

# Annual Financial Statements (HGB)

2008



## 10 Year Overview

	2008	2007	2006	2005
Shareholders' equity (million EUR)	2,196.2	1,932.9	1,192.2	829.9
Provisions (million EUR)	68.0	3.9	15.7	19.0
Liabilities (million EUR)	1,693.5	1,592.4	1,625.2	120.2
Fixed assets (million EUR)	3,157.4	3,144.7	2,460.9	636.9
Financial assets (million EUR)	3,156.8	3,143.9	2,460.3	636.1
Current assets (million EUR)	800.1	384.5	371.5	332.1
Total assets (million EUR)	3,957.6	3,529.3	2,833.1	969.1
Profit for the year (million EUR)	263.2	175.7	192.3	132.6
Natural gas sales by associated companies (TWh)	417	368	351	330
Natural gas sales by the subsidiary ZMB (TWh)	190.9	164.6	161.6	151.6

2004	2003	2002	2001	2000	1999
722.3	611.8	494.9	369.2	271.3	214.5
16.3	16.0	22.5	4.0	2.1	1.5
160.2	262.0	394.7	464.1	523.8	563.8
617.2	626.9	616.6	624.2	664.5	664.3
616.1	626.0	615.2	622.7	663.2	663.1
281.5	262.7	295.6	212.5	131.8	115.6
898.8	889.8	912.2	837.5	797.2	779.9
130.4	126.9	125.7	97.9	56.8	51.6
307	289	239	214	221	199
191.2	98.4	29.9	11.6	8.3	6.2



*Energy Unites Markets*

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# Management Report 2008

## of GAZPROM Germania GmbH

In its over 17-year history, GAZPROM Germania GmbH (GPG), through its subsidiaries and joint ventures, has developed into a recognised gas trading and services group. As the shareholder of a host of trading and service-providing companies in several countries, GPG represents the interests of the Group's parent company, GAZPROM Open Joint Stock Company (OJSC), through its subsidiary Gazprom export Limited Liability Company (LLC). It contributes to GAZPROM OJSC's strategy of consolidating its role as a leading globally operating energy company.

GAZPROM and the BASF subsidiary Wintershall have been active in natural gas trading and sales in Germany and other European countries through its joint ventures WINGAS GmbH & Co. KG, Kassel (WINGAS), Wintershall Erdgas Handelshaus GmbH & Co. KG, Berlin (WIEH), and Wintershall Erdgas Handelshaus Zug AG (WIEE) which have been jointly managed with Wintershall Holding AG since 1990 and have invested approximately EUR 3 billion in the construction and extension of a pipeline infrastructure and the construction of natural gas storage facilities ever since. Moreover, an agreement on the premature extension until 2043 of the existing main delivery contracts for Russian natural gas was signed recently. Thus the natural gas companies WINGAS, WIEH and WIEE will be able to guarantee Europe's supply security for the 35 years to come with over 800 Gm<sup>3</sup> of natural gas.

The result achieved by GPG in the 2008 fiscal year in the amount of EUR 263.2 million substantially exceeded the previous year's result (EUR 175.7 million). Both the result from investments which increased from EUR 272.2 million to EUR 424.5 million and the interest expense in the amount of EUR 84.8 million (previous year EUR 91.3 million), which were basically attributable to the loan obtained from GAZPROM OJSC had an essential impact on this result. The 2008 EBIT at EUR 387.9 million substantially exceeded the previous year's figure (EUR 243.4 million).

The natural gas companies incorporated in the GAZPROM Germania Group, particularly its wholly-owned subsidiary ZMB GmbH (ZMB) and the latter's subsidiaries ZMB (Schweiz) AG and Gazprom Marketing & Trading Ltd (GM&T), succeeded in significantly extending their positions in their respective markets during the reporting period.

Through its subsidiaries and joint ventures, GPG invests in infrastructure projects and is preparing to acquire further shareholdings in operators of natural gas transmission pipelines, natural gas storage facilities and power plants. The GAZPROM Germania Group is also opening up new market segments such as trading with electrical power and CO<sub>2</sub> certificates, and is penetrating new geographical markets; for example, in the Czech Republic, France and Italy.

The very dynamic price development of the NOVATEK Open Joint Stock Company's (OJSC) share (GDR) peaked in the middle of the reporting period at approx. USD 95. As a result of both the financial market crisis and the fall in commodity prices, which have also adversely affected the Russian stock exchanges, the quotation of the NOVATEK share could not evade the general downward trend and fell below the purchase price. The share price on 31 December 2008 amounted to USD 19.15. Both the share price development in the past few years up to the moment when the annual financial statements were being prepared and the Company's key financials give rise to expectations that the share price is likely to recover.

### General Basic Economic Conditions

The current world economic situation is characterized by a significant recession. As a result of the worldwide financial market crisis which emerged in the second half of 2008 and the economic distortions caused by this crisis, the most important economic areas have slid into recession. The growth rates of the newly industrializing countries which have been developing dynamically so far are also significantly slowing down.

