



# LANDMARK YEAR, BRIGHT FUTURE

Annual Review 2006

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# **GAZPROM MARKETING & TRADING'S VISION IS TO BE THE LEADING MARKETING AND TRADING COMPANY IN LIBERALISING MARKETS.**

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## **ABOUT GAZPROM MARKETING & TRADING**

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**Revenues rose from £594 million to £1.5 billion, while pre tax profits were up from £25.6 million to £33.7 million. Gazprom is Europe's largest gas supplier, accounting for 25 per cent of total gas consumption, with 17 per cent of the world's proven gas reserves. As a wholly-owned subsidiary of Gazprom, GM&T will continue to develop its trading capabilities across the range of energy commodities, as well as building its network of marketing teams in new geographic markets.**

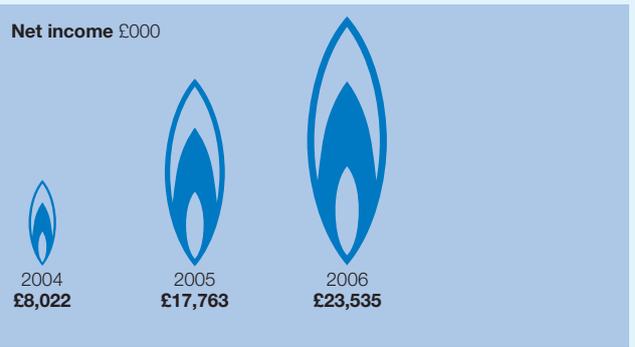
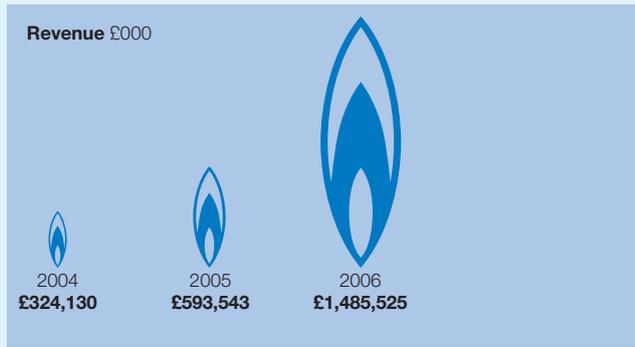
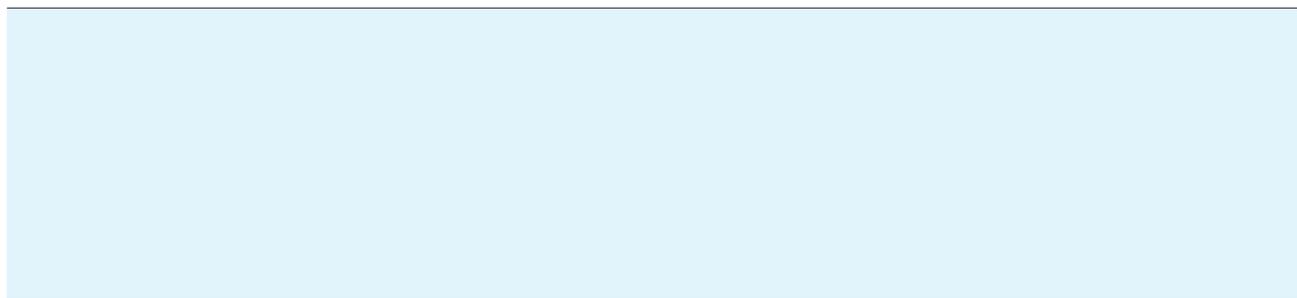
**2006 saw the Company begin trading power, carbon and LNG, as well as entering the UK retail market. A new office in Paris quickly built a strong and profitable customer base of major industrial clients, while a new office in Houston was established to target the US and global LNG markets.**

**From its start up just a few years ago, GM&T's head office in London has grown to a team of over 100, comprising 30 nationalities and a wide range of energy expertise. Strong risk management, IT and back office functions support a proven, profitable and successful business model.**

**The Company will continue to target new areas of growth across its range of markets as an integrated trader and marketer of energy. Targets for 2007 include new geographical markets, an expanded retail business and increased trading in commodities such as power, carbon and LNG, whilst developing financial derivatives such as coal, oil and weather.**

