

ОАО ГАЗПРОМ

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

30 JUNE 2006

**Report on Review of Consolidated Interim Condensed
Financial Information**

To the Shareholders of OAO Gazprom

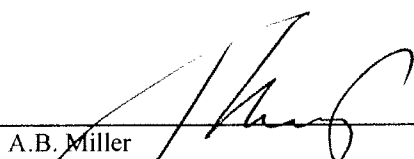
1. We have reviewed the accompanying consolidated interim condensed balance sheet of OAO Gazprom and its subsidiaries (the "Group") as of 30 June 2006, and the related consolidated interim condensed statements of income for the three and six months then ended and of cash flows and of changes in equity for the six months then ended. Management is responsible for the preparation and presentation of this consolidated interim condensed financial information as set out on pages 3 to 26 in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed financial information based on our review.
2. We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
3. Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim condensed financial information is not prepared, in all material aspects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".
4. Without qualifying our conclusion, we draw attention to Note 21 to the consolidated interim condensed financial information. The Government of the Russian Federation has a controlling interest in OAO Gazprom and Governmental economic and social policies affect the Group's financial position, results of operations and cash flows.

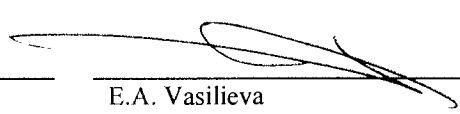
ZAO PricewaterhouseCoopers Audit

Moscow, Russian Federation
19 December 2006

OA O GAZPROM
IFRS CONSOLIDATED INTERIM CONDENSED BALANCE SHEET (UNAUDITED)
AS OF 30 JUNE 2006
(In millions of Russian Roubles)

Notes		30 June 2006	31 December 2005
	Assets		
	Current assets		
6	Cash and cash equivalents	166,717	146,866
6	Restricted cash	14,691	18,040
7	Short-term financial assets	86,774	79,001
8	Accounts receivable and prepayments	470,356	394,659
9	Inventories	175,038	169,121
	VAT recoverable	128,285	145,484
	Other current assets	<u>64,592</u>	<u>48,282</u>
		1,106,453	1,001,453
	Non-current assets		
10	Property, plant and equipment	2,830,484	2,791,011
11	Investments in associated undertakings and jointly controlled entities	241,771	233,782
12	Long-term accounts receivable and prepayments	216,246	179,187
13	Available-for-sale long-term financial assets	106,881	67,847
	Other non-current assets	<u>69,492</u>	<u>65,814</u>
		<u>3,464,874</u>	<u>3,337,641</u>
	Total assets	4,571,327	4,339,094
	Liabilities and equity		
	Current liabilities		
	Accounts payable and accrued charges	270,599	219,983
	Taxes payable	63,091	104,817
	Short-term borrowings and current portion of long-term borrowings	230,797	180,959
	Short-term promissory notes payable	<u>24,335</u>	<u>20,710</u>
		588,822	526,469
	Non-current liabilities		
14	Long-term borrowings	577,135	741,849
	Long-term promissory notes payable	11,602	10,639
	Provisions for liabilities and charges	85,772	83,794
15	Deferred tax liabilities	262,109	251,868
	Other non-current liabilities	<u>20,508</u>	<u>5,741</u>
		<u>957,126</u>	<u>1,093,891</u>
	Total liabilities	1,545,948	1,620,360
	Equity		
16	Share capital	325,194	325,194
16	Treasury shares	(33,805)	(19,504)
	Retained earnings and other reserves	<u>2,580,928</u>	<u>2,270,727</u>
		2,872,317	2,576,417
	Minority interest	<u>153,062</u>	<u>142,317</u>
	Total equity	<u>3,025,379</u>	<u>2,718,734</u>
	Total liabilities and equity	4,571,327	4,339,094



A.B. Miller
Chairman of the Management Committee
19 June 2006



E.A. Vasilieva
Chief Accountant
19 June 2006

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

OAO GAZPROM
IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED)
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2006
(In millions of Russian Roubles)

Notes		Three months ended 30 June		Six months ended 30 June	
		2006	2005	2006	2005
17	Sales	505,647	272,052	1,091,424	611,233
18	Operating expenses	<u>(331,158)</u>	<u>(181,764)</u>	<u>(686,425)</u>	<u>(402,178)</u>
	Operating profit	174,489	90,288	404,999	209,055
19	Finance income	25,276	10,819	61,845	25,788
19	Finance expenses	<u>(20,802)</u>	<u>(19,316)</u>	<u>(39,354)</u>	<u>(33,568)</u>
11	Share of net income of associated undertakings and jointly controlled entities	10,980	4,729	16,968	8,943
	Gains on disposal of available-for-sale financial assets	<u>1,929</u>	<u>612</u>	<u>3,144</u>	<u>1,427</u>
	Profit before profit tax	191,872	87,132	447,602	211,645
	Current profit tax expense	<u>(49,567)</u>	<u>(22,513)</u>	<u>(112,355)</u>	<u>(51,081)</u>
	Deferred profit tax expense	<u>(968)</u>	<u>(3,017)</u>	<u>(3,011)</u>	<u>(6,565)</u>
	Profit tax expense	<u>(50,535)</u>	<u>(25,530)</u>	<u>(115,366)</u>	<u>(57,646)</u>
	Profit for the period	141,337	61,602	332,236	153,999
	Attributable to:				
	Equity holders of OAO Gazprom	136,334	61,182	321,491	152,810
	Minority interest	<u>5,003</u>	<u>420</u>	<u>10,745</u>	<u>1,189</u>
		141,337	61,602	332,236	153,999
20	Basic and diluted earnings per share for profit attributable to the equity holders of OAO Gazprom (in Roubles)	5.98	3.02	14.10	7.57


A.B. Miller
Chairman of the Management Committee
19 июня 2006


E.A. Vasilieva
Chief Accountant
19 июня 2006

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ОАО ГАЗПРОМ
IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2006
(In millions of Russian Roubles)

Notes	Six months ended	
	2006	30 June 2005
Operating activities		
Profit before profit tax	447,602	211,645
Adjustments to profit before profit tax		
Depreciation	80,524	61,403
Net unrealised foreign exchange(gains)/losses	(28,063)	4,983
Interest expense on borrowings and promissory notes	22,715	13,242
Interest income	(16,612)	(9,456)
Gains on disposal of available-for-sale financial assets	(3,144)	(1,427)
Share of net income of associated undertakings and jointly controlled entities	(16,968)	(8,943)
Charge for impairment provisions	10,909	3,710
Other	(3,063)	1,637
Total effect of adjustments	46,298	65,149
(Increase)/decrease in long-term assets	(24,316)	1,357
Decrease in long-term liabilities	(730)	(44)
Non-cash additions and disposals of property, plant and equipment and other long-term financial assets	(30,437)	(28,361)
Total effect of working capital changes	(58,120)	(14,717)
Profit tax paid	(136,042)	(71,672)
Net cash provided by operating activities	244,255	163,357
Investing activities		
Capital expenditures	(152,020)	(109,744)
Interest received	15,916	9,205
Interest paid and capitalised	(7,877)	(8,797)
Change in long-term available-for-sale financial assets	(1,924)	1,122
Other	8,787	3,775
Net cash used for investing activities	(137,118)	(104,439)
Financing activities		
Proceeds from long-term borrowings (including current portion)	40,606	92,422
Repayment of long-term borrowings (including current portion)	(143,025)	(51,905)
Net proceeds from /(repayment of) short-term borrowings	14,285	(13,706)
Net proceeds from issue of promissory notes	5,221	1,286
Interest paid	(20,768)	(11,605)
Purchases of treasury shares	(142,791)	(41,281)
Sales of treasury shares	158,519	34,861
Change in restricted cash	3,349	(2,309)
Net cash (used for) provided by financing activities	(84,604)	7,763
Effect of exchange rate changes on cash and cash equivalents	(2,682)	(1,255)
Increase in cash and cash equivalents	19,851	65,426
6 Cash and cash equivalents, at the beginning of reporting period	146,866	106,157
6 Cash and cash equivalents, at the end of reporting period	166,717	171,583

