



Gazprom Neft Group

Interim Condensed Consolidated Financial Statements (unaudited)

As of and for the three and nine months ended 30 September 2016



Report on Review of Interim Financial Statements

To the Shareholders and Board of Directors of PJSC Gazprom Neft:

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of PJSC Gazprom Neft and its subsidiaries (the "Group") as of 30 September 2016 and the related interim condensed consolidated statements of profit and loss and other comprehensive income for the three-month and nine-month periods then ended, changes in shareholders' equity and cash flows for the nine-month period then ended. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim financial reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim financial reporting".

AO PricewaterhouseCoopers Audit

23 November 2016

Moscow, Russian Federation

Gazprom Neft Group
Interim Condensed Consolidated Financial Statements (unaudited)
As of and for the three and nine months ended 30 September 2016

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	Notes	30 September 2016	31 December 2015
Assets			
Current assets			
Cash and cash equivalents	6	38,913	114,198
Short-term financial assets	7	20,636	65,157
Trade and other receivables	8	123,758	95,241
Inventories	9	90,249	102,378
Current income tax prepayments		12,546	13,903
Other current assets	10	86,030	119,867
Total current assets		372,132	510,744
Non-current assets			
Property, plant and equipment	11	1,682,597	1,587,653
Goodwill and other intangible assets		71,620	75,090
Investments in associates and joint ventures	12	192,448	169,611
Long-term trade and other receivables		6,271	8,867
Long-term financial assets	13	64,018	50,884
Deferred income tax assets		10,348	22,099
Other non-current assets	14	98,242	60,518
Total non-current assets		2,125,544	1,974,722
Total assets		2,497,676	2,485,466
Liabilities and shareholders' equity			
Current liabilities			
Short-term debt and current portion of long-term debt	15	96,070	147,319
Trade and other payables	16	88,627	104,830
Other current liabilities		24,172	32,870
Current income tax payable		1,673	1,096
Other taxes payable	17	66,918	49,011
Provisions for liabilities and charges		15,611	13,938
Total current liabilities		293,071	349,064
Non-current liabilities			
Long-term debt	18	586,313	670,779
Other non-current financial liabilities	19	106,303	115,375
Deferred income tax liabilities		75,395	68,752
Provisions for liabilities and charges		37,373	31,065
Other non-current liabilities		1,942	1,942
Total non-current liabilities		807,326	887,913
Equity			
Share capital		98	98
Treasury shares		(1,170)	(1,170)
Additional paid-in capital		44,212	44,326
Retained earnings		1,223,511	1,078,626
Other reserves		44,795	35,189
Equity attributable to Gazprom Neft shareholders		1,311,446	1,157,069
Non-controlling interest		85,833	91,420
Total equity		1,397,279	1,248,489
Total liabilities and equity		2,497,676	2,485,466


A. V. Dyukov
Chief Executive Officer
PJSC Gazprom Neft


A. V. Yankevich
Chief Financial Officer
PJSC Gazprom Neft

	Notes	3 months ended 30 September 2016	3 months ended 30 September 2015	9 months ended 30 September 2016	9 months ended 30 September 2015
Sales		450,249	434,988	1,221,326	1,238,248
Less export duties and sales related excise tax		(40,804)	(50,262)	(110,206)	(138,428)
Total revenue from sales	27	409,445	384,726	1,111,120	1,099,820
Costs and other deductions					
Purchases of oil, gas and petroleum products		(94,534)	(90,392)	(252,862)	(251,236)
Production and manufacturing expenses		(51,464)	(52,630)	(145,270)	(149,723)
Selling, general and administrative expenses		(26,976)	(29,652)	(77,397)	(74,497)
Transportation expenses		(31,493)	(33,925)	(98,228)	(99,694)
Depreciation, depletion and amortisation		(29,026)	(24,623)	(84,330)	(70,490)
Taxes other than income tax	17	(104,530)	(88,408)	(273,662)	(276,145)
Exploration expenses		(9)	(229)	(308)	(531)
Total operating expenses		(338,032)	(319,859)	(932,057)	(922,316)
Other (loss) / gain, net	20	(2,626)	(5,899)	(19,704)	7,243
Operating profit		68,787	58,968	159,359	184,747
Share of profit of associates and joint ventures	12	8,437	6,984	24,468	24,249
Net foreign exchange gain / (loss)	21	3,933	(40,238)	20,043	(40,981)
Finance income	22	3,038	3,547	8,302	10,493
Finance expense	23	(7,845)	(7,663)	(26,283)	(21,401)
Total other income / (expenses)		7,563	(37,370)	26,530	(27,640)
Profit before income tax		76,350	21,598	185,889	157,107
Current income tax expense		(5,554)	(11,717)	(13,690)	(26,763)
Deferred income tax (expense) / benefit		(10,269)	10,209	(19,925)	2,950
Total income tax expense		(15,823)	(1,508)	(33,615)	(23,813)
Profit for the period		60,527	20,090	152,274	133,294
Other comprehensive (loss) / income					
Currency translation differences		(2,350)	41,841	(31,119)	26,830
Cash flow hedge, net of tax		2,692	(13,159)	31,469	(4,137)
Other comprehensive income / (loss)		4	29	(77)	(99)
Other comprehensive income for the period		346	28,711	273	22,594
Total comprehensive income for the period		60,873	48,801	152,547	155,888
Profit attributable to:					
- Gazprom Neft shareholders		57,085	18,527	147,480	130,881
- Non-controlling interest		3,442	1,563	4,794	2,413
Profit for the period		60,527	20,090	152,274	133,294
Total comprehensive income / (loss) attributable to:					
- Gazprom Neft shareholders		58,252	35,863	157,086	147,033
- Non-controlling interest		2,621	12,938	(4,539)	8,855
Total comprehensive income for the period		60,873	48,801	152,547	155,888
Earnings per share attributable to Gazprom Neft shareholders					
Basic earnings (RUB per share)		12.10	3.93	31.26	27.74
Diluted earnings (RUB per share)		12.10	3.93	31.26	27.74
Weighted-average number of common shares outstanding (millions)		4,718	4,718	4,718	4,718