**Gazprom Marketing & Trading looks forward to a bright future.**

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**150%**

**GROWTH IN REVENUE**

**60%**

**GROWTH IN SALES VOLUMES**

**30%**

**RETURN ON EQUITY**

**5**

**PRODUCTS**

**19**

**LOCATIONS**

## CHAIRMAN'S INTRODUCTION

**“AS ENERGY REMAINS HIGH ON THE INTERNATIONAL AGENDA, WE CAN SEE A STRONG FUTURE FOR GAZPROM MARKETING & TRADING AS WE CONTINUE TO CREATE NEW BUSINESS OPPORTUNITIES WHEREVER THEY OCCUR IN THE VALUE CHAIN.”**



In my introduction to Gazprom Marketing & Trading's 2005 Annual Report, I said that the Company had reached a critical point in its development, having progressed from a start-up to a mature, growing and profitable company.

The key to the Company's continued development lay in a clear corporate strategy focused on simultaneous growth of the business in new market segments, products and geographical regions.

The Board of Directors fully supported these aggressive growth plans and now we can look back at a remarkably successful year, during which we also put the building blocks in place for continued expansion of the business.

2006 saw the opening of new offices in Paris and Houston, our entry into the UK gas retail market and the trading of new products such as oil, carbon and power. What is more, the Company more than doubled its turnover and substantially increased its profits in the year.

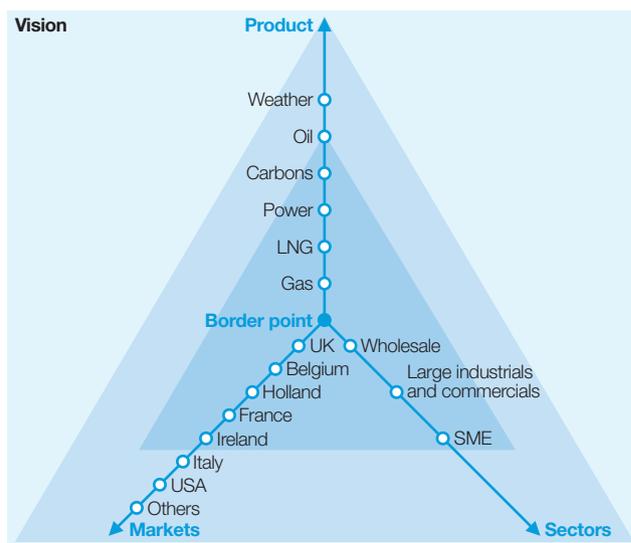
The Board of Directors recognises that such progress can only be achieved by a dedicated and energetic team, led by strong and experienced management, and on behalf of the Board I would like to thank them for their strong efforts over the last year.

As energy remains high on the international agenda, we can see a strong future for Gazprom Marketing & Trading as we continue to create new business opportunities wherever they occur in the value chain.

**Alexander Medvedev** Chairman

## CHIEF EXECUTIVE OFFICER'S REPORT

**“2006 SAW US TRADING IN POWER, LNG, CARBON AND OIL AS WELL AS GAS. WE CAN TRULY SAY THAT WE ARE AN ENERGY TRADER AND MARKETER, NOT JUST A GAS COMPANY.”**



Gazprom Marketing & Trading set itself some very ambitious targets for 2006. Our business plan for the year included expanded operations in terms of products offered, commodities traded and geographical areas served. This diversification of the Company was a key to our vision for GM&T to become the leading energy marketing and trading company serving liberalised markets in Western Europe and beyond.

I am pleased to report that we have achieved the goals we set ourselves and have made solid progress towards building and sustaining a profitable international energy trading operation.

It has been an exciting year for the Company, as it saw our entry into the retail markets of the UK and France, the opening of new offices in the USA and Paris and substantial growth in turnover and another record year for profitability. Furthermore, our developing expertise in trading such commodities as carbon and LNG, position the Company strongly in these markets which have great growth potential.

We have signed a contract with Deeside power station, and in 2007 we will be supplying them with gas and certificates for CO<sub>2</sub> emissions.

Our growing trading, risk management and back office capabilities also mean that we can become involved in more sophisticated deals, for example combining gas supply, carbon credits and power trading to help our customers.