A.B. Miller
Chairman of the Management Committee
19 июня 2006

E.A. Vasilieva
Chief Accountant
19 июня 2006

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

1 NATURE OF OPERATIONS

ОАО Газпром and its subsidiaries (the “Group”) operate one of the largest gas pipeline systems in the world and are responsible for substantially all gas production and high pressure gas transportation in the Russian Federation. The Group is also a major exporter of gas to European countries.

Subsequent to acquisition of a controlling interest in October 2005 in AO Siberian Oil Company (ОАО Сибнефт), renamed to ОАО Газпром Нефт effective from June 2006, the Group’s production of crude oil and processing of oil significantly increased. The Group is involved into the following principal activities:

- Exploration and production of gas;
- Transportation of gas;
- Domestic and export sale of gas;
- Production of crude oil and gas condensate;
- Processing of oil, gas condensate and other hydrocarbons, and sales of refined products.

Other activities primarily comprise banking, construction and media.

The gas business is subject to seasonal fluctuations with peak demand in the first and fourth quarters of each year. Typically approximately 52% of total annual gas volumes are shipped in the first and second calendar quarters.

2 ECONOMIC ENVIRONMENT IN THE RUSSIAN FEDERATION

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

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

3 BASIS OF PRESENTATION

The consolidated interim condensed financial information is prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”). This financial information should be read together with the consolidated financial statements for the year ended 31 December 2005 prepared in accordance with International Financial Reporting Standards (“IFRS”).

The official US dollar (“USD”) to Russian Rouble (“RR”) exchange rates as determined by the Central Bank of the Russian Federation were 27.08 and 28.78 as of 30 June 2006 and 31 December 2005, respectively. The official Euro to RR exchange rates as determined by the Central Bank of the Russian Federation were 33.98 and 34.19 as of 30 June 2006 and 31 December 2005, respectively.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

The principal accounting policies followed by the Group and the critical accounting estimates in applying accounting policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2005.

New accounting developments

In 2006 the Group has adopted all IFRS, amendments and interpretations which are effective 1 January 2006 and which are relevant to its operations, except for IFRS 6 “Exploration and Evaluation of Mineral Resources”, the amendment to IAS 21 “The Effects of Changes in Foreign Exchange Rates: Net Investment in a Foreign Operation”, the amendments to IAS 39 “Cash Flow Hedge Accounting of Forecast Intragroup

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

Transactions”, “The Fair Value Option” and “Financial Guarantee Contracts”, the amendment to IFRS 4 “Financial Guarantee Contracts”, IFRIC 4 “Determining whether an Arrangement contains a Lease”, IFRIC 5 “Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds” and IFRIC Amendment to Standing Interpretations Committee Interpretation 12 (“SIC-12”) which were all adopted early by the Group in 2005.

Effective 1 January 2006 the Group adopted the amendment to IAS 19 “Employee Benefits—Actuarial Gains and Losses, Group Plans and Disclosures”. No changes in respect of the recognition of actuarial gains and losses were made in the Group’s accounting policies as a result of such adoption.

In July 2006 the International Financial Reporting Interpretations Committee (“IFRIC”) issued an interpretation IFRIC 10 “Interim Financial Reporting and Impairment” (“IFRIC 10”), which is effective for annual periods beginning on or after 1 November 2006, but may be adopted earlier. IFRIC 10 states that an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost should not be reversed in subsequent interim or annual financial statements. The Group has early adopted the interpretation IFRIC 10, which had no material effect on the Group and did not result in changes of the Group’s accounting policies.

The following new Standards and amendments to Standards are not yet effective and have not been applied in preparing this consolidated interim condensed financial information:

- IFRS 7 “Financial instruments: Disclosures”, which is effective for annual periods beginning on or after 1 January 2007. The standard introduces new disclosures to improve the information about financial instruments. Specifically, it requires disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk including sensitivity analysis to market risk. It replaces some of the requirements in IAS 32 “Financial Instruments: Disclosure and Presentation”. The Group is currently assessing what impact the standard will have on disclosures in its financial statements.
- Amendment to IAS 1 “Presentation of Financial Statements - Capital Disclosures”, which is effective for annual periods beginning on or after 1 January 2007. The Standard will require increased disclosure in respect of the Group’s capital. The Group is currently assessing what impact the amendment will have on disclosures in its financial statements.
- IFRIC 8 “Scope of IFRS 2” (“IFRIC 8”), which is effective for annual periods beginning on or after 1 May 2006. The interpretation explains that, if the identifiable consideration given appears to be less than the fair value of the equity instruments granted or liability incurred, this situation typically indicates that other consideration has been or will be received and thus IFRS 2 “Share-based payments” applies. The application of IFRIC 8 is not expected to affect the Group’s financial statements.
- IFRIC 9 “Reassessment of Embedded Derivatives” (“IFRIC 9”). The interpretation clarifies application of IAS 39 (Amended) for reassessment of the requirement to separate the embedded derivative from the host contract. It states that subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. The application of IFRIC 9 is not expected to affect the Group’s financial statements.
- IFRIC 11 “IFRS 2—Group and Treasury Share Transactions” (“IFRIC 11”). The Interpretation requires a share-based payment arrangement in which an entity receives goods or services as consideration for its own equity-instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments needed are obtained. The Interpretation also provides guidance on whether share-based payment arrangements, in which suppliers of goods or services of an entity are provided with equity instruments of the entity’s parent, should be accounted for as cash-settled or equity-settled in the entity’s financial statements. The application of IFRIC 11 is not expected to affect the Group’s financial statements.
- IFRIC 12 “Service Concession Arrangements” (“IFRIC 12”) which is effective for annual periods beginning on or after 1 January 2008. Service concessions are arrangements whereby a government or other public sector entity grants contracts for the supply of public services – such as roads, airports and other facilities – to private

OAO GAZPROM
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(UNAUDITED) – 30 JUNE 2006
(In millions of Russian Roubles)

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

sector operators. The interpretation addresses how service concession operators should apply existing IFRSs to account for the obligations they undertake and rights they receive in service concession arrangements. The Group is currently assessing the effect the application of IFRIC 12 may have on the Group's financial statements.

