OAO GAZPROM

IFRS CONSOLIDATED
INTERIM CONDENSED
FINANCIAL INFORMATION
(UNAUDITED)

31 MARCH 2005

PRICEWATERHOUSECOOPERS

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REVIEW REPORT

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 31 March 2005, and the related consolidated interim condensed statements of income, of cash flows and of changes in equity for the three months then ended. This consolidated interim condensed financial information as set out on pages 3 to 25 is the responsibility of the Group's management. Our responsibility is to issue a report on this consolidated interim condensed financial information based on our review.

2. We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance about whether the consolidated interim condensed financial information is free of material misstatement. A review is limited primarily to inquiries of Group personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, 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 has not been properly prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

4. Without qualifying our opinion, we draw your attention to Notes 21 and 22 to the consolidated interim condensed financial information. The Government of the Russian Federation is the principal shareholder of the Group and Governmental economic and social policies affect the Group's financial position, results of operations and cash flows.

5. Also, without qualifying our opinion, we draw your attention to Note 23 to the consolidated interim condensed financial information. In June 2005, OAO Gazprom's Board of Directors approved the sale of 10.7399% of treasury shares held by the Group's subsidiaries to OAO Rosneftegaz, a company 100% owned by the Government of the Russian Federation, and the underlying agreements have been signed by the parties. After this transaction, the Government has a controlling interest of over 50% in OAO Gazprom.

Moscow, Russian Federation
13 October 2005

OAO GAZPROM
IFRS CONSOLIDATED INTERIM CONDENSED BALANCE SHEET (UNAUDITED)
AS OF 31 MARCH 2005
(In millions of Russian Roubles)

Notes		31 March 2005	31 December 2004
	Assets		
	Current assets		
6	Cash and cash equivalents	164,228	106,157
6	Restricted cash	19,418	16,861
	Short-term investments	34,786	40,428
7	Accounts receivable and prepayments	326,022	316,709
8	Inventories	115,660	130,400
21	VAT recoverable	100,874	94,863
	Other current assets	20,994	21,262
		781,982	726,680
	Non-current assets		
9	Property, plant and equipment	2,191,550	2,183,084
10	Investments in associated undertakings	83,827	81,783
11	Long-term accounts receivable and prepayments	144,190	146,302
12	Other non-current assets	69,477	67,940
		2,489,044	2,479,109
	Total assets	3,271,026	3,205,789
	Liabilities and equity		
	Current liabilities		
	Accounts payable and accrued charges	166,682	174,433
21	Taxes payable	103,813	84,977
	Short-term borrowings and current portion of long-term borrowings	156,447	156,172
	Short-term promissory notes payable	17,432	20,845
		444,374	436,427
	Non-current liabilities		
13	Long-term borrowings	421,829	427,086
	Long-term promissory notes payable	11,841	11,640
21	Restructured tax liabilities	1,177	1,829
	Provisions for liabilities and charges	46,932	44,275
14	Deferred tax liabilities	140,710	137,062
	Other non-current liabilities	9,040	9,446
		631,529	631,338
	Total liabilities	1,075,903	1,067,765
	Equity		
15	Share capital	325,194	325,194
15	Treasury shares	(45,515)	(41,586)
	Retained earnings and other reserves	1,900,811	1,808,865
		2,180,490	2,092,473
15	Minority interest	14,633	45,551
	Total equity	2,195,123	2,138,024
	Total liabilities and equity	3,271,026	3,205,789

A.B. Miller
Chairman of the Management Committee
27 September 2005

E.A. Vasilieva
Chief Accountant
27 September 2005

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

OAO GAZPROM
IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED)
FOR THE THREE MONTHS ENDED 31 MARCH 2005
(In millions of Russian Roubles)

Notes		Three months ended 31 March 2005	Three months ended 31 March 2004
5, 16	Sales	339,181	255,845
5, 17	Operating expenses	(220,414)	(181,928)
5	**Operating profit**	**118,767**	**73,917**
3, 18	Finance income	14,969	24,174
3, 18	Finance expenses	(14,252)	(11,521)
	Share of net income of associated undertakings	4,214	2,847
	Gains on available-for-sale investments	815	2,634
	Profit before profit tax	**124,513**	**92,051**
	Current profit tax expense	(28,568)	(15,471)
	Deferred profit tax expense	(3,548)	(7,645)
21	Profit tax expense	(32,116)	(23,116)
	Profit for the period	**92,397**	**68,935**
	Attributable to:		
	Equity holders of OAO Gazprom	91,628	68,353
	Minority interest	769	582
		92,397	**68,935**
19	**Basic and diluted earnings per share for profit attributable to the equity holders of OAO Gazprom (in Roubles)**	**4.56**	**3.44**

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OAO GAZPROM
IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE THREE MONTHS ENDED 31 MARCH 2005
(In millions of Russian Roubles)

Notes		Three months ended 31 March 2005	Three months ended 31 March 2004
	Operating activities		
	Profit before profit tax	**124,513**	**92,051**
	Adjustments to profit before profit tax		
	Depreciation	35,188	31,825
	Net unrealised foreign exchange gains	(2,077)	(8,854)
	Interest expense on borrowings and promissory notes	6,572	5,523
	Interest income	(4,383)	(2,361)
	Losses (gains) on available-for-sale investments and fair value adjustments for trading investments	1,055	(2,797)
	Share of net income of associated undertakings	(4,214)	(2,847)
	Other	3,949	2,483
	Total effect of adjustments	36,090	22,972
	Adjusted profit before profit tax and before changes in working capital and changes in long-term accounts receivable and other non-current liabilities	160,603	115,023
	Net decrease (increase) in long-term accounts receivable	6,018	(7,036)
	Net decrease in other non-current liabilities	(355)	(1,109)
	Total effect of working capital changes	(14,153)	(22,191)
	Profit tax paid	(23,038)	(8,319)
	Net cash provided by operating activities	**129,075**	**76,368**
	Investing activities		
3	Capital expenditures	(60,633)	(49,814)
	Interest received	9,469	2,055
	Interest paid and capitalised	(4,398)	(3,852)
	Change in long-term available-for-sale investments	560	(20,875)
	Other	1,321	3,397
	Net cash used for investing activities	**(53,681)**	**(69,089)**
	Financing activities		
	Proceeds from long-term borrowings (including current portion)	8,330	27,065
	Repayment of long-term borrowings (including current portion)	(16,068)	(31,851)
	Net proceeds from short-term borrowings	4,062	1,455
	Net redemption of promissory notes	(2,996)	(5,638)
	Interest paid	(5,480)	(3,528)
	Purchases of treasury shares	(12,895)	(16,158)
	Sales of treasury shares	11,161	23,236
	Change in cash restricted on borrowings	(2,557)	9,504
	Net cash (used for) provided by financing activities	**(16,443)**	**4,085**
	Effect of exchange rate changes on cash and cash equivalents	(880)	(1,848)
	Increase in cash and cash equivalents	**58,071**	**9,516**
6	Cash and cash equivalents, at the beginning of reporting period	106,157	71,396
6	**Cash and cash equivalents, at the end of reporting period**	**164,228**	**80,912**