My often-stated aim of taking GM&T down the last mile of the value chain is being realised. At the same time, we have positioned ourselves firmly as a diversified trading company, with 100 counterparties now trading with us multi-commodity, enabling us to optimise storage, transport and supply.

Our success in 2006 was largely due to the support of our parent company and the tremendous effort by the whole of the team at Gazprom Marketing & Trading. By the end of 2006 we had grown to a team of over 100, representing well over 30 nationalities. We all share the Company's strategic vision and all the components of the business – the traders in our front office and the vital support staff in back and mid offices – have worked hard to deliver it. We have been pleased to welcome new colleagues from our retail office in Manchester and our teams in Paris and Houston.

I would like to thank all our staff for their commitment and performance in this year of significant growth and delivery.

We have set ourselves some challenging targets for 2007 – entering new markets and increasing our carbon and power trading, while continuing to grow our core business. I am confident that we have a team of outstanding individuals in place who will all play their part in achieving these goals.

**Vitaly Vasiliev** Chief Executive Officer



**“WE HAVE ESTABLISHED A  
POWERFUL GLOBAL TRADING  
OPERATION IN LONDON, WITH  
LOCAL MARKETING OFFICES IN  
MANCHESTER, PARIS AND HOUSTON,  
ABLE TO CREATE COMPETITIVE  
AND INNOVATIVE ENERGY  
SOLUTIONS FOR OUR CUSTOMERS.”**

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# OPERATING REVIEW

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## Gazprom

Gazprom, the parent company of Gazprom Marketing & Trading, has a strategic objective to become a global energy leader. It aims to provide secure deliveries of natural gas and other fuels to global and domestic energy markets, whilst promoting company value and growth in the long term.

Gazprom has provided 22 countries in Europe with secure gas supplies since 1968. Around 25 per cent of all gas imports in Europe are sourced from Gazprom, which owns 17 per cent of the world's proven gas reserves and is the biggest company in Europe by capitalisation. Just to provide a frame of reference, over the last five years Gazprom has *increased* its annual gas output by an amount that is comparable to the overall consumption of a country the size of Argentina. Gazprom owns and operates a significant gas pipeline network in which it is investing over \$10 billion per year on capital projects.

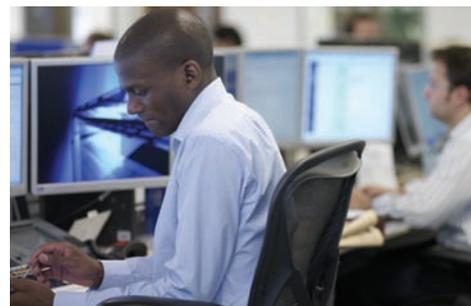
## Gazprom Marketing & Trading

Gazprom Marketing & Trading re-launched in 2004 from a small company which had been set up in 1999 in the UK. Its primary purpose was to exploit new energy trading opportunities opening up in liberalised energy markets, thereby participating at all stages in the value chain. In the three years it has been in operation, it has grown substantially to include not only wholesale gas trading operations in the UK and Western Europe, but retail sales to commercial and large industrial customers in the UK and France. Significantly, in 2006, the Company moved into new energy commodities, such as power, oil derivatives and carbon trading. It also has a growing LNG operation which is managed out of the London trading desk and a wholly-owned subsidiary in Houston, Texas.

The Company will continue to follow an aggressive growth strategy, and is actively engaged in evaluating expansion opportunities across a broad spectrum of the energy sector. The Company is exploring a range of expansion scenarios in Belgium, the Netherlands, and Italy. It is also examining entry into various energy market niches around Western Europe, including development of additional retail operations, gas storage, and carbon, oil, power, coal, and weather derivatives trading.

## New markets

2006 saw GM&T expand its base of operations from the UK into new geographical markets. An office was opened in Paris, which now has a growing number of large industrial clients in various regions of France. The Houston office will develop the Company's LNG capability ready to meet expected future demand in the USA and other countries beyond the reach of pipelines.