The continuous economic downturn in the Federal Republic of Germany accelerated further in the 4<sup>th</sup> quarter of 2008. As a result of this adverse development, the price-adjusted German gross domestic product in the past calendar year increased by only 1.3%.

The manufacturing sector, which is highly dependent on exports, recorded a significant decline as a lack of orders caused a loss of production and reductions in investment projects.

While commodity prices peaked in July of the previous year, the dramatically decreased energy prices currently considerably contribute to slowing down price acceleration. Nearing almost USD 150/barrel in July 2008, the current crude oil price at approx. USD 40/barrel is almost equivalent to the level of 2004.

The sharp oil price variations and currency fluctuations which emerged as a result of the crisis have created a challenging market situation. The worldwide recession is continuing to put pressure on the dramatically decreased commodity prices, thus reducing the expected revenue and result of the subsidiaries and joint ventures incorporated in the GAZPROM Germania Group.

Notwithstanding the current situation, we are, however, confident that the economic situation in Europe will stabilize in the medium and long run and that the commodity prices will recover sustainably.

While Europe's own gas production will further decline owing to both resource depletion in existing deposits and lack of essential new discoveries, natural gas imports, particularly from Russia and Central Asia, will continue to rise.

In 2008, natural gas consumption in Germany was at a stable level of 97 Gm<sup>3</sup>. The share of natural gas in total primary energy consumption remained unchanged at just under 25%.

Gas produced in Germany only covers approx. 15% of the German natural gas demand. The bulk of natural gas is imported, primarily from Russia (39%), Norway (29%) and the Netherlands (17%).

The extension of the European gas storage infrastructure to a working gas capacity of 81 Gm<sup>3</sup> in 2008 is a contribution to strengthening energy supply security. Thus, quick access to these capacities enables balancing seasonal variations. Germany alone has a storage capacity of 20 Gm<sup>3</sup> to ensure that the country's natural gas demand can be satisfied also in cold seasons.

In addition to pipeline gas, liquefied natural gas (LNG) is gaining growing importance. Both transportation flexibility and access to capacities on a global market boost sales continuously. A host of large LNG liquefaction and regasification projects will be put into operation in the next few years.

According to forecasts, the use of natural gas in the European electricity generation sector is increasingly gaining in importance. Particularly the South-eastern European countries will satisfy their growing electricity demand from gas-fired power stations. The political directions set after the 2009 Bundestag elections will have an impact on the future role of natural gas in German electricity generation. In any case, moderate growth in natural gas consumption is expected in the power plant sector.

Thanks to the connection of the largest known gas reserves in the world – located in Russia – to the European pipeline system and its extension through the planned Nord Stream and South Stream transmission pipelines, European customers can be reliably supplied with an additional annual amount of up to 85 Gm<sup>3</sup> of natural gas in future. Russia will therefore remain the most important natural gas supplier for Europe in future.

### Financial Situation of Natural Gas Companies

The result from investments in the WINGAS, WIEH and WIEE joint ventures have significantly contributed to the 2008 annual result of GPG. GPG respectively holds 50% of the shares in the two companies named last. During the reporting period, the legal form of WINGAS changed from limited liability company (GmbH) into limited partnership with effect from 1 January 2008. GPG holds a 49.98% share in WINGAS.

Notwithstanding a reduction in WINGAS' EBIT, GPG's result from investments in WINGAS increased from EUR 106.5 million in the previous annual period to EUR 170.1 million. As a result of the change of legal form into a limited partnership, payment of income tax under corporate taxation is shifted to the limited partner's level.

The development of GPG's result from investments in WIEH and WIEE in the reporting period is as positive as in the previous years which manifests itself in an increased income from EUR 91.5 million to EUR 117.2 million.

Pursuant to the provisions of the profit and loss transfer agreement with GPG, the profit transfer of the wholly-owned subsidiary ZMB GmbH (ZMB) to GPG in the reporting period amounted to EUR 97.0 million (previous year EUR 41.8 million). By achieving revenue in the amount of EUR 2,555 million, ZMB succeeded in noticeably exceeding the previous year result (EUR 1,774 million). This corresponds to total gas sales in the amount of 18.5 Gm<sup>3</sup> or 190.9 TWh (previous year 16.0 Gm<sup>3</sup> or 164.6 TWh). Simultaneously, gross profit in the reporting period substantially increased to EUR 143.8 million compared to EUR 53.5 million in the previous year.

In 2008, ZMB (Schweiz) AG succeeded in decidedly exceeding the sales volumes and revenue of the 2007 reporting period. As in 2007, the company profited from increased natural gas purchases from Uzbekistan which partly originated from the GAZPROM Germania Group's own fields and could successfully be sold, thus enabling the company to achieve an extraordinarily good result.

In 2008, Gazprom Marketing & Trading Ltd (GM&T) and its subsidiaries scored a strong continuous growth in their entire business portfolio comprised of the gas trading sector (including supply to end customers and financial gas trading), as well as the LNG, power and CO<sub>2</sub> trading sectors. Particularly boosted by intensified activities in financial gas trading, the company's revenue increased from EUR 3,794 million to EUR 8,349 million. In October 2008, the LNG trading business was outsourced to the newly established company Gazprom Global LNG.