	Attributable to Gazprom Neft shareholders					Total	Non-controlling interest	Total equity
	Share capital	Treasury shares	Additional paid-in capital	Retained earnings	Other reserves			
Balance as of 1 January 2016	98	(1,170)	44,326	1,078,626	35,189	1,157,069	91,420	1,248,489
Profit for the period	-	-	-	147,480	-	147,480	4,794	152,274
Other comprehensive (loss) / income								
Currency translation differences	-	-	-	-	(21,786)	(21,786)	(9,333)	(31,119)
Cash flow hedge, net of tax	-	-	-	-	31,469	31,469	-	31,469
Other comprehensive loss	-	-	-	-	(77)	(77)	-	(77)
Total comprehensive income / (loss) for the period	-	-	-	147,480	9,606	157,086	(4,539)	152,547
Transactions with owners, recorded in equity								
Dividends to equity holders	-	-	-	(2,595)	-	(2,595)	(1,131)	(3,726)
Acquisition through business combination	-	-	(114)	-	-	(114)	83	(31)
Total transactions with owners	-	-	(114)	(2,595)	-	(2,709)	(1,048)	(3,757)
Balance as of 30 September 2016	98	(1,170)	44,212	1,223,511	44,795	1,311,446	85,833	1,397,279

	Attributable to Gazprom Neft shareholders					Total	Non-controlling interest	Total equity
	Share capital	Treasury shares	Additional paid-in capital	Retained earnings	Other reserves			
Balance as of 1 January 2015	98	(1,170)	50,074	1,005,642	11,104	1,065,748	64,037	1,129,785
Profit for the period	-	-	-	130,881	-	130,881	2,413	133,294
Other comprehensive income / (loss)								
Currency translation differences	-	-	-	-	20,394	20,394	6,436	26,830
Cash flow hedge, net of tax	-	-	-	-	(4,137)	(4,137)	-	(4,137)
Other comprehensive (loss) / income	-	-	-	-	(105)	(105)	6	(99)
Total comprehensive income for the period	-	-	-	130,881	16,152	147,033	8,855	155,888
Transactions with owners, recorded in equity								
Dividends to equity holders	-	-	-	(36,809)	-	(36,809)	(1,682)	(38,491)
Transaction under common control	-	-	(5,748)	-	-	(5,748)	12,654	6,906
Total transactions with owners	-	-	(5,748)	(36,809)	-	(42,557)	10,972	(31,585)
Balance as of 30 September 2015	98	(1,170)	44,326	1,099,714	27,256	1,170,224	83,864	1,254,088

Currency – RUB millions

	Notes	9 months ended 30 September 2016	9 months ended 30 September 2015
Cash flows from operating activities			
Profit before income tax		185,889	157,107
Adjustments for:			
Share of profit of associates and joint ventures	12	(24,468)	(24,249)
(Gain) /loss on foreign exchange differences	21	(20,043)	40,981
Finance income	22	(8,302)	(10,493)
Finance expense	23	26,283	21,401
Depreciation, depletion and amortisation		84,330	70,490
Net impairment of receivables and other assets		11,006	6,657
Write-off payables		-	(16,087)
Impairment of property, plant and equipment	11	5,028	-
Other non-cash items		1,257	(1,511)
Operating cash flow before changes in working capital		260,980	244,296
Changes in working capital:			
Accounts receivable		(45,616)	(13,599)
Inventories		7,366	(2,861)
Other assets		19,789	(4,060)
Accounts payable		14,915	21,029
Taxes payable		18,850	10,883
Other liabilities		2,093	(1,667)
Total effect of working capital changes		17,397	9,725
Income taxes paid		(17,336)	(16,285)
Interest paid		(27,701)	(20,524)
Dividends received		2,274	2,415
Net cash provided by operating activities		235,614	219,627
Cash flows from investing activities			
Acquisition of subsidiaries and joint operations, net of cash acquired		(1,040)	303
Increase in cash due to acquisition of a subsidiary under common control		-	2,229
Acquisition of associates and joint ventures		(505)	-
Bank deposits placement		(24,931)	(108,547)
Repayment of bank deposits		73,238	111,804
Acquisition of other investments		-	(661)
Proceeds from sales of other investments		3,181	-
Short-term loans issued		(3,085)	(25,663)
Repayment of short-term loans issued		6,996	24,373
Long-term loans issued		(20,301)	(20,037)
Repayment of long-term loans issued		7,209	169
Purchases of property, plant and equipment and intangible assets		(266,004)	(234,238)
Proceeds from sale of property, plant and equipment		898	1,714
Interest received		3,771	6,738
Net cash used in investing activities		(220,573)	(241,816)
Cash flows from financing activities			
Proceeds from short-term borrowings		36,506	31,228
Repayment of short-term borrowings		(31,467)	(14,187)
Proceeds from long-term borrowings		57,142	66,929
Repayment of long-term borrowings		(141,734)	(51,995)
Dividends paid to Gazprom Neft shareholders		(2,598)	(8,735)
Dividends paid to non-controlling interest		(1,106)	(2,167)
Net cash (used in) / provided by financing activities		(83,257)	21,073
Decrease in cash and cash equivalents		(68,216)	(1,116)
Effect of foreign exchange on cash and cash equivalents		(7,069)	4,151
Cash and cash equivalents as of the beginning of the period		114,198	53,167
Cash and cash equivalents as of the end of the period		38,913	56,202

The accompanying notes are an integral part of these Interim Condensed Consolidated Financial Statements

1. General

Description of business

PJSC Gazprom Neft (the “Company”) and its subsidiaries (together referred to as the “Group”) is a vertically integrated oil company operating in the Russian Federation, CIS and internationally. The Group’s principal activities include exploration, production and development of crude oil and gas, production of refined petroleum products and distribution and marketing operations through its retail outlets.

The Company was incorporated in 1995 and is domiciled in the Russian Federation. The Company is a public joint stock company and was set up in accordance with Russian regulations. PJSC Gazprom (“Gazprom”, a state controlled entity), the Group’s ultimate parent company, owns 95.7% of the shares in the Company.

2. Summary of significant accounting policies

Basis of presentation

The Group maintains its books and records in accordance with accounting and taxation principles and practices mandated by legislation in the countries in which it operates (primarily the Russian Federation). The accompanying Interim Condensed Consolidated Financial Statements were primarily derived from the Group’s statutory books and records with adjustments and reclassifications made to present them in accordance with International Financial Reporting Standards (“IFRS”).

