



**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 2015 AND MARCH 31, 2015  
AND FOR THE SIX MONTHS ENDED JUNE 30, 2015 AND 2014**

*The following discussion of Rosneft's financial condition and results of operations is based on, and should be read in conjunction with, the Company's financial statements and the notes thereto for the periods ended June 30, 2015 and 2014 and March 31, 2015 (the "**Interim Condensed Consolidated Financial Statements**"). Such terms as "**Rosneft**", "**Company**" and "**Group**" in their different forms in this report mean Rosneft Oil Company and its consolidated subsidiaries, its equity share in associates and joint ventures. This report contains forward-looking statements that involve risks and uncertainties. Rosneft's actual results may materially differ from those discussed in such forward-looking statements as a result of various factors.*

*Except as otherwise indicated, oil and gas reserves and production are presented pro-rata for associates and joint ventures and 100% for fully consolidated subsidiaries.*

*Except as otherwise indicated, all amounts are provided in billions of RUB. All figures are rounded; however, figures per unit of production are provided based on the actual data.*

*To convert tonnes to barrels a 7.404 ratio is used. To convert a thousand of cubic meters of gas to barrels of oil equivalent a 6.09 ratio is used. To convert Rospan gas condensate to barrels of oil equivalent a 8.3 ratio is used.*

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## Overview

Rosneft is a vertically integrated oil and gas company with core activities and assets located principally in Russia. The Company is primarily engaged in exploration and production of hydrocarbons, oil refining and product marketing.

Rosneft is one of the world's largest publicly traded companies in terms of proved hydrocarbon reserves and in terms of hydrocarbon production.

According to oil and gas reserve information prepared by DeGolyer and MacNaughton, independent reservoir engineers, as of December 31, 2014 proved hydrocarbon reserves amounted:

Classification	Proved reserves volume	Replacement coefficient, %
SEC	34 bln boe	154%
PRMS (1P)*	43 bln boe	174%

\*including crude oil and NGL – 30.8 billion barrels and marketable gas – 2,018 billion cubic meters

Rosneft's hydrocarbon production amounts to 5.15 million boe per day; the output of natural and associated gas is 15.29 billion cubic meters in the second quarter of 2015.

Domestic crude oil processing amounted to 0.21 million tonnes per day (average for the second quarter of 2015) at Company's own refineries. Current utilization of the refining capacities is close to maximum adjusted for planned turnarounds. The remaining volumes of crude oil are mostly exported to Europe, Asia and CIS countries. Rosneft also holds a 50% stake in Ruhr Oel GmbH (ROG) where the Company processes both own and procured crude oil. Rosneft also processes crude oil, gas and petroleum products at external refineries (which are outside the Group).

## Financial and operating highlights

	For 3 months ended		% change	For 6 months ended		% change
	June 30, 2015	March 31, 2015		June 30, 2015	June 30, 2014	
<b>Financial results, RUB billion</b>						
Revenues and equity share in profits of associates and joint ventures	1,312	1,288	1.9%	2,600	2,810	(7.5)%
EBITDA	311	265	17.4%	576	593	(2.9)%
EBITDA adjusted *	326	286	14.0%	612	593	3.2%
Net income <sup>1</sup>	134	56	>100.0%	190	260	(26.9)%
Capital expenditures	141	128	10.2%	269	237	13.5%
Adjusted free cash flow**	210	130	61.5%	340	233	45.9%
Net Debt	2,215	2,529	(12.4)%	2,215	1,525	45.2%
<b>Operational results</b>						
Hydrocarbon production (th. boe per day)	5,149	5,200	(1.0)%	5,175	5,075	2.0%
Crude oil and NGL production (th. barrels per day)	4,126	4,131	(0.1)%	4,129	4,176	(1.1)%
Gas production (th. boe per day)	1,023	1,069	(4.3)%	1,046	899	16.4%
Production of petroleum products and petrochemical products in Russia (mln tonnes)	20.36	21.03	(3.2)%	41.39	40.67	1.8%
Production of petroleum products and petrochemical products outside Russia (mln tonnes)	3.46	2.60	33.1%	6.06	6.30	(3.8)%

\*Adjusted for difference in exchange rate referred to revenue recognition under long term oil supply contracts in the amount of RUB 15 billion and RUB 21 billion in the second and first quarters, respectively.

\*\*Excluding the effect of operations with trading securities and one-off effect from prepayments under long-term supply oil agreements.

**For reference only: Financial highlights in USD terms\***

	For 3 months ended		% change	For 6 months ended		% change
	June 30, 2015	March 31, 2015		June 30, 2015	June 30, 2014	
<b>Financial results, USD billion</b>						
Revenues and equity share in profits of associates and joint ventures	25.2	21.0	20.0%	46.2	80.3	(42.5)%
EBITDA	6.3	4.5	40.0%	10.8	16.9	(36.1)%
Net income	2.5	1.0	150%	3.5	7.2	(51.4)%
Capital expenditures	2.7	2.0	35.0%	4.7	6.8	(30.9)%
Adjusted free cash flow	4.2	2.5	68.0%	6.7	6.7	-
Net Debt	39.9	43.3	(7.9)%	39.9	45.3	(11.9)%

\*Calculated using average monthly exchange rates of Bank of Russia for the reporting periods (Appendix), except for "Net debt".

**<sup>1</sup> Management of foreign exchange risk in terms of high Russian rouble fluctuation**

In accordance with IAS 39, *Financial instruments: recognition and measurement* the Company applies hedge accounting in the financial statements to account for the effects of a natural hedge between a portion of its export revenues and liabilities denominated in U.S. dollars, effective from October 1, 2014.

A portion of future monthly export revenues expected to be received in U.S. dollars over the following five years is designated as a hedged item. Debt liabilities of the Company in U.S. dollars to third parties are designated as hedging instruments. The nominal amounts of the hedged item and the hedging instruments are equal. To the extent that a change in foreign currency rate impacts the hedging instrument, the effects are recognized in "Other comprehensive income/(loss)". Upon completion of the hedged transaction the related exchange differences temporarily held within equity are released to profit and loss for the period within revenue.

In the second quarter of 2015 foreign exchange differences on cash flow hedges are recognized in "Other comprehensive income" in the amount of RUB 50 billion before tax. Upon the completion of the hedged transaction the related exchange differences temporarily held within equity are recognized in the consolidated profit or loss statement for the period within the "Revenue" in the amount of RUB 25 billion (reclassification to profits and loss). In the first half of 2015 total foreign exchange cash flow hedge before tax was recognized in the amount of RUB 38 billion in "Other comprehensive income". Total foreign exchange cash flow hedge, net of tax, was recognized in "Other comprehensive income" in the amount of RUB 30 billion.

Accumulated loss/income on the hedging instruments is directly impacted by change in foreign currency rate: in terms of depreciation of rouble currency accumulated loss grows up and negative impact on revenues also increases. In terms of appreciation of rouble currency accumulated loss hedging instruments goes down resulting in reduction of negative impact on revenues.

## **Significant events in the second quarter of 2015**

### ***Rosneft and BP sign production, exploration and refining agreements***

Rosneft and BP signed final binding agreements for Rosneft's sale to BP of a 20 % share of Taas-Yuryakh Neftegazodobycha at the St. Petersburg International Economic Forum. The closing of the deal is subject to the fulfillment of conditions precedent, which includes inter alia regulatory approvals.

### ***Total S.A. and Rosneft signed a sale and purchase agreement with regard to the 16.67% share in PCK Raffinerie GmbH***

Total S.A. and Rosneft signed at the St. Petersburg International Economic Forum an agreement, confirming the execution of a sale and purchase agreement with regard to the 16.67% share in PCK Raffinerie GmbH. The closing of the deal is subject to the fulfillment of conditions precedent, which includes regulatory approval.

### ***Rosneft and China National Chemical Corporation (ChemChina) signed a contract for crude oil supplies***

Rosneft and China National Chemical Corporation (ChemChina) signed at the St. Petersburg International Economic Forum a contract for crude oil supplies to the Chinese company. The contract envisages the delivery to China of 200 th. t of crude oil on a monthly basis. The duration of the contract is 1 year.

### ***Rosneft repaid ahead of schedule two syndicated loans of the former TNK- BP Group***

In May 2015 Rosneft delivered a payment ahead of schedule to the group of international banks repaying two syndicated loans of USD 0.6 billion (RUB 30 billion at exchange rate at the date of payment, including interests) which were obtained by former TNK- BP group.

### **Events after reporting date**

### ***Rosneft Brasil (100% owned Rosneft subsidiary) acquires an additional 55% interest in the Solimoes Project***

In July 2015 the Agencia Nacional do Petroleo, Gas Natural e Biocombustiveis, Brazil approved the acquisition by Company an additional 55% interest in certain concession agreements for exploratory blocks in the Brazilian Solimoes Basin from PetroRio. The main conditions of the acquisition were approved in May 2015. The acquisition is expected to be completed in the third quarter of 2015.

### ***Rosneft acquires a Russian Oilfield Service Company from Trican Well Service Ltd.***

A company of the Rosneft Group and a subsidiary of Trican Well Service Ltd. signed a framework agreement and ancillary documents, pursuant to which a Rosneft subsidiary agreed to acquire a 100% shareholding in Trican Well Service LLC, which provides high-quality pressure pumping services focused on enhancement of production within the conventional oil and gas industry in Russia. The parties plan to close the transaction in the third quarter of 2015.

## **Macroeconomic factors affecting results of operations**

Main factors, affecting Rosneft's results of operations are:

- Changes in crude oil, petroleum product and gas prices;
- RUB/USD exchange rate and inflation;
- Taxation including changes in mineral extraction tax, export customs duty and excises;
- Changes in tariffs of natural monopolies (for pipeline and railway transport);
- Changes of electricity prices.

Changes in prices, export customs duty and transport tariffs may have a significant impact on the mix of products and distribution channels the Company selects seeking to maximise netback prices of the produced crude oil.

## **Changes in Crude Oil, Petroleum Product and Gas Prices**

World crude oil prices are highly volatile and fluctuate depending on the global balance of supply and demand on the world crude oil market, political situation mainly in the oil producing regions of the world and other factors. Crude oil exported by Rosneft via the Transneft's pipeline system is blended with crude oil of other producers that is of a different quality. The resulting Urals blend is traded at a discount to Brent. Crude oil exported via Eastern Siberia – Pacific Ocean ("ESPO") pipeline is sold at a price which is linked to the price of "Dubai" blend.

Petroleum product prices on international and Russian markets are primarily determined by the level of world prices for crude oil, supply and demand for petroleum products and competition on different markets. Price dynamics is different for different types of petroleum products.



The table below sets forth the average crude oil and petroleum product prices worldwide and in Russia in USD and RUB. The prices nominated in USD are translated into RUB at average USD/RUB exchange rate for the respective period.

	For 3 months ended			For 6 months ended		
	June 30, 2015	March 31, 2015	% change	June 30, 2015	June 30, 2014	% change
<b>World market</b>	(USD per barrel)			(USD per barrel)		
Brent (dated)	61.9	53.8	15.1%	57.9	108.9	(46.8)%
Urals (average Med and NWE)	61.8	52.8	17.0%	57.3	107.1	(46.5)%
Urals (FOB Primorsk)	58.8	50.5	16.5%	54.7	105.6	(48.3)%
Urals (FOB Novorossysk)	60.0	51.6	16.4%	55.8	106.4	(47.5)%
Dubai	61.3	51.8	18.4%	56.6	105.3	(46.3)%
	(USD per tonne)			(USD per tonne)		
Naphtha (av. FOB/CIF Med)	516	443	16.4%	480	908	(47.2)%
Naphtha (av. FOB Rotterdam/CIF NWE)	536	465	15.4%	501	925	(45.8)%
Naphtha (CFR Japan)	564	493	14.4%	528	943	(44.0)%
Fuel oil (av. FOB/CIF Med)	329	281	16.9%	305	580	(47.4)%
Fuel oil (av. FOB Rotterdam/CIF NWE)	320	272	17.7%	296	572	(48.2)%
High sulphur fuel oil 180 cst (FOB Singapore)	367	317	15.8%	342	608	(43.7)%
Gasoil (av. FOB/CIF Med)	571	508	12.5%	540	907	(40.5)%
Gasoil (av. FOB/Rotterdam/CIF NWE)	573	516	11.1%	545	911	(40.2)%
Gasoil (FOB Singapore)	552	501	10.3%	526	904	(41.5)%
	(th. RUB per barrel)			(th. RUB per barrel)		
Brent (dated)	3.26	3.35	(2.6)%	3.32	3.81	(12.8)%
Urals (average Med and NWE)	3.25	3.28	(1.0)%	3.29	3.75	(12.2)%
Urals (FOB Primorsk)	3.10	3.14	(1.4)%	3.14	3.69	(15.1)%
Urals (FOB Novorossysk)	3.16	3.21	(1.5)%	3.20	3.72	(13.9)%
Dubai	3.23	3.22	0.3%	3.25	3.68	(11.8)%
	(th. RUB per tonne)			(th. RUB per tonne)		
Naphtha (av. FOB/CIF Med)	27.2	27.6	(1.5)%	27.5	31.8	(13.3)%
Naphtha (av. FOB Rotterdam/CIF NWE)	28.2	28.9	(2.3)%	28.7	32.3	(11.1)%
Naphtha (CFR Japan)	29.7	30.6	(3.2)%	30.3	33.0	(8.1)%
Fuel oil (av. FOB/CIF Med)	17.3	17.5	(1.0)%	17.5	20.3	(13.7)%
Fuel oil (av. FOB Rotterdam/CIF NWE)	16.9	16.9	(0.4)%	17.0	20.0	(15.0)%
High sulphur fuel oil 180 cst (FOB Singapore)	19.3	19.7	(2.0)%	19.6	21.3	(7.6)%
Gasoil (av. FOB/CIF Med)	30.1	31.6	(4.8)%	31.0	31.7	(2.3)%
Gasoil (av. FOB Rotterdam/CIF NWE)	30.2	32.1	(6.0)%	31.3	31.9	(1.9)%
Gasoil (FOB Singapore)	29.1	31.1	(6.6)%	30.2	31.6	(4.1)%
<b>Russian market</b>	(th. RUB per tonne)			(th. RUB per tonne)		
(net of VAT, including excise tax)						
Crude oil	13.7	12.9	6.2%	13.3	11.9	11.2%
Fuel oil	8.2	7.6	8.5%	7.9	9.1	(13.4)%
Summer diesel	28.7	26.7	7.6%	27.7	26.6	4.0%
Winter diesel	29.8	28.3	5.3%	29.1	28.3	2.9%
Jet fuel	26.5	24.5	7.9%	25.5	24.5	4.1%
High octane gasoline	30.6	28.2	8.2%	29.4	29.3	0.3%
Low octane gasoline	27.2	26.4	3.1%	26.8	26.6	0.6%

Sources: average prices were calculated from unrounded data of analytical agencies.

The difference between price movements denominated in USD and those denominated in RUB is explained by nominal RUB appreciation against USD by 15.3% in the second quarter of 2015 compared to the first quarter of 2015 and nominal RUB depreciation against USD by 64.1% in the six months of 2015 compared with the six months of 2014.

The Russian Government regulates the price of the gas sold in Russia by Gazprom. While the regulated price is expected to continue to rise to a level closer to parity with export netbacks, it is currently still significantly below this level.

The regulated price has affected, and is likely to continue to affect, the pricing of Rosneft gas sales. Rosneft's average gas sales price (net of VAT) was RUB 3.06 thousand per thousand cubic meters and RUB 3.18 thousand per thousand cubic meters in the second and first quarters of 2015, respectively, and RUB 3.12 thousand per cubic meters and RUB 2.98 thousand per cubic meters in the six months of 2015 and 2014, respectively.

## USD/RUB and EUR/RUB Exchange Rates and Inflation

The USD/RUB and EUR/RUB exchange rates and inflation in Russian Federation affect Rosneft's results as most of the Company's revenues from sales of crude oil and petroleum products are denominated in USD, while most of the Company's expenses are denominated in RUB. Thus, the depreciation of the rouble positively affects Rosneft's operating income, while rouble appreciation has a negative effect.

The table below provides information on the exchange rates movements and inflation during the periods analysed:

	<i>For 3 months ended</i>		<i>For 6 months ended</i>	
	<b>June 30, 2015</b>	<b>March 31, 2015</b>	<b>June 30, 2015</b>	<b>June 30, 2014</b>
Rouble inflation (CPI) for the period	1.1%	7.4%	8.5%*	4.8%
Average RUB/USD exchange rate for the period**	52.65	62.19	57.40	34.98
RUB/USD exchange rate at the end of the period	55.52	58.46	55.52	33.63
Average RUB/EUR exchange rate for the period	58.24	70.43	64.31	47.99
RUB/EUR exchange rate at the end of the period	61.52	63.37	61.52	45.83

Source: Central Bank of Russian Federation.

\*Annualized rouble inflation amounted to 15.1% and 7.7% in the first half of 2015 and 2014, respectively.

\*\*See Average monthly RUB/USD exchange rates in the Appendix

## Taxation

The table below provides information on the average enacted tax rates specific to the Russian oil and gas industry:

	<i>For 3 months ended</i>		<i>% change</i>	<i>For 6 months ended</i>		<i>% change</i>
	<b>June 30, 2015</b>	<b>March 31, 2015</b>		<b>June 30, 2015</b>	<b>June 30, 2014</b>	
<b>Mineral extraction tax *</b>						
Crude oil (RUB per tonne)	7 071	6 834	3.5%	6 954	6 107	13.9%
<b>Export customs duty for crude oil</b>						
Crude oil (USD per tonne)	130.4	130.2	0.2%	130.3	386.6	(66.3)%
Crude oil (RUB per tonne)	6 867	8 097	(15.2)%	7 479	13 525	(44.7)%
Crude oil (RUB per barrel)	927	1 094	(15.3)%	1 010	1 837	(45.0)%
<b>Export customs duty for petroleum products</b>						
Gasoline (RUB per tonne)	5 354	6 313	(15.2)%	5 831	12 171	(52.1)%
Naphtha (RUB per tonne)	5 834	6 879	(15.2)%	6 354	12 171	(47.8)%
Light and middle distillates (RUB per tonne)	3 294	3 881	(15.1)%	3 586	8 925	(59.8)%
Diesel (RUB per tonne)	3 294	3 881	(15.1)%	3 586	8 698	(58.8)%
Liquid fuels (fuel oil) (RUB per tonne)	5 217	6 152	(15.2)%	5 682	8 925	(36.3)%

\*Starting from July 1, 2014 mineral extraction tax on gas and gas condensate is estimated for each oil field separately depending on the production complexity at each oil field.

Federal law 366-FZ of November 24, 2014 "On amendments to Part Two of the Tax Code and Other Legislative Acts of the Russian Federation" enables three-year staged reduction of crude oil export duties and petroleum products export duties depending on type of the petroleum products and simultaneous increase in oil mineral extraction tax rate and gas condensate.

