

ОАО ГАЗПРОМ

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

30 SEPTEMBER 2006

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

To the Shareholders of OAO Gazprom

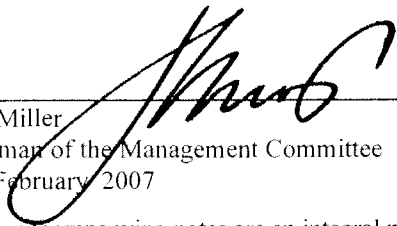
1. We have reviewed the accompanying consolidated interim condensed balance sheet of OAO Gazprom and its subsidiaries (the "Group") as of 30 September 2006, and the related consolidated interim condensed statements of income for the three and nine months then ended and of cash flows and of changes in equity for the nine 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 27 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.

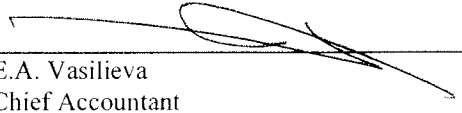
ZAO PricewaterhouseCoopers Audit

Moscow, Russian Federation
7 February 2007

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

Notes	30 September 2006	31 December 2005
Assets		
Current assets		
6	153,389	146,866
6	14,859	18,040
7	86,631	79,001
8	613,254	394,659
9	199,237	169,121
	129,492	145,484
	<u>71,794</u>	<u>48,282</u>
	1,268,656	1,001,453
Non-current assets		
10	2,885,574	2,791,011
11	316,247	233,782
12	229,486	179,187
13	106,850	67,847
	<u>67,755</u>	<u>65,814</u>
	<u>3,605,912</u>	<u>3,337,641</u>
	4,874,568	4,339,094
Liabilities and equity		
Current liabilities		
	371,549	219,983
	58,469	104,817
	248,294	180,959
	<u>105,514</u>	<u>20,710</u>
	783,826	526,469
Non-current liabilities		
14	563,008	741,849
	7,904	10,639
	88,230	83,794
15	265,024	251,868
	<u>19,947</u>	<u>5,741</u>
	<u>944,113</u>	<u>1,093,891</u>
	1,727,939	1,620,360
Equity		
16	325,194	325,194
16	(33,697)	(19,504)
	<u>2,703,956</u>	<u>2,270,727</u>
	2,995,453	2,576,417
	<u>151,176</u>	<u>142,317</u>
	<u>3,146,629</u>	<u>2,718,734</u>
	4,874,568	4,339,094

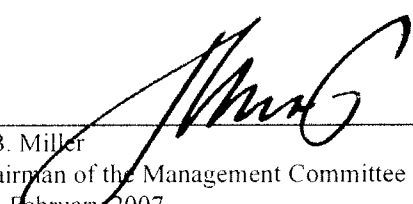

A.B. Miller
Chairman of the Management Committee
7 February 2007

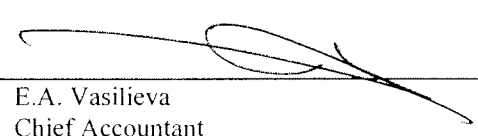

E.A. Vasilieva
Chief Accountant
7 February 2007

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 NINE MONTHS ENDED 30 SEPTEMBER 2006
(In millions of Russian Roubles)

Notes		Three months ended		Nine months ended	
		2006	2005	2006	2005
17	Sales	489,904	291,002	1,581,328	902,235
18	Operating expenses	<u>(326,488)</u>	<u>(185,160)</u>	<u>(1,012,913)</u>	<u>(587,338)</u>
	Operating profit	163,416	105,842	568,415	314,897
19	Finance income	20,475	11,416	82,320	37,204
19	Finance expenses	<u>(12,222)</u>	<u>(6,676)</u>	<u>(51,576)</u>	<u>(40,244)</u>
11	Share of net income of associated undertakings and jointly controlled entities	2,901	1,992	19,869	10,935
	Gain on disposal of available-for-sale financial assets	<u>387</u>	<u>416</u>	<u>3,531</u>	<u>1,843</u>
	Profit before profit tax	174,957	112,990	622,559	324,635
	Current profit tax expense	(44,329)	(27,102)	(156,684)	(78,183)
	Deferred profit tax expense	<u>(2,599)</u>	<u>(5,926)</u>	<u>(5,610)</u>	<u>(12,491)</u>
	Profit tax expense	<u>(46,928)</u>	<u>(33,028)</u>	<u>(162,294)</u>	<u>(90,674)</u>
	Profit for the period	128,029	79,962	460,265	233,961
	Attributable to:				
	Equity holders of OAO Gazprom	120,805	79,320	442,296	232,130
	Minority interest	<u>7,224</u>	<u>642</u>	<u>17,969</u>	<u>1,831</u>
		128,029	79,962	460,265	233,961
20	Basic and diluted earnings per share for profit attributable to the equity holders of OAO Gazprom (in Roubles)	5.30	3.53	19.41	11.09



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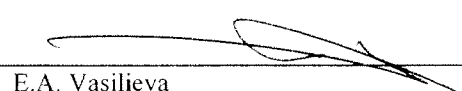

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Chief Accountant
7 February 2007

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OA OGAZPROM
IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2006
(In millions of Russian Roubles)

