

**OAO GAZPROM**

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

**30 JUNE 2007**

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

To the Shareholders of OAO Gazprom

***Introduction***

We have reviewed the accompanying consolidated interim condensed balance sheet of OAO Gazprom and its subsidiaries (the "Group") as of 30 June 2007, and the related consolidated interim condensed statements of income for the three and six month periods 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 31 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.

***Scope of Review***

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.

***Conclusion***

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".

Without qualifying our conclusion, we draw attention to Note 27 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

27 November 2007

**OA0 GAZPROM**  
**IFRS CONSOLIDATED INTERIM CONDENSED BALANCE SHEET (UNAUDITED)**  
**AS OF 30 JUNE 2007**  
(In millions of Russian Roubles)

Notes	30 June 2007	31 December 2006
<b>Assets</b>		
<b>Current assets</b>		
6	774,904	269,224
6	29,622	12,356
7	65,707	106,574
8	705,732	662,040
9	236,192	207,459
	119,206	140,305
	<u>86,117</u>	<u>84,347</u>
	2,017,480	1,482,305
<b>Non-current assets</b>		
10	3,223,951	3,034,968
11	513,231	318,142
12	318,584	251,123
13	226,344	150,874
26	<u>379,111</u>	<u>72,513</u>
	4,661,221	3,827,620
	<u>6,678,701</u>	<u>5,309,925</u>
<b>Liabilities and equity</b>		
<b>Current liabilities</b>		
	960,737	398,126
	53,984	68,380
	440,562	290,705
	<u>39,152</u>	<u>102,859</u>
	1,494,435	860,070
<b>Non-current liabilities</b>		
14	869,837	668,343
	6,331	17,186
26	52,383	119,578
15	310,456	275,508
	<u>2,658</u>	<u>19,420</u>
	1,241,665	1,100,035
	2,736,100	1,960,105
<b>Equity</b>		
16	325,194	325,194
16	(28,178)	(41,801)
	<u>3,300,962</u>	<u>2,905,065</u>
	3,597,978	3,188,458
	<u>344,623</u>	<u>161,362</u>
	3,942,601	3,349,820
	<u>6,678,701</u>	<u>5,309,925</u>

A.B. Miller  
Chairman of the Management Committee  
27 November 2007

E.A. Vasilieva  
Chief Accountant  
27 November 2007

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

**OA O GAZPROM**  
**IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED)**  
**FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2007**  
(In millions of Russian Roubles)

Notes		Three months ended		Six months ended	
		2007	2006	2007	2006
17	Sales	532,366	505,647	1,143,894	1,091,424
18	Operating expenses	<u>(390,482)</u>	<u>(331,158)</u>	<u>(792,215)</u>	<u>(686,425)</u>
	<b>Operating profit</b>	<b>141,884</b>	<b>174,489</b>	<b>351,679</b>	<b>404,999</b>
21	Deconsolidation of NPF Gazfund	-	-	44,692	-
19	Finance income	37,814	25,276	63,229	61,845
19	Finance expenses	<u>(31,092)</u>	<u>(20,802)</u>	<u>(51,128)</u>	<u>(39,354)</u>
11	Share of net income of associated undertakings and jointly controlled entities	4,148	10,980	15,194	16,968
	Gains on disposal of available-for-sale financial assets	<u>9,854</u>	<u>1,929</u>	<u>18,447</u>	<u>3,144</u>
	<b>Profit before profit tax</b>	<b>162,608</b>	<b>191,872</b>	<b>442,113</b>	<b>447,602</b>
	Current profit tax expense	(49,500)	(49,567)	(105,834)	(112,355)
	Deferred profit tax expense	<u>(195)</u>	<u>(968)</u>	<u>(6,229)</u>	<u>(3,011)</u>
	Profit tax expense	<u>(49,695)</u>	<u>(50,535)</u>	<u>(112,063)</u>	<u>(115,366)</u>
	<b>Profit for the period</b>	<b>112,913</b>	<b>141,337</b>	<b>330,050</b>	<b>332,236</b>
	<b>Attributable to:</b>				
	Equity holders of OAO Gazprom	102,868	136,334	313,180	321,491
	Minority interest	<u>10,045</u>	<u>5,003</u>	<u>16,870</u>	<u>10,745</u>
		<b>112,913</b>	<b>141,337</b>	<b>330,050</b>	<b>332,236</b>
20	<b>Basic and diluted earnings per share for profit attributable to the equity holders of OAO Gazprom (in Roubles)</b>	<b>4.37</b>	<b>5.98</b>	<b>13.41</b>	<b>14.10</b>

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**OAO GAZPROM**  
**IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2007**  
(In millions of Russian Roubles)

Notes	Six months ended 30 June	
	2007	2006
	<b>Operating activities</b>	
	442,113	447,602
	<b>Adjustments to profit before profit tax</b>	
21	(44,692)	-
	93,024	80,524
	(8,043)	(28,063)
	35,228	22,715
	(38,274)	(16,612)
	(18,447)	(3,144)
	(15,194)	(16,968)
	9,568	10,909
	<u>4,060</u>	<u>(3,063)</u>
	17,230	46,298
	(12,740)	(24,316)
	(699)	(730)
	(49,044)	(30,437)
	419,422	(58,120)
	<u>(103,584)</u>	<u>(136,042)</u>
25	<b>712,698</b>	<b>244,255</b>
	<b>Investing activities</b>	
	(214,293)	(159,897)
23	(192,330)	-
23	(26,217)	-
21	(18,518)	-
	34,625	15,916
	(5,050)	(1,924)
	<u>(11,702)</u>	<u>8,787</u>
	<b>(433,485)</b>	<b>(137,118)</b>
	<b>Financing activities</b>	
	537,479	40,606
	(244,318)	(143,025)
	44,719	14,285
	(52,306)	5,221
	(35,208)	(20,768)
	(387,201)	(142,791)
	383,321	158,519
	<u>(17,266)</u>	<u>3,349</u>
	<b>229,220</b>	<b>(84,604)</b>
	(2,753)	(2,682)
	<b>505,680</b>	<b>19,851</b>
6	<u>269,224</u>	<u>146,866</u>
6	<b>774,904</b>	<b>166,717</b>

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**OAo GAZPROM**  
**IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2007**  
(In millions of Russian Roubles)

Notes	Number of shares out- standing (billions)	Attributable to equity holders of OAO Gazprom				Minority interest	Total equity	
		Share capital	Treasury shares	Retained earnings and other reserves	Total			
<b>Six months ended 30 June 2006</b>								
	<b>Balance as of</b>							
	<b>31 December 2005</b>	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		-	-	24,514	24,514	-	24,514
	Translation differences		-	-	(544)	(544)	-	(544)
	Net income recognised directly in equity		-	-	23,970	23,970	-	23,970
	Profit for the period		-	-	321,491	321,491	10,745	332,236
	Total recognised income for the period		-	-	345,461	345,461	10,745	356,206
16	Net treasury shares transactions	(0.1)	-	(14,301)	12,335	(1,966)	-	(1,966)
	Return of social assets to governmental authorities		-	-	(13,362)	(13,362)	-	(13,362)
	Dividends		-	-	(34,233)	(34,233)	-	(34,233)
	<b>Balance as of 30 June 2006</b>	22.8	325,194	(33,805)	2,580,928	2,872,317	153,062	3,025,379
<b>Six months ended 30 June 2007</b>								
	<b>Balance as of</b>							
	<b>31 December 2006</b>	22.9	325,194	(41,801)	2,905,065	3,188,458	161,362	3,349,820
	Gains arising from change in fair value of available-for-sale financial assets		-	-	30,792	30,792	-	30,792
	Translation differences		-	-	430	430	-	430
	Net income recognised directly in equity		-	-	31,222	31,222	-	31,222
	Profit for the period		-	-	313,180	313,180	16,870	330,050
	Total recognised income for the period		-	-	344,402	344,402	16,870	361,272
16	Net treasury shares transactions	0.0	-	4,785	(3,999)	786	-	786
	Return of social assets to governmental authorities		-	-	(2,142)	(2,142)	-	(2,142)
	Dividends		-	-	(59,765)	(59,765)	(9,320)	(69,085)
21	Deconsolidation of NPF Gazfund	0.6	-	8,838	111,015	119,853	90,844	210,697
22	Acquisition of the controlling interest in OAO Mosenergo		-	-	6,386	6,386	66,936	73,322
	Disposal of shares in subsidiaries		-	-	-	-	17,931	17,931
	<b>Balance as of 30 June 2007</b>	23.5	325,194	(28,178)	3,300,962	3,597,978	344,623	3,942,601

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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. The Group is engaged in oil production and refining activities.