In accordance with Tax legislation the excise tax rates on the petroleum products are differentiated in line with quality requirements to petroleum products:

Excise on petroleum products	2015	2016	From January 1, 2017
<b>High octane gasoline (RUB per tonne)</b>			
High octane gasoline non-compliant with euro-3,4,5 (RUB per tonne)	7,300	7,530	5,830
High octane gasoline euro-3 (RUB per tonne)	7,300	7,530	5,830
High octane gasoline euro-4 (RUB per tonne)	7,300	7,530	5,830
High octane gasoline euro-5 (RUB per tonne)	5,530	7,530	5,830
<b>Naphtha (RUB per tonne)</b>	11,300	10,500	9,700
<b>Diesel (RUB per tonne)</b>	3,450	4,150	3,950
<b>Lubricants (RUB per tonne)</b>	6,500	6,000	5,400
Benzol, paraxylene, ortoxylene (RUB per tonne)	2,300	3,000	2,800

In accordance with Federal law 366-FZ the producer is able to apply an increased coefficient to excise duty deduction (from 1.37 to 3.4 depending on type of the oil product subject to exercise duty and deduction period). This rule is applied only to the petrochemical products produced from naphtha, benzole, paraxylene and ortoxylene. In the first half of 2015, the Company exercised its right to apply increased coefficient to excise duty deduction and had a positive effect of RUB 0.6 billion.

Rosneft pays a significant portion of taxes from revenues, as set out in the following table:

	<i>For 3 months ended</i>		<i>For 6 months ended</i>	
	<b>June 30, 2015</b>	<b>March 31, 2015</b>	<b>June 30, 2015</b>	<b>June 30, 2014</b>
Total revenues	1,312	1,288	2,600	2,810
Total taxes*	601	616	1,217	1,525
<b>Effective tax burden, %</b>	<b>45.8%</b>	<b>47.8%</b>	<b>46.8%</b>	<b>54.3%</b>

\* Including export customs duty, mineral extraction tax, excise tax, income tax and other taxes.

The mineral extraction tax and the export customs duty accounted for approximately 39.7% and 42.9% of Rosneft's total revenues in the second and first quarters of 2015, respectively; approximately 41.2% and 48.2% of Rosneft's total revenues in the six months of 2015 and 2014, respectively.

### Mineral Extraction Tax (MET)

The rate of mineral extraction tax (MET) for crude oil is linked to the Urals price in the international market and changes every month. It is calculated in USD per barrel of crude oil produced using average exchange rate established by the Central Bank of Russia for the respective month.

Starting **from January 1, 2015** the mineral extraction tax rate will be calculated by multiplying the tax rate of **RUB 766 (in 2016 – RUB 857, in 2017 – RUB 919)** by the adjustment ratio of  $((P - 15) \times \text{Exchange rate} / 261)$ , where "P" is the average Urals price per barrel and "Exchange rate" is the average RUB/USD exchange rate established by the Central Bank of Russia in the respective month and minus the factor which characterizes crude oil production at a particular oil field, "**Dm**".

The coefficient "Dm" is calculated using base rate (in 2015 – **RUB 530**, starting from 2016 – **RUB 559**) and factors which characterize the degree of depletion of a particular field, reserves of a particular field, the degree of difficulty of extraction and region of production and oil properties.

In 2015 the Company applied reduced and zero MET tax rates at certain fields:

<b>Tax relives in 2015</b>	<b>Applicable in the Company</b>
Reduced rates	Crude oil from deposits with permeability of less than $2 \times 10^{-3}$ square micrometres and tyumen formation
Zero rates	Oil fields with hard to recover reserves, including bazhenov, abalak, khadam, domanic formations
Reduced MET by coefficient “Dm”, which characterizes crude oil production at a particular oil field	Oil fields located: <ul style="list-style-type: none"> <li>• In Irkutsk region, the republic of Sakha (Yakutia) and Krasnoyarsk territory are subject to zero mineral extraction tax rate which is applicable for the first 25 million tonnes of production</li> <li>• On the territory of the Nenets Autonomous district, Yamalo-nenets Autonomous district – for the first 15 million tonnes of production</li> <li>• Okhotsk sea fields subject to zero mineral extraction tax rate which is applicable for the first 30 million tonnes of production</li> </ul> Oil fields with reserve depletion rate of over 80%. Oil fields with the volume of initial recoverable reserves being less than 5 million tonnes. Oil fields with high-viscosity crude oil (in-situ viscosity more than 200 mPas and less than 10 000 mPas)
Special tax regime exempting the Company from paying mineral extraction tax.	Exploration projects in the Sakhalin-1 psa.

On September 30, 2013 the amendments to tax law specifying tax regime for offshore projects in Russian Federation were approved. Following new tax amendments the offshore projects are categorised into one of four groups depending on its complexity and specifies MET rates for each project group ranging from 5% to 30% of hydrocarbon prices (natural gas projects of 3 and 4 groups of difficulty – 1.3% and 1.0%, respectively).

### **Changes in MET rate calculation for natural gas and gas condensate**

Starting from July 1, 2014 new formula is applied to MET rate calculation on natural gas and gas condensate.

In accordance with Tax Code of Russian Federation, base rate of MET for gas condensate is RUB 42 per 1 tonne and for natural gas – RUB 35 per 1 thousand cubic metres. Base rates are multiplied by basic rate of standard fuel unit and coefficient of degree of the complexity to recover natural gas and gas condensate.

Starting from the second half of 2014 the reduced coefficient was applied:

- at rate of 0.5 and 0.64 applicable to gas deposits with specific depth characteristics at Rospan and Russko-Rechenskoe licensed fields, and Kynsko-Chaselskoye fields and at a number of fields of Sibneftegaz respectively;
- at rate of 0.1 applicable to reserves disposed in Irkutsk region, in Krasnoyarsk region and in region of Far East or the sea of Okhotsk;
- at rate of 0.21 applicable to Turon deposits reserves of the Kharampurskoye field;
- at rate of 0.5-1 applicable to gas produced at the fields with reserve depletion rate of over 70%.

In the second and first quarters of 2015 average extraction tax for natural gas was RUB 510 and 498 per th. cubic meters, respectively. Until July 2014 the mineral extraction rate for gas condensate was fixed and amounted to RUB 471 per th. cubic meters.

#### *Mineral extraction gas condensate tax rate*

The production of gas condensate is mainly subject to MET rate for crude oil because the purification of gas condensate is compounded in the crude oil production. Mineral extraction gas condensate tax rate is applied in separate purification of gas condensate. Significant volume of gas condensate produced at Rospan fields is subject to mineral extraction gas condensate tax rate, which amounts to 2,411 and 2,273 per tonne\* in the second and first quarters of 2015 and RUB 647 per tonne was till July 2014.

\* In accordance with amendments to Tax legislation starting from January 1 until December 31, 2015 mineral extraction gas condensate tax rate is adjusted by the multiplying coefficient 4.4;  
starting from January 1 until December 31, 2016 mineral extraction gas condensate tax rate will be adjusted by the multiplying coefficient 5.5;  
starting from January 1, 2017 mineral extraction gas condensate tax rate will be adjusted by the multiplying coefficient 6.5.

### **Export Customs Duty on Crude Oil**

The rate of export customs duty on crude oil is linked to the Urals price in the international market and is denominated in USD per tonne.

The table below sets forth the calculation of the ordinary export customs duty for crude oil:

<i>Urals price (USD per tonne)</i>	<i>Export customs duty (USD per tonne)</i>
Below and including 109.5 (15 USD per barrel) .....	Export customs duty is not levied
Above 109.5 to 146 including ..... (15 to 20 USD per barrel)	35% of the difference between the average Urals price in USD per tonne and USD 109.5
Above 146 to 182.5 including ..... (20 to 25 USD per barrel)	USD 12.78 <i>plus</i> 45% of the difference between the average Urals price in USD per tonne and USD 146
Above 182.5 (25 USD per barrel) .....	USD 29.2 <i>plus</i> 42% of the difference between the average Urals price in USD per tonne and USD 182.5 ( <b>since January 1 through December 31, 2015</b> ) USD 29.2 <i>plus</i> 36% of the difference between the average Urals price in USD per tonne and USD 182.5 ( <b>since January 1 through December 31, 2016</b> ) USD 29.2 <i>plus</i> 30% of the difference between the average Urals price in USD per tonne and USD 182.5 ( <b>since January 1, 2017</b> )

The marginal export duty rate for crude oil has been decreasing: starting from January 2015 – to 42%, from January 2016 – to 36% and from January 2017 – to 30%.

The export customs duty is changed every month and the duty for the next month is based on the average Urals price denominated in USD for crude oil for the period from the 15th day of the previous month to the 14th day (inclusive) of the current month.

The law on the introduction of a special tax regime in respect of projects on the continental shelf of the Russian Federation provides a full exemption of hydrocarbons produced at offshore fields from the export customs duties, which commercial production will start from January 1, 2016. Such an exemption is set for various terms depending on complexity of a field development project.

In accordance with Federal law of May 21, 1993 № 5003-1 the Government of the Russian Federation is entitled to establish special formulas for calculating the rates of export customs duties on crude oil in respect of:

- high-viscous oil for a 10 years period starting from the date of application of the reduced export duty rate, but not later than January 1, 2023.

The table below sets forth the calculation of the marginal export customs duty for high-viscous oil:

<b>Marginal export customs duty rate for high-viscous oil (USD per tonne)</b>
10% of USD 29.2 per tonne and 57% of the difference between the average Urals price in USD per tonne and USD 182.5 (since January 1 through December 31, 2015)
10% of USD 29.2 per tonne and 55% of the difference between the average Urals price in USD per tonne and USD 182.5 (since January 1, 2016)
Calculated negative marginal export customs duty rate equals 0 (export customs duty is not levied)

- crude oil with special physical and chemical characteristics produced at certain oil fields located in Irkutsk, Krasnoyarsk regions, Sakha (Yakutia), Nenets Autonomous District, on shores and off shores.

The table below sets forth the calculation of the marginal export customs duty for such oil:

<b>Marginal export customs duty rate for crude oil with special physical and chemical characteristics produced at certain crude oil fields (USD per tonne)</b>
42% of the difference between the average Urals price in USD per tonne and USD 182.5 deducting 14% of the average Urals price in USD per tonne and USD 56.57 (since January 1 through December 31, 2015)
36% of the difference between the average Urals price in USD per tonne and USD 182.5 deducting 14% of the average Urals price in USD per tonne and USD 56.57 (since January 1 through December 31, 2016)
30% of the difference between the average Urals price in USD per tonne and USD 182.5 deducting 14% of the average Urals price in USD per tonne and USD 56.57 (since January 1, 2017)
Calculated negative marginal export customs duty rate equals 0 (export customs duty is not levied)

## Export customs duty on crude oil export to CIS

In accordance with the Eurasian Economic Agreement dated May 29, 2014 and effective from January 1, 2015 export duties are not payable on crude oil export to countries-participants of Eurasian Economic Agreement. Meanwhile, the Eurasian Economic Agreement enables some export limits on oil and oil products.

Export duties are not payable on crude oil exports to CIS countries that are members of the Customs Union. No new amendments were introduced in 2015 in respect of regime of export customs duty on crude oil export to CIS.

## Export Customs Duty on Petroleum Products

Export customs duty on petroleum products (except liquefied petroleum gas (“LPG”)) is set every month as the marginal export customs duty rate on crude oil multiplied by the estimated ratio depending on the type of petroleum product.

Export customs duty on LPG is based on the average price of LPG at Poland board (DAF Brest) denominated in USD per tonne for the period from the 15th day of the previous month to the 14th day (inclusive) of the current month.

Starting from January 2014 export duty rate for light and dark petroleum products was 66% of crude oil duty rate, export duty rate for diesel was 65% of crude oil duty rate and export duty for naphtha and gasoline was 90% of crude oil export duty.

Starting from January 1, 2015 marginal export customs duty for petroleum products is set as a percentage of the marginal export customs duty for crude oil as listed in table below:

Type of petroleum product	Marginal export customs duty (% of the marginal export customs duty for crude oil) for the period		
	Since January 1 through December 31, 2015	Since January 1 through December 31, 2016	Since January 1, 2017
Light and middle distillates (excluding: naphtha and gasoline), benzene, toluene, xylenes, lubricants, diesel	48	40	30
Naphtha	85	71	55
Gasoline	78	61	30
Fuel oil, bitumen oil, other dark oil products	76	82	100

Starting from January 1, 2015 calculation of the export duty rate for petroleum products is based on the above marginal rates for each type of petroleum product.

## Changes in Transport Tariffs of Pipeline and Railway Monopolies

Rosneft transports most of its crude oil and petroleum products via pipeline network owned and operated by OJSC “AK “Transneft” (“Transneft”), which is a natural state-owned pipeline monopoly. Rosneft also transports crude oil and petroleum products via railway network mainly owned and operated by Russian railways (“RZD”), another natural state-owned monopoly.

The Federal Tariff Service (“FTS”), a governmental body regulating natural monopolies, sets Transneft’s base tariffs for transportation of crude oil and petroleum products in Russia, which include a dispatch tariff, a pumping tariff, loading, charge-discharge, transshipment and other tariffs. Tariffs for railroad transportation are also regulated by the FTS. The tariffs are set in roubles and are not linked to the exchange rate.

The FTS sets tariffs for each separate route of the pipeline networks depending on the length of the relevant routes, transportation direction and other factors, alternatively tariffs may be set for the entire route of the pipeline network. Tariffs for railroad transportation often depend on the type of cargo and the transportation route.

The FTS sets regularly tariffs for gas pipeline transportation. The tariff includes two parts. First part of tariff is fixed for “input and output” facilities and mostly depends on the remoteness of facilities. The second part of tariff depends on gas transportation by Gazprom in gas supply system and actual distance of gas transmission in gas pipeline. Tariffs are set in roubles and are not linked directly to the exchange rate.

In accordance with the Edict of the President of Russian Federation # 373 dated July 21, 2015 “On certain regulation measures of the anti-trust legislation of transportation tariffs” the functions of the “FTS” were delegated to the Federal Anti-Monopoly Service (“FAS”).

### *Recent changes of Transneft transportation tariffs*

#### *Petroleum products*

Starting from June 1, 2015 Transneft export transportation tariffs for petroleum products (mostly in the direction of Primorsk) increased, domestic tariffs for fuel priming were mixed but essentially downdrifted

Starting from February 1, 2015 Transneft increased transportation tariffs for petroleum products by 10%.

#### *Crude oil*

Starting from February 1, 2015 Transneft increased transit tariffs for crude oil transportation via Belarus by 9.7%. Starting from January 1, 2015 Transneft tariffs for oil pipeline transportation increased up to 6.5%, and for oil transportation via ESPO in the eastern direction – up to 7.5% compared to 2014. Starting from January 1, 2015, special export tariff is applied to crude oil transportation from fields of western Siberia to the ports of Primorsk and Ust-Luga.

### *Recent changes in railroad transportation tariffs*

Starting from January 29, 2015 multiplying factor 1.134 was applied to export tariffs for transportation of stable natural gasoline and gas condensate via land border crossings, export tariffs for transportation of diesel and export tariffs for transportation of petroleum products (except diesel) via port stations of Kaliningrad railway.

Starting from January 1, 2015 multiplying factor 1.125 on railroad tariffs for transportation of diesel was cancelled. Starting from January 1, 2015 indexation of railroad tariffs, fees and charges was 10%.

The table sets forth the Rosneft's average transportation tariffs applied to major transportation routes in 2015 excluding transshipment:

	<i>For 3 months ended</i>	
	June 30, 2015	March 31, 2015
	th. RUB/tonne	
<b>CRUDE OIL</b>		
<b>Domestic</b>		
<b>Pipeline</b>		
Orenburgneft (Pokrovka) – Novokuibyshevsk refinery	0.13	0.14
Nyaganneftegaz (Krasnoleninsk) – Tuapse refinery	1.54	1.54
Samotlorneftegaz – Angarsk refinery	1.52	1.52
Yuganskneftegaz (Karkateevy) – Ryazan NPK	1.23	1.23
Yuganskneftegaz (Karkateevy) – Syzran refinery	0.91	0.91
<b>Export</b>		
<b>Pipeline</b>		
Vankorneft (Purpe) – China	2.35	2.35
Verkhnechonskneftegaz (Talakan) – Kozmino	2.24	2.24
Yuganskneftegaz (Karkateevy) – Germany	1.74	1.73
Uvatneftegaz (Demyanskoe) – China via Kazakhstan	1.29	1.40
Yuganskneftegaz (Karkateevy) – Primorsk Port/ Ust-Luga Port	1.70	1.70
Yuganskneftegaz (Yuzhny Balyk) – Poland	1.72	1.71
Yuganskneftegaz (Karkateevy) – Novorossiysk Port	1.72	1.72
<b>PETROLIUM PRODUCTS (EXPORT)</b>		
<b>Railroad</b>		
<b>Diesel<sup>1</sup></b>		
Angarsk refinery – Nakhodka Port	5.46	5.27
Komsomolsk refinery – Nakhodka Port	2.14	2.07
Saratov refinery – Novorossiysk Port	2.01	1.95
<b>Fuel oil</b>		
Samara refineries – Novorossiysk Port	2.43	2.43
Achinsk refinery – Taman Port	5.82	5.82
Ryazan refinery – Ust-Luga Port	2.05	2.05
Yanos – Ust-Luga Port	1.67	1.67
<b>Naphtha</b>		
Samara refineries – Tuapse Port	2.57	2.57
Achinsk refinery – Arkhangelsk Port	5.14	5.14
Komsomolsk refinery – Nakhodka Port	2.08	2.08
Nizhnevartovsky refinery – Tuapse Port	3.19	3.19

Source: Transneft, RZD, Rosneft.

Rosneft operates proprietary transportation and transshipment facilities. This allows the optimization of Company's logistics (netbacks). These facilities include: the Arkhangelsk, De-Kastri, Tuapse and Nakhodka export terminals, the Okha – Komsomolsk-on-Amur pipeline, Vankor-Purpe pipeline and the Caspian Pipeline Consortium ("CPC"). Rosneft owns a stake of 51% in joint venture "Rosneft Shell Caspian Ventures Ltd" (Cyprus) which has a 7.5% stake at CPC.

## Business Segments and Intersegment sales

Most of all of Rosneft's operations and assets are located in the Russian Federation. As geographical regions of the Russian Federation have similar economic and legal characteristics, Rosneft does not present geographical segments separately. Rosneft also carries out projects outside Russia, including exploration and production projects in Algeria, the Gudautsky area in the Black Sea territorial waters of Abkhazia, United Arab Emirates, Canada, Brazil, Vietnam, Venezuela and the USA and also stakes in refineries in Germany and Belarus.

## Operating Segments

As at the reporting date the activities of Rosneft are divided into two main operating segments, based on the nature of their operations:

- *Exploration and production (Upstream)*. Geological exploration and development of fields and crude oil and gas production both on the onshore and offshore in the territory of Russia and abroad and oil service Group companies; and
- *Refining and distribution (Downstream)*. Refining of crude oil, as well as the purchase, transportation, sale of crude oil and petroleum products to the third parties in Russia and abroad.
- Other activities form the "Corporate" segment and include banking, financial services and other activities.