The Interim Condensed Consolidated Financial Statements have been prepared in accordance with International Accounting Standard **IAS 34 Interim Financial Reporting**.

The Group does not disclose information which would substantially duplicate the disclosures contained in its audited Consolidated Financial Statements for 2015, such as significant accounting policies, estimates and judgements, financial risk disclosures or disclosures of financial line items, which have not changed significantly in amount or composition. Management of the Group believes that the disclosures in these Interim Condensed Consolidated Financial Statements are adequate to make the information presented not misleading if these Interim Condensed Consolidated Financial Statements are read in conjunction with the Group’s Consolidated Financial Statements for 2015.

Subsequent events occurring after 30 September 2016 were evaluated through 23 November 2016, the date these Interim Condensed Consolidated Financial Statements were authorised for issue.

The results for the three and nine months ended 30 September 2016 are not necessarily indicative of the results expected for the full year.

The Group as a whole is not subject to significant seasonal fluctuations.

Changes in significant accounting policies

Significant accounting policies, judgements and estimates applied while preparing these Interim Condensed Consolidated Financial Statements are consistent with those applied during the preparation of the Consolidated Financial Statements for 2015, except for those described in the Critical accounting estimates, assumptions and judgments and Application of new IFRS paragraphs.

Foreign currency translation

The following exchange rates for Roubles to US dollars, EURO and Serbian Dinars applied while preparing these Interim Condensed Consolidated Financial Statements:

	Reporting date spot rate	
	30 September 2016	31 December 2015
USD 1	63.16	72.88
EUR 1	70.88	79.70
RSD 1	0.57	0.66

3. Critical accounting estimates, assumptions and judgments

Preparing these Interim Condensed Consolidated Financial Statements in accordance with IFRS requires Management to make judgements on the basis of estimates and assumptions. These judgements affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date, and the reported amounts of revenues and expenses during the reporting period.

Leases

Leases under the terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Risks include the possibilities of losses from idle capacities or technological obsolescence and of variations in return because of changing economic conditions. Rewards may be represented by the expectation of profitable operation over the the assets's economic life and of gain from appreciation in value or realization of a residual value.

Other leases are classified as operating leases. In most cases leasing of vessels under time-charter agreements are accounted for as operating leases under IAS 17 Leases.

4. Application of new IFRS

The following standards or amended standards became effective for the Group from 1 January 2016, but did not have any material impact on the Group:

- IFRS 14 - Regulatory Deferral Accounts (issued in January 2014 and effective for annual periods beginning on or after 1 January 2016).
- Amendments to IFRS 11 – Joint Arrangements (issued in May 2014 and effective for annual periods beginning on or after 1 January 2016).
- Amendments to IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets (issued in May 2014 and effective for annual periods beginning on or after 1 January 2016).
- Disclosure Initiative Amendments to IAS 1 – Presentation of Financial Statements (issued in December 2014 and effective for annual periods on or after 1 January 2016).
- Amendments to IFRS 7 – Financial instruments: Disclosure (issued in September 2014 and effective for annual periods on or after 1 January 2016).
- Amendments to IAS 19 – Employee Benefits (issued in September 2014 and effective for annual periods on or after 1 January 2016).
- Amendments to IAS 34 – Interim Financial Reporting Presentation of Financial Statements (issued in September 2014 effective for annual periods beginning on or after 1 January 2016).

5. New accounting standards

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2017 or later, and that the Group has not early adopted. The list of such Standards and interpretations was disclosed in the Consolidated Financial Statements as of and for the year ended 31 December 2015.

The following new standards were issued during the nine months period ended 30 September 2016.

The amendments to IAS 12 – Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses (issued in January 2016 effective for annual periods beginning on or after 1 January 2017) on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value.

The amendments to IAS 7 – Statement of Cash Flow (issued in January 2016 effective for annual periods beginning on or after 1 January 2017) require entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes.

Amendments to IFRS 15 – Revenue from Contracts with Customers (issued in April 2016 and effective for annual periods beginning on or after 1 January 2018). The amendments do not change the underlying principles of the Standard but clarify how those principles should be applied. The amendments clarify how to identify a performance obligation in a contract; how to determine whether a company is a principal or an agent; and how to determine whether the revenue from granting a licence should be recognised at a point in time or over time. In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a company when it first applies the new Standard.

The amendments to IFRS 2 – Share-based Payment (issued in June 2016 effective for annual periods beginning on or after 1 January 2018) clarifies guidance on the following:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled; and
- share-based payment transactions with a net settlement feature for withholding tax obligations.

The new standards and interpretations are not expected to have significant impact on the Group's Consolidated Financial Statements.

6. Cash and cash equivalents

Cash and cash equivalents as of 30 September 2016 and 31 December 2015 comprise the following:

	30 September 2016	31 December 2015
Cash on hand	834	986
Cash in bank	22,283	39,937
Deposits with original maturity of less than three months	13,480	69,891
Other cash equivalents	2,316	3,384
Total cash and cash equivalents	38,913	114,198

7. Short-term financial assets

Short-term financial assets as of 30 September 2016 and 31 December 2015 comprise the following:

	<u>30 September 2016</u>	<u>31 December 2015</u>
Short-term loans issued	19,350	15,802
Deposits with original maturity more than 3 months less than 1 year	1,177	49,206
Forward contracts - cash flow hedge	109	-
Financial assets held to maturity	-	149
Total short-term financial assets	<u>20,636</u>	<u>65,157</u>

8. Trade and other receivables

Trade and other receivables as of 30 September 2016 and 31 December 2015 comprise the following:

	<u>30 September 2016</u>	<u>31 December 2015</u>
Trade receivables	138,397	112,572
Other financial receivables	6,730	7,254
Less impairment provision	(21,369)	(24,585)
Total trade and other receivables	<u>123,758</u>	<u>95,241</u>

Trade receivables represent amounts due from customers in the ordinary course of business and are short-term by nature.

