

**ОАО ГАЗПРОМ**

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

**30 SEPTEMBER 2003**

## 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 30 September 2003, and the related consolidated interim condensed statement of operations for the three and nine months then ended, and the related consolidated interim condensed statements of cash flows and of changes in shareholders' equity for the nine months then ended. This consolidated interim condensed financial information as set out on pages 3 to 21 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 Auditing applicable to review engagements. This standard requires that we plan and perform the review to obtain moderate assurance as to 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 accordance with International Accounting Standard 34 "Interim Financial Reporting".
4. Without qualifying the results of our review, we draw your attention to Note 20 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.

Moscow, Russian Federation  
25 December 2003

**OA O GAZPROM**  
**IFRS CONSOLIDATED INTERIM CONDENSED BALANCE SHEET (UNAUDITED)**  
(In millions of Russian Roubles)

Notes	30 September 2003	31 December 2002
<b>Assets</b>		
<b>Current assets</b>		
6	108,417	58,354
6	36,718	45,593
	41,678	28,895
7	237,342	192,042
8	112,562	88,561
	<u>27,113</u>	<u>16,490</u>
	<u>563,830</u>	<u>429,935</u>
<b>Long-term assets</b>		
9	1,916,274	1,855,276
10	80,060	84,875
11	31,680	38,152
	<u>85,471</u>	<u>72,461</u>
	<u>2,113,485</u>	<u>2,050,764</u>
	2,677,315	2,480,699
<b>Liabilities and equity</b>		
<b>Current liabilities</b>		
	137,966	95,840
	38,386	47,728
12	173,514	184,823
	<u>37,315</u>	<u>41,384</u>
	<u>387,181</u>	<u>369,775</u>
<b>Long-term liabilities</b>		
13	306,235	248,603
	8,409	20,218
	6,817	10,592
	18,718	24,454
	28,378	21,989
14	<u>87,358</u>	<u>63,019</u>
	<u>455,915</u>	<u>388,875</u>
	843,096	758,650
	14,398	10,177
<b>Shareholders' equity</b>		
15	325,194	325,194
15	(38,854)	(30,367)
	<u>1,533,481</u>	<u>1,417,045</u>
	<u>1,819,821</u>	<u>1,711,872</u>
	2,677,315	2,480,699

A.B. Miller  
Chairman of the Management Committee  
25 December 2003

E.A. Vasilieva  
Chief Accountant  
25 December 2003

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

**ОАО ГАЗПРОМ**  
**IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF OPERATIONS (UNAUDITED)**  
(In millions of Russian Roubles)

Notes		Three months ended		Nine months ended	
		2003	2002	2003	2002
5, 16	Sales	175,555	134,973	597,382	441,510
5	Operating expenses	<u>(135,987)</u>	<u>(112,976)</u>	<u>(415,360)</u>	<u>(342,627)</u>
5	<b>Operating profit</b>	<b>39,568</b>	<b>21,997</b>	<b>182,022</b>	<b>98,883</b>
17	Net finance (costs) benefit	(3,430)	2,024	(1,011)	(15,128)
3	Monetary gain	-	<u>4,170</u>	-	<u>20,644</u>
	Net monetary effects and financing items	<u>(3,430)</u>	<u>6,194</u>	<u>(1,011)</u>	<u>5,516</u>
5	Share of net income (losses) of associated undertakings	1,640	(169)	4,194	2,412
	Gains (losses) on available-for-sale investments	<u>1,008</u>	<u>(551)</u>	<u>(1,626)</u>	<u>1,092</u>
	<b>Profit before profit tax and minority interest</b>	<b>38,786</b>	<b>27,471</b>	<b>183,579</b>	<b>107,903</b>
	Current profit tax (expense) benefit	(6,790)	627	(31,259)	(43,256)
	Deferred profit tax expense	<u>(8,172)</u>	<u>(20,452)</u>	<u>(23,939)</u>	<u>(46,999)</u>
14	Profit tax expense	<u>(14,962)</u>	<u>(19,825)</u>	<u>(55,198)</u>	<u>(90,255)</u>
	<b>Profit before minority interest</b>	<b>23,824</b>	<b>7,646</b>	<b>128,381</b>	<b>17,648</b>
	Minority interest	<u>(1,146)</u>	<u>(1,380)</u>	<u>(1,942)</u>	<u>(1,006)</u>
	<b>Net profit</b>	<b>22,678</b>	<b>6,266</b>	<b>126,439</b>	<b>16,642</b>
18	<b>Basic and diluted earnings per share (in Roubles)</b>	<b>1.15</b>	<b>0.35</b>	<b>6.41</b>	<b>0.79</b>

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**ОАО GAZPROM**  
**IFRS CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)**  
(In millions of Russian Roubles)