Critical accounting estimates

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates and judgements. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include fair values of financial instruments, the impairment provisions, deferred profit tax, provisions for liabilities and fair values of acquired assets and liabilities.

Subsequent to acquisition of OAO Sibneft (see Note 1) the assets, liabilities, income and expenses of OAO Sibneft and its subsidiaries (Sibneft) for the period from the date control was established by the Group were consolidated by the Group. Fair values of assets and liabilities acquired were determined in accordance with IFRS 3 "Business combinations". Management commissioned an independent assessment of the fair value of the assets and liabilities acquired. The appraisal and related purchase accounting was completed prior to finalising these financial statements.

Details of the assets and liabilities acquired are as follows:

	Carrying amount immediately before business combination	Attributed fair value
Cash and cash equivalents	8,985	8,985
Accounts receivable and prepayments	55,988	58,401
Inventory	14,708	13,969
Other current assets	26,481	24,117
Property, plant and equipment:		
Production licenses	-	230,708
Wells	24,791	54,793
Other operating assets	41,498	118,393
Assets under construction	42,110	36,474
Investments in associated undertakings	71,657	153,043
Other non-current assets	5,414	7,140
Accounts payable and accrued charges	(55,834)	(56,076)
Short-term borrowings and current portion of long-term borrowings	(6,655)	(8,783)
Long-term borrowings	(40,136)	(40,869)
Deferred income tax liability	(3,480)	(92,732)
Other non-current liabilities	-	(7,649)
Fair value of net assets of subsidiary		499,914
Less: minority interest		(123,019)
Fair value of acquired interest in net assets of subsidiary		376,895
Goodwill		13,859
Total purchase consideration		390,754
Less: cash and cash equivalents of subsidiary acquired		(8,985)
Outflow of cash and cash equivalents on acquisition		381,769

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

The amounts shown above reflect the effects of finalising the accounting for the acquisition. Such amounts differ from the provisional amounts previously disclosed as a result of the completion of the final appraisal. The comparative balance sheet at December 31, 2005 has been updated since its original issuance to reflect the revisions. The originally issued consolidated statement of income was not revised as the impact of the final appraisal is immaterial. The amount of goodwill arising on the acquisition is included on the balance sheet as “Other non-current assets”.

5 SEGMENT INFORMATION

The Group operates as a vertically integrated business. Following the practice suggested by IAS 14, “Segment Reporting” (“IAS 14”) for vertically integrated businesses the following business segments are identified within the Group:

- Production of gas – exploration and production of gas;
- Transport – transportation of gas;
- Distribution – domestic and export sale of gas;
- Production of crude oil and gas condensate – exploration of oil and gas condensate, sales of crude oil and gas condensate;
- Refining – processing of oil, gas condensate and other hydrocarbons, and sales of refined products;
- Other – other activities, including banking.

These segments are reflected by the Group’s organizational structure and the Group’s internal financial reporting system.

Certain reclassifications have been made to prior period segment information to conform to the current year presentation. The Group previously disclosed oil and gas condensate sales within refining segment, as production and sales of crude oil and gas condensate segment was not presented separately. Management believes that presentation of crude oil and gas condensate production within a separate segment is a fairer presentation of the Group’s activities following the acquisition of OAO Sibneft (see Note 1 and Note 4) and the related increase in Group’s oil production business. Changes were made to the segment information and Note 17 “Sales” for the three and six months ended 30 June 2005 to reflect the current period presentation.

OAO GAZPROM
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 30 JUNE 2006
(In millions of Russian Roubles)

5 SEGMENT INFORMATION (continued)

	Production of gas	Transport	Distribu- tion	Production of crude oil and gas condensate	Refining	Other	Total
Six months ended 30 June 2006							
Segment revenues							
Inter-segment sales	110,730	203,600	21,480	35,803	3,681	-	375,294
External sales	<u>1,831</u>	<u>16,976</u>	<u>720,054</u>	<u>95,470</u>	<u>209,737</u>	<u>47,356</u>	<u>1,091,424</u>
Total segment revenues	112,561	220,576	741,534	131,273	213,418	47,356	1,466,718
Segment expenses							
Inter-segment expenses	(2,798)	(22,887)	(307,454)	(85)	(42,070)	-	(375,294)
External expenses	<u>(97,682)</u>	<u>(132,125)</u>	<u>(187,643)</u>	<u>(91,707)</u>	<u>(123,043)</u>	<u>(40,048)</u>	<u>(672,248)</u>
Total segment expenses	<u>(100,480)</u>	<u>(155,012)</u>	<u>(495,097)</u>	<u>(91,792)</u>	<u>(165,113)</u>	<u>(40,048)</u>	<u>(1,047,542)</u>
Segment result	12,081	65,564	246,437	39,481	48,305	7,308	419,176
Unallocated operating expenses							<u>(14,177)</u>
Operating profit							404,999
Share of net income of associated undertakings and jointly controlled entities	561	228	5,775	3,167	5,905	1,332	16,968
Six months ended 30 June 2005							
Segment revenues							
Inter-segment sales	99,426	172,494	18,229	10,082	2,691	-	302,922
External sales	<u>1,429</u>	<u>12,181</u>	<u>494,527</u>	<u>6,422</u>	<u>67,686</u>	<u>28,988</u>	<u>611,233</u>
Total segment revenues	100,855	184,675	512,756	16,504	70,377	28,988	914,155
Segment expenses							
Inter-segment expenses	(2,320)	(19,461)	(265,548)	(66)	(15,527)	-	(302,922)
External expenses	<u>(87,004)</u>	<u>(120,395)</u>	<u>(111,473)</u>	<u>(12,213)</u>	<u>(39,559)</u>	<u>(25,802)</u>	<u>(396,446)</u>
Total segment expenses	<u>(89,324)</u>	<u>(139,856)</u>	<u>(377,021)</u>	<u>(12,279)</u>	<u>(55,086)</u>	<u>(25,802)</u>	<u>(699,368)</u>
Segment result	11,531	44,819	135,735	4,225	15,291	3,186	214,787
Unallocated operating expenses							<u>(5,732)</u>
Operating profit							209,055
Share of net income of associated undertakings and jointly controlled entities	-	3,541	5,301	-	-	101	8,943

OA O GAZPROM
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 30 JUNE 2006
(In millions of Russian Roubles)