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27 September 2005

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OAO GAZPROM
IFRS CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE THREE MONTHS ENDED 31 MARCH 2005
(In millions of Russian Roubles)

Notes		Number of shares outstanding (billions)	Attributable to equity holders of OAO Gazprom: Share capital	Treasury shares	Retained earnings and other reserves	Total	Minority interest	Total equity
	Three months ended 31 March 2004							
	Balance as of 31 December 2003	19.8	325,194	(33,889)	1,563,825	1,855,130	14,793	1,869,923
	Losses arising from change in fair value of available-for-sale investments		-	-	(2,311)	(2,311)	-	(2,311)
	Translation differences		-	-	(1,676)	(1,676)	94	(1,582)
4	Net loss recognised directly in equity (restated)		-	-	(3,987)	(3,987)	94	(3,893)
4	Profit for the period (restated)		-	-	68,353	68,353	582	68,935
	Total recognised income for the period		-	-	64,366	64,366	676	65,042
15	Net treasury shares transactions	0.2	-	1,552	3,857	5,409	-	5,409
	Return of social assets to governmental authorities		-	-	(47)	(47)	-	(47)
	Balance as of 31 March 2004	20.0	325,194	(32,337)	1,632,001	1,924,858	15,469	1,940,327
	Three months ended 31 March 2005							
	Balance as of 31 December 2004	20.1	325,194	(41,586)	1,808,865	2,092,473	45,551	2,138,024
	Losses arising from change in fair value of available-for-sale investments		-	-	(480)	(480)	-	(480)
	Translation differences		-	-	(581)	(581)	-	(581)
	Net loss recognised directly in equity		-	-	(1,061)	(1,061)	-	(1,061)
	Profit for the period		-	-	91,628	91,628	769	92,397
	Total recognised income for the period		-	-	90,567	90,567	769	91,336
15	Net treasury shares transactions	(0.0)	-	(3,929)	1,759	(2,170)	-	(2,170)
	Return of social assets to governmental authorities		-	-	(380)	(380)	-	(380)
15, 19	Purchase of minority interest		-	-	-	-	(31,687)	(31,687)
	Balance as of 31 March 2005	20.1	325,194	(45,515)	1,900,811	2,180,490	14,633	2,195,123

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27 September 2005

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The accompanying notes are an integral part of this interim 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 a major exporter of gas to European countries.

The Group is involved in the following principal activities:

- Production – exploration and production of gas and other hydrocarbons;
- Refining – processing of gas condensate and other hydrocarbons, and sales of other hydrocarbon products;
- Transportation – transportation of gas; and
- Distribution – domestic and export sale of gas.

The gas business is subject to seasonal fluctuations with peak demand in the first and fourth quarters of each year. The volumes of gas shipped during the three months ended 31 March 2005 and 2004 represented approximately 32% and 31%, respectively, of annual volumes shipped to customers in the year ended 31 December 2004.

2 ECONOMIC ENVIRONMENT IN THE RUSSIAN FEDERATION

Whilst there have been improvements in economic trends in the country, the Russian Federation continues to display some 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.

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 2004 prepared in accordance with International Financial Reporting Standards ("IFRS").

The Group subsidiaries and associated undertakings maintain their statutory financial statements in accordance with the Regulation on Accounting and Reporting of the Russian Federation ("RAR") or the accounting regulations of the country in which the particular Group company is resident. The Group's financial information is based on the statutory records, with adjustments and reclassifications recorded in the financial information for the purpose of proper preparation in accordance with IAS 34.

The preparation of consolidated interim condensed financial information in conformity with IAS 34 requires management to make prudent estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. Estimates have principally been made in respect to fair values of financial instruments, the impairment provisions, deferred profit tax and provisions for liabilities. Actual results could differ from those estimates.

The official US dollar to RR exchange rates as determined by the Central Bank of the Russian Federation were 27.83 and 27.75 as of 31 March 2005 and 31 December 2004, respectively. The official Euro to RR exchange rates as determined by the Central Bank of the Russian Federation were 36.06 and 37.81 as of 31 March 2005 and 31 December 2004, respectively.

3 BASIS OF PRESENTATION (continued)

Reclassifications

Certain reclassifications have been made to prior period balances to conform to the current year presentation, including the following:

- The Group previously disclosed all foreign exchange gains and losses within finance income (costs) of the consolidated interim condensed statement of income. For the three months ended 31 March 2004 net exchange losses attributable to non-finance activities reclassified to operating expenses were RR 6,324. Management believes that inclusion of the exchange gains and losses attributable to non-finance activities in operating expenses of the consolidated interim condensed statement of income is a fairer presentation of the Group's activities.
- The Group had also recorded cash outflows attributable to VAT on assets under construction within operating activities of the consolidated interim condensed statement of cash flows. For the three months ended 31 March 2004 cash outflows attributable to VAT on assets under construction reclassified to investing activity were RR 6,915. Management believes that presentation of cash outflows attributable to VAT on assets under construction within investing activities as part of the purchase of property, plant and equipment in the consolidated statement of cash flows is a fairer presentation of the Group's activities.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies followed by the Group are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2004, except as noted below.

New accounting developments

During the period December 2003 to March 2005, the International Accounting Standards Board ("IASB") revised 17 of its standards and issued 5 new standards. In addition, the International Financial Reporting Interpretations Committee ("IFRIC") issued six new interpretations in 2004 one of which was subsequently withdrawn. These standards are effective for accounting periods commencing on or after 1 January 2005, except for IFRS 6 "Exploration for and Evaluation of Mineral Resources" ("IFRS 6") effective for periods commencing on or after 1 January 2006, but may be adopted early.

Effective 1 January 2005 the Group adopted all of those IFRS, which are relevant to its operations, except for IFRS 3 "Business Combinations" ("IFRS 3"), IAS 36 (revised 2004) "Impairment of Assets" ("IAS 36") and IAS 38 (revised 2004) "Intangible Assets" ("IAS 38"), which were early adopted by the Group in 2004. IFRS 6 was early adopted by the Group effective 1 January 2005.