# FROM CATHEDRALS TO CAFES

**One of the most important elements of the 2006 business plan was Gazprom Marketing & Trading's entry into the retail markets of UK and France – Gazprom's first in Western Europe.**

**In the UK, the Company started its branded retail business by acquiring Pennine Natural Gas. This has created a growing portfolio of customers in the SME market. Brand name high street stores, chains of well-known restaurants, cathedrals, sports stadiums and even stately homes now receive their gas direct from GM&T.**

**In France, a new marketing office in Paris combines local market know-how with the strong London trading desk to create retail supply deals with major energy-intensive industrial customers, such as chemical and fertiliser plants.**



By opening offices in new market countries, GM&T is demonstrating that it wants to be seen as a local company, operating within national frameworks, but with the global strength of its parent company and its growing international trading capability in full support of local initiatives.

## **New commodities**

GM&T's vision is to be the leading energy marketing and trading company in liberalised markets. In line with this vision, the Company continues to build its global expertise in trading a wide spectrum of energy commodities. 2006 saw its entry into the power, oil and carbon trading markets, all of which have great potential for the future.

GM&T aims to become a leader in the LNG sector and a major participant in the US gas market, the world's biggest by volume. The Company has bought and sold five LNG cargoes, bought in four countries and sold in five around the world, with 16 master agreements in place.

GM&T's carbon trading business will help customers with carbon credit needs, often working hand-in-hand with gas supply and power trading.

Trading in power markets helps GM&T customers with power trading needs as well as building cross-commodity optimisation for GM&T. The Company is evaluating business models for investment and control in new gas-fired power stations across Europe.

## **New retail customers**

One of the most important developments in 2006 was the Company's entry into retail gas markets in both the UK and France. In the UK, this initiative was achieved through a strategic partnership with NGSS, an existing retail gas marketing firm. In France, GM&T established a gas retail marketing operation that targets mid and large industrial customers. These developments complete an integrated system linking UK and French retail customers directly to massive gas reserves in Russia, and are a direct response to customers' growing needs for secure energy supplies.

At present, the UK retail operation serves close to 1,000 customers in the large commercial and industrial energy sectors. This marks the first time since the liberalisation of the UK retail gas markets that a significant new company has entered this market. It is also a noteworthy event given the magnitude of the resources behind GM&T, in terms of both infrastructure and gas reserves. These resources lend the GM&T retail business a significant competitive advantage.



## THE POWER TO TRADE

**A key to GM&T's success is its ability to trade across energy products. From the initial entry into the UK gas supply market, the Company has grown a cross-commodity energy trading capability in London.**

**Products traded include power, oil and carbon. In 2007 there are plans to expand trading activities into coal and weather derivatives.**

**Strong risk management and IT capabilities support a growing front office and trading floor.**

GM&T is already moving to put in place a web-based business model for the UK retail market. Customers will be able to conduct a comprehensive range of commercial transactions online, making energy transactions faster and more efficient. Plans have also been developed to make better use of the latest web technology to provide information to gas customers that they cannot currently access, such as daily and monthly usage. This will empower GM&T customers searching for ways to make more efficient use of their energy resources, cutting costs and greenhouse emissions in the process.

In summary, the entry of GM&T into the UK and French retail markets represents a significant event in the energy sector, bringing a degree of innovation and competition that has been lacking since the opening of those markets to competition years ago.

GM&T's headcount has now grown from a small cadre of 14 in 2004 to over 100 at the end of 2006, with operations in numerous countries, GM&T's geographic footprint has expanded far beyond the initial UK trading operation that marked its inception.

At the same time it was executing a rapid expansion strategy, GM&T had a successful fiscal year in 2006. Total sales amounted to approximately £1.5 billion, an increase of around £900 million over 2005. Gross margin doubled over that period, from approximately £36.5 million to £48.0 million.

### **Corporate communications**

As part of its commitment to transparency and dialogue, GM&T has created a public relations function to develop its communication internally and externally. A new company newsletter and a planned series of employee communication events will ensure that staff are kept fully informed as the Company continues to develop.

Externally, we are committed to building and maintaining dialogue with our stakeholders, both directly and through the media and other channels. Our new look for the annual review is part of this effort.