5 SEGMENT INFORMATION (continued)

	Production of gas	Transport	Distribu- tion	Production of crude oil and gas condensate	Refining	Other	Total
Three months ended 30 June 2006							
Segment revenues							
Inter-segment sales	54,004	103,389	9,766	19,155	1,791	-	188,105
External sales	<u>786</u>	<u>8,071</u>	<u>307,459</u>	<u>50,349</u>	<u>111,114</u>	<u>27,868</u>	<u>505,647</u>
Total segment revenues	54,790	111,460	317,225	69,504	112,905	27,868	693,752
Segment expenses							
Inter-segment expenses	(1,475)	(10,538)	(153,490)	(57)	(22,545)	-	(188,105)
External expenses	<u>(49,066)</u>	<u>(71,090)</u>	<u>(65,735)</u>	<u>(50,287)</u>	<u>(63,932)</u>	<u>(22,376)</u>	<u>(322,486)</u>
Total segment expenses	<u>(50,541)</u>	<u>(81,628)</u>	<u>(219,225)</u>	<u>(50,344)</u>	<u>(86,477)</u>	<u>(22,376)</u>	<u>(510,591)</u>
Segment result	4,249	29,832	98,000	19,160	26,428	5,492	183,161
Unallocated operating expenses							<u>(8,672)</u>
Operating profit							174,489
Share of net income (loss) of associated undertakings and jointly controlled entities	259	118	5,916	1,706	3,181	(200)	10,980
Three months ended 30 June 2005							
Segment revenues							
Inter-segment sales	48,296	86,827	8,398	4,988	1,455	-	149,964
External sales	<u>680</u>	<u>5,580</u>	<u>213,126</u>	<u>4,215</u>	<u>33,861</u>	<u>14,590</u>	<u>272,052</u>
Total segment revenues	48,976	92,407	221,524	9,203	35,316	14,590	422,016
Segment expenses							
Inter-segment expenses	(1,225)	(9,135)	(131,547)	(40)	(8,017)	-	(149,964)
External expenses	<u>(44,596)</u>	<u>(62,397)</u>	<u>(32,681)</u>	<u>(6,741)</u>	<u>(21,290)</u>	<u>(12,183)</u>	<u>(179,888)</u>
Total segment expenses	<u>(45,821)</u>	<u>(71,532)</u>	<u>(164,228)</u>	<u>(6,781)</u>	<u>(29,307)</u>	<u>(12,183)</u>	<u>(329,852)</u>
Segment result	3,155	20,875	57,296	2,422	6,009	2,407	92,164
Unallocated operating expenses							<u>(1,876)</u>
Operating profit							90,288
Share of net income (loss) of associated undertakings and jointly controlled entities	-	2,945	2,174	-	-	(390)	4,729

Internal transfer prices are mainly established by the management of the Group with the objective of providing for the specific funding requirements of the individual subsidiaries within each segment. Prices are mainly determined on the basis of the statutory accounting reports of the individual subsidiaries on a cost plus basis.

OAQ GAZPROM
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
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6 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Balances included within cash and cash equivalents in the consolidated interim condensed balance sheet represent cash on hand and balances with banks. Included within restricted cash are balances of cash and cash equivalents totalling RR 7,340 and RR 10,954 as of 30 June 2006 and 31 December 2005, respectively, which are restricted as to withdrawal under the terms of certain borrowings. In addition, restricted cash comprises cash balances of RR 7,351 and RR 7,086 as of 30 June 2006 and 31 December 2005 respectively, in subsidiary banks, which are restricted as to withdrawal under banking regulations.

7 SHORT-TERM FINANCIAL ASSETS

	<u>30 June 2006</u>	<u>31 December 2005</u>
Financial assets held for trading	66,073	57,407
Available-for-sale financial assets (net of impairment provision of RR 4,825 and RR 5,503 as of 30 June 2006 and 31 December 2005, respectively)	<u>20,701</u>	<u>21,594</u>
	<u>86,774</u>	<u>79,001</u>

Financial assets held for trading primarily comprise marketable equity and debt securities held by NPF Gazfund and the Group's banking subsidiaries intended to generate short-term profits.

Financial assets held for trading owned by NPF Gazfund amounted to RR 35,085 and RR 28,849 as of 30 June 2006 and 31 December 2005, respectively.

Financial assets held for trading owned by the Group's banking subsidiaries amounted to RR 24,805 and RR 23,579 as of 30 June 2006 and 31 December 2005, respectively.

Short-term available-for-sale investments primarily comprise promissory notes of third parties maturing within twelve months of the balance sheet date.

8 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	<u>30 June 2006</u>	<u>31 December 2005</u>
Trade receivables	211,690	181,316
Prepayments and advances	88,099	79,684
Other receivables	<u>170,567</u>	<u>133,659</u>
	<u>470,356</u>	<u>394,659</u>

Accounts receivable and prepayments are presented net of impairment provision of RR 99,377 and RR 97,933 as of 30 June 2006 and 31 December 2005, respectively.

As of 30 June 2006 and 31 December 2005 other receivables include RR 142,690 and RR 109,660 respectively, relating to the operations of AB Gazprombank (ZAO). These balances mainly represent deposits with other banks and loans issued to customers at commercial rates based on credit risks and maturities.

9 INVENTORIES

Inventories are presented net of provision for obsolescence of RR 3,139 and RR 1,922 as of 30 June 2006 and 31 December 2005, respectively.

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10 PROPERTY, PLANT AND EQUIPMENT

	Total production assets (including production licenses)	Social assets	Assets under construction	Total
As of 31 December 2004				
Cost	3,568,431	113,392	258,786	3,940,609
Accumulated depreciation	<u>(1,722,141)</u>	<u>(35,384)</u>	-	<u>(1,757,525)</u>
Net book value as of 31 December 2004	1,846,290	78,008	258,786	2,183,084
Six months ended 30 June 2005				
Net book value as of 31 December 2004	1,846,290	78,008	258,786	2,183,084
Depreciation	(55,898)	(1,623)	-	(57,521)
Additions	960	38	95,599	96,597
Transfers	8,791	1,328	(10,119)	-
Disposals	(1,869)	(824)	(3,459)	(6,152)
Release of prior impairment provision	-	-	291	291
Net book value as of 30 June 2005	<u>1,798,274</u>	<u>76,927</u>	<u>341,098</u>	<u>2,216,299</u>
Six months ended 31 December 2005				
Net book value as of 30 June 2005	1,798,274	76,927	341,098	2,216,299
Depreciation	(61,902)	(1,625)	-	(63,527)
Additions	5,219	185	207,030	212,434
Acquisition of subsidiaries	402,728	1,166	36,474	440,368
Transfers	236,109	2,730	(238,839)	-
Disposals	(6,560)	(3,187)	(3,560)	(13,307)
Charge of impairment provision	-	-	<u>(1,256)</u>	<u>(1,256)</u>
Net book value as of 31 December 2005	<u>2,373,868</u>	<u>76,196</u>	<u>340,947</u>	<u>2,791,011</u>
As of 31 December 2005				
Cost	4,207,853	113,109	340,947	4,661,909
Accumulated depreciation	<u>(1,833,985)</u>	<u>(36,913)</u>	-	<u>(1,870,898)</u>
Net book value as of 31 December 2005	2,373,868	76,196	340,947	2,791,011
Six months ended 30 June 2006				
Net book value as of 31 December 2005	2,373,868	76,196	340,947	2,791,011
Depreciation	(78,658)	(1,383)	-	(80,041)
Additions	3,390	272	145,350	149,012
Transfers	26,326	563	(26,889)	-
Disposals	(6,407)	(14,179)	(6,593)	(27,179)
Charge of impairment provision	-	-	<u>(2,319)</u>	<u>(2,319)</u>
Net book value as of 30 June 2006	<u>2,318,519</u>	<u>61,469</u>	<u>450,496</u>	<u>2,830,484</u>
As of 30 June 2006				
Cost	4,219,643	91,252	450,496	4,761,391
Accumulated depreciation	<u>(1,901,124)</u>	<u>(29,783)</u>	-	<u>(1,930,907)</u>
Net book value as of 30 June 2006	<u>2,318,519</u>	<u>61,469</u>	<u>450,496</u>	<u>2,830,484</u>

Production assets are shown net of provision for impairment of RR 1,985 as of 30 June 2006 and 31 December 2005. Assets under construction are presented net of a provision for impairment of RR 89,924 and RR 87,605 as of 30 June 2006 and 31 December 2005 respectively.