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 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, restrictive currency controls, 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.

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 2006 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 25.82 and 26.33 as of 30 June 2007 and 31 December 2006, respectively. The official RR to Euro exchange rates as determined by the Central Bank of the Russian Federation were 34.72 and 34.70 as of 30 June 2007 and 31 December 2006, respectively.

In the first quarter of 2007 the Group ceased to consolidate the non-governmental pension fund, NPF Gazfund (see Note 21).

Although NPF Gazfund is now deconsolidated, the Group continues to consolidate AB Gazprombank (ZAO) and its subsidiaries (including Sibur-Holding and Gazprom Media) because the Group has a history of, and continues to, cast the majority of the votes at the meetings of the board of directors of AB Gazprombank (ZAO). As of 30 June 2007, the Group owns approximately 46 % of the voting shares of AB Gazprombank (ZAO) and the bank owns 74 % and 100 % of Sibur-Holding and Gazprom Media, 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 2006.

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

The description of the following accounting policy for subsidiary undertakings has been extended from the related accounting policy included in the consolidated financial statements for the year ended 31 December 2006 and is presented in full below.

*Subsidiary undertakings*

The Group's subsidiaries are entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from the activities of those entities. Subsidiary undertakings in which the Group, directly or indirectly, has an interest of more than 50% of the voting rights or is otherwise able to exercise control over the operations have been consolidated. Subsidiary undertakings therefore include entities in which the Group controls less than 50% of the voting share capital but where the Group controls the entity through other means. This may include a history of casting the majority of the votes at the meetings of the board of directors or equivalent governing body.

The consolidated financial statements of the Group reflect the results of operations of any subsidiaries acquired from the date control is established. Subsidiaries are no longer consolidated from the date from which control ceases. All intercompany transactions, balances and unrealized surpluses and deficits on transactions between group companies have been eliminated. Separate disclosure is made of minority interests.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The date of exchange is the acquisition date where a business combination is achieved in a single transaction, and is the date of each share purchase where a business combination is achieved in stages by successive share purchases.

**New accounting developments**

In 2007 the Group has adopted all IFRS, amendments and interpretations which are effective 1 January 2007 and which are relevant to its operations, except for IFRIC 10 "Interim Financial Reporting and Impairment" ("IFRIC 10"), which was adopted early by the Group in 2006.

Effective 1 January 2007 the Group adopted IFRS 7 "Financial instruments: Disclosures" ("IFRS 7") and Amendment to IAS 1 "Presentation of Financial Statements - Capital Disclosures" ("IAS 1"). IFRS 7 introduces new disclosures to improve the information about financial instruments. The Amendment to IAS 1 introduces disclosures about level of an entity's capital and how it manages capital. The Group will disclose in its annual consolidated financial statements the complete information required by IFRS 7. The adoption of IFRS 7 does not have any impact on the classification and valuation of the Group's financial instruments.

The adoption of IFRIC 8 "Scope of IFRS 2" ("IFRIC 8"), IFRIC 9 "Reassessment of Embedded Derivatives" ("IFRIC 9") and IFRIC 11 "IFRS 2—Group and Treasury Share Transactions" ("IFRIC 11") effective 1 January 2007 did not have a material effect on the consolidated financial statements of the Group.

Effective 1 January 2007, the Group early adopted IFRIC 14 "IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" ("IFRIC 14"). IFRIC 14 addresses when refunds or reductions in future contributions should be regarded as available in accordance with paragraph 58 of IAS 19 "Employee Benefits" ("IAS 19"); how a minimum funding requirement might affect the availability of reductions in future contributions, and when a minimum funding requirement might give rise to a liability. The adoption of IFRIC 14 has not had any effects on prior accounting periods. The effect of application of IFRIC 14 in the current period is described in Note 21.



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

All changes in the accounting policies have been made in accordance with the transition provisions in the respective standards where applicable, otherwise IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” was followed. All standards adopted by the Group require retrospective application.

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 8 “Operating Segments” (“IFRS 8”), 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 adopt the “management approach” to reporting of performance of its operating segments. Generally, the information to be reported would be what management uses internally for evaluating segment performance and deciding how to allocate resources to operations segments. Such information may be different from what is used to prepare the income statement and balance sheet. The IFRS therefore requires explanations of the basis on which the segment information is prepared and reconciliations to the amounts recognised in the income statement and balance sheet. The application of IFRS 8 is not expected to materially affect the Group’s consolidated financial statements.
- Amendment to IAS 23 “Borrowing costs” (“IAS 23”), which is effective for annual periods beginning on or after 1 January 2009. The amendment to IAS 23 removes the option of immediately recognising as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. The application of these amendments is not expected to materially affect the Group’s consolidated financial statements.
- Amendment to IAS 1 “Presentation of Financial Statements” (“IAS 1”), which is effective for annual periods beginning on or after 1 January 2009. The main change in IAS 1 is the replacement of the income statement by a statement of comprehensive income which will also include all non-owner changes in equity, such as the revaluation of available-for-sale financial assets. The revised IAS 1 also introduces a requirement to present a statement of financial position (balance sheet) at the beginning of the earliest comparative period whenever the entity restates comparatives due to reclassifications, changes in accounting policies, or corrections of errors. The Group expects the revised IAS 1 to affect the presentation of its consolidated financial statements but to have no impact on the recognition or measurement of specific transactions and balances.
- 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 consolidated financial statements.
- IFRIC 13 “Customer Loyalty Programmes” (“IFRIC 13”) which is effective for annual periods beginning on or after 1 July 2008. IFRIC 13 addresses whether the entity’s obligations to provide free or discounted goods or services in the future should be recognized and measured, and if consideration is allocated to the award credits how much should be allocated to them, when revenue should be recognized and, if a third party supplies the awards, how revenue should be measured. The application of IFRIC 13 is not expected to materially affect the Group’s consolidated 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. Management judgement also is involved in the assessment of control and the consolidation of certain affiliated entities in the Group’s consolidated financial statements (see Note 21).

**5 SEGMENT INFORMATION**

The Group operates as a vertically integrated business. Following the practice suggested by IAS 14 “Segment Reporting” 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.

	<b>Production of gas</b>	<b>Transport</b>	<b>Distribu- tion</b>	<b>Production of crude oil and gas condensate</b>	<b>Refining</b>	<b>Other</b>	<b>Total</b>
<b>Six months ended 30 June 2007</b>							
<b>Segment revenues</b>							
Inter-segment sales	115,065	242,292	26,067	39,677	3,063	-	426,164
External sales	<u>2,965</u>	<u>21,059</u>	<u>755,328</u>	<u>74,994</u>	<u>221,784</u>	<u>67,764</u>	<u>1,143,894</u>
<b>Total segment revenues</b>	118,030	263,351	781,395	114,671	224,847	67,764	1,570,058
<b>Segment expenses</b>							
Inter-segment expenses	(2,421)	(27,463)	(350,072)	-	(46,208)	-	(426,164)
External expenses	<u>(101,752)</u>	<u>(153,092)</u>	<u>(239,304)</u>	<u>(83,703)</u>	<u>(137,915)</u>	<u>(60,204)</u>	<u>(775,970)</u>
<b>Total segment expenses</b>	<u>(104,173)</u>	<u>(180,555)</u>	<u>(589,376)</u>	<u>(83,703)</u>	<u>(184,123)</u>	<u>(60,204)</u>	<u>(1,202,134)</u>
<b>Segment result</b>	13,857	82,796	192,019	30,968	40,724	7,560	367,924
Unallocated operating expenses							<u>(16,245)</u>
<b>Operating profit</b>							351,679
Share of net income of associated undertakings and jointly controlled entities	2,285	283	6,617	2,019	3,764	226	15,194

