



PJSC LUKOIL

**CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS**

for the three-month period ended 31 March 2020

**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 31 March 2020, and the related consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three - month period then ended, 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.

Reviewed entity: Public Joint Stock Company "Oil company "LUKOIL".

Registration No. in the Unified State Register of Legal Entities
1027700035769.

Moscow, Russia.

Audit firm: 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-regulatory Organization of Auditors Association "Sodruzhestvo" (SRO AAS). The Principal Registration Number of the Entry in the Register of Auditors and Audit Organisations: No. 12006020351.



PJSC LUKOIL

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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 31 March 2020 and for the three-month period then ended are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.


Oussov A.I.

JSC "KPMG"


Moscow, Russia

2 June 2020




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

	Note	31 March 2020 (unaudited)	31 December 2019
Assets			
Current assets			
Cash and cash equivalents	6	500,653	516,032
Accounts receivable, net	7	445,703	437,052
Other current financial assets	8	50,898	49,706
Inventories	9	306,110	413,910
Prepaid taxes	10	92,612	95,075
Other current assets	11	56,188	42,412
Total current assets		1,452,164	1,554,187
Property, plant and equipment	13	4,258,283	4,026,007
Investments in associates and joint ventures	12	274,908	220,004
Other non-current financial assets	14	41,885	38,231
Deferred income tax assets		21,272	28,673
Goodwill and other intangible assets		46,550	43,108
Other non-current assets		32,734	36,840
Total non-current assets		4,675,632	4,392,863
Total assets		6,127,796	5,947,050
Liabilities and equity			
Current liabilities			
Accounts payable	16	517,335	607,734
Short-term borrowings and current portion of long-term debt	17	172,469	130,300
Taxes payable	19	120,201	142,471
Provisions	21	45,271	37,232
Other current liabilities	20	27,894	168,952
Obligation to repurchase common shares	22	-	120,988
Total current liabilities		883,170	1,207,677
Long-term debt	18	516,816	422,932
Deferred income tax liabilities		262,647	264,159
Provisions	21	95,551	77,045
Other non-current liabilities		2,015	1,788
Total non-current liabilities		877,029	765,924
Total liabilities		1,760,199	1,973,601
Equity			
Share capital	22	938	968
Treasury shares (including obligation to repurchase common shares)		(71,920)	(308,160)
Additional paid-in capital		39,275	39,277
Other reserves		343,276	30,141
Retained earnings		4,047,772	4,203,138
Total equity attributable to PJSC LUKOIL shareholders		4,359,341	3,965,364
Non-controlling interests		8,256	8,085
Total equity		4,367,597	3,973,449
Total liabilities and equity		6,127,796	5,947,050



 President of PJSC LUKOIL
 Alekperov V.Y.



 Chief accountant of PJSC LUKOIL
 Verkhov V.A.

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

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 31 March 2020 (unaudited)	For the three months ended 31 March 2019 (unaudited)
Revenues			
Sales (including excise and export tariffs)	29	1,665,985	1,850,933
Costs and other deductions			
Operating expenses		(111,518)	(109,169)
Cost of purchased crude oil, gas and products		(971,675)	(987,525)
Transportation expenses		(80,059)	(73,222)
Selling, general and administrative expenses		(45,109)	(49,573)
Depreciation, depletion and amortisation		(110,718)	(103,830)
Taxes other than income taxes		(193,708)	(221,019)
Excise and export tariffs		(112,679)	(111,456)
Exploration expenses		(394)	(912)
Profit from operating activities		40,125	194,227
Finance income	24	4,811	5,984
Finance costs	24	(10,249)	(11,734)
Equity share in income of affiliates	12	4,431	6,180
Foreign exchange (loss) gain		(14,910)	1,901
Other expenses	25	(46,614)	(3,972)
(Loss) profit before income taxes		(22,406)	192,586
Current income taxes		(17,038)	(41,381)
Deferred income taxes		(6,340)	(1,415)
Total income tax expense		(23,378)	(42,796)
(Loss) profit for the period		(45,784)	149,790
Profit for the period attributable to non-controlling interests		(176)	(554)
(Loss) profit for the period attributable to PJSC LUKOIL shareholders		(45,960)	149,236
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		315,622	(101,721)
<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		(2,162)	1,178
Remeasurements of defined benefit liability / asset of pension plan		(332)	97
Other comprehensive income (loss)		313,128	(100,446)
Total comprehensive income for the period		267,344	49,344
Total comprehensive income for the period attributable to non-controlling interests		(169)	(545)
Total comprehensive income for the period attributable to PJSC LUKOIL shareholders		267,175	48,799
Earnings per share			
(Loss) profit for the period attributable to PJSC LUKOIL shareholders per share of common stock (in Russian rubles):	22		
Basic		(71.11)	215.71
Diluted		(68.50)	210.35