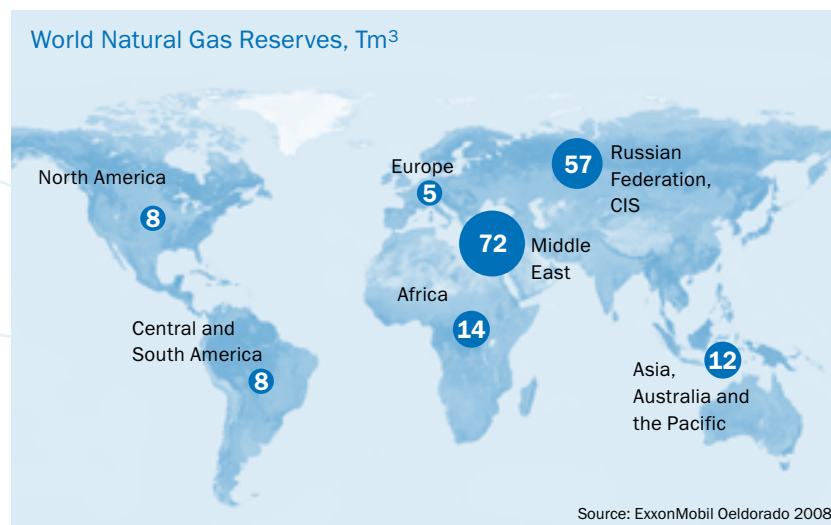
By supplying gas and other energy products under the GAZPROM brand to commercial end customers in the UK, GM&T succeeded in enhancing its presence on both the trading and industrial markets.

## Investments and Projects

In the fiscal year under review, both GPG and ZMB invested over EUR 140 million in consolidating their market position as gas trading companies to Western and Eastern European markets, as well as to markets in Central Asia.

In the reporting period, GPG's contribution to an increase in the capital reserves of WINGAS amounted to EUR 100.0 million. These funds serve to improve the company's equity situation in connection with the planned investments of WINGAS, particularly in the Nord Stream Onshore project.

Since October 2006, GPG has been holding a 19.39% indirect share in NOVATEK OJSC, the second biggest natural gas producer in Russia after GPG's parent company GAZPROM OJSC. This shareholding serves to extend the resource basis of the GAZPROM Group and to sustainably ensure natural gas supply security. In 2008, NOVATEK OJSC produced 30.9 Gm<sup>3</sup> of natural gas, thus exceeding the previous year's figure by 8.3%. Despite the company's positive development and optimistic expectations for a continuously good result, the price development of the NOVATEK share was adversely affected by the drastic distortions emerging in the international financial markets. The restructuring of the shareholding within the GAZPROM Group is planned for the current financial year.



In the reporting period, Gas Project Development Central Asia AG (G.P.D.) (ZMB GmbH shareholding 50%) increased its shareholding in the Uzbekistan-based Gissarneftgaz joint venture to 40%. After producing a total of 1.6 Gm<sup>3</sup> of natural gas already in the first year of its existence, the joint venture succeeded in increasing its natural gas production in 2008 to 5.1 Gm<sup>3</sup> through extensive field development. In addition to natural gas, the joint venture produced 85,000 tons of crude oil and 435,000 tons of condensate which were processed in Uzbek refineries and sold on the local market as fuel.

ZMB's investments in the storage sector are focussed on the drilling of three exploratory wells on the geological structure of Hinrichshagen with a view to testing the reservoir rock and submitting the whole structure to geophysical measurements. Proof as to whether the structure is suitable to serve as a UGS facility is expected for 2009.

Further investments in the storage sector were made in the storage projects of Haidach (Austria), Etzel (Germany) and Saltfleetby (UK). Further storage projects are being prepared.

The strategic shareholding projects consolidate the core business of GPG and its position as a holding company of the gas trading group in the markets of Western and Eastern Europe.

As a result of the current economic downturn, which adversely affects project efficiency and restricts refinancing possibilities in the financial market, and owing to deteriorating regulatory conditions, potential investment plans are currently under critical review.

### Social Commitment

As a German-based company with Russian roots and an European orientation, GAZPROM Germania GmbH has been actively supporting the intercultural dialogue between Russia and Germany for many years. Our company operates at the interface of these two countries and with its sponsorship activities in the fields of art and culture, sport, youth and education, health and social commitment, as well as medicine, commits itself to helping to ensure that "new energies" are created from our Russian-German relations.

The promotion of cultural projects has been the focus of our commitment for many years. It is a matter of special importance to us to present Russian artists and cultural workers in Germany and help them to become well known. We are thus contributing to the intercultural exchange between Russia and Germany and to strengthening mutual understanding.

The commitment of our company in the education sector is marked by a large number of measures. In this sector, we pay special attention to the promotion of children as well as school and university students. With our mutual projects we intend to encourage the dialogue between people and to arouse interest in the Russian language and culture.

Furthermore, GAZPROM Germania promotes activities in the fields of health and science, for instance cancer research projects. Since 2007, leading experts of the two countries have been working on the HAROW study concerning the treatment of the locally limited prostate carcinoma. In order to make this study a success, it is imperative to pool the research results achieved in Russia and Germany.