**OAO GAZPROM**  
**NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION**  
**(UNAUDITED) – 30 JUNE 2007**  
(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
<b>Six months ended</b>							
<b>30 June 2006</b>							
<b>Segment revenues</b>							
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>
<b>Total segment revenues</b>	<b>112,561</b>	<b>220,576</b>	<b>741,534</b>	<b>131,273</b>	<b>213,418</b>	<b>47,356</b>	<b>1,466,718</b>
<b>Segment expenses</b>							
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>
<b>Total segment expenses</b>	<b>(100,480)</b>	<b>(155,012)</b>	<b>(495,097)</b>	<b>(91,792)</b>	<b>(165,113)</b>	<b>(40,048)</b>	<b>(1,047,542)</b>
<b>Segment result</b>	<b>12,081</b>	<b>65,564</b>	<b>246,437</b>	<b>39,481</b>	<b>48,305</b>	<b>7,308</b>	<b>419,176</b>
Unallocated operating expenses							(14,177)
<b>Operating profit</b>							<b>404,999</b>
Share of net income of associated undertakings and jointly controlled entities	561	228	5,775	3,167	5,905	1,332	16,968

	Production of gas	Transport	Distribu- tion	Production of crude oil and gas condensate	Refining	Other	Total
<b>Three months ended</b>							
<b>30 June 2007</b>							
<b>Segment revenues</b>							
Inter-segment sales	55,684	124,103	11,866	20,529	1,696	-	213,878
External sales	<u>1,309</u>	<u>10,260</u>	<u>328,551</u>	<u>42,646</u>	<u>116,017</u>	<u>33,583</u>	<u>532,366</u>
<b>Total segment revenues</b>	<b>56,993</b>	<b>134,363</b>	<b>340,417</b>	<b>63,175</b>	<b>117,713</b>	<b>33,583</b>	<b>746,244</b>
<b>Segment expenses</b>							
Inter-segment expenses	(1,352)	(12,712)	(176,248)	-	(23,566)	-	(213,878)
External expenses	<u>(48,566)</u>	<u>(86,048)</u>	<u>(91,157)</u>	<u>(47,959)</u>	<u>(70,056)</u>	<u>(31,208)</u>	<u>(374,994)</u>
<b>Total segment expenses</b>	<b>(49,918)</b>	<b>(98,760)</b>	<b>(267,405)</b>	<b>(47,959)</b>	<b>(93,622)</b>	<b>(31,208)</b>	<b>(588,872)</b>
<b>Segment result</b>	<b>7,075</b>	<b>35,603</b>	<b>73,012</b>	<b>15,216</b>	<b>24,091</b>	<b>2,375</b>	<b>157,372</b>
Unallocated operating expenses							(15,488)
<b>Operating profit</b>							<b>141,884</b>
Share of net (loss) income of associated undertakings and jointly controlled entities	(950)	118	1,725	1,379	2,570	(694)	4,148

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**5 SEGMENT INFORMATION (continued)**

	Production of gas	Transport	Distribu- tion	Production of crude oil and gas condensate	Refining	Other	Total
<b>Three months ended</b>							
<b>30 June 2006</b>							
<b>Segment revenues</b>							
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>
<b>Total segment revenues</b>	<b>54,790</b>	<b>111,460</b>	<b>317,225</b>	<b>69,504</b>	<b>112,905</b>	<b>27,868</b>	<b>693,752</b>
<b>Segment expenses</b>							
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>
<b>Total segment expenses</b>	<b><u>(50,541)</u></b>	<b><u>(81,628)</u></b>	<b><u>(219,225)</u></b>	<b><u>(50,344)</u></b>	<b><u>(86,477)</u></b>	<b><u>(22,376)</u></b>	<b><u>(510,591)</u></b>
<b>Segment result</b>	<b>4,249</b>	<b>29,832</b>	<b>98,000</b>	<b>19,160</b>	<b>26,428</b>	<b>5,492</b>	<b>183,161</b>
Unallocated operating expenses							<u>(8,672)</u>
<b>Operating profit</b>							<b>174,489</b>
Share of net income (loss) of associated undertakings and jointly controlled entities	259	118	5,916	1,706	3,181	(200)	10,980

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.

**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 3,058 and RR 2,877 as of 30 June 2007 and 31 December 2006, respectively, which are restricted as to withdrawal under the terms of certain borrowings. In addition, restricted cash comprises cash balances of RR 26,564 and RR 9,479 as of 30 June 2007 and 31 December 2006 respectively, in subsidiary banks, which are restricted as to withdrawal under banking regulations.

**7 SHORT-TERM FINANCIAL ASSETS**

	<u>30 June 2007</u>	<u>31 December 2006</u>
Financial assets held for trading	58,694	84,816
Available-for-sale financial assets (net of impairment provision of RR 4,062 and of RR 4,353 as of 30 June 2007 and 31 December 2006, respectively)	<u>7,013</u>	<u>21,758</u>
	<u>65,707</u>	<u>106,574</u>

**7 SHORT-TERM FINANCIAL ASSETS (continued)**

Financial assets held for trading owned by the Group's banking subsidiaries amounted to RR 53,289 and RR 33,977 as of 30 June 2007 and 31 December 2006, respectively. These assets primarily comprise marketable equity and debt securities intended to generate short-term profits.

Financial assets held for trading owned by NPF Gazfund amounted to RR 46,340 as of 31 December 2006 (see Note 21).

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

**8 ACCOUNTS RECEIVABLE AND PREPAYMENTS**

	<b>30 June 2007</b>	<b>31 December 2006</b>
Trade receivables	282,669	254,082
Prepayments and advances	107,168	114,059
Other receivables	<u>315,895</u>	<u>293,899</u>
	<u>705,732</u>	<u>662,040</u>

Accounts receivable and prepayments are presented net of impairment provision of RR 95,350 and RR 91,962 as of 30 June 2007 and 31 December 2006, respectively.

As of 30 June 2007 and 31 December 2006 other receivables include RR 258,141 and RR 243,735 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 2,022 and RR 1,852 as of 30 June 2007 and 31 December 2006, respectively.

**10 PROPERTY, PLANT AND EQUIPMENT**

	<b>Total production assets (including production licenses)</b>	<b>Social assets</b>	<b>Assets under construction</b>	<b>Total</b>
<b>As of 31 December 2005</b>				
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>
<b>Net book value as of 31 December 2005</b>	2,373,868	76,196	340,947	2,791,011
<b>Six months ended 30 June 2006</b>				
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 for impairment provision	-	-	<u>(2,319)</u>	<u>(2,319)</u>
<b>Net book value as of 30 June 2006</b>	2,318,519	61,469	450,496	2,830,484
<b>Six months ended 31 December 2006</b>				
Net book value as of 30 June 2006	2,318,519	61,469	450,496	2,830,484
Depreciation	(83,085)	(1,294)	-	(84,379)
Additions	10,683	361	272,729	283,773
Acquisition of subsidiaries	10,013	-	10,489	20,502

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**10 PROPERTY, PLANT AND EQUIPMENT (continued)**

	<b>Total production assets (including production licenses)</b>	<b>Social assets</b>	<b>Assets under construction</b>	<b>Total</b>
Transfers	344,426	3,597	(348,023)	-
Disposals	(1,298)	(3,418)	(5,051)	(9,767)
Charge for impairment provision	-	-	<u>(5,645)</u>	<u>(5,645)</u>
<b>Net book value as of 31 December 2006</b>	<b>2,599,258</b>	<b>60,715</b>	<b>374,995</b>	<b>3,034,968</b>
<b>As of 31 December 2006</b>				
Cost	4,567,453	90,081	374,995	5,032,529
Accumulated depreciation	<u>(1,968,195)</u>	<u>(29,366)</u>	-	<u>(1,997,561)</u>
<b>Net book value as of 31 December 2006</b>	<b>2,599,258</b>	<b>60,715</b>	<b>374,995</b>	<b>3,034,968</b>
<b>Six months ended 30 June 2007</b>				
Net book value as of 31 December 2006	2,599,258	60,715	374,995	3,034,968
Depreciation	(91,004)	(1,301)	-	(92,305)
Additions	1,370	211	185,776	187,357
Acquisition of subsidiaries	91,426	-	16,432	107,858
Transfers	57,097	80	(57,177)	-
Disposals	(4,396)	(2,934)	(5,634)	(12,964)
Charge for impairment provision	-	-	<u>(963)</u>	<u>(963)</u>
<b>Net book value as of 30 June 2007</b>	<b>2,653,751</b>	<b>56,771</b>	<b>513,429</b>	<b>3,223,951</b>
<b>As of 30 June 2007</b>				
Cost	4,703,396	85,419	513,429	5,302,244
Accumulated depreciation	<u>(2,049,645)</u>	<u>(28,648)</u>	-	<u>(2,078,293)</u>
<b>Net book value as of 30 June 2007</b>	<b>2,653,751</b>	<b>56,771</b>	<b>513,429</b>	<b>3,223,951</b>