The adoption of IAS 1 "Presentation of Financial Statements" ("IAS 1"), IAS 2 "Inventories" ("IAS 2"), IAS 8 "Policies, Changes in Accounting Estimates and Errors" ("IAS 8"), IAS 10 "Events after the Balance Sheet Date" ("IAS 10"), IAS 16 "Property, Plant and Equipment" ("IAS 16"), IAS 17 "Leases" ("IAS 17"), IAS 21 "The Effects of Changes in Foreign Exchange Rates" ("IAS 21"), IAS 24 "Related Party Disclosures" ("IAS 24"), IAS 27 "Consolidated and Separate Financial Statements" ("IAS 27"), IAS 28 "Investments in Associates" ("IAS 28"), IAS 32 "Financial Instruments: Disclosure and Presentation" ("IAS 32") and IAS 33 "Earnings per Share" ("IAS 33") (all revised 2003), and IFRS 2 "Share-based Payments" ("IFRS 2"), IFRS 4 "Insurance contracts" ("IFRS 4") and IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" ("IFRS 5") did not result in substantial changes to the Group's accounting policies. In summary:

– The adoption of IAS 1 (revised 2003) clarifies certain presentation requirements. Most significantly, the revised standard requires that minority interest be presented within equity. The Group has retroactively reflected the revised presentation standard for equity in the consolidated interim condensed financial information.

– IAS 2, 8, 10, 16, 17, 27, 28, 32 and 33 (all revised 2003) and IFRS 2 and 4 had no material effect on the Group's financial position, statements of income or of cash flows.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

– IAS 21 (revised 2003) had no material effect on the Group's financial position, statements of income or of cash flows. The functional currency of each of the consolidated entities has been re-evaluated based on the guidance to the revised standard. The functional currency of the Group subsidiaries has not changed as a result of this re-evaluation.

– IAS 24 (revised 2003) has affected the identification of related parties and some other related-party disclosures. Under IAS 24 (revised 2003) the Group is no longer exempt from disclosing transactions with other state-controlled entities as with parties under common Governmental control.

– The Group accounts for non-current assets held for sale and discontinued operations in accordance with IFRS 5. IFRS 5 replaced IAS 35 "Discontinuing Operations". Assets or disposal groups that are classified as held for sale are presented separately on the balance sheet and are carried at the lower of the carrying amount and fair value less costs to sell. Additionally, the results of discontinued operations are shown separately on the face of statement of income. The adoption of IFRS 5 did not have a material effect on the Group.

On 1 January 2005, the Group early adopted IFRS 6. This standard provides guidance on accounting for costs incurred in the exploration for and evaluation of mineral resources. Adoption of the standard did not have a material effect on the Group and did not result in changes of the Group's accounting policies.

The adoption of IAS 39 (revised 2004) "Financial Instruments: Recognition and Measurement" ("IAS 39") has resulted in a change in the accounting policy relating to the classification of financial assets at fair value through profit or loss and recognition of gains (losses) arising from changes in fair value of available-for-sale investments. As a result of adopting IAS 39 (revised 2004) on 1 January 2005, the Group's accounting policy for investments is modified as set forth in 4.1 below.

In addition to the new standards summarised above, interpretations early adopted by the Group on 1 January 2005 are as follows: 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 Standards Interpretations Committee ("SIC") – 12. The adoption of these interpretations did not have a material impact on the Group's financial position, statements of income or of cash flows.

4.1 Investments

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

(a) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date. There were no financial assets designated at fair value through profit or loss at inception as of 31 March 2005 and 31 December 2004.

(b) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. There were no such investments as of 31 March 2005 and 31 December 2004.

(In millions of Russian Roubles)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Realised and unrealised gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are included in the consolidated statement of income in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the consolidated statement of income as gains and losses from investment securities.

At each balance sheet date the Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the consolidated statement of income. Impairment losses on equity instruments recognised in the consolidated statement of income are not reversed through the consolidated statement of income.

The adoption of IAS 39 (revised 2004) resulted in the following changes within the consolidated statement of equity:

	Three months ended 31 March	
	2005	**2004**
Decrease in retained earnings and other reserves	(480)	(2,311)
Increase in profit for the period	480	2,311
Increase in basic and diluted earnings per share (in Roubles)	0.02	0.12

There is no change in the opening balance of retained earnings and other reserves.

All changes in the accounting policies have been made in accordance with the transition provisions in the respective standards. All standards adopted by the Group require retrospective application other than IAS 39 which does not require the classification of financial assets as at "fair value through profit or loss" of previously recognised financial assets.

4.2 Critical accounting estimates and assumptions

Impairment provision for accounts receivable

The impairment provision for accounts receivable is based on the Group's assessment of the collectibility of specific customer accounts. If there is deterioration in a major customer's creditworthiness or actual defaults are higher than the estimates, the actual results could differ from these estimates.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of other assets and accounting for provisions

At each balance sheet date the Group assesses whether there is any indication that the recoverable amount of the Group's assets has declined below the carrying value. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. When such a decline is identified, the carrying amount is reduced to the recoverable amount. The amount of the reduction is recorded in the consolidated statement of income in the period in which the reduction is identified. If conditions change and management determines that the asset value has increased, the impairment provision will be fully or partially reversed.

Accounting for impairment includes provisions against capital construction projects, investments, other long-term assets and inventory obsolescence. Because of the Group's operating cycle, certain significant decisions about capital construction projects are made after the end of our fiscal year. Accordingly, the Group typically has larger impairment charges or releases in the fourth quarter of the fiscal year as compared to other quarters. The provisions for liabilities and charges primarily include provisions for environmental and pension liabilities. The Group records impairment or accrues these provisions when its assessments indicate that it is probable that a liability has been incurred or an asset will not be recovered, and an amount can be reasonably estimated. The Group's estimates for provisions for liabilities and charges are based on currently available facts and the Group's estimates of the ultimate outcome or resolution of the liability in the future. Actual results may differ from the estimates, and the Group's estimates can be revised in the future, either negatively or positively, depending upon the outcome or expectations based on the facts surrounding each exposure.

Tax contingencies

Russian tax and customs legislation is subject to varying interpretations and changes, which can occur frequently. Where the Group management believes it is probable that their interpretation of the relevant legislation and the Group's tax and customs positions cannot be sustained, an appropriate amount is accrued for in the IFRS financial information.