In the field of sport, we give priority to jersey sponsorship and our partnership with FC Schalke 04 football club. In this context we are active in both the game of football itself and in fan work. In summer 2007, GAZPROM Germania, in conjunction with the Gelsenkirchen-based traditional club, initiated a campaign on violence prevention in football "Gib Gas gegen Gewalt". Under this motto, we have organised charity matches at the SG Dynamo Dresden, the 1<sup>st</sup> FC Magdeburg and the Alemannia Aachen football clubs. We also promote projects on violence prevention in both professional and amateur football.

Furthermore, we have been sponsoring the Russian national ski jumping team which is coached by the former German ski jumper Wolfgang Steiert since 2007. Another emotional sports highlight in 2008 was Katarina Witt's farewell tour through Germany which took place thanks to GAZPROM Germania's main sponsorship.

## Net Assets, Financial Position and Result of Operations

The balance sheet total of GAZPROM Germania GmbH (GPG) amounted to EUR 3,957.6 million (previous year EUR 3,529.3 million) as of 31 December 2008. The increase is basically attributable to a rise in receivables from profit transfer and receivables due to ZMB GmbH (ZMB) from the existing cash pool.

The balance sheet equity of GPG increased from EUR 1,932.9 million to EUR 2,196.2 million. The equity ratio as at the balance sheet date amounts to 56% (previous year 55%).

Both the result for the year and the result of ordinary business transactions are, to a large extent, attributable to the result from investments in the amount of EUR 424.5 million which has again considerably increased (previous year 272.2 million) and interest expense – mainly in connection with the borrowing of loans from GAZPROM OJSC – in the amount of EUR 84.8 million (previous year EUR 91.3 million).

The considerable increase in the result from investments is mainly attributable to risen revenue from WINGAS (+ EUR 63.6 million; profit transfer in 2008 before corporate tax), from ZMB (+EUR 55.3 million) and WIEH (+EUR 25.7 million).

In 2008, GPG's dividends from investments in NOVATEK amounted to EUR 35.1 million (previous year EUR 27.4 million).

The decrease of the NOVATEK share price (GDR) described above to USD 19.15 per share at the balance sheet date resulted in a stock market price of the shares by 31 December 2008 of EUR 810.2 million. After recovering to a price of USD 30.18, the share was listed at approx. USD 22 at the time of preparation of this report.

In deviation from the figures included in the Consolidated Financial Statements according to IFRS, the current balance sheet prepared pursuant to the provisions of the German Commercial Code (HGB) continues to show a book value of the shares in ZGG Cayman Ltd, which has an indirect shareholding in NOVATEK, in the amount of EUR 1,798.2 million which is

equivalent to a purchase price of USD 39.70 per share. Owing to the company's positive development during the past few years (increased sales volumes, prices above average and thus a continuous rise in revenue and annual surplus) and the forward-looking statements (particularly in view of expected further price increases on the Russian domestic market and positive basic financial data) we are confident that the decline in value of this investment will not be long-lasting.

We have reached an agreement with GAZPROM OJSC to sell the shares to a company incorporated in the GAZPROM Group at a price which covers the initial costs of GAZPROM Germania considering any expenses and revenue in connection with our activities in the transaction.

In May 2008, ZMB and GPG as credit borrowers reached an agreement with the bank consortium granting the operating credit line to the amount of EUR 500 million to prolong the first term of tranche "A" in the amount of EUR 300 million to May 2009. The term of tranche "B" in the amount of EUR 200 million will end in May 2010. An amount of approx. EUR 298 million had been utilized under the credit line granted by 31 December 2008.

Currently, the bank consortium consists of Commerzbank AG, Dresdner Bank AG, West LB AG, LBBW, IKB Deutsche Industriebank AG and KfW-IPEX Bank GmbH respectively.

As in the past, a bank consortium consisting of Commerzbank AG and Dresdner Bank AG are granting two appropriated credits to the amount of EUR 100 million to finance the Saltfleetby and Etzel natural gas storage projects. The term of these credits will end in October 2012. They had been utilized at approx. EUR 33 million by 31 December 2008.

In connection with the restructuring of the investments in NOVATEK OJSC within the GAZPROM Group planned for 2009, interest payment and redemption of the loan granted by GAZPROM OJSC which, at the balance sheet date, has a value of EUR 1,516.1 million was suspended by agreement of December 2007 until the termination of the credit agreement in 2013.

No further transactions of major importance were effected after the balance sheet date.

### Risk Management Report

The Risk Management function of the GAZPROM Germania Group ensures early identification, assessment, management and monitoring of the risks existing within the Group.

**Market price risk** within the context of GPG results, on the one hand, from changing exchange rates – basically limited to the loans granted by GAZPROM OJSC in USD. This risk is analysed on a continuous basis by GPG's Risk Management and, as required, minimized by means of appropriate measures.

On the other hand, market price risk arises from the change in fair values of shareholdings which are based on public listings in the case of the shareholding in NOVATEK OJSC.