Production assets are shown net of provision for impairment of RR 2,574 and RR 2,574 as of 30 June 2007 and 31 December 2006. Assets under construction are presented net of provision for impairment of RR 92,627 and RR 91,803 as of 30 June 2007 and 31 December 2006, 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 9,132 and RR 11,573 as of 30 June 2007 and 31 December 2006, 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 June 2007	31 December 2006	30 June 2007	2006
23	Sakhalin Energy Investment Company Ltd.**	218,409	-	(138)	-
	OAO NGK Slavneft	145,078	140,165	5,208	9,072
27	OAO Novatek	65,132	63,426	1,702	-
27	SGT EuRoPol GAZ S.A.	28,991	30,865	307	293
	OAO Moscovsky NPZ	15,932	15,266	574	5
22,27	OAO Mosenergo	-	16,751	(125)	(101)
	OAO Moscow United Electricity Network Company***	-	5,643	-	649
27	WINGAS GmbH	4,813	6,197	2,152	1,936
27	OAO Stroytransgaz	3,577	3,559	18	-
	OAO Moscow City Electricity Network Company***	-	2,823	-	398
	AO Latvijas Gaze	3,231	3,109	110	143
	OAO Moscow Heating Network Company***	-	2,412	-	43
	AO Lietuvos Dujos	1,946	1,756	295	154
	Blue Stream Pipeline company B.V.	1,021	1,063	(24)	(65)
27	RosUkrEnergo AG	-	-	(275)	1,183
	ZAO Nortgaz	2,844	2,272	572	572
27	TOO KazRosGaz	3,047	1,934	1,205	781
	Other (net of provision for impairment of RR 6,500 and RR 5,312 as of 30 June 2007 and 31 December 2006, respectively)	<u>19,210</u>	<u>20,901</u>	<u>3,613</u>	<u>1,905</u>
		513,231	318,142	15,194	16,968

\* represents Group's share of the profit (loss) of the associated undertakings and jointly controlled entities for the six months ended 30 June 2007 and 30 June 2006, respectively.

\*\* in April 2007, the Group acquired 50% of Sakhalin Energy Investment Company Ltd. (Sakhalin Energy) (see Note 23).

\*\*\* companies established under restructuring of OAO Mosenergo, disposed in current period due to the deconsolidation of NPF Gazfund (see Note 21).

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

	Percent of share capital held	Location	As of 30 June 2007		For the six months ended 30 June 2007	
			Assets	Liabilities	Revenues	Profit (loss)
Sakhalin Energy Investment Company Ltd.	50%	Bermuda	419,041	41,632	2,739	(3,237)
OAO NGK Slavneft	50%	Russia	360,596	69,740	69,814	10,448
OAO Novatek	19%	Russia	90,373	16,742	30,314	8,563
SGT EuRoPol GAZ S.A.	48%	Poland	58,206	28,670	6,120	531
OAO Moscovsky NPZ	39%	Russia	44,039	3,615	4,817	1,102
WINGAS GmbH	35%	Germany	99,061	91,109	99,235	6,161
OAO Stroytransgaz	18%	Russia	52,558	33,292	18,176	530
AO Latvijas Gaze	34%	Latvia	21,107	5,616	5,510	324
AO Lietuvos Dujos	37%	Lithuania	23,684	4,533	4,919	795
Blue Stream Pipeline company B.V.	50%	Netherlands	61,033	57,443	3,501	(96)

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

	Percent of share capital held	Location	As of 30 June 2007		For the six months ended 30 June 2007	
			Assets	Liabilities	Revenues	Profit (loss)
RosUkrEnergо AG	50%	Switzerland	95,447	70,859	152,623	3,821
ZAO Nortgaz	51%	Russia	6,641	1,067	3,032	1,121
TOO KazRosGaz	50%	Kazakhstan	7,485	1,392	7,383	2,411

	Percent of share capital held	Location	As of 30 June 2006		For the six months ended 30 June 2006	
			Assets	Liabilities	Revenues	Profit (loss)
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 Moscovsky NPZ	39%	Russia	42,689	3,417	2,459	14
OAO Mosenergo	25%	Russia	38,148	15,816	39,178	(402)
OAO Moscow United Electricity Network Company	25%	Russia	28,705	8,313	11,775	2,595
WINGAS GmbH	35%	Germany	90,476	82,872	104,926	5,998
OAO Stroytransgaz	18%	Russia	49,487	24,255	21,420	378
OAO Moscow City Electricity Network Company	25%	Russia	14,046	873	5,028	1,592
AO Latvijas Gaze	34%	Latvia	15,197	3,369	4,962	420
OAO Moscow Heating Network Company	25%	Russia	12,755	2,978	7,223	171
AO Lietuvos Dujos Blue Stream Pipeline company B.V.	37%	Lithuania	22,400	3,999	4,115	415
	50%	Netherlands	64,317	60,212	3,486	(261)
RosUkrEnergо AG	50%	Switzerland	74,679	56,362	93,108	(2,208)
ZAO Nortgaz	51%	Russia	5,811	1,909	2,962	1,132
TOO KazRosGaz	50%	Kazakhstan	5,119	2,102	7,843	1,563
ZAO ArmRosgazprom	45%	Armenia	10,960	2,505	2,067	188

The values, disclosed in the table above, represent total assets, liabilities, revenues, profit (loss) of the Group's principal associated undertakings 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 June 2007	31 December 2006
OAO Novatek	79,048	98,455
OAO Mosenergo (stand alone)	-	44,491
AO Latvijas Gaze	7,102	6,984
AO Lietuvos Dujos	6,242	6,658



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**12 LONG-TERM ACCOUNTS RECEIVABLE AND PREPAYMENTS**

	<b>30 June 2007</b>	<b>31 December 2006</b>
Long-term accounts receivable and prepayments	214,674	191,816
Advances for assets under construction	<u>103,910</u>	<u>59,307</u>
	<u>318,584</u>	<u>251,123</u>

Long-term accounts receivable and prepayments are presented net of impairment provision of RR 14,646 and RR 15,170 as of 30 June 2007 and 31 December 2006, respectively.

As of 30 June 2007 and 31 December 2006, long term accounts receivable and prepayments include RR 119,743 and RR 99,380, 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, in total amount of RR 226,344 and RR 150,874, are shown net of provision for impairment of RR 2,526 and RR 10,253 as of 30 June 2007 and 31 December 2006, respectively.

Available-for-sale long-term financial assets owned by the Group's banking subsidiaries amounted to RR 38,471 and RR 5,511 as of 30 June 2007 and 31 December 2006, 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 157,383 and RR 128,599 as of 30 June 2007 and 31 December 2006, respectively.