## **Intersegment Sales**

Rosneft's two main business segments are interconnected: the majority of the revenues of one main segment is included in the expenses of the other main segment. In particular, Upstream Group companies provide operator services for Downstream Group companies, which sell part of crude oil on the domestic market or outside of Russia, and processes the remaining part at own refineries or at refineries of affiliates and third parties. Refined petroleum products are then either sold by the Company through wholesale in international or domestic markets or sold to the Company's sale subsidiaries for subsequent wholesale and retail distribution in Russia.

Intercompany sales present operational activity of segments as if the segments operate separately from each other within the vertically integrated company by using of transfer prices for settlements between segments. For the estimation of upstream revenues within vertical integrated company the price of Upstream (and the purchase price of Downstream) was recalculated using the export market price minus transportation cost, minus export duty, dispatches and other expenses relating to current sales. As the result segments use the price established at oil gathering facility (point of sales) where Upstream dispatches the oil to Downstream.

## Financial performance by segments for the periods: second and first quarters of 2015

(Consolidated statement of profit or loss in RUB billions)

	Upstream		Downstream		Corporate		Total	
	Quarter II, 2015	Quarter I, 2015	Quarter II, 2015	Quarter I, 2015	Quarter II, 2015	Quarter I, 2015	Quarter II, 2015	Quarter I, 2015
<b>Revenues and equity share in profits/(losses) of associates and joint ventures</b>								
Oil, gas, petroleum products and petrochemicals sales	–	–	1,289	1,267	–	–	1,289	1,267
Support services and other revenues	–	–	–	–	18	19	18	19
Equity share in profits/(losses) of associates and joint ventures	1	3	4	(1)	–	–	5	2
<i>Intersegment revenues*</i>	<i>675</i>	<i>615</i>	–	–	–	–	–	–
<b>Total revenues and equity share in profits/(losses) of associates and joint ventures</b>	<b>676</b>	<b>618</b>	<b>1,293</b>	<b>1,266</b>	<b>18</b>	<b>19</b>	<b>1,312</b>	<b>1,288</b>
<b>Costs and expenses</b>								
Production and operating expenses	69	68	51	48	9	10	129	126
Cost of purchased oil, gas, petroleum products and refining costs	3	6	135	117	–	–	138	123
<i>Intersegment turnover*</i>	–	–	<i>675</i>	<i>615</i>	–	–	–	–
General and administrative expenses	7	7	5	5	20	15	32	27
Pipeline tariffs and transportation costs	5	7	125	137	–	–	130	144
Exploration expenses	5	2	–	–	–	–	5	2
Depreciation, depletion and amortization	99	98	21	21	3	2	123	121
Taxes other than income tax	315	298	30	36	4	4	349	338
Export customs duty	–	–	218	263	–	–	218	263
<b>Total costs and expenses</b>	<b>503</b>	<b>486</b>	<b>1,260</b>	<b>1,242</b>	<b>36</b>	<b>31</b>	<b>1,124</b>	<b>1,144</b>
<b>Operating income</b>	<b>173</b>	<b>132</b>	<b>33</b>	<b>24</b>	<b>(18)</b>	<b>(12)</b>	<b>188</b>	<b>144</b>
Finance income	–	–	–	–	12	15	12	15
Finance expenses	–	–	–	–	(38)	(103)	(38)	(103)
Other income	–	–	–	–	28	9	28	9
Other expenses	–	–	–	–	(17)	(11)	(17)	(11)
Foreign exchange differences	–	–	–	–	(5)	17	(5)	17
<b>Income before income tax</b>	<b>173</b>	<b>132</b>	<b>33</b>	<b>24</b>	<b>(38)</b>	<b>(85)</b>	<b>168</b>	<b>71</b>
Income tax expense	(35)	(26)	(6)	(5)	7	16	(34)	(15)
<b>Net income</b>	<b>138</b>	<b>106</b>	<b>27</b>	<b>19</b>	<b>(31)</b>	<b>(69)</b>	<b>134</b>	<b>56</b>
<b>EBITDA</b>	<b>272</b>	<b>230</b>	<b>54</b>	<b>45</b>	<b>(15)</b>	<b>(10)</b>	<b>311</b>	<b>265</b>

\*revised data for the first quarter of 2015

**Financial performance by segments for the periods: six months ended June 30, 2015 and 2014**  
(Consolidated statement of profit or loss in RUB billions)

	Upstream		Downstream		Corporate		Total	
	<b>six months ended</b>							
	June 30, 2015	June 30, 2014*	June 30, 2015	June 30, 2014*	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
<b>Revenues and equity share in profits/(losses) of associates and joint ventures</b>								
Oil, gas, petroleum products and petrochemicals sales	–	–	2,556	2,772	–	–	2,556	2,772
Support services and other revenues	–	–	–	–	37	34	37	34
Equity share in profits/(losses) of associates and joint ventures	4	6	3	(2)	–	–	7	4
<i>Intersegment revenues</i>	<i>1,290</i>	<i>1,167</i>	–	–	–	–	–	–
<b>Total revenues and equity share in profits/(losses) of associates and joint ventures</b>	<b>1,294</b>	<b>1,173</b>	<b>2,559</b>	<b>2,770</b>	<b>37</b>	<b>34</b>	<b>2,600</b>	<b>2,810</b>
<b>Costs and expenses</b>								
Production and operating expenses	137	117	99	83	19	16	255	216
Cost of purchased oil, gas, petroleum products and refining costs	9	8	252	234	–	–	261	242
<i>Intersegment turnover</i>	–	–	<i>1,290</i>	<i>1,167</i>	–	–	–	–
General and administrative expenses	14	15	10	9	35	30	59	54
Pipeline tariffs and transportation costs	12	9	262	226	–	–	274	235
Exploration expenses	7	9	–	–	–	–	7	9
Depreciation, depletion and amortization	197	175	42	32	5	7	244	214
Taxes other than income tax	613	528	66	81	8	7	687	616
Export customs duty	–	–	481	845	–	–	481	845
<b>Total costs and expenses</b>	<b>989</b>	<b>861</b>	<b>2,502</b>	<b>2,677</b>	<b>67</b>	<b>60</b>	<b>2,268</b>	<b>2,431</b>
<b>Operating income</b>	<b>305</b>	<b>312</b>	<b>57</b>	<b>93</b>	<b>(30)</b>	<b>(26)</b>	<b>332</b>	<b>379</b>
Finance income	–	–	–	–	27	12	27	12
Finance expenses	–	–	–	–	(141)	(51)	(141)	(51)
Other income	–	–	–	–	37	62	37	62
Other expenses	–	–	–	–	(28)	(23)	(28)	(23)
Foreign exchange differences	–	–	–	–	12	(55)	12	(55)
<b>Income before income tax</b>	<b>305</b>	<b>312</b>	<b>57</b>	<b>93</b>	<b>(123)</b>	<b>(81)</b>	<b>239</b>	<b>324</b>
Income tax expense	(61)	(61)	(11)	(20)	23	17	(49)	(64)
<b>Net income</b>	<b>244</b>	<b>251</b>	<b>46</b>	<b>73</b>	<b>(100)</b>	<b>(64)</b>	<b>190</b>	<b>260</b>
<b>EBITDA</b>	<b>502</b>	<b>487</b>	<b>99</b>	<b>125</b>	<b>(25)</b>	<b>(19)</b>	<b>576</b>	<b>593</b>

\*revised data for the first half of 2014

## Upstream Operating Results

The segment includes Rosneft Group companies that provide operating services, the independent enterprises that produce oil, gas and gas condensate in Russia and abroad, the joint ventures, and exploration units in Russia and abroad. The segment includes revenues generated by the transfer of oil, gas and NGL to downstream segment for subsequent sales to third parties and all operating costs associated with production and exploration.

	<i>For 3 months ended</i>			<i>For 6 months ended</i>		
	<b>June 30, 2015</b>	<b>March 31, 2015</b>	<i>% change</i>	<b>June 30, 2015</b>	<b>June 30, 2014</b>	<i>% change</i>
<b><u>Operating results</u></b>						
Hydrocarbon production (th. boe per day)	5,149	5,200	(1.0)%	5,175	5,075	2.0%
Crude oil and NGL production (th. barrels per day)	4,126	4,131	(0.1)%	4,129	4,176	(1.1)%
Gas production (th. boe per day)	1,023	1,069	(4.3)%	1,046	899	16.4%
Hydrocarbon production (mln boe) <sup>1</sup>	434.8	432.4	0.6%	867.2	849.1	2.1%
<b><u>Financial results, RUB billion</u></b>						
EBITDA	272	230	18.3%	502	487	3.1%
Capital expenditures <sup>2</sup>	110	96	14.6%	206	163	26.4%
Upstream operating expenses <sup>3</sup>	68.5	68.0	0.7%	136.5	117.1	16.6%
<b><u>Indicators per boe</u></b>						
EBITDA, RUB/boe	626	532	17.7%	579	574	0.9%
Capital expenditures, RUB/boe	253	222	14.0%	238	192	24.0%
Upstream operating expenses, RUB/boe	158	157	0.6%	157	138	13.8%
Upstream operating expenses, USD/boe*	3.0	2.5	20.0%	2.8	3.9	(28.2)%

\*Estimation is made using monthly exchange rate for the reporting periods (Appendix)

<sup>1</sup> Excluding associates and JV

<sup>2</sup> Ref. to "Capital expenditures"

<sup>3</sup> Excluding the effect of ecological reserve estimation in the amount of RUB 0.4 billion in the second quarter of 2015 and RUB 0.2 billion in the first quarter of 2015

## Operating indicators

### Production of Crude Oil and NGL

Rosneft has main fully consolidated production and development enterprises, which produce crude oil in Western Siberia, Eastern Siberia, Timan Pechora, Central Russia, southern part of European Russia and the Russian Far East. The Company also has a 20% stake in the Sakhalin-1 project and a 50% stake in JSC “Tomskneft” VNK, both accounted for using proportionate consolidation method. In addition, Rosneft participates in major production joint ventures accounted for using the equity method: Udmurtneft – 49.54%, Polar Lights – 50.0% and Slavneft – 49.94%. The Company also participates in international projects in Vietnam, Venezuela and Canada.

The following table sets forth Rosneft’s crude oil and NGL production:

	<i>For 3 months ended</i>		<i>% change</i>	<i>For 6 months ended</i>		<i>% change</i>
	<i>June 30, 2015</i>	<i>March 31, 2015</i>		<i>June 30, 2015</i>	<i>June 30, 2014</i>	
	<i>million of barrels</i>			<i>million of barrels</i>		
Yuganskneftegaz (Western Siberia)	115.3	114.8	0.4%	230.1	238.2	(3.4)%
Vankorneft (Eastern Siberia)	40.7	40.2	1.2%	80.9	80.8	0.1%
Samotlorneftegas (Western Siberia)	38.7	39.0	(0.8)%	77.7	81.5	(4.7)%
Orenburgneft (Central Russia)	33.7	33.9	(0.6)%	67.6	73.0	(7.4)%
Samaraneftegaz (Central Russia)	22.2	21.5	3.3%	43.7	41.9	4.3%
RN-Uvatneftegaz (Western Siberia)	20.8	18.9	10.1%	39.7	36.2	9.7%
Verkhnechonskneftegaz (Eastern Siberia)	15.9	15.9	–	31.8	29.5	7.8%
Varyeganneftegaz (Western Siberia)	11.8	11.5	2.6%	23.3	25.1	(7.2)%
RN-Nyaganneftegaz (Western Siberia)	11.3	11.2	0.9%	22.5	23.4	(3.8)%
Purneftegaz (Western Siberia)	10.3	10.2	1.0%	20.5	22.4	(8.5)%
Tomskneft (Western Siberia)	9.1	9.2	(1.1)%	18.3	18.0	1.7%
Severnaya Neft (Timan Pechora)	5.0	5.1	(2.0)%	10.1	10.5	(3.8)%
RN-Shelf Dalniy Vostok (Far East)	3.7	3.3	12.1%	7.0	–	–
Sakhalin-1 (Far East) (net of royalty and government share)	2.8	2.6	7.7%	5.4	5.1	5.9%
Taas-Yuryakh (Eastern Siberia)	1.6	1.6	–	3.2	3.4	(5.9)%
Other	8.7	9.0	(3.3)%	17.7	17.4	1.7%
<b>Crude oil and NGL production by fully and proportionately consolidated enterprises</b>	<b>351.6</b>	<b>347.9</b>	<b>1.1%</b>	<b>699.5</b>	<b>706.4</b>	<b>(1.0)%</b>
Slavneft	14.3	14.3	–	28.6	29.9	(4.3)%
Udmurtneft (Central Russia)	5.9	5.8	1.7%	11.7	11.7	–
Polar Lights (Timan Pechora)	0.3	0.4	(25.0)%	0.7	0.8	(12.5)%
Other	3.4	3.4	–	6.8	7.1	(4.2)%
<b>Total share in production of associates and JV</b>	<b>23.9</b>	<b>23.9</b>	<b>–</b>	<b>47.8</b>	<b>49.5</b>	<b>(3.4)%</b>
<b>Total crude oil and NGL production</b>	<b>375.5</b>	<b>371.8</b>	<b>1.0%</b>	<b>747.3</b>	<b>755.9</b>	<b>(1.1)%</b>
<b>Daily crude oil production (th. barrels per day)</b>	<b>4,126</b>	<b>4,131</b>	<b>(0.1)%</b>	<b>4,129</b>	<b>4,176</b>	<b>(1.1)%</b>

In the second quarter of 2015 crude oil and NGL production increased to 375.5 mln barrels compared to 371.8 mln barrels in the first quarter of 2015. Increase in production at fields of Samaraneftegaz, Uvatneftegaz and Varyeganneftegaz was due to drilling of new wells and successful employment of modern exploration and technological activities. Daily oil production growth at the Northern tip of Chayvo was 11% compared to the first quarter of 2015.

Decrease in daily crude oil and NGL production in the six months of 2015 compared to the six months of 2014 was partially due to the sale of Yugragazpererabotka’s stake and due to revision of drilling options resulting from re-engineering of Company’s drilling business in 2014 in view of the lack of competitive market of drilling services.

In condition of negative macroeconomic environment the Company is aimed at restraining the decline in daily crude oil production rates at Brownfields through the development of its own drilling business and the implementation of wellworks program throughout the year.

## Production of Gas

The table below sets forth Rosneft's used gas\* production:

	<i>For 3 months ended</i>		<i>% change</i>	<i>For 6 months ended</i>		<i>% change</i>
	<b>June 30, 2015</b>	<b>March 31, 2015</b>		<b>June 30, 2015</b>	<b>June 30, 2014</b>	
	<i>bcm</i>			<i>bcm</i>		
NGK ITERA (Western Siberia)	2.97	2.90	2.4%	5.87	5.41	8.5%
Vankorneft (Eastern Siberia) <sup>1</sup>	2.11	2.24	(5.8)%	4.35	1.65	163.6%
Samotlorneftegaz (Western Siberia)	1.44	1.44	–	2.88	2.82	2.1%
Purneftegaz (Western Siberia)	1.35	1.30	3.8%	2.65	2.23	18.8%
Yuganskneftegaz (Western Siberia)	1.12	1.12	–	2.24	2.14	4.7%
Rospan International (Western Siberia)	1.00	1.01	(1.0)%	2.01	1.97	2.0%
Varyeganneftegaz (Western Siberia)	0.79	0.78	1.3%	1.57	1.52	3.3%
Orenburgneft (Central Russia)	0.74	0.69	7.2%	1.43	1.49	(4.0)%
Krasnodarneftegaz (Southern Russia)	0.63	0.82	(23.2)%	1.45	1.48	(2.0)%
RN-Nyaganneftegaz (Western Siberia)	0.38	0.39	(2.6)%	0.77	0.73	5.5%
Tomskneft (Western Siberia)	0.18	0.25	(28.0)%	0.43	0.43	–
RN-Shelf Dalniy Vostok (Far East)	0.16	0.10	60.0%	0.26	–	–
Samaraneftegaz (Central Russia)	0.11	0.10	10.0%	0.21	0.19	10.5%
Sakhalin-1 (Far East) (net of royalty and government share)	0.09	0.14	(35.7)%	0.23	0.22	4.5%
Severnaya Neft (Timan Pechora)	0.06	0.06	–	0.12	0.12	–
Other	0.52	0.54	(3.7)%	1.06	1.04	1.9%
<b>Total gas production by fully and proportionately consolidated enterprises</b>	<b>13.65</b>	<b>13.88</b>	<b>(1.7)%</b>	<b>27.53</b>	<b>23.44</b>	<b>17.4%</b>
Purgaz (NGK ITERA)	1.47	1.73	(15.0)%	3.20	2.97	7.7%
Slavneft	0.11	0.11	–	0.22	0.20	10.0%
Other	0.06	0.08	(25.0)%	0.14	0.11	27.3%
<b>Total share in production of associates and JV</b>	<b>1.64</b>	<b>1.92</b>	<b>(14.6)%</b>	<b>3.56</b>	<b>3.28</b>	<b>8.5%</b>
<b>Total gas production</b>	<b>15.29</b>	<b>15.80</b>	<b>(3.2)%</b>	<b>31.09</b>	<b>26.72</b>	<b>16.4%</b>
Natural gas	7.29	7.78	(6.3)%	15.07	13.65	10.4%
Associated gas	8.00	8.02	(0.2)%	16.02	13.07	22.6%
<b>Daily gas production (mcm per day)</b>	<b>168.0</b>	<b>175.6</b>	<b>(4.3)%</b>	<b>171.8</b>	<b>147.6</b>	<b>16.4%</b>

\* Production volume equals extracted volume minus flared volume and gas used for NGL production

<sup>1</sup> Including gas injection to maintain reservoir pressure

In the second quarter of 2015 gas production decreased by 3.2% compared to the first quarter of 2015 and amounted to 15.29 bcm, mainly, due to seasonal factor.

In the six months of 2015 Company's gas production increased by 16.4% compared to the six months of 2014. The increase was mainly due to putting into operation of new gas wells and gas facilities in the second half of 2014: in the period of August - October 2014 the Company turned into production 11 wells at Tarasovskoe field of Purneftegaz, the gas transportation system commissioning at Vankorneft was made in the second quarter of 2014 and gas production at Khadyryakhinsky licence block of Sibneftegaz started in December 2014.

The Company is consistently raising the level of utilization of associated petroleum gas, which increased up to 87% in the first half of 2015 in comparison with 77% in the first half of 2014, mainly due to increased gas supply to the unified gas supply system from Vankor field. The strategic objective of the Company is to reach associated gas flaring level less than 5%.

## Financial indicators

### Equity share in profits/(losses) of upstream associates and joint ventures

The equity share in profits of upstream associates and joint ventures amounted to RUB 1 billion in the second quarter of 2015 in comparison with the profit in the amount of RUB 3 billion in the first quarter of 2015.

