

GazpromNeft owner of Serbian oil company NIS reported fall in profits in 1Q 2014. Economical crisis in the region, taxes increase and ongoing modernization cycle influenced the business results. NIS runs two refineries in Serbia and produces 1.7 million tonnes of oil equivalent (mtoe) of oil and gas a year, operating fields in Serbia, Angola and Bosnia. Gazprom Neft owns 56.15 percent of shares, while 29.88 percent is owned by Serbian government. Small shareholders own the remaining shares.

Serbian oil company NIS reported a 5 percent fall in first-half net profit due to higher taxes and will have to cut spending on projects in the second half.

NIS, majority owned by Russia's Gazprom Neft, reported core earnings of 30.9 billion dinars (\$356.50 million), in the first half, 10 percent higher than in the same period last year, the company said in a statement.

But net profit fell to 17.8 billion dinars due to the rise in taxes at the beginning of the year, it said.

The higher taxes and unexpected outlays to recover property hit by devastating floods in May led to a 26-percent cut in investment to 17.8 billion dinars in the first six months, NIS said. The company's debt rose by 60 percent to \$672 million in the same period.

The floods across the region followed the heaviest rainfall since records began 120 years ago, causing rivers to burst their banks and triggering hundreds of landslides.

"We expect the next half of the year to be even more difficult," CEO Kirill Kravchenko said in the statement.

He said the company would have to cut investment in capital projects in the second half of the year due to the failure of state-owned companies to pay their debts to NIS, which in the first six months stood at 56 billion dinars (\$646.17 million).