# EXPANDING OUR RESOURCES

**In 2006 we continued to develop our LNG cargo trading and laid out plans for a long-term business encompassing the full value chain of gas production, liquefaction, shipping, regasification and gas marketing.**

**For our short-term LNG trading activities we profitably bought and resold five cargoes. We also negotiated and executed eight master trading agreements with various counterparties, bringing our total to 16. This enables us, at short notice, to buy and sell cargoes of LNG and helps us to expand our trading relationships.**

**In July 2006 we opened Gazprom Marketing & Trading USA Inc in Houston and developed a business plan to enter the US natural gas market, the largest in the world by volume.**





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### **Environmental matters**

GM&T has a deep interest in pursuing its business goals in an environmentally benign manner. As an energy company it is acutely aware of the need to conserve resources and to provide reliable energy in a manner that is consistent with the long-term health of the world's environment.

To this end, GM&T plans to establish in the upcoming year a carbon trading capacity as an integral component of its overall energy commodity trading services. The Company views this as an excellent opportunity to contribute to the development of a marketplace that will serve to control a major contributor to global warming, while simultaneously enhancing shareholder value.

Additionally, GM&T is convinced that one of the primary weapons that can be employed in the battle to maintain a clean environment is the dissemination of information that people can use to reduce their consumption of scarce resources. The Company is therefore developing a component of its website that will allow its customers to monitor their "carbon footprint", or the impact that their personal energy consumption has on the overall emission of greenhouse gases. GM&T believes that this simple provision of information will allow customers to consume energy more efficiently, saving money at the same time they are mitigating their impact on the earth's air and water.

### **Our people**

One of the Company's highest-ranking goals going forward is to maintain a trim, high-calibre organisation – a continuation of the Company's dedication to a lean organisational structure that seeks out, recruits, and rewards highly skilled, innovative, and motivated employees. One of the Company's plans for 2007 is to build upon its retention programmes in order to preserve its human assets. We will continue to emphasise the internal cultivation of its own future leadership. We provide ample opportunities for the development of professional skills as a key element of our retention policy.

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## FROM LONDON TO PARIS

**Gazprom Marketing & Trading's unique formula for success is the global strength of its trading capability coupled with its marketing presence in new regions.**

**With a stated aim of being the leading energy marketing company in liberalising markets, GM&T is opening a network of regional offices which use local expertise to build the brand and enter new geographical markets.**

**From the first office in London, 2006 saw the opening of a UK retail office in Manchester and offices in Paris and Houston.**

**Further expansion is planned for 2007, with an office in Italy and increased presence in Belgium and the Netherlands.**

GM&T is also committed to its employees in ways that go beyond a strict commercial sense. We view our staff as more than simply units serving a corporate function – they are unique human beings with special needs outside of the workplace. The Company, for instance, is supportive of individuals who need flexibility to handle family responsibilities during typical business hours. The Company also provides for counselling services for employees who have a need for professional assistance in coping with life's challenges.

GM&T recognises that its employees have interests outside the office that contribute to their overall quality of life. For instance, the Company is sponsoring employees who are participating in a charity cycling event from London to Paris in support of a local children's hospice.

In summary, GM&T has adopted a long-term perspective in dealing with its employees. We feel that our Company's health and welfare will do only as well as our employees'.

### **The future**

Over the past year GM&T has built up core capabilities in its trading expertise, information systems and support functions.

We extended our existing business and at the same time moved into new geographical, market and commodity sectors. What we propose to do next is to solidify our positions in these new markets, transforming them into core business sectors in 2007 while expanding into a new array of markets.

This is how we view the path toward our stated vision: to become the leading energy marketing and trading company in liberalising markets.

We are well positioned to increase our share of the global energy markets in 2007 and look forward to the challenge of achieving these goals.

## SUMMARY FINANCIAL REVIEW

**“OUR DEVELOPMENT WAS ALSO STRONGLY SUPPORTED BY OUR PARENT COMPANIES IN GERMANY AND RUSSIA.”**



During 2006 we increasingly recognised that robust management of our credit and liquidity risks was critical to Gazprom Marketing & Trading's continuing success. We therefore expanded our experienced team and further strengthened our corporate competences – our back office processes and procedures together with our mid-office analytical capabilities. Our development was also strongly supported by our parent companies in Germany and Russia.

We continued to be transparent in our relations with counterparties, regulators, trading partners, banks and other stakeholders.

Credit risk arises from counterparty default although in the case of GM&T, this is significantly mitigated by GM&T having a strong customer portfolio which predominantly comprises of European energy companies, utilities and banks. During the year, in co-operation with our parent companies, we continued to develop our credit risk management policy and procedures.