Notes	Nine months ended 30 September	
	2006	2005
Operating activities		
Profit before profit tax	622,559	324,635
Adjustments to profit before profit tax		
Depreciation	120,875	87,286
Net unrealised foreign exchange(gains)/losses	(37,130)	1,402
Interest expense	34,185	18,224
Interest income	(27,229)	(15,539)
Gains on disposal of available-for-sale financial assets	(3,531)	(1,843)
Share of net income of associated undertakings and jointly controlled entities	(19,869)	(10,935)
Charge for provisions	12,596	1,135
Other	(6,450)	279
Total effect of adjustments	<u>73,447</u>	<u>80,009</u>
Increase in long-term assets	(19,223)	(2,675)
Decrease in long-term liabilities	(1,592)	(1,710)
Non-cash additions and disposals of property, plant and equipment and other long-term financial assets	(50,515)	(35,007)
Total effect of working capital changes	(164,753)	(69,625)
Profit tax paid	(169,617)	(67,619)
Net cash provided by operating activities	290,306	228,008
Investing activities		
Capital expenditures	(257,424)	(163,870)
Interest received	26,778	14,750
Interest paid and capitalised	(12,770)	(15,652)
Change in long-term available-for-sale financial assets	(2,036)	(59,141)
Change in investments in associated undertakings and jointly controlled entities	(30,307)	667
Other	(270)	(1,853)
Net cash used for investing activities	(276,029)	(225,099)
Financing activities		
Proceeds from long-term borrowings (including current portion)	75,241	161,738
Repayment of long-term borrowings (including current portion)	(183,286)	(75,345)
Net proceeds from short-term borrowings	31,828	14,374
Net proceeds from issue/(redemption) of promissory notes	82,722	(52)
Interest paid	(32,072)	(17,744)
Purchases of treasury shares	(187,295)	(88,080)
Sales of treasury shares	204,793	83,174
Change in restricted cash	3,181	129
Net cash (used for)/provided by financing activities	(4,888)	78,194
Effect of exchange rate changes on cash and cash equivalents	(2,866)	(1,360)
Increase in cash and cash equivalents	6,523	79,743
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	153,389	185,900


A.B. Miller
Chairman of the Management Committee
7 February 2007


E.A. Vasilieva
Chief Accountant
7 February 2007

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OAQ GAZPROM
IFRS CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2006
(In millions of Russian Roubles)

Notes	Number of shares out- standing (billions)	Attributable to equity holders of OAQ Gazprom					Minority interest	Total equity
		Share capital	Treasury shares	Retained earnings and other reserves	Total			
<u>Nine months ended 30 September 2005</u>								
	Balance as of 31 December 2004	20.1	325,194	(41,586)	1,808,865	2,092,473	45,551	2,138,024
	Gains arising from change in fair value of available-for-sale financial assets		-	-	2,148	2,148	-	2,148
	Translation differences		-	-	(4,109)	(4,109)	-	(4,109)
	Net loss recognised directly in equity		-	-	(1,961)	(1,961)	-	(1,961)
	Profit for the period		-	-	232,130	232,130	1,831	233,961
	Total recognised income for the period		-	-	230,169	230,169	1,831	232,000
16	Net treasury shares transactions	2.6	-	20,080	162,280	182,360	-	182,360
	Return of social assets to governmental authorities		-	-	(1,595)	(1,595)	-	(1,595)
	Dividends		-	-	(23,858)	(23,858)	-	(23,858)
	Business combinations and purchase of minority interest		-	-	-	-	(33,024)	(33,024)
	Balance as of 30 September 2005	22.7	325,194	(21,506)	2,175,861	2,479,549	14,358	2,493,907
<u>Nine months ended 30 September 2006</u>								
	Balance as of 31 December 2005	22.9	325,194	(19,504)	2,270,727	2,576,417	142,317	2,718,734
	Gains arising from change in fair value of available-for-sale financial assets		-	-	25,723	25,723	-	25,723
	Translation differences		-	-	(642)	(642)	-	(642)
	Net income recognised directly in equity		-	-	25,081	25,081	-	25,081
	Profit for the period		-	-	442,296	442,296	17,969	460,265
	Total recognised income for the period		-	-	467,377	467,377	17,969	485,346
16	Net treasury shares transactions	(0.1)	-	(14,193)	13,881	(312)	-	(312)
	Return of social assets to governmental authorities		-	-	(13,796)	(13,796)	-	(13,796)
	Dividends		-	-	(34,233)	(34,233)	(9,110)	(43,343)
	Balance as of 30 September 2006	22.8	325,194	(33,697)	2,703,956	2,995,453	151,176	3,146,629

A.B. Miller
Chairman of the Management Committee
February 2007

E.A. Vasilieva
Chief Accountant
February 2007

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

1 NATURE OF OPERATIONS

OAO Gazprom 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 (OAO Sibneft), renamed to OAO Gazprom Neft effective from June 2006, the Group’s production of crude oil and processing of oil significantly increased. The Group is involved in 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 20% and 70% of total annual gas volumes are shipped in the three and nine months, ended September 30, respectively.

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 Russian Rouble (“RR”) to US dollar (“USD”) exchange rates as determined by the Central Bank of the Russian Federation were 26.78 and 28.78 as of 30 September 2006 and 31 December 2005, respectively. The official RR to Euro exchange rates as determined by the Central Bank of the Russian Federation were 33.98 and 34.19 as of 30 September 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”. The amendment to IAS 19 introduces an additional option to recognise actuarial gains and losses arising in post-employment defined benefit plans in full directly in retained earnings in equity. It also requires new disclosures about defined benefit plans and clarifies accounting for a contractual agreement between a multi-employer plan and participating employers. 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

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

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 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.