Since the fixed interest period is, as a rule, determined on the basis of short-term reference interest rates, granted and received loans are exposed to an interest rate risk. This risk is monitored using Value-at-Risk analyses. The loan granted by GAZPROM OJSC is not exposed to any cash flow risk arising from an increase in market interest rates owing to the long-term fixed interest period.

Additionally, there is a Risk Oversight Committee (ROC) at Gazprom Marketing & Trading Ltd (GM&T) which meets monthly under the chair of one of the Managing Directors of ZMB GmbH (ZMB). GM&T sells natural gas at organised trading hubs and enters into unsecured positions within the scope of a defined limit system. It is the duty of the ROC to continuously monitor the risks resulting from these sales on the basis of a regular reporting system. Exposures are added daily to an overall risk position and monitored using a Value-at-Risk approach.

Risks at ZMB arise from exchange rate fluctuations, from purchase and sales obligations denominated in different foreign currencies, and from debt financing in currencies other than the Group's currency. Foreign exchange risk is primarily managed on the basis of cash inflows and outflows denominated in the respective foreign currencies at the respective points in time. Remaining risks are borne by using appropriate hedging transactions as far as possible.

As a rule, unsecured gas trading positions are not held. On conclusion of purchase and sales contracts, market price risk is minimized by coordinating prices.

**Liquidity risk** arises from potential fluctuations in the future cash inflows and outflows. This risk can be countered by synchronising cash flows including foreign currency alignment. The Group has access to an uncommitted loan facility which had only been partly utilized as of the balance sheet day.

Fulfilment of obligations arising in future from the loans made available by GAZPROM OJSC, is guaranteed in close coordination with GAZPROM OJSC within the scope of the aforementioned re-organisation planned for 2009.

**Default risk** arises from sales activities of the GAZPROM Germania Group. Since GPG is not actively participating in sales activities, the company is exposed to this risk only to a limited extent. In order to assess and limit this risk, credit rating procedures are applied and changes in credit rating are monitored on a continuous basis. Unless corporate strategic risks are concerned, decisions on loan extension are made taking into account the probability of default of counterparties and the extent of damage associated with it. As far as possible, framework agreements containing branch-specific hedging and netting provisions are applied to manage these risks.

Financial transactions, as well as natural gas trading activities of GM&T, are restricted to business relations with contractual parties with a good credit standing. The credit risk is reduced by allocating limits depending on credit standing. Observance of the limits is monitored daily.

## Human Resources

The prerequisite for the financial success of the GAZPROM Germania Group generated in the 2008 financial year was the commitment of our highly qualified employees.

In the previous year, we significantly increased the number of employees working in the technical departments and in the field of business administration at the Berlin location in order to meet ever stronger challenges imposed by new projects. 170 employees are currently employed at GPG and ZMB together (previous year 120).

Further training and qualification upgrading programmes prepare our employees for the next stages of our company's development which will enable them to contribute to the achievement of our current and future corporate goals.

At the beginning of 2008, GAZPROM Germania (GPG) joined the European School of Management and Technology (ESMT) as one of the benefactors. This cooperation allows us to offer our experts and executives numerous opportunities to attend international courses for advanced professional training.

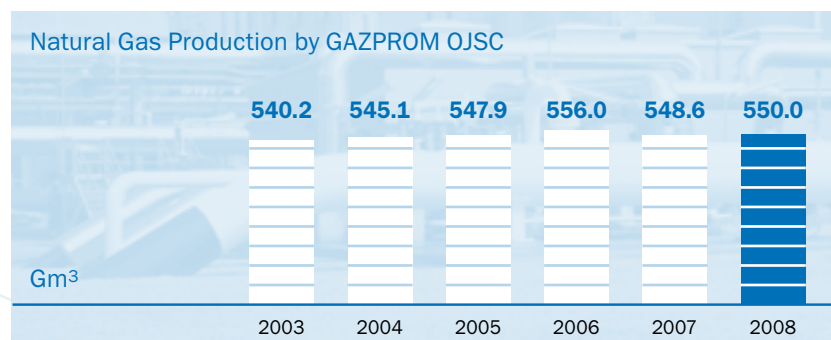
Our long-standing cooperation with the Technical University Bergakademie Freiberg, the Humboldt-University in Berlin, and since last year also with the Faculty of Economics of Leipzig University, within the scope of the first German-Russian Master's Degree course in Business Administration for the energy industry, is aimed at establishing ties between future top executives and our company already during their studies.

## Future Risks and Opportunities

Ever since its establishment, GAZPROM Germania GmbH has been on a dynamic path of growth and together with its subsidiaries and joint ventures is now successfully active in more than 20 countries in an increasingly liberalised market environment in the areas of gas sales, exploration, transportation as well as storage. This success is based on a trustworthy and long-standing cooperation with our business partners and the employees of our Group companies.

GPG is duty-bound to the strategic goals of GAZPROM OJSC as the world's largest natural gas company and in future the world-leading energy group and supports this development by consistently expanding its business portfolio.

