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Gazprom's financial information under International Financial Reporting Standards (IFRS) for the three months ended March 31, 2015

Today PJSC Gazprom issued its unaudited consolidated interim condensed financial information prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (IAS 34) for the three months ended March 31, 2015.

The table below presents the unaudited consolidated interim condensed statement of comprehensive income prepared in accordance with IFRS for the three months ended March 31, 2015 and for the three months ended March 31, 2014. All amounts are presented in millions of the Russian Rubles.

	Three months ended March 31,	
	2015	2014
Sales	1,648,253	1,558,737
Net (loss) gain from trading activity	(18,013)	3,802
Operating expenses	<u>(1,171,585)</u>	<u>(1,089,749)</u>
Operating profit	458,655	472,790
Finance income	683,675	27,310
Finance expense	(683,588)	(203,087)
Share of net income of associated undertakings and joint ventures	37,314	20,907
Gains on disposal of available-for-sale financial assets	<u>38</u>	<u>30</u>
Profit before profit tax	496,094	317,950
Current profit tax expense	(74,584)	(62,599)
Deferred profit tax expense	<u>(31,892)</u>	<u>(23,687)</u>
Profit tax expense	(106,476)	(86,286)
Profit for the period	389,618	231,664
Other comprehensive income (loss):		
Loss that will not be reclassified to profit or loss:		
Remeasurements of post-employment benefit obligations	(54,348)	(6,159)
Total loss that will not be reclassified to profit or loss	(54,348)	(6,159)
Income (loss) that will be reclassified to profit or loss:		
Gains (losses) arising from change in fair value of available-for-sale financial assets, net of tax	598	(18,604)
Share of other comprehensive income (loss) of associated undertakings and joint ventures	4,117	(2,373)
Translation differences	(10,826)	73,684
Gains (losses) from cash flow hedges, net of tax	<u>2,770</u>	<u>(10,387)</u>
Total (loss) income that will be reclassified to profit or loss	(3,341)	42,320
Other comprehensive (loss) income for the period, net of tax	(57,689)	36,161

Total comprehensive income for the period	331,929	267,825
Profit attributable to:		
Owners of PJSC Gazprom	382,112	223,007
Non-controlling interest	<u>7,506</u>	<u>8,657</u>
	389,618	231,664
Total comprehensive income attributable to:		
Owners of PJSC Gazprom	328,199	255,860
Non-controlling interest	<u>3,730</u>	<u>11,965</u>
	331,929	267,825

Total sales (net of excise tax, VAT and customs duties) increased by RUB 89,516 million, or 6 %, to RUB 1,648,253 million in the three months ended March 31, 2015 compared to the three months ended March 31, 2014. The increase in sales is mainly driven by the increase in gas sales to Europe and other countries and Former Soviet Union countries (excluding the Russian Federation). More detailed information concerning the main items of the sales' structure for the three months ended March 31, 2015 and 2014 is presented in the table below.

in millions of RUB (unless otherwise stated)	Three months ended March 31,	
	2015	2014
Sales of gas		
<i>Europe and other countries</i>		
Net sales (net of excise tax and customs duties)	542,993	484,379
Volumes in bcm	39.1	46.7
Average price, RUB / mcm (including excise tax and customs duties)	17,959.1	13,087.3
<i>FSU (Former Soviet Union) countries</i>		
Net sales (net of customs duties)	155,638	126,759
Volumes in bcm	12.9	16.3
Average price, RUB / mcm (including customs duties)	13,427.7	8,479.0
<i>Russian Federation</i>		
Net sales (net of VAT)	286,553	298,814
Volumes in bcm	80.3	84.5
Average price, RUB / mcm (net of VAT)	3,567.7	3,534.8
<i>Total sales of gas</i>		
Retroactive gas price adjustments	16,425	-
Net sales (net of VAT, excise tax and customs duties)	1,001,609	909,952
Volumes in bcm	132.3	147.5
Net sales of refined products (net of excise tax, VAT and customs duties)	364,681	380,658
Net electric and heat energy sales (net of VAT)	133,204	134,614
Net sales of crude oil and gas condensate (net of VAT and customs duties)	59,511	49,339
Net gas transportation sales (net of VAT)	44,507	40,301
Other revenues (net of VAT)	<u>44,741</u>	<u>43,873</u>
Total sales (net of excise tax, VAT and customs duties)	1,648,253	1,558,737

Net sales of gas increased by RUB 91,657 million, or 10 %, to RUB 1,001,609 million in the three months ended March 31, 2015 compared to the three months ended March 31, 2014.

In the three months ended March 31, 2015 net sales of gas to Europe and other countries increased by RUB 58,614 million, or 12 %, to RUB 542,993 million compared to the three months ended March 31, 2014. This is primarily explained by the increase in average prices in RUB terms

(including excise tax and customs duties) by 37 %. The change is primarily due to increase in exchange rate, which is partially compensated by the decrease in volumes of gas sold by 16 %, or 7.6 bcm.

Net sales of gas to FSU countries increased by RUB 28,879 million, or 23 %, to RUB 155,638 million in the three months ended March 31, 2015 compared to the three months ended March 31, 2014. This is primarily explained by the increase in average prices in RUB terms (including customs duties) by 58 %. The change is primarily due to increase in exchange rate, which is partially compensated by the decrease in volumes of gas sold by 21 %, or 3.4 bcm.

Net sales of gas in the Russian Federation decreased by RUB 12,261 million, or 4 %, to RUB 286,553 million in the three months ended March 31, 2015 compared to the three months ended March 31, 2014. This is primarily explained by the decrease in volumes of gas sold by 5 %, or 4.2 bcm.

Operating expenses increased by RUB 81,836 million, or 8 %, to RUB 1,171,585 million in the three months ended March 31, 2015 compared to the three months ended March 31, 2014.

The major factors leading to an increase in operating expenses were:

an increase in purchased gas (by RUB 41,100 million) mainly due to an increase in cost of gas purchased from third parties abroad;

an increase in taxes due to an increase in mineral extraction tax and property tax (by RUB 34,693 million).

Profit attributable to the owners of PJSC Gazprom for the three months ended March 31, 2015 totaled RUB 382,112 million which is RUB 159,105 million, or 71 %, higher compared to the three months ended March 31, 2014.

Net debt balance (defined as the sum of short-term borrowings, current portion of long-term borrowings, short-term promissory notes payable, long-term borrowings, long-term promissory notes payable, net of cash and cash equivalents and balances of cash and cash equivalents restricted as to withdrawal under the terms of certain borrowings and other contractual obligations) decreased by RUB 202,367 million, or 12 %, from RUB 1,650,633 million as of December 31, 2014 to RUB 1,448,266 million as of March 31, 2015. This decrease resulted from the increase in cash and cash equivalents.

More detailed information on the IFRS consolidated interim condensed financial information for the three months ended March 31, 2015 can be found on the PJSC Gazprom's site (www.gazprom.ru).

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