Note	Nine months ended 30 September	
	2003	2002
	<b>Operating activities</b>	
	183,579	107,903
	Profit before tax and minority interest	
	<b>Adjustments to profit before profit tax and minority interest</b>	
	71,095	68,298
	Depreciation	
	(5,666)	12,154
	Net unrealised foreign exchange (gains) losses	
	22,601	25,401
	Interest expense	
	-	(37,862)
	Monetary effects on non-operating balances	
	(4,049)	(12,356)
	Gains on and extinguishment of restructured liabilities	
	(9,499)	(6,576)
	Interest income	
	(4,194)	(2,412)
	Share of net income of associated undertakings	
	<u>(37,341)</u>	<u>(37,708)</u>
	Other	
	<u>32,947</u>	<u>8,939</u>
	Total effect of adjustments	
	216,526	116,842
	Adjusted profit before profit tax and minority interest and before changes in working capital	
	(61,154)	(44,672)
	Total effect of working capital changes	
	<u>(40,058)</u>	<u>(28,540)</u>
	Profit tax paid	
	<b>115,314</b>	<b>43,630</b>
	<b>Net cash provided by operating activities</b>	
	<b>Investing activities</b>	
	(99,233)	(76,082)
	Capital expenditures	
	(60)	(2,547)
	Other	
	<u>(99,293)</u>	<u>(78,629)</u>
	<b>Net cash used for investing activities</b>	
	<b>Financing activities</b>	
	129,701	96,491
	Proceeds from long-term borrowings (including current portion)	
	(63,777)	(67,116)
	Repayment of long-term borrowings (including current portion)	
	(13,083)	6,757
	Net (repayment of) proceeds from short-term borrowings	
	(1,048)	1,296
	Net (redemption of) proceeds from promissory notes	
	(16,258)	(19,711)
	Interest paid	
	(48,135)	(18,597)
	Purchases of treasury shares	
	39,801	17,505
	Sales of treasury shares, net of profit tax	
	(1,574)	(2,016)
	Dividends paid	
	<u>8,875</u>	<u>(823)</u>
	Change in restricted cash	
	<b>34,502</b>	<b>13,786</b>
	<b>Net cash provided by financing activities</b>	
	(460)	5,822
	Effect of exchange rate changes on cash and cash equivalents	
	-	(2,239)
	Effect of inflation accounting on cash and cash equivalents	
	<b>50,063</b>	<b>(17,630)</b>
	<b>Increase (decrease) in cash and cash equivalents</b>	
6	<u>58,354</u>	<u>51,714</u>
	Cash and cash equivalents, at beginning of reporting period	
6	<b>108,417</b>	<b>34,084</b>
	<b>Cash and cash equivalents, at end of reporting period</b>	

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**ОАО ГАЗПРОМ**  
**IFRS CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**(UNAUDITED)**  
(In millions of Russian Roubles)

Note		Number of shares outstanding (billions)	Share capital	Treasury shares	Retained earnings and other reserves	Total shareholders' equity
	<b><u>Nine months ended 30 September 2003</u></b>					
	<b>Balance as of 31 December 2002</b>	19.8	325,194	(30,367)	1,417,045	1,711,872
	Net profit for the period		-	-	126,439	126,439
15	Net treasury share transactions	(0.2)	-	(8,487)	184	(8,303)
	Translation differences		-	-	299	299
	Return of social assets to governmental authorities		-	-	(2,023)	(2,023)
15	Dividends		-	-	(8,463)	(8,463)
	<b>Balance as of 30 September 2003</b>	19.6	325,194	(38,854)	1,533,481	1,819,821
	<b><u>Nine months ended 30 September 2002</u></b>					
	<b>Balance as of 31 December 2001</b>	21.0	325,194	(20,872)	1,399,391	1,703,713
	Net profit for the period		-	-	16,642	16,642
15	Net treasury share transactions	0.1	-	2,254	(834)	1,420
	Translation differences		-	-	1,111	1,111
	Return of social assets to governmental authorities		-	-	(1,203)	(1,203)
15	Dividends		-	-	(9,607)	(9,607)
	<b>Balance as of 30 September 2002</b>	21.1	325,194	(18,618)	1,405,500	1,712,076

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**OAO GAZPROM**  
**NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION**  
**(UNAUDITED)**  
**(In millions of Russian Roubles)**

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**1 NATURE OF OPERATIONS**

OAO Gazprom and its subsidiaries (the “Group”) operate one of the largest gas pipeline systems in the world and are responsible for substantially all gas production and high pressure gas transportation in the Russian Federation. The Group is also a major exporter of gas to other 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 and nine months ended 30 September 2003 represented approximately 18% and 74%, respectively, of annual volumes shipped to customers in the year ended 31 December 2002.

**2 ECONOMIC ENVIRONMENT IN THE RUSSIAN FEDERATION**

Whilst there have been improvements in the economic situation in the Russian Federation in recent years, the country 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 prospects for future economic stability in the Russian Federation are largely dependent upon the effectiveness of economic measures undertaken by the government, together with legal, regulatory, and political developments.

**3 BASIS OF PRESENTATION**

The interim condensed financial information is prepared in accordance with International Accounting Standard 34 “Interim financial reporting” (“IAS 34”). These financial statements should be read together with the consolidated financial statements for the year ended 31 December 2002 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 financial statements of the Group’s subsidiaries and associated undertakings resident in the Russian Federation, which account for substantially all the assets and liabilities of the Group, are based on their statutory records, which are maintained under the historical cost convention with adjustments and reclassifications recorded in the financial statements for the purpose of proper preparation in accordance with IAS 34. Similar adjustments are recorded in the financial statements in respect of Group companies not resident in the Russian Federation.

The preparation of consolidated interim condensed financial information in conformity with IAS 34 requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

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**3 BASIS OF PRESENTATION (continued)**

Prior to 1 January 2003 the adjustments and reclassifications made to the statutory records for the purpose of presentation in accordance with IFRS included the restatement of balances and transactions for the changes in the general purchasing power of the RR in accordance with IAS 29 (“Financial Reporting in Hyperinflationary Economies”). IAS 29 requires that the financial information prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date. As the characteristics of the economic environment of the Russian Federation indicate that hyperinflation has ceased, effective from 1 January 2003 the Group no longer applies the provisions of IAS 29. Accordingly, no adjustments for the effects of changes in general purchasing power have been made for the three and nine months ended 30 September 2003.