– IFRS 8 “Operating Segments”, which is effective for annual periods beginning on or after 1 January 2009. The standard replaces IAS 14 “Segment reporting”. The standard requires an entity to prepare segment information on the basis of management information, that management uses internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Group is currently assessing the impact the standard will have on its 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 Gazprom neft (see Note 1) the assets, liabilities, income and expenses of OAO Gazprom neft and its subsidiaries (Gazprom neft) 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)

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

	<u>Carrying amount immediately before business combination</u>	<u>Attributed fair value</u>
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

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 derived from the Group's structure and 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 Gazprom neft (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 nine months ended 30 September 2005 to reflect the current period presentation.

OAO GAZPROM
NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED) – 30 SEPTEMBER 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
Nine months ended 30 September 2006							
Segment revenues							
Inter-segment sales	168,621	329,504	30,630	47,863	5,144	-	581,762
External sales	<u>2,529</u>	<u>25,141</u>	<u>1,005,807</u>	<u>141,049</u>	<u>333,216</u>	<u>73,586</u>	<u>1,581,328</u>
Total segment revenues	171,150	354,645	1,036,437	188,912	338,360	73,586	2,163,090
Segment expenses							
Inter-segment expenses	(4,275)	(32,687)	(487,173)	(136)	(57,491)	-	(581,762)
External expenses	<u>(149,979)</u>	<u>(220,374)</u>	<u>(237,942)</u>	<u>(141,218)</u>	<u>(198,551)</u>	<u>(52,067)</u>	<u>(1,000,131)</u>
Total segment expenses	<u>(154,254)</u>	<u>(253,061)</u>	<u>(725,115)</u>	<u>(141,354)</u>	<u>(256,042)</u>	<u>(52,067)</u>	<u>(1,581,893)</u>
Segment result	16,896	101,584	311,322	47,558	82,318	21,519	581,197
Unallocated operating expenses							<u>(12,782)</u>
Operating profit							568,415
Share of net income of associated undertakings and jointly controlled entities	786	907	2,618	4,584	8,546	2,428	19,869
Nine months ended 30 September 2005							
Segment revenues							
Inter-segment sales	145,734	251,858	25,719	14,993	3,880	-	442,184
External sales	<u>2,110</u>	<u>18,032</u>	<u>721,200</u>	<u>10,368</u>	<u>104,900</u>	<u>45,625</u>	<u>902,235</u>
Total segment revenues	147,844	269,890	746,919	25,361	108,780	45,625	1,344,419
Segment expenses							
Inter-segment expenses	(3,478)	(27,426)	(387,995)	(98)	(23,187)	-	(442,184)
External expenses	<u>(125,790)</u>	<u>(185,853)</u>	<u>(143,866)</u>	<u>(18,055)</u>	<u>(63,105)</u>	<u>(41,264)</u>	<u>(577,933)</u>
Total segment expenses	<u>(129,268)</u>	<u>(213,279)</u>	<u>(531,861)</u>	<u>(18,153)</u>	<u>(86,292)</u>	<u>(41,264)</u>	<u>(1,020,117)</u>
Segment result	18,576	56,611	215,058	7,208	22,488	4,361	324,302
Unallocated operating expenses							<u>(9,405)</u>
Operating profit							314,897
Share of net income (loss) of associated undertakings and jointly controlled entities	-	3,230	8,516	-	-	(811)	10,935

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5 SEGMENT INFORMATION (continued)

	Production of gas	Transport	Distribu- tion	Production of crude oil and gas condensate	Refining	Other	Total
Three months ended 30 September 2006							
Segment revenues							
Inter-segment sales	57,891	125,904	9,150	12,060	1,463	-	206,468
External sales	<u>698</u>	<u>8,165</u>	<u>285,753</u>	<u>45,579</u>	<u>123,479</u>	<u>26,230</u>	<u>489,904</u>
Total segment revenues	58,589	134,069	294,903	57,639	124,942	26,230	696,372
Segment expenses							
Inter-segment expenses	(1,477)	(9,800)	(179,719)	(51)	(15,421)	-	(206,468)
External expenses	<u>(52,297)</u>	<u>(88,249)</u>	<u>(50,299)</u>	<u>(49,511)</u>	<u>(75,508)</u>	<u>(12,019)</u>	<u>(327,883)</u>
Total segment expenses	(53,774)	(98,049)	(230,018)	(49,562)	(90,929)	(12,019)	(534,351)
Segment result	4,815	36,020	64,885	8,077	34,013	14,211	162,021
Unallocated operating expenses							<u>1,395</u>
Operating profit							163,416
Share of net income (loss) of associated undertakings and jointly controlled entities	225	679	(3,157)	1,417	2,641	1,096	2,901
Three months ended 30 September 2005							
Segment revenues							
Inter-segment sales	46,308	79,364	7,490	4,911	1,189	-	139,262
External sales	<u>681</u>	<u>5,851</u>	<u>226,673</u>	<u>3,946</u>	<u>37,214</u>	<u>16,637</u>	<u>291,002</u>
Total segment revenues	46,989	85,215	234,163	8,857	38,403	16,637	430,264
Segment expenses							
Inter-segment expenses	(1,158)	(7,965)	(122,447)	(32)	(7,660)	-	(139,262)
External expenses	<u>(38,786)</u>	<u>(65,458)</u>	<u>(32,393)</u>	<u>(5,842)</u>	<u>(23,546)</u>	<u>(15,462)</u>	<u>(181,487)</u>
Total segment expenses	(39,944)	(73,423)	(154,840)	(5,874)	(31,206)	(15,462)	(320,749)
Segment result	7,045	11,792	79,323	2,983	7,197	1,175	109,515
Unallocated operating expenses							<u>(3,673)</u>
Operating profit							105,842
Share of net (loss) income of associated undertakings and jointly controlled entities	-	(311)	3,215	-	-	(912)	1,992

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.