The decrease in equity profits is mainly due to the effect of loss recognition from the operating activity of the upstream associate in the second quarter of 2015. In the six months of 2015 and 2014 the equity share in financial results amounted to RUB 4 billion and RUB 6 billion<sup>1</sup> of profit, respectively.

<sup>1</sup> See the equity share in net financial results (profits/(losses)) of downstream associates and joint ventures in the section “Downstream operating results”.

### Upstream production and operating cost

Upstream production and operating expenses include materials and supplies, equipment maintenance and repairs, wages and salaries, activities to enhance oil and gas recovery, procurement of fuel and lubricants, electricity and other costs of Rosneft’s consolidated exploration and production units.

Upstream production and operating expenses amounted to RUB 68.5 billion (or 158 RUB/boe) and increased by 0.7% (or 0.6% per boe) in the second quarter of 2015 compared with the first quarter of 2015 due to increased volumes of workovers resulting in incremental oil production with simultaneous extension of program aimed at optimization of infrastructure expenses and seasonal decrease in electricity expenses.

Upstream production and operating expenses increased by 16.6% (or 13.8% per boe) in the six months of 2015 compared with RUB 117.1 billion (138 RUB/boe) in the six months of 2014 mainly due to increased wellworks caused by increased natural watering at Brownfields. While, in the six months of 2014 the number of maintenance and repairs was reduced due to unfavourable weather conditions.

### Gas procurement

In the second quarter of 2015 gas procurement that refers to the resale on domestic and international markets decreased to RUB 3 billion<sup>2</sup> compared to RUB 6 billion in the first quarter of 2015 due to decrease in demand (seasonal factor: end of winter season). In the six months of 2014 gas procurement increased compared with the six months of 2014 due to increased demand from external customers.

<sup>2</sup> See disclosure of oil and gas procurement in the section “Cost of Purchased Oil, Gas and Petroleum Products and Refining Costs”.

### Exploration Expenses

Exploration expenses mainly relate to exploratory drilling, seismic and other geological and geophysical works. Exploratory drilling costs are generally capitalised if commercial reserves of crude oil and gas are discovered or expensed in the current period in the event of unsuccessful exploration results.

In the first half of 2015 exploration expenses amounted to RUB 7 billion in comparison with RUB 9 billion in the first half of 2014. The decreasing dynamic of exploration expenses is mainly explained by the capitalization of 3D geological and seismic works starting from 2015. Volume of 2D geological and seismic works increased up to 2,084 km compared to 889 km in the same period of 2014 mainly at the fields of Rospan and VSNK; volumes of 3D geological and seismic works remained stable and high (4,483 sq km compared to 4,497 sq km in the first half of 2014).

### Mineral extraction tax

The amount of mineral extraction tax was RUB 302 billion in the second quarter of 2015 compared with RUB 289 billion in the first quarter of 2015. The increase in mineral extraction tax was mainly due to increased monthly rate after increase in “Urals” price partially compensated by rouble appreciation.

The following table sets actual mineral extraction tax rate for the periods analysed:

	<i>For 3 months ended</i>		<i>% change</i>	<i>For 6 months ended</i>		<i>% change</i>
	<i>June 30, 2015</i>	<i>March 31, 2015</i>		<i>June 30, 2015</i>	<i>June 30, 2014</i>	
	<i>(thousand RUB per tonne, except %)</i>					
Average enacted oil mineral extraction tax rate	7.07	6.83	3.5%	6.95	6.11	13.9%
Actual mineral extraction tax expense per tonne of oil equivalent produced*	5.17	4.97	4.0%	5.07	4.50	12.7%
	<i>(RUB per thousand cubic metres, except %)</i>					
Average actual extraction gas tax rate	510	498	2.4%	504	471	7.0%

\*Including consolidated oil and gas volumes.

The actual mineral extraction tax rate is lower than generally established tax rates for the analysed periods primarily due to tax exemptions which are active in the form of reduced rates at particular fields, zero rates and reduced extraction tax rate by “Dm” coefficient which characterizes complexity of crude oil production at a particular oil field according to the Russian tax legislation (See section: “Mineral extraction tax”).

## Downstream Operating Results

The segment includes Group companies that provide services for oil and gas processing, petrochemical production in Russia and abroad, joint ventures, sales units of oil, gas and petroleum products to counterparties in Russia and abroad. The segment includes revenue generated from the sale of oil, gas, petrochemical products and petroleum products to third parties, and all operating costs associated with processing, trading and logistics.

	<i>For 3 months ended</i>		<i>% change</i>	<i>For 6 months ended</i>		<i>% change</i>
	<b>June 30, 2015</b>	<b>March 31, 2015</b>		<b>June 30, 2015</b>	<b>June 30, 2014</b>	
<b>Operational results</b>						
Crude oil processing at refineries, mln t	23.75	24.34	(2.4)%	48.09	48.49	(0.8)%
<i>Processing at Company's own refineries in Russia, mln t</i>	<i>18.80</i>	<i>19.77</i>	<i>(4.9)%</i>	<i>38.57</i>	<i>38.51</i>	<i>0.2%</i>
<i>Processing at Company's own refineries outside Russia, mln t</i>	<i>2.68</i>	<i>2.64</i>	<i>1.5%</i>	<i>5.32</i>	<i>5.08</i>	<i>4.7%</i>
<i>Processing at Associate's refineries</i>	<i>2.27</i>	<i>1.93</i>	<i>17.6%</i>	<i>4.20</i>	<i>4.90</i>	<i>(14.3)%</i>
<b>Financial results, RUB billion</b>						
EBITDA	54	45	20.0%	99	125	(20.8)%
Capital expenditures <sup>1</sup>	26	28	(7.1)%	54	66	(18.2)%
Operating expenses for processing in Russia	18.63	17.77	4.8%	36.40	31.05	17.2%
Operating expenses for processing outside Russia	5.14	6.27	(18.0)%	11.41	8.39	36.0%
<b>Indicators per tonne of the output<sup>2</sup></b>						
EBITDA <sup>3</sup> , RUB per tonne	2,328	2,052	13.5%	2,187	2,914	(24.9)%
Capital expenditure, RUB per tonne	1,210	1,249	(3.1)%	1,230	1,514	(18.8)%
Operating expenses for processing in Russia, RUB per tonne	991	899	10.2%	944	806	17.1%
Operating expenses for processing outside Russia, RUB per tonne	1,917	2,371	(19.1)%	2,142	1,652	29.7%

<sup>1</sup> Refer to "Capital expenditures".

<sup>2</sup> Calculated from unrounded data.

<sup>3</sup> Estimated as ratio of EBITDA (excluding equity income/(losses) of associates) to the Company's own refining volumes for the period.



## Operating indicators

### Petroleum Product Output

Rosneft processes produced and procured crude oil at its refineries: the Tuapse refinery on the Black Sea coast in the South of Russia, the Komsomolsk refinery in the Russian Far East, the Achinsk and Angarsk refineries in Eastern Siberia, the Kuibyshev, Novokuibyshevsk and Syzran refineries in the Samara region, the Saratov refinery and the Ryazan refinery (the European part of Russia) and others. Rosneft also owns production capacity at four Ruhr Oel GmbH (ROG) refineries in Germany and processes crude oil in Belarus. In the first quarter of 2015 the Company acquired the Novokuibyshevsk petrochemical refinery (the Company of “Sanors” group located in the Samara region). The refinery production capacity enables processing of 1.7 mln tonnes of hydrocarbon crude p.a. to produce competitive petrochemical products in terms of quality and technology concept on the Russian market.

The following table sets forth Rosneft’s crude oil processing and petroleum product output volumes.

	<i>For 3 months ended</i>		<i>% change</i>	<i>For 6 months ended</i>		<i>% change</i>
	<i>June 30, 2015</i>	<i>March 31, 2015</i>		<i>June 30, 2015</i>	<i>June 30, 2014</i>	
	<b>mln of tonnes</b>			<b>mln of tonnes</b>		
Crude oil processing at Rosneft’s refineries in Russia <sup>1</sup>	20.55	21.67 <sup>2</sup>	(5.2)%	42.22	42.14	0.2%
Crude oil processing at refineries outside Russia	3.20	2.67	19.9%	5.87	6.35	(7.6)%
<i>including crude oil processing at Ruhr Oel GmbH (ROG)</i>	2.68	2.64	1.5%	5.32	5.08	4.7%
<i>including crude oil processing in Belarus</i>	0.52	0.03	>100%	0.55	1.27	(56.7)%
<b>Total Group crude oil processing</b>	<b>23.75</b>	<b>24.34</b>	<b>(2.4)%</b>	<b>48.09</b>	<b>48.49</b>	<b>(0.8)%</b>
<b>Petroleum product output:</b>						
High octane gasoline	2.61	2.90	(10.0)%	5.51	5.12	7.6%
Low octane gasoline	0.03	0.03	–	0.06	0.07	(14.3)%
Naphtha	1.33	1.36	(2.2)%	2.69	2.75	(2.2)%
Diesel	6.14	6.99	(12.2)%	13.13	13.15	(0.2)%
Fuel oil	6.55	7.05	(7.1)%	13.60	13.83	(1.7)%
Jet fuel	0.81	0.65	24.6%	1.46	1.60	(8.8)%
Petrochemicals	0.29	0.20	45.0%	0.49	0.40	22.5%
Other <sup>3</sup>	2.60	1.85	40.5%	4.45	3.75	18.7%
<b>Product output at Rosneft’s own refineries in Russia</b>	<b>20.36</b>	<b>21.03</b>	<b>(3.2)%</b>	<b>41.39</b>	<b>40.67</b>	<b>1.8%</b>
Product output at refineries outside Russia	<b>3.46</b>	<b>2.60</b>	<b>33.1%</b>	<b>6.06</b>	<b>6.30</b>	<b>(3.8)%</b>
<i>including crude oil output at Ruhr Oel GmbH (ROG)</i>	2.99	2.57	16.3%	5.56	5.13	8.4%
<i>including product output in Belarus</i>	0.47	0.03	>100%	0.50	1.17	(57.3)%
<b>Total Group product output</b>	<b>23.82</b>	<b>23.63</b>	<b>0.8%</b>	<b>47.45</b>	<b>46.97</b>	<b>1.0%</b>

<sup>1</sup>Including processing at YANOS refinery.

<sup>2</sup>Including SANORS processing from the acquisition date (March 13,2015).

<sup>3</sup>Including production of petroleum products at gas refineries.

In the second quarter of 2015 Rosneft’s total refinery throughput amounts to 20.55 mln tonnes, lower by 5.2% compared with the first quarter of 2015. The decrease in the refinery throughput inside Russia was due to scheduled turnarounds at Russian refineries and decrease in processing margin resulted from change in tax legislation in oil sector and the re-allocation of resources to more marginal export channels.

In condition of negative macroeconomic factors in the first half of 2015 refinery throughput inside Russia increased slightly (+0.2%) in the six months 2015 compared to 42.14 mln tonnes in the six months of 2014.

In the second quarter of 2015 processing volume at German refineries increased by 1.5% compared to the first quarter of 2015 due to completion of scheduled turnarounds in February and March of 2015. Processing volume at German refineries in the six months of 2015 increased by 4.7% compared with the six months of 2014 due to reduction of scheduled turnarounds duration.

## Financial indicators

### Revenues and equity share in profits/(losses) of associates and joint ventures<sup>1</sup>

In the second quarter of 2015 revenues and equity share in profits/(losses) of associates and joint ventures amounted to RUB 1,312 billion in comparison with RUB 1,288 billion in the first quarter of 2015. The revenue increase was due to increase in international crude oil sales volume partially compensated by worldwide price nominated in RUB terms.

The table below presents revenues from sales of crude oil, gas, petroleum and petrochemical products and other revenues in billions of RUB<sup>2</sup>:

	<i>For 3 months ended</i>					<i>For 6 months ended</i>				
	<b>June 30,</b>		<b>March 31,</b>		<b>%</b>	<b>June 30,</b>		<b>June 30,</b>		<b>%</b>
	<b>2015</b>		<b>2015</b>			<b>2015</b>		<b>2014</b>		
	<b>% of</b>		<b>% of</b>			<b>% of</b>		<b>% of</b>		
	<b>revenue</b>		<b>revenue</b>			<b>revenue</b>		<b>revenue</b>		
billion RUB except %										
<b>Crude oil</b>										
International Sales to non-CIS	561	42.7%	535	41.4%	4.9%	1,096	42.1%	1,294	46.2%	(15.3)%
Europe and other directions	335	25.5%	313	24.2%	7.0%	648	24.9%	869	31.1%	(25.4)%
Asia	226	17.2%	222	17.2%	1.8%	448	17.2%	425	15.1%	5.4%
International sales to CIS	35	2.7%	38	3.0%	(7.9)%	73	2.8%	57	2.0%	28.1%
Domestic sales	24	1.8%	24	1.9%	0.0%	48	1.8%	58	2.1%	(17.2)%
<b>Total crude oil</b>	<b>620</b>	<b>47.2%</b>	<b>597</b>	<b>46.3%</b>	<b>3.9%</b>	<b>1,217</b>	<b>46.7%</b>	<b>1,409</b>	<b>50.3%</b>	<b>(13.6)%</b>
<b>Gas</b>	<b>40</b>	<b>3.0%</b>	<b>51</b>	<b>4.0%</b>	<b>(21.6)%</b>	<b>91</b>	<b>3.5%</b>	<b>77</b>	<b>2.7%</b>	<b>18.2%</b>
<b>Petroleum products</b>										
International Sales to non-CIS	378	28.8%	419	32.5%	(9.8)%	797	30.7%	761	27.1%	4.7%
Europe and other directions	287	21.9%	317	24.6%	(9.5)%	604	23.3%	588	20.9%	2.7%
Asia	91	6.9%	102	7.9%	(10.8)%	193	7.4%	173	6.2%	11.6%
International Sales to CIS	16	1.2%	11	0.9%	45.5%	27	1.0%	35	1.2%	(22.9)%
Domestic sales	215	16.4%	191	14.8%	12.6%	406	15.6%	399	14.2%	1.8%
Wholesale	117	8.9%	104	8.0%	12.5%	221	8.5%	218	7.8%	1.4%
Retail	98	7.5%	87	6.8%	12.6%	185	7.1%	181	6.4%	2.2%
Sales of bunker fuel to end-users	14	1.1%	6	0.5%	>100.0%	20	0.8%	34	1.2%	(41.2)%
<b>Total petroleum products</b>	<b>623</b>	<b>47.5%</b>	<b>627</b>	<b>48.7%</b>	<b>(0.6)%</b>	<b>1,250</b>	<b>48.1%</b>	<b>1,229</b>	<b>43.7%</b>	<b>1.7%</b>
<b>Petrochemical products</b>	<b>31</b>	<b>2.4%</b>	<b>25</b>	<b>1.9%</b>	<b>24.0%</b>	<b>56</b>	<b>2.2%</b>	<b>57</b>	<b>2.0%</b>	<b>(1.8)%</b>
International sales	26	2.0%	20	1.5%	30.0%	46	1.8%	48	1.7%	(4.2)%
Domestic sales	5	0.4%	5	0.4%	0.0%	10	0.4%	9	0.3%	11.1%
<b>Support services and other revenues</b>	<b>18</b>	<b>1.4%</b>	<b>19</b>	<b>1.5%</b>	<b>(5.3)%</b>	<b>37</b>	<b>1.4%</b>	<b>34</b>	<b>1.2%</b>	<b>8.8%</b>
<b>Equity share in profits/(losses) of associates and joint ventures</b>	<b>5</b>	<b>0.4%</b>	<b>2</b>	<b>0.2%</b>	<b>&gt;100.0%</b>	<b>7</b>	<b>0.3%</b>	<b>4</b>	<b>0.1%</b>	<b>75.0%</b>
<b>Effect from hedge operations</b>	<b>(25)</b>	<b>(1.9)%</b>	<b>(33)</b>	<b>(2.6)%</b>	<b>24.2%</b>	<b>(58)</b>	<b>(2.2)%</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total revenues and equity share in profits/(losses) of associates and joint ventures</b>	<b>1,312</b>	<b>100.0%</b>	<b>1,288</b>	<b>100.0%</b>	<b>1.9%</b>	<b>2,600</b>	<b>100.0%</b>	<b>2,810</b>	<b>100.0%</b>	<b>(7.5)%</b>

<sup>1</sup> Under IFRS consolidated financial statements.