Corresponding figures, for the three and nine months ended 30 September 2002, were restated for the changes in the general purchasing power of the RR as of 31 December 2002. The restatement was calculated using the conversion factors derived from the Russian Federation Consumer Price Index (“CPI”), published by the Russian State Committee on Statistics (“Goscomstat”), and from indices obtained from other sources for years prior to 1992. The indices used to restate corresponding figures, based on 1988 prices (1988 = 100) for the five years ended 31 December 2002, and the respective conversion factors, are:

Year	Index	Conversion Factor
31 December 1998	1,216,400	2.24
31 December 1999	1,661,481	1.64
31 December 2000	1,995,937	1.37
31 December 2001	2,371,572	1.15
30 September 2002	2,618,690	1.04
31 December 2002	2,730,154	1.00

The main guidelines followed in restating the corresponding figures were:

- All corresponding amounts were stated in terms of the measuring unit current as of 31 December 2002;
- Monetary assets and liabilities held as of 31 December 2002 were not restated because they were already expressed in terms of the monetary unit current as of 31 December 2002;
- Non-monetary assets and liabilities (those balance sheet items that were not expressed in terms of the monetary unit current as of 31 December 2002) and components of shareholders’ equity were restated from their historical cost by applying the change in the general price index from the date the non-monetary item originated to 31 December 2002;
- All items in the statement of operations and cash flows were restated by applying the change in the general price index from the dates when the items were initially transacted to 31 December 2002;
- Gains or losses that arose as a result of holding monetary assets and liabilities for the reporting periods ended 30 September 2002 were included in the statement of operations as a monetary gain or loss.

The US dollar to RR exchange rates were 30.61 and 31.78 as of 30 September 2003 and 31 December 2002, respectively. The Euro to RR exchange rates were 35.08 and 33.11 as of 30 September 2003 and 31 December 2002, respectively.

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies followed by the Group are consistent with those disclosed in the financial statements for the year ended 31 December 2002.



**OAO GAZPROM**  
**NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION**  
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(In millions of Russian Roubles)

**5 SEGMENT INFORMATION**

Management does not separately identify segments within the Group as it operates as a vertically integrated business with substantially all external sales generated by the gas distribution business. However, following the practice suggested by IAS 14, "Segment Reporting", Revised 1997 ("IAS 14") for vertically integrated businesses, information can be presented 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.

	<b>Production</b>	<b>Refining</b>	<b>Transport</b>	<b>Distribution</b>	<b>Other</b>	<b>Total</b>
<b>Nine months ended 30 September 2003</b>						
<b>Segment revenues</b>						
Inter-segment sales	78,723	15,950	159,258	18,189	-	272,120
External sales	<u>3,295</u>	<u>62,269</u>	<u>20,421</u>	<u>474,877</u>	<u>36,520</u>	<u>597,382</u>
<b>Total segment revenues</b>	82,018	78,219	179,679	493,066	36,520	869,502
<b>Segment expenses</b>						
Inter-segment expenses	(1,918)	(11,793)	(22,883)	(235,526)	-	(272,120)
External expenses	<u>(59,054)</u>	<u>(53,427)</u>	<u>(138,080)</u>	<u>(118,374)</u>	<u>(40,389)</u>	<u>(409,324)</u>
<b>Total segment expenses</b>	<u>(60,972)</u>	<u>(65,220)</u>	<u>(160,963)</u>	<u>(353,900)</u>	<u>(40,389)</u>	<u>(681,444)</u>
<b>Segment result</b>	21,046	12,999	18,716	139,166	(3,869)	188,058
Unallocated operating expenses						<u>(6,036)</u>
<b>Operating profit</b>						182,022
Share of net income of associated undertakings	-	459	2,165	1,408	162	4,194
<b>Nine months ended 30 September 2002</b>						
<b>Segment revenues</b>						
Inter-segment sales	84,142	12,595	148,616	13,162	-	258,515
External sales	<u>2,379</u>	<u>35,913</u>	<u>12,428</u>	<u>365,165</u>	<u>25,625</u>	<u>441,510</u>
<b>Total segment revenues</b>	86,521	48,508	161,044	378,327	25,625	700,025
<b>Segment expenses</b>						
Inter-segment expenses	(1,185)	(10,618)	(15,182)	(231,530)	-	(258,515)
External expenses	<u>(54,611)</u>	<u>(31,917)</u>	<u>(122,561)</u>	<u>(98,167)</u>	<u>(30,332)</u>	<u>(337,588)</u>
<b>Total segment expenses</b>	<u>(55,796)</u>	<u>(42,535)</u>	<u>(137,743)</u>	<u>(329,697)</u>	<u>(30,332)</u>	<u>(596,103)</u>
<b>Segment result</b>	30,725	5,973	23,301	48,630	(4,707)	103,922
Unallocated operating expenses						<u>(5,039)</u>
<b>Operating profit</b>						98,883
Share of net (losses) income of associated undertakings	-	(1,256)	802	1,864	1,002	2,412

**OAO GAZPROM**  
**NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION**  
**(UNAUDITED)**  
(In millions of Russian Roubles)

**5 SEGMENT INFORMATION (continued)**

	<b>Production</b>	<b>Refining</b>	<b>Transport</b>	<b>Distribution</b>	<b>Other</b>	<b>Total</b>
<b>Three months ended 30 September 2003</b>						
<b>Segment revenues</b>						
Inter-segment sales	24,429	4,935	52,077	5,986	-	87,427
External sales	<u>924</u>	<u>23,140</u>	<u>7,253</u>	<u>130,847</u>	<u>13,391</u>	<u>175,555</u>
<b>Total segment revenues</b>	25,353	28,075	59,330	136,833	13,391	262,982
<b>Segment expenses</b>						
Inter-segment expenses	(516)	(3,892)	(7,229)	(75,790)	-	(87,427)
External expenses	<u>(19,342)</u>	<u>(21,539)</u>	<u>(49,184)</u>	<u>(29,871)</u>	<u>(13,667)</u>	<u>(133,603)</u>
<b>Total segment expenses</b>	<u>(19,858)</u>	<u>(25,431)</u>	<u>(56,413)</u>	<u>(105,661)</u>	<u>(13,667)</u>	<u>(221,030)</u>
<b>Segment result</b>	5,495	2,644	2,917	31,172	(276)	41,952
Unallocated operating expenses						<u>(2,384)</u>
<b>Operating profit</b>						39,568
Share of net (losses) income of associated undertakings	-	(260)	757	441	702	1,640
<b>Three months ended 30 September 2002</b>						
<b>Segment revenues</b>						
Inter-segment sales	23,496	4,361	44,892	4,225	-	76,974
External sales	<u>1,146</u>	<u>14,064</u>	<u>4,102</u>	<u>106,318</u>	<u>9,343</u>	<u>134,973</u>
<b>Total segment revenues</b>	24,642	18,425	48,994	110,543	9,343	211,947
<b>Segment expenses</b>						
Inter-segment expenses	(301)	(2,583)	(4,957)	(69,133)	-	(76,974)
External expenses	<u>(18,914)</u>	<u>(10,446)</u>	<u>(42,953)</u>	<u>(24,522)</u>	<u>(15,256)</u>	<u>(112,091)</u>
<b>Total segment expenses</b>	<u>(19,215)</u>	<u>(13,029)</u>	<u>(47,910)</u>	<u>(93,655)</u>	<u>(15,256)</u>	<u>(189,065)</u>
<b>Segment result</b>	5,427	5,396	1,084	16,888	(5,913)	22,882
Unallocated operating expenses						<u>(885)</u>
<b>Operating profit</b>						21,997
Share of net (losses) income of associated undertakings	-	(1,037)	660	(100)	308	(169)