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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 5,007 and RR 10,954 as of 30 September 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 9,852 and RR 7,086 as of 30 September 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 September 2006</u>	<u>31 December 2005</u>
Financial assets held for trading	63,235	57,407
Available-for-sale financial assets (net of impairment provision of RR 4,874 and RR 5,503 as of 30 September 2006 and 31 December 2005, respectively)	<u>23,396</u>	<u>21,594</u>
	<u>86,631</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 33,163 and RR 28,849 as of 30 September 2006 and 31 December 2005, respectively.

Financial assets held for trading owned by the Group's banking subsidiaries amounted to RR 24,507 and RR 23,579 as of 30 September 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 September 2006</u>	<u>31 December 2005</u>
Trade receivables	227,585	181,316
Prepayments and advances	107,633	79,684
Other receivables	<u>278,036</u>	<u>133,659</u>
	<u>613,254</u>	<u>394,659</u>

Accounts receivable and prepayments are presented net of impairment provision of RR 97,126 and RR 97,933 as of 30 September 2006 and 31 December 2005, respectively.

As of 30 September 2006 and 31 December 2005 other receivables include RR 241,127 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 3,213 and RR 1,922 as of 30 September 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
Nine months ended 30 September 2005				
Net book value as of 31 December 2004	1,846,290	78,008	258,786	2,183,084
Depreciation	(83,838)	(2,428)	-	(86,266)
Additions	2,172	39	169,196	171,407
Transfers	16,371	1,533	(17,904)	-
Disposals	(2,675)	(1,828)	(3,664)	(8,167)
Charge of impairment provision	-	-	<u>(285)</u>	<u>(285)</u>
Net book value as of 30 September 2005	1,778,320	75,324	406,129	2,259,773
Three months ended 31 December 2005				
Net book value as of 30 September 2005	1,778,320	75,324	406,129	2,259,773
Depreciation	(33,962)	(820)	-	(34,782)
Additions	4,007	184	133,433	137,624
Acquisition of subsidiaries	402,728	1,166	36,474	440,368
Transfers	228,529	2,525	(231,054)	-
Disposals	(5,754)	(2,183)	(3,355)	(11,292)
Charge of impairment provision	-	-	<u>(680)</u>	<u>(680)</u>
Net book value as of 31 December 2005	2,373,868	76,196	340,947	2,791,011
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
Nine months ended 30 September 2006				
Net book value as of 31 December 2005	2,373,868	76,196	340,947	2,791,011
Depreciation	(118,526)	(2,025)	-	(120,551)
Additions	4,711	274	245,651	250,636
Transfers	51,368	909	(52,277)	-
Disposals	(8,427)	(15,068)	(7,639)	(31,134)
Charge of impairment provision	-	-	<u>(4,388)</u>	<u>(4,388)</u>
Net book value as of 30 September 2006	2,302,994	60,286	522,294	2,885,574
As of 30 September 2006				
Cost	4,239,633	90,255	522,294	4,852,182
Accumulated depreciation	<u>(1,936,639)</u>	<u>(29,969)</u>	-	<u>(1,966,608)</u>
Net book value as of 30 September 2006	2,302,994	60,286	522,294	2,885,574

Production assets are shown net of provision for impairment of RR 1,985 as of 30 September 2006 and 31 December 2005. Assets under construction are presented net of a provision for impairment of RR 91,993 and RR 87,605 as of 30 September 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 12,658 and RR 27,406 as of 30 September 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)*		
	30 September 2006	31 December 2005	30 September 2006	2005	
	OAO NGK Slavneft	141,508	132,802	13,130	-
	OAO Novatek	62,888	-	-	-
21	SGT EuRoPol GAZ S.A.	30,453	32,348	455	2,451
	OAO Moscovsky NPZ	15,265	15,242	23	-
21	OAO Mosenergo	14,162	7,494	(327)	(252)
	OAO Moscow Region Electricity Network Company**	5,126	4,017	478	71
21	WINGAS Gmbh	4,778	4,113	2,152	390
	ZAO ArmRosGazprom	4,108	3,733	116	43
21	OAO Stroytransgaz	3,548	3,441	12	(6)
	OAO Moscow City Electricity Network Company**	3,011	1,764	368	55
	AO Latvijas Gaze	2,879	2,938	144	126
	OAO Moscow Heating Network Company**	2,301	2,170	(78)	(12)
	AO Lietuvos Dujos	1,651	1,701	144	146
	Blue Stream Pipeline company B.V.	1,042	1,191	(68)	654
21	RosUkrEnergo AG	-	3,235	(2,471)	7,134
	Other (net of provision for impairment of RR 5,130 and RR 5,386 as of 30 September 2006 and 31 December 2005, respectively)	<u>23,527</u>	<u>17,593</u>	<u>5,791</u>	<u>135</u>
		<u>316,247</u>	<u>233,782</u>	<u>19,869</u>	<u>10,935</u>

* represents Group's share of the profit (loss) of the entities for the nine months ended 30 September 2006 and 2005, respectively.