As our Company grows, we clearly understand that effective liquidity management is essential to ensure that sufficient cash is available to meet all our contractual commitments as they fall due and also to ensure that there is sufficient funding to withstand stressed market conditions or an extreme event.

GM&T has access to the banking facilities of its parent company in Germany and during 2006 made its own separate arrangements with several banks to cover certain operations. Our liquid resources include amounts placed under cash pooling arrangements with our parent company.

Beginning with an increase of issued share capital in March and followed by a significantly higher level of retained earnings, our financial strength grew during 2006. Going forward, our Company's ambitious growth plans mean that in 2007 we expect to build on our already strong relationships with various financial institutions.

**Alexey Selikhov** Director of Finance

## RISK GOVERNANCE



**“THE NEED FOR EFFECTIVE RISK MANAGEMENT PRACTICES AND CLEAR COMMUNICATION HAS BEEN, AND REMAINS THE GOAL FOR GM&T.”**

The rate of business growth in 2006, both in terms of the number of commodities traded and the complexity inherent in these products made risk management a critical issue for GM&T. The need for effective risk management practices and clear communication has been, and remains the goal for GM&T. The Board of Directors are the group responsible for approving risk management principles and policies, with delegated authority passed to the Risk Oversight Committee to ensure the risk policy compliance and the procedures remain robust and fit for purpose.

As Chairman of the ROC, I see the ROC as the platform through which we assist the BOD in a number of areas

- (i) their understanding of the risks inherent in energy trading and marketing activities,
- (ii) overseeing proper management of these risks, and
- (iii) ensuring the risk policy remains appropriate to the rapidly expanding business.

Also internally, the ROC structure provides the platform for GM&T to discuss any new deal or business activity on a wider basis prior to execution. This ensures that management have fully reviewed the associated market, credit, legal and operational risks whilst ensuring the business continues to operate in a controlled manner.

**Claus Bergschneider** Managing Director, ZMB GmbH

## DIRECTORS AND ADVISORS

### BOARD

#### Alexander Medvedev

Alexander Medvedev has been the Chairman of the Board of Directors of Gazprom Marketing & Trading since 2004.

In 2005 he was appointed Deputy Chairman of Gazprom's Management Committee, Director General of OOO Gazprom Export. Previously he was the Director of Donau-Bank AG, Austria, Director of IMAG Investment Management & Advisory Group GmbH, Austria and Director General of Gazexport, Member of Gazprom's Management Committee, Moscow.

Mr Medvedev graduated from the Moscow Physics and Technology Institute with a PhD in Economics in 1978. He holds the following honorary degrees and titles: Acting Member of the International Academy of Investments and Construction Economics; Employee of the Foreign Economic Relations Department of the Moscow Institute for Global Economy and Foreign Relations Research of the USSR Academy of Sciences; Senior Researcher, Acting Leader of the Group, Secretary for the Complex Program of Scientific and Technological Progress (USSR Academy of Sciences), Moscow.

#### Vitaly Vasiliev

Vitaly Vasiliev has been the Chief Executive Officer of Gazprom Marketing & Trading since 2004. He is responsible for the strategic development of the company in line with Gazprom's global strategy.

Vitaly's wide-ranging business experience includes working in a variety of roles for Gazprom Export and Gazprom. Vitaly specialised in International Economics at the Moscow State Institute of International Relations and in 2003 completed an MSc. in Management at Stanford Graduate School of Business in the USA.

#### Andrey Mikhalev

Andrey Mikhalev has been the Managing Director of Gazprom Marketing & Trading since 1999. His team supports Gazprom's growth strategy in liberalising markets.

Prior to this, Andrey was employed in Moscow by Gazprom Export as Deputy Head of Business Development. He has also worked in Turkey and Sweden. During his early career, he worked in several Russian government departments including a front office management group trading chemicals and fertilizers. Andrey graduated from Moscow University of Gas and Oil, and holds a postgraduate degree from the All-Union Academy of Foreign Trade, Moscow.

#### Hans-Joachim Gornig

Hans-Joachim Gornig has been on the Board of Directors of Gazprom Marketing & Trading since 2004.

