



PJSC LUKOIL

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the three and six-month periods ended 30 June 2018

**prepared in accordance with IFRS
(unaudited)**

These condensed interim consolidated financial statements were prepared by PJSC LUKOIL in accordance with IFRS and have not been audited by our independent auditor. If these condensed interim consolidated financial statements are audited in the future, the audit could reveal differences in our consolidated financial results and we can not assure that any such differences would not be material.



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Independent Auditors' Report on Review of Condensed Interim Consolidated Financial Statements

To the Shareholders and Board of Directors

PJSC LUKOIL

Introduction

We have reviewed the accompanying consolidated statement of financial position of PJSC LUKOIL (the "Company") and its subsidiaries (the "Group") as at 30 June 2018, and the related consolidated statements of profit or loss and other comprehensive income for the three- and six-month periods ended 30 June 2018 and the related consolidated statements of changes in equity and cash flows for the six-month period ended 30 June 2018, and notes to the condensed interim consolidated financial statements (the "condensed interim consolidated financial statements"). Management is responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on these condensed interim 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 condensed interim consolidated financial statements 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.

Audited entity: Public Joint Stock Company "Oil company "LUKOIL"
Registration No. in the Unified State Register of Legal Entities
1027700035769
Moscow, Russia

Independent auditor: JSC "KPMG" a company incorporated under the Laws of the Russian Federation, a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity

Registration No. in the Unified State Register of Legal Entities
1027700125628

Member of the Self-regulated organization of auditors "Russian Union of auditors" (Association). The Principal Registration Number of the Entry in the Register of Auditors and Audit Organisations: No. 11603053203



PJSC LUKOIL

Independent Auditors' Report on Review of Condensed Interim Consolidated Financial Statements

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements as at 30 June 2018 and for the three- and six-month periods ended 30 June 2018 are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.



Oussov A.I.

Director

JSC "KPMG"

Moscow, Russia

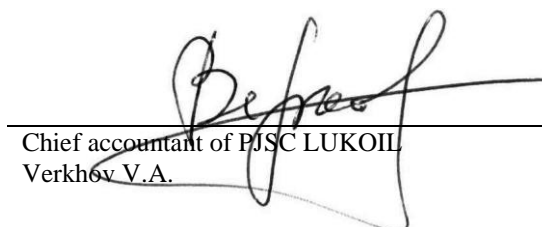
28 August 2018

PJSC LUKOIL
Consolidated Statement of Financial Position
(Millions of Russian rubles)

	Note	30 June 2018 (unaudited)	31 December 2017
Assets			
Current assets			
Cash and cash equivalents	6	339,209	330,390
Accounts receivable, net	7	488,740	418,272
Other current financial assets		33,249	19,561
Inventories	8	460,799	398,186
Prepaid taxes	9	86,435	87,338
Other current assets	10	57,096	54,367
Total current assets		1,465,528	1,308,114
Property, plant and equipment	12	3,665,714	3,575,165
Investments in associates and joint ventures	11	187,414	164,286
Other non-current financial assets	13	67,494	79,717
Deferred income tax assets		28,015	25,128
Goodwill and other intangible assets		41,355	41,304
Other non-current assets		36,547	32,501
Total non-current assets		4,026,539	3,918,101
Total assets		5,492,067	5,226,215
Liabilities and equity			
Current liabilities			
Accounts payable	14	595,156	559,977
Short-term borrowings and current portion of long-term debt	15	56,297	128,713
Taxes payable	17	147,746	118,484
Provisions	19	35,225	58,253
Other current liabilities	18	129,093	93,420
Total current liabilities		963,517	958,847
Long-term debt	16	485,982	487,647
Deferred income tax liabilities		249,406	237,980
Provisions	19	60,648	47,962
Other non-current liabilities		2,060	3,380
Total non-current liabilities		798,096	776,969
Total liabilities		1,761,613	1,735,816
Equity	20		
Share capital		1,151	1,151
Treasury shares		(251,089)	(251,089)
Additional paid-in capital		129,712	129,641
Other reserves		89,563	27,090
Retained earnings		3,753,455	3,576,158
Total equity attributable to PJSC LUKOIL shareholders		3,722,792	3,482,951
Non-controlling interests		7,662	7,448
Total equity		3,730,454	3,490,399
Total liabilities and equity		5,492,067	5,226,215



Vice-president of PJSC LUKOIL
Fedotov G.S.



Chief accountant of PJSC LUKOIL
Verkhov V.A.

PJSC LUKOIL

Consolidated Statement of Profit or Loss and Other Comprehensive Income
(Millions of Russian rubles, unless otherwise noted)

	Note	For the three months ended 30 June 2018 (unaudited)	For the three months ended 30 June 2017 (unaudited)	For the six months ended 30 June 2018 (unaudited)	For the six months ended 30 June 2017 (unaudited)
Revenues					
Sales (including excise and export tariffs)	28	2,056,058	1,359,170	3,686,786	2,790,769
Costs and other deductions					
Operating expenses		(112,221)	(110,574)	(220,861)	(218,066)
Cost of purchased crude oil, gas and products		(1,187,883)	(701,164)	(2,079,312)	(1,443,733)
Transportation expenses		(68,207)	(67,516)	(134,262)	(141,230)
Selling, general and administrative expenses		(40,409)	(39,245)	(77,163)	(75,531)
Depreciation, depletion and amortization		(97,593)	(84,162)	(185,283)	(164,936)
Taxes other than income taxes		(213,970)	(145,640)	(400,637)	(299,322)
Excise and export tariffs		(137,402)	(115,328)	(258,593)	(224,775)
Exploration expenses		(815)	(659)	(1,283)	(1,423)
Profit from operating activities		197,558	94,882	329,392	221,753
Finance income	22	4,648	3,102	8,162	6,401
Finance costs	22	(8,279)	(6,767)	(15,601)	(16,237)
Equity share in income of affiliates	11	6,104	3,955	11,353	7,685
Foreign exchange gain (loss)		22,394	27,786	20,962	(15,708)
Other (expenses) income	23	(10,562)	47,828	(9,863)	45,341
Profit before income taxes		211,863	170,786	344,405	249,235
Current income taxes		(39,952)	(32,183)	(58,189)	(44,939)
Deferred income taxes		(3,916)	191	(8,796)	(2,818)
Total income tax expense		(43,868)	(31,992)	(66,985)	(47,757)
Profit for the period		167,995	138,794	277,420	201,478
Profit for the period attributable to non-controlling interests		(673)	(146)	(1,040)	(524)
Profit for the period attributable to PJSC LUKOIL shareholders		167,322	138,648	276,380	200,954
Other comprehensive income (loss), net of income taxes					
<i>Items that may be reclassified to profit or loss:</i>					
Foreign currency translation differences for foreign operations		57,972	32,045	61,666	14,343
<i>Items that will never be reclassified to profit or loss:</i>					
Change in fair value of equity investments at fair value through other comprehensive income		1,152	(1,715)	919	(2,990)
Remeasurement of defined benefit liability / asset of pension plan		(104)	(12)	(114)	13
Other comprehensive income		59,020	30,318	62,471	11,366
Total comprehensive income for the period		227,015	169,112	339,891	212,844
Total comprehensive income for the period attributable to non-controlling interests		(665)	(166)	(1,038)	(546)
Total comprehensive income for the period attributable to PJSC LUKOIL shareholders		226,350	168,946	338,853	212,298
Basic and diluted earnings per share of common stock attributable to PJSC LUKOIL shareholders (in Russian rubles):					
	20	235.79	194.91	389.47	282.19