** companies established under restructuring of OAO Mosenergo.

In September 2006, the Group acquired a 19.39% interest in OAO Novatek for USD 2,338 million payable in cash. As a result of the acquisition and considering the subsequent Board of Directors elections whereby the Group has appointed two of eight Board members, the Group is able to exercise significant influence. The carrying value as of 30 September 2006 is based upon management's initial assessment that the Group's share of the fair value of net assets and liabilities acquired approximate the cost. Such estimate is provisional and subject to adjustment in future periods according to the provisions of IAS 28 and IFRS 3.

In July 2006 the Group paid USD 270 million to acquire an additional 4.72% interest in OAO Mosenergo and additional interests in OAO Moscow Region Electricity Network Company, OAO Moscow City Electricity Network Company, and OAO Moscow Heating Network Company.

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 September 2006		For the nine months ended 30 September 2006	
			Assets	Liabilities	Revenues	Profit (loss)
OAO NGK Slavneft	50%	Russia	374,985	91,125	145,903	26,338
OAO Novatek	19%	Russia	82,654	16,876	37,088	11,230
SGT EuRoPol GAZ S.A.	48%	Poland	57,100	31,191	8,920	949
OAO Moscovsky NPZ	39%	Russia	42,874	3,615	4,482	59
OAO Mosenergo	30%	Russia	60,807	31,779	50,316	(2,228)
OAO Moscow Region Electricity Network Company	28%	Russia	44,247	14,616	17,368	2,595
WINGAS Gmbh	35%	Germany	100,527	92,656	139,370	6,933
ZAO ArmRosGazprom	45%	Armenia	12,163	3,035	3,178	257
OAO Stroytransgaz	18%	Russia	49,325	23,857	31,941	727

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(continued)

	Percent of share capital held	Location	As of 30 September 2006		For the nine months ended 30 September 2005	
			Assets	Liabilities	Revenues	Profit (loss)
OAo Moscow City Electricity Network Company	28%	Russia	18,118	962	7,258	2,067
AO Latvijas Gaze	34%	Latvia	15,499	4,466	6,142	425
OAo Moscow Heating Network Company	28%	Russia	16,697	4,513	8,018	(427)
AO Lietuvos Dujos	37%	Lithuania	22,561	4,361	5,421	387
Blue Stream Pipeline company B.V.	50%	Netherlands	60,600	56,552	5,260	(272)
RosUkrEnergO AG	50%	Switzerland	94,666	88,160	140,050	(14,239)

	Percent of share capital held	Location	As of 30 September 2005		For the nine months ended 30 September 2005	
			Assets	Liabilities	Revenues	Profit (loss)
SGT EuRoPol GAZ S.A.	48%	Poland	58,607	32,375	10,150	2,999
OAo Mosenergo	25%	Russia	47,269	18,136	41,246	(594)
OAo Moscow Region Electricity Network Company	25%	Russia	35,041	4,441	12,002	(26)
WINGAS GmbH	35%	Germany	81,070	73,258	85,122	1,887
ZAO ArmRosGazprom	45%	Armenia	11,092	2,547	2,373	87
OAo Stroytransgaz	26%	Russia	43,828	19,131	15,230	(137)
OAo Moscow City Electricity Network Company	25%	Russia	14,348	292	5,016	(21)
AO Latvijas Gaze	34%	Latvia	14,038	3,459	4,605	371
OAo Moscow Heating Network Company	25%	Russia	13,223	1,371	5,541	4
AO Lietuvos Dujos	37%	Lithuania	22,480	3,956	4,363	336
Blue Stream Pipeline company B.V.	50%	Netherlands	65,246	58,652	7,839	1,122
RosUkrEnergO AG	50%	Switzerland	47,669	33,208	83,362	14,269

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 following table discloses the Group's share in associated undertakings based on published price quotations:

	30 September 2006	31 December 2005
OAo Novatek	78,450	-
OAo Mosenergo	43,558	29,123
AO Latvijas Gaze	6,741	7,310
AO Lietuvos Dujos	6,308	6,741

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12 LONG-TERM ACCOUNTS RECEIVABLE AND PREPAYMENTS

	30 September 2006	31 December 2005
Long-term accounts receivable and prepayments	159,747	131,869
Advances for assets under construction	<u>69,739</u>	<u>47,318</u>
	<u>229,486</u>	<u>179,187</u>

Long-term accounts receivable and prepayments are presented net of impairment provision of RR 11,511 and RR 14,857 as of 30 September 2006 and 31 December 2005, respectively.

As of 30 September 2006 and 31 December 2005 long term accounts receivable and prepayments include RR 83,433 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 11,187 and RR 11,476 as of 30 September 2006 and 31 December 2005, respectively.

Available-for-sale long-term financial assets owned by the Group's banking subsidiaries amounted to RR 5,223 and RR 6,329 as of 30 September 2006 and 31 December 2005, respectively.