**14 LONG-TERM BORROWINGS**

	<b>Currency</b>	<b>Final maturity</b>	<b>30 June 2007</b>	<b>31 December 2006</b>
Long-term borrowings payable to:				
Citibank International PLC*	US dollar	2008	90,582	-
ABN AMRO	US dollar	2012	52,199	-
Morgan Stanley AG	US dollar	2013	46,628	47,558
Loan participation notes issued in June 2007	US dollar	2013	41,214	-
Loan participation notes issued in September 2003	Euro	2010	36,770	35,408
Loan participation notes issued in December 2005	Euro	2012	35,603	34,793
Loan participation notes issued in November 2006	US dollar	2016	35,086	35,786
Loan participation notes issued in May 2005	Euro	2015	34,885	35,886
Loan participation notes issued in March 2007	US dollar	2022	34,253	-
Structured export notes issued in July 2004	US dollar	2020	31,746	33,901
Loan participation notes issued in April 2004	US dollar	2034	31,447	32,074
Deutsche Bank AG	US dollar	2014	31,147	31,776
ABN AMRO*	US dollar	2010	30,385	35,765
Dresdner Bank AG*	US dollar	2010	28,575	33,143
Loan participation notes issued in October 2006	Euro	2014	27,548	27,317
Eurobonds issued by AB Gazprombank (ZAO) in September 2005	US dollar	2015	26,047	26,557
Dresdner Bank AG*	US dollar	2008	24,484	33,135
Loan participation notes issued in June 2007	Euro	2014	24,397	-
ABN AMRO	US dollar	2008	23,696	-
Eurobonds issued by AB Gazprombank (ZAO) in October 2003	US dollar	2008	19,550	19,927
Salomon Brothers AG	US dollar	2009	18,430	18,798
Eurobonds issued by AB Gazprombank (ZAO) in April 2007	US dollar	2010	18,316	-
Loan participation notes issued in March 2007	Euro	2017	17,658	-
Loan participation notes issued in November 2006	Euro	2017	17,603	17,443
Salomon Brothers AG	US dollar	2009	16,778	15,921
Citibank International PLC	US dollar	2009	15,097	16,646

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**14 LONG TERM BORROWINGS (continued)**

	<b>Currency</b>	<b>Final maturity</b>	<b>30 June 2007</b>	<b>31 December 2006</b>
Crédit Swiss First Boston	Euro	2009	13,975	13,969
Depfa Bank*	US dollar	2008	13,238	13,502
Loan from a syndicate of foreign banks	US dollar	2008	12,950	13,179
Credit Swiss International	US dollar	2009	12,576	-
Credit Swiss International	US dollar	2008	12,317	-
Eurobonds issued by AB Gazprombank (ZAO) in February 2007	Rouble	2010	10,203	-
OOO Aragon	Euro	2010	9,546	9,541
Deutsche Bank AG	US dollar	2011	9,172	9,358
Crédit Swiss First Boston	Euro	2007	8,729	8,720
Eurobonds issued by AB Gazprombank (ZAO) in January 2004	US dollar	2008	7,820	7,971
Liberty Hampshire Corporation	Rouble	2009	7,600	7,600
Crédit Swiss First Boston	Euro	2008	7,144	7,009
Crédit Swiss First Boston I	Euro	2008	6,996	6,996
Gazstream S.A.	US dollar	2010	6,523	7,050
ABN AMRO*	US dollar	2009	6,473	6,609
Gazstream S.A.	US dollar	2012	5,711	7,248
Crédit Swiss First Boston	US dollar	2009	5,336	5,293
ABN AMRO*	US dollar	2009	5,244	5,355
J.P. Morgan Chase bank	US dollar	2011	5,198	5,302
BNP Paribas SA	US dollar	2008	5,167	5,271
Russian bonds issued in February 2005	Rouble	2010	5,153	5,134
Russian bonds issued in August 2005	Rouble	2009	5,135	5,134
Russian bonds issued in February 2007	Rouble	2014	5,128	-
Russian bonds issued by OAO Mosenergo in March 2006	Rouble	2016	5,127	-
Russian bonds issued by OAO Mosenergo in September 2006	Rouble	2011	5,105	-
Russian bonds issued in October 2004	Rouble	2007	5,084	5,084
Russian bonds issued in November 2006	Rouble	2011	5,057	5,057
Russian bonds issued in November 2006	Rouble	2009	5,040	5,040
Mannesmann (Deutsche Bank AG)*	Euro	2008	4,362	5,814
International banking consortium	Euro	2007	2,918	1,735
Deutsche Bank AG	US dollar	2009	2,344	2,988
Salomon Brothers AG	US dollar	2007	-	13,386
Salomon Brothers AG	US dollar	2007	-	11,876
Russian bonds issued in February 2004	Rouble	2007	-	10,359
Other long-term borrowings	Various	Various	<u>73,480</u>	<u>62,583</u>
Total long-term borrowings			1,105,975	805,997
Less: current portion of long-term borrowings			<u>(236,138)</u>	<u>(137,654)</u>
			869,837	668,343

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

<b>Due for repayment:</b>	<b>30 June 2007</b>	<b>31 December 2006</b>
Between one and two years	173,945	111,280
Between two and five years	247,827	242,230
After five years	<u>448,065</u>	<u>314,833</u>
	869,837	668,343

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**14 LONG TERM BORROWINGS (continued)**

As of 30 June 2007 and 31 December 2006, respectively, long-term borrowings include RR 121,856 and RR 84,628 of long-term borrowings of AB Gazprombank (ZAO).

Long-term borrowings include fixed rate loans with a carrying value of RR 691,842 and RR 563,142 as of 30 June 2007 and 31 December 2006 respectively. Other long-term borrowings generally have variable interest rates linked to LIBOR.

As of 30 June 2007 and 31 December 2006 long-term borrowings, including current portion, of RR 31,746 and RR 33,901, respectively, were secured by gas sales contracts to Western Europe.

**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 2007	Differences recognition and reversals	31 December 2006	30 June 2006	Differences recognition and reversals	31 December 2005
<b>Tax effects of taxable temporary differences:</b>						
Property, plant and equipment	(263,183)	(21,444)	(241,739)	(236,321)	(1,202)	(235,119)
Financial assets	(50,033)	(11,921)	(38,112)	(27,614)	(6,872)	(20,742)
Inventories	<u>(2,569)</u>	<u>(2,380)</u>	<u>(189)</u>	<u>(3,160)</u>	<u>(193)</u>	<u>(2,967)</u>
	<b>(315,785)</b>	<b>(35,745)</b>	<b>(280,040)</b>	<b>(267,095)</b>	<b>(8,267)</b>	<b>(258,828)</b>
<b>Tax effects of deductible temporary differences:</b>						
Tax losses carry forward	1,782	76	1,706	2,785	(44)	2,829
Other deductible temporary differences	<u>3,547</u>	<u>721</u>	<u>2,826</u>	<u>2,201</u>	<u>(1,930)</u>	<u>4,131</u>
	<b>5,329</b>	<b>797</b>	<b>4,532</b>	<b>4,986</b>	<b>(1,974)</b>	<b>6,960</b>
<b>Total net deferred tax liability</b>	<b>(310,456)</b>	<b>(34,948)</b>	<b>(275,508)</b>	<b>(262,109)</b>	<b>(10,241)</b>	<b>(251,868)</b>

Taxable temporary differences recognized in the six months ended 30 June 2007 include the effect of the acquisition of the controlling interest in OAO Mosenergo (see Note 22). The differences attributable to property, plant and equipment amounted to RR 18,367.

Taxable temporary differences in relation to financial assets include difference on fair value adjustment on RAO UES of Russia shares in the amount of RR 6,908 and RR 7,491 as of 30 June 2007 and 2006, respectively. No current profit tax was paid on this revaluation.

**16 EQUITY**

**Share capital**

Share capital authorised, issued and paid totals RR 325,194 as of 30 June 2007 and 31 December 2006 and consists of 23.7 billion ordinary shares, each with a historical par value of 5 Russian Roubles.

**Treasury shares**

As of 30 June 2007 and 31 December 2006, subsidiaries of OAO Gazprom held 119 million and 749 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 2007 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 15,559 as of 30 June 2007 and are included in "Accounts payable and accrued charges".