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

PJSC LUKOIL
Consolidated Statement of Changes in Equity (unaudited)
(Millions of Russian rubles)

	Share capital	Treasury shares	Additional paid-in capital	Other reserves	Retained earnings	Total equity attributable to PJSC LUKOIL shareholders	Non-controlling interests	Total equity
31 December 2017	1,151	(251,089)	129,641	27,090	3,576,158	3,482,951	7,448	3,490,399
Adjustment on adoption of IFRS 9, net of tax	-	-	-	-	(6,831)	(6,831)	-	(6,831)
1 January 2018	1,151	(251,089)	129,641	27,090	3,569,327	3,476,120	7,448	3,483,568
Profit for the period	-	-	-	-	276,380	276,380	1,040	277,420
Other comprehensive income (loss)	-	-	-	62,473	-	62,473	(2)	62,471
Total comprehensive income				62,473	276,380	338,853	1,038	339,891
Dividends on common stock	-	-	-	-	(92,252)	(92,252)	-	(92,252)
Changes in non-controlling interests	-	-	71	-	-	71	(824)	(753)
30 June 2018	1,151	(251,089)	129,712	89,563	3,753,455	3,722,792	7,662	3,730,454
31 December 2016	1,151	(241,615)	129,514	28,975	3,302,855	3,220,880	6,784	3,227,664
Profit for the period	-	-	-	-	200,954	200,954	524	201,478
Other comprehensive income (loss)	-	-	-	11,373	(29)	11,344	22	11,366
Total comprehensive income				11,373	200,925	212,298	546	212,844
Dividends on common stock	-	-	-	-	(85,156)	(85,156)	-	(85,156)
Stock purchased	-	(9,474)	-	-	-	(9,474)	-	(9,474)
Changes in non-controlling interests	-	-	123	-	-	123	(919)	(796)
30 June 2017	1,151	(251,089)	129,637	40,348	3,418,624	3,338,671	6,411	3,345,082

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

PJSC LUKOIL
Consolidated Statement of Cash Flows
(Millions of Russian rubles)

Note	For the six months ended 30 June 2018 (unaudited)	For the six months ended 30 June 2017 (unaudited)
Cash flows from operating activities		
Profit for the period attributable to PJSC LUKOIL shareholders	276,380	200,954
Adjustments for non-cash items:		
Depreciation, depletion and amortization	185,283	164,936
Equity share in income of affiliates, net of dividends received	(7,671)	(4,652)
Dry hole write-offs	324	8
Loss (gain) on disposals and impairments of assets	10,900	(43,495)
Income tax expense	66,985	47,757
Non-cash foreign exchange (gain) loss	(20,707)	16,629
Non-cash investing activities	(30)	26
Finance income	(8,162)	(6,401)
Finance costs	15,601	16,237
Bad debt provision	510	2,779
All other items – net	3,723	(4,435)
Changes in operating assets and liabilities:		
Trade accounts receivable	(43,226)	27,726
Inventories	(40,826)	28,491
Accounts payable	13,864	(127,939)
Other taxes	25,908	15,723
Other current assets and liabilities	(23,573)	28,773
Income tax paid	(55,151)	(31,772)
Dividends received	4,454	2,665
Interests received	5,355	3,891
Net cash provided by operating activities	409,941	337,901
Cash flows from investing activities		
Acquisition of licenses	(246)	(54)
Capital expenditures	(226,834)	(254,868)
Proceeds from sale of property, plant and equipment	1,167	600
Purchases of financial assets	(1,388)	(1,677)
Proceeds from sale of financial assets	14,367	5,942
Sale of subsidiaries, net of cash disposed	-	81,689
Sale of equity method affiliates	-	475
Acquisitions of equity method affiliates	(1,378)	(1,993)
Net cash used in investing activities	(214,312)	(169,886)
Cash flows from financing activities		
Proceeds from issuance of short-term borrowings	28,937	4,609
Principal repayments of short-term borrowings	(9,482)	(7,066)
Proceeds from issuance of long-term debt	-	68,049
Principal repayments of long-term debt	(145,468)	(105,047)
Interest paid	(19,343)	(20,370)
Dividends paid on Company common shares	(60,895)	(53,975)
Dividends paid to non-controlling interest shareholders	(1,040)	(1,566)
Financing received from non-controlling interest shareholders	77	23
Purchase of Company's stock	-	(9,474)
Sale of non-controlling interests	4	30
Purchases of non-controlling interests	-	(5)
Net cash used in financing activities	(207,210)	(124,792)
Effect of exchange rate changes on cash and cash equivalents	20,400	(4,917)
Change in cash related to assets held for sale	-	3
Net increase in cash and cash equivalents	8,819	38,309
Cash and cash equivalents at beginning of period	330,390	261,367
Cash and cash equivalents at end of period	339,209	299,676

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Note 1. Organization and environment

The primary activities of PJSC LUKOIL (the “Company”) and its subsidiaries (together, the “Group”) are oil exploration, production, refining, marketing and distribution. The Company is the ultimate parent entity of this vertically integrated group of companies.