Natural gas imports from Russia and Central Asia are increasingly gaining in significance. For this purpose, GPG is building the necessary energy infrastructure by investing in the development of new deposits, the extension of gas transmission pipelines, natural gas storage facilities and gas-fired power stations, with the strong support of its partners.



As a globally operating energy company with a large number of investment-intensive infrastructure projects being planned, implemented and in operation, it is with concern that we observe the increasing regulatory impositions by the European Union and its reservations towards investors from non-EU countries.

We firmly believe that both the construction of new and extension of existing infrastructures demonstrate our commitment to our German and European partners and take into account their desire for increasing integration and a constant, reliable energy supply.

Our company intends to embark on vertical integration by developing all stages of the gas market value chain, to enter the energy generation market, to promote further internationalization in the European and Central Asian business regions, and to continue to diversify its product portfolio by offering supplementary energy sources. In its capacity as asset manager and sales agent of its parent company Gazprom export LLC in Europa and Central Asia, GAZPROM Germania GmbH creates a solid foundation for the company's sustainable business development.

The sharp oil price variations and currency fluctuations which emerged as a result of the current financial crisis have created a challenging market situation in the second half of 2008. The emerging global economic downturn puts commodity prices under pressure day to day and lowers sales and profit expectations of subsidiaries and joint ventures for 2009. The unstable economic environment has imposed stricter requirements on new investment projects.

Notwithstanding the current situation, GAZPROM Germania GmbH is confident that the economic situation will stabilize in the medium and long run and that commodity prices will recover.

Berlin, 18 February 2009

The Management

# Balance Sheet as of 31 December 2008

Assets	31/12/08 EUR	Previous year kEUR
<b>Non-current assets</b>		
<b>I. Intangible assets</b>		
Concessions, industrial property and similar rights and assets and licenses in such rights and assets	61,418	92
	61,418	92
<b>II. Property, plant and equipment</b>		
Land and buildings	252,760	386
Fixtures, fittings and equipment	291,204	345
	543,964	731
<b>III. Financial assets</b>		
Shares in affiliated companies	1,924,410,796	1,924,411
Investments	949,535,864	849,448
Loans to undertakings in which the company has a participating interest	282,834,127	369,999
	3,156,780,787	3,143,858
	<b>3,157,386,169</b>	<b>3,144,681</b>
<b>Current assets</b>		
<b>I. Receivables and other assets</b>		
Amounts receivable from affiliated companies	507,842,401	42,180
Amounts receivable from undertakings in which the company has a participating interest	291,878,674	204,302
Other assets	167,381	17,511
	799,888,456	263,993
<b>II. Cash at bank and in hand</b>	203,590	120,515
	<b>800,092,046</b>	<b>384,508</b>
<b>Deferred expenses</b>	133,544	65
<b>Balance sheet total</b>	<b>3,957,611,760</b>	<b>3,529,254</b>

Equity and Liabilities	31/12/08 EUR	Previous year kEUR
<b>Equity</b>		
I. Subscribed capital	225,595,000	225,595
II. Reserves	799,872,368	799,872
III. Retained earnings	907,449,336	731,734
IV. Profit for the year	263,238,857	175,715
	<b>2,196,155,561</b>	<b>1,932,916</b>
<b>Provisions and accrued liabilities</b>		
Provisions for pensions and similar obligations	654,657	1,080
Accrued tax liabilities	65,760,182	1,534
Other provisions and accrued liabilities	1,551,585	1,296
	<b>67,966,424</b>	<b>3,910</b>
<b>Liabilities</b>		
Trade payables	205,443	214
Amounts payable to affiliated companies	1,633,688,729	1,538,698
Amounts payable to undertakings in which the company has a participating interest	56,568,000	52,662
Other liabilities	3,027,603	854
	<b>1,693,489,775</b>	<b>1,592,428</b>
<b>Balance sheet total</b>	<b>3,957,611,760</b>	<b>3,529,254</b>

# Movement of Fixed Assets

	Historical cost			
	As of 01/01/08 EUR	Additions EUR	Disposals EUR	As of 31/12/08 EUR
I. Intangible assets				
Concessions, industrial property and similar rights and assets and licenses in such rights and assets	443,656	5,750	0	449,406
II. Property, plant and equipment				
Land and buildings	661,485	0	368,770	292,715
Fixtures, fittings and equipment	895,238	24,677	0	919,915
	1,556,723	24,677	368,770	1,212,630
III. Financial assets				
Shares in affiliated companies	1,924,410,796	0	0	1,924,410,796
Investments	849,447,914	100,087,950	0	949,535,864
Loans to undertakings in which the company has a participating interest	369,999,247	0	87,165,120	282,834,127
	3,143,857,957	100,087,950	87,165,120	3,156,780,787
	<b>3,145,858,336</b>	<b>100,118,377</b>	<b>87,533,890</b>	<b>3,158,442,822</b>