Included in the property, plant and equipment are social assets (such as rest houses, housing, schools and medical facilities) vested to the Group at privatisation with a net book value of RR 13,411 and RR 27,406 as of 30 June 2006 and 31 December 2005, respectively.

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11 INVESTMENTS IN ASSOCIATED UNDERTAKINGS AND JOINTLY CONTROLLED ENTITIES

Notes	Carrying value as of		Group's share of the profit (loss) of the entities for the six months ended	
	30 June	31 December	30 June	
	2006	2005	2006	2005
	137,436	132,802	9,072	-
21 OAO NGK Slavneft	30,742	32,348	293	2,466
21 SGT EuRoPol GAZ S.A.	19,440	18,422	1,057	954
21 OAO Mosenergo and companies established under restructuring	15,247	15,242	5	-
OAO Moscovsky NPZ	4,562	4,113	1,936	521
21 WINGAS GmbH	3,804	3,733	85	90
ZAO ArmRosGazprom	3,537	3,441	-	(16)
21 OAO Stroytransgaz	3,140	2,938	143	145
AO Latvijas Gaze	1,677	1,701	154	162
AO Lietuvos Dujos	1,057	1,191	(65)	741
Blue Stream Pipeline company B.V.	3,829	3,235	1,183	4,148
21 RosUkrEnergO AG				
Other (net of provision for impairment of RR 5,085 and RR 5,386 as of 30 June 2006 and 31 December 2005, respectively)	<u>17,300</u>	<u>14,616</u>	<u>3,105</u>	<u>(268)</u>
	241,771	233,782	16,968	8,943

Summarized financial information of the Group's principal associates and jointly controlled entities is as follows:

	Percent of share capital held	Location	As of 30 June		For the six months ended 30 June	
			Assets	Liabilities	Revenues	Profit (loss)
30 June 2006						
OAO NGK Slavneft	50%	Russia	356,770	81,071	97,422	18,197
SGT EuRoPol GAZ S.A.	48%	Poland	58,760	32,882	6,385	611
OAO Mosenergo and companies established under restructuring	25%	Russia	116,686	38,798	120,782	4,223
OAO Moscovsky NPZ	39%	Russia	42,689	3,417	2,459	14
WINGAS GmbH	35%	Germany	90,476	82,872	104,926	5,998
ZAO ArmRosGazprom	45%	Armenia	10,960	2,505	2,067	188
OAO Stroytransgaz	18%	Russia	49,487	24,255	21,420	378
AO Latvijas Gaze	34%	Latvia	15,197	3,369	4,962	420
AO Lietuvos Dujos	37%	Lithuania	22,400	3,999	4,115	415
Blue Stream Pipeline company B.V.	50%	Netherlands	64,317	60,212	3,486	(261)
RosUkrEnergO AG	50%	Switzerland	74,679	56,362	93,108	(2,208)
30 June 2005						
STG EuRoPol GAZ S.A.	48%	Poland	59,905	33,934	7,553	3,032
OAO Mosenergo and companies established under restructuring	25%	Russia	124,837	42,166	72,830	2,870
WINGAS GmbH	35%	Germany	75,143	67,158	61,768	1,869

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

	Percent of share capital held	Location	As of 30 June		For the six months ended 30 June	
			Assets	Liabilities	Revenues	Profit (loss)
ZAO ArmRosGazprom	45%	Armenia	10,617	2,187	1,851	192
OAO Stroytransgaz	26%	Russia	51,894	27,305	10,241	(358)
AO Latvijas Gaze	34%	Latvia	13,609	2,274	3,724	425
AO Lietuvos Dujos	37%	Lithuania	22,733	3,997	3,332	379
Blue Stream Pipeline company B.V.	50%	Netherlands	68,011	61,027	5,220	1,470
RosUkrEnergO AG	50%	Switzerland	19,599	11,165	61,082	8,257

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

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

	30 June 2006	31 December 2005
OAO Mosenergo (stand alone)	37,234	29,123
AO Latvijas Gaze	6,792	7,310
AO Lietuvos Dujos	6,281	6,741

12 LONG-TERM ACCOUNTS RECEIVABLE AND PREPAYMENTS

	30 June 2006	31 December 2005
Long-term accounts receivable and prepayments (net of impairment provision of RR 12,120 and RR 14,857 as of 30 June 2006 and 31 December 2005, respectively)	156,154	131,869
Advances for assets under construction (net of impairment provision of RR 31 as of 30 June 2006 and nil as of 31 December 2005)	<u>60,092</u>	<u>47,318</u>
	216,246	179,187

As of 30 June 2006 and 31 December 2005 long term accounts receivable and prepayments include RR 93,411 and RR 71,271, respectively, relating to the operations of AB Gazprombank (ZAO). These balances mainly represent long-term loans issued to customers at commercial rates based on credit risks and maturities.

13 AVAILABLE-FOR-SALE LONG-TERM FINANCIAL ASSETS

Available-for-sale long-term financial assets are shown net of provision for impairment of RR 11,199 and RR 11,476 as of 30 June 2006 and 31 December 2005.

Included within available-for-sale financial assets is a 10.49% interest in the share capital of RAO UES with an estimated fair value of RR 85,957 and RR 54,745 as of 30 June 2006 and 31 December 2005, respectively.

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14 LONG-TERM BORROWINGS

	Currency	Final maturity	30 June 2006	31 December 2005
Long-term borrowings payable to:				
Morgan Stanley AG	US dollar	2013	48,533	51,921
ABN AMRO*	US dollar	2010	41,630	-
Loan participation notes issued in September 2003	Euro	2010	35,987	34,847
Structured export notes issued in July 2004	US dollar	2020	34,864	37,058
Loan participation notes issued in December 2005	Euro	2012	34,845	34,280
Loan participation notes issued in May 2005	Euro	2015	34,142	35,357
Dresdner Bank AG*	US dollar	2008	34,078	36,186
Dresdner Bank AG*	US dollar	2010	34,070	36,194
Loan participation notes issued April in 2004	US dollar	2034	32,826	34,880
Deutsche Bank AG	US dollar	2014	32,686	34,732
Eurobonds issued by AB Gazprombank (ZAO) in September 2005	US dollar	2015	27,298	29,013
Eurobonds issued by AB Gazprombank (ZAO) in October 2003	US dollar	2008	20,472	21,747
Salomon Brothers AG	US dollar	2009	19,332	20,548
Salomon Brothers AG	US dollar	2009	15,918	16,672
ABN AMRO*	US dollar	2008	15,595	20,249
Salomon Brothers AG	US dollar	2007	13,766	14,632
Credit Swiss First Boston	Euro	2009	13,669	13,763
Syndicate of foreign banks	US dollar	2008	13,588	18,796
Depfa Bank*	US dollar	2008	13,574	14,760
Salomon Brothers AG	US dollar	2007	11,893	12,517
Russian bonds issued in February 2004	Rouble	2007	10,348	10,338
Citibank Int PLC	US dollar	2009	10,035	-
Deutsche Bank AG	US dollar	2011	9,620	10,214
Gazstream SA	US dollar	2012	8,904	11,775
Credit Swiss First Boston	Euro	2007	8,532	8,577
Eurobonds issued by AB Gazprombank (ZAO) in January 2004	US dollar	2008	8,189	8,699
Gazstream SA	US dollar	2010	7,641	8,358
Mannesmann (Deutsche Bank AG)*	Euro	2008	7,115	8,591
Credit Swiss First Boston	Euro	2008	6,850	6,893
ABN AMRO*	US dollar	2010	6,523	7,853
Credit Swiss First Boston	US dollar	2006	5,581	5,783
J.P. Morgan Chase bank	US dollar	2011	5,451	5,792
BNP Paribas SA	US dollar	2008	5,420	5,761
Russian bonds issued in August 2005	Rouble	2009	5,080	5,108
Russian bonds issued in October 2004	Rouble	2007	5,075	5,070
Russian bonds issued in February 2005	Rouble	2010	5,065	4,884
Other long-term borrowings	Various	Various	<u>52,106</u>	<u>192,882</u>
Total long-term borrowings			696,301	824,730
Less: current portion of long-term borrowings			<u>(119,166)</u>	<u>(82,881)</u>
			577,135	741,849