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 and nine months ended 30 September 2003 is primarily due to changes in internal transfer prices.

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**NOTES TO THE IFRS CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION**  
**(UNAUDITED)**  
(In millions of Russian Roubles)

**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 28,097 and RR 38,637 as of 30 September 2003 and 31 December 2002, 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 8,621 and RR 6,956 as of 30 September 2003 and 31 December 2002, respectively, in subsidiary banks, which are restricted as to withdrawal under banking regulations.

**7 ACCOUNTS RECEIVABLE AND PREPAYMENTS**

	<b>30 September 2003</b>	<b>31 December 2002</b>
Trade receivables	116,283	113,990
Prepayments and advances paid	61,559	34,026
Other receivables	<u>59,500</u>	<u>44,026</u>
	<u>237,342</u>	<u>192,042</u>

Accounts receivable and prepayments are presented net of an impairment provision of RR 124,534 and RR 127,206 as of 30 September 2003 and 31 December 2002, respectively.

**8 INVENTORY**

Inventories are presented net of a provision for obsolescence of RR 9,470 and RR 12,987 as of 30 September 2003 and 31 December 2002, respectively.

**9 PROPERTY, PLANT AND EQUIPMENT**

	<b>Total operating assets</b>	<b>Social assets</b>	<b>Assets under construction</b>	<b>Total</b>
<b>For the nine months ended 30 September 2003</b>				
<b>Net book value as of 31 December 2002</b>	1,561,006	92,104	202,166	1,855,276
Depreciation	(72,226)	(2,577)	-	(74,803)
Additions	1,300	83	134,989	136,372
Acquisition of subsidiaries	8,134	-	2,698	10,832
Transfers	39,600	1,486	(41,086)	-
Disposals	(3,280)	(2,749)	(1,451)	(7,480)
Impairment provision	<u>-</u>	<u>-</u>	<u>(3,923)</u>	<u>(3,923)</u>
<b>Net book value as of 30 September 2003</b>	<u>1,534,534</u>	<u>88,347</u>	<u>293,393</u>	<u>1,916,274</u>
<b>As of 30 September 2003</b>				
Cost	3,134,692	122,005	293,393	3,550,090
Accumulated depreciation	<u>(1,600,158)</u>	<u>(33,658)</u>	<u>-</u>	<u>(1,633,816)</u>
<b>Net book value as of 30 September 2003</b>	<u>1,534,534</u>	<u>88,347</u>	<u>293,393</u>	<u>1,916,274</u>

Assets under construction are presented net of a provision for impairment of RR 99,493 and RR 95,570 as of 30 September 2003 and 31 December 2002, 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 37,635 and RR 40,526 as of 30 September 2003 and 31 December 2002, respectively.

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**10 INVESTMENTS IN ASSOCIATED UNDERTAKINGS**

Notes	<b>30 September 2003</b>	<b>31 December 2002</b>
20 EuRoPol GAZ S.A.	34,156	38,502
20 WINGAS GmbH	20,430	21,360
20 OAO Stroytransgaz	3,488	-
ZAO Armrosgazprom	3,146	3,276
Other	<u>18,840</u>	<u>21,737</u>
	<u>80,060</u>	<u>84,875</u>

Associated undertakings are presented net of provision for impairment of RR 11,012 and RR 8,767 as of 30 September 2003 and 31 December 2002, respectively.

In February 2003 the Group sold a 40.1% interest in the share capital of ZAO Agrochemical Corporation Azot at its carrying value of RR 394 for cash, reducing the Group's interest to 6.3%. The shares were sold to the other shareholders of ZAO Agrochemical Corporation Azot as a result of the latter taking advantage of the pre-emptive purchase rights. In April 2003 a part of this transaction was cancelled by an agreement of the parties. As a result the Group received back a 33.9% interest in ZAO Agrochemical Corporation Azot and returned RR 333 of the cash received in February 2003. In July 2003 the Group acquired an additional 7.2% interest in ZAO Agrochemical Corporation Azot at par value from the existing shareholders. The consideration of RR 71 was paid in cash and approximates the fair value of purchased net assets. Accordingly, as of 30 September 2003 the Group had a 47.4% interest in ZAO Agrochemical Corporation Azot, which was included in other investments in associated undertakings.

In April 2003 the Group completed the acquisition of a 25.9% interest in OAO Stroytransgaz and accordingly the Group's investment was classified as an investment in an associated undertaking. The consideration paid, with an aggregated fair value of RR 3,336, consisted primarily of investments and cash. The fair value of consideration paid approximated the fair value of net assets acquired. In August 2003 the Group acquired 15.54% of preferred shares and an additional 0.2% of ordinary shares in OAO Stroytransgaz for RR 152. OAO Stroytransgaz is a major Russian constructor of pipelines, compressor stations and refineries.