Accumulated depreciations				Net book values	
As of 01/01/08 EUR	Additions EUR	Disposals EUR	As of 31/12/08 EUR	As of 31/12/08 EUR	As of 31/12/07 EUR
351,110	36,877	0	387,987	61,418	92,545
275,641	7,408	243,094	39,955	252,760	385,845
550,329	78,381	0	628,711	291,204	344,908
825,970	85,790	243,094	668,666	543,964	730,753
0	0	0	0	1,924,410,796	1,924,410,796
0	0	0	0	949,535,864	849,447,914
0	0	0	0	282,834,127	369,999,247
0	0	0	0	3,156,780,787	3,143,857,957
1,177,080	122,667	243,094	1,056,653	3,157,386,169	3,144,681,255



# Income Statement for the Period from 1 January to 31 December 2008

	2008 EUR	Previous year kEUR
Other operating income	9,533,900	8,511
Staff costs		
a) Wages and salaries	3,607,705	2,989
b) Social security, pension and other benefits	470,806	322
	4,078,510	3,311
Amortisation of intangibles and depreciation of property, plant and equipment	122,667	164
Other operating expenses	42,026,561	33,865
Income from profit and loss transfer agreements	384,367,271	239,793
Income from investments	40,174,540	32,450
Income from loans granted	19,168,995	19,549
Other interest and similar income	11,934,403	7,505
Interest and similar expenses	84,824,706	91,299
<b>Profit on ordinary activities</b>	<b>334,126,665</b>	<b>179,169</b>
Income tax expense	70,896,916	3,453
Other tax repayments (previous year: paid)	-9,108	1
<b>Profit for the year</b>	<b>263,238,857</b>	<b>175,715</b>



# Notes to the Annual Financial Statements as of 31 December 2008

## 1. General Information

Size-related relief for the disclosures of small corporations pursuant to Section 288 HGB (German Commercial Code) has been applied consistently in preparing these notes.

## 2. Accounting Policies

There have been no changes to the accounting policies applied in the previous year.

Intangible and tangible assets are valued at cost less straight-line amortisation or depreciation.

Impaired assets are written down.

Depreciation and amortisation rates depend on the useful lives of assets. While the amortisation period for intangible assets is 3 to 5 years, the depreciation period for buildings is 50 years and for fixtures, fittings and equipment 3 to 15 years.

A collective item with a useful life of 5 years is established for movable property whose acquisition and production costs total between EUR 150 and EUR 1,000. Low-value assets are fully depreciated in the year of acquisition and are recorded as disposals within the movement in fixed assets.

Financial assets are measured at cost. Impaired assets are written down.

Receivables, other assets, as well as cash assets, are measured at initial cost.

Pension provisions are recognised in full according to IAS 19. The calculation is based on the following assumptions:

	2008 %	2007 %
Discount rate	6.00	5.25
Expected rate of increase in salaries	5.00	5.00
Expected rate of increase in pensions	1.00	1.00

The calculations are based on actuarial tables (Richttafeln 2005 G) by Prof. Dr. Klaus Heubeck.

Accrued tax liabilities and other provisions and accrued liabilities are recognised according to their prospective utilisation.

Liabilities are measured at cost.

## 3. Foreign currency conversion principles

Annual financial statements contain foreign currency transactions.

Assets denominated in a foreign currency are valued at the rate prevailing at the date of acquisition or at the higher rate at the balance sheet date.

Cash on hand and demand deposits are valued at the rate prevailing at the balance sheet date.

Liabilities denominated in a foreign currency are valued at the rate prevailing at the date of acquisition or at the lower rate at the balance sheet date.

## 4. Notes to the Balance Sheet

Movements in fixed assets are presented separately.

The shareholding structure is presented separately pursuant to Section 287 HGB.

GAZPROM Germania indirectly holds NOVATEK (Open Joint Stock Company) shares (GDR) via ZGG Cayman Ltd. The acquisition cost of NOVATEK shares determines the acquisition cost and the carrying amount of the 100% interest in ZGG Cayman Ltd. As of 31 December 2008, the NOVATEK share price totalled kEUR 810,246. As in the previous reporting period, shares in ZGG Cayman Ltd are measured at cost (kEUR 1,798,197). In view of the positive development of the company's activities during the past few years (increased sales volumes, a price rise above average accompanied by a continuous rise in revenue and net profit for the year) and good prospects of success (in particular with regard to expected further price increases in the Russian domestic market and positive key financial figures) we do not

expect any long-lasting impairment. We have reached an agreement with GAZPROM to sell the shares to a company incorporated in the GAZPROM Group at a price which covers the acquisition costs incurred by GAZPROM Germania taking into consideration any income and expenses in connection with the transaction.

As in the previous year, receivables and other assets have residual maturity of up to one year.

Amounts receivable from affiliated companies refer to other assets.

Investments in the amount of kEUR 131 (previous year: kEUR 7,700) to be disposed within the GAZPROM Group in the short term are recognised within other assets.

Amounts payable to affiliated companies refer to credit liabilities including accrued interest (kEUR 1,628,693), deliveries and services (kEUR 823), as well as other liabilities (kEUR 4,173).

Other liabilities include tax liabilities in the amount of kEUR 2,827 (previous year: kEUR 93).

## 5. Contingent liabilities

GPG acts as a guarantor of third party payment obligations in the amount of kEUR 3,027 in connection with the Etzel gas storage project.