Included within available-for-sale financial assets is a 10.49% interest in the share capital of RAO UES with a fair value based on published price quotations of RR 89,843 and RR 54,745 as of 30 September 2006 and 31 December 2005, respectively.

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14 LONG-TERM BORROWINGS

	Currency	Final maturity	30 September 2006	31 December 2005
Long-term borrowings payable to:				
Morgan Stanley AG	US dollar	2013	46,871	51,921
ABN AMRO*	US dollar	2010	38,825	-
Loan participation notes issued in December 2005	Euro	2012	35,235	34,280
Loan participation notes issued in May 2005	Euro	2015	34,644	35,357
Loan participation notes issued in September 2003	Euro	2010	34,007	34,847
Structured export notes issued in July 2004	US dollar	2020	33,877	37,058
Dresdner Bank AG*	US dollar	2010	33,709	36,194
Dresdner Bank AG*	US dollar	2008	33,702	36,186
Loan participation notes issued April 2004	US dollar	2034	33,314	34,880
Deutsche Bank AG	US dollar	2014	32,445	34,732
Eurobonds issued by AB Gazprombank (ZAO) in September 2005	US dollar	2015	27,010	29,013
Eurobonds issued by AB Gazprombank (ZAO) in October 2003	US dollar	2008	20,256	21,747
Salomon Brothers AG	US dollar	2009	19,610	20,548
Citibank Int PLC	US dollar	2009	16,935	-
Salomon Brothers AG	US dollar	2009	14,780	16,672
Salomon Brothers AG	US dollar	2007	13,919	14,632
Credit Swiss First Boston	Euro	2009	13,680	13,763
Loan from a syndicate of foreign banks	US dollar	2008	13,565	18,796
Depfa Bank*	US dollar	2008	13,397	14,760
Salomon Brothers AG	US dollar	2007	13,104	12,517
Russian bonds issued in February 2004	Rouble	2007	10,153	10,338
Deutsche Bank AG	US dollar	2011	9,738	10,214
Credit Swiss First Boston	Euro	2007	8,604	8,577
Eurobonds issued by AB Gazprombank (ZAO) in January 2004	US dollar	2008	8,102	8,699
Gazstream S.A.	US dollar	2012	7,281	11,775
Mannesmann (Deutsche Bank AG)*	Euro	2008	7,180	8,591
Gazstream S.A.	US dollar	2010	7,072	8,358
Credit Swiss First Boston	Euro	2008	6,920	6,893
Credit Swiss First Boston	Euro	2007	6,798	-
Credit Swiss First Boston	US dollar	2006	5,590	5,783
J.P. Morgan Chase bank	US dollar	2011	5,514	5,792
ABN AMRO	US dollar	2009	5,448	-
BNP Paribas SA	US dollar	2008	5,360	5,761
Russian bonds issued in October 2004	Rouble	2007	5,176	5,070
Russian bonds issued in August 2005	Rouble	2009	5,048	5,108
Russian bonds issued in February 2005	Rouble	2010	5,023	4,884
Other long-term borrowings	Various	Various	<u>49,954</u>	<u>220,984</u>
Total long-term borrowings			681,846	824,730
Less: current portion of long-term borrowings			<u>(118,838)</u>	<u>(82,881)</u>
			563,008	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 September 2006	31 December 2005
Between one and two years	95,520	153,165
Between two and five years	253,899	360,505
After five years	<u>213,599</u>	<u>228,179</u>
	563,008	741,849

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 September 2006 and 31 December 2005, respectively, long-term borrowings include RR 75,976 and RR 100,339 of long-term borrowings of AB Gazprombank (ZAO). Short-term borrowings of AB Gazprombank (ZAO) as of 30 September 2006 and 31 December 2005 were RR 100,868 and RR 67,752, respectively.

Long-term borrowings include fixed rate loans with a carrying value of RR 449,862 and RR 472,979 as of 30 September 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 September 2006	Differences recognition and reversals	31 December 2005	30 September 2005	Differences recognition and reversals	31 December 2004
Tax effects of taxable temporary differences:						
Property, plant and equipment	(239,757)	(4,638)	(235,119)	(147,986)	(12,816)	(135,170)
Investments	(28,293)	(7,551)	(20,742)	(689)	1,033	(1,722)
Inventories	<u>(2,540)</u>	<u>427</u>	<u>(2,967)</u>	<u>(4,539)</u>	<u>(1,558)</u>	<u>(2,981)</u>
	(270,590)	(11,762)	(258,828)	(153,214)	(13,341)	(139,873)
Tax effects of deductible temporary differences:						
Tax losses carry forward	2,723	(106)	2,829	233	(541)	774
Other deductible temporary differences	<u>2,843</u>	<u>(1,288)</u>	<u>4,131</u>	<u>1,730</u>	<u>(307)</u>	<u>2,037</u>
	5,566	(1,394)	6,960	1,963	(848)	2,811
Total net deferred tax liabilities	(265,024)	(13,156)	(251,868)	(151,251)	(14,189)	(137,062)

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16 EQUITY

Share capital

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

Treasury shares

At 30 September 2006 and 31 December 2005, subsidiaries of OAO Gazprom held 817 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 September 2006 include 46 million of Gazprom shares recognized under 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 recognized under this put option amounted to RR 15,535 as of 30 September 2006 and are included in “Other non-current liabilities”.