Site restoration and environmental costs

Site restoration costs that may be incurred by the Group at the end of the operating life of certain of the Group's facilities and properties are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The cost is depreciated through the consolidated statement of income on a straight-line basis over the asset's productive life.

IFRS prescribes the recording of liabilities for these costs. Estimating the amounts and timing of those obligations that should be recorded requires significant judgment. This judgment is based on cost and engineering studies using currently available technology and is based on current environmental regulations. Liabilities for site restoration are subject to change because of change in laws and regulations, and their interpretation.

5 SEGMENT INFORMATION

Management does not separately identify segments within the Group as it operates as a vertically integrated business with a substantial proportion of external sales generated by the gas distribution business. However, following the practice proposed by IAS 14 "Segment Reporting" (revised 1997) ("IAS 14") for vertically integrated businesses, information can be analysed based on the following business segments:

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

(In millions of Russian Roubles)

5 SEGMENT INFORMATION (continued)

	Production	Refining	Transport	Distribution	Other	Total
Three months ended 31 March 2005						
Segment revenues						
Inter-segment sales	51,130	1,236	85,667	9,831	-	147,864
External sales	749	36,032	6,601	281,401	14,398	339,181
Total segment revenues	51,879	37,268	92,268	291,232	14,398	487,045
Segment expenses						
Inter-segment expenses	(1,095)	(2,442)	(10,326)	(134,001)	-	(147,864)
External expenses	(42,408)	(23,741)	(57,998)	(78,792)	(13,619)	(216,558)
Total segment expenses	(43,503)	(26,183)	(68,324)	(212,793)	(13,619)	(364,422)
Segment result	8,376	11,085	23,944	78,439	779	122,623
Unallocated operating expenses						(3,856)
Operating profit						118,767
Share of net income of associated undertakings	-	-	596	3,127	491	4,214
Three months ended 31 March 2004						
Segment revenues						
Inter-segment sales	40,030	1,836	56,786	7,996	1,536	108,184
External sales	764	27,323	9,528	207,902	10,328	255,845
Total segment revenues	40,794	29,159	66,314	215,898	11,864	364,029
Segment expenses						
Inter-segment expenses	(1,031)	(2,236)	(9,759)	(95,158)	-	(108,184)
External expenses	(36,194)	(22,587)	(50,772)	(62,305)	(11,205)	(183,063)
Total segment expenses	(37,225)	(24,823)	(60,531)	(157,463)	(11,205)	(291,247)
Segment result	3,569	4,336	5,783	58,435	659	72,782
Unallocated operating income						1,135
Operating profit						73,917
Share of net income of associated undertakings	-	-	688	836	1,323	2,847

Internal transfer prices are 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 determined on the basis of the statutory accounting reports of the individual subsidiaries on a cost plus basis. The change in inter-segment sales and expenses by segment in the three months ended 31 March 2005 is primarily due to changes in internal transfer prices.

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 12,983 and RR 11,560 as of 31 March 2005 and 31 December 2004, respectively, which are restricted as to withdrawal under the terms of certain borrowings and other contractual obligations. In addition, restricted cash comprises cash balances of RR 6,435 and RR 5,301 as of 31 March 2005 and 31 December 2004 respectively, in subsidiary banks, which are restricted as to withdrawal under banking regulations.

(In millions of Russian Roubles)

7 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	31 March 2005	31 December 2004
Trade receivables	149,923	135,015
Prepayments and advances	69,609	84,488
Other receivables	106,490	97,206
	326,022	316,709

Accounts receivable and prepayments are presented net of impairment provision of RR 95,522 and RR 94,891 as of 31 March 2005 and 31 December 2004, respectively.

As of 31 March 2005 and 31 December 2004 other receivable include RR 78,681 and RR 73,602, 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.

8 INVENTORIES

Inventories are presented net of provision for obsolescence of RR 6,070 and RR 6,315 as of 31 March 2005 and 31 December 2004, respectively.

9 PROPERTY, PLANT AND EQUIPMENT

	Total operating assets	Social assets	Assets under construction	Total
As of 31 December 2003				
Cost	3,299,155	120,587	210,463	3,630,205
Accumulated depreciation	(1,622,044)	(34,380)	-	(1,656,424)
Net book value as of 31 December 2003	1,677,111	86,207	210,463	1,973,781
Three months ended 31 March 2004				
Net book value as of 31 December 2003	1,677,111	86,207	210,463	1,973,781
Depreciation	(25,962)	(866)	-	(26,828)
Additions	102	4	48,658	48,764
Transfers	10,414	12	(10,426)	-
Disposals	(672)	(710)	(745)	(2,127)
Release of prior impairment provision	-	-	720	720
Net book value as of 31 March 2004	1,660,993	84,647	248,670	1,994,310
Nine months ended 31 December 2004				
Net book value as of 31 March 2004	1,660,993	84,647	248,670	1,994,310
Depreciation	(79,626)	(2,580)	-	(82,206)
Additions	2,517	875	182,791	186,183
Acquisition of subsidiaries	8,519	-	67,513	76,032
Fair value adjustment on acquisition of interests in subsidiaries	(7,633)	(254)	37,303	29,416
Transfers	196,734	314	(197,048)	-
Disposals	(9,820)	(4,994)	(9,958)	(24,772)
Release of prior impairment provision	-	-	4,121	4,121
Net book value as of 31 December 2004	1,771,684	78,008	333,392	2,183,084
As of 31 December 2004				
Cost	3,493,825	113,392	333,392	3,940,609
Accumulated depreciation	(1,722,141)	(35,384)	-	(1,757,525)
Net book value as of 31 December 2004	1,771,684	78,008	333,392	2,183,084

(In millions of Russian Roubles)

9 PROPERTY, PLANT AND EQUIPMENT (continued)

	Total operating assets	Social assets	Assets under construction	Total
Three months ended 31 March 2005				
Net book value as of 31 December 2004	1,771,684	78,008	333,392	2,183,084
Depreciation	(27,973)	(812)	-	(28,785)
Additions	903	24	38,027	38,954
Transfers	3,526	90	(3,616)	-
Disposals	(776)	(364)	(802)	(1,942)
Release of prior impairment provision	-	-	239	239
Net book value as of 31 March 2005	1,747,364	76,946	367,240	2,191,550
As of 31 March 2005				
Cost	3,497,458	112,986	367,240	3,977,684
Accumulated depreciation	(1,750,094)	(36,040)	-	(1,786,134)
Net book value as of 31 March 2005	1,747,364	76,946	367,240	2,191,550

Operating assets are shown net of provision for impairment of RR 1,985 as of 31 March 2005 and 31 December 2004. Assets under construction are presented net of a provision for impairment of RR 86,401 and RR 86,640 as of 31 March 2005 and 31 December 2004 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 30,214 and RR 30,935 as of 31 March 2005 and 31 December 2004, respectively.