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

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14 LONG-TERM BORROWINGS (continued)

Due for repayment:	30 June 2006	31 December 2005
Between one and two years	94,929	153,165
Between two and five years	261,610	360,505
After five years	<u>220,596</u>	<u>228,179</u>
	<u>577,135</u>	<u>741,849</u>

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During the six months ended 30 June 2006, OAO Gazprom early repaid a portion of the loan from Dresdner Bank AG in the amount of RR 71,681 (USD 2,580 million). The loan was received to finance the purchase of OAO Sibneft.

In May 2006, OAO Gazprom received a US dollar denominated non-secured syndicated loan from ABN AMRO in the amount of RR 41,322 (USD 1,526 million) due in 2010 at an interest rate of Libor + 0.55%. The loan was obtained to refinance obligations to ABN AMRO and Calyon bank.

As of 30 June 2006 and 31 December 2005, respectively, long-term borrowings include RR 96,928 and RR 100,339 of long-term borrowings of AB Gazprombank (ZAO). Short-term borrowings of AB Gazprombank (ZAO) as of 30 June 2006 and 31 December 2005 were RR 90,545 and RR 67,752, respectively.

Long-term borrowings include fixed rate loans with a carrying value of RR 458,994 and RR 472,979 as of 30 June 2006 and 31 December 2005, respectively. Other long-term borrowings generally have variable interest rates linked to LIBOR.

15 PROFIT TAX

Differences between the recognition criteria in Russian statutory taxation regulations and IFRS give rise to certain temporary differences between the carrying value of certain assets and liabilities for financial reporting purposes and for profit tax purposes. The tax effect of the movement on these temporary differences is recorded at the statutory rate of 24%.

	30 June 2006	Differences recognition and reversals	31 December 2005	30 June 2005	Differences recognition and reversals	31 December 2004
Tax effects of taxable temporary differences:						
Property, plant and equipment	(236,321)	(1,202)	(235,119)	(143,979)	(8,809)	(135,170)
Investments	(27,614)	(6,872)	(20,742)	1,386	3,108	(1,722)
Inventories	<u>(3,160)</u>	<u>(193)</u>	<u>(2,967)</u>	<u>(2,671)</u>	<u>310</u>	<u>(2,981)</u>
	<u>(267,095)</u>	<u>(8,267)</u>	<u>(258,828)</u>	<u>(145,264)</u>	<u>(5,391)</u>	<u>(139,873)</u>
Tax effects of deductible temporary differences:						
Tax losses carry forward	2,785	(44)	2,829	389	(385)	774
Other deductible temporary differences	<u>2,201</u>	<u>(1,930)</u>	<u>4,131</u>	<u>1,098</u>	<u>(939)</u>	<u>2,037</u>
	<u>4,986</u>	<u>(1,974)</u>	<u>6,960</u>	<u>1,487</u>	<u>(1,324)</u>	<u>2,811</u>
Total net deferred tax liabilities	<u>(262,109)</u>	<u>(10,241)</u>	<u>(251,868)</u>	<u>(143,777)</u>	<u>(6,715)</u>	<u>(137,062)</u>

16 EQUITY

Share capital

Share capital authorised, issued and paid totals RR 325,194 as of 30 June 2006 and 31 December 2005 and consists of 23.7 billion ordinary shares, each with a historical par value of 5 Russian Rubles.

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16 EQUITY (continued)

Treasury shares

At 30 June 2006 and 31 December 2005, subsidiaries of OAO Gazprom held 821 million and 848 million, respectively, of the ordinary shares of OAO Gazprom, which are accounted for as treasury shares. The management of the Group controls the voting rights of these shares.

In addition, treasury shares as of 30 June 2006 include 46 million of Gazprom shares recognised under European put option written by the Group in June 2006 with a strike price of USD 13.27 per share. The option expires in November 2007. Financial liabilities recognised under this put option amounted to RR 15,509 as of 30 June 2006 and are included in “Other non-current liabilities”.

17 SALES

	Three months ended		Six months ended	
	30 June		30 June	
	2006	2005	2006	2005
Gas sales (including excise tax, customs duties and net of VAT) to customers in:				
Russian Federation	67,000	57,661	191,909	164,181
Former Soviet Union (excluding Russian Federation)	45,520	25,024	118,242	54,257
Europe	<u>274,096</u>	<u>188,889</u>	<u>589,353</u>	<u>396,911</u>
Gross sales of gas	386,616	271,574	899,504	615,349
Excise tax	(3)	(130)	(1,329)	(1,342)
Customs duties	<u>(78,368)</u>	<u>(57,638)</u>	<u>(176,290)</u>	<u>(118,051)</u>
Net sales of gas	308,245	213,806	721,885	495,956
Net sales of refined products	111,114	33,861	209,737	67,686
Net sales of crude oil and gas condensate	50,349	4,215	95,470	6,422
Gas transportation sales	8,071	5,580	16,976	12,181
Other revenues	<u>27,868</u>	<u>14,590</u>	<u>47,356</u>	<u>28,988</u>
	505,647	272,052	1,091,424	611,233

18 OPERATING EXPENSES

Note	Three months ended		Six months ended	
	30 June		30 June	
	2006	2005	2006	2005
	71,232	13,112	131,127	32,903
21 Purchased oil and gas	45,229	20,684	99,120	48,381
Staff costs	41,917	35,991	91,205	74,597
Transit of gas, oil and refined products	41,380	25,089	83,827	53,206
Depreciation	34,037	26,215	80,524	61,403
Materials	20,435	15,337	37,682	29,994
Repairs and maintenance	17,212	12,591	34,341	24,656
Cost of goods for resale, including refined products	11,189	2,556	25,852	5,923
21 Electricity and heating expenses	8,434	6,932	20,499	15,837
Social expenses	3,512	3,749	8,081	7,041
Charge for (release of) provisions for impairment of assets	668	(2,270)	6,118	(761)
Insurance expenses	2,060	3,264	5,079	6,942
Other	<u>33,853</u>	<u>18,514</u>	<u>62,970</u>	<u>42,056</u>
	331,158	181,764	686,425	402,178

Staff costs include RR 2,453 and RR 4,791 of expenses associated with pension obligations for the three and six months ended 30 June 2006, respectively and in the amount of RR 2,345 and RR 4,471 for the three and six months ended 30 June 2005.