The Group was established in accordance with Presidential Decree No. 1403, issued on 17 November 1992. Under this decree, on 5 April 1993, the Government of the Russian Federation transferred to the Company 51% of the voting shares of fifteen enterprises. Under Government Resolution No. 861 issued on 1 September 1995, a further nine enterprises were transferred to the Group during 1995. Since 1995, the Group has carried out a share exchange program to increase its shareholding in each of the twenty-four founding subsidiaries to 100%.

From formation, the Group has expanded substantially through consolidation of its interests, acquisition of new companies and establishment of new businesses.

Business and economic environment

The accompanying condensed interim consolidated financial statements reflect management’s assessment of the impact of the business environment in the countries in which the Group operates on the operations and the financial position of the Group. The future business environments may differ from management’s assessment.

Note 2. Basis of preparation

Statement of compliance

The condensed interim consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. These condensed interim consolidated financial statements should be read in conjunction with the Group’s consolidated financial statements for 2017 prepared in accordance with International Financial Reporting Standards (“IFRS”).

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last consolidated financial statements for 2017.

The accompanying condensed interim consolidated financial statements and notes thereto have not been audited by independent auditors, except for the consolidated statement of financial position at 31 December 2017.

The condensed interim consolidated financial statements were authorised by the Vice-president of the Company on 28 August 2018.

Functional and presentation currency

The functional currency of each of the Group’s consolidated companies is the currency of the primary economic environment in which the company operates. The management has analysed factors that influence the choice of functional currency and has determined the functional currency for each Group company. For the majority of them the functional currency is the local currency. The functional currency of the Company is the Russian ruble (“RUB”).

The presentation currency of the consolidated financial statements of the Group is the RUB. All financial information presented in the RUB has been rounded to the nearest million, except when otherwise indicated.

Note 2. Basis of preparation (continued)

The results and financial position of Group companies whose functional currency is different from the presentation currency of the Group are translated into presentation currency using the following procedures. Assets and liabilities are translated at period-end exchange rates, income and expenses are translated at rates which approximate actual rates at the date of the transaction. Resulting exchange differences are recognised in other comprehensive income.

Note 3. Changes in accounting policies

The accounting policies adopted in the preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the consolidated financial statements for 2017 except for IFRS 9 *Financial instruments* and IFRS 15 *Revenue from Contracts with Customers* that the Group has adopted with effect from 1 January 2018.

IFRS 9, issued in July 2014, replaced the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. IFRS 9 replaced the current 'incurred loss' model with a forward-looking 'expected credit loss' model. The adoption of IFRS 9 resulted in recognition of additional provisions for impairment of receivables under the expected credit loss model. The overall impact of applying the standard resulted in recognition of additional allowance on accounts receivables recognized directly in equity in the amount of 6,831 million RUB net of deferred income tax at 1 January 2018. As permitted by IFRS 9 comparatives have not been restated.

IFRS 15, issued in May 2014, established a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced existing revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*. The core principle of the new standard is that an entity recognises revenue when a customer obtains control of the goods. Based on management's analysis performed the standard does not have a material effect on the Group's consolidated financial statements, no transition adjustment has been made and comparative information has not been restated.

Note 4. Use of estimates and judgments

Preparation of the consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are the following:

- estimation of oil and gas reserves;
- estimation of useful lives of property, plant and equipment;
- impairment of non-current assets;
- assessment and recognition of provisions and contingent liabilities.

Note 5. Income taxes

Operations in the Russian Federation are subject to a Federal income tax rate of 3.0% and a regional income tax rate that varies from 12.5% to 17.0% at the discretion of the individual regional administration. The Group's foreign operations are subject to taxes at the tax rates applicable to the jurisdictions in which they operate.

The Group's effective income tax rate for the periods presented differs from the statutory income tax rate primarily due to domestic and foreign tax rate differences and the incurrence of costs that are either not tax deductible or only deductible to a certain limit. Tax expense is recognised based on the management's best estimate of the weighted-average annual income tax rate expected for the full financial year multiplied by the pre-tax income of the interim reporting period.

The Company and its Russian subsidiaries file income tax returns in Russia. A number of Group companies in Russia are paying income tax as a consolidated taxpayers' group ("CTG"). This allows taxpayers to offset taxable losses generated by certain participants of a CTG against taxable profits of other participants of the CTG.

Note 6. Cash and cash equivalents

	30 June 2018	31 December 2017
Cash held in RUB	104,040	70,611
Cash held in US dollars	212,224	239,405
Cash held in EUR	15,710	13,490
Cash held in other currencies	7,235	6,884
Total cash and cash equivalents	339,209	330,390

Note 7. Accounts receivable, net

	30 June 2018	31 December 2017
Trade accounts receivable (net of allowances of 24,309 million RUB and 18,777 million RUB at 30 June 2018 and 31 December 2017, respectively)	470,243	393,073
Other current accounts receivable (net of allowances of 4,887 million RUB and 3,182 million RUB at 30 June 2018 and 31 December 2017, respectively)	18,497	25,199
Total accounts receivable, net	488,740	418,272

Note 8. Inventories

	30 June 2018	31 December 2017
Crude oil and petroleum products	400,805	345,216
Materials for extraction and drilling	22,402	19,925
Materials and supplies for refining	3,851	2,999
Other goods, materials and supplies	33,741	30,046
Total inventories	460,799	398,186

PJSC LUKOIL
Notes to Condensed Interim Consolidated Financial Statements (unaudited)
(Millions of Russian rubles, unless otherwise noted)

Note 9. Prepaid taxes

	30 June 2018	31 December 2017
Income tax prepaid	10,576	13,543
VAT and excise tax recoverable	38,779	38,930
Export duties prepaid	12,997	15,418
VAT prepaid	19,984	15,655
Other taxes prepaid	4,099	3,792
Total prepaid taxes	86,435	87,338

Note 10. Other current assets

	30 June 2018	31 December 2017
Advance payments	16,558	17,487
Prepaid expenses	24,533	23,072
Other assets	16,005	13,808
Total other current assets	57,096	54,367

Note 11. Investments in associates and joint ventures

Carrying value of investments in associates and joint ventures:

Name of the company	Country	Ownership, %		30 June 2018	31 December 2017
		30 June 2018	31 December 2017		
<i>Joint Ventures:</i>					
Tengizchevroil	Kazakhstan	5.0%	5.0%	102,903	88,390
Caspian Pipeline Consortium	Kazakhstan	12.5%	12.5%	31,963	27,282
South Caucasus Pipeline Company	Azerbaijan	10.0%	10.0%	30,737	26,965
Others				470	474
<i>Associates:</i>					
Associates				21,341	21,175
Total				187,414	164,286