9. Inventories

Inventories as of 30 September 2016 and 31 December 2015 consist of the following:

	<u>30 September 2016</u>	<u>31 December 2015</u>
Petroleum products and petrochemicals	40,846	41,692
Materials and supplies	25,800	38,782
Crude oil and gas	16,672	16,947
Other	8,214	8,497
Less provision	(1,283)	(3,540)
Total inventory	<u>90,249</u>	<u>102,378</u>

As part of the management of crude inventory, the Group may enter transactions to buy and sell crude oil from the same counterparty. Such transactions are referred to as buy / sell transactions and are undertaken in order to reduce transportation costs or to obtain alternate quality grades of crude oil. The total value of buy / sell transactions undertaken for the nine month ended 30 September is as follows:

	<u>2016</u>	<u>2015</u>
Buy / sell crude oil transactions for the 9 months ended 30 September	66,384	66,671

10. Other current assets

Other current assets as of 30 September 2016 and 31 December 2015 consist of the following:

	30 September 2016	31 December 2015
Value added tax receivable	44,307	47,616
Advances paid	29,266	40,080
Prepaid custom duties	4,888	6,728
Prepaid expenses	1,953	999
Other assets	25,217	33,437
Less impairment provision	(19,601)	(8,993)
Total other current assets	86,030	119,867

The impairment provision mainly relates to other assets attributable to the Group's Serbian subsidiary and advances paid to a brokerage company in relation to which the Group initiated court proceedings.

11. Property, plant and equipment

Movements in property, plant and equipment for the nine months ended 30 September 2016 and 2015 are as follows:

	O&G properties	Refining assets	Marketing and distribution	Other assets	Assets under construction	Total
Cost						
<i>As of 1 January 2016</i>	1,355,282	308,037	152,795	17,933	369,274	2,203,321
Additions	1,961	1,233	-	-	217,591	220,785
Acquisitions through business combinations	-	38	-	452	16	506
Changes in decommissioning obligations	3,830	-	-	-	-	3,830
Capitalised borrowing costs	-	-	-	-	9,828	9,828
Transfers	119,770	16,242	6,388	1,138	(143,538)	-
Internal movement	25,570	(6,334)	5,528	1,900	(26,664)	-
Disposals	(3,547)	(731)	(1,048)	(257)	(1,175)	(6,758)
Translation differences	(45,638)	(8,976)	(8,466)	(239)	(14,847)	(78,166)
<i>As of 30 September 2016</i>	1,457,228	309,509	155,197	20,927	410,485	2,353,346
Depreciation and impairment						
<i>As of 1 January 2016</i>	(489,288)	(81,461)	(41,440)	(3,479)	-	(615,668)
Depreciation charge	(59,414)	(9,817)	(8,482)	(1,252)	-	(78,965)
Impairment	(5,028)	-	-	-	-	(5,028)
Internal movement	796	1,545	(1,146)	(1,195)	-	-
Disposals	2,661	132	660	248	-	3,701
Translation differences	20,763	2,117	2,221	110	-	25,211
<i>As of 30 September 2016</i>	(529,510)	(87,484)	(48,187)	(5,568)	-	(670,749)
Net book value						
<i>As of 1 January 2016</i>	865,994	226,576	111,355	14,454	369,274	1,587,653
<i>As of 30 September 2016</i>	927,718	222,025	107,010	15,359	410,485	1,682,597

Currency – RUB millions (unless otherwise stated)

	O&G properties	Refining assets	Marketing and distribution	Other assets	Assets under construction	Total
Cost						
<i>As of 1 January 2015</i>	1,120,873	260,219	134,430	18,659	245,847	1,780,028
Additions	10,351	980	-	-	198,936	210,267
Acquisitions through business combinations	-	-	24	283	12	319
Changes in decommissioning obligations	771	-	-	-	-	771
Capitalised borrowing costs	-	-	-	-	10,743	10,743
Transfers	112,941	19,617	11,789	1,322	(145,669)	-
Internal movement	(7,334)	2,410	-	-	4,924	-
Disposals	(7,570)	(667)	(856)	(100)	(1,369)	(10,562)
Translation differences	37,860	6,126	2,695	-	16,260	62,941
<i>As of 30 September 2015</i>	1,267,892	288,685	148,082	20,164	329,684	2,054,507
Depreciation and impairment						
<i>As of 1 January 2015</i>	(383,053)	(68,395)	(32,593)	(2,187)	-	(486,228)
Depreciation charge	(50,597)	(8,050)	(7,946)	(703)	-	(67,296)
Acquisitions through business combinations	-	-	-	(143)	-	(143)
Disposals	5,369	388	834	32	-	6,623
Translation differences	(16,347)	(1,371)	(525)	(10)	-	(18,253)
<i>As of 30 September 2015</i>	(444,628)	(77,428)	(40,230)	(3,011)	-	(565,297)
Net book value						
<i>As of 1 January 2015</i>	737,820	191,824	101,837	16,472	245,847	1,293,800
<i>As of 30 September 2015</i>	823,264	211,257	107,852	17,153	329,684	1,489,210

In 2016 the exploration and evaluation assets relating to Garmian block in Iraq region were reclassified to proved oil and gas assets due to start of commercial development. The reclassification is presented as internal movement.

In the second quarter 2016 the Group performed impairment testing and recognised impairment loss in relation to upstream oil and gas assets located in Iraq region in the amount of RUB 5.0 billion.

The Group recognised impairment loss for the amount by which the book value of these assets exceeded its recoverable amount of RUB 79.0 billion. The impairment loss relating to upstream oil and gas asset was due to revision of expected economic performance of the assets (decrease in international oil prices, changes in exploration and development programs and investment plans).

The recoverable amount was determined as present value of estimated future cash flows using available forecasts of oil prices from globally recognised research institutions and production quantities based on reserve reports and long-term strategic plans. The pre-tax discount rate reflects current market assessments of the time value of money and the risks specific to the asset and varies in real terms from 11.9% to 14.1% per annum.

No impairment indicators were identified as of 30 September 2016.