Mr. Gornig has been working in the gas industry since 1967. He was a senior employee and deputy chief executive in the petroleum and gas industry of East Germany and a government delegate for the natural gas pipeline grid construction in the Soviet Union. Gazprom Germania GmbH, has been managed by Hans-Joachim Gornig ever since it was founded in 1990. Mr Gornig is also a Managing Director of ZMB GmbH, a wholly-owned subsidiary of Gazprom Germania GmbH.

Mr Gornig has a MSc in Engineering.

#### Yuri Komarov

Mr Komarov has been on the Board of Directors of Gazprom Marketing & Trading since 2004.

Since 1996 he has held the positions of the General Director of Gazprom Export and the Director of the Department of Foreign Economic Relations of Gazprom. Between 2002 and 2005 he served as the Deputy Chairman of Gazprom. As of 2005 Mr Komarov is the General Director of Sevmorneftegaz.

Mr Komarov has a PhD in Economics.

Alexander Medvedev

Vitaly Vasiliev

Andrey Mikhalev

Hans-Joachim Gornig

Yuri Komarov



## EXECUTIVE TEAM

### Alexey Selikhov

Alexey Selikhov joined Gazprom Marketing & Trading in 2000 as Commercial Manager. He is currently the company's Director of Finance responsible for managing the middle and back office teams.

Alexey completed an MSc. in Theoretical Physics at Moscow State University and a PhD in Nuclear Physics at Kurchatov Institute of Atomic Energy in Moscow. He also holds an MSc. in Financial Management.

### Keith Martin

Keith Martin joined Gazprom Marketing & Trading in October 2005 as Head of Trading. Keith previously worked for Shell and has more than 15 years of downstream experience. From 2000 to 2005, he headed the gas and power trading business at Shell Energy Trading in London where he was responsible for optimising the group's gas and power activities across Europe.

In 2007 Keith was appointed Director of Front Office.

### Vitaly Vasiliev

### Andrey Mikhalev

## ADVISORY COMMITTEE

### Andrey Biryulin

Head of Prospective Marketing, Gazprom Export

### Vladimir Khandokhin

Head of Logistics and Gas Purchases, Gazprom Export

### Vyacheslav Krupenkov

Head of Department of Gas Exports to the North and the South West, Gazprom Export

### Claus Bergschneider

Managing Director, ZMB GmbH (Gazprom Germania Group)

### Felix Strehober

Head of Finance and Controlling, ZMB GmbH (Gazprom Germania Group)

Alexey Selikhov

Keith Martin

**Iouri Virobian**  
President, Gazprom  
Marketing & Trading  
France SAS

**John Hattenberger**  
President and Managing  
Director, Gazprom Marketing  
& Trading USA Inc.



## FINANCIAL RECORD

In thousands GBP	UK GAAP					IFRS
	2002	2003	2004	2004	2005	2006
Revenue	34,500	90,402	322,060	324,130	593,543	<b>1,485,525</b>
Gross profit	1,133	2,519	8,809	8,160	27,955	<b>31,984</b>
Net income (before tax)	322	1,535	6,788	11,547	25,604	<b>33,694</b>
<b>Capital and reserves</b>						
Ordinary share capital	100	1,000	6,000	6,000	11,000	<b>20,000</b>
Cashflow hedge				(3,541)		<b>2,172</b>
Profit and loss account	1,298	2,373	7,063	14,661	32,425	<b>55,960</b>
Net assets	1,398	3,373	13,063	17,120	43,425	<b>78,132</b>

## KEY PERFORMANCE INDICATORS (KPIs)

	2006	2005	KPIs definitions
Growth in sales volumes (%)	<b>60%</b>	45%	Year on year sales volume growth expressed as a percentage.
Return On Equity (%)	<b>30%</b>	41%	Return On Equity is calculated as annual Net Profit divided by Net Assets expressed as a percentage.
Total number of products	<b>5</b>	2	Total number of products refers to the number of commodity products that GM&T trades with counterparties.
Total number of locations	<b>19</b>	8	Total number of locations refers to the annual number of primary locations that GM&T trades in.
Turnover (£'000s)	<b>1,485,525</b>	593,543	Turnover refers to annual GM&T revenue net of discounts, rebates, VAT and other sales taxes or duty, expressed in thousands of pounds sterling.
Gross margin (£'000s)	<b>48,040</b>	36,470	Gross margin is revenue less cost of goods sold, expressed in thousands of pounds sterling.
EBITDA (£'000s)	<b>32,298</b>	25,539	EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) expressed in thousands of pounds sterling.
Net profit (£'000s)	<b>23,535</b>	17,763	Annual Net profit expressed in thousands of pounds sterling.