**11 OTHER LONG-TERM INVESTMENTS**

	<b>30 September 2003</b>	<b>31 December 2002</b>
South Pars	17,209	22,930
Joint ventures	3,024	2,354
Available-for-sale investments	<u>11,447</u>	<u>12,868</u>
	<u>31,680</u>	<u>38,152</u>

South Pars is a contractual arrangement with Total South Pars and Parsi International Ltd. established in 1997 to provide services to the National Iranian Oil Company in relation to the development of the South Pars gas and condensate field in Iran. The contractual arrangement is accounted for as a long-term receivable.

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**12 SHORT-TERM BORROWINGS AND CURRENT PORTION OF LONG-TERM BORROWINGS**

Notes	<b>30 September 2003</b>	<b>31 December 2002</b>
Short-term borrowings	74,662	87,060
13 Current portion of long-term borrowings	<u>98,852</u>	<u>97,763</u>
	173,514	184,823

**13 LONG-TERM BORROWINGS**

	<b>Currency</b>	<b>Due</b>	<b>30 September 2003</b>	<b>31 December 2002</b>
Long-term borrowings payable to:				
Morgan Stanley AG	US dollar	2003 – 2013	54,001	-
Credit Lyonnais	US dollar	2001 – 2005	43,387	54,325
Salomon Brothers AG	US dollar	2002 – 2009	38,339	38,849
Loan participation notes (issued September 2003)	Euro	2003 – 2010	35,120	-
Dresdner Bank AG	US dollar	2001 – 2005	20,690	39,219
Bayerische Hypo-und Vereinsbank AG	US dollar	2002 – 2008	20,130	23,557
Deutsche Bank AG	US dollar	2003 – 2006	18,443	4,838
Mannesmann (Deutsche Bank AG)	Euro	2001 – 2008	17,167	17,908
Intesa BCI	US dollar	2001 – 2007	16,830	23,959
DEPFA Investment Bank Ltd	US dollar	2003 – 2008	15,327	-
Eurobonds issued by AB Gazprombank (ZAO)	Euro	2001 – 2005	12,760	10,792
Societe Generale	US dollar	2002 – 2008	9,965	10,348
an International banking consortium	Euro	2003 – 2007	9,821	11,728
Fuji Bank	US dollar	2001 – 2010	9,056	9,598
a German banking consortium	Euro	2001 – 2007	8,514	8,872
SACE	US dollar	2002 – 2012	7,660	7,435
WestLB AG	US dollar	2003 – 2005	6,582	-
ABN AMRO	US dollar	2002 – 2004	6,225	6,473
Moscow Narodny Bank Limited	US dollar	2001 – 2006	5,871	7,507
Bayerische Hypo-und Vereinsbank AG	Euro	2001 – 2006	4,912	6,037
OA O Vneshtorgbank	US dollar	2001 – 2004	4,905	21,330
OA O Alfa Bank	US dollar	2002 – 2004	4,600	4,776
Credit Suisse First Boston	US dollar	2001 – 2006	4,005	5,366
a Hungarian banking consortium	US dollar	2001 – 2005	2,783	3,858
Other long-term borrowings	Various	Various	<u>27,994</u>	<u>29,591</u>
Total long-term borrowings			405,087	346,366
Less: current portion of long-term borrowings			<u>(98,852)</u>	<u>(97,763)</u>
			306,235	248,603

	<b>30 September 2003</b>	<b>31 December 2002</b>
Due for repayment:		
Between one and two years	66,163	92,378
Between two and five years	135,884	132,010
After five years	<u>104,188</u>	<u>24,215</u>
	306,235	248,603

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**13 LONG-TERM BORROWINGS (continued)**

Long-term borrowings include fixed rate loans with a carrying value of RR 191,718 and RR 141,568 as of 30 September 2003 and 31 December 2002, 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%.

	<b>30 September 2003</b>	<b>Differences, recognition and reversals</b>	<b>31 December 2002</b>
<b>Tax effects of taxable temporary differences:</b>			
Property, plant and equipment	86,559	19,554	67,005
Investments	4,030	(377)	4,407
Inventories	<u>2,267</u>	<u>412</u>	<u>1,855</u>
	<b>92,856</b>	<b>19,589</b>	<b>73,267</b>
<b>Tax effects of deductible temporary differences:</b>			
Tax losses carry forward	<u>(5,498)</u>	<u>4,750</u>	<u>(10,248)</u>
<b>Total net deferred tax liabilities</b>	<b>87,358</b>	<b>24,339</b>	<b>63,019</b>

Deferred tax assets and liabilities arise mainly from differences in the taxable and financial reporting bases of property, plant and equipment. These differences for property, plant and equipment are historically due to the fact that a significant proportion of the tax basis is based upon independent appraisals, the most recent of which was recognised as of 1 January 2001, while the financial reporting basis is historical cost restated for changes in the general purchasing power of the RR to 31 December 2002 (see Note 3).

Following the enactment of Chapter 25 "Profit tax" of the Russian Federation Tax Code on 1 January 2002, the profit tax regulations allowed for different tax depreciation lives for different groups of property, plant and equipment. In accordance with the tax regulations, the Group recognized shorter tax depreciation lives effective 1 January 2002, resulting in increased tax depreciation and a RR 30,171 increase in the deferred tax liability attributable to property, plant and equipment as of 31 December 2002. The Group initially recognized tax effect of the assessment of the revised tax depreciation lives for property, plant and equipment in the three months ended 30 September 2002 when such an assessment was completed by the Group.

