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**GAZPROM'S FINANCIAL INFORMATION UNDER INTERNATIONAL FINANCIAL
REPORTING STANDARDS (IFRS) FOR THE SIX MONTHS
ENDED JUNE 30, 2014**

Today Gazprom issued its unaudited consolidated interim condensed financial information prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" (IAS 34) for the six months ended June 30, 2014.

The table below presents the unaudited consolidated interim condensed statement of comprehensive income prepared in accordance with IFRS for the six months ended June 30, 2014 and 2013. All amounts are presented in millions of Russian Rubles.

	Six months ended June 30,	
	2014	2013
Sales	2,873,932	2,568,122
Net gain from trading activity	14,377	3,764
Operating expenses	<u>(2,248,659)</u>	<u>(1,718,884)</u>
Operating profit	639,650	853,002
Finance income	165,596	38,501
Finance expense	<u>(218,540)</u>	<u>(162,479)</u>
Share of net income of associated undertakings and joint ventures	47,884	12,804
(Losses) gains on disposal of available-for-sale financial assets	<u>(26)</u>	<u>16</u>
Profit before profit tax	634,564	741,844
Current profit tax expense	<u>(124,525)</u>	<u>(42,992)</u>
Deferred profit tax expense	<u>(44,813)</u>	<u>(105,447)</u>
Profit tax expense	<u>(169,338)</u>	<u>(148,439)</u>
Profit for the period	465,226	593,405
Other comprehensive (loss) income:		
Items that will not be reclassified to profit or loss:		
Remeasurements of post-employment benefit obligations	<u>(6,463)</u>	<u>75,623</u>
Total items that will not be reclassified to profit or loss	(6,463)	75,623
Items that will be reclassified to profit or loss:		
Losses arising from change in fair value of available-for-sale financial assets, net of tax	<u>(8,850)</u>	<u>(2,588)</u>
Share of other comprehensive (loss) income of associated undertakings and joint ventures	<u>(3,403)</u>	<u>4,138</u>
Translation differences	<u>13,667</u>	<u>49,247</u>
Losses from cash flow hedges, net of tax	<u>(6,971)</u>	<u>(3,981)</u>
Total items that will be reclassified to profit or loss	(5,557)	46,816
Other comprehensive (loss) income for the period, net of tax	(12,020)	122,439

Total comprehensive income for the period	453,206	715,844
Profit attributable to:		
Owners of OAO Gazprom	450,578	582,683
Non-controlling interest	14,648	10,722
	465,226	593,405
Total comprehensive income attributable to:		
Owners of OAO Gazprom	438,470	702,329
Non-controlling interest	14,736	13,515
	453,206	715,844

Sales (net of excise tax, VAT and customs duties) increased by RUB 305,810 million, or 12%, to RUB 2,873,932 million in the six months ended June 30, 2014 compared to the six months ended June 30, 2013. More detailed information on our sales for the six months ended June 30, 2014 and 2013 is presented in the table below.

in millions of RUB (unless otherwise stated)	Six months ended June 30,	
	2014	2013
Sales of gas		
<i>Europe and other countries</i>		
Net sales (net of customs duties)	883,196	824,419
Volumes in bcm	86.0	85.5
Average price, RUB/mcm (including customs duties)	12,843.4	11,953.6
Retroactive gas price adjustments	-	73,430
<i>FSU (Former Soviet Union)</i>		
Net sales (net of customs duties)	262,947	179,555
Volumes in bcm	30.7	27.4
Average price, RUB/mcm (including customs duties)	10,445.7	7,897.6
<i>Russian Federation</i>		
Net sales (net of VAT)	440,528	411,013
Volumes in bcm	125.4	133.6
Average price, RUB/mcm (net of VAT)	3,513.5	3,075.5
<i>Total sales of gas</i>		
Net sales (net of VAT and customs duties)	1,586,671	1,488,417
Volumes in bcm	242.1	246.5
Net sales of refined products (net of excise tax, VAT and customs duties)	793,632	639,643
Net electric and heat energy sales (net of VAT)	218,683	179,566
Net sales of crude oil and gas condensate (net of VAT and customs duties)	104,798	99,789
Net gas transportation sales (net of VAT)	82,721	80,495
Other revenues (net of VAT)	87,427	80,212
Total sales (net of excise tax, VAT and customs duties)	2,873,932	2,568,122

Net sales of gas increased by RUB 98,254 million, or 7%, to RUB 1,586,671 million in the six months ended June 30, 2014 compared to the six months ended June 30, 2013.

For the six months ended June 30, 2014 net sales of gas to Europe and other countries increased by RUB 58,777 million, or 7%, to RUB 883,196 million compared to the six months ended June 30, 2013. This change was primarily due to an increase in average prices in RUB terms (including customs duties) by 7%.

Retroactive gas price adjustments were recognized in the consolidated interim condensed financial information for the six months ended June 30, 2013 as an increase in sales in the amount of RUB 73,430 million reflecting a decrease in previously accrued liability.

Net sales of gas to FSU countries increased by RUB 83,392 million, or 46%, to RUB 262,947 million in the six months ended June 30, 2014 compared to the six months ended June 30, 2013. The change was due to an increase in average prices in RUB terms (including customs duties) by 32% and an increase in volumes of gas sold by 12%, or 3.3 bcm.

Net sales of gas in the domestic market increased by RUB 29,515 million, or 7%, to RUB 440,528 million in the six months ended June 30, 2014 compared to the six months ended June 30, 2013. This is primarily explained by the increase in the average domestic price for gas by 14%, which was partially compensated by the decrease in volumes of gas sold by 6%, or 8.2 bcm.

Net sales of refined products increased by RUB 153,989 million, or 24%, to RUB 793,632 million in the six months ended June 30, 2014 compared to the six months ended June 30, 2013 due to an increase in volumes sold by Gazprom нефт Group to customers in the Russian Federation as well as by an increase in prices. The increase in net sales of refined products was strengthened by an increase in net sales of crude oil and gas condensate by RUB 5,009 million, or 5%.

Net electric and heat energy sales increased by RUB 39,117 million, or 22%, to RUB 218,683 million in the six months ended June 30, 2014 compared to the six months ended June 30, 2013. The increase was mainly driven by inclusion of OAO Moscow Integrated Power Company (OAO MIPC) in the consolidated financial statements from September 2013.

Operating expenses increased by RUB 529,775 million, or 31%, to RUB 2,248,659 million in the six months ended June 30, 2014 compared to the six months ended June 30, 2013.

The major factor leading to an increase in operating expenses was accrual of provision for doubtful trade accounts receivable in the amount of RUB 215,832 million in the six months ended June 30, 2014, which was mostly related to doubtful trade accounts receivable of NAK Naftogaz Ukraine.

In the six months ended June 30, 2014 profit for the period attributable to owners of OAO Gazprom totaled RUB 450,578 million which is RUB 132,105 million, or 23%, lower compared to the six months ended June 30, 2013.

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 218,251 million, or 20%, from RUB 1,112,798 million as of December 31, 2013 to RUB 894,547 million as of June 30, 2014. This decrease resulted from the increase in cash and cash equivalents, which was partially offset by appreciation of U.S. dollar and Euro against Russian Ruble.

More detailed information on the IFRS consolidated interim condensed financial information for the six months ended June 30, 2014 can be found on OAO Gazprom web site (www.gazprom.ru).

INFORMATION DIRECTORATE, OAO GAZPROM

www.gazprom.ru

+7 495 719-49-37
+7 495 719-47-36
+7 495 719-28-01
pr@gazprom.ru

ir@gazprom.ru