12. Investments in associates and joint ventures

The carrying values of the investments in associates and joint ventures as of 30 September 2016 and 31 December 2015 are summarised below:

		Ownership percentage	30 September 2016	31 December 2015
Slavneft	Joint venture	49.9	94,345	83,301
SeverEnergy	Joint venture	46.7	82,518	72,128
Northgas	Joint venture	50.0	9,936	8,196
Others			5,649	5,986
Total investments			192,448	169,611

The principal place of business of the most significant joint ventures and associates disclosed above is the Russian Federation. The reconciliation of carrying amount of investments in associates and joint ventures as of the beginning of the reporting period and as of the end of the reporting period is shown below:

	2016	2015
Carrying amount as of 1 January	169,611	150,727
Share of profit of associates and joint ventures	24,468	24,249
Dividends declared	(2,292)	(2,862)
Share of other comprehensive income of associates and joint ventures	(77)	-
Other changes in cost of associates and joint ventures	738	(3,107)
Carrying amount as of 30 September	192,448	169,007

Slavneft

The Group's investment in OJSC NGK Slavneft and various minority stakes in Slavneft subsidiaries (Slavneft) are held through a series of legal entities. Slavneft is engaged in exploration, production and development of crude oil and gas and production of refined petroleum products. The control over Slavneft is divided equally between the Group and PJSC NK Rosneft.

SeverEnergy

The Group's investment in SeverEnergy LLC (SeverEnergy) is held through Yamal Razvitie LLC (Yamal Razvitie, an entity jointly controlled by the Group and OJSC NOVATEK). SeverEnergy, through its subsidiary OJSC Arctic Gas Company (Arcticgas), is developing the Samburgskoye, Urengoiskoe and Yaro-Yakhinskoye oil and gas condensate fields and some other small oil and gas condensate fields located in the Yamalo-Nenetskiy autonomous region of the Russian Federation.

The carrying amount of the Group's investment exceeds the Group's share in the underlying net assets of SeverEnergy by RUB 19.6 billion as of 30 September 2016 due to complex holding structure, current financing scheme and goodwill arising on acquisition (RUB 18.3 billion as of 31 December 2015).

Northgas

The Group's investment in CJSC Northgas (Northgas) is held through Gazprom Resource Northgas LLC which is controlled by the Group and owns a 50% share in Northgas. Northgas is engaged in development of natural gas and oil field.

The summarised financial information for the significant associates and joint ventures as of 30 September 2016 and 31 December 2015 and for the nine months ended 30 September 2016 and 2015 is presented in the tables below.

	Slavneft		SeverEnergy		Northgas	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015	30 September 2016	31 December 2015
Cash and cash equivalents	11,931	8,078	18,291	13,875	3,196	2,160
Other current assets	19,326	15,830	15,122	13,941	3,601	3,131
Non-current assets	303,285	288,077	359,426	363,513	49,719	49,695
Current financial liabilities	(33,009)	(49,748)	(30,979)	(31,762)	(14,027)	(6,110)
Other current liabilities	(24,289)	(18,294)	(9,779)	(9,309)	(2,318)	(2,001)
Non-current financial liabilities	(62,575)	(54,562)	(164,799)	(185,376)	(14,797)	(24,841)
Other non-current liabilities	(32,155)	(30,034)	(52,497)	(49,297)	(4,128)	(3,645)
Net assets	182,514	159,347	134,785	115,585	21,246	18,389

	Slavneft		SeverEnergy		Northgas	
	9 months ended 30 September 2016	9 months ended 30 September 2015	9 months ended 30 September 2016	9 months ended 30 September 2015	9 months ended 30 September 2016	9 months ended 30 September 2015
Revenue	158,234	173,636	96,366	90,012	19,147	21,505
Depreciation, depletion and amortisation	(24,123)	(23,833)	(17,468)	(13,314)	(1,914)	(1,654)
Finance income	1,281	1,584	811	157	997	853
Finance expense	(5,065)	(3,900)	(20,217)	(18,914)	(2,870)	(4,242)
Total income tax expense	(6,022)	(4,936)	(1,945)	(4,062)	(816)	(1,340)
Profit for the period	23,156	17,320	19,200	23,031	2,857	5,362
Total comprehensive income	23,033	17,880	19,200	23,031	2,857	5,362

Others

The aggregate carrying amount of all individually immaterial joint ventures and associates as well as the Group's share of those joint ventures' and associates' profit or loss and other comprehensive income are not significant.

13. Long-term financial assets

Long-term financial assets as of 30 September 2016 and 31 December 2015 comprise the following:

	30 September 2016	31 December 2015
Long-term loans issued	57,824	41,047
Available for sale financial assets	7,669	11,534
Less impairment provision	(1,475)	(1,697)
Total long-term financial assets	64,018	50,884

14. Other non-current assets

Other non-current assets are primarily comprised of advances provided on capital expenditures (RUB 93.71 billion and RUB 55.2 billion as of 30 September 2016 and 31 December 2015, respectively).

15. Short-term debt and current portion of long-term debt

As of 30 September 2016 and 31 December 2015 the Group has short-term debt and current portion of long-term debt outstanding as follows:

	<u>30 September 2016</u>	<u>31 December 2015</u>
Bank loans	26,293	24,193
Other borrowings	1,502	1,731
Current portion of long-term debt	68,275	121,395
Total short-term debt and current portion of long-term debt	<u>96,070</u>	<u>147,319</u>

Short-term bank loans and other borrowing include interest payable on short-term debt. Current portion of long-term debt includes interest payable on long-term borrowings.

16. Trade and other payables

Accounts payable as of 30 September 2016 and 31 December 2015 comprise the following:

	<u>30 September 2016</u>	<u>31 December 2015</u>
Trade accounts payable	76,895	76,372
Dividends payable	2,342	2,659
Forward contracts - cash flow hedge	1,029	23,545
Other accounts payable	8,361	2,254
Total trade and other payables	<u>88,627</u>	<u>104,830</u>

17. Other taxes payable

Other taxes payable as of 30 September 2016 and 31 December 2015 comprise the following:

	<u>30 September 2016</u>	<u>31 December 2015</u>
VAT	24,680	17,578
Mineral extraction tax	21,549	14,898
Excise tax	11,670	6,738
Social security contributions	3,993	4,275
Other taxes	5,026	5,522
Total other taxes payable	<u>66,918</u>	<u>49,011</u>

Tax expense other than income tax expense for the three and nine months ended 30 September 2016 and 2015 comprise the following:

	3 months ended 30 September 2016	3 months ended 30 September 2015	9 months ended 30 September 2016	9 months ended 30 September 2015
Mineral extraction tax	63,745	63,052	166,473	204,236
Excise tax	33,054	19,691	83,464	53,432
Social security contributions	4,400	3,270	13,490	11,252
Other taxes	3,331	2,395	10,235	7,225
Total taxes other than income tax	<u>104,530</u>	<u>88,408</u>	<u>273,662</u>	<u>276,145</u>

18. Long-term debt

As of 30 September 2016 and 31 December 2015 the Group has long-term outstanding debt as follows:

	30 September 2016	31 December 2015
Bank loans	320,958	451,887
Loan participation notes	244,137	280,193
Bonds	81,281	51,748
Other borrowings	8,212	8,346
Less current portion of long-term debt	(68,275)	(121,395)
Total long-term debt	586,313	670,779

Bank loans

In February and August 2016 the Group performed principal repayment in the total amount of USD 348 million (RUB 24.6 billion) under the Club term loan facility with the syndicate of international banks (facility agent – SMBC) according to the payment schedule. The loan is fully repaid.