The revised tax depreciation lives also gave rise to current period tax losses in the statutory books of OAO Gazprom in 2002. Statutory entities can carry forward tax losses generated in an individual period for ten years, subject to a maximum utilization of 30% of the total amount of taxable profit each year. This resulted in a recognition of a deferred tax asset of RR 5,498 and RR 10,248 as of 30 September 2003 and 31 December 2002, respectively. RR 19,792 of tax losses carry forward were utilised in the nine months ended 30 September 2003. Management believes it is probable that tax losses will continue to be realized through offset against future taxable profit.

**15 SHAREHOLDERS' EQUITY**

**Share capital**

Share capital authorised and issued totals RR 325,194 as of 30 September 2003 and 31 December 2002 and consists of 23.7 billion ordinary shares, each with a historical par value of RR 5.

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**15 SHAREHOLDERS' EQUITY (continued)**

**Dividends**

During the nine months ended 30 September 2003 the Group accrued final dividends for the year ended 31 December 2002 in the amount of RR 0.40 per share.

**Treasury shares**

As of 30 September 2003 and 31 December 2002, subsidiaries of OAO Gazprom held ordinary shares of OAO Gazprom totalling 4,102 million and 3,841 million, respectively. The Group controls the voting rights of these shares.

As of 31 December 2002 voting rights for the ordinary shares of OAO Gazprom, held by a joint activity with OAO Stroytransgaz were controlled by the Group in accordance with the specific terms of the joint activity agreement. Accordingly, as of 31 December 2002, the Group's investment in the joint activity was recorded as an investment in treasury shares, classified as a deduction from shareholders' equity. In March 2003 OAO Stroytransgaz terminated its participation in the joint activity agreement with the Group in return for promissory notes contributed by the Group into this joint activity. As a result, the Group now owns and controls the votes for 1,144 million treasury shares held by the joint activity.

**16 SALES**

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
Gas sales (including excise tax, net of VAT and customs duties) to customers in:				
Russian Federation	33,149	25,167	143,956	93,333
Former Soviet Union (excluding Russian Federation)	10,006	13,230	39,920	44,532
Europe	<u>122,018</u>	<u>92,490</u>	<u>409,536</u>	<u>309,104</u>
Gross sales of gas	165,173	130,887	593,412	446,969
Excise tax	<u>(33,402)</u>	<u>(23,423)</u>	<u>(115,240)</u>	<u>(79,425)</u>
Net sales of gas	131,771	107,464	478,172	367,544
Sales of gas condensate and oil and gas products	23,140	14,064	62,269	35,913
Gas transportation sales	7,253	4,102	20,421	12,428
Other revenues	<u>13,391</u>	<u>9,343</u>	<u>36,520</u>	<u>25,625</u>
	<u>175,555</u>	<u>134,973</u>	<u>597,382</u>	<u>441,510</u>

Included within gas transportation sales are sales to two significant customers, the Itera Group and Eural Trans Gas.

The Itera Group is a producer and distributor of gas in the Russian Federation and other former Soviet Union countries. Gas transportation sales (net of VAT) to companies of the Itera Group amounted to RR 1,976 (6 bcm) and RR 5,518 (25 bcm) for the three and nine months ended 30 September 2003, respectively, and RR 3,155 (14 bcm) and RR 10,351 (46 bcm) for the three and nine months ended 30 September 2002, respectively. Trade receivables in respect of gas transportation services supplied to the Itera Group amounted to RR 2,443 and RR 3,356 as of 30 September 2003 and 31 December 2002, respectively.

The Group also had gas sales in the Russian Federation (including excise tax and net of VAT) to companies of the Itera Group amounting to RR 809 (2 bcm) and RR 2,878 (5 bcm) for the three and nine months ended 30 September 2003, and nil for the three and nine months ended 30 September 2002, respectively. Trade receivables in respect of gas sales to the Itera Group amounted to RR 812 and RR 347 as of 30 September 2003 and 31 December 2002, respectively.

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**16 SALES (continued)**

Eural Trans Gas, incorporated in Hungary, was established to sell Central Asian gas to customers in Europe. Gas transportation sales to Eural Trans Gas, which commenced in January 2003, amounted to RR 3,075 (8 bcm) and RR 10,745 (25 bcm) in the three and nine months ended 30 September 2003, respectively. Trade receivables in respect of gas transportation services supplied to Eural Trans Gas amounted to RR 3,985 and nil as of 30 September 2003 and 31 December 2002, respectively.

**17 NET FINANCE (COSTS) BENEFIT**

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
Net exchange (losses) gains	(1,149)	(20)	8,042	(8,659)
Interest income	3,161	1,300	9,499	6,576
Interest expense	(6,287)	(4,934)	(22,601)	(25,401)
Gains on and extinguishment of restructured liabilities	<u>845</u>	<u>5,678</u>	<u>4,049</u>	<u>12,356</u>
	<u>(3,430)</u>	<u>2,024</u>	<u>(1,011)</u>	<u>(15,128)</u>

**18 EARNINGS PER SHARE**

Earnings per share have been calculated by dividing the net profit for the period 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).

The weighted average number of shares outstanding was 19.7 and 21.0 billion for the nine months ended 30 September 2003 and 2002, respectively.

**19 SUBSIDIARY UNDERTAKINGS**

Principal subsidiaries of the Group remain unchanged since 31 December 2002 except for the changes disclosed below.

**ОАО Severneftegazprom**

In February 2003 the Group acquired a 51.0% additional interest in ОАО Severneftegazprom from the Itera Group at the nominal value of the shares (RR 102 thousand) for cash and thereby increased its interest in the share capital of ОАО Severneftegazprom to 100%. In connection with the acquisition of this interest, the Group paid RR 369 in cash to the Itera Group to settle the amount owed by ОАО Severneftegazprom to finance development work. ОАО Severneftegazprom, a production company, holds a license for the development of the Yuzhno-Russkoye field. ОАО Severneftegazprom was accounted for as subsidiary from the date on which control was obtained. At the same time the Group sold to Itera Group a 10.0% interest in ОАО Sibirsky Oil and Gas Company at its carrying value of RR 2.55 plus a 7.8% interest in ОАО Tarkosaleneftegaz at its carrying value of RR 356 for cash. Management have assessed that the fair value of consideration paid approximated the fair value of the underlying net assets received.



