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Gazprom's financial information under International Financial Reporting Standards (IFRS) for the nine months ended September 30, 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 nine months ended September 30, 2015.

The table below presents the unaudited consolidated interim condensed statement of comprehensive income prepared in accordance with IFRS for the nine months ended September 30, 2015 and for the nine months ended September 30, 2014. All amounts are presented in millions of the Russian Rubles.

	Nine months ended September 30,	
	2015	2014
Sales	4,206,217	4,007,522
Net gain from trading activity	8,320	9,903
Operating expenses	(3,171,784)	(3,018,824)
Operating profit	1,042,753	998,601
Finance income	1,145,005	189,629
Finance expense	(1,421,168)	(501,883)
Share of net income of associated undertakings and joint ventures	93,181	71,493
Gains (losses) on disposal of available-for-sale financial assets	5,066	(981)
Profit before profit tax	864,837	756,859
Current profit tax expense	(130,177)	(141,027)
Deferred profit tax expense	(44,389)	(43,178)
Profit tax expense	(174,566)	(184,205)
Profit for the period	690,271	572,654
Other comprehensive income (loss):		
Items that will not be reclassified to profit or loss:		
Remeasurements of post-employment benefit obligations	(84,204)	(66,523)
Total items that will not be reclassified to profit or loss	(84,204)	(66,523)
Items that may be reclassified subsequently to profit or loss:		
Gains (losses) arising from change in fair value of available-for-sale financial assets, net of tax	47,294	(12,070)
Share of other comprehensive income (loss) of associated undertakings and joint ventures	26,133	(5,209)
Translation differences	164,804	142,779
Losses from cash flow hedges, net of tax	(4,777)	(16,741)
Total items that may be reclassified subsequently to profit or loss	233,454	108,759
Other comprehensive income for the period, net of tax	149,250	42,236
Total comprehensive income for the period	839,521	614,890

Profit attributable to:

Owners of PJSC Gazprom	673,904	556,254
Non-controlling interest	<u>16,367</u>	<u>16,400</u>
	690,271	572,654

Total comprehensive income attributable to:

Owners of PJSC Gazprom	815,437	595,918
Non-controlling interest	<u>24,084</u>	<u>18,972</u>
	839,521	614,890

Total sales (net of excise tax, VAT and customs duties) increased by RUB 198,695 million, or 5 %, to RUB 4,206,217 million for the nine months ended September 30, 2015 compared to the same period of the prior year. The increase in sales is mainly driven by the increase in sales of gas to Europe and Other countries.

More detailed information concerning the main items of the sales' structure for the nine months ended September 30, 2015 and September 30, 2014 is presented in the table below.

(RUB million unless indicated otherwise)	Nine months ended September 30,	
	2015	2014
Sales of gas		
<i>Europe and Other countries</i>		
Net sales (net of excise tax and customs duties)	1,430,472	1,227,090
Volumes in bcm	125.3	122.5
Average price, RUB per mcm (including excise tax and customs duties)	15,033.7	12,509.8
<i>Former Soviet Union countries</i>		
Net sales (net of customs duties)	292,002	304,952
Volumes in bcm	27.2	36.7
Average price, RUB per mcm (including customs duties)	11,875.3	10,000.7
<i>Russian Federation</i>		
Net sales (net of VAT)	538,572	552,362
Volumes in bcm	150.6	157.9
Average price, RUB per mcm (net of VAT)	3,576.7	3,498.6
<i>Total sales of gas</i>		
Retroactive gas price adjustments	12,074	-
Net sales (net of VAT, excise tax and customs duties)	2,273,120	2,084,404
Volumes in bcm	303.1	317.1
Net sales of refined products (net of excise tax, VAT and customs duties)	1,175,078	1,226,510
Net electric and heat energy sales (net of VAT)	291,603	291,941
Net sales of crude oil and gas condensate (net of VAT and customs duties)	184,636	152,394
Net gas transportation sales (net of VAT)	139,068	125,279
Other revenues (net of VAT)	<u>142,712</u>	<u>126,994</u>
Total sales (net of excise tax, VAT and customs duties)	4,206,217	4,007,522

Net sales of gas increased by RUB 188,716 million, or 9 %, to RUB 2,273,120 million, for the nine months ended September 30, 2015 compared to the same period of the prior year.

Net sales of gas to Europe and Other countries increased by RUB 203,382 million, or 17 %, to RUB 1,430,472 million for the nine months ended September 30, 2015 compared to the same period of the prior year. The overall increase in sales of gas to Europe and Other countries was driven by the increase in average Russian Ruble price (including excise tax and customs duties) by 20 % compared

to the same period of the prior year. The change was mainly driven by the increase in the foreign exchange rates which was enhanced by the increase in volumes of gas sold by 2 %, or 2.8 bcm.

Net sales of gas to Former Soviet Union countries decreased by RUB 12,950 million, or 4 %, to RUB 292,002 million for the nine months ended September 30, 2015 compared to the same period of the prior year. The change was due to the decrease in volumes of gas sold by 26 %, or 9.5 bcm, which is partially compensated by the increase in average Russian Ruble price (including customs duties) by 19 %. The change was mainly driven by the increase in foreign exchange rates.

Net sales of gas in the Russian Federation decreased by RUB 13,790 million, or 2 %, to RUB 538,572 million for the nine months ended September 30, 2015 compared to the same period of the prior year. This is primarily explained by the decrease in volumes of gas sold by 5 %, or 7.3 bcm.

Operating expenses increased by RUB 152,960 million, or 5 %, to RUB 3,171,784 million for the nine months ended September 30, 2015 compared to the same period of the prior year.

The increase in operating expenses is explained by an increase in a number of items such as: "Taxes other than on income" increased by RUB 40,759 million due to an increase in mineral extraction tax and property tax; "Transit of gas, oil and refined products" increased by RUB 97,287 million, or 34 %, due to appreciation of US Dollar and Euro against the Russian Ruble.

Profit attributable to owners of PJSC Gazprom for the nine months ended September 30, 2015 totaled RUB 673,904 which is RUB 117,650 million, or 21 %, higher compared to the same period of the prior year.

Net debt balance increased by RUB 372,086 million, or 23 %, from RUB 1,650,633 million as of December 31, 2014 to RUB 2,022,719 million as of September 30, 2015. This increase resulted from change in foreign currency exchange rates (appreciation of US Dollar and Euro against the Russian Ruble), as well as increase in long-term and short-term borrowings.

More detailed information on the IFRS consolidated interim condensed financial information for the nine months ended September 30, 2015 can be found on the PJSC Gazprom's site (www.gazprom.ru).

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