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19 FINANCE INCOME AND EXPENSES

	Three months ended		Six months ended	
	30 June		30 June	
	2006	2005	2006	2005
Exchange gains	16,029	5,565	44,702	15,343
Interest income	8,772	5,073	16,612	9,456
Gains on extinguishment of restructured liabilities	<u>475</u>	<u>181</u>	<u>531</u>	<u>989</u>
Total finance income	25,276	10,819	61,845	25,788

	Three months ended		Six months ended	
	30 June		30 June	
	2006	2005	2006	2005
Exchange losses	10,350	12,646	16,639	20,326
Interest expense	<u>10,452</u>	<u>6,670</u>	<u>22,715</u>	<u>13,242</u>
Total finance expenses	20,802	19,316	39,354	33,568

20 EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO THE EQUITY HOLDERS OF OAO GAZPROM

Earnings per share for profit attributable to the equity holders has been calculated by dividing the profit for the period attributable to the equity holders by the weighted average number of shares outstanding during the period, excluding the average number of ordinary shares purchased by the Group and held as treasury shares (see Note 16).

There were 22.8 billion weighted average shares outstanding for the three and six months ended 30 June 2006, and 20.3 and 20.2 billion weighted average shares outstanding for the three and six months ended 30 June 2005, respectively.

21 RELATED PARTIES

For the purpose of this consolidated interim condensed financial information, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions as defined by IAS 24 “Related Party Disclosures”.

Government

The Government of the Russian Federation is the ultimate controlling party of OAO Gazprom and has a controlling interest (including both direct and indirect ownership) of over 50% in OAO Gazprom. The Government does not prepare financial statements for public use. The 11 seats on the Board of Directors include six State representatives, three management representatives and two independent directors. Governmental economic and social policies affect the Group’s financial position, results of operations and cash flows.

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

Parties under control of the Government

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

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21 RELATED PARTIES (continued)

As of 30 June 2006 and 31 December 2005 and for the three and six months ended 30 June 2006 and 2005 the Group had the following significant transactions and balances with the Government and parties under control of the Government:

Notes	As of 30 June 2006		For the three months ended 30 June 2006		For the six months ended 30 June 2006	
	Assets	Liabilities	Revenues/ Income	Expenses	Revenues/ Income	Expenses
Transactions and balances with the Government						
	24,743	6,538	-	49,567	-	112,355
	204	1,496	-	6,577	-	15,793
	178,669	27,506	-	-	-	-
	16,205	-	-	-	-	-
18	2,424	28,488	-	45,229	-	99,120
Transactions and balances with other parties under control of the Government						
	-	-	33,510	-	87,058	-
	28,907	-	-	-	-	-
18	-	-	-	8,434	-	20,499
	-	3,690	-	-	-	-
	-	24,530	-	-	-	-
	-	-	1,082	192	1,655	364
	20,899	-	-	-	1,694	-
	19,440	-	-	273	1,057	-
	85,957	-	-	-	-	-

Notes	As of 31 December 2005		For the three months ended 30 June 2005		For the six months ended 30 June 2005	
	Assets	Liabilities	Revenues/ Income	Expenses	Revenues/ Income	Expenses
Transactions and balances with the Government						
	11,968	15,265	-	22,513	-	51,081
	237	965	-	5,591	-	12,463
	185,000	59,883	-	-	-	-
	16,280	-	-	-	-	-
18	637	29,832	-	20,684	-	48,381
Transactions and balances with other parties under control of the Government						
	-	-	28,459	-	74,977	-
	32,978	-	-	-	-	-
18	-	-	-	6,932	-	15,837
	-	5,007	-	-	-	-
	-	12,053	-	-	-	-
	-	-	259	314	898	544
	24,752	-	-	-	-	-
	18,422	-	-	271	954	-
	54,745	-	-	-	-	-

21 RELATED PARTIES (continued)

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

See consolidated interim statement of changes in equity for returns of social assets to governmental authorities during the six months ended 30 June 2006 and 2005. See Note 10 for net book values as of 30 June 2006 and 31 December 2005 of social assets vested to the Group at privatisation.

See Note 22 for financial guarantees issued by the Group.

Compensation for key management personnel

Key management personnel (the members of the Board of Directors and Management Committee of OAO Gazprom) receive short-term compensation, including salary, bonuses and remuneration for serving on the management bodies of various Group companies. Government officials, who are directors, do not receive remuneration from the Group. The remuneration for serving on the Boards of Directors of Group companies is subject to approval by the General Meeting of Shareholders of each Group company. Compensation of key management personnel (other than remuneration for serving as directors of Group companies) is determined by the terms of the annual employment contracts. Key management personnel also receive certain short-term benefits related to healthcare.

According to Russian legislation, the Group makes contributions to the Russian Federation State pension fund for all of its employees including key management personnel. Key management personnel also participate in certain post-retirement benefit programs. The programs include pension benefits provided by the non-governmental pension fund, NPF Gazfund, and a one-time retirement payment from the Group. Employees of the majority of Group companies are eligible for such benefits.

Associated undertakings and jointly controlled entities

During the three and the six months ended 30 June 2006 the Group sold gas to its associated undertakings in the amount of RR 91,212 and RR 206,544, respectively and during the three and the six months ended 30 June 2005 – RR 37,652 and RR 78,801, respectively. Gas is sold to associated undertakings in the Russian Federation mainly at the rates established by the Federal Tariffs Service. Gas is sold outside the Russian Federation (except for that sold to AO Moldovagaz) under long-term contracts based on world commodity prices.

For the three and the six months ended 30 June 2006 the Group recorded sales of gas, produced in Russia and Central Asia, to its associated undertaking RosUkrEnergO AG for the total amount of RR 31,005 and RR 74,347, respectively and for the three and the six months ended 30 June 2005 – RR 4,472 and RR 5,999, respectively. The Group arranges the transportation of this gas to the Ukrainian border. For the three and the six months ended 30 June 2006 the amount of sales of transportation services was RR 3,080 and RR 6,012, respectively and for the three and the six months ended 30 June 2005 – RR 1,974 and RR 3,606, respectively. The Group purchased gas from RosUkrEnergO AG in the amount of RR 6,047 and RR 7,937 for the three and the six months ended 30 June 2006, respectively and RR 757 and RR 5,557 – for the three and the six months ended 30 June 2005, respectively.

21 RELATED PARTIES (continued)

During the three and the six months ended 30 June 2006 the Group recorded sales of gas to OAO Mosenergo in the amount of RR 5,634 and RR 14,712, respectively and during the three and the six months ended 30 June 2005 – RR 4,669 and RR 12,389, respectively.