**19 SUBSIDIARY UNDERTAKINGS (continued)**

**Joint activity with OAO NK Rosneft**

The joint activity was established to develop the Arctic shelf (Prirazlomnoye and Schtokmanovskoye fields) in the Barents Sea. From inception OAO Gazprom and its subsidiary ZAO Rosshelf had 99.1% and 0.9% direct interests in the joint activity, respectively. In October 2002 OAO Gazprom and its subsidiary ZAO Rosshelf signed an amendment to the joint activity agreement that provided for an additional participant – ZAO Sevmorneftegaz. ZAO Sevmorneftegaz is a company jointly controlled by ZAO Rosshelf and OAO NK Rosneft-Purneftegaz, a subsidiary of OAO NK Rosneft. Under the agreement, in February 2003 ZAO Sevmorneftegaz made a non-cash contribution valued at RR 4,334 thus obtaining a 48.9% interest in the jointly controlled assets of the joint activity. As a result of the transaction OAO Gazprom and ZAO Rosshelf had 48.7% and 2.4% direct interests in the joint activity, respectively, and the Group's total effective interest decreased from 99.6% to 62.9%. In July 2003 OAO NK Rosneft signed an agreement to acquire a 49.95% direct interest in the joint activity for USD 136 million to be paid in cash or by settlement of the loan payable by ZAO Sevmorneftegaz to OAO NK Rosneft. The effect of this transaction was to decrease the Group's total effective interest in the joint activity from 62.9% to 48.85% and to establish joint control of the assets of the joint activity between the Group and OAO NK Rosneft.

**Petrochemical companies**

In the third quarter of 2002 the Group signed agreements to acquire additional interests in a number of Russian petrochemical companies, the majority of which were already affiliated with OAO AK Sibur. In April 2003, following the completion of legal procedures the Group established control over majority of these companies and thereby increased its controlling interest in the share capital of OAO AK Sibur from 50.7% to 75.7%. The consideration was provisionally agreed to consist primarily of long-term promissory notes with a nominal value of RR 17,824 and an estimated fair value of approximately RR 6,770, of which RR 4,662 related to companies consolidated in the three months ended 30 June 2003. In September 2003 the Group acquired an additional 2.4% interest in AK Sibur for RR 102. Fair values of the identifiable assets and liabilities of these companies have been determined on a provisional basis and might be subject to subsequent adjustments over the period to 31 December 2004. Any adjustments are not expected to be material to the Group's consolidated financial statements. Management does not believe there will be material goodwill arising from the transaction.

**20 RELATED PARTIES**

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 operating decisions as defined by IAS 24 "Related Party Disclosures". In considering each possible related party relationship attention is directed to the substance of the relationship, not merely the legal form.

**Government**

The Government of the Russian Federation is the principal shareholder of the Group and directly owns approximately 38.37% of the issued shares of the Group. State representatives also have the majority of seats on the Board of Directors. As of 30 September 2003 the subsidiaries of the Group held 17.33% of OAO Gazprom shares, through which they are entitled to vote as owners. Governmental economic and social policies affect the Group's financial position, results of operations and cash flows.

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

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**20 RELATED PARTIES (continued)**

**Associated undertakings**

Included within associated undertakings (see Note 10) is the loan receivable from EuRoPol GAZ S.A., in the amount of RR 25,331 and RR 27,344 as of 30 September 2003 and 31 December 2002, respectively, issued by AB Gazprombank (ZAO), a subsidiary of the Group, at an interest rate of LIBOR + 2.6%. Also included within associated undertakings (see Note 10) as a component of the carrying amount are USD and Euro denominated long-term receivables from EuRoPol GAZ S.A. of RR 4,518 and RR 8,555 as of 30 September 2003 and 31 December 2002, respectively.

Associated undertakings (see Note 10) include a Euro denominated loan receivable from WINGAS GmbH, in the amount of RR 14,830 and RR 14,331 as of 30 September 2003 and 31 December 2002, respectively. The interest rates vary for different loan tranches. As of 30 September 2003 and 31 December 2002 the aggregate effective interest rate for the loan receivable from WINGAS GmbH was 4.5% and 5.6%, respectively.

Included within accounts receivable (see Note 7) are accounts receivable from Group associates (excluding long-term portion of EuRoPol GAZ S.A. receivables) in the amount of RR 18,477 and RR 17,746 as of 30 September 2003 and 31 December 2002, respectively.

During the three and nine months ended 30 September 2003 the Group recorded sales of gas to its associates in the amount of RR 20,382 and RR 66,616, respectively, and during the three and nine months ended 30 September 2002 in the amount of RR 20,443 and RR 54,526, respectively.

Gas is sold to associates, except for that sold to AO Moldovagaz, on the basis of long-term contracts, at index prices based on world oil and gas prices. Gas prices per thousand cubic meters for such sales ranged from USD 68 to USD 155 and from USD 67 to USD 151 in the nine months ended 30 September 2003 and 2002, 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 in the nine months ended 30 September 2003 and 2002.

The Group's impairment provision on accounts receivable included RR 22,448 and RR 24,191 in respect of amounts due mainly from AO Moldovagaz and from Progress Gaz Trading as of 30 September 2003 and 31 December 2002, respectively.

In addition, the Group purchased gas transportation services from certain of the associated undertakings, principally EuRoPol GAZ S.A., which amounted to RR 6,757 and RR 14,988 for the three and nine months ended 30 September 2003, and RR 2,443 and RR 7,767 for the three and nine months ended 30 September 2002, respectively. The cost of these services was determined based on prices of gas sold to these companies.

Included within accounts payable are accounts payable to the Group's associated undertakings for purchased gas transportation services in the amount of RR 6,422 and RR 1,782 as of 30 September 2003 and 31 December 2002, respectively.