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 2019	968	(308,160)	39,277	30,141	4,203,138	3,965,364	8,085	3,973,449
(Loss) profit for the period	-	-	-	-	(45,960)	(45,960)	176	(45,784)
Other comprehensive income (loss)	-	-	-	313,135	-	313,135	(7)	313,128
Total comprehensive income (loss)				313,135	(45,960)	267,175	169	267,344
Stock purchased	-	(2,026)	-	-	-	(2,026)	-	(2,026)
Equity-settled share-based compensation plan	-	-	-	-	7,842	7,842	-	7,842
Obligation to repurchase common shares	-	120,988	-	-	-	120,988	-	120,988
Share capital reduction	(30)	117,278	-	-	(117,248)	-	-	-
Changes in non-controlling interests	-	-	(2)	-	-	(2)	2	-
31 March 2020	938	(71,920)	39,275	343,276	4,047,772	4,359,341	8,256	4,367,597
31 December 2018	1,015	(134,810)	39,173	196,554	3,963,628	4,065,560	7,966	4,073,526
Profit for the period	-	-	-	-	149,236	149,236	554	149,790
Other comprehensive loss	-	-	-	(100,437)	-	(100,437)	(9)	(100,446)
Total comprehensive (loss) income				(100,437)	149,236	48,799	545	49,344
Stock purchased	-	(73,953)	-	-	-	(73,953)	-	(73,953)
Equity-settled share-based compensation plan	-	-	-	-	7,842	7,842	-	7,842
Changes in non-controlling interests	-	-	(41)	-	-	(41)	66	25
31 March 2019	1,015	(208,763)	39,132	96,117	4,120,706	4,048,207	8,577	4,056,784

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 three months ended 31 March 2020 (unaudited)	For the three months ended 31 March 2019 (unaudited)
Cash flows from operating activities			
(Loss) profit for the period attributable to PJSC LUKOIL shareholders		(45,960)	149,236
Adjustments for non-cash items:			
Depreciation, depletion and amortisation		110,718	103,830
Equity share in income of affiliates, net of dividend income		(3,663)	(5,801)
Dry hole write-offs		14	512
Loss on disposals and impairments of assets		45,861	1,560
Income tax expense		23,378	42,796
Non-cash foreign exchange loss (gain)		14,114	(1,667)
Finance income		(4,811)	(5,984)
Finance costs		10,249	11,734
Allowance for expected credit losses		1,005	4,795
Equity-settled share-based compensation plan		7,842	7,842
All other items – net		2,527	2,441
Changes in operating assets and liabilities:			
Trade accounts receivable		71,465	(17,767)
Inventories		164,663	(101,788)
Accounts payable		(164,651)	56,889
Other taxes		(13,347)	35,794
Other current assets and liabilities		(12,599)	(10,562)
Income tax paid		(26,306)	(35,429)
Dividends received		943	632
Interests received		4,288	4,261
Net cash provided by operating activities		185,730	243,324
Cash flows from investing activities			
Acquisition of licenses		(129)	(1,524)
Capital expenditures		(130,211)	(97,421)
Proceeds from sale of property, plant and equipment		85	324
Purchases of financial assets		(1,861)	(3,108)
Proceeds from sale of financial assets		4,233	6,161
Acquisitions of interests in the projects and subsidiaries, net of cash acquired		(1,040)	(3,666)
Acquisitions of equity method affiliates		(795)	(317)
Net cash used in investing activities		(129,718)	(99,551)
Cash flows from financing activities			
Proceeds from issuance of short-term borrowings		4,599	142
Principal repayments of short-term borrowings		(102)	(7,564)
Principal repayments of long-term debt		(15,141)	(13,486)
Interest paid		(4,715)	(5,748)
Dividends paid on Company common shares		(133,060)	(70,199)
Dividends paid to non-controlling interest shareholders		(1,187)	(1,494)
Financing received from non-controlling interest shareholders		2	44
Purchase of Company's stock		(2,026)	(71,488)
Purchases of non-controlling interest		-	(14)
Net cash used in financing activities		(151,630)	(169,807)
Effect of exchange rate changes on cash and cash equivalents		80,239	(22,122)
Net decrease in cash and cash equivalents		(15,379)	(48,156)
Cash and cash equivalents at beginning of period		516,032	492,650
Cash and cash equivalents at end of period	6	500,653	444,494