<sup>2</sup> The difference between percentages presented in the above table and other section is a result of rounding

## Sales Volumes

The table below analyses crude oil, gas, petroleum and petrochemical product sales volumes<sup>1</sup>:

	<i>For 3 months ended</i>					<i>For 6 months ended</i>				
	<b>June 30, 2015</b>		<b>March 31, 2015</b>		<b>% change</b>	<b>June 30, 2015</b>		<b>June 30, 2014</b>		<b>% change</b>
	<b>mln bbl</b>	<b>% of total volume</b>	<b>mln bbl</b>	<b>% of total volume</b>		<b>mln bbl</b>	<b>% of total volume</b>	<b>mln bbl</b>	<b>% of total volume</b>	
<b>Crude oil</b>										
International Sales to non-CIS	185.8	47.0%	177.7	45.5%	4.6%	363.5	46.3%	359.8	46.5%	1.0%
Europe and other directions	114.7	29.0%	107.4	27.5%	6.8%	222.1	28.3%	238.4	30.8%	(6.8)%
Asia	71.1	18.0%	70.3	18.0%	1.1%	141.4	18.0%	121.4	15.7%	16.5%
International Sales to CIS	15.6	3.9%	18.5	4.7%	(15.7)%	34.1	4.3%	29.6	3.8%	15.2%
Domestic	11.2	2.8%	11.8	3.0%	(5.1)%	23.0	2.9%	31.1	4.0%	(26.0)%
<b>Total crude oil</b>	<b>212.6</b>	<b>53.7%</b>	<b>208.0</b>	<b>53.2%</b>	<b>2.2%</b>	<b>420.6</b>	<b>53.5%</b>	<b>420.5</b>	<b>54.3%</b>	<b>0.0%</b>
<b>Crude oil</b>	<b>mln tonnes</b>		<b>mln tonnes</b>			<b>mln tonnes</b>		<b>mln tonnes</b>		
International Sales to non-CIS	25.1	47.0%	24.0	45.5%	4.6%	49.1	46.3%	48.6	46.5%	1.0%
Europe and other directions	15.5	29.0%	14.5	27.5%	6.8%	30.0	28.3%	32.2	30.8%	(6.8)%
Asia	9.6	18.0%	9.5	18.0%	1.1%	19.1	18.0%	16.4	15.7%	16.5%
International Sales to CIS	2.1	3.9%	2.5	4.7%	(15.7)%	4.6	4.3%	4.0	3.8%	15.2%
Domestic sales	1.5	2.8%	1.6	3.0%	(5.1)%	3.1	2.9%	4.2	4.0%	(26.0)%
<b>Total crude oil</b>	<b>28.7</b>	<b>53.7%</b>	<b>28.1</b>	<b>53.2%</b>	<b>2.2%</b>	<b>56.8</b>	<b>53.5%</b>	<b>56.8</b>	<b>54.3%</b>	<b>0.0%</b>
<b>Petroleum products</b>										
International Sales to non-CIS	15.2	28.5%	16.3	30.8%	(6.7)%	31.5	29.6%	27.8	26.7%	13.3%
Europe and other directions	11.7	21.9%	12.5	23.6%	(6.4)%	24.2	22.7%	21.8	21.0%	11.0%
Asia	3.5	6.6%	3.8	7.2%	(7.9)%	7.3	6.9%	6.0	5.7%	21.7%
International Sales to CIS	0.5	0.9%	0.3	0.6%	66.7%	0.8	0.8%	1.3	1.2%	(38.5)%
Domestic sales	7.3	13.7%	7.0	13.3%	4.3%	14.3	13.5%	15.2	14.5%	(5.9)%
Wholesale	4.6	8.6%	4.5	8.6%	2.2%	9.1	8.6%	9.9	9.4%	(8.1)%
Retail	2.7	5.1%	2.5	4.7%	8.0%	5.2	4.9%	5.3	5.1%	(1.9)%
Sales of bunker fuel to end-users	0.8	1.5%	0.3	0.6%	>100%	1.1	1.0%	1.8	1.7%	(38.9)%
<b>Total petroleum products</b>	<b>23.8</b>	<b>44.6%</b>	<b>23.9</b>	<b>45.3%</b>	<b>(0.4)%</b>	<b>47.7</b>	<b>44.9%</b>	<b>46.1</b>	<b>44.1%</b>	<b>3.5%</b>
<b>Petrochemical products</b>	<b>0.9</b>	<b>1.7%</b>	<b>0.8</b>	<b>1.5%</b>	<b>12.5%</b>	<b>1.7</b>	<b>1.6%</b>	<b>1.7</b>	<b>1.6%</b>	<b>0.0%</b>
International sales	0.6	1.1%	0.5	0.9%	20.0%	1.1	1.0%	1.2	1.1%	(8.3)%
Domestic sales	0.3	0.6%	0.3	0.6%	0.0%	0.6	0.6%	0.5	0.5%	20.0%
<b>Total crude oil and products</b>	<b>53.4</b>	<b>100.0%</b>	<b>52.8</b>	<b>100.0%</b>	<b>1.1%</b>	<b>106.2</b>	<b>100.0%</b>	<b>104.6</b>	<b>100.0%</b>	<b>1.5%</b>
<b>Gas</b>	<b>bcm</b>		<b>bcm</b>			<b>bcm</b>		<b>bcm</b>		
<b>Sales Volumes</b>	<b>13.27</b>		<b>15.93</b>		<b>(16.7)%</b>	<b>29.20</b>		<b>25.76</b>		<b>13.4%</b>

<sup>1</sup>To convert tonnes to barrels a 7.404 ratio is used in 2014 and 2015, respectively.

## Crude oil and petroleum products sales

### Average Crude Oil and Petroleum Product Sales Prices

The following table sets forth Rosneft's average export and domestic prices of crude oil, gas and petroleum products (the average sales prices may differ from official market prices provided by specialized agencies due to different quality of products and sales terms):

	For 3 months ended					For 6 months ended				
	June 30, 2015		March 31, 2015		% change	June 30, 2015		June 30, 2014		% change
	(th.RUB/ barrel)	(th.RUB/ tonne)	(th.RUB/ barrel)	(th.RUB/ tonne)		(th.RUB/ barrel)	(th.RUB/ tonne)	(th.RUB/ barrel)	(th.RUB/ tonne)	
<b>Average prices on foreign markets*</b>										
Crude oil, non-CIS	3.02	22.3	3.02	22.3	0.0%	3.02	22.3	3.60	26.6	(16.2)%
Europe and other directions**	2.93	21.7	2.92	21.6	0.5%	2.93	21.7	3.66	27.1	(19.9)%
Asia**	3.15	23.3	3.16	23.4	(0.4)%	3.16	23.4	3.49	25.8	(9.3)%
Crude oil, CIS	2.25	16.7	2.05	15.2	9.9%	2.14	15.9	1.92	14.2	12.0%
Petroleum products, non- CIS		24.8		25.7	(3.5)%		25.2		27.4	(8.0)%
Europe and other directions		24.4		25.4	(3.9)%		24.9		27.1	(8.1)%
Asia		26.0		26.6	(2.3)%		26.3		28.7	(8.4)%
Petroleum products, CIS		32.4		38.5	(15.8)%		34.6		26.2	32.1%
<b>Average domestic prices</b>										
Crude oil	2.14	15.8	2.04	15.1	4.6%	2.09	15.5	1.84	13.7	13.1%
Petroleum products		29.4		27.4	7.3%		28.4		26.3	8.0%
Wholesale		25.5		22.9	11.4%		24.3		22.2	9.5%
Retail		36.0		35.6	1.1%		35.8		34.0	5.3%
Gas (th.RUB. /th. cubic meter)***		3.03		3.15	(3.8)%		3.09		2.98	3.7%
Sales of bunker fuel to end-users		18.9		17.8	6.2%		18.6		18.5	0.5%
Petrochemical products		34.4		32.3	6.5%		33.4		33.0	1.2%
International sales		39.1		44.0	(11.1)%		41.1		40.2	2.2%
Domestic sales		22.3		14.8	50.7%		18.2		16.7	9.0%

\*Average price is calculated from unrounded figures.

\*\*Price includes the effect of offsetting of prepayments under long-term agreements received in prior periods. (Historical exchange rate of 2013 is used for offsetting of prepayments). Excluding revenues under prepaid long-term crude oil supply contracts and revenues from crude oil sales to Transneft (RUB 26 billion and RUB 25 billion in the second and in the first quarters of 2015, respectively) the average sales price on the Asian markets was RUB 3.28 thousand per barrel in the second quarter of 2015 compared to RUB 3.33 thousand per barrel in the first quarter of 2015. Average price on European markets was RUB 3.06 thousand per barrel in the second quarter of 2015 and RUB 3.12 thousand per barrel in the first quarter of 2015.

\*\*\* Including gas sales outside Russian Federation average gas prices were 3.06 th.RUB./th. cubic meter in the second quarter of 2015 and 3.18 th.RUB./th. cubic meter in the first quarter 2015, 3.12 th.RUB./th. cubic meter and 2.98 th.RUB./th. cubic meter in the six quarter of 2015 and 2014, respectively.

### International Crude Oil Sales to non-CIS

Revenues from international crude oil sales to non-CIS countries in the second quarter of 2015 amounted to RUB 561 billion compared to RUB 535 billion in the first quarter of 2015. Revenue increase by RUB 26 billion was due to increased sales volumes by 4.6%. The increase in export sales volumes was due to re-allocation of resources resulting from the monitoring of economic efficiency of trading channels.

In the six months of 2015 revenues from international crude oil sales to non-CIS countries decreased by 15.3% or RUB 198 billion compared with the six months of 2014 due to significant change of worldwide crude oil price.

The deviation between crude oil sales prices on the Asian markets and average world market prices in the region (Dubai) in the second quarter of 2015 was due to regular delivery of 6 million tonnes (44.42 million barrels) of crude oil per year to Transneft under the contract signed in 2009. These volumes are sold to Transneft for further delivery to China, under the basis of equal profitability with Company's direct export to China. These volumes are included in total Company's international crude oil sales to non-CIS, at a price that is free from export custom duty.

Scheduled settlement of prepayments under long-term supply agreements started in 2015. Offsetting of prepayments on the above mentioned contracts was RUB 42 in the six months of 2015.

## International Crude Oil Sales to CIS

Revenue from sales of crude oil to CIS in the second quarter of 2015 decreased by 7.9% compared to the first quarter of 2015 and amounted to RUB 35 billion. The decrease in crude oil sales volumes by 15.7% (negative effect of RUB 6 billion) was partially offset by average sales price upturn of 9.9% in roubles term (favourable impact on revenues of RUB 3 billion). The positive price upturn in rouble term was due to positive effect of export duty lag which impacts pricing.

In the six months of 2015 revenues from international crude oil sales to CIS countries increased by 28.1% in comparison with the six months of 2014, which was mainly attributable to increased crude oil sales volume (favorable effect on revenue of RUB 9 billion) due to obtaining additional schedule of crude oil exports to Belarus in the first quarter of 2015 and accompanied by average sales price upturn of 12.0% (positive effect on revenue of RUB 7 billion).

## Domestic Sales of Crude Oil

Revenue from domestic sales of crude oil in the second quarter of 2015 remained at the level of the first quarter of 2015 and amounted to RUB 24 billion.

In the six months of 2015 revenues from domestic crude oil sales dropped by 17.2% in comparison with the six months of 2014, which was mainly attributable to downturn of crude oil sales volumes.

## International Petroleum Product Sales to Non-CIS

The table below sets forth Rosneft's revenue, volume and average price per tonne of petroleum products sold to non-CIS countries in the first and second quarters of 2015\*:

	<i>For 3 months ended</i>						<i>% change</i>		
	June 30, 2015			March 31, 2015			RUB billion	mln of tonnes	Average price th. RUB/tonne
	RUB billion	mln of tonnes	Average price th. RUB/tonne	RUB billion	mln of tonnes	Average price th. RUB/tonne			
High octane gasoline	5	0.2	34.7	4	0.1	36.2	25.0%	100.0%	(4.1)%
Low octane gasoline	0	0.0	35.6	1	0.0	34.7	(100.0)%	–	2.6%
Naphtha	23	0.8	28.3	26	0.9	29.1	(11.5)%	(11.1)%	(2.7)%
Diesel (Gasoil)	120	4.1	29.2	142	4.5	31.6	(15.5)%	(8.9)%	(7.6)%
Fuel oil	121	6.3	18.9	147	7.7	19.2	(17.7)%	(18.2)%	(1.6)%
Jet fuel	0	0.0	34.9	0	0.0	32.7	–	–	6.7%
Other	17	0.7	25.4	19	0.7	25.6	(10.5)%	0.0%	(0.8)%
<b>Total petroleum products exported to non-CIS</b>	<b>286</b>	<b>12.1</b>	<b>23.6</b>	<b>339</b>	<b>13.9</b>	<b>24.3</b>	<b>(15.6)%</b>	<b>(12.9)%</b>	<b>(2.9)%</b>
<i>Petroleum products sold from ROG refineries</i>	74	2.4	30.7	70	2.1	33.5	5.7%	14.3%	(8.4)%
<i>Petroleum products bought and sold outside Russia</i>	18	0.7	25.0	10	0.3	34.5	80.0%	>100.0%	(27.5)%
<b>Total</b>	<b>378</b>	<b>15.2</b>	<b>24.8</b>	<b>419</b>	<b>16.3</b>	<b>25.7</b>	<b>(9.8)%</b>	<b>(6.7)%</b>	<b>(3.5)%</b>

\*average price is calculated from unrounded figures.

Revenues from the international sales of petroleum products to non-CIS countries were RUB 378 billion in the second quarter of 2015, which is 9.8% lower compared to the first quarter of 2015. Decrease in sales volumes by 6.7% (unfavourable impact on revenues of RUB 28 billion) was accompanied by downturn of average price by 3.5% (negative impact on revenues of RUB 13 billion). Average price downturn for petroleum products sold outside Russia was mainly due to change in product mix.

The table below sets forth Rosneft's revenue, volume and average price per tonne of petroleum products sold to non-CIS countries in the six months of 2015 and 2014:

	<i>For 6 months ended</i>						<i>% change</i>		
	June 30, 2015			June 30, 2014			RUB billion	million of tonnes	Average price th. RUB/tonne
	RUB billion	million of tonnes	Average price th. RUB/tonne	RUB billion	million of tonnes	Average price th. RUB/tonne			
High octane gasoline	9	0.3	35.4	13	0.4	32.9	(30.8)%	(25.0)%	7.6%
Low octane gasoline	1	0.0	35.1	2	0.0	34.7	(50.0)%	–	1.2%
Naphtha	49	1.7	28.7	61	1.9	32.5	(19.7)%	(10.5)%	(11.7)%
Diesel (Gasoil)	262	8.6	30.5	250	8.0	31.7	4.8%	7.5%	(3.8)%
Fuel oil	268	14.0	19.0	262	12.0	21.9	2.3%	16.7%	(13.2)%
Jet fuel	0	0.0	33.8	0	0.0	37.4	–	–	(9.6)%
Other	36	1.4	25.5	37	1.2	31.1	(2.7)%	16.7%	-18%
<b>Total petroleum products exported to non-CIS</b>	<b>625</b>	<b>26.0</b>	<b>24.0</b>	<b>625</b>	<b>23.5</b>	<b>26.7</b>	<b>0.0%</b>	<b>10.6%</b>	<b>(10.1)%</b>
<i>Petroleum products sold from ROG refineries</i>	144	4.5	32.0	129	4.1	31.2	11.6%	9.8%	2.6%
<i>Petroleum products bought and sold outside Russia</i>	28	1.0	27.9	7	0.2	31.9	>100.0%	>100.0%	(12.5)%
<b>Total</b>	<b>797</b>	<b>31.5</b>	<b>25.2</b>	<b>761</b>	<b>27.8</b>	<b>27.4</b>	<b>4.7%</b>	<b>13.3%</b>	<b>(8.0)%</b>

\*average price is calculated from unrounded figures.

In the six months of 2015 revenues from sales of petroleum products to non-CIS countries were 4.7% higher compared to the six months of 2014. Increase in sales volumes by 13.3% (favourable impact on revenues of RUB 101 billion) was partially offset by downturn of average price by 8.0% (negative impact on revenues of RUB 65 billion).

#### **International Petroleum Product Sales to CIS**

Revenues from sales of petroleum products to CIS countries were RUB 16 billion in the second quarter of 2015, which is 45.5% higher compared to the first quarter of 2015. A 66.7% growth of petroleum products sales volumes (favourable impact on revenues of RUB 8 billion) was partially offset by a decrease in average prices by 15.8% (negative impact on revenues of RUB 3 billion).

Revenues from sales of petroleum products to CIS countries in the six months of 2015 were 22.9% or RUB 8 billion lower than in the six months of 2014 due to petroleum product sales volume decrease by 38.5% (negative effect on revenue of RUB 13 billion) which was partially offset by growth of average price by 32.1% (positive effect on revenue of RUB 5 billion).

#### **Domestic Sales of Petroleum Products**

The table below sets forth Rosneft's revenue, volume and average price per tonne of petroleum products sold in Russia in the first and second quarters of 2015\*:

	<i>For 3 months ended</i>						<i>% change</i>		
	June 30, 2015			March 31, 2015			RUB billion	million of tonnes	Average price th. RUB/tonne
	RUB billion	million of tonnes	Average price th. RUB/tonne	RUB billion	million of tonnes	Average price th. RUB/tonne			
High octane gasoline	102	2.9	35.3	93	2.7	33.9	9.7%	7.4%	4.1%
Low octane gasoline	0	0.0	31.8	1	0.0	31.6	(100.0)%	–	0.6%
Diesel (Gasoil)	76	2.5	30.8	64	2.2	29.8	18.8%	13.6%	3.4%
Fuel oil	3	0.3	9.1	4	0.5	7.9	(25.0)%	(40.0)%	15.2%
Jet fuel	22	0.8	28.9	19	0.7	27.5	15.8%	14.3%	5.1%
Other	12	0.8	13.3	10	0.9	11.9	20.0%	(11.1)%	11.8%
<b>Total</b>	<b>215</b>	<b>7.3</b>	<b>29.4</b>	<b>191</b>	<b>7.0</b>	<b>27.4</b>	<b>12.6%</b>	<b>4.3%</b>	<b>7.3%</b>

\*average price is calculated from unrounded figures.

Revenues from sales of petroleum products on the domestic market were RUB 215 billion in the second quarter of 2015, which is 12.6% higher compared to the first quarter of 2015. A 7.3% growth of average sales price (favourable effect on revenue of RUB 16 billion) was accompanied by increased sales volumes in the second quarter 2015 by 4.3% (positive effect RUB of 8 billion).

The table below sets forth Rosneft's revenue, volume and average price per tonne of petroleum products sold in Russia in the six months ended June 30, 2015 and 2014, respectively\*:

	<i>For 6 months ended</i>						<i>% change</i>		
	<b>June 30, 2015</b>			<b>June 30, 2014</b>			<b>RUB billion</b>	<b>million of tonnes</b>	<b>Average price th. RUB/tonne</b>
	<b>RUB billion</b>	<b>million of tonnes</b>	<b>Average price th. RUB/tonne</b>	<b>RUB billion</b>	<b>million of tonnes</b>	<b>Average price th. RUB/tonne</b>			
High octane gasoline	195	5.6	34.6	181	5.4	33.4	7.7%	3.7%	3.6%
Low octane gasoline	1	0.0	31.7	2	0.0	29.0	(50.0)%	–	9.3%
Diesel (Gasoil)	140	4.7	30.3	134	4.5	30.1	4.5%	4.4%	0.7%
Fuel oil	7	0.8	8.4	11	1.2	10.2	(36.4)%	(33.3)%	(17.6)%
Jet fuel	41	1.5	28.3	42	1.5	27.8	(2.4)%	0.0%	1.8%
Other	22	1.7	12.6	29	2.6	11.3	(24.1)%	(34.6)%	11.5%
<b>Total</b>	<b>406</b>	<b>14.3</b>	<b>28.4</b>	<b>399</b>	<b>15.2</b>	<b>26.3</b>	<b>1.8%</b>	<b>(5.9)%</b>	<b>8.0%</b>

\*average price is calculated from unrounded figures.

Revenues from sales of petroleum products on the domestic market in the six months of 2015 were 1.8% higher than in the six months of 2014 and amounted to RUB 406 billion. The increase was due to average sales price upturn by 8.0% (favourable effect on revenue of RUB 31 billion) partially offset by decrease in sales volume by 5.9% (negative impact on revenue of RUB 24 billion).

### **Sales of bunker fuel**

The Company sells bunker fuel (fuel oil, low-viscosity marine fuel and diesel fuel) in the seaports (the Far East, the North, the North West and South of the European part of Russia) and river ports (the Volga-Don basin and in the rivers of Western Siberia) of the Russian Federation and in the ports outside the Russian Federation

Revenues from sales of bunker fuel in the second quarter of 2015 were RUB 14 billion, an increase by 133.3% in comparison with the first quarter of 2015, which is mainly attributable to start of navigation period.

Revenues from sales of bunker fuel in the six months of 2015 decreased by 41.2% in comparison with the six months of 2014 and amounted to RUB 20 billion. A decrease was a result of redirection of fuel oil volumes to export in 2015 due to decreased export duties following changing in the tax assessment in oil sector effective from January 1, 2015.

### **Petrochemical Product Sales**

Revenues from sales of petrochemical products in the second quarter of 2015 were RUB 31 billion. The increase by 24.0% or RUB 6 billion compared to the first quarter of 2015 was mainly due to sales volume growth of 12.5% (favorable impact on revenues of RUB 6 billion).

