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Independent Auditors' Report

To the Board of directors of
OAO Vostokgazprom

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of OAO Vostokgazprom (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as of 31 December 2007, and the consolidated statement of income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2007, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG Limited

KPMG Limited
14 March 2008

OA O VOSTOKGAZPROM
IFRS Consolidated Balance Sheet as of 31 December 2007
(in millions of Russian Roubles)

	Notes	31 December 2007	31 December 2006
Assets			
Non-current assets			
Property, plant and equipment	10	11,053	12,000
Exploration and evaluation assets	11	83	90
Deferred income tax assets	25	77	70
Investments in associates and joint ventures	13	2,385	1,388
Other non-current assets	14	173	240
Total non-current assets		13,771	13,788
Current assets			
Cash and cash equivalents	15	716	1,354
Bank deposits	15	720	-
Prepayments and advances		185	90
Income tax receivable		23	215
Accounts receivable	16	844	2,158
Inventories	17	593	374
Non-current assets held for sale	12	98	74
Total current assets		3,179	4,265
Total assets		16,950	18,053
Equity and liabilities			
Equity			
Share capital	24	2,276	2,276
Additional paid in capital	24	9,187	9,187
Accumulated loss		(1,950)	(5,294)
Total equity		9,513	6,169
Liabilities			
Non-current liabilities			
Long-term promissory notes	18	2,490	5,886
Long-term borrowings	19	491	1,317
Deferred income tax liabilities	25	639	676
Provisions for liabilities and charges	20	428	313
Other long-term liabilities	23	16	13
Total non-current liabilities		4,064	8,205
Current liabilities			
Short-term borrowings and current portion of long-term borrowings	21	2,026	1,396
Current portion of long-term promissory notes	18	-	984
Accounts payable and accrued charges	22	214	738
Provisions for liabilities and charges		-	246
Income tax payable		575	22
Other taxes payable	23	558	293
Total current liabilities		3,373	3,679
Total liabilities		7,437	11,884
Total equity and liabilities		16,950	18,053


Vitaly A. Kutepov
President
14 March 2008


Elena V. Tonyavina
Chief Accountant
14 March 2008

The accompanying notes set out on pages 8 to 34 are an integral part of these financial statements.

ОАО VOSTOKGAZPROM
IFRS Consolidated Statement of Income for the year ended 31 December 2007

(in millions of Russian Roubles)

	Notes	Year ended 31 December 2007	Year ended 31 December 2006
Sales	26	6,600	9,081
Production costs	27	(1,203)	(1,767)
Depreciation of property, plant and equipment	10	(875)	(833)
Exploration expenses		(174)	(257)
Taxes other than on income	28	(795)	(817)
Selling and transportation costs	29	(974)	(1,196)
General and administrative expenses	30	(758)	(626)
Provision for impairment of accounts receivable		485	(208)
Gain/(loss) on disposal and impairment of property, plant and equipment, net	10	2,280	(79)
Other operating expenses		(65)	(82)
Operating profit		4,521	3,216
Net financial expense	31	(1,271)	(833)
Share of net income of associates and joint ventures	13	997	645
Profit before income tax		4,247	3,028
Current income tax		(947)	(668)
Deferred income tax		44	144
Income tax expense	25	(903)	(524)
Net profit		3,344	2,504


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14 March 2008


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ОАО VOSTOKGAZPROM
IFRS Consolidated Statement of Cash Flows for the year ended 31 December 2007

(in millions of Russian Roubles)

	Year ended 31 December 2007	Year ended 31 December 2006
Profit before income tax	4,247	3,028
Adjustments for:		
Depreciation of property, plant and equipment	875	833
Net financial expense	1,271	833
Provision for impairment of accounts receivable	(485)	208
Provision for tax claims	(225)	(153)
(Gain)/loss on disposals and impairment of property, plant and equipment	(2,280)	79
Share of net income of associates and joint ventures	(997)	(645)
Other	(4)	(5)
Net operating cash flow before changes in working capital	2,402	4,178
Net increase in inventories	(219)	(18)
Net decrease in accounts receivable and prepayments	1,112	532
Net increase/(decrease) in taxes payable other than income tax	252	(235)
Net increase/(decrease) in accounts payable and accrued charges	(473)	(1,404)
Income tax paid	(202)	(817)
Net cash provided by operating activities	2,872	2,236
Cash flows from investing activities		
Capital expenditures	(941)	(1,157)
Purchase of exploration and evaluation assets	-	(36)
Disposal of property, plant and equipment	3,322	17
Placement in bank deposits	(720)	-
Net cash provided by / (used in) investing activities	1,661	(1,176)
Cash flows from financing activities		
Proceeds from borrowings	2,660	2,180
Repayments of borrowings	(2,695)	(2,540)
Repayments of promissory notes	(4,909)	-
Interest paid	(227)	(286)
Net cash used in financing activities	(5,171)	(646)
Net (decrease)/increase in cash and cash equivalents	(638)	414
Cash and cash equivalents at beginning of period	1,354	940
Cash and cash equivalents at end of period	716	1,354


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 President
 14 March 2008


 Elena V. Tonyavina
 Chief Accountant
 14 March 2008

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ОАО ВОСТОКГАЗПРОМ

IFRS Consolidated Statement of Changes in Shareholders' Equity for the year ended 31 December 2007
(in millions of Russian Roubles)

	Share capital	Additional paid in capital	Accumulated loss	Total equity
Balance as of 1 January 2006	2,276	9,187	(7,798)	3,665
Net profit for the year	-	-	2,504	2,504
Balance as of 31 December 2006	2,276	9,187	(5,294)	6,169
Balance as of 1 January 2007	2,276	9,187	(5,294)	6,169
Net profit for the year	-	-	3,344	3,344
Balance as of 31 December 2007	2,276	9,187	(1,950)	9,513


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President
14 March 2008


Elena V. Tonyavina
Chief Accountant
14 March 2008

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