In February 2016 the Group signed RUB 5.15 billion term loan facilities with PJCS Bank VTB with the maturity date in June 2021. As of 30 September 2016 the Group borrowed RUB 5.15 billion under the agreement.

In March and September 2016 the Group performed partial principal repayment in the total amount of USD 200 million (RUB 13.2 billion) under the Club term loan facility with the group of international banks (facility agent – Commerzbank) according to the payment schedule.

In March and September 2016 the Group performed partial principal repayment in the total amount of USD 614 million (RUB 41.5 billion) of Club term loan facility with the group of international banks (facility agent – Mizuho) according to the payment schedule.

In June 2016 the Group performed pre-scheduled partial repayment RUB 10 billion under the term loan facility with PJSC Rosselkhozbank.

The loan agreements contain financial covenant that limits the Group's ratio of "Consolidated financial indebtedness to Consolidated EBITDA". The Group is in compliance with the covenant as of 30 September 2016.

Bonds

In February 2016 the Group redeemed Rouble bonds (series 8, 9 and 11) with the total par value of RUB 30 billion, including RUB 9.6 billion of series 11 repurchased by the Group in February 2015.

In March 2016 the Group placed thirty-year Rouble exchange traded bonds (series BO-02 and BO-07) with the total par value of RUB 25 billion. The bonds bear interest of 10.65% per annum. The issue has an embedded five-year put-option, providing the bondholders with the right to make the Group to repurchase them, and a two-year call option, allowing the early redemption of the bonds at the Group's decision.

In June 2016 the Group placed thirty-year Rouble exchange traded bonds (series BO-03) with the total par value of RUB 10 billion. The bonds bear interest of 9.8% per annum. The issue has an embedded three-year put-option, providing the bondholders with the right to make the Group to repurchase them.

In August 2016 the Group placed thirty-year Rouble exchange traded bonds (series BO-01 and BO-04) with the total par value of RUB 15 billion. The bonds bear interest of 9.4% per annum. The issue has an embedded five-year put-option, providing the bondholders with the right to make the Group to repurchase them.

19. Other non-current financial liabilities

Other non-current financial liabilities as of 30 September 2016 and 31 December 2015 comprise the following:

	30 September 2016	31 December 2015
Deferred consideration	65,530	60,603
Forward contracts - cash flow hedge	38,527	52,714
Other liabilities	2,246	2,058
Total other non-current financial liabilities	106,303	115,375

20. Other loss / gain, net

Other loss / gain, net for the three and nine months ended 30 September 2016 and 2015 comprise the following:

	Notes	3 months ended 30 September 2016	3 months ended 30 September 2015	9 months ended 30 September 2016	9 months ended 30 September 2015
Impairment of assets	11	-	(44)	(5,028)	(147)
Provisions		(336)	110	(11,396)	1,440
Penalties		125	117	318	(7)
Write-off payables		-	133	-	16,240
Other losses, net		(2,415)	(6,215)	(3,598)	(10,283)
Total other (loss) / gain, net		(2,626)	(5,899)	(19,704)	7,243

21. Net foreign exchange gain / loss

Net foreign exchange gain / loss for the three and nine months ended 30 September 2016 and 2015 comprise the following:

	3 months ended 30 September 2016	3 months ended 30 September 2015	9 months ended 30 September 2016	9 months ended 30 September 2015
Net foreign exchange gain / (loss) on financing activities, including:	5,362	(72,373)	49,628	(68,334)
foreign exchange gain	7,405	9,683	80,428	46,795
foreign exchange loss	(2,043)	(82,056)	(30,800)	(115,129)
Net foreign exchange (loss) / gain on operating activities	(1,429)	32,135	(29,585)	27,353
Net foreign exchange gain / (loss)	3,933	(40,238)	20,043	(40,981)

22. Finance income

Finance income for the three and nine months ended 30 September 2016 and 2015 comprise the following:

	3 months ended 30 September 2016	3 months ended 30 September 2015	9 months ended 30 September 2016	9 months ended 30 September 2015
Interest income on loans issued	2,043	1,672	5,454	4,619
Interest on bank deposits	521	1,327	1,463	4,017
Other financial income	474	548	1,385	1,857
Total finance income	3,038	3,547	8,302	10,493

23. Finance expense

Finance expense for the three and nine months ended 30 September 2016 and 2015 comprise the following:

	3 months ended 30 September 2016	3 months ended 30 September 2015	9 months ended 30 September 2016	9 months ended 30 September 2015
Interest expense	11,225	9,300	34,325	25,984
Decommissioning provision: unwinding of discount	594	560	1,786	1,696
Less: capitalised interest	(3,974)	(2,197)	(9,828)	(6,279)
Finance expense	7,845	7,663	26,283	21,401

24. Fair value measurement

The following assets and liabilities are measured at fair value in the Interim Condensed Consolidated Financial Statements: derivative financial instruments (forward exchange contracts and interest rate swaps used as hedging instrument), Stock Appreciation Rights plan (SARs) and financial investments classified as available for sale except for unquoted equity instruments whose fair value cannot be measured reliably that are carried at cost less any impairment losses. Derivative financial instruments and SARs refer to Level 2 of the fair value measurement hierarchy, i.e. their fair value is determined on the basis of inputs that are observable for the asset or liability either directly or indirectly. The fair value of the foreign exchange contracts is determined by using forward exchange rates at the reporting date with the resulting value discounted back to present value. The fair value of the liability under the SAR plan is estimated using the Black-Scholes-Merton option-pricing model by reference primarily to the Group's share price, historic volatility in the share price, dividend yield and interest rates for periods comparable to the remaining life of the award. There were no transfers between the levels of the fair value hierarchy during the interim period. There are no significant assets or liabilities measured at fair value categorised within Level 1 or Level 3 of the fair value hierarchy.