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**17 SALES**

	Three months ended 30 June		Six months ended 30 June	
	2007	2006	2007	2006
Gas sales (including excise tax, customs duties and net of VAT) to customers in:				
Russian Federation	78,385	67,000	214,300	191,909
Former Soviet Union (excluding Russian Federation)	62,687	45,520	145,401	118,242
Far abroad	<u>251,077</u>	<u>274,096</u>	<u>533,738</u>	<u>589,353</u>
Gross sales of gas	392,149	386,616	893,439	899,504
Excise tax	(54)	(3)	(54)	(1,329)
Customs duties	<u>(62,235)</u>	<u>(78,368)</u>	<u>(135,092)</u>	<u>(176,290)</u>
Net sales of gas	329,860	308,245	758,293	721,885
Sales of refined products to customers in:				
Russian Federation	61,925	55,312	119,288	106,348
Former Soviet Union (excluding Russian Federation)	11,840	7,575	18,754	11,945
Far abroad	<u>42,252</u>	<u>48,227</u>	<u>83,742</u>	<u>91,444</u>
Total sales of refined products	116,017	111,114	221,784	209,737
Sales of crude oil and gas condensate to customers in:				
Russian Federation	5,326	5,011	13,550	10,737
Former Soviet Union (excluding Russian Federation)	4,993	5,176	8,411	11,002
Far abroad	<u>32,327</u>	<u>40,162</u>	<u>53,033</u>	<u>73,731</u>
Total sales of crude oil and gas condensate	42,646	50,349	74,994	95,470
Gas transportation sales	10,260	8,071	21,059	16,976
Other revenues	<u>33,583</u>	<u>27,868</u>	<u>67,764</u>	<u>47,356</u>
	532,366	505,647	1,143,894	1,091,424

**18 OPERATING EXPENSES**

Note	Three months ended 30 June		Six months ended 30 June	
	2007	2006	2007	2006
	84,164	71,232	188,436	131,127
	53,088	41,917	108,399	91,205
27	47,565	45,229	98,074	99,120
	42,934	34,037	93,024	80,524
	39,316	41,380	77,063	83,827
	24,031	17,212	40,507	34,341
	22,962	20,435	45,554	37,682
27	10,426	8,434	22,748	20,499
	7,444	11,189	21,178	25,852
	3,597	3,512	6,981	8,081
	2,469	2,060	5,673	5,079
	1,788	2,847	5,640	4,775
	1,782	668	2,778	6,118
Other	<u>48,916</u>	<u>31,006</u>	<u>76,160</u>	<u>58,195</u>
	390,482	331,158	792,215	686,425

Staff costs include RR 3,395 and RR 6,790 of expenses associated with pension obligations for the three and six months ended 30 June 2007, respectively, and in the amount of RR 2,453 and RR 4,791 for the three and six months ended 30 June 2006, respectively.

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**19 FINANCE INCOME AND EXPENSES**

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>30 June</b>		<b>30 June</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Exchange gains	13,569	16,029	23,943	44,702
Interest income	24,108	8,772	38,274	16,612
Gains on extinguishment of restructured liabilities	<u>137</u>	<u>475</u>	<u>1,012</u>	<u>531</u>
Total finance income	37,814	25,276	63,229	61,845

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>30 June</b>		<b>30 June</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Exchange losses	10,912	10,350	15,900	16,639
Interest expense	<u>20,180</u>	<u>10,452</u>	<u>35,228</u>	<u>22,715</u>
Total finance expenses	31,092	20,802	51,128	39,354

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

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

There were 23.5 and 23.4 billion weighted average shares outstanding for the three and six months ended 30 June 2007, and 22.8 billion weighted average shares outstanding for the three and six months ended 30 June 2006, respectively.

**21 EFFECT OF THE DECONSOLIDATION OF NPF GAZFUND**

In 1994, Gazprom founded the Non-State pension fund NPF Gazfund. Historically, Gazprom consolidated Gazfund primarily due to the fact that Gazprom management exhibited control over the financial and investment decisions of Gazfund. Gazprom used Gazfund as the Group's primary investment vehicle for purchasing strategic investments and Gazfund did not have any other significant operations or investments.

During the first quarter of 2007, there were changes in legislation relating to pension funds, specifically Regulation No. 63 dated 1 February 2007, which introduced stringent requirements on pension fund's investment policies and on the composition of investment portfolios. After evaluating and assessing the specific provisions of the new legal requirements, executive management met in March 2007 and decided to discontinue the use of Gazfund as the Group's primary investment vehicle.

Based on the new legislation and management's decisions, NPF Gazfund was deconsolidated from the consolidated financial information of OAO Gazprom in first quarter 2007. As a result of this deconsolidation, the Gazfund investment assets are now accounted for as plan assets on the OAO Gazprom consolidated interim condensed balance sheet under IAS 19. The principal balance sheet line items affected are short term financial assets, other non-current assets, provisions for liabilities and charges, minority interest and equity including treasury shares. In addition, where NPF Gazfund continues to hold ownership interests in OAO Gazprom subsidiaries (for example, AB Gazprombank (ZAO), OAO Sibur-Holding), those interests are reflected as Minority Interest in the accompanying financial information.

In accordance with IAS 19, pension assets are required to be recorded at estimated fair market values subject to certain limitations. The Company recorded a net pension asset of approximately RR 266 billion at 31 March 2007 in accordance with these requirements. The pension assets comprise shares of OAO Gazprom, shares of AB Gazprombank (ZAO) and other assets held by Gazfund at 31 March 2007.

**21 EFFECT OF THE DECONSOLIDATION OF NPF GAZFUND (continued)**

Although the fair value of these assets could vary within a reasonable supportable range due to the underlying assumptions used, at 31 March 2007 management estimated the fair value of these assets at approximately RR 590 billion.

The net pension asset recognized was limited to RR 266 billion by the application of IAS 19 and IFRIC 14. This limitation reflected the cumulative unrecognized net actuarial losses and the present value of economic benefits available to Gazprom in the form of reductions in future contributions to the plan. The fair values of the pension plan assets were estimated based on common valuation techniques which included specific market quotes and comparable third party transactions.

The deconsolidation of NPF Gazfund had the following line item effect(s) on the accompanying consolidated interim condensed financial information of the Group:

	<b>Description</b>	<b>Increase/ (decrease)</b>
<b>IFRS consolidated interim condensed balance sheet</b>		
Other non-current assets	Recognition of pension assets	265,715
Provisions for liabilities and charges	Elimination of previously recorded defined benefit liabilities	(76,166)
Treasury shares	Disposal of OAO Gazprom shares held by Gazfund	8,838
Retained earnings and other reserves	Excess of fair market value over cost basis of OAO Gazprom shares held by Gazfund	111,015
Short-term financial assets	Elimination of previously consolidated amounts	(46,340)
Cash and cash equivalents	Elimination of previously consolidated amounts	(18,518)
Accounts receivable and prepayments	Elimination of previously consolidated amounts	(7,098)
Other current assets	Elimination of previously consolidated amounts	(6,640)
Investments in associated undertakings and jointly controlled entities	Elimination of previously consolidated amounts	(7,896)
Retained earnings and other reserves	Gain on deconsolidation	44,692
Minority interest	Recognition of minority interest in Group subsidiaries held by Gazfund	90,844
<b>IFRS consolidated interim condensed income statement</b>		
Deconsolidation of NPF Gazfund	Gain on deconsolidation	44,692
<b>IFRS consolidated interim condensed statement of changes in equity</b>		
	Cost of OAO Gazprom shares held by Gazfund	8,838
Deconsolidation of NPF Gazfund	Excess of fair market value over cost basis of OAO Gazprom shares held by Gazfund	111,015
	Recognition of minority interest in Group subsidiaries held by Gazfund	90,844
<b>IFRS consolidated interim condensed statement of cash flows</b>		
Decrease in cash due to NPF Gazfund deconsolidation	Decrease in cash due to NPF Gazfund deconsolidation	(18,518)

**22 ACQUISITION OF THE CONTROLLING INTEREST IN OAO MOSENERGO**

In May 2007, following an additional share issue by OAO Mosenergo, the Group increased its interest in the new share capital of OAO Mosenergo to a controlling interest of 50.95% for cash consideration of RR 66,163.

In accordance with IFRS 3 “Business Combinations”, the Group recognized the acquired assets and liabilities based upon their fair values. Such fair value determination includes assumptions and estimates regarding future events. The carrying values of assets and liabilities, determined in accordance with IFRS before the combination, approximated the fair values. The analysis was performed on a provisional basis. Management is required to finalise the accounting within 12 months of the date of acquisition. Any revisions to the provisional values will be reflected as of the acquisition date. Details of the assets and liabilities acquired are as follows:

	<b>Attributed fair value</b>
Cash and cash equivalents	65,700
Accounts receivable and prepayments	5,606
Inventories	4,369
Other current assets	<u>612</u>
<b>Current assets</b>	<b>76,287</b>
Property, plant and equipment	107,858
Long-term accounts receivable and prepayments	7,599
Other non-current assets	<u>637</u>
<b>Non-current assets</b>	<b>116,094</b>
<b>Total assets</b>	<b>192,381</b>
Accounts payable and accrued charges	20,320
Short-term borrowings and current portion of long-term borrowings	<u>7,563</u>
<b>Current liabilities</b>	<b>27,883</b>
Long-term borrowings	10,159
Deferred tax liabilities	17,932
Other non-current liabilities	<u>1,219</u>
<b>Non-current liabilities</b>	<b>29,310</b>
<b>Equity</b>	<b>135,188</b>
<b>Fair value of net assets of OAO Mosenergo at acquisition date</b>	<b>135,188</b>
Fair value of the Group’s interest in OAO Mosenergo	40,286
Purchase consideration	<u>66,163</u>
<b>Goodwill</b>	<b>25,877</b>

Following the acquisition, the Group consolidated cash and cash equivalents of OAO Mosenergo of RR 65,700. The net cash outflow on acquisition of OAO Mosenergo of RR 463 is presented in line “Other” within the investing activities in the consolidated statement of cash flows.