## 6. Notes to the Income Statement

Staff costs include pension expenses in the amount of kEUR 165 (previous year: kEUR 104).

Income from investments in the amount of kEUR 35,122 (previous year: kEUR 27,397) refers to affiliated companies.

Other interest and similar income refers to affiliated companies in the amount of kEUR 2,184 (previous year: kEUR 257).

Interest and similar expenses in the amount of kEUR 84,585 (previous year: kEUR 91,299) refer to affiliated companies.

Breakdown of Liabilities Amounts of previous year in brackets	Total kEUR	Up to 1 year kEUR	Over 5 years kEUR	Of which secured by assignment by way of security or by pledged assets kEUR
Trade payables	205 (214)	205 (214)	0 (0)	0 (0)
Amounts payable to affiliated companies	1,633,689 (1,538,698)	4,996 (1,340)	0 (1,537,358)	1,628,693 (0)
Amounts owed to undertakings in which the company has a participating interest	56,568 (52,662)	56,568 (52,662)	0 (0)	0 (0)
Other	3,028 (854)	3,028 (854)	0 (0)	0 (0)
	1,693,490 (1,592,428)	64,797 (55,070)	0 (1,537,358)	1,628,693 (0)

## 7. Other Information

The Managing Director during the reporting period:

- Hans-Joachim Gornig, M.Sc. (Eng.), Berlin.

A Supervisory Board was established on 12 December 2008.

Members of the Supervisory Board during the reporting period:

- Alexander Medvedev – Director General of Gazprom export (Limited Liability Company) and Deputy Chairman of GAZPROM's Management Committee
- Sergey Emelyanov – Managing Director of Gazprom export
- Alexander Efremov – Deputy Director General of Gazprom export
- Andrey Akimov – Chairman of the Management Committee of Gazprombank

Alexander Medvedev was appointed Chairman of the Supervisory Board in January 2009.

Gazprom export, Moscow, is the immediate parent company. GAZPROM, Moscow, is the parent company that prepares consolidated financial statements for the largest number of companies. Our company is included in the scope of consolidation. Copies of the consolidated financial statement are available at GAZPROM, Moscow.

Berlin, 18 February 2009

The Management

## Shareholding structure pursuant to Section 287 HGB (German Commercial Code)

Financial assets include the following investments with a share of not less than 20%:

Name/Registered office	Capital share %	Equity kEUR	Result for the year kEUR
ZMB GmbH, Berlin	100	246,011	0*
Barents Sea Oil GmbH, Berlin	100	112	3
ZGG Cayman Ltd, George Town	100	1,798,170	35,113**
Wintershall Erdgas Handelshaus GmbH & Co. KG, Berlin	50	52	0***
WIEH Verwaltungs-GmbH, Kassel	50	30	2
WINGAS GmbH & Co. KG	49.98	623,516	0***
WINGAS Verwaltung-GmbH, Kassel	49.98	263	7

\* Profit and loss transfer agreement

\*\* Pursuant to the provisions of HGB

\*\*\* Joint profit and loss transfer agreement with Wintershall Erdgas Beteiligungs GmbH, Kassel

# Independent Auditors' Report

We have audited the financial statements for the financial year from 1 January to 31 December 2008 which comprise the balance sheet, the income statement and the related notes – including accounting records – and the management report of GAZPROM Germania GmbH, Berlin. Management is responsible for preparing the financial statements and the management report pursuant to the German Commercial Code (HGB). Our responsibility is to report to you our opinion on the financial statements – including accounting records – and on the management report on the basis of our audit.

We conducted our audit pursuant to section 317 HGB in compliance with German Generally Accepted Auditing Standards adopted by Institut der Wirtschaftsprüfer. These standards require that we plan and perform the audit so as to obtain reasonable assurance about whether the financial statements prepared in accordance with German Generally Accepted Accounting Principles and the management report are free of any misstatements or irregularities materially affecting the presentation of the company's financial position, results of operations and cash flows. In order to select appropriate audit procedures, the auditor takes into account information on the company's business activities, its economic and legal environment, as well as an estimation of any potential misstatements. An audit includes an examination, mainly on a test basis, of the effectiveness of the accounting-related internal control system and of evidence relevant to the amounts and disclosures in the accounting records, in the financial statements and in the management report. An audit also includes an assessment of the accounting principles applied and of the significant estimates made by management. In forming our opinion, we also evaluated the overall presentation of the financial statements and of the management report. We believe that our audit provides a reasonable basis for our opinion.

No objections were raised on the basis of our audit.

In our opinion, the financial statements of GAZPROM Germania GmbH, Berlin, comply with applicable law and give a fair and true view, in conformity with Generally Accepted Accounting Principles, of the company's financial position, results of operations and cash flows. The information given in the management report is consistent with the financial statements and fairly represents the state of the company's affairs, as well as opportunities and risks with regard to its future development.

Berlin, 3 March 2009

Deloitte & Touche GmbH  
Wirtschaftsprüfungsgesellschaft  
(Auditing Company)

Scharpenberg	Papesch
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)



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