PJSC LUKOIL
Notes to Condensed Interim Consolidated Financial Statements (unaudited)
(Millions of Russian rubles, unless otherwise noted)

Note 12. Property, plant and equipment

	Exploration and production	Refining, marketing and distribution	Other	Total
Cost				
31 December 2017	3,902,267	1,236,552	72,543	5,211,362
Additions	184,861	26,019	632	211,512
Capitalised borrowing costs	5,098	-	-	5,098
Disposals	(23,554)	(5,999)	(395)	(29,948)
Changes in estimates of asset retirement obligation	7,636	-	-	7,636
Foreign currency translation differences	106,113	24,009	1,051	131,173
Other	30	(733)	89	(614)
30 June 2018	4,182,451	1,279,848	73,920	5,536,219
Depreciation and impairment				
31 December 2017	(1,230,717)	(403,445)	(15,617)	(1,649,779)
Depreciation for the period	(138,974)	(47,293)	(1,771)	(188,038)
Impairment loss	(5,010)	-	-	(5,010)
Disposals	19,166	3,283	133	22,582
Foreign currency translation differences	(52,404)	(8,875)	(307)	(61,586)
Other	2	766	15	783
30 June 2018	(1,407,937)	(455,564)	(17,547)	(1,881,048)
Advance payments for property, plant and equipment				
31 December 2017	10,732	2,717	133	13,582
30 June 2018	7,340	2,586	617	10,543
Carrying amounts				
31 December 2017	2,682,282	835,824	57,059	3,575,165
30 June 2018	2,781,854	826,870	56,990	3,665,714
Cost				
31 December 2016	3,478,050	1,155,388	70,186	4,703,624
Additions	234,474	20,358	623	255,455
Capitalised borrowing costs	6,536	45	-	6,581
Disposals	(17,839)	(5,745)	(75)	(23,659)
Foreign currency translation differences	(26,264)	18,441	(238)	(8,061)
Other	(578)	(590)	(123)	(1,291)
30 June 2017	3,674,379	1,187,897	70,373	4,932,649
Depreciation and impairment				
31 December 2016	(1,058,116)	(307,641)	(11,794)	(1,377,551)
Depreciation for the period	(112,307)	(46,710)	(1,708)	(160,725)
Impairment loss	(1,429)	(1,029)	-	(2,458)
Disposals	13,063	3,858	17	16,938
Foreign currency translation differences	14,386	(6,660)	(16)	7,710
Other	12	223	1	236
30 June 2017	(1,144,391)	(357,959)	(13,500)	(1,515,850)
Advance payments for property, plant and equipment				
31 December 2016	64,764	486	43	65,293
30 June 2017	54,048	524	157	54,729
Carrying amounts				
31 December 2016	2,484,698	848,233	58,435	3,391,366
30 June 2017	2,584,036	830,462	57,030	3,471,528

The cost of assets under construction included in Property, plant and equipment was 549,211 million RUB and 514,886 million RUB at 30 June 2018 and 31 December 2017, respectively.

Note 12. Property, plant and equipment (continued)

In the second quarter of 2018, the Group recognized an impairment loss for its exploration and production assets in Russia in the amount of 5 billion RUB.

Exploration and evaluation assets:

	For the six months ended 30 June 2018	For the six months ended 30 June 2017
1 January	86,134	69,829
Capitalised expenditures	16,607	16,735
Reclassified to development assets	(3,833)	(1,996)
Charged to expenses	(5,801)	(1,159)
Foreign currency translation differences	1,323	(208)
Other movements	(14)	(30)
30 June	94,416	83,171

Note 13. Other non-current financial assets

	30 June 2018	31 December 2017
Long-term loans	56,081	69,840
including loans to associates	56,076	69,668
Non-current accounts and notes receivable	4,909	4,680
Other non-current financial assets	6,504	5,197
Total other non-current financial assets	67,494	79,717

All other non-current financial assets are measured at amortized cost.

Note 14. Accounts payable

	30 June 2018	31 December 2017
Trade accounts payable	544,374	508,078
Other accounts payable	50,782	51,899
Total accounts payable	595,156	559,977

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

	30 June 2018	31 December 2017
Short-term borrowings from third parties	36,362	15,499
Short-term borrowings from related parties	3,139	3,170
Current portion of long-term debt	16,796	110,044
Total short-term borrowings and current portion of long-term debt	56,297	128,713

Short-term borrowings from third parties include amounts repayable in US dollars of 27,955 million RUB and 5,235 million RUB and amounts repayable in other currencies of 8,407 million RUB and 10,264 million RUB at 30 June 2018 and 31 December 2017, respectively. The weighted-average interest rate on short-term borrowings from third parties was 7.40% and 11.30% per annum at 30 June 2018 and 31 December 2017, respectively. At 30 June 2018, short-term borrowings from third parties are unsecured.

Note 16. Long-term debt

	30 June 2018	31 December 2017
Long-term loans and borrowings from third parties	212,181	244,000
3.416% non-convertible US dollar bonds, maturing 2018	-	86,384
7.250% non-convertible US dollar bonds, maturing 2019	37,525	34,466
6.125% non-convertible US dollar bonds, maturing 2020	62,661	57,506
6.656% non-convertible US dollar bonds, maturing 2022	31,306	28,748
4.563% non-convertible US dollar bonds, maturing 2023	94,009	86,274
4.750% non-convertible US dollar bonds, maturing 2026	62,614	57,467
Finance lease obligations	2,482	2,846
Total long-term debt	502,778	597,691
Current portion of long-term debt	(16,796)	(110,044)
Total non-current portion of long-term debt	485,982	487,647

Long-term loans and borrowings

Long-term loans and borrowings from third parties include amounts repayable in US dollars of 187,524 million RUB and 194,251 million RUB and amounts repayable in euros of 24,657 million RUB and 49,749 million RUB at 30 June 2018 and 31 December 2017, respectively. This debt has maturity dates from 2018 through 2028. The weighted-average interest rate on long-term loans and borrowings from third parties was 4.62% and 4.33% per annum at 30 June 2018 and 31 December 2017, respectively. A number of long-term loan agreements contain certain financial covenants which are being met by the Group. Approximately 33% of total long-term loans and borrowings from third parties at 30 June 2018 are secured by shares of an associated company, export sales and property, plant and equipment.

