



PRESS-RELEASE

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Gazprom presents its statutory consolidated financial (accounting) reports for 2004 under Russian Accounting Regulations (RAR)

OAO Gazprom issued its audited statutory consolidated financial reports for the year 2004.

The table below presents the profit and loss account for the years 2004 and 2003. All amounts are presented in million Russian Roubles, unless otherwise stated.

	For 2004	For 2003
Sales of goods, products, works, services (net of value added tax (VAT), excise tax and other similar payments)	1,010,698	840,391
Cost of goods, products, works and services sold (including selling and management expenses)	<u>(702,953)</u>	<u>(550,834)</u>
Gross profit from sales	307,745	289,557
Other income and expenses		
Interest income	4,221	3,787
Interest expenses	(31,261)	(31,471)
Income from investments in other companies	666	1,121
Other operating income	904,234	814,887
Other operating expenses	(902,489)	(835,462)
Non-operating income	80,394	81,819
Non-operating expenses	(94,426)	(83,655)
Capitalized profit of associates	14,544	10,705
Extraordinary income	684	134
Extraordinary expenses	(772)	(157)
Profit before profit tax	283,540	251,265
Deferred tax assets	(305)	(988)
Deferred tax liabilities	(16,675)	(28,000)
Current profit tax	(55,868)	(41,565)
Other similar payments	<u>(7,598)</u>	<u>(7,102)</u>
Net profit of the reporting period before minority interest	203,094	173,610
Minority interest	<u>(2,408)</u>	<u>(2,733)</u>
Net profit of the reporting period	200,686	170,877

For reference:

Non-temporary tax liabilities	5,338	10,375
Basic profit per share (in roubles)	9.82	8.34

In 2004 sales of goods, products, works, services (net of VAT, excise tax and other similar payments) increased by RR 170,307 million, or 20%, to RR 1,010,698 compared to 2003. More detailed information on our sales for 2004 and 2003 is presented in the table below.

in million Roubles (unless otherwise stated)	<u>For 2004</u>	<u>For 2003</u>
Sales of gas		
<i>Europe</i>		
Net sales (net of VAT, excise tax and similar payments)	448,250	413,275
Volume in bcm	153.2	140.6
Average price, RR/mcm (including excise tax and customs duties)	3,967.4	4,007.3
<i>Former Soviet Union</i>		
Net sales (net of VAT, excise tax and similar payments)	68,763	46,582
Volume in bcm	65.7	44.1
Average price, RR/mcm (including excise tax and customs duties)	1,345.6	1,336.7
<i>Russia</i>		
Net sales (net of VAT, excise tax and similar payments)	250,445	187,612
Volume in bcm	305.7	309.1
Average price, RR/mcm (including excise tax and customs duties)	826.2	669.9
<i>Total sales of gas</i>		
Net sales (net of VAT, excise tax and similar payments)	767,458	647,469
Volume in bcm	524.6	493.8
Sales of gas condensate and other oil and gas refined products (net of VAT, excise tax and similar payments)	121,972	92,180
Gas transportation sales (net of VAT, excise tax and similar payments)	30,545	28,226
Other sales (net of VAT)	90,723	72,516
Total sales (net of VAT, excise tax and other similar payments)	1,010,698	840,391

In 2004 net sales of natural gas increased by RR 119,989 million, or 19%, to RR 767,458 million compared to 2003.

In 2004 net sales of natural gas to Europe increased to RR 448,250 million, or by 8% compared to 2003. This was primarily due to a 9%, or 12.6 bcm, increase in sales volumes. The increase in sales volumes was primarily due to increased volumes sold to Germany, France, Italy and Great Britain under existing and new contracts on gas supplies.

Net sales of natural gas to FSU countries increased by RR22,181 million, or 48%, to RR68,763 million in 2004 compared to 2003. This is explained primarily by the increase in volumes of gas sold to FSU countries, in particular due to a 8.3 bcm increase in sales volumes to Ukraine and a 5.1 bcm increase in sales volumes to Kazakhstan.

In 2004 net sales of natural gas in the domestic market increased by RR62,833 million, or 33%, to RR 250,445 million compared to 2003. This was due to the increase in domestic gas tariffs set by the Federal Tariffs Service and the fact that excise tax natural gas produced after 1 January 2004 was abolished, which was slightly offset by the 1%, or 3.4 bcm, decrease in sales volumes.

In 2004 total excise taxes on natural gas sales decreased by RR149,057 million, or 98%, to RR 3,687 million compared to 2003. The decrease was due to the fact that excise tax on natural gas produced after 1 January 2004 was abolished. This decrease was offset by the RR 148,183 million increase in customs duties to RR177,526 million in 2004 compared to RR29,343 million in 2003.

In 2004 sales of gas condensate and oil and gas products increased by RR29,792 million, or 32%, to RR121,972. This increase was primarily due to increased volumes and prices for sales on the domestic market and consolidation of additional petrochemical companies in the six months ended 31 December 2003. Sibur and our other petrochemical companies accounted for 59% and 63% of sales of gas condensate and oil and gas products in 2004 and 2003, respectively.

Cost of goods, products, works and services sold (including selling and management costs) increased by RR152,119 million, or 28%, to RR702,953 million in 2004 compared to 2003. These costs accounted for 70% and 66% of sales in 2004 and 2003, respectively.

This increase in the cost of goods, products, works and services sold (including selling and management costs) was primarily due to higher cost of purchased gas (RR 42,401 million), taxes other than on income (RR37,217 million), higher staff costs (RR21,047 million), materials (RR19,701 million) and depreciation (RR10,358 million) which were partially offset by lower cost of processing services. The increase in the cost of purchased gas was primarily related to purchases of Central Asian gas, both in Central Asia and in Europe, for resale to customers in Western Europe and FSU. The increase in taxes other than on income was primarily due to changes in tax legislation related to natural resources production tax. The increase in staff costs was primarily due to the increase in average base salaries and other payments, and the increase in the average number of employees. The increase in the cost of materials was primarily related to the acquisition of controlling interests in a number of petrochemical companies in 2003 and higher prices of materials.

Changes in the lines Other Operating Income and Other Operating Expenses result from the agreements signed with NAK Naftogaz Ukraine in August 2004. The effect of the transactions on the net profit totaled RR 24,001 million.

In 2004 our profit before profit tax totaled RR 283,540 million which is RR 32,275 million, or 13%, higher compared to 2003.

Current profit tax increased by RR 14,303 million, or 34%, to RR 55,868 million in 2004 compared to RR 41,565 million in 2003. Our overall effective tax rate increased from 17% in 2003 to 20% in 2004.

In 2004 net profit increased by RR29,809 million, or by 17%, to RR200,686 million compared to 2003.

The RAR statutory consolidated financial (accounting) reports for the year 2004 can be found on OAO Gazprom web site (www.gazprom.ru).

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