Petrochemical product sales volumes from Ruhr Oel GmbH (ROG) increased by 37<sup>1</sup>% in the second quarter of 2015 in comparison to the first quarter of 2015 and amounted to 0.6 mln tonnes.

Petrochemical product sales volumes from Ruhr Oel GmbH (ROG) remain practically unchanged in the six months of 2015 in comparison to the six months of 2014.

<sup>1</sup>Calculated from unrounded data.

### **Gas Sales**

The Company strategy envisages gas business expansion on the Russian gas domestic market. In order to increase its share on the gas domestic market Rosneft implements gas program aimed at diversification of trading channels and building of long-term contracts portfolio.

The table below sets forth revenues, volumes and average price of gas sales by Rosneft\*:

	<i>For 3 months ended</i>		<i>% change</i>	<i>For 6 months ended</i>		<i>% change</i>
	<b>June 30, 2015</b>	<b>March 31, 2015</b>		<b>June 30, 2015</b>	<b>June 30, 2014</b>	
	<b>(RUB billion)</b>			<b>(RUB billion)</b>		
<b>Revenue</b>						
Western Siberia and Ural region	17.8	26.7	(33.3)%	44.5	44.8	(0.7)%
South Russia	2.2	2.9	(24.1)%	5.1	5.1	0.0%
Far East	0.4	0.9	(55.6)%	1.3	0.8	62.5%
European part of Russia	19.2	19.0	1.1%	38.2	24.8	54.0%
Outside Russian Federation	0.9	1.2	(25.0)%	2.1	1.3	61.5%
<b>Total</b>	<b>40.5</b>	<b>50.7</b>	<b>(20.1)%</b>	<b>91.2</b>	<b>76.8</b>	<b>18.8%</b>
<b>Sales volumes</b>	<b>(bcm)</b>			<b>(bcm)</b>		
Western Siberia and Ural region	6.55	9.16	(28.5)%	15.71	16.12	(2.5)%
South Russia	0.63	0.85	(25.9)%	1.48	1.51	(2.0)%
Far East	0.18	0.21	(14.3)%	0.39	0.32	21.9%
European part of Russia	5.72	5.52	3.6%	11.24	7.42	51.5%
Outside Russian Federation	0.19	0.19	0.0%	0.38	0.39	(2.6)%
<b>Total</b>	<b>13.27</b>	<b>15.93</b>	<b>(16.7)%</b>	<b>29.20</b>	<b>25.76</b>	<b>13.4%</b>
<b>Average price</b>	<b>(th. RUB/th. of cubic metres)</b>			<b>(th. RUB/th. of cubic metres)</b>		
Western Siberia and Ural region	2.71	2.92	(7.2)%	2.83	2.78	1.8%
South Russia	3.50	3.44	1.7%	3.47	3.37	3.0%
Far East	2.45	4.15	(41.0) <sup>1</sup> %	3.37	2.53	33.2%
European part of Russia	3.35	3.44	(2.6)%	3.39	3.33	1.8%
Outside Russian Federation	5.15	5.98	(13.9)%	5.57	3.39	64.3%
<b>Total</b>	<b>3.06</b>	<b>3.18</b>	<b>(3.8)%</b>	<b>3.12</b>	<b>2.98</b>	<b>4.7%</b>

\*average price is calculated from unrounded figures.

<sup>1</sup>Price of previous period was revised due to the high volatility of the rouble. Excluding effect from price downturn of prior periods the price to Far East direction amounts to 2.85 th. RUB/th. of cubic metres in the second quarter of 2015.

Growth of sales volume by 13.4% (positive effect on revenue of RUB 10 billion) in the six months of 2015 compared to the six months of 2014 was due to increased sales under new contracts concluded in 2014 and extension of contracts' portfolio, which was accompanied by average price upturn by 4.7% (positive impact on revenues of RUB 4 billion).

In the second quarter of 2015 revenues from gas sales decreased in comparison with the first quarter of 2015 and amounted to RUB 40.5 billion. The decrease in sales volume was due to seasonal factor (end of the winter period and gas injection into storages) accompanied by reallocation of gas resources in the contract portfolio.

Since October 2014 the Company participates in the natural gas exchange trading at the St. Petersburg international commodity exchange. At the closing of trading sessions the Company supplied 464.1 mln cubic metres in the second quarter of 2015 and 367.4 mln cubic metres of gas to end-customers in the first quarter of 2015, respectively.

## Support Services and Other Revenues

Rosneft owns service companies which render construction, repair and other services mainly to the companies within the Group. Revenues from services rendered to third parties are reported in the consolidated statements of profit or loss.



The following table sets forth Rosneft's other revenues for the periods analysed:

	For 3 months ended			Change	For 6 months ended			Change		
	June 30, 2015		March 31, 2015		June 30, 2015		June 30, 2014			
		% of total revenue			% of total revenue		% of total revenue			% of total revenue
	<b>billion RUB ,except %</b>									
Drilling services	2.0	11.4%	3.0	15.7%	(33.3)%	5.0	13.7%	4.1	12.1%	22.0%
Sales of materials	6.1	34.9%	5.3	27.8%	15.1%	11.4	31.1%	10.4	30.7%	9.6%
Repairs and maintenance services	0.7	4.0%	0.8	4.2%	(12.5)%	1.5	4.1%	1.3	3.8%	15.4%
Rent services	0.9	5.1%	1.0	5.2%	(10.0)%	1.9	5.2%	1.7	5.0%	11.8%
Construction services	–	0.0%	0.1	0.5%	(100.0)%	0.1	0.3%	0.3	0.9%	(66.7)%
Transport services	3.5	20.0%	3.9	20.5%	(10.3)%	7.4	20.2%	5.1	15.0%	45.1%
Electric power sales and transmission	1.9	10.9%	2.3	12.0%	(17.4)%	4.2	11.5%	4.5	13.3%	(6.7)%
Other revenues	2.4	13.7%	2.7	14.1%	(11.1)%	5.1	13.9%	6.5	19.2%	(21.5)%
<b>Total</b>	<b>17.5</b>	<b>100.0%</b>	<b>19.1</b>	<b>100.0%</b>	<b>(8.4)%</b>	<b>36.6</b>	<b>100.0%</b>	<b>33.9</b>	<b>100.0%</b>	<b>8.0%</b>

Support services and other revenues were 8.4% lower in the second quarter of 2015 compared to the first quarter of 2015 due to the seasonal factor: reduction of heat and electricity consumption in the summer period and scheduled repairs and maintenance of drilling rigs.

Support services and other revenues were 8.0% higher in the six months of 2015 compared to the six months of 2014 due to increased volume of transshipment and transportation and due to acquisition of drilling assets in the second quarter of 2014.

### Adjustment of revenue hedging

In accordance with IAS 39, *Financial instruments: recognition and measurement* the Company applies hedge accounting in the financial statements to account for the effects of a natural hedge between a portion of its export revenues and liabilities denominated in U.S. dollars, effective from October 1, 2014<sup>1</sup>. A portion of future monthly export revenues expected to be received in U.S. dollars over the following five years is designated as a hedged item. Debt liabilities of the Company in U.S. dollars to third parties are designated as hedging instruments. The nominal amounts of the hedged item and the hedging instruments are equal. To the extent that a change in foreign currency rate impacts the hedging instrument, the effects are recognized in other comprehensive income/(loss).

Upon completion of the hedged transaction the related exchange differences temporarily held within equity are released to profit or loss for the period within revenue.

The deferred effect of hedged operations was recognized in the amount of RUB 25 billion and RUB 33 billion in the revenues in the second and first quarters of 2015, respectively.

### Equity share in profits/(losses) of downstream associates and joint ventures

The equity share in net financial results (profits) of downstream associates and joint ventures amounted to RUB 4 billion.<sup>2</sup> The equity share in net financial results of downstream associates and joint ventures was RUB 3 billion in the six months of 2015.

<sup>1</sup> Refer to “Management of foreign exchange risk in terms of high Russian rouble fluctuation” section on page 6.

<sup>2</sup> The equity share in net financial results of Upstream associates and joint ventures see in the section “Upstream operating results”.

## Downstream production and operating cost

Downstream operating expenses include:

	<i>For 3 months ended</i>		<i>% change</i>	<i>For 6 months ended</i>		<i>% change</i>
	<i>June 30, 2015</i>	<i>March 31, 2015</i>		<i>June 30, 2015</i>	<i>June 30, 2014</i>	
Operating expenses at refineries in Russia	18.6	17.8	4.8%	36.4	31.1	17.2%
Operating expenses at refineries outside Russia	5.1	6.3	(18.0)%	11.4	8.4	36.0%
Cost of additives and materials procured for ROG processing	19.5	8.6	>100.0%	28.1	17.9	57.0%
Operating expenses of sales companies	14.1	14.5	(2.8)%	28.6	20.8	37.5%
<i>Intragroup inventory effect and others</i>	<i>(6.3)</i>	<i>0.8</i>	<i>&lt;100.0%</i>	<i>(5.5)</i>	<i>4.8</i>	<i>&lt;100.0%</i>
<b>Total Downstream Operating expenses</b>	<b>51.0</b>	<b>48.0</b>	<b>6.3%</b>	<b>99.0</b>	<b>83.0</b>	<b>19.3%</b>

Downstream operating expenses increased by 6.3% in the second quarter of 2015 compared with the first quarter of 2015 and amounted to RUB 51 billion mainly due to increased turnaround expenses of Rosneft's refineries in Russia (seasonal factor) and increase in costs of additives and materials procured for ROG processing sales, compensated by decrease in sales of intragroup inventories.

### Operating expenses at Company's refineries

The table below shows operating expenses at Rosneft's refineries:

	<i>For 3 months ended</i>		<i>% change</i>	<i>For 6 months ended</i>		<i>% change</i>
	<i>June 30, 2015</i>	<i>March 31, 2015</i>		<i>June 30, 2015</i>	<i>June 30, 2014</i>	
<b>Operating expenses at refineries in Russia (RUB billion)</b>	<b>18.63</b>	<b>17.77</b>	4.8%	36.40	31.05	17.2%
Operating expenses per tonne of petroleum product and petrochemical output (RUB per tonne)	996	923	7.9%	959	834	15.0%
Operating expenses per tonne of crude oil throughput (RUB per tonne)	991	899	10.2%	944	806	17.1%
<b>Operating expenses at refineries outside Russia (RUB billion)*</b>	<b>5.14</b>	<b>6.27</b>	<b>(18.0)%</b>	<b>11.41</b>	<b>8.39</b>	<b>36.0%</b>
Operating expenses per tonne of petroleum product and petrochemical output (RUB per tonne)	1,717	2,437	(29.5)%	2,050	1,636	25.3%
Operating expenses per tonne of crude oil throughput (RUB per tonne)	1,917	2,371	(19.1)%	2,142	1,652	29.7%
<b>Total operating expenses at Rosneft's refineries (RUB billion)</b>	<b>23.77</b>	<b>24.04</b>	<b>(1.1)%</b>	<b>47.81</b>	<b>39.44</b>	<b>21.2%</b>

\*Refineries outside Russia also procured the additives and materials for processing: in the second quarter of 2015 – RUB 19.5 billion, in the first quarter of 2015 – RUB 8.6 billion, in the six months of 2015 – RUB 28.1 billion, in the six months of 2014 – RUB 17.9 billion.

Operating expenses of Rosneft's refineries were RUB 23.77 billion in the second quarter of 2015, which is a decrease by 1.1% compared with the first quarter of 2015. In the six months of 2015 operating expenses were RUB 47.81 billion, compared with RUB 39.44 billion in the six months of 2014.

Operating expenses of Rosneft's refineries in Russia were RUB 18.63 billion in the second quarter of 2015, an increase by 4.8% compared with the first quarter of 2015. The increase resulted from the scheduled turnaround expenses. In the six months of 2015 operating expenses of Rosneft's refineries in Russia increased by 17.2% compared with the six months of 2014 due to growth of raw materials (additives) costs resulted from an increase in production of ecological fuel of level EURO - 4 and above.

Operating expenses of Rosneft's refineries outside of Russia decreased in the second quarter of 2015 by 18.0% in comparison with the first quarter of 2015 due to RUB appreciation by 17% which had positive impact on operating expenses denominated in EUR currency, partially compensated by production volumes growth. The increase in operating expenses of Rosneft's refineries outside of Russia in the six months of 2015 was 36.0% in comparison with the six months of 2014 due to RUB depreciation which had negative impact on operating expenses denominated in EUR currency at Rosneft's units outside Russia.

In the second quarter of 2015 operating costs per tonne of crude oil throughput of Rosneft's refineries in Russia increased by 10.2% compared with the first quarter of 2015 and amounted to RUB 991 per tonne. The increase was mainly due to higher turnaround expenses. The increase in the six months of 2015 was 17.1% in comparison with the six months of 2014 due to increased material supply and electricity tariffs.

Operating expenses per tonne of crude oil throughput of Rosneft's refineries outside Russia were 1,917 RUB per tonne in the second quarter of 2015 which is a decrease of 19.1% compared with the first quarter of 2015. The decrease in operating expenses per tonne of crude oil throughput was mainly due to RUB appreciation which had negative impact on operating expenses denominated in EUR currency at Rosneft's units outside Russia.

## Cost of Purchased Oil, Gas and Petroleum Products and Refining Costs

The following table shows Rosneft's crude oil, gas and petroleum products procurement costs and volumes and third-party refining costs<sup>1</sup>:

	For 3 months ended		% change	For 6 months ended		% change
	June 30, 2015	March 31, 2015		June 30, 2015	June 30, 2014	
<b>Crude oil procurement</b>						
Cost of crude oil procured (RUB billion)	103	95	8.4%	198	197	0.5%
including Domestic market	49	40	22.5%	89	72	23.6%
International market	54	55	(1.8)%	109	125	(12.8)%
Volume of crude oil procured (million of barrels)	42.9	40.6	5.7%	83.5	77.3	8.0%
including Domestic market	25.5	23.5	8.5%	49.0	44.8	9.4%
International market	17.4	17.1	1.8%	34.5	32.5	6.2%
<b>Gas procurement<sup>2</sup></b>						
Cost of gas procured (RUB billion)	3.8	6.5	(41.5)%	10.3	12.8	(19.5)%
Volume of gas procured (bcm)	2.15	3.81	(43.6)%	5.96	6.80	(12.4)%
<b>Petroleum products procurement</b>						
Cost of petroleum product procured (RUB billion)*	23	14	64.3%	37	20	85.0%
Volume of petroleum product procured (million of tonnes)	0.87	0.42	>100%	1.29	0.72	79.2%
<b>Crude oil, gas and petroleum products refining services</b>						
Cost of refining of crude oil under processing agreements (RUB billion)	8.0	7.4	8.1%	15.4	12.4	24.2%
Volumes of crude oil and petroleum products, refined under processing agreements (million of tonnes)	2.7	2.2	22.7%	4.9	5.5	(10.9)%
Volumes of refining of gas under processing agreements (bcm)	2.5	2.9	(13.8)%	5.4	3.8	42.1%
<b>Total cost of procured oil, gas and petroleum products and refining costs (RUB billion)</b>	<b>138</b>	<b>123</b>	<b>12.2%</b>	<b>261</b>	<b>242</b>	<b>7.9%</b>

\*Average procurement price of petroleum products from third parties may be higher than the average selling price of petroleum products due to differences in the mix of procured and sold petroleum products.

<sup>1</sup>Cost of purchases under IFRS consolidated financial statements.

<sup>2</sup>Including cost of Upstream segment in the amount of RUB 3 billion, RUB 6 billion, RUB 9 billion and RUB 8 billion in the second quarter of 2015, in the first quarter of 2015, in the six months of 2015 and in the six months of 2014, respectively, and cost of Downstream segment in the amount of RUB 0.8 billion, RUB 0.5 billion, RUB 1.3 billion and RUB 4.8 billion in the second quarter of 2015, in the first quarter of 2015, in the six months of 2015 and in the six months of 2014, respectively.

### Crude oil procurement

Rosneft purchases crude oil primarily from its associates to process it at own refineries or export. Rosneft procures crude oil on the international market to supply it to Ruhr Oel GmbH (ROG) refineries.

The structure of crude oil purchases is provided in the table below:

	For 3 months ended		% change	For 6 months ended		% change
	June 30, 2015	March 31, 2015		June 30, 2015	June 30, 2014	
	mln barrels			mln barrels		
International market	17.4	17.1	1.8%	34.5	32.5	6.2%
Udmurtneft	7.0	6.4	9.4%	13.4	11.9	12.6%
Slavneft	14.1	14.3	(1.4)%	28.4	25.1	13.1%
Others	4.4	2.8	57.1%	7.2	7.8	(7.7)%
<b>Total</b>	<b>42.9</b>	<b>40.6</b>	<b>5.7%</b>	<b>83.5</b>	<b>77.3</b>	<b>8.0%</b>

Rosneft performs oil swap operations in order to optimize transportation costs of deliveries to refineries. Revenues and costs related to these operations are shown on a net basis in the "Pipeline tariffs and Transportation costs" line of the consolidated statement of profit and loss.

The volume of swap was 1.9 mln barrels and 1.8 mln barrels in the second quarter of 2015 and in the first quarter of 2015, respectively.

### ***Petroleum products procurement***

Petroleum products from third parties are procured primarily to cover current needs of Rosneft's retail subsidiaries. Procurement of petroleum products is exposed to seasonal fluctuations of volumes and mix. Procurement prices may significantly vary depending on regional markets. Petroleum products outside Russia were purchased primarily for sale on the foreign markets.

The table below sets forth Rosneft's costs, volumes and average prices per tonne of petroleum products procured from third parties:

	<i>For 3 months ended</i>						<i>% change</i>		
	<b>June 30, 2015</b>			<b>March 31, 2015</b>			<b>RUB billion</b>	<b>million of tonnes</b>	<b>Average price th. RUB/tonne</b>
	<b>RUB billion</b>	<b>million of tonnes</b>	<b>Average price th. RUB/tonne</b>	<b>RUB billion</b>	<b>million of tonnes</b>	<b>Average price th. RUB/tonne</b>			
<b><i>Petroleum products procurement in Russia</i></b>									
High octane gasoline	2	0.07	35.4	1	0.04	34.5	100.0%	75.0%	2.6%
Diesel	2	0.06	31.4	2	0.06	30.3	–	–	3.6%
Fuel oil	0	0.00	13.0	0	0.00	12.2	–	–	6.6%
Jet fuel	0	0.01	26.3	0	0.00	25.2	–	100.0%	4.4%
Other	2	0.04	26.0	1	0.02	23.5	100.0%	>100%	10.6%
<b><i>Petroleum products procured outside Russia</i></b>									
	<b>17</b>	<b>0.69</b>	<b>25.0</b>	<b>10</b>	<b>0.30</b>	<b>33.9</b>	<b>70.0%</b>	<b>&gt;100%</b>	<b>(26.3)%</b>
<b>Total</b>	<b>23</b>	<b>0.87</b>	<b>26.5</b>	<b>14</b>	<b>0.42</b>	<b>34.5</b>	<b>64.3%</b>	<b>&gt;100%</b>	<b>(23.2)%</b>

The volume of petroleum product procured in the second quarter of 2015 increased by 107.1% compared with the first quarter of 2015. Increased procurement of petroleum products outside Russia was due to increased sales of petroleum products under long-term agreements.