10 INVESTMENTS IN ASSOCIATED UNDERTAKINGS

Notes		31 March 2005	31 December 2004
21	EuRoPol GAZ S.A.	32,584	32,089
	OAO Mosenergo	20,440	18,905
21	WINGAS GmbH	3,673	5,238
	ZAO Armrosgazprom	3,541	3,312
21	OAO Stroytransgaz	3,466	3,518
	AEB	-	2,220
	Other (net of provision for impairment of RR 6,657 and RR 7,366 as of 31 March 2005 and 31 December 2004, respectively)	20,123	16,501
		83,827	81,783

In January 2005 the Group acquired a further 9% interest in AO Latvias Gaze from OOO Itera Latvia for USD 58 million thus increasing its interest to 34% + one share. As of 31 March 2005 and 31 December 2004 carrying value of the investment in AO Latvias Gaze was RR 3,081 and RR 1,433, respectively.

In September 2004 the Group decided to dispose of the 25.5% investment in AEB and initiated negotiations with potential buyers. The execution of the sale is expected to be completed by November 2005. As a result of the decision to sell off the investment in AEB and following the adoption of IFRS 5 (see Note 4) for accounting periods commencing on or after 1 January 2005, the Group discontinued the use of the equity method of accounting for the investment and classified it as held for sale within other current assets as of 31 March 2005. As of the date of discontinuance of equity accounting the carrying value of the investment amounted to RR 2,220. Subsequent to the classification as held for sale, the investment in AEB is accounted for at the lower of carrying amount and fair value less costs to sell.

(In millions of Russian Roubles)

10 INVESTMENTS IN ASSOCIATED UNDERTAKINGS (continued)

Summarized IFRS financial information of the Group's principal associates is as follows:

	Percent of share capital held	Location	As of 31 March Assets	As of 31 March Liabilities	Three months ended 31 March Revenues	Three months ended 31 March Profit (loss)
31 March 2005						
EuRoPol GAZ S.A.	48%	Poland	64,713	40,048	4,396	1,656
OAO Mosenergo	25%	Russia	120,496	35,520	29,617	4,550
WINGAS GmbH	35%	Germany	84,819	75,809	38,943	1,738
OAO Stroytransgaz	26%	Russia	50,336	25,229	5,208	(207)
ZAO Armrosgazprom	45%	Armenia	10,080	2,210	1,182	191
31 March 2004						
EuRoPol GAZ S.A.	48%	Poland	50,544	39,213	3,089	1,035
WINGAS GmbH	35%	Germany	78,635	68,284	36,913	1,449
OAO Stroytransgaz	26%	Russia	47,036	21,753	9,741	46
ZAO Armrosgazprom	45%	Armenia	8,350	1,558	761	13
AEB	26%	Hungary	31,153	20,777	893	470

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

	31 March 2005	31 December 2004
OAO Mosenergo	22,598	28,955
AO Latvias Gaze	4,565	3,537
AO Lietuvos Dujos	7,927	7,475

11 LONG-TERM ACCOUNTS RECEIVABLE AND PREPAYMENTS

	31 March 2005	31 December 2004
Long-term accounts receivable and prepayments (net of impairment provision of RR 19,381 and RR 19,920 as of 31 March 2005 and 31 December 2004, respectively)	103,442	111,784
Advances for assets under construction (net of impairment provision of nil as of 31 March 2005 and 31 December 2004)	40,748	34,518
	144,190	146,302

As of 31 March 2005 and 31 December 2004 long term accounts receivable and prepayments include RR 39,638 and RR 44,071, 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.

12 OTHER NON-CURRENT ASSETS

	31 March 2005	31 December 2004
Available-for-sale investments (net of provision for impairment of RR 12,443 and RR 13,338 as of 31 March 2005 and 31 December 2004, respectively)	27,037	28,710
VAT related to assets under construction	25,852	23,945
Other non-current assets	16,588	15,285
	69,477	67,940

(In millions of Russian Roubles)

12 OTHER NON-CURRENT ASSETS (continued)

Included in available-for-sale investments is a 5.2% direct interest in RAO UES acquired by the Group in January 2004 (see Note 23). As of 31 March 2005 the estimated fair value of this investment was RR 17,911.

13 LONG-TERM BORROWINGS

	Currency	Due	31 March 2005	31 December 2004
Long-term borrowings payable to:				
Morgan Stanley AG	US dollar	2003-2013	48,776	50,118
Loan participation notes issued in September 2003	Euro	2003-2010	37,450	38,584
Structured export notes issued in July 2004	US dollar	2004-2020	35,199	35,740
Loan participation notes issued in April 2004	US dollar	2004-2034	34,615	33,801
Deutsche Bank AG	US dollar	2004-2014	33,639	33,440
ABN AMRO	US dollar	2004-2010	28,675	29,886
Calyon	US dollar	2004-2010	26,984	28,173
Eurobonds issued by AB Gazprombank (ZAO) in October 2003	US dollar	2003-2008	21,334	20,941
Salomon Brothers AG	US dollar	2002-2009	20,387	19,821
Salomon Brothers AG	US dollar	2002-2007	14,463	14,106
Depfa Bank	US dollar	2003-2008	13,924	14,237
Mannesmann (Deutsche Bank AG)	Euro	1997-2008	12,163	12,670
ABN AMRO	US dollar	2004-2007	11,258	11,218
Russian bonds issued in February 2004	RR	2004-2007	10,138	10,338
Deutsche Bank AG	US dollar	2004-2011	10,000	9,815
Eurobonds issued by AB Gazprombank (ZAO) in January 2004	US dollar	2004-2008	8,534	8,376
Mizuho Bank (Fuji Bank)	US dollar	2001-2010	8,072	8,224
Commerzbank AG	US dollar	2003-2009	7,591	7,969
Intesa BCI	US dollar	1996-2007	7,225	10,030
SACE	US dollar	2001-2012	6,812	6,992
WestLB AG	US dollar	2003-2005	5,985	5,968
German banking consortium	Euro	1996-2007	5,834	6,075
Eurobonds issued by AB Gazprombank (ZAO) in October 2002	Euro	2002-2005	5,661	5,739
JP Morgan Chase Bank	US dollar	2004-2011	5,682	5,578
Deutsche Bank AG	US dollar	2004-2009	5,650	5,630
Credit Suisse First Boston	US dollar	2004-2005	5,639	5,567
ABN AMRO	US dollar	2004-2008	5,587	5,569
Russian bonds issued in October 2002	RR	2002-2005	5,289	5,098
Russian bonds issued in October 2004	RR	2004-2007	5,177	5,083
Russian bonds issued in February 2005	RR	2005-2010	5,050	-
Deutsche Bank AG	US dollar	2003-2006	5,032	5,581
International banking consortium	Euro	2003-2005	3,245	6,239
Other long-term borrowings	Various	Various	43,896	47,413
Total long-term borrowings			504,966	514,019
Less: current portion of long-term borrowings			(83,137)	(86,933)
			421,829	427,086