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

Note 1. Organisation 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 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.

COVID-19

In December 2019, the emergence of a new strain of coronavirus (COVID-19) was reported in China and has subsequently spread globally. On 11 March 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. Mobility restrictions, quarantines and similar lockdown measures implemented in different countries to cope with the pandemic had a significant negative impact on the global economy. Deceleration of economic activity resulted in a substantial decrease in demand for hydrocarbons leading to oversupply on the international oil market and a sharp decline in oil prices. Failure of OPEC+ countries to reach a new agreement on crude oil production quotas in the beginning of March put an incremental pressure on oil prices. On 12 April 2020, OPEC+ countries entered into a new agreement to reduce their collective output starting from 1 May 2020. Under this agreement the Group cut its crude oil production in Russia and at some international projects. This coordinated production cut together with the negative impact of low oil prices on crude oil production in different countries resulted in lower supply of crude oil, reduction of surplus on the crude oil market and led to a gradual recovery of oil prices. This upward oil price trend was further supported by the start of gradual lifting of lockdowns in different countries, recovery in economic activity and respective growth in demand for hydrocarbons.

From the beginning of COVID-19 pandemic the Group has taken necessary measures to avoid direct impact of the pandemic on its operations with a special focus on protection of the health of employees and clients and uninterrupted production processes.

The major impact of COVID-19 on the macroeconomic environment in the oil and gas industry resulted in a number of consequences on operational and financial performance of the Group.

Management has considered the impact of COVID-19 and oil price decline on these condensed interim consolidated financial statements. Current market conditions create additional estimation uncertainties and impact certain key assumptions in the valuation of assets used for preparation of these condensed interim consolidated financial statements. Management has reviewed the price assumptions used in value-in-use impairment testing of property, plant and equipment and lowered them to revised best estimates. For the results of impairment test performed using these revised assumptions and other factors see note 13 “Property, plant and equipment”.

The oil price decline also impacted carrying value of inventory at 31 March 2020, measured at the lower of cost or net realizable value. For more information see note 9 “Inventories”.

Note 1. Organisation and environment (continued)

All other significant accounting judgements and estimates disclosed in 2019 consolidated financial statements remain applicable and no new significant accounting judgements or estimates have been identified.

Management believes that the Group is in a solid financial condition as of the end of the first quarter of 2020. This represents an incremental support for continuous operations and meeting all of the Group's obligations, as well as adequate financing of the investment program in any macroeconomic situation. Management will continue monitoring the situation closely to ensure prompt reaction to the rapidly changing environment.

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 2019 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 2019.

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 2019.

The condensed interim consolidated financial statements were authorised by the President of the Company on 2 June 2020.

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. 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 Group is the RUB. All financial information presented in the RUB has been rounded to the nearest million, except when otherwise indicated.

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 2019.

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.

Note 4. Use of estimates and judgments (continued)

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;
- definition of leases.

Oil and gas reserves estimates that are used for the reporting purposes are made in accordance with the requirements adopted by U.S. Securities and Exchange Commission. Estimates are reassessed on an annual basis.