Included within investments in associated undertakings and jointly controlled entities (see Note 11) is a loan receivable from SGT EuRoPol GAZ S.A., in the amount of RR 18,441 and RR 20,340 as of 30 June 2006 and 31 December 2005, respectively, issued by AB Gazprombank (ZAO), a subsidiary of the Group, at an interest rate of LIBOR + 2.6%.

Included within short-term accounts receivable and prepayments (see Note 8) are accounts receivable from Group associated undertakings in the amount of RR 65,528 and RR 40,362 as of 30 June 2006 and 31 December 2005, respectively.

Included within long-term accounts receivable and prepayments (see Note 12) are accounts receivable from Group associated undertakings in the amount of RR 19,914 and RR 20,773 as of 30 June 2006 and 31 December 2005, respectively, including USD and Euro denominated long-term receivables from SGT EuRoPol GAZ S.A. in the amount of RR 5,343 and RR 5,960 as of 30 June 2006 and 31 December 2005, respectively.

Also included within long-term accounts receivable and prepayments is a Euro denominated loan receivable from WINGAS GmbH in the amount of RR 13,006 and RR 13,086 as of 30 June 2006 and 31 December 2005, respectively. As of 30 June 2006 and 31 December 2005 the average effective interest rate for the loan receivable from WINGAS GmbH was Libor+1.23% and Libor+1.25%, respectively.

The Group's impairment provision on accounts receivable included RR 18,938 in respect of amounts due from AO Moldovagaz as of 30 June 2006 and 31 December 2005, respectively.

For the three and the six months ended 30 June 2006 the Group purchased gas from KazRosGaz LLP for RR 2,524 and RR 4,493, respectively and for the three and the six months ended 30 June 2005 – for RR 1,413 and RR 2,518, respectively.

In addition, the Group purchased gas transportation services from certain of its associated undertakings, principally STG EuRoPol GAZ S.A., which amounted to RR 5,651 and RR 11,378 for the three and the six months ended 30 June 2006 respectively and for the three and the six months ended 30 June 2005 – RR 5,705 and RR 11,482, respectively.

Included within accounts payable are accounts payable to the Group's associated undertakings for purchased gas transportation services in the amount of RR 2,096 and RR 4,162 as of 30 June 2006 and 31 December 2005, respectively.

OAo Stroytransgaz rendered construction services for the Group in the amounts of RR 6,516 and RR 16,632 for the three and the six months ended 30 June 2006, respectively and in the amount of RR 3,245 and RR 7,095 for the three and the six months ended 30 June 2005, respectively. As of 30 June 2006 and 31 December 2005, the Group had advances and receivables due from OAo Stroytransgaz in the amounts of RR 1,369 and RR 3,603 respectively. As of 30 June 2006 and 31 December 2005, the Group had accounts payable to OAo Stroytransgaz for construction contracts of RR 3,608 and RR 2,781 respectively.

22 COMMITMENTS, CONTINGENCIES AND OPERATING RISKS

Taxation

Russian tax, currency and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Group (including those transactions and activities of OAO Sibneft before it was acquired by the Group) may be challenged by the relevant regional and federal authorities. It is possible that transactions and activities that have not been challenged in the past may be challenged. As a result, additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

As of 30 June 2006 management believe that its interpretation of the relevant legislation is appropriate and all of the Group's tax, currency and customs positions will be sustained.

Financial guarantees

	30 June 2006	31 December 2005
Outstanding guarantees issued on behalf of:		
BSPC	32,793	35,916
Gaztransit	2,313	2,795
Other	<u>7,981</u>	<u>7,398</u>
	<u>43,087</u>	<u>46,109</u>

Included in financial guarantees are amounts denominated in USD of USD 1,373 million and USD 1,459 million as of 30 June 2006 and 31 December 2005, respectively.

In July 2005 Blue Stream Pipeline Company B.V. (BSPC) refinanced some of the existing liabilities, guaranteed by the Group, by means of repayment of the liabilities to a group of Italian and Japanese banks. For the purpose of this transaction loans in the amount of USD 1,185.3 million were received from Gazstream S.A. The Group guaranteed the above loans. As of 30 June 2006 and 31 December 2005, outstanding amounts of these loans were RR 31,899 (USD 1,178 million) and RR 34,920 (USD 1,213 million), respectively, which were guaranteed by the Group, pursuant to its obligations.

As of 30 June 2006 and 31 December 2005, BSPC also borrowed RR 894 (USD 33 million) and RR 996 (USD 35 million) of new credit facilities, provided by Depfa bank, which were guaranteed by the Group.

Other guarantees primarily relate to those issued by AB Gazprombank (ZAO) to third parties in the amount of RR 6,674 and RR 5,616 as of 30 June 2006 and 31 December 2005, respectively.

Other guarantees

As of 30 June 2006 and 31 December 2005, the Group has pledged RR 9,648 (USD 356 million) and RR 10,290 (USD 358 million), respectively, of US T-bills which are included in short-term available-for-sale financial assets (see Note 7) as a guarantee of the loan received from Dresdner Bank AG.

23 POST BALANCE SHEET EVENTS

Investments

In September 2006 the Group acquired an additional 19.39% interest in OAO Novatek for USD 2,338 million paid in cash, increasing its interest in OAO Novatek to 19.58%. Payment in the amount of USD 1,050 million was made in September 2006, with payment in the amount of USD 1,288 million is due on or prior to March 2007. To finance this transaction in September 2006 the Group received syndicated loans from Dresdner Bank AG and Commerzbank AG in the amount of USD 350 million with an interest rate of 6.67%. The loans were repaid in full in November 2006. According to the provisions of the share-purchase agreement the Group is entitled to appoint two members out of eight in the Board of Directors of OAO Novatek. The Group is analysing the impact of the acquisition on the Group's financial statements. OAO Novatek is the largest independent gas producer in Russia.

Borrowings

In September 2006 the Group extended a loan from Credit Suisse First Boston in the amount of Euro 200 million at an interest rate Euribor + 0.09% to 2008. In November 2006 the Group extended loan from Credit Suisse First Boston in the amount of USD 200 million at an interest rate Libor + 0.4% to 2009.

In October 2006 the Group issued Euro 780 million of 5.03% loan participation notes due in 2014 under the updated USD 15,000 million Programme for the issuance of Loan Participation Notes.

In October 2006 the Group received a long-term loan from Liberty Hampshire Corporation in the amount of RR 7,500 at an interest rate of 6.25% due in 2009.

In November 2006 the Group issued RR 5,000 documentary bonds due in 2009 at an interest rate of 6.79% and RR 5,000 documentary bonds due in 2011 at an interest rate of 7.00%.

In November 2006 the Group issued Euro 500 million of 5.136% Loan Participation Notes due in 2017 and USD 1,350 million of 6.212% Loan Participation Notes due in 2016 under the USD 15,000 million Programme for the Issuance of Loan Participation Notes.

In November 2006 the Group received a short-term loan from ABN AMRO in the amount of USD 250 million at an interest rate of Libor + 0.15%. In December 2006, the Group extended this loan to 2009 at an interest rate of Libor + 0.55%.

ОАО ГАЗПРОМ
INVESTOR RELATIONS

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