OAO Mosenergo contributed revenue of RR 3,294 and loss of RR 42 to the Group for the period from the date of acquisition to 30 June 2007. If the acquisition had occurred on 1 January 2007, the Group’s revenue for the three and six months ended 30 June 2007 would have been RR 548,833 and RR 1,180,122, respectively. The Group’s profit for the three and six months ended 30 June 2007 would have been RR 112,704 and RR 329,590, respectively.

The recognized goodwill mainly represents future synergies which are expected primarily from optimizing the fuel consumption structure of OAO Mosenergo.

**23 ACQUISITION OF INTEREST IN SAKHALIN ENERGY INVESTMENT COMPANY LTD.**

In April 2007, the Group acquired 50% plus one share of Sakhalin Energy Investment Company Ltd. (Sakhalin Energy), which is the operator of the Sakhalin-2 project, for RR 192,330 (USD 7,450 million) paid in cash. The Sakhalin-2 project involves the off-shore development and production of crude oil, natural gas and liquefied natural gas from the Piltun-Astokhskoye and Lunsokoye fields.

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**23 ACQUISITION OF INTEREST IN SAKHALIN ENERGY INVESTMENT COMPANY LTD. (continued)**

As of the date of acquisition, Gazprom holds 50% plus one share, Shell - 27.5% minus one share, Mitsui - 12.5% and Mitsubishi 10%. Under the new shareholding structure, the Group acquired the ability to exercise significant influence over Sakhalin Energy and recorded this acquisition within investments in associated undertakings and jointly controlled entities. The purchase consideration approximated the fair value of the acquired share in Sakhalin Energy at the date of acquisition. The purchase price allocation was determined on a provisional basis and will be finalized within 12 months of the date of acquisition.

Subsequent to the acquisition, the Group invested RR 26,217 (USD 956 million) into Sakhalin Energy. The Group's share of the net losses of Sakhalin Energy in the period from the date of acquisition through 30 June 2007 was RR 138 (USD 5.3 million). As of 30 June 2007, the carrying value of the Group's investment in Sakhalin Energy is RR 218,409 (USD 8,406 million).

**24 CALL OPTION AGREEMENT WITH ENI S.P.A.**

In April 2007, ENI S.P.a. (Eni) offered to the Group an option to 20% interest in OAO Gazprom Neft by April 2009, at a price of USD 3.7 billion, in addition to financial expenses related to the acquisition.

**25 CASH PROVIDED FROM OPERATING ACTIVITIES**

Cash provided from operating activities includes working capital changes from AB Gazprombank (ZAO) in the amount RR 488,145.

**26 PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>30 June 2007</b>	<b>31 December 2006</b>
Provision for pension obligations	13,290	84,393
Provision for environmental liabilities	35,535	31,670
Other	<u>3,558</u>	<u>3,515</u>
	52,383	119,578

The amounts associated with pension obligations recognized in the balance sheet are as follows:

	<b>30 June 2007</b>			<b>31 December 2006</b>		
	<b>Benefits provided by pension plan - Gazfund</b>	<b>Other benefits</b>	<b>Total</b>	<b>Benefits provided by pension plan - Gazfund</b>	<b>Other benefits</b>	<b>Total</b>
Present value of obligations	(199,243)	(46,247)	(245,490)	(193,352)	(44,129)	(237,481)
Unrecognised actuarial losses	120,131	6,446	126,577	120,131	6,446	126,577
Unrecognised past service cost	-	<u>26,511</u>	<u>26,511</u>	-	<u>26,511</u>	<u>26,511</u>
Net liability	(79,112)	(13,290)	(92,402)	(73,221)	(11,172)	(84,393)
Fair value of plan assets	344,827	-	344,827	-	-	-
Less liabilities, accrued	<u>(79,112)</u>	<u>(13,290)</u>	<u>(92,402)</u>	<u>(73,221)</u>	<u>(11,172)</u>	<u>(84,393)</u>
<b>Net asset (liability) recognized</b>	<b>265,715</b>	<b>(13,290)</b>	<b>252,425</b>	<b>(73,221)</b>	<b>(11,172)</b>	<b>(84,393)</b>

Net pension assets are presented within other non-current assets in the consolidated balance sheet.



**26 PROVISIONS FOR LIABILITIES AND CHARGES (continued)**

The amounts recognized in the consolidated statement of income and consolidated statement of changes in equity are as follows:

	Three months ended 30 June		Six months ended 30 June	
	2007	2006	2007	2006
Current service cost	1,986	1,426	3,972	2,767
Interest cost	<u>1,409</u>	<u>1,027</u>	<u>2,818</u>	<u>2,024</u>
Net expense included in staff costs in the consolidated statement of income (see Note 18)	3,395	2,453	6,790	4,791

Principal actuarial assumptions used (expressed as weighted average):

	30 June 2007	31 December 2006
Discount rate (nominal)	6.7%	6.7%
Future salary increases (nominal)	7.6%	7.6%
Employees average remaining working life (years)	15	15

The assumptions relating to longevity at normal pension age were 17 years for a 60 years old man and 28 years for a 55 years old woman in 2006.

**27 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.

**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.

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27 **RELATED PARTIES (continued)**

As of 30 June 2007 and 31 December 2006 and for the three and six months ended 30 June 2007 and 2006 the Group had the following significant transactions and balances with the Government and parties under control of the Government:

Notes	As of 30 June 2007		For the three months ended 30 June 2007		For the six months ended 30 June 2007		
	Assets	Liabilities	Revenues/ Income	Expenses	Revenues/ Income	Expenses	
	<b>Transactions and balances with the Government</b>						
	Current profit tax	16,443	9,339	-	49,500	-	105,834
	Unified social tax	317	1,648	-	7,906	-	17,737
	VAT recoverable/payable	180,314	17,901	-	-	-	-
	Custom duties	20,476	-	-	-	-	-
18	Other taxes	6,803	25,414	-	47,565	-	98,074
	<b>Transactions and balances with other parties under control of the Government</b>						
	Gas sales	-	-	39,344	-	101,539	-
	Accounts receivable	80,738	-	-	-	-	-
18	Electricity and heating expenses	-	-	-	10,426	-	22,748
	Oil transportation expenses	-	-	-	11,966	-	22,356
	Accounts payable	-	6,010	-	-	-	-
	Loans	-	34,086	-	-	-	-
	Interest income/expense	-	-	328	599	810	1,015
	Short-term financial assets	11,141	-	-	-	-	-
	Investments in associated undertakings and jointly controlled entities	-	-	-	357	-	125
	Available-for-sale long-term financial assets	157,383	-	-	-	-	-

Notes	As of 31 December 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	
	<b>Transactions and balances with the Government</b>						
	Current profit tax	15,488	18,957	-	49,567	-	112,355
	Unified social tax	359	1,015	-	6,577	-	15,793
	VAT recoverable/payable	180,851	21,311	-	-	-	-
	Custom duties	23,339	-	-	-	-	-
18	Other taxes	9,293	27,919	-	45,229	-	99,120
	<b>Transactions and balances with other parties under control of the Government</b>						
	Gas sales	-	-	33,510	-	87,058	-
	Accounts receivable	81,610	-	-	-	-	-
18	Electricity and heating expenses	-	-	-	8,434	-	20,499
	Oil transportation expenses	-	-	-	-	-	-
	Accounts payable	-	4,250	-	-	-	-
	Loans	-	32,107	-	-	-	-
	Interest income/expense	-	-	1,082	192	1,655	364
	Short-term financial assets	28,762	-	-	-	1,694	-
	Investments in associated undertakings and jointly controlled entities	34,828	-	-	273	1,057	-
	Available-for-sale long-term financial assets	128,599	-	-	-	-	-

27 **RELATED PARTIES (continued)**

Gas sales and respective accounts receivable, electricity and heating expenses, oil transportation 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 2007 and 2006. See Note 10 for net book values as of 30 June 2007 and 31 December 2006 of social assets vested to the Group at privatisation.