As of 30 September 2016 the fair value of bonds and loan participation notes is RUB 331,501 million (RUB 307,493 million as of 31 December 2015). Carrying value of other financial assets and liabilities approximate their fair value.

25. Commitments and contingencies

Taxes

Russian tax and customs legislation is subject to frequent changes and varying interpretations. Management's treatment of such legislation as applied to the transactions and activity of the Group, including calculation of taxes payable to federal, regional and municipal budgets, may be challenged by the relevant authorities. The Russian tax authorities may take a more assertive position in their treatment of legislation and assessments, and there is a risk that transactions and activities that have not been challenged in the past may be challenged later. As a result, additional taxes, penalties and interest may be accrued. Generally, taxpayers are subject to tax audits for a period of three calendar years immediately preceding the year in which the decision to carry out a tax audit has been taken. Under certain circumstances tax audits may cover longer periods. The years 2013, 2014 and 2015 are currently open for tax audit. Management believes it has adequately provided for any probable additional tax accruals that might arise from these tax audits.

Russian tax legislation on tax control over prices applied for tax purposes in related party transactions (“transfer pricing rules”) was amended starting from 1 January 2012 to introduce significant reporting and documentation requirements regarding market environment at the date of transaction. Compared to the old rules the new transfer pricing rules appear to be more technically elaborate and better aligned with the Transfer Pricing Guidelines developed by the Organisation for Economic Cooperation and Development (OECD). The transfer pricing rules allow the tax authorities to make transfer pricing adjustments to the respective tax bases and impose additional tax liabilities in respect of controllable transactions (transactions with related parties and some transactions with unrelated parties), in cases where the prices of such transactions do not correspond to the ranges of prices deemed to be fair market prices for tax purposes defined in compliance with the said rules.

The compliance of the prices of the Group's controllable transactions with related parties with the transfer pricing rules is subject to regular internal control. Management believes that the transfer pricing documentation that the Group has prepared to confirm its compliance with the transfer pricing rules provides sufficient evidence to support the Group's tax positions and related tax returns. In addition in order to mitigate potential risks, the Group regularly negotiates approaches to defining prices used for tax purposes for major controllable transactions with tax authorities in advance. Twelve pricing agreements between the Group and tax authorities regarding major intercompany transactions have been concluded in 2012-2015.

However, given that the practice of enforcement of the new transfer pricing rules has not yet developed and some clauses of the applicable law are ambiguous and contain contradictions, the impact of the transfer pricing rules on the Group's tax liabilities cannot be reliably estimated.

Economic environment in the Russian Federation

The Russian Federation displays certain characteristics of an emerging market. Tax, monopoly, currency and customs legislation of the Russian Federation is subject to varying interpretations and contributes to the challenges faced by companies operating in the Russian Federation. The political and economic instability, uncertainty and volatility of the financial markets and other risks may have negative effects on the Russian financial and corporate sectors. The future economic development of the Russian Federation is dependent upon external factors and internal measures undertaken by the government to sustain growth and to change the tax, legal and regulatory environment. Management believes it is taking all necessary measures to support the sustainability and development of the Group's business in the current business and economic environment.

In 2014 the U.S., the EU and certain other countries imposed sanctions on the Russian energy sector that partially apply to the Group. The information on the main restrictions related to sanctions was disclosed in the Consolidated Financial Statements for 2015. There were no significant changes in sanctions during the nine months ended 30 September 2016.

Environmental matters

The enforcement of environmental regulation in the Russian Federation is evolving and the enforcement posture of government authorities is continually being reconsidered. The Group periodically evaluates its potential obligations under environmental regulation. Management is of the opinion that the Group has met the government's requirements concerning environmental matters, and therefore the Group does not have any material environmental liabilities.

Capital commitments

As of 30 September 2016 the Group has entered into contracts to purchase property, plant and equipment for RUB 345,185 million (RUB 342,544 million as of 31 December 2015).

26. Related party transactions

For the purpose of these Interim Condensed Consolidated Financial Statements parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions as defined by IAS 24 Related Party Disclosures. Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

The Group has applied the exemption as allowed by IAS 24 not to disclose all government related transactions, as the parent of the Company is effectively being controlled by the Russian Government. In the course of its ordinary business the Group enters into transactions with natural monopolies, transportation companies and other companies controlled by the Russian Government. Such purchases and sales are individually insignificant and are generally entered into on market or regulated prices. Transactions with the state also include taxes which are detailed in Notes 10 and 17. The tables below summarise transactions in the ordinary course of business with either the parent company or associates and joint ventures.

The Group enters into transactions with related parties based on market or regulated prices. Short-term and long-term loans provided as well as debt are based on market conditions available for not related entities. The tables below summarise transactions in the ordinary course of business with either the parent company or associates and joint ventures.

As of 30 September 2016 and 31 December 2015 the outstanding balances with related parties were as follows:

30 September 2016	Parent company	Parent's subsidiaries and associates	Associates and joint ventures
Cash and cash equivalents	-	6,115	-
Short-term financial assets	-	987	18,549
Trade and other receivables	6,228	3,538	12,534
Other assets	594	2,502	513
Long-term financial assets	-	-	54,264
Total assets	6,822	13,142	85,860
Short-term debt and other current financial liability	-	7,581	1,470
Trade and other payables	1,777	2,530	3,079
Other current liabilities	2,692	586	100
Long-term debt and other non-current financial liability	67,748	63,158	-
Total liabilities	72,217	73,855	4,649

Currency – RUB millions (unless otherwise stated)

31 December 2015	Parent company	Parent's subsidiaries and associates	Associates and joint ventures
Cash and cash equivalents	-	15,402	-
Short-term financial assets	-	3,135	14,901
Trade and other receivables	1,232	2,895	17,941
Other assets	-	4,527	1,253
Long-term financial assets	10	503	30,791
Total assets	1,242	26,462	64,886
Short-term debt and other current financial liability	-	-	1,672
Trade and other payables	3,203	2,737	1,567
Other current liabilities	2,107	1,107	241
Long-term debt and other non-current financial liability	62,650	72,883	-
Total liabilities	67,960	76,727	3,480