In April 2018, a Group company redeemed non-convertible bonds totaling \$1.5 billion (92.6 billion RUB) in accordance with the conditions of the bond issue. The bonds were issued in 2013 with a maturity of 5 years and a coupon yield of 3.416% per annum.

Reconciliation of liabilities arising from financing activities

	Loans and borrowings	Bonds	Capital lease obligation	Other liabilities	Total
31 December 2017	262,669	350,845	2,846	64,566	680,926
Changes from financing cash flows:					
Proceeds from issuance of short-term borrowings	28,937	-	-	-	28,937
Principal repayments of short-term borrowings	(9,482)	-	-	-	(9,482)
Principal repayments of long-term debt	(52,285)	(92,648)	(535)	-	(145,468)
Interest paid	-	-	-	(19,343)	(19,343)
Dividends paid on Company common stock	-	-	-	(60,895)	(60,895)
Total changes from financing cash flows	(32,830)	(92,648)	(535)	(80,238)	(206,251)
Other changes:					
Interest accrued	-	-	-	18,335	18,335
Dividends declared on Company common stock	-	-	-	92,252	92,252
The effect of changes in foreign exchange rates	21,575	29,923	23	740	52,261
Other changes	268	(5)	148	(128)	283
Total other changes	21,843	29,918	171	111,199	163,131
30 June 2018	251,682	288,115	2,482	95,527	637,806

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Note 17. Taxes payable

	30 June 2018	31 December 2017
Income tax	9,168	8,963
Mineral extraction tax	59,747	47,175
VAT	43,176	34,147
Excise tax	21,505	17,750
Property tax	5,411	3,652
Other taxes	8,739	6,797
Total taxes payable	147,746	118,484

Note 18. Other current liabilities

	30 June 2018	31 December 2017
Advances received	32,187	27,698
Dividends payable	93,960	62,254
Other	2,946	3,468
Total other current liabilities	129,093	93,420

Note 19. Provisions

	Asset retirement obligation	Provision for employee compensations	Provision for environmental liabilities	Pension provisions	Provision for unused vacations	Other provisions	Total
30 June 2018	48,765	11,892	3,993	10,595	5,977	14,651	95,873
Incl.: Non-current	48,483	68	1,535	8,496	337	1,729	60,648
Current	282	11,824	2,458	2,099	5,640	12,922	35,225
31 December 2017	36,668	36,172	4,176	10,367	5,472	13,360	106,215
Incl.: Non-current	36,478	14	1,683	8,292	54	1,441	47,962
Current	190	36,158	2,493	2,075	5,418	11,919	58,253

Assets retirement obligation:

	For the six months ended 30 June 2018	For the six months ended 30 June 2017
1 January	36,668	37,460
Provisions made during the period	1,465	1,221
Reversal of provisions	(58)	(70)
Provisions used during the period	(66)	(1,237)
Accretion expense	1,403	1,336
Change in discount rate	8,545	171
Changes in estimates	(495)	(180)
Foreign currency translation differences	1,285	(339)
Other	18	116
30 June	48,765	38,478

Note 20. Equity

Common shares

	30 June 2018	31 December 2017
	(thousands of shares)	(thousands of shares)
Authorized and issued common shares, par value of 0.025 RUB each	850,563	850,563
Treasury shares	(140,930)	(140,930)
Outstanding common shares	709,633	709,633

Dividends

At the annual general shareholders' meeting on 21 June 2018, dividends for 2017 were approved in the amount of 130.00 RUB per common share. At the extraordinary general shareholders' meeting on 4 December 2017, interim dividends for 2017 were approved in the amount of 85.00 RUB per common share. Total dividends for 2017 were approved in the amount of 215.00 RUB per common share.

At the annual general shareholders' meeting on 21 June 2017, dividends for 2016 were approved in the amount of 120.00 RUB per common share. At the extraordinary general shareholders' meeting on 5 December 2016, interim dividends for 2016 were approved in the amount of 75.00 RUB per common share. Total dividends for 2016 were approved in the amount of 195.00 RUB per common share.

Dividends on the Company's shares payable of 92,607 million RUB and 61,283 million RUB are included in "Other current liabilities" in the consolidated statement of financial position at 30 June 2018 and 31 December 2017, respectively.

Earnings per share

The weighted average number of outstanding common shares, used for calculation of earnings per share, was 709,633 thousand shares for the three and six months ended 30 June 2018, 711,337 thousand shares and 712,131 thousand shares for the three and six months ended 30 June 2017, respectively. There is no potential dilution in earnings available to common stockholders and as such diluted earnings per share are not disclosed.

Note 21. Personnel expenses

Personnel expenses were as follows:

	For the three months ended 30 June 2018	For the three months ended 30 June 2017	For the six months ended 30 June 2018	For the six months ended 30 June 2017
Salary	34,648	32,057	65,968	63,466
Statutory insurance contributions	8,578	7,896	16,809	15,837
Share-based compensation	-	454	190	(2,718)
Total personnel expenses	43,226	40,407	82,967	76,585

Note 22. Finance income and costs

Finance income was as follows:

	For the three months ended 30 June 2018	For the three months ended 30 June 2017	For the six months ended 30 June 2018	For the six months ended 30 June 2017
Interest income from deposits	2,156	1,204	3,699	2,014
Interest income from loans	1,873	1,664	3,299	3,631
Other finance income	619	234	1,164	756
Total finance income	4,648	3,102	8,162	6,401

Note 22. Finance income and costs (continued)

Finance costs were as follows:

	For the three months ended 30 June 2018	For the three months ended 30 June 2017	For the six months ended 30 June 2018	For the six months ended 30 June 2017
Interest expenses	7,101	5,838	13,423	13,765
Accretion expenses	761	672	1,407	1,341
Other finance costs	417	257	771	1,131
Total finance costs	8,279	6,767	15,601	16,237

Note 23. Other income and expenses

Other income was as follows:

	For the three months ended 30 June 2018	For the three months ended 30 June 2017	For the six months ended 30 June 2018	For the six months ended 30 June 2017
Gain on disposal of assets	413	50,209	602	50,419
Reversal of impairments of assets	-	4,257	-	4,257
Other income	1,928	3,817	6,365	8,425
Total other income	2,341	58,283	6,967	63,101

Other expenses were as follows:

	For the three months ended 30 June 2018	For the three months ended 30 June 2017	For the six months ended 30 June 2018	For the six months ended 30 June 2017
Loss on disposal of assets	4,683	5,248	6,492	8,723
Impairment loss	5,010	2,458	5,010	2,458
Charity expenses	2,518	2,361	4,171	4,495
Other expenses	692	388	1,157	2,084
Total other expenses	12,903	10,455	16,830	17,760

Note 24. Operating lease

At 30 June 2018 and 31 December 2017, Group companies had commitments primarily related to the lease of vessels, tank-cars, storage facilities and petroleum distribution outlets. Commitments for minimum rentals under these leases are payable as follows:

	30 June 2018	31 December 2017
Less than a year	24,656	24,753
1-5 years	56,554	54,917
More than 5 years	89,127	88,277
Total	170,337	167,947

Note 25. Commitments and contingencies

Capital commitments

At 30 June 2018, capital commitments of the Group relating to construction and acquisition of property, plant and equipment are evaluated as 364,187 million RUB.