See Note 28 for financial guarantees issued by the Group to the associated undertakings and jointly controlled entities.

**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**

For the three and six months ended 30 June 2007 and 2006 and as of 30 June 2007 and 31 December 2006 the Group had the following significant transactions and balances with associated undertakings and jointly controlled entities:

	Three months ended 30 June		Six months ended 30 June	
	2007	2006	2007	2006
	Revenues	Revenues	Revenues	Revenues
<b>Gas sales</b>				
RosUkrEnergO AG	38,558	31,005	84,581	74,347
Wintershall Erdgas Handelshaus GmbH & Co.KG	13,697	18,096	29,213	34,492
OA O Mosenergo	10,111	5,634	19,566	14,712
ZAO Panrusgaz	9,728	9,479	23,413	19,725
WINGAS GmbH	9,247	8,436	19,544	19,946
Wintershall Erdgas Handelshaus Zug AG	5,544	5,708	10,298	13,192
AO Gazum	3,230	3,588	8,118	9,088
Promgaz SPA	1,986	2,007	4,195	4,627
GWH-Gaz und Warenhandels GmbH	1,130	2,462	2,631	4,798
AO Moldovagaz	1,011	580	3,328	2,291
<b>Gas transportation sales</b>				
RosUkrEnergO AG	3,114	3,080	5,978	6,012
OA O Novatek	2,169	-	4,180	-

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<b>Purchased gas</b>	<b>Expenses</b>	<b>Expenses</b>	<b>Expenses</b>	<b>Expenses</b>
RosUkrEnergO AG	3,685	6,047	25,007	7,937
TOO KazRosGaz	3,944	2,524	6,284	4,493
OAO Novatek	1,130	-	2,240	-
<b>Purchased transit of gas</b>				
SGT EuRoPol GAZ S.A.	2,686	2,726	5,218	5,358
<b>Construction services purchases</b>				
OAO Stroytransgaz	983	6,515	2,736	16,632

Gas is sold to associated undertakings in the Russian Federation mainly at the rates established by the FTS. 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.

	<b>As of 30 June 2007</b>		<b>As of 31 December 2006</b>	
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
<b>Short-term accounts receivable and prepayments</b>				
RosUkrEnergO AG	50,887	-	62,702	-
WINGAS GmbH	16,897	-	16,141	-
Wintershall Erdgas Handelshaus Zug AG	12,793	-	14,714	-
Wintershall Erdgas Handelshaus GmbH & Co.KG	4,862	-	6,665	-
ZAO Panrusgaz	3,873	-	7,363	-
AO Moldovagaz*	3,520	-	1,847	-
AO Gazum	1,333	-	2,073	-
SGT EuRoPol GAZ S.A.	836	-	1,119	-
OAO Novatek	139	-	180	-
OAO Mosenergo	-	-	501	-
<b>Long-term accounts receivable and prepayments</b>				
WINGAS GmbH	13,289	-	13,282	-
RosUkrEnergO AG	10,959	-	14,903	-
SGT EuRoPol GAZ S.A.	4,690	-	4,900	-
<b>Short-term accounts payable</b>				
WINGAS GmbH	-	2,164	-	1,608
SGT EuRoPol GAZ S.A.	-	1,846	-	1,518
RosUkrEnergO AG	-	1,675	-	16,904
TOO KazRosGaz	-	989	-	750
OAO Novatek	-	332	-	313
<b>Short-term accounts receivable and payable for construction services</b>				
OAO Stroytransgaz	190	3,616	712	8,128

\* Net of impairment provision on accounts receivable in the amount of RR 23,023 and RR 22,484 as of 30 June 2007 and 31 December 2006, respectively.

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

**28 COMMITMENTS, CONTINGENCIES AND OPERATING RISKS**

**Taxation**

Russian tax, currency and customs legislation is subject to varying interpretations and changes, which can occur frequently. Tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments.

Management believes that its interpretation of the relevant legislation as of 30 June 2007 is appropriate and all of the Group's tax, currency and customs positions will be sustainable.

**Financial guarantees**

	<b>30 June 2007</b>	<b>31 December 2006</b>
Outstanding guarantees issued on behalf of:		
BSPC	28,010	30,150
Gazprom Libya B.V.	4,699	-
Gaztransit	1,600	1,940
ZAO Investment Technologies	-	6,005
Other	<u>25,368</u>	<u>12,770</u>
	<u>59,677</u>	<u>50,865</u>

Included in financial guarantees are amounts denominated in USD of USD 1,483 million and USD 1,511 million as of 30 June 2007 and 31 December 2006, 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 2007 and 31 December 2006, outstanding amounts of these loans were RR 27,210 (USD 1,054 million) and RR 29,386 (USD 1,116 million), respectively, which were guaranteed by the Group, pursuant to its obligations.

As of 30 June 2007 and 31 December 2006, BSPC also borrowed RR 800 (USD 31 million) and RR 764 (USD 29 million) of credit facilities, provided by Depfa bank, which were guaranteed by the Group.

In November 2006 the Group provided a guarantee to Lascor Limited on behalf of ZAO Investment Technologies with respect to its purchase of OAO Salavatnefteorgsintez shares. As of 30 June 2007 and 31 December 2006, outstanding amounts were nil and RR 6,005 (USD 228 million), respectively.

In April 2007 the Group provided a guarantee to The National Oil Corporation of Libya under a production sharing agreement on behalf of Gazprom Libya B.V. As of 30 June 2007 outstanding amount was RR 4,699 (USD 182 million).

Other guarantees primarily relate to those issued by AB Gazprombank (ZAO) to third parties in the amount of RR 17,802 and RR 7,461 as of 30 June 2007 and 31 December 2006, respectively. In January 2007 AB Gazprombank (ZAO) provided guarantees to Sberbank on behalf of OAO Sibneftegaz. As of 30 June 2007 outstanding amount of these guarantees was RR 6,230.

**Other guarantees**

As of 31 December 2006, the Group pledged RR 9,410 (USD 358 million) 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. During the first quarter of 2007, the loan was fully paid.

**29 POST BALANCE SHEET EVENTS**

**Borrowings and loans**

In August 2007 the Group received a loan of RR 12,800 from Liberty Hampshire Corporation at an interest rate of 6.77% due in 2010.

In August 2007 the Group issued USD 1,250 million Loan Participation Notes due in 2037 at an interest rate of 7.29% under the USD 30,000 million Programme for the Issuance of Loan Participation Notes.

In September 2007 the Group received a loan of USD 1,635 million from Credit Swiss International at an interest rate of Libor+0.3% due in 2009.

In September 2007 the Group received a loan from a group of international banks ABN AMRO, Calyon, Citigroup Global Markets and Commerzbank in the amount of USD 1,650 million at an interest rate of Libor+0.75% due in 2010 under the USD 2,200 million loan facility.

In October 2007 the Group issued Euro 1,200 million Loan Participation Notes due in 2018 at an interest rate of 6.61% under the USD 30,000 million Programme for the Issuance of Loan Participation Notes.

In October 2007 the Group received a loan of USD 520 million from Credit Swiss International at an interest rate of 5% due in 2017.

In November 2007 the Group issued Yen 20,000 million (RR 4,400) Loan Participation Notes due in 2010 at an interest rate of 2.63% and Yen 30,000 million (RR 6,600) Loan Participation Notes due in 2012 at an interest rate of 2.89% under the USD 30,000 million Programme for the Issuance of Loan Participation Notes.

**ОАО ГАЗПРОМ**  
**INVESTOR RELATIONS**

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The Company may be contacted at its registered office:

ОАО Газпром  
Nametkina str., 16  
V-420, GSP-7, 117997, Moscow  
Russia

Telephone: (7 495) 719 3001  
Facsimile: (7 495) 719 8333, 719 8335  
[www.gazprom.ru](http://www.gazprom.ru) (in Russian)  
[www.gazprom.com](http://www.gazprom.com) (in English)