# SUMMARY INCOME STATEMENT

for the year ended 31 December 2006

	Note	2006 £'000s	2005 £'000s
<b>Continuing operations</b>			
<b>Revenue</b>	1	<b>1,485,525</b>	593,543
Cost of sales		<b>(1,437,485)</b>	(557,073)
<b>Gross profit</b>		<b>48,040</b>	36,470
Administrative expenses		<b>(16,056)</b>	(8,515)
<b>Operating profit</b>	2	<b>31,984</b>	27,955
Bank interest received		<b>2,386</b>	784
Finance costs	3	<b>(676)</b>	(3,135)
<b>Profit before tax</b>		<b>33,694</b>	25,604
Tax	5	<b>(10,159)</b>	(7,841)
<b>Profit attributable to equity holders</b>		<b>23,535</b>	17,763

# SUMMARY BALANCE SHEET

for the year ended 31 December 2006

	Note	2006 £'000s	2005 £'000s
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	6	1,149	220
Property, plant and equipment	7	7,100	6,461
Derivative financial instruments	15	14,921	6,325
Investments in subsidiaries	8	978	–
		<b>24,148</b>	13,006
<b>Current assets</b>			
Inventories	10	8,513	10,279
Trade and other receivables	9	269,867	156,786
Derivative financial instruments	15	356,943	145,444
Cash and cash equivalents	11	22,853	6,999
		<b>658,176</b>	319,508
<b>Total assets</b>		<b>682,324</b>	332,514
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	250,780	144,896
Derivative financial instruments	15	328,348	127,572
Obligations under hire purchase agreements		78	158
Current tax liabilities		9,708	5,733
		<b>588,914</b>	278,359
<b>Net current assets</b>		<b>69,262</b>	41,149
<b>Non-current liabilities</b>			
Derivative financial instruments	15	12,617	6,874
Deferred tax liabilities	12	2,661	3,856
		<b>15,278</b>	10,730
<b>Total liabilities</b>		<b>604,192</b>	289,089
<b>Net assets</b>		<b>78,132</b>	43,425
<b>Equity</b>			
Ordinary share capital	16	20,000	11,000
Cashflow hedge reserve	17	2,172	–
Retained earnings	17	55,960	32,425
<b>Total equity</b>		<b>78,132</b>	43,425

## COMPANY INFORMATION AND ADVISORS

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### Registered office

Gazprom House  
60 Marina Place  
Hampton Wick  
Kingston upon Thames  
KT1 4BH

### Officers and professional advisers

#### Directors

H.-J. Gornig  
Y. A. Komarov  
A. Medvedev  
A. V. Mikhalev  
V. V. Vasiliev

#### Secretary

Abogado Nominees Limited

#### Bankers

ABN AMRO Bank N.V.  
250 Bishopsgate  
London, EC2M 4AA

ABN AMRO Bank N.V.  
Herengracht, Postbus 283  
1000 EA Amsterdam

Caisse des Depots  
56, rue de Lille  
75356 Paris Cedex 07 SP

Calyon  
Broadwalk House, 5 Appold Street  
London, EC2A 2DA

Dresdner Bank AG  
PO Box 52715, 30 Gresham Street  
London, EC2P 2XY

ING Belgium, Brussels, Geneva Branch  
Rue Petitot 6, Case Postale  
CH-1211 Geneva 11

#### Solicitors

Baker & McKenzie LLP  
100 New Bridge Street  
London, EC4V 6JA

Hunton & Williams LLP  
30 St. Mary Axe  
London, EC3A 8EP

#### Auditors

Deloitte & Touche LLP  
Chartered Accountants  
London

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**Statutory accounts**

Financial information contained in this document does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985 ("the Act"). The statutory accounts for the year ended 31 December 2006 will be filed with the Registrar of Companies. The auditors have reported on these accounts; their report was unqualified and did not contain a statement under section 237(2) or 237(3) of the Act.

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