Note 25. Commitments and contingencies (continued)

Taxation environment

The taxation systems in the Russian Federation and other emerging markets where Group companies operate are relatively new and are characterized by numerous taxes and frequently changing legislation, which is often unclear, contradictory, and subject to interpretation. Often, differing interpretations exist among different tax authorities within the same jurisdictions and among taxing authorities in different jurisdictions. Taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose substantial fines, penalties and interest charges. In the Russian Federation a tax year remains open for review by the tax authorities during three subsequent calendar years. However, under certain circumstances a tax year may remain open longer. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive position in their interpretation and enforcement of tax legislation. Such factors significantly increase taxation risks in the Russian Federation and other emerging markets where Group companies operate, comparing to other countries where taxation regimes have been subject to development and clarification over longer periods.

The tax authorities in each region of the Russian Federation may have a different interpretation of similar taxation issues which may result in taxation issues successfully defended by the Group in one region being unsuccessfully defended by the Group in another region. There is some direction provided from the central authority based in Moscow on particular taxation issues.

The Group has implemented tax planning and management strategies based on existing legislation. The Group is subject to tax authority audits on an ongoing basis, which is a normal practice in the Russian Federation and other republics of the former Soviet Union, and, at times, the authorities have attempted to impose additional significant taxes on the Group. Management believes that it has adequately met the requirements and provided for tax liabilities based on its interpretation of existing tax legislation. However, the relevant tax authorities may have differing interpretations and the effects on the condensed interim consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

Litigation and claims

In July 2015, the prosecutors with the Ploesti Court of Appeals (hereinafter the “Prosecutor’s Office”) charged the general director and several officers of PETROTEL-LUKOIL S.A., a Group company, with bad faith use of the company’s credit and money laundering. Similar charges were brought against LUKOIL Europe Holdings B.V., a Group company, for 2010–2014. On 10 May 2016, the Prahova Tribunal lifted all preventive measures that were in effect against the accused individuals. Upon preliminary hearings the Prosecutor’s Office revised the amount of damage claimed from \$2.2 billion (138.1 billion RUB) to \$1.5 billion (94.1 billion RUB). Currently the case is at the Prahova Tribunal. An expertise of all relevant issues of the criminal case was carried out during 2017, the results of which were accepted by the Tribunal on 12 February 2018. The final hearing on the case scheduled for 11 June 2018 was postponed to 10 September 2018. Management of PETROTEL-LUKOIL S.A. and its tax and legal counsel are actively defending the lawful rights and interests of the refinery, and are providing all necessary opinions, clarifications and comments, as well as preparing an exhaustive set of evidence to fully rebut the charges brought by the Prosecutor’s Office. Management does not believe that the outcome of this matter will have a material adverse effect on the Group’s financial position.

LUKOIL Overseas Karachaganak B.V., a Group company, among other contractors, is involved in the disputes with the Republic of Kazakhstan with respect to cost recovery in 2010–2014 (the “CR”) and the calculation of the “Fairness index” (the “FI”) in accordance with the Final Production Sharing Agreement relating to the Contract Area of the Karachaganak Oil and Gas Condensate Field. In relation to the CR, the parties are making efforts to resolve the dispute through negotiations and in relation to the FI the parties are taking part in an arbitration which is at its initial stage, and management believes that the amounts of claims, as well as calculations of potential losses arising from these disputes to be preliminary and should not be disclosed in order to avoid any adverse impact on the arbitration process and the positions of the parties therein.

Note 25. Commitments and contingencies (continued)

At the same time management does not preclude the possibility of settlement of the FI related dispute and believes that the final outcome of the above mentioned disputes will not have a material adverse effect on the Group's financial position.

The Group is involved in various other claims and legal proceedings arising in the normal course of business. While these claims may seek substantial damages against the Group and are subject to uncertainty inherent in any litigation, management does not believe that the ultimate resolution of such matters will have a material adverse impact on the Group's operating results or financial condition.

Political situation

In July – September 2014, the United States (“US”), the European Union (“EU”) and several other countries imposed a set of sanctions on Russia, including sectoral sanctions which affect several Russian oil and gas companies. The US has placed the Company onto the Sectoral Sanctions Identifications List subject to Directive 4. Directive 4 prohibits US companies and individuals from providing, exporting, or re-exporting directly or indirectly, goods, services (except for financial services), or technology in support of exploration or production for deepwater, Arctic offshore or shale projects that have the potential to produce oil in the Russian Federation, or in maritime area claimed by the Russian Federation and extending from its territory.

In August – October 2017, the US expanded abovementioned sanctions to include international oil projects initiated on or after 29 January 2018 that have the potential to produce oil in any location, and in which companies placed on the Sectoral Sanctions Identifications List (subject to Directive 4) have an ownership interest of 33% or more, or ownership of a majority of the voting interests.

Management believes that current sanctions do not have a material adverse effect on the Group's oil projects. At the same time the Company continues to monitor and evaluate potential risks for its operations in connection with sanctions.

The Group is exposed to political, economic and legal risks due to its operations in Iraq. Management monitors these risks and believes that there is no adverse effect on the Group's financial position that can be reasonably estimated at present.

Note 26. Related party transactions

In the rapidly developing business environment in the Russian Federation, companies and individuals have frequently used nominees and other forms of intermediary companies in transactions. The senior management of the Company believes that the Group has appropriate procedures in place to identify and properly disclose transactions with related parties in this environment and has disclosed all of the relationships identified which it deemed to be significant. Related party sales and purchases of oil and oil products were primarily to and from associates and joint ventures. Other financial assets mostly represent loans given to associates and joint ventures.