17 SALES

	Three months ended		Nine months ended	
	30 September		30 September	
	2006	2005	2006	2005
Gas sales (including excise tax, customs duties and net of VAT) to customers in:				
Russian Federation	55,759	49,758	247,668	213,939
Former Soviet Union (excluding Russian Federation)	66,108	49,619	184,350	103,876
Europe	<u>241,477</u>	<u>191,456</u>	<u>830,830</u>	<u>588,367</u>
Gross sales of gas	363,344	290,833	1,262,848	906,182
Excise tax	(1)	(2,930)	(1,330)	(4,272)
Customs duties	<u>(76,892)</u>	<u>(60,549)</u>	<u>(253,182)</u>	<u>(178,600)</u>
Net sales of gas	286,451	227,354	1,008,336	723,310
Net sales of refined products	123,479	37,214	333,216	104,900
Net sales of crude oil and gas condensate	45,579	3,946	141,049	10,368
Gas transportation sales	8,165	5,851	25,141	18,032
Other revenues	<u>26,230</u>	<u>16,637</u>	<u>73,586</u>	<u>45,625</u>
	<u>489,904</u>	<u>291,002</u>	<u>1,581,328</u>	<u>902,235</u>

18 OPERATING EXPENSES

Note	Three months ended		Nine months ended	
	30 September		30 September	
	2006	2005	2006	2005
	58,824	17,389	189,951	50,292
21 Purchased oil and gas	45,691	22,016	144,811	70,397
Staff costs	39,065	27,911	130,270	102,508
Transit of gas, oil and refined products	43,864	25,988	127,691	79,194
Depreciation	40,351	25,883	120,875	87,286
Materials	23,733	13,335	61,415	43,329
Repairs and maintenance	20,458	12,212	54,799	36,868
Cost of goods for resale, including refined products	16,716	5,143	42,568	11,066
21 Electricity and heating expenses	9,573	6,324	30,072	22,161
Social expenses	5,701	4,687	13,782	11,728
Insurance expenses	2,172	3,280	7,251	10,222
Charge for (release of) provisions for impairment of assets	462	(3,210)	6,580	(3,953)
Other	<u>19,878</u>	<u>24,202</u>	<u>82,848</u>	<u>66,240</u>
	<u>326,488</u>	<u>185,160</u>	<u>1,012,913</u>	<u>587,338</u>

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18 OPERATING EXPENSES (continued)

Staff costs include RR 1,225 and RR 6,016 of expenses associated with non-state pension obligations for the three and nine months ended 30 September 2006, respectively, and in the amount of RR 617 and RR 5,088 for the three and nine months ended 30 September 2005.

19 FINANCE INCOME AND EXPENSES

	Three months ended		Nine months ended	
	30 September		30 September	
	2006	2005	2006	2005
Exchange gains	9,819	5,275	54,521	20,618
Interest income	10,617	6,083	27,229	15,539
Gains on extinguishment of restructured liabilities	<u>39</u>	<u>58</u>	<u>570</u>	<u>1,047</u>
Total finance income	20,475	11,416	82,320	37,204

	Three months ended		Nine months ended	
	30 September		30 September	
	2006	2005	2006	2005
Exchange losses	752	1,694	17,391	22,020
Interest expense	<u>11,470</u>	<u>4,982</u>	<u>34,185</u>	<u>18,224</u>
Total finance expenses	12,222	6,676	51,576	40,244

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 nine months ended 30 September 2006, and 22.4 and 20.9 billion weighted average shares outstanding for the three and nine months ended 30 September 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. 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.

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21 RELATED PARTIES (continued)

Parties under control of the Government

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

As of 30 September 2006 and 31 December 2005 and for the three and nine months ended 30 September 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 September 2006		For the three months ended 30 September 2006		For the nine months ended 30 September 2006		
	Assets	Liabilities	Revenues/ Income	Expenses	Revenues/ Income	Expenses	
	Transactions and balances with the Government						
	Current profit tax	12,050	4,689	-	44,329	-	156,684
	Unified social tax	248	1,067	-	5,514	-	21,307
	VAT recoverable/payable	189,319	27,297	-	-	-	-
	Custom duties	22,371	-	-	-	-	-
18	Other taxes	3,420	26,313	-	45,691	-	144,811
	Transactions and balances with other parties under control of the Government						
	Gas sales	-	-	30,377	-	117,435	-
	Accounts receivable	82,254	-	-	-	-	-
18	Electricity and heating expenses	-	-	-	9,573	-	30,072
	Accounts payable	-	4,165	-	-	-	-
	Loans	-	39,179	-	-	-	-
	Interest income/expense	-	-	926	414	2,581	778
	Short-term financial assets	16,754	-	-	-	1,694	-
	Investments in associated undertakings and jointly controlled entities	29,707	-	-	613	435	-
	Available-for-sale long-term financial assets	89,843	-	-	-	-	-

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21 RELATED PARTIES (continued)

Notes	As of 31 December 2005		For the three months ended 30 September 2005		For the nine months ended 30 September 2005	
	Assets	Liabilities	Revenues/ Income	Expenses	Revenues/ Income	Expenses
	Transactions and balances with the Government					
	11,968	15,265	-	27,102	-	78,183
	237	965	-	3,504	-	15,967
	185,000	59,883	-	-	-	-
	16,280	-	-	-	-	-
18	637	29,832	-	22,016	-	70,397
	Transactions and balances with other parties under control of the Government					
	-	-	26,940	-	101,917	-
	32,978	-	-	-	-	-
18	-	-	-	6,324	-	22,161
	-	5,007	-	-	-	-
	-	12,053	-	-	-	-
	-	-	174	286	1,072	830
	24,752	-	-	-	-	-
	18,422	-	-	1,093	-	139
	54,745	-	-	-	-	-

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 nine months ended 30 September 2006 and 2005. See Note 10 for net book values as of 30 September 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.