	<i>For 6 months ended</i>						<i>% change</i>		
	<b>June 30, 2015</b>			<b>June 30, 20154</b>			<b>RUB billion</b>	<b>million of tonnes</b>	<b>Average price th. RUB/tonne</b>
	<b>RUB billion</b>	<b>million of tonnes</b>	<b>Average price th. RUB/tonne</b>	<b>RUB billion</b>	<b>million of tonnes</b>	<b>Average price th. RUB/tonne</b>			
<b><i>Petroleum products procurement in Russia</i></b>									
High octane gasoline	3	0.11	34.6	3	0.12	31.6	–	(8.3)%	9.5%
Diesel	4	0.12	30.8	6	0.20	28.3	(33.3)%	(40.0)%	8.8%
Fuel oil	0	0.00	12.4	2	0.10	13.2	(100.0)%	(100.0)%	(6.1)%
Jet fuel	0	0.01	26.3	1	0.02	27.3	(100.0)%	(50.0)%	(3.7)%
Other	3	0.06	26.6	0	0.02	29.6	100.0%	>100%	(10.1)%
<b><i>Petroleum products procured outside Russia</i></b>									
	<b>27</b>	<b>0.99</b>	<b>27.7</b>	<b>8</b>	<b>0.26</b>	<b>31.9</b>	<b>&gt;100%</b>	<b>&gt;100%</b>	<b>(13.2)%</b>
<b>Total</b>	<b>37</b>	<b>1.29</b>	<b>29.1</b>	<b>20</b>	<b>0.72</b>	<b>28.1</b>	<b>85.0%</b>	<b>79.2%</b>	<b>3.6%</b>

The petroleum products volume procured increased by 79.2% in the six months of 2015 compared to the six months of 2014. Average purchase prices may be different from average sale prices depending on different regional structure of purchases (mix structure) and sales and difference in quality of the petroleum products.

### ***Petroleum products procurement outside Russia***

Petroleum products procured outside Russia amounted to RUB 17 billion (0.69 million tonnes) in the second quarter of 2015. Increased procurement of petroleum products outside Russia is due to increased sales of petroleum products under long-term agreements.

### ***Gas procurement and crude oil and gas processing, petroleum products processing***

Starting from April 2014, associated petroleum gas sales to Sibur Holding and purchases of dry stripped gas from "Sibur" are presented on a net basis in the Company's financial statements in processing costs in the amount of RUB 3.58 billion in the second quarter of 2015 and RUB 3.63 billion in the first quarter of 2015.

Gas purchases amounted to RUB 3.8 billion in the second quarter of 2015, a decrease of 41.5% compared with the first quarter of 2015 which was due to seasonal factor and fulfilment of demand by own resources. Gas purchases in the six months of 2015 decreased by 19.5% compared with the six months of 2014 due to the fulfilment of market demand by own resources.

Crude oil and gas processing expenses increased in the second quarter of 2015 in comparison with the first quarter of 2015 by 8.1% due to utilization recovery at Mozyr refinery after temporary ceasing of processing at Mozyr refinery under processing agreement in the first quarter of 2015.

## Pipeline Tariffs and Transportation Costs

Transportation costs are costs incurred by Rosneft to transport crude oil for refining and to end customers, and to deliver petroleum products from refineries to end customers (these may include pipeline tariffs and railroad tariffs, handling costs, port fees, sea freight and other costs) and also costs to transport gas via gas pipeline system.

In the second quarter of 2015 Rosneft's transportation costs decreased by 9.7% and amounted to RUB 130 billion compared to the first quarter of 2015. The reduction in transportation costs was mainly due to logistic optimization: increase in share of waterborne transportation and decrease in share of more expensive railroad transportation.

The table below sets forth the comparison (quarter-on-quarter basis) of costs per tonne of crude oil and petroleum products transported by pipeline, railroad and mixed transportation and gas transportation costs via gas pipeline system:

	For 3 months ended								% change		
	June 30, 2015				March 31, 2015				Volume	Cost	Cost per tonne
	Volume, mln tonnes	Share in export volumes	Cost, bln RUB	Cost per tonne, th.RUB/t	Volume, mln tonnes	Share in export volumes	Cost, bln RUB	Cost per tonne, th.RUB/t			
<b>CRUDE OIL</b>											
<b><u>International sales</u></b>											
Pipeline	26.0	95.6%	46.0	1.77	25.0	94.3%	44.2	1.78	4.0%	4.1%	(0.6)%
Railroad and mixed	1.2	4.4%	3.8	3.13	1.5	5.7%	5.5	3.46	(20.0)%	(30.9)%	(9.5)%
<b><u>Transportation to refineries</u></b>											
Pipeline <sup>1</sup>	22.2		18.1	0.82	22.5		18.8	0.84	(1.3)%	(3.7)%	(2.4)%
Railroad and mixed	1.6		6.3	3.94	1.5		6.8	4.43	6.7%	(7.4)%	(11.1)%
<b>PETROLEUM PRODUCTS</b>											
<b><u>International sales</u></b>											
Pipeline	1.2	7.1%	3.1	2.71	1.4	8.1%	3.6	2.64	(14.3)%	(13.9)%	2.7%
Railroad and mixed	13.3	79.2%	33.3	2.50	13.5	78.0%	42.1	3.11	(1.5)%	(20.9)%	(19.6)%
Pipeline and FCA <sup>2</sup>	2.3	13.7%			2.4	13.9%			(4.2)%		
<b>GAS</b>											
Pipeline <sup>3</sup>	bcm				bcm						
	9.5		9.5		11.1		11.2		(14.4)%	(15.2)%	
<b>Other transportation expenses<sup>4</sup></b>											
			10				12			(16.7)%	
<b>Total</b>	<b>67.8</b>		<b>130</b>		<b>67.8</b>		<b>144</b>		<b>0.0%</b>	<b>(9.7)%</b>	

<sup>1</sup> Including crude oil purchased on international market, which was directed to Ruhr Oel GmbH (ROG).

<sup>2</sup> Rosneft exported part of petroleum products in the second quarter of 2015 and in the first quarter of 2015 through its own pipeline in the town of Tuapse, and on FCA terms, where Rosneft does not bear transportation expenses directly, except for transshipment and dispatching cargo costs.

<sup>3</sup> Part of gas volumes was dispatched on terms under which Rosneft does not bear transportation expenses. In the second quarter of 2015 and first quarter of 2015 these volumes amounted to 3.8 bcm and 4.8 bcm respectively.

<sup>4</sup> Other transportation expenses include cost of railroad transportation of petroleum products from refineries to tank farms and road transportation from tank farms to fuel filling station.

Crude oil pipeline transportation cost per tonne of international sales in the second quarter of 2015 remained practically unchanged and amounted to RUB 1.77 thousand.

The decrease in crude oil railroad and mixed transportation cost per tonne of international sales was 9.5% due to the change in transportation structure.

Crude oil pipeline transportation cost per tonne of supplies to refineries decreased by 2.4% in the second quarter of 2015 compared to the first quarter of 2015 which was due to logistic optimization.

Crude oil railroad and mixed transportation cost per tonne of supplies to refineries in the second quarter of 2015 decreased by 11.1% compared to the first quarter of 2015 due to use of new routes (transportation via shorter routes).

The increase in pipeline cost per tonne of petroleum product international sales was 2.7% in the second quarter of 2015 compared to the previous quarter mainly due to increased export transportation tariffs for petroleum product.

Railroad and mixed transportation cost per tonne of petroleum product international sales decreased by 19.6% in the second quarter of 2015 compared to the first quarter of 2015 due to reduction of volumes delivered by railroad and simultaneous increase in share of waterborne transportation following the start of navigation period.

Gas transportation costs decrease by 15.2% in the second quarter of 2015 compared to the first quarter of 2015 was due to seasonal factor which resulted in reduction of gas sales volumes. In 2014 and in the first half of 2015 indexation of gas transportation tariffs was not carried out. Starting from July 1, 2015 gas pipeline transportation tariffs for independent producers were increased by 2 % on average in the direction to domestic market and to state-participants of the Custom Union.

The table below sets forth comparison for costs per tonne of crude oil and petroleum products transported by pipeline, railway and mixed transportation and gas transportation costs via gas pipeline system in the six months ended June 30, 2015 and 2014:

	For 6 months ended								% change		
	June 30, 2015				June 30, 2014				Volume	Cost	Cost per tonne
	Volume, mln tonnes	Share in export volumes	Cost, bln RUB	Cost per tonne, th.RUB/t	Volume, mln tonnes	Share in export volumes	Cost, bln RUB	Cost per tonne, th.RUB/t			
<b>CRUDE OIL</b>											
<b><u>International sales</u></b>											
Pipeline	51.0	95.0%	90.2	1.77	49.6	94.3%	79.4	1.60	2.8%	13.6%	10.6%
Railroad and mixed	2.7	5.0%	9.3	3.31	3.0	5.7%	7.7	2.61	(10.0)%	20.8%	26.8%
<b><u>Transportation to refineries</u></b>											
Pipeline <sup>1</sup>	44.7		36.9	0.83	44.6		36.6	0.82	0.2%	0.8%	1.2%
Railroad and mixed	3.1		13.1	4.18	3.3		13.9	4.16	(6.1)%	(5.8)%	0.5%
<b>PETROLEUM PRODUCTS</b>											
<b><u>International sales</u></b>											
Pipeline	2.6	7.6%	6.7	2.67	2.1	6.6%	4.6	2.20	23.8%	45.7%	21.4%
Railroad and mixed	26.8	78.6%	75.4	2.81	25.9	81.5%	58.6	2.25	3.5%	28.7%	24.9%
Pipeline and FCA <sup>2</sup>	4.7	13.8%			3.8	11.9%			23.7%		
<b>GAS</b>	bcm				bcm						
Pipeline <sup>3</sup>	20.6		20.7		16.6		15.0		24.1%	38.0%	
<b>Other transportation expenses <sup>4</sup></b>			22				19			15.8%	
<b>Total</b>	<b>135.6</b>		<b>274</b>		<b>132.3</b>		<b>235</b>		<b>2.5%</b>	<b>16.6%</b>	

<sup>1</sup> Including crude oil purchased on international market, which was directed to Ruhr Oel GmbH (ROG).

<sup>2</sup> Rosneft exported part of petroleum products in the six months of 2015 and 2014 through its own pipeline in the town of Tuapse, and on FCA terms, where Rosneft does not bear transportation expenses directly, except for transshipment and dispatching cargo costs.

<sup>3</sup> Part of gas volumes was dispatched on terms where Rosneft does not bear transportation expenses. In the six months of 2015 and 2014 these volumes amounted to 8.6 bcm and 9.2 bcm respectively.

<sup>4</sup> Other transportation expenses include cost of railroad transportation of petroleum products from refineries to tank farms and road transportation from tank farms to fuel filling stations.

The increase in transportation costs per tonne of products sold (for crude oil and petroleum products) almost for every type of transport in the six months of 2015 compared with the six months of 2014 mainly resulted from tariffs indexation and change in transportation structure.

## Excise tax

In the second quarter of 2015 excise tax was RUB 24 billion in comparison with RUB 27 billion in the first quarter of 2015. In the six months of 2015 and 2014 excise tax was RUB 51 billion and RUB 68 billion respectively.



insurance expenses (except for insurance of oil and gas production and refining entities), maintenance of social infrastructure, lease expenses, allowances for doubtful accounts and other general expenses.

General and administrative expenses in the second quarter of 2015 was RUB 32 billion. The company continues to strengthen control over administrative expenses. General and administrative expenses in the six months of 2015 and 2014 were RUB 59 billion and RUB 54 billion.

### Depreciation, Depletion and Amortization

Depreciation, depletion and amortization include depreciation of crude oil and gas producing assets, and other production and corporate assets.

Depreciation, depletion and amortization were RUB 123 billion in the second quarter of 2015 compared to RUB 121 billion in the first quarter of 2015. The increase was due to putting of new fixed assets into operation and effect from the acquisition of Novokuibyshevsk petrochemical refinery in the first quarter of 2015.

Increase in depreciation, depletion and amortization by 14% in the six months of 2015 compared to the same period of 2014 was due to putting of new fixed assets into operation.

### Taxes Other than Income Tax

Taxes other than income tax include the mineral extraction tax, the excise tax, the property tax and other taxes. The basis for calculation of mineral extraction tax is described under “Macroeconomic Factors Affecting Results of Operations – Mineral Extraction Tax” above.

The following table sets forth Rosneft’s taxes other than income tax (excluding export duties) for the periods analysed:

	<i>For 3 months ended</i>		<i>% change</i>	<i>For 6 months ended</i>		<i>% change</i>
	<i>June 30, 2015</i>	<i>March 31, 2015</i>		<i>June 30, 2015</i>	<i>June 30, 2014</i>	
	<b>RUB billion, except %</b>					
Mineral extraction tax	302	289	4.5%	591	509	16.1%
Excise tax	24	27	(11.1)%	51	68	(25.0)%
Social security tax	12	12	–	24	22	9.1%
Property tax	8	8	–	16	14	14.3%
Other taxes, interest, penalties and other payments to budget	3	2	50.5%	5	3	66.7%
<b>Total taxes other than income tax</b>	<b>349</b>	<b>338</b>	<b>3.3%</b>	<b>687</b>	<b>616</b>	<b>11.5%</b>

Taxes other than income tax were RUB 349 billion and increased by 3.3% in the second quarter of 2015, compared with RUB 338 billion in the first quarter of 2015. The increase was mainly due to increased mineral extraction tax rate (by 3.5% in rouble terms).

In the six months of 2015 taxes other than income tax increased by 11.5% in comparison with same period of 2014 mainly due to increase in extraction tax base rate by 13.9% (in rouble terms).

### Finance Income and Expenses

Finance income and expenses include interest received on deposits, deposit certificates and loans issued, interest paid on loans and borrowings received, results from changes in fair value of financial assets measured at fair value, results from operations with derivative financial instruments, increase in provision due to unwinding of discount, results from disposal of financial assets and other finance income and expenses.

In the second quarter of 2015 net finance expenses decreased to RUB 26 billion compared to RUB 88 billion in the first quarter of 2015 mainly due to completion of operations with derivative financial instruments.

In the six months of 2015 net finance expenses increased to RUB 114 billion compared to RUB 39 billion in the six months of 2014 mainly due to negative results from operations with derivative financial instruments, caused by significant RUB depreciation against USD, and the increase in interest expenses due to the increase in interest rates.

### Other income and other expenses

In the second quarter of 2015 other income was RUB 28 billion and includes written off of liabilities referred to legal proceeding which was settled out completely.

In the six months of 2014 other income was RUB 62 billion and includes income from the sale of a 49% stake of LLC Yugragazpererabotka (RUB 56 billion).



In the second quarter of 2015 other expenses amounted to RUB 17 billion compared to RUB 11 billion in the first quarter of 2015. Other expenses include effect of fixed assets disposal in the course of operating activities and other expenses. In the six months of 2015 and 2014 other expenses were RUB 28 billion and RUB 23 billion, respectively.

### Foreign Exchange (Loss)/Gain

Foreign exchange effect is mostly attributed to monthly revaluation of assets and liabilities denominated in foreign currency at the exchange rate at the end of the period. Changes were mainly related to revaluation of assets and liabilities denominated in foreign currency as a result of the significant depreciation of the RUB against the USD.

In accordance with IAS 39, *Financial instruments: recognition and measurement* the Company applies hedge accounting in the financial statements to account for the effects of a natural hedge between a portion of its export revenues and liabilities denominated in U.S. dollars, effective on October 1, 2014<sup>1</sup>. A portion of future monthly export revenues expected to be received in U.S. dollars over the following five years is designated as a hedged item. Debt liabilities of the Company in U.S. dollars to third parties are designated as hedging instruments. The nominal amounts of the hedged item and the hedging instruments are equal. To the extent that a change in foreign currency rate impacts the hedging instrument, the effects are recognized in other comprehensive income/(loss). Upon completion of the hedged transaction the related exchange differences temporarily held within equity are released to profit or loss for the period within revenue.

In the second quarter of 2015 foreign exchange loss recognized in profit and loss statement was RUB 5 billion.

The effect from capitalization of the foreign exchange differences on capital loans to fund capital expenditures amounted to RUB 16.4 billion in the six months of 2015.

In the six months of 2014 foreign exchange loss was RUB 55 billion. In the six months of 2014 in accordance with effective IFRS accounting polices separate effect of capitalization of foreign exchange differences from foreign currency loans taken out to fund capital expenditures was not calculated.

### Income Tax

The following table sets forth the Company's effective income tax rate under IFRS for the periods analysed:

	<i>For 3 months ended</i>		<i>For 6 months ended</i>	
	<b>June 30, 2015</b>	<b>March 31, 2015</b>	<b>June 30, 2015</b>	<b>June 30, 2014</b>
Effective income tax rate under IFRS	20.5%	21.1%	20.7%	19.7%

The Company applies the provisions of IAS 12 "Income taxes" to determine effective tax rate.

In accordance with Statement of comprehensive income, income tax expense was RUB 34 billion, RUB 15 billion and RUB 64 billion in the second and the first quarters of 2015 and in the six months of 2014, respectively. In the six months of 2015 the decrease in income tax to RUB 49 billion was due to lower tax base compared to the same period of 2014.

### Net Income

Net income amounted to RUB 134 billion in the second quarter of 2015 compared to the net income of RUB 56 billion in the first quarter of 2015. In the second quarter of 2015 net income includes all operating and financial effects mentioned above and net effect of foreign exchange cash flow hedges in the amount of RUB 60 billion recognized in "Other comprehensive income/(loss)".

Net income amounted to RUB 190 billion and RUB 260 billion in the six months of 2015 and 2014 respectively. Excluding gain from the sale of LLC "Yugragazpererabotka" of RUB 45 billion (net result) the net profit for the six months of 2014 was RUB 215 billion.

<sup>1</sup> See p. 6 "Management on foreign exchange risk in terms of high russian rouble fluctuation"

## Liquidity and Capital Resources

### Cash Flows

The principal items of the statement of cash flows for the periods analysed are as follows:

	<i>For 3 months ended</i>		<i>change</i>	<i>For 6 months ended</i>		<i>change</i>
	<b>June 30, 2015</b>	<b>March 31, 2015</b>		<b>June 30, 2015</b>	<b>June 30, 2014</b>	
	<b>RUB billion</b>		<b>times</b>	<b>RUB billion</b>		<b>times</b>
Net cash provided by operating activities	331	238	1.4	569	902	0.6
Net cash provided by/(used in) investing activities	(112)	12	–	(100)	(627)	0.2
Net cash used in financing activities	(129)	(349)	0.4	(478)	(441)	1.1

#### Net cash provided by operating activities

Net cash provided by operating activities amounted to RUB 331 billion in the second quarter of 2015 compared to RUB 238 billion in the first quarter of 2015.