Outstanding balances with related parties were as follows:

	30 June 2018	31 December 2017
Accounts receivable	14,942	10,567
Other financial assets	78,854	82,288
Total assets	93,796	92,855
Accounts payable	11,313	6,696
Loans and borrowings	3,139	3,170
Total liabilities	14,452	9,866

Note 26. Related party transactions (continued)

Related party transactions were as follows:

	For the three months ended 30 June 2018	For the three months ended 30 June 2017	For the six months ended 30 June 2018	For the six months ended 30 June 2017
Sales of oil and oil products	12,091	3,461	18,922	6,918
Other sales	1,475	1,078	2,685	2,156
Purchases of oil and oil products	43,814	22,542	103,817	47,180
Other purchases	3,164	1,573	5,114	2,796
Proceeds from sale (purchases) of other financial assets, net	20,114	1,991	13,092	3,838
Proceeds from issuance (principal repayments) of loans, net	80	94	(108)	(16)

During the second quarter of 2017, a Group company acquired from a related party 3 300 000 ordinary shares of the Company for 9,474 million RUB.

Note 27. Compensation plan

During the period from 2013 to 2017, the Company had a compensation plan available to certain members of management, which was based on assigned shares and provided compensation consisting of two parts. The first part represented annual bonuses that were based on the number of assigned shares and amount of dividend per share. The payment of these bonuses was contingent on the Group meeting certain financial KPIs in each financial year. The second part was based upon the Company's common shares appreciation from 2013 to 2017, with rights vested in December 2017. The number of assigned shares for this compensation plan was approximately 19 million shares.

For the first part of the share plan the Group recognised a liability based on expected dividends and number of assigned shares. The second part of the share plan was also classified as liability settled. The grant date fair value of this part of the plan was estimated at 7.6 billion RUB, using the Black-Scholes-Merton option-pricing model. The fair value was estimated assuming a risk-free interest rate of 6.50% per annum, an expected dividend yield of 4.09% per annum, an expected time to maturity of five years and a volatility factor of 16.1%. The expected volatility factor for the annual weighted average share price was estimated based on the historical volatility of the Company's shares for the previous seven year period up to January 2013. Liability for the second part of the share plan was settled in the first quarter of 2018.

Related to this share plan the Group recognised expense of 190 million RUB during the three months ended 31 March 2018, expense of 454 million RUB and income of 2,718 million RUB during the three and six months ended 30 June 2017, respectively.

In late December 2017, the Company introduced a new compensation plan to certain members of management. The Group is currently in the process of implementing the program.

Note 28. Segment information

The Group has the following operating segments – exploration and production; refining, marketing and distribution; corporate and other. These segments have been determined based on the nature of their operations. Management on a regular basis assesses the performance of these operating segments.

The exploration and production segment explores for, develops and produces primarily crude oil. The refining, marketing and distribution segment processes crude oil into refined products, purchases, sells and transports crude oil and refined petroleum products, refines and sells chemical products, produces steam and electricity, distributes them and provides related services. The corporate and other business operating segment includes activities of the Company and businesses beyond the Group's traditional operations.

Geographical segments are based on the area of operations and include two segments: Russia and International.

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Note 28. Segment information (continued)

Operating earnings are supplemental non-IFRS financial measure used by management to evaluate segments performance. Operating earnings are defined as profit before finance income and expense, income tax expense, depreciation, depletion and amortisation.

Operating segments

For the three months ended 30 June 2018

	Exploration and production	Refining, marketing and distribution	Corporate and other	Elimination	Consolidated
Sales and other operating revenues					
Third parties	58,830	1,990,579	6,649	-	2,056,058
Inter-segment	564,525	17,081	12,236	(593,842)	-
Total revenues	623,355	2,007,660	18,885	(593,842)	2,056,058
Operating expenses	68,342	56,558	7,060	(19,739)	112,221
Selling, general and administrative expenses	8,207	31,406	8,770	(7,974)	40,409
Profit for the period	133,568	38,868	6,597	(11,711)	167,322
Operating earnings	244,501	73,821	7,302	(13,210)	312,414
Income tax expense					(43,868)
Finance income					4,648
Finance costs					(8,279)
Depreciation, depletion and amortisation					(97,593)
Profit for the period attributable to PJSC LUKOIL shareholders					167,322

For the three months ended 30 June 2017

	Exploration and production	Refining, marketing and distribution	Corporate and other	Elimination	Consolidated
Sales and other operating revenues					
Third parties	38,251	1,313,725	7,194	-	1,359,170
Inter-segment	337,648	17,613	10,870	(366,131)	-
Total revenues	375,899	1,331,338	18,064	(366,131)	1,359,170
Operating expenses	67,103	55,212	5,301	(17,042)	110,574
Selling, general and administrative expenses	10,646	28,696	9,912	(10,009)	39,245
Profit for the period	48,251	32,266	54,887	3,244	138,648
Operating earnings	120,872	67,493	65,276	4,826	258,467
Income tax expense					(31,992)
Finance income					3,102
Finance costs					(6,767)
Depreciation, depletion and amortisation					(84,162)
Profit for the period attributable to PJSC LUKOIL shareholders					138,648

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Note 28. Segment information (continued)

For the six months ended 30 June 2018

	Exploration and production	Refining, marketing and distribution	Corporate and other	Elimination	Consolidated
Sales and other operating revenues					
Third parties	109,136	3,565,213	12,437	-	3,686,786
Inter-segment	1,006,802	34,975	24,141	(1,065,918)	-
Total revenues	1,115,938	3,600,188	36,578	(1,065,918)	3,686,786
Operating expenses	133,010	113,055	10,494	(35,698)	220,861
Selling, general and administrative expenses	18,754	60,399	16,108	(18,098)	77,163
Profit for the period	220,574	57,251	6,326	(7,771)	276,380
Operating earnings	419,008	123,927	6,806	(13,654)	536,087
Income tax expense					(66,985)
Finance income					8,162
Finance costs					(15,601)
Depreciation, depletion and amortisation					(185,283)
Profit for the period attributable to PJSC LUKOIL shareholders					276,380