(In millions of Russian Roubles)

13 LONG-TERM BORROWINGS (continued)

Due for repayment:	31 March 2005	31 December 2004
Between one and two years	57,787	54,487
Between two and five years	188,822	182,623
After five years	175,220	189,976
	421,829	427,086

As of 31 March 2005 and 31 December 2004, respectively, long-term borrowings include RR 51,161 and RR 54,547 of long-term borrowings of AB Gazprombank (ZAO). Short-term borrowings of AB Gazprombank (ZAO) as of 31 March 2005 and 31 December 2004 were RR 61,005 and RR 56,614, respectively.

Long-term borrowings include fixed rate loans with a carrying value of RR 320,017 and RR 323,544 as of 31 March 2005 and 31 December 2004, respectively. Other long-term borrowings generally have variable interest rates linked to LIBOR.

14 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%.

	31 March 2005	Differences recognition and reversals	31 December 2004	31 March 2004	Differences recognition and reversals	31 December 2003
Tax effects of taxable temporary differences:						
Property, plant and equipment	(139,357)	(4,187)	(135,170)	(104,410)	(5,657)	(98,753)
Inventories	(2,595)	386	(2,981)	(3,117)	(169)	(2,948)
Investments	(1,016)	706	(1,722)	(1,351)	(213)	(1,138)
	(142,968)	(3,095)	(139,873)	(108,878)	(6,039)	(102,839)
Tax effects of deductible temporary differences:						
Tax losses carry forward	428	(346)	774	1,071	(3,434)	4,505
Other deductible temporary differences	1,830	(207)	2,037	2,022	511	1,511
	2,258	(553)	2,811	3,093	(2,923)	6,016
Total net deferred tax liabilities	(140,710)	(3,648)	(137,062)	(105,785)	(8,962)	(96,823)

15 EQUITY

Share capital

Share capital authorised, issued and paid totals RR 325,194 as of 31 March 2005 and 31 December 2004 and consists of 23.7 billion ordinary shares, each with a historical par value of 5 roubles.

Treasury shares

At 31 March 2005 and 31 December 2004, subsidiaries of OAO Gazprom held 3,600 million and 3,573 million, respectively, of the ordinary shares of OAO Gazprom. The management of the Group controls the voting rights of these shares (see Note 23).

(In millions of Russian Roubles)

15 EQUITY (continued)

Minority interest

Minority interest decreased from RR 45,551 as of 31 December 2004 to RR 14,633 as of 31 March 2005 primarily as a result of acquisition by the Group of the 42% remaining interest in ZAO Sevmorneftegaz in March 2005 (see Note 20).

16 SALES

	Three months ended 31 March 2005	Three months ended 31 March 2004
Gas sales (including excise tax, customs duties and net of VAT) to customers in:		
Russian Federation	106,520	86,872
Former Soviet Union (excluding Russian Federation)	29,233	20,108
Europe	208,022	151,454
Gross sales of gas	343,775	258,434
Excise tax	(1,212)	(2,216)
Customs duties	(60,413)	(47,552)
Net sales of gas	282,150	208,666
Sales of gas condensate and oil and gas products	36,032	27,323
Gas transportation sales	6,601	9,528
Other revenues	14,398	10,328
	339,181	255,845

17 OPERATING EXPENSES

Note		Three months ended 31 March 2005	Three months ended 31 March 2004
	Staff costs	36,480	32,790
	Depreciation	35,188	31,825
	Transit costs	28,117	26,301
21	Taxes other than on income	27,697	20,819
	Purchased gas	19,791	13,897
	Materials	14,657	12,712
	Repairs and maintenance	12,065	6,789
21	Electricity	8,905	6,949
	Cost of goods for resale, including refined products	3,367	3,700
	Social expenses	3,292	2,241
	Other	30,855	23,905
		220,414	181,928

18 FINANCE INCOME AND EXPENSES

	Three months ended 31 March 2005	Three months ended 31 March 2004
Exchange gains	9,778	21,520
Interest income	4,383	2,361
Gains on and extinguishment of restructured liabilities	808	293
Total finance income	14,969	24,174

(In millions of Russian Roubles)

18 FINANCE INCOME AND EXPENSES (continued)

Note		Three months ended 31 March 2005	2004
	Exchange losses	7,680	5,998
21	Interest expense	6,572	5,523
	Total finance expenses	14,252	11,521

19 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 15).

There were 20.1 and 19.9 billion weighted average shares outstanding for the three months ended 31 March 2005 and 2004, respectively.

20 SUBSIDIARY UNDERTAKINGS

In March 2005 the Group acquired the remaining 42% interest in ZAO Sevmorneftegaz from NK Rosneft-Purneftegaz, for RR 31,335 paid in cash in December 2004. No significant premium was paid over the carrying amount of the minority interest acquired.

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 as of 31 March 2005 directly owned approximately 38.37% of the issued shares of OAO Gazprom. The Government does not produce financial statements for public use. As of 31 March 2005 and 31 December 2004 the subsidiaries of the Group held 15.2% and 15.1% of OAO Gazprom shares, respectively, through which they are entitled to vote as owners. After the transaction with OAO Gazprom treasury shares after 31 March 2005 the Government has a controlling interest of over 50% in OAO Gazprom (see Note 23). Following the General Meeting of Shareholders in June 2005, the 11 seats on the Board of Directors include six state representatives, three management representatives and two independent directors. Governmental economic and social policies affect the Group’s financial position, results of operations and cash flows.

