidiary.

As of December 31, 2008 the Company has US\$ 14 million in payables to Moscow Refinery.

Slavneft Group (Slavneft)

For the three and nine months ended September 30, 2009 and 2008 the Company conducted numerous transactions with Slavneft and its subsidiaries. During 2005, the Company and TNK-BP agreed to jointly manage the production and the refineries of the Slavneft group with each party purchasing its share of production. The information on transactions with Slavneft for the three and nine months ended September 30, 2009 and 2008 is presented below:

	Three months ended September 30, 2009	Three months ended September 30, 2008	Nine months ended September 30, 2009	Nine months ended September 30, 2008
Processing fees	\$ 60	\$ 71	\$ 158	\$ 177
Crude, gas and oil products purchased	526	918	1,258	2,758
Crude and oil products sales	91	166	193	559

As of September 30, 2009 the Company has US\$ 97 million in payables to Slavneft and US\$ 62 million in receivables from Slavneft. As of December 31, 2008 the Company had US\$ 54 million in payables to Slavneft and US\$ 16 million in receivables from Slavneft.

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Gazprom Group (Gazprom)

For the three and nine months ended September 30, 2009 and 2008 the Company conducted numerous transactions with Gazprom, its primary shareholder, and its subsidiaries. The information on transactions with Gazprom for the three and nine months ended September 30, 2009 and 2008 is presented below:

	Three months ended September 30, 2009	Three months ended September 30, 2008	Nine months ended September 30, 2009	Nine months ended September 30, 2008
Gas and oil products purchased	\$ 2	\$ 54	\$ 7	\$ 59
Crude oil, gas and oil products sales	3	71	33	101

As of September 30, 2009 the Company has US\$ 11 million in payables to Gazprom and US\$ 7 million in receivables from Gazprom. As of December 31, 2008 the Company had US\$ 9 million in payables to Gazprom and US\$ 11 million in receivables from Gazprom.

Tomskneft Group (Tomskneft)

For the three and nine months ended September 30, 2009 the Company conducted numerous transactions with Tomskneft and its subsidiaries for the purchase of crude oil and associated gas. The information on transactions with Tomskneft for the three and nine months ended September 30, 2009 and 2008 is presented below:

	Three months ended September 30, 2009	Three months ended September 30, 2008	Nine months ended September 30, 2009	Nine months ended September 30, 2008
Crude and gas purchased	\$ 309	\$ 448	\$ 700	\$ 1,122

As of September 30, 2009 the Company has US\$ 23 million in payables to Tomskneft and US\$ 15 million in receivables from Tomskneft. As of December 31, 2008 the Company had US\$ 10 million in payables to Tomskneft and US\$ 7 million in receivables from Tomskneft.

Salym Petroleum Development (SPD)

For the period from June 23, 2009 (Sibir Energy's acquisition date) to September 30, 2009 the Company purchased crude from SPD amounting to US\$ 251 million. As of September 30, 2009 the Company has US\$ 5 million in receivables from SPD.

16. Segment Information

Presented below is information about the Company's operating segments for the three and nine months ended September 30, 2009 and 2008. The Company determined its operating segments based on differences in the nature of their operations considering the regular review by the chief operating decision maker to make decisions about resources to be allocated and to assess performance of the Company.

The exploration and production segment explores, develops and produces crude oil and natural gas and sells its production to the refining, marketing and distribution segment. The refining, marketing and distribution segment processes crude oil into refined products and purchases, sells and transports crude oil and refined petroleum products.

JSC Gazprom Neft**Notes to Interim Condensed Consolidated Financial Statements - Unaudited**

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EBITDA represents earnings before interest, income tax, depreciation and amortization. EBITDA (Earnings Before Interest, Income Tax, Depreciation and Amortization) is a supplemental non-GAAP financial measure used by management to evaluate operations. Management believes that EBITDA represents useful means of assessing the performance of the Company's ongoing operating activities, as it reflects the Company's earnings trends without showing the impact of certain charges. Adjusted EBITDA represents the Company's EBITDA and its share in equity affiliates' EBITDA

Operating Segments for the three months ended September 30, 2009:

	<u>Exploration and Production</u>	<u>Refining, Marketing and Distribution</u>	<u>Elimination</u>	<u>Consolidated</u>
Revenues				
Revenues from external customers	\$ 30	\$ 7,057	-	\$ 7,087
Inter-segment revenues	1,576	2	(1,578)	-
Total	<u>1,606</u>	<u>7,059</u>	<u>(1,578)</u>	<u>7,087</u>
Adjusted EBITDA	946	877	-	1,823
Capital expenditures	429	159	-	588
Income tax expense	41	223	-	264