For the six months ended 30 June 2017

	Exploration and production	Refining, marketing and distribution	Corporate and other	Elimination	Consolidated
Sales and other operating revenues					
Third parties	72,113	2,701,310	17,346	-	2,790,769
Inter-segment	717,912	35,833	22,453	(776,198)	-
Total revenues	790,025	2,737,143	39,799	(776,198)	2,790,769
Operating expenses	130,983	108,277	10,321	(31,515)	218,066
Selling, general and administrative expenses	22,288	58,250	15,616	(20,623)	75,531
Profit for the period	103,992	70,423	21,315	5,224	200,954
Operating earnings	244,236	136,162	34,423	8,662	423,483
Income tax expense					(47,757)
Finance income					6,401
Finance costs					(16,237)
Depreciation, depletion and amortisation					(164,936)
Profit for the period attributable to PJSC LUKOIL shareholders					200,954

Note 28. Segment information (continued)

Geographical segments

	For the three months ended 30 June 2018	For the three months ended 30 June 2017	For the six months ended 30 June 2018	For the six months ended 30 June 2017
Sales of crude oil within Russia	10,626	9,110	24,244	18,012
Export of crude oil and sales of crude oil by foreign subsidiaries	730,019	365,115	1,207,770	761,535
Sales of petroleum products within Russia	232,517	185,335	421,018	347,705
Export of petroleum products and sales of petroleum products by foreign subsidiaries	984,018	719,614	1,839,979	1,496,662
Sales of chemicals within Russia	11,189	9,361	21,769	19,107
Export of chemicals and sales of chemicals by foreign subsidiaries	15,068	13,336	30,622	25,462
Sales of gas within Russia	8,420	7,898	16,750	14,931
Sales of gas by foreign subsidiaries	26,266	12,583	46,246	22,181
Sales of energy and related services within Russia	10,545	12,126	28,303	32,188
Sales of energy and related services by foreign subsidiaries	3,413	2,204	6,035	5,591
Other sales within Russia	12,084	11,403	22,263	21,680
Other export sales and other sales of foreign subsidiaries	11,893	11,085	21,787	25,715
Total sales	2,056,058	1,359,170	3,686,786	2,790,769

For the three months ended 30 June 2018

	Russia	International	Elimination	Consolidated
Sales and other operating revenues				
Third parties	307,977	1,748,081	-	2,056,058
Inter-segment	404,172	860	(405,032)	-
Total revenues	712,149	1,748,941	(405,032)	2,056,058
Operating expenses	81,927	30,721	(427)	112,221
Selling, general and administrative expenses	24,924	16,282	(797)	40,409
Profit for the period	161,262	20,250	(14,190)	167,322
Operating earnings	269,558	57,226	(14,370)	312,414

For the three months ended 30 June 2017

	Russia	International	Elimination	Consolidated
Sales and other operating revenues				
Third parties	253,854	1,105,316	-	1,359,170
Inter-segment	271,193	876	(272,069)	-
Total revenues	525,047	1,106,192	(272,069)	1,359,170
Operating expenses	83,303	26,579	692	110,574
Selling, general and administrative expenses	24,159	16,919	(1,833)	39,245
Profit for the period	130,583	5,633	2,432	138,648
Operating earnings	222,931	30,579	4,957	258,467

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Note 28. Segment information (continued)

For the six months ended 30 June 2018

	Russia	International	Elimination	Consolidated
Sales and other operating revenues				
Third parties	584,388	3,102,398	-	3,686,786
Inter-segment	752,226	1,555	(753,781)	-
Total revenues	1,336,614	3,103,953	(753,781)	3,686,786
Operating expenses	160,702	59,941	218	220,861
Selling, general and administrative expenses	46,800	32,085	(1,722)	77,163
Profit for the period	255,177	31,453	(10,250)	276,380
Operating earnings	449,505	96,000	(9,418)	536,087

For the six months ended 30 June 2017

	Russia	International	Elimination	Consolidated
Sales and other operating revenues				
Third parties	490,175	2,300,594	-	2,790,769
Inter-segment	581,774	1,597	(583,371)	-
Total revenues	1,071,949	2,302,191	(583,371)	2,790,769
Operating expenses	163,727	50,717	3,622	218,066
Selling, general and administrative expenses	43,573	34,475	(2,517)	75,531
Profit for the period	168,004	28,538	4,412	200,954
Operating earnings	334,333	82,505	6,645	423,483

In the International segment the Group receives the most substantial revenues in Switzerland, the USA and Singapore.

	For the three months ended 30 June 2018	For the three months ended 30 June 2017	For the six months ended 30 June 2018	For the six months ended 30 June 2017
Sales revenues				
in Switzerland	1,005,183	595,745	1,796,768	1,280,730
in the USA	201,904	152,985	361,526	300,451
in Singapore	174,441	115,270	302,365	232,069

These amounts are attributed to individual countries based on the jurisdiction of subsidiaries making the sale.

Note 29. Fair value

There are the following methods of fair value measurement based on the valuation method:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3 – unobservable inputs.

The following tables show the carrying amounts and fair values of financial assets and financial liabilities included in the consolidated statement of financial position at 30 June 2018 and 31 December 2017.

Note 29. Fair value (continued)

30 June 2018	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets:					
Commodity derivative contracts	5,946	-	5,946	-	5,946
Financial assets at fair value through other comprehensive income	6,407	6,407	-	-	6,407
Financial liabilities:					
Commodity derivative contracts	7,539	-	7,539	-	7,539
Loans and borrowings	502,778	296,089	-	221,628	517,717

31 December 2017	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets:					
Commodity derivative contracts	11,634	-	11,634	-	11,634
Available for sale securities	5,106	5,106	-	-	5,106
Financial liabilities:					
Commodity derivative contracts	11,978	-	11,978	-	11,978
Loans and borrowings	597,691	368,811	-	260,214	629,025

The fair values of cash and cash equivalents (Level 1), current and long-term accounts receivable (Level 3) are approximately equal to their value as disclosed in the consolidated statement of financial position. The fair value of long-term receivables was determined by discounting with estimated market interest rates for similar financing arrangements. The fair value of long-term loans (Level 3) was determined as a result of discounting using estimated market interest rates for similar financing arrangements. These amounts include all future cash outflows associated with the long-term debt repayments, including the current portion and interest. Market interest rates mean the rates of raising long-term debt by companies with a similar credit rating for similar tenors, repayment schedules and other similar main terms. The fair value of bonds (Level 1) was determined based on market quotations at 30 June 2018 and 31 December 2017.

Note 30. Subsequent events

On 24 August 2018, at the extraordinary general shareholders' meeting a decision was made to reduce the charter capital to 750 million ordinary shares by cancellation of 100.6 million ordinary shares by the end of 2018.