*OAO Stroytransgaz*

In the normal course of business, the Group enters into transactions with OAO Stroytransgaz for the construction of pipelines in the Russian Federation on the basis of the results of tenders. During the three and nine months ended 30 September 2003 and 2002 transactions with OAO Stroytransgaz were entered into under contracts, which had been executed by certain prior representatives of the Group's Board of Directors and members of their families. At the time these contracts were executed those members of the Board of Directors and members of their families owned an interest in OAO Stroytransgaz.

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**20 RELATED PARTIES (continued)**

OA0 Stroytransgaz rendered construction services for the Group in the amounts of RR 5,351 and RR 20,083 for the three and nine months ended 30 September 2003, and RR 8,401 and RR 26,863 for the three and nine months ended 30 September 2002, respectively. As of 30 September 2003 and 31 December 2002, the Group had advances and receivables due from OA0 Stroytransgaz in the amounts of RR 1,579 and RR 6,276, respectively. As of 30 September 2003 and 31 December 2002, the Group had accounts payable to OA0 Stroytransgaz in respect of construction of RR 11,442 and RR 10,911, respectively.

**OA0 AK Sibur**

A substantial portion of OA0 AK Sibur's transactions were executed with related parties. Prior to acquisition of additional interests in a number of these companies, OA0 AK Sibur's related party transactions were mainly with the then associated undertakings (see Note 19).

**OOO Interprokom**

During the three and nine months ended 30 September 2003 and 2002 transactions with OOO Interprokom were entered into under contracts which had been executed by certain prior members of the Board of Directors and a member of the Management Committee of the Company and members of their families who at that time owned significant interests in OOO Interprokom.

OOO Interprokom acts as an agent for the Group in the acquisition of equipment and is remunerated for those services based on a fixed commission percentage. OOO Interprokom acted as an agent in the Group's acquisition of equipment in the amount of RR 255 and RR 1,177 in the three and nine months ended 30 September 2003, and RR 1,864 and RR 6,154 in the three and nine months ended 30 September 2002, respectively. As of 30 September 2003 and 31 December 2002, the Group had advances and receivables due from OOO Interprokom in the amount of RR 576 and RR 669, respectively. Commissions paid to OOO Interprokom amounted to RR 14 and RR 42 in the three and nine months ended 30 September 2003, and RR 28 and RR 88 for the three and nine months ended 30 September 2002, respectively. As of 30 September 2003 and 31 December 2002, the Group had accounts payable to OOO Interprokom in respect of equipment supplies of RR 2,492 and RR 6,621, respectively.

AB Gazprombank (ZAO), the Group's principal banking subsidiary, had outstanding import letters of credit issued on behalf of OOO Interprokom and sub-contractors of OOO Interprokom in the amount of RR 2,492 and RR 6,982 as of 30 September 2003 and 31 December 2002, respectively. These import letters of credit are issued to third party suppliers in connection with the purchase of equipment by OOO Interprokom on behalf of the Group.

**21 COMMITMENTS, CONTINGENCIES AND OPERATING RISKS**

**Taxation**

Russian tax legislation is subject to varying interpretations and frequent changes. Further, the interpretation of tax legislation by tax authorities applied to the transactions and activity of the Group may not coincide with that of management. As a result, transactions may be challenged by tax authorities and the Group may be assessed additional taxes, penalties and interest, which can be significant. Under Russian legislation, penalties are levied at 20% of the tax amount underpaid and interest is charged at a rate of 1/300 of the refinancing rate of the Central Bank of the Russian Federation per day (the refinancing rate as of 30 September 2003 was 16.0%). The Group's tax records remain open to review by the tax and customs authorities with respect to tax liabilities for three years.

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**21 COMMITMENTS, CONTINGENCIES AND OPERATING RISKS (continued)**

**Financial guarantees**

The Group had outstanding issued guarantees to third parties in the amount of RR 89,996 and RR 87,707 (including guarantees denominated in USD of USD 2,616 million and USD 2,634 million) as of 30 September 2003 and 31 December 2002, respectively.

No provisions were recorded within provisions for liabilities and charges as of 30 September 2003 and 31 December 2002, respectively, in respect of the outstanding issued guarantees.

	<b>30 September 2003</b>	<b>31 December 2002</b>
Outstanding guarantees issued on behalf of:		
BSPC	38,846	37,258
Interconnector (UK) Limited	33,673	34,963
Eural Trans Gas	6,949	-
Albustan Investments Ltd	2,552	2,843
Itera Group companies	1,844	3,088
Other	<u>6,132</u>	<u>9,555</u>
	<u>89,996</u>	<u>87,707</u>

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. 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 30 September 2003 and 31 December 2002 BSPC had borrowed RR 38,846 and RR 37,258 (USD 1,269 million and USD 1,172 million), respectively, of these credit facilities, which were guaranteed by the Group, pursuant to its obligation, including the amounts of interest of RR 2,510 and RR 213 (USD 82 million and USD 6 million), respectively.

In August 2003 credit facilities in the amount of USD 227 million were provided to Eural Trans Gas by Vnesheconombank and guaranteed by the Group. The guarantee extends through December 2007. The credit facilities are for the purchase of natural gas in Central Asia which is then sold to the Group.

Line "Other" includes mainly guarantees issued by subsidiaries under contracts for purchasing equipment, construction and installation works. As of 30 September 2003 and 31 December 2002 this balance includes guarantees issued by OAO AK Sibur to third parties of RR 406 and RR 2,572, respectively.

**22 POST BALANCE SHEET EVENTS**

**Borrowings**

In October 2003 AB Gazprombank (ZAO) issued USD 750 million of eurobonds due 2008 at an interest rate of 7.25%.

In November 2003 the Group signed a loan agreement with Commerzbank of USD 300 million due 2009 at an interest rate of LIBOR + 2.75% per annum.

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

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