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

Parties under control of the Government

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

(In millions of Russian Roubles)

21 RELATED PARTIES (continued)

As of and for the three months ended 31 March 2005 and 2004, respectively, the Group had the following significant transactions and balances with the Government and parties under control of the Government:

Notes		As of 31 March 2005		For the three months ended 31 March 2005	
		Assets	Liabilities	Revenues	Expenses
	Transactions and balances with the Government				
17	Taxes other than on income	-	20,065	-	27,697
	Unified social tax	-	1,745	-	6,872
	Profit tax	-	23,650	-	28,568
	VAT recoverable	126,726	59,530	-	-
	Transactions and balances with other parties under control of the Government				
	Gas sales	-	-	39,411	-
	Accounts receivable	13,004	-	-	-
17	Electricity expenses	-	-	-	8,905
	Accounts payable	-	2,495	-	-
	Loans	-	11,126	-	-
18	Interest expense	-	-	-	230

Notes		As of 31 December 2004		For the three months ended 31 March 2004	
		Assets	Liabilities	Revenues	Expenses
	Transactions and balances with the Government				
17	Taxes other than on income	-	18,019	-	20,819
	Unified social tax	-	930	-	7,477
	Profit tax	-	19,417	-	15,471
	VAT recoverable	118,808	48,440	-	-
	Transactions and balances with other parties under control of the Government				
	Gas sales	-	-	32,304	-
	Accounts receivable	11,846	-	-	-
17	Electricity expenses	-	-	-	6,949
	Accounts payable		2,039		
	Loans	-	10,579	-	-
18	Interest expense	-	-	-	129

See consolidated interim statement of changes in equity for returns of social assets to governmental authorities during the three months ended 31 March 2005 and 2004. See Note 9 for net book values as of 31 March 2005 and 31 December 2004 of social assets vested to the Group at privatisation.

See Note 20 for details of acquisition of the remaining 42% interest in ZAO Sevmorneftegaz from NK Rosneft-Purneftegaz, a subsidiary of OAO NK Rosneft, a company 100% controlled by the Government.

See Note 22 for financial guarantees issued by the Group.

21 RELATED PARTIES (continued)

Associated undertakings

Included within investments in associated undertakings (see Note 11) is a loan receivable from EuRoPol GAZ S.A., in the amount of RR 21,194 and RR 21,494 as of 31 March 2005 and 31 December 2004, respectively, issued by AB Gazprombank (ZAO), a subsidiary of the Group, at an interest rate of LIBOR + 2.6%.

Included within short-term accounts receivable and prepayments (see Note 7) are accounts receivable from Group associated undertakings in the amount of RR 17,037 and RR 14,032 as of 31 March 2005 and 31 December 2004, respectively.

Included within long-term accounts receivable and prepayments (see Note 11) are accounts receivable from Group associated undertakings in the amount of RR 22,145 and RR 23,191 as of 31 March 2005 and 31 December 2004, respectively, including USD and Euro denominated long-term receivables from EuRoPol GAZ S.A. in the amount of RR 6,673 and RR 7,053 as of 31 March 2005 and 31 December 2004, respectively.

Also included within long-term accounts receivable and prepayments is a Euro denominated loan receivable from WINGAS GmbH in the amount of RR 13,802 and RR 14,474 as of 31 March 2005 and 31 December 2004, respectively. The interest rates vary for different loan tranches. As of 31 March 2005 and 31 December 2004 the average effective interest rate for the loan receivable from WINGAS GmbH was LIBOR + 1.25%.

During the three months ended 31 March 2005 and 2004 the Group recorded sales of gas to its associated undertakings in the amount of RR 41,149 and RR 35,014 respectively.

During the three months ended 31 March 2005 the Group recorded sales of gas to OAO Mosenergo in the amount of RR 7,720. Gas is sold on the domestic market at prices regulated by the Federal Tariffs Service.

During the three months ended 31 March 2005 the Group recorded sales of gas, produced in Russia and Central Asia, to RosUkrEnergo AG for the total amount of RR 1,527. Prices for sales of gas produced in Russia were USD 93 per tcm, and prices for sales of Central Asia gas were USD 37 per tcm.

Gas is sold to associated undertakings, except for that sold to AO Moldovagaz, on the basis of long-term contracts, with index prices based on world oil prices. Gas prices per thousand cubic meters for such sales ranged from USD 37 to USD 205 and from USD 61 to USD 146 in the three months ended 31 March 2005 and 2004, respectively. Gas is sold to AO Moldovagaz based on annual contracts with fixed prices. Prices of gas per thousand cubic meters sold to Moldova amounted to USD 80 and USD 80 in the three months ended 31 March 2005 and 2004, respectively.

The Group's impairment provision on accounts receivable included RR 17,331 in respect of amounts due from AO Moldovagaz as of 31 March 2005 and 31 December 2004.

In the three months ended 31 March 2005 and 2004 the Group purchased gas from ZAO KazRosGaz for RR 1,105 at USD 36 per tcm and RR 261 at USD 33 per tcm, respectively.

In addition, the Group purchased gas transportation services from certain of its associated undertakings, principally EuRoPol GAZ S.A., which amounted to RR 5,777 and RR 3,411 for the three months ended 31 March 2005 and 2004, respectively. The cost of these services was determined based on prices of gas sold to these companies.

21 RELATED PARTIES (continued)

OAO Stroytransgaz

OAO Stroytransgaz is a major Russian constructor of pipelines, compressor stations and oil refineries. In the normal course of business, the Group outsources pipeline construction services to third-party contractors through a tender process. OAO Stroytransgaz has been a successful bidder in a large number of these tenders to construct pipelines in the Russian Federation. During the three months ended 31 March 2005 and 2004 transactions with OAO Stroytransgaz were entered into under framework contracts which had been executed by certain prior representatives of the Group's Board of Directors and members of their families who at that time owned shareholdings in OAO Stroytransgaz.

OAO Stroytransgaz rendered construction services for the Group in the amounts of RR 3,850 and RR 6,085 for the three months ended 31 March 2005 and 2004, respectively. As of 31 March 2005 and 31 December 2004, the Group had advances and receivables due from OAO Stroytransgaz in the amounts of RR 2,359 and RR 2,509, respectively. As of 31 March 2005 and 31 December 2004, the Group had accounts payable to OAO Stroytransgaz for construction contracts of RR 2,569 and RR 5,795, respectively.

22 COMMITMENTS, CONTINGENCIES AND OPERATING RISKS

Taxation

Russian tax, currency and customs legislation is subject to varying interpretations and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant regional and federal authorities. Recent events within the Russian Federation suggest that the tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments.

Management believe that its interpretation of the relevant legislation is appropriate and all of the Group's tax, currency and customs positions, based on existing legislation, will be sustained.