Operating cash flow includes operations with trading securities as part of the Company's efforts to manage cash resources (net inflow was RUB 1 billion in the second quarter of 2015 and in the first quarter of 2015, respectively).

Net cash provided by operating activity adjusted for the above operations amounted to RUB 330 billion in the second quarter of 2015 (adjusted for operations with trading securities in the amount of RUB 1 billion), RUB 237 billion in the first quarter of 2015 (adjusted for operations with trading securities in the amount of RUB 1 billion).

Net cash provided by operating activity through the presented periods is given in the table below:

	<i>For 3 months ended</i>		<i>change</i>	<i>For 6 months ended</i>		<i>change</i>
	<b>June 30, 2015</b>	<b>March 31, 2015</b>		<b>June 30, 2015</b>	<b>June 30, 2014</b>	
	<b>RUB billion</b>		<b>times</b>	<b>RUB billion</b>		<b>times</b>
<b>Net cash provided by operating activity</b>	<b>331</b>	<b>238</b>	<b>1.4</b>	<b>569</b>	<b>902</b>	<b>0.6</b>
<i>Effect from operation with trading securities</i>	(1)	(1)	1.0	(2)	(1)	2.0
<b>Adjusted net cash provided by operating activity</b>	<b>330</b>	<b>237</b>	<b>1.4</b>	<b>567</b>	<b>901</b>	<b>0.6</b>
<i>Offsetting of prepayments under long term supply contracts<sup>1</sup></i>	21	21	1.0	42	(431)	0.1
<b>Adjusted net cash provided by operating activity before change in working capital</b>	<b>351</b>	<b>258</b>	<b>1.4</b>	<b>609</b>	<b>470</b>	<b>1.3</b>

<sup>1</sup>Settlement of prepayments received in prior periods under long-term supply contracts started in 2015. In prior periods one off prepayments received under long-term contracts were adjusted with the purpose to estimate operating cash flow on a straight line basis.

In the second quarter of 2015 the increase in adjusted operating cash flow was due to change in working capital by RUB 41 billion resulted from decrease in collection period of trade receivables and decrease in current prepayments. In the six months of 2015 and 2014 adjusted operating cash flow was RUB 609 billion and RUB 470 billion, respectively.

Despite unfavorable macroeconomic environment the Company continues to generate a positive cash flow in the six months of 2015 through effective working capital management.

#### Net cash used in/(provided by) investing activities

Net cash used in investing activities was RUB 112 billion in the second quarter of 2015 compared to RUB 12 billion provided by investing activities in the first quarter of 2015. The increase in cash used in investing activities was mainly due to increase in capital expenditures and decrease in sales of short-term financial assets compared to the first quarter of 2015.

Net cash used in investing activities in the six months of 2014 is significantly higher than the result of the current period due to acquisition of short-term financial assets.



In the second quarter of 2015 upstream capital expenditures amounted to RUB 110 billion. The increase (by 14.6%) compared with the first quarter of 2015 was due to growth of production drilling (over 20%) in the Western Siberia region and growth of construction volumes on the new high priority projects. In the six months of 2015 upstream capital expenditures amounted to RUB 206 billion. A significant increase in capital expenditures of 26.4% compared to the six months of 2014 was due to increased volume of production drilling and workovers (over 50% compared with the first half of 2014) resulted from increased drilling supply and accelerated development of new wells.

In the second quarter of 2015 downstream capital expenditures remained almost unchanged and amounted to RUB 29 billion. In the six months of 2015 downstream capital expenditures amounted to RUB 59 billion.

In the second quarter of 2015 capital expenditures of refineries decreased by 7.1% to RUB 26 billion compared with RUB 28 billion in the first quarter of 2015. In the six months of 2015 capital expenditures of refineries amounted to RUB 54 billion. Works are mainly performed under a refinery upgrade program in Russia and maintenance programs of existing capacities.

Capital expenditures of other activities related to scheduled purchases of transport and other equipment were RUB 4 billion in the six months of 2015.

The license acquisition costs in the second quarter of 2015 in the amount of RUB 1.2 billion refer to acquisition of licenses for research, exploration and production of hydrocarbons at fields located in the Western-Siberian region.

In the second quarter of 2015 the Company received cash from the repayment of advances issued in the amount of RUB 4.5 billion for the participation in the auction aimed to acquiring new licenses for research, exploration and production at Ai-Yaunsky blocks located in Western-Siberian region.<sup>1</sup>

The license acquisition costs in the first quarter of 2015 in the amount of RUB 4.5 billion refer to advances issued for the participation in the auction aimed to acquiring licenses for research, exploration and production at Ai-Yaunsky block located in Western-Siberian region.

In the first quarter of 2015 the Company received cash from the repayment of advances issued in the previous quarter in the amount of RUB 7.7 billion for the participation in the auction aimed to acquiring new licenses for research, exploration and production at blocks located in Western-Siberian region.<sup>1</sup>

<sup>1</sup> Starting from 2015 all cash receipts from the repayment of advances issued for the participation in the auctions which were called off or were won by other participants are recorded in line "Return of auction advances" of Consolidated Statement of cash flows.

## Debt Obligations

Rosneft net debt amounts to RUB 2,215 billion as of June 30, 2015 compared to RUB 2,529 billion as of March 31, 2015. Rosneft's total loans and borrowings and other financial liabilities was RUB 3,013 billion as of June 30, 2015 compared to RUB 3,272 billion as of March 31, 2015. The decrease was mainly attributable to early and the scheduled repayment of loans and to effect of foreign currency debt revaluation.

Portion of Rosneft's long-term loans is secured by oil export contracts. If the Company fails to make timely debt repayments, the terms of such contracts normally provide the lender with an express right of claim for contractual revenue in the amount of failing loan repayments.

As of June 30, 2015, March 31, 2015, and June 30, 2014: 29.8%, 29.4% and 26.1% respectively, of Rosneft's borrowings were secured by crude oil export contracts (excluding exports to the CIS). As of June 30, 2015, March 31, 2015, and June 30, 2014 pledged oil exports constituted 4.9%, 5.0% and 4.2% respectively, of the total crude oil export sales for the analysed period (excluding export to the CIS).

The calculation of the net debt is disclosed in the following table:

As of the date	June 30, 2015	March 31, 2015	June 30, 2014
	<b>RUB billion</b>		
Short-term debt and other short-term liabilities	1,031	1,119	883
Long-term debt and other long-term liabilities	1,982	2,153	1,326
<b>Total debt</b>	<b>3,013</b>	<b>3,272</b>	<b>2,209</b>
Cash and cash equivalents	213	126	142
Other short-term financial assets	585	617	542
<b>Net debt</b>	<b>2,215</b>	<b>2,529</b>	<b>1,525</b>

*\*revised data*

## Key consolidated financial highlights (in RUB terms)

Rosneft monitors and evaluates its activities on an ongoing basis. Key financial ratios for the periods indicated are set forth below:

	For 3 months ended		For 6 months ended	
	June 30, 2015	March 31, 2015	June 30, 2015	June 30, 2014
EBITDA margin	23.7%	20.6%	22.2%	21.1%
Net income margin	10.2%	4.3%	7.3%	9.3%
Net debt to annualised EBITDA	2.13	2.45	2.13	1.29
Current ratio	0.97	1.00	0.97	1.05
	<b>RUB / bbl</b>			
EBITDA/bbl	884	762	823	840
Upstream capital expenditures/bbl	313	276	294	231
Upstream operating expenses/bbl	195	195	195	166
Adjusted free cash flow /bbl	597	374	486	330
	<b>RUB / boe</b>			
EBITDA/boe	715	613	664	698
Upstream capital expenditures/boe	253	222	238	192
Upstream operating expenses/boe	158	157	157	138
Adjusted free cash flow /boe	483	301	392	274

The Company considers EBITDA/bbl, upstream operating expenses/bbl, upstream operating expenses/boe and the related indicators as important measures of its operating performance. In addition, these measures are frequently used by financial analysts, investors and other interested parties in the evaluation of oil and gas companies. These measures have limitations as analytical tools and should not be considered in isolation, or as a substitute for analysis of the Company's operating results as reported under IFRS.

All the 'per unit of production' indicators are calculated by dividing the total amount in RUB by the total production volume in bbl or boe (in mln bbl or mln boe) and are not adjusted for the effect of changes in inventories.

The following tables set forth relevant numbers relating to these measures for and as of the periods indicated:

### Upstream Measures<sup>1</sup>

	For 3 months ended		For 6 months ended	
	June 30, 2015	March 31, 2015	June 30, 2015	June 30, 2014
Crude oil and NGL production (mln bbl)	351.6	347.9	699.5	706.4
Crude oil and NGL and gas production (mln boe)	434.8	432.4	867.2	849.1

<sup>1</sup>Excluding share in production of associates.

### Calculation of Adjusted Free Cash Flow

	For 3 months ended		For 6 months ended	
	June 30, 2015	March 31, 2015	June 30, 2015	June 30, 2014
	<b>RUB billion</b>			
Net cash provided by operating activities	331	238	569	902
Capital expenditures	(141)	(128)	(269)	(237)
Trading securities operations*	(1)	(1)	(2)	(1)
Offsetting of/(Receipt of) prepayments under long term supply contracts <sup>1</sup>	21	21	42	(431)
<b>Adjusted free cash flow</b>	<b>210</b>	<b>130</b>	<b>340</b>	<b>233</b>

\*In accordance with IFRS Consolidated statement of cash flows "Acquisition and proceeds from trading security".

<sup>1</sup> Settlement of prepayments received in prior periods under long-term supply contracts started in 2015. In prior periods one off prepayments received under long-term contracts were adjusted with the purpose to estimate operating cash flow on a straight line basis.

## Calculation of EBITDA Margin

	<i>For 3 months ended</i>		<i>For 6 months ended</i>	
	June 30, 2015	March 31, 2015	June 30, 2015	June 30, 2014
	<b>RUB billion (except %)</b>			
Operating income	188	144	332	379
Depreciation, depletion and amortization	123	121	244	214
<b>EBITDA</b>	<b>311</b>	<b>265</b>	<b>576</b>	<b>593</b>
Revenues and equity share in profits/(losses) of associates and joint ventures	1,312	1,288	2,600	2,810
<b>EBITDA margin</b>	<b>23.7%</b>	<b>20.6%</b>	<b>22.2%</b>	<b>21.1%</b>

## Calculation of Adjusted EBITDA Margin

	<i>For 3 months ended</i>		<i>For 6 months ended</i>	
	June 30, 2015	March 31, 2015	June 30, 2015	June 30, 2014
	<b>RUB billion (except %)</b>			
Operating income	188	144	332	379
Depreciation, depletion and amortization	123	121	244	214
<b>EBITDA</b>	<b>311</b>	<b>265</b>	<b>576</b>	<b>593</b>
<i>Effect of prepayments offsetting</i>	<i>15</i>	<i>21</i>	<i>36</i>	<i>-</i>
<b>Adjusted EBITDA</b>	<b>326</b>	<b>286</b>	<b>612</b>	<b>593</b>
Revenues and equity share in profits/(losses) of associates and joint ventures	1,312	1,288	2,600	2,810
<b>Adjusted EBITDA margin</b>	<b>24.8%</b>	<b>22.2%</b>	<b>23.5%</b>	<b>21.1%</b>

## Calculation of Net Income Margin

	<i>For 3 months ended</i>		<i>For 6 months ended</i>	
	June 30, 2015	March 31, 2015	June 30, 2015	June 30, 2014
	<b>RUB billion (except %)</b>			
<b>Net income</b>	<b>134</b>	<b>56</b>	<b>190</b>	<b>260</b>
Revenues and equity share in profits/(losses) of associates and joint ventures	1,312	1,288	2,600	2,810
<b>Net income margin</b>	<b>10.2%</b>	<b>4.3%</b>	<b>7.3%</b>	<b>9.3%</b>

## Current ratio

<b>As of the date</b>	June 30, 2015	March 31, 2015	June 30, 2014
		<b>RUB billion (except %)</b>	
Current assets	1,828	1,849	1,710
Current liabilities	1,893	1,873	1,622
<b>Current ratio</b>	<b>0.97</b>	<b>1.00</b>	<b>1.05</b>

## Consolidated financial highlights (in USD terms)<sup>1</sup>

### Consolidated statement of profit or loss

	<i>For 3 months ended</i>		<i>For 6 months ended</i>	
	<b>June 30, 2015</b>	<b>March 31, 2015</b>	<b>June 30, 2015</b>	<b>June 30, 2014</b>
	<b>USD billion</b>			
<b>Total revenues and equity share in profits/(losses) of associates and joint ventures</b>	<b>25.2</b>	<b>21.0</b>	<b>46.2</b>	<b>80.3</b>
<b>Costs and expenses</b>				
Production and operating expenses	2.5	2.0	4.5	6.2
Cost of purchased oil, gas and petroleum products and refining costs	2.6	2.0	4.6	6.9
General and administrative expenses	0.6	0.4	1.0	1.5
Pipeline tariffs and transportation costs	2.4	2.3	4.7	6.7
Exploration expenses	–	0.1	0.1	0.3
Depreciation, depletion and amortization	2.4	1.9	4.3	6.1
Taxes other than income tax	6.6	5.5	12.1	17.6
Export customs duty	4.2	4.2	8.4	24.2
<b>Total cost and expenses</b>	<b>21.3</b>	<b>18.4</b>	<b>39.7</b>	<b>69.5</b>
Operating income	<b>3.9</b>	<b>2.6</b>	<b>6.5</b>	<b>10.8</b>
Finance income	0.3	0.2	0.5	0.3
Finance expenses	(0.7)	(1.7)	(2.4)	(1.5)
Other income	0.5	0.2	0.7	1.7
Other expenses	(0.3)	(0.2)	(0.5)	(0.7)
Foreign exchange differences	(0.5)	0.1	(0.4)	(1.6)
<b>Income before income tax</b>	<b>3.2</b>	<b>1.2</b>	<b>4.4</b>	<b>9.0</b>
Income tax	(0.7)	(0.2)	(0.9)	(1.8)
<b>Net income</b>	<b>2.5</b>	<b>1.0</b>	<b>3.5</b>	<b>7.2</b>

<sup>1</sup>Calculated using average monthly Bank of Russia exchange rates for the reporting period (Appendix)

### Key consolidated financial highlights (in USD terms)

Key financial ratios in USD equivalent for the periods indicated are set forth below:

	<i>For 3 months ended</i>		<i>For 6 months ended</i>	
	<b>June 30, 2015</b>	<b>March 31, 2015</b>	<b>June 30, 2015</b>	<b>June 30, 2014</b>
EBITDA margin	25.0%	21.4%	23.4%	21.0%
Net income margin	9.9%	4.8%	7.6%	9.0%
Net debt to annualised EBITDA	1.76	1.74	1.76	1.29
Current ratio	0.96	1.00	0.96	1.05
	<b>USD/bbl*</b>			
EBITDA/bbl	17.9	13.2	15.4	24.0
Upstream capital expenditures/bbl	5.9	4.4	5.2	6.6
Upstream operating expenses/bbl	3.7	3.1	3.4	4.7
Adjusted free cash flow /bbl	11.9	7.2	9.6	9.5
	<b>USD/boe*</b>			
EBITDA/boe	14.5	10.6	12.5	20.1
Upstream capital expenditures/boe	4.8	3.5	4.2	5.5
Upstream operating expenses/boe	3.0	2.5	2.8	3.9
Adjusted free cash flow /boe	9.7	5.8	7.7	7.9

\*Calculated from unrounded data

## Calculation of Adjusted Free Cash Flow

	<i>For 3 months ended</i>		<i>For 6 months ended</i>	
	<b>June 30, 2015</b>	<b>March 31, 2015</b>	<b>June 30, 2015</b>	<b>June 30, 2014</b>
	<b>USD billion</b>			
Net cash provided by operating activities	6.3	3.8	10.1	26.4
Capital expenditures	(2.7)	(2.0)	(4.7)	(6.8)
Trading securities operations*	(0.0)	(0.0)	(0.0)	(0.0)
<i>Effect from receipts under long term supply contracts<sup>1</sup></i>	0.6	0.7	1.3	(12.9)
<b>Adjusted free cash flow</b>	<b>4.2</b>	<b>2.5</b>	<b>6.7</b>	<b>6.7</b>

\*In accordance with IFRS Consolidated statement of cash flows "Acquisition and proceeds from trading security".

<sup>1</sup>In 2015 receipt under long-term supply contracts referred to settlement of prepayments received in prior periods. In prior periods one off prepayments received under long-term contracts were adjusted with the purpose to estimate operating cash flow on a straight line basis.

## Calculation of EBITDA Margin

	<i>For 3 months ended</i>		<i>For 6 months ended</i>	
	<b>June 30, 2015</b>	<b>March 31, 2015</b>	<b>June 30, 2015</b>	<b>June 30, 2014</b>
	<b>USD billion (except %)</b>			
Operating income	3.9	2.6	6.5	10.8
Depreciation, depletion and amortization	2.4	1.9	4.3	6.1
<b>EBITDA*</b>	<b>6.3</b>	<b>4.5</b>	<b>10.8</b>	<b>16.9</b>
Revenues and equity share in profits/(losses) of associates and joint ventures	25.2	21.0	46.2	80.3
<b>EBITDA margin</b>	<b>25.0%</b>	<b>21.4%</b>	<b>23.4%</b>	<b>21.0%</b>

\*Including effect from offsetting of prepayments under long-term contracts in the amount of 1.4 billion USD in the six months of 2015.

## Calculation of Net Income Margin

	<i>For 3 months ended</i>		<i>For 6 months ended</i>	
	<b>June 30, 2015</b>	<b>March 31, 2015</b>	<b>June 30, 2015</b>	<b>June 30, 2014</b>
	<b>USD billion (except %)</b>			
<b>Net income</b>	<b>2.5</b>	<b>1.0</b>	<b>3.5</b>	<b>7.2</b>
Revenues and equity share in profits/(losses) of associates and joint ventures	25.2	21.0	46.2	80.3
<b>Net income margin</b>	<b>9.9%</b>	<b>4.8%</b>	<b>7.6%</b>	<b>9.0%</b>

## Current ratio

<b>As of the date</b>	<b>June 30, 2015</b>	<b>March 31, 2015</b>	<b>June 30, 2014</b>
	<b>USD billion (except %)</b>		
Current assets	32.9	31.6	50.8
Current liabilities	34.1	32.0	48.2
<b>Current ratio</b>	<b>0.96</b>	<b>1.00</b>	<b>1.05</b>



**Appendix: Average monthly RUB/USD exchange rates, calculated using the Bank of Russia data**

<b>2015</b>	<b>RUB/USD</b>	<b>2014</b>	<b>RUB/USD</b>
January	61.88	January	33.46
February	64.68	February	35.23
March	60.26	March	36.21
April	52.93	April	35.66
May	50.59	May	34.93
June	54.51	June	34.41
		July	34.64
		August	36.11
		September	37.88
		October	40.77
		November	45.91
		December	55.54