For the nine months ended 30 September 2016 and 2015 the following transactions occurred with related parties:

9 months ended 30 September 2016	Parent company	Parent's subsidiaries and associates	Associates and joint ventures
Crude oil, gas and oil products sales	20,422	26,105	37,779
Other revenue	35	4,187	4,305
Purchases of crude oil, gas and oil products	-	29,162	67,563
Production related services	25	14,187	14,434
Transportation costs	5,277	1,337	4,056
Interest income	-	122	4,802
Interest expense	4,927	2,907	114

9 months ended 30 September 2015	Parent company	Parent's subsidiaries and associates	Associates and joint ventures
Crude oil, gas and oil products sales	14,675	26,139	43,298
Other revenue	6	671	20,480
Purchases of crude oil, gas and oil products	-	30,195	77,457
Production related services	21	11,434	14,200
Transportation costs	4,427	1,398	4,852
Interest expense	4,423	-	113
Interest income	370	1,273	2,700

Transactions with Key Management Personnel

For the nine months ended 30 September 2016 and 2015 the Group recognised RUB 1,254 million and RUB 1,076 million, respectively, as compensation for key management personnel (members of the Board of Directors and Management Committee). Key management remuneration includes salaries, bonuses, quarterly accruals of SAR and other contributions.

27. Segment information

Presented below is information about the Group's operating segments for the nine months ended 30 September 2016 and 2015. Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM), and for which discrete financial information is available.

The Group manages its operations in 2 operating segments: Upstream and Downstream.

Upstream segment (exploration and production) includes the following Group operations: exploration, development and production of crude oil and natural gas (including joint ventures results), oil field services. Downstream segment (refining and marketing) processes crude into refined products and purchases, sells and transports crude oil and refined petroleum products.

Eliminations and other adjustments section encompasses elimination of inter-segment sales and related unrealised profits, mainly from the sale of crude oil and products, and other adjustments.

Intersegment revenues are based upon prices effective for local markets and linked to market prices.

Adjusted EBITDA represents the Group's EBITDA and its share in associates' and joint ventures' EBITDA. Management believes that adjusted EBITDA represents useful means of assessing the performance of the Group's ongoing operating activities, as it reflects the Group's earnings trends without showing the impact of certain charges. EBITDA is defined as earnings before interest, income tax expense, depreciation, depletion and amortisation, foreign exchange gain (loss), other non-operating expenses and includes the Group's share of profit of associates and joint ventures. EBITDA is a supplemental non-IFRS financial measure used by Management to evaluate operations.

9 months ended 30 September 2016	Upstream	Downstream	Eliminations	Total
Revenue from sales:				
External customers	75,383	1,035,737	-	1,111,120
Inter-segment	376,860	16,444	(393,304)	-
Total revenue from sales	452,243	1,052,181	(393,304)	1,111,120
Adjusted EBITDA	230,502	94,367	-	324,869
Depreciation, depletion and amortisation	59,656	24,674	-	84,330
Impairment of assets	5,028	-	-	5,028
Capital expenditure	181,523	84,481	-	266,004
9 months ended 30 September 2015	Upstream	Downstream	Eliminations	Total
Revenue from sales:				
External customers	52,886	1,046,934	-	1,099,820
Inter-segment	402,099	14,273	(416,372)	-
Total revenue from sales	454,985	1,061,207	(416,372)	1,099,820
Adjusted EBITDA	207,347	104,876	-	312,223
Depreciation, depletion and amortisation	50,672	19,818	-	70,490
Capital expenditure	184,765	49,473	-	234,238

The geographical segmentation of the Group's revenue and capital expenditures for the nine months ended 30 September 2016 and 2015 is presented below:

	Russian Federation	CIS	Export and international operations	Total
9 months ended 30 September 2016				
Sales of crude oil	67,146	19,354	180,854	267,354
Sales of petroleum products	552,932	52,924	281,789	887,645
Sales of gas	21,893	-	1,441	23,334
Other sales	33,263	1,528	8,202	42,993
Less custom duties and sales related excises	-	(925)	(109,281)	(110,206)
Revenues from external customers, net	675,234	72,881	363,005	1,111,120
9 months ended 30 September 2015				
Sales of crude oil	61,230	22,219	131,389	214,838
Sales of petroleum products	561,821	57,835	328,047	947,703
Sales of gas	20,972	-	3,115	24,087
Other sales	45,978	1,571	4,071	51,620
Less custom duties and sales related excises	-	(744)	(137,684)	(138,428)
Revenues from external customers, net	690,001	80,881	328,938	1,099,820

	Russian Federation	CIS	Export and international operations	Total
Non-current assets as of 30 September 2016	1,763,711	11,934	339,551	2,115,196
Capital expenditures for the 9 months ended 30 September 2016	247,786	435	17,783	266,004
Impairment of assets for the 9 months ended 30 September 2016	-	-	5,028	5,028
Non-current assets as of 31 December 2015	1,548,036	13,861	390,726	1,952,623
Capital expenditures for the 9 months ended 30 September 2015	202,887	687	30,664	234,238

Adjusted EBITDA for the three and nine months ended 30 September 2016 and 2015 is reconciled below:

	3 months ended 30 September 2016	3 months ended 30 September 2015	9 months ended 30 September 2016	9 months ended 30 September 2015
Profit for the period	60,527	20,090	152,274	133,294
Total income tax expense	15,823	1,508	33,615	23,813
Finance expense	7,845	7,663	26,283	21,401
Finance income	(3,038)	(3,547)	(8,302)	(10,493)
Depreciation, depletion and amortisation	29,026	24,623	84,330	70,490
Net foreign exchange gain / (loss)	(3,933)	40,238	(20,043)	40,981
Other (loss) / gain, net	2,626	5,899	19,704	(7,243)
EBITDA	108,876	96,474	287,861	272,243
less share of profit of associates and joint ventures	(8,437)	(6,984)	(24,468)	(24,249)
add share of EBITDA of associates and joint ventures	20,899	22,967	61,476	64,229
Total adjusted EBITDA	121,338	112,457	324,869	312,223

28. Subsequent events

In October 2016 the Group raised RUB 14,7 billion under the loan agreement with PJSC Bank VTB with final maturity date in October 2021.

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