Operating Segments for the three months ended September 30, 2008:

	<u>Exploration and Production</u>	<u>Refining, Marketing and Distribution</u>	<u>Elimination</u>	<u>Consolidated</u>
Revenues				
Revenues from external customers	\$ 30	\$ 10,277	-	\$ 10,307
Inter-segment revenues	2,019	15	(2,034)	-
Total	<u>2,049</u>	<u>10,292</u>	<u>(2,034)</u>	<u>10,307</u>
Adjusted EBITDA	836	1,916	-	2,752
Capital expenditures	792	110	-	902
Income tax expense	163	326	-	489

Operating Segments as of and for the nine months ended September 30, 2009 (in US\$ millions):

	<u>Exploration and Production</u>	<u>Refining, Marketing and Distribution</u>	<u>Elimination</u>	<u>Consolidated</u>
Revenues				
Revenues from external customers	\$ 76	\$ 16,520	-	\$ 16,596
Inter-segment revenues	4,479	32	(4,511)	-
Total	<u>4,555</u>	<u>16,552</u>	<u>(4,511)</u>	<u>16,596</u>
Adjusted EBITDA	2,494	1,787	-	4,281
Capital expenditures	1,326	457	-	1,783
Income tax expense	57	535	-	592
Segment assets as of September 30, 2009	19,761	21,835	(12,113)	29,483

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Operating Segments for the nine months ended September 30, 2008 (in US\$ millions):

	<u>Exploration and Production</u>	<u>Refining, Marketing and Distribution</u>	<u>Elimination</u>	<u>Consolidated</u>
Revenues				
Revenues from external customers	\$ 103	\$ 28,614	-	\$ 28,717
Inter-segment revenues	7,585	79	(7,664)	-
Total	7,688	28,693	(7,664)	28,717
Adjusted EBITDA	3,490	4,675		8,165
Capital expenditures	2,252	237		2,489
Income tax expense	330	1,222		1,552
Segment assets as of December 31, 2008	11,780	18,608	(8,387)	22,001

EBITDA for the three and nine months ended September 30, 2009 and 2008 is reconciled below:

	<u>Three months ended September 30, 2009</u>	<u>Three months ended September 30, 2008</u>	<u>Nine months ended September 30, 2009</u>	<u>Nine months ended September 30, 2008</u>
Net income attributable to Gazprom Neft	\$ 846	\$ 1,593	\$ 2,375	\$ 5,201
Add back:				
Noncontrolling interest	16	19	38	48
Income tax expense	266	489	592	1,551
Depreciation, depletion and amortization	407	371	1,114	943
Interest income	(49)	(38)	(115)	(61)
Interest expense	123	44	266	122
Other income (expenses), net	47	(24)	104	(175)
Foreign exchange (loss) gain, net	(72)	189	(80)	132
Share in income of equity affiliates	(116)	(244)	(216)	(563)
Gain from acquisition of Sibir Energy	-	-	(470)	-
EBITDA	1,468	2,399	3,608	7,198
The Company's share in EBITDA of equity affiliates	355	353	672	966
Adjusted EBITDA	<u>\$ 1,823</u>	<u>\$ 2,752</u>	<u>\$ 4,280</u>	<u>\$ 8,164</u>

For the three months ended September 30, 2009 and 2008 the Company had one customer which accounted for approximately 14.9% and 19.5% of the Company's sales, respectively. For the nine months ended September 30, 2009 and 2008 the Company had one customer which accounted for approximately 17.8% and 20.5% of the Company's sales, respectively. Management does not believe the Company is reliant on any particular customer.

The geographical segmentation of the Company's revenue is presented below:

	Three months ended September 30, 2009	Three months ended September 30, 2008	Nine months ended September 30, 2009	Nine months ended September 30, 2008
Export	\$ 3,997	\$ 5,833	\$ 9,838	\$ 17,221
Domestic	2,464	3,746	5,411	9,448
CIS	626	728	1,347	2,048
Total revenues from external customers	<u>\$ 7,087</u>	<u>\$ 10,307</u>	<u>\$ 16,596</u>	<u>\$ 28,717</u>

17. Subsequent Events

On October 15, 2009 the Company closed a transaction on an intermediate unsecured club loan facility totaling US\$ 500 million outstanding from The Bank of Tokyo-Mitsubishi UFJ, Ltd acts as a Facility Agent, BTMU (Europe), ZAO Raiffeisenbank, OJSC Nordea Bank, ZAO UniCredit Bank and Societe Generale as Mandated Lead Arrangers and Lenders. The loan bears floating interest rates based on LIBOR plus margin of 5%.The loan matures in October 2012