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21 RELATED PARTIES (continued)

Associated undertakings and jointly controlled entities

For the three and nine months ended 30 September 2006 and 2005 and as of 30 September 2006 and 31 December 2005 the Group had the following significant transactions and balances with associated undertakings and jointly controlled entities:

	Three months ended 30 September		Nine months ended 30 September	
	2006	2005	2006	2005
Gas sales				
RosUkrEnergo AG	43,577	21,618	117,924	26,361
Wintershall GmbH	12,029	9,266	46,521	34,710
Panrusgaz	12,033	9,243	31,758	26,112
WINGAS GmbH	7,029	7,297	26,976	25,825
OAO Mosenergo	5,224	4,731	19,936	17,120
Wintershall ZUG	4,195	3,238	17,387	9,825
AO Gazum	3,578	2,616	12,666	8,928
Gas transportation sales				
RosUkrEnergo AG	2,869	1,503	8,881	5,109
Purchased gas				
RosUkrEnergo AG	117	2,351	8,054	7,908
KazRosGaz LLP	2,235	1,292	6,728	3,810
Purchased transit of gas				
SGT EuRoPol GAZ S.A	2,617	2,533	7,975	9,123
Construction services purchases				
OAO Stroytransgaz	5,612	3,683	22,244	10,778

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 and RosUkrEnergo AG) under long-term contracts based on world commodity prices.

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21 RELATED PARTIES (continued)

	As of 30 September 2006		As of 31 December 2005	
	Assets	Liabilities	Assets	Liabilities
Short-term accounts receivable and prepayments				
RosUkrEnerg0 AG	62,905	-	2,678	-
OA0 Mosenergo	317	-	405	-
AO Moldovagaz*	3,246	-	717	-
Wintershall GmbH	244	-	-	-
Panrusgaz	4,971	-	5,704	-
WINGAS GmbH	5,462	-	8,463	-
AO Gazum	2,107	-	2,495	-
Long-term accounts receivable and prepayments				
SGT EuRoPol GAZ S.A.	5,101	-	5,960	-
WINGAS GmbH	13,007	-	13,086	-
Short-term accounts payable				
KazRosGaz LLP	-	-	-	-
SGT EuRoPol GAZ S.A.	-	1,251	-	3,341
RosUkrEnerg0 AG	-	93	-	4,210
Short-term accounts receivable and payable for construction services				
OA0 Stroytransgaz	1,422	2,202	3,603	2,781

* Net of impairment provision on accounts receivable in the amount of RR 18,938 as of 30 September 2006 and 31 December 2005, respectively.

Investments in associated undertakings and jointly controlled entities are disclosed in Note 11.

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 OA0 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 September 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 September 2006	31 December 2005
Outstanding guarantees issued on behalf of:		
BSPC	30,288	35,916
Gaztransit	2,130	2,795
Other	8,579	7,398
	40,997	46,109

22 COMMITMENTS, CONTINGENCIES AND OPERATING RISKS (continued)

Included in financial guarantees are amounts denominated in USD of USD 1,281 million and USD 1,459 million as of 30 September 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 September 2006 and 31 December 2005, outstanding amounts of these loans were RR 29,511 (USD 1,102 million) and RR 34,920 (USD 1,213 million), respectively, which were guaranteed by the Group, pursuant to its obligations.

As of 30 September 2006 and 31 December 2005, BSPC also borrowed RR 777 (USD 29 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 7,332 and RR 5,616 as of 30 September 2006 and 31 December 2005, respectively.

Other guarantees

As of 30 September 2006 and 31 December 2005, the Group has pledged RR 9,660 (USD 358 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

In October 2006, the amendments to the charter of NPF Gazfund, a subsidiary of the Group, involved in administering the Group's defined benefit plan, became effective. As a result of the amendments, third parties now participate in the Council of the Fund and activities of NPF Gazfund. No effect of the amendments is reflected in the IFRS consolidated interim condensed financial information as of 30 September 2006 and for the nine months then ended. The management is currently assessing the impact the amendments may have on the consolidated financial statements in future periods.

In December 2006, the Group signed a letter of intent with the current participants of the Sakhalin II project to acquire 50% plus 1 share in the Sakhalin Energy Investment Company Ltd. for USD 7,450 million. According to the letter, the transaction is to be completed by 31 March 2007.

In December 2006, the Group entered into a letter of intent with the Republic of Belarus to acquire a 50% interest in the pipeline transportation company, Beltransgaz for USD 2,500 million. The parties agreed that OAO Gazprom will acquire a 12.5% interest per annum over the next four years starting 2007 with annual payments of USD 625 million. According to the letter, the purchase contract is to be finalized by 1 June 2007.

In December 2006, the Group acquired 51% interest in OAO Sibneftegaz for USD 130 million.

OAO GAZPROM
INVESTOR RELATIONS

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