In 2004 the tax authorities commenced challenges to the Group's interpretation of the tax legislation in respect of natural resources production tax related to gas condensate, and in 2004 and 2005 issued several decisions resulting in additional natural resources production tax related to gas condensate and associated penalties and interest in respect of certain of the Group subsidiaries. The management of the subsidiaries disagree with the decisions of the tax authorities in respect of additional natural resources production tax on stable gas condensate and associated penalties and interest, and are now defending their tax positions with regards to those decisions in court.

In August 2005 federal law #107-FZ dated 21 June 2005 became effective, as a result of which amendments to the article 337 of the Tax Code of the Russian Federation came into force which clearly defined gas condensate as a taxable item for the purpose of natural resources production tax calculation. The amendments cover transactions from 1 January 2002, and therefore management believes that the risk of new claims from the tax authorities being brought against Group entities in respect of both past and current periods has been eliminated.

As to claims of tax authorities to Group subsidiaries in respect of which court rulings had been issued before enactment of the above amendments, management believe that these disputes will be settled in favour of Group subsidiaries. Aggregate assessments received to date from the tax authorities are not material to the consolidated financial position and results of operations of the Group as of and for the three months ended 31 March 2005.

(In millions of Russian Roubles)

22 COMMITMENTS, CONTINGENCIES AND OPERATING RISKS (continued)

Financial guarantees

	31 March 2005	31 December 2004
Outstanding guarantees issued on behalf of:		
BSPC	33,530	34,325
Interconnector (UK) Limited	30,608	30,524
Gaztransit	3,056	3,160
NAK Naftogaz Ukraine	746	744
Other	6,244	6,258
	74,184	75,011

Included in financial guarantees are amounts denominated in USD of USD 2,534 million and USD 2,592 million as of 31 March 2005 and 31 December 2004, respectively.

In April 2000, credit facilities were provided to BSPC, an associated undertaking, by a group of Italian and Japanese banks for the amount of RR 71,233 (USD 2,053 million) for the construction of the offshore portion of the Blue Stream pipeline. Beginning in 2001, the Group was obligated to provide guarantees on behalf of BSPC in respect of RR 39,152 (USD 1,187) related to these credit facilities. As of 31 March 2005 and 31 December 2004 outstanding amounts of these credit facilities were RR 32,528 (USD 1,169 million) and RR 33,326 (USD 1,201 million), respectively, which were guaranteed by the Group, pursuant to its obligation. As of 31 March 2005 and 31 December 2004 BSPC also borrowed RR 1,002 (USD 36 million) and RR 999 (USD 36 million) of new credit facilities, provided by DEPFA, which were guaranteed by the Group (see Note 23).

Other guarantees primarily relate to those issued by AB Gazprombank (ZAO) to third parties in amount of RR 4,007 and RR 3,942 as of 31 March 2005 and 31 December 2004, respectively.

Other guarantees

As of 31 March 2005 26.1% of ordinary shares and 15.5% of preference shares of OAO Stroytransgaz, held by the Group (see Note 10), were pledged as a guarantee of the loan received from OAO Vneshtorgbank.

23 POST BALANCE SHEET EVENTS

Treasury shares

In September 2004 a decision was made to increase the interest of the State in the charter capital of OAO Gazprom. In execution of this decision in June 2005, the Board of Directors approved the option under which the Group sold 10.7399% of treasury shares held by the Group's subsidiaries to OAO Rosneftegaz, a company 100% owned by the Government, for consideration of RR 203,502 to be paid in cash and settled by the end of 2005, less additional profit tax of approximately RR 22,573. The underlying agreements have been signed by the parties in June 2005. In July 2005, the Group received RR 16,236 of the total consideration. After this transaction, the Government has a controlling interest of over 50% in OAO Gazprom. Upon transfer of the shares to the Government, shareholders' equity was increased with the corresponding receivable in respect of the amounts due from the Government recognized at discounted value, and there was no significant impact on the consolidated results of operations.

Financial investments

In June 2005, the Group acquired a 50.19% interest in OAO Redaktsia gazety Izvestia from KM Technologies (Overseas) Ltd. for USD 25 million.

23 POST BALANCE SHEET EVENTS (continued)

In July 2005 the Group acquired a 100% interest in OOO Gazoenergeticheskaya Kompania. The total acquisition cost amounted to RR 3,960 paid in cash. OOO Gazoenergeticheskaya Kompania holds a 5.3% interest in RAO UES. As a result the Group increased its direct interest in RAO UES from 5.2% to 10.5%. The investment is included in available-for-sale investments. In addition, in July 2005 the Group repaid the loan in the amount of RR 13,864 which OOO Gazoenergeticheskaya Kompania raised earlier to acquire the above interest.

In September 2005, the Group signed an agreement for the acquisition of an additional 72.67% interest in OAO Sibneft. The transaction has not yet been completed. The Group currently owns 3.02% of OAO Sibneft. In October 2005 the Group's management signed agreements with a syndicate of banks to obtain up to USD 13,100 million of loans to finance this transaction.

Borrowings

In April 2005, AB Gazprombank (ZAO) received a loan from a syndicate of foreign banks in the amount of USD 650 million due in 2008. The loan bears an interest rate of LIBOR + 1.5%.

In May 2005, the Group received USD 272 million due in 2010 at an interest rate LIBOR + 1.5% and in June 2005 – USD 700 million due in 2008 at an interest rate LIBOR + 1.25% under non-secured loan agreement for the total amount of USD 972 million syndicated by ABN AMRO.

In May 2005, the Group issued Euro 1,000 million of Loan Participation Notes due in 2015 at an interest rate of 5.875%. The Notes were issued under the USD 5,000 million Programme for the Issuance of Loan Participation Notes established on 22 September 2003.

In July 2005, OAO Gazprom received loans from Gazstream S.A. in the amount of USD 400 million due in 2012 at an interest rate of 5.065%, and in the amount of USD 283.2 million due in 2010 at an interest rate of 5.625%. These loans were obtained to refinance existing obligations related to the construction of the onshore section of the Blue Stream pipeline. Gazstream S.A. also provided USD 1,185.3 million of loans to BSPC to refinance a portion of their existing obligations which continue to be guaranteed by OAO Gazprom. The Gazstream S.A. refinancing might require the consolidation of Gazstream S.A. which would result in both long-term borrowing and long-term accounts receivables increasing by USD 1,185.3 million. The requirement for Gazstream S.A. to be consolidated under IFRS is currently being evaluated.

In August 2005, the Group issued RR 5,000 documentary bonds due in 2009 at an interest rate of 6.95%.

In September 2005, AB Gazprombank (ZAO) issued Eurobonds in the amount of USD 1,000 million due in 2015 at an interest rate of 6.5%.

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