Note 5. Income taxes

Operations in the Russian Federation are subject to a 20% income tax rate. For the period from 2017 till 2024 (inclusive) the Federal income tax rate is set as 3.0% and the regional income tax rate is set as 17.0%. Regional income tax rate may be reduced for certain categories of taxpayers by the laws of constituent entities of the Russian Federation, however certain restrictions apply on the application of the reduced regional rates.

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

	31 March 2020	31 December 2019
Cash held in RUB	38,539	189,055
Cash held in US dollars	434,038	303,046
Cash held in EUR	21,146	14,909
Cash held in other currencies	6,930	9,022
Total cash and cash equivalents	500,653	516,032

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

Note 7. Accounts receivables, net

	31 March 2020	31 December 2019
Trade accounts receivable (net of allowances of 32,056 million RUB and 26,593 million RUB at 31 March 2020 and 31 December 2019, respectively)	434,791	428,415
Other current accounts receivable (net of allowances of 5,198 million RUB and 4,694 million RUB at 31 March 2020 and 31 December 2019, respectively)	10,912	8,637
Total accounts receivable, net	445,703	437,052

Note 8. Other current financial assets

	31 March 2020	31 December 2019
Financial assets measured at amortised cost		
Short-term loans	8,613	6,814
Financial assets measured at fair value through profit or loss		
Short-term loans	42,285	42,892
Total other current financial assets	50,898	49,706

Note 9. Inventories

	31 March 2020	31 December 2019
Crude oil and petroleum products	249,813	366,795
Materials for extraction and drilling	27,629	22,811
Materials and supplies for refining	4,144	4,449
Other goods, materials and supplies	24,524	19,855
Total inventories	306,110	413,910

The cost of crude oil and petroleum products inventories was reduced to net realizable value at 31 March 2020 as a result of significant decrease in international hydrocarbon prices during March 2020. The write-down in the amount of 92 billion RUB is included in “Cost of purchased crude oil, gas and products” in the consolidated statement of profit or loss and other comprehensive income.

Note 10. Prepaid taxes

	31 March 2020	31 December 2019
Income tax prepaid	25,215	17,120
VAT and excise tax recoverable	25,214	30,660
Export duties prepaid	10,753	11,968
VAT prepaid	25,764	30,199
Other taxes prepaid	5,666	5,128
Total prepaid taxes	92,612	95,075

Note 11. Other current assets

	31 March 2020	31 December 2019
Advance payments	11,462	10,246
Prepaid expenses	28,749	23,673
Other assets	15,977	8,493
Total other current assets	56,188	42,412

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

Note 12. Investments in associates and joint ventures

Carrying value of investments in associates and joint ventures:

Name of the company	Country	Ownership		31 March 2020	31 December 2019
		31 March 2020	31 December 2019		
<i>Joint ventures:</i>					
Tengizchevroil	Kazakhstan	5.0%	5.0%	152,196	119,924
Caspian Pipeline Consortium	Kazakhstan	12.5%	12.5%	53,927	40,670
South Caucasus Pipeline Holding Company	Azerbaijan	10.0%	10.0%	38,726	30,241
Others				1,174	655
<i>Associates:</i>					
Associates				28,885	28,514
Total				274,908	220,004

Note 13. Property, plant and equipment

	Exploration and production	Refining, marketing and distribution	Other	Total
Cost				
31 December 2019	4,795,674	1,510,515	76,246	6,382,435
Additions	115,841	28,748	294	144,883
Acquisitions	1,209	-	-	1,209
Disposals	(6,393)	(5,828)	(191)	(12,412)
Foreign currency translation differences	360,560	119,075	3,269	482,904
Other	(4,277)	(755)	(82)	(5,114)
31 March 2020	5,262,614	1,651,755	79,536	6,993,905
Depreciation and impairment				
31 December 2019	(1,766,575)	(589,636)	(21,153)	(2,377,364)
Depreciation for the period	(82,415)	(30,223)	(960)	(113,598)
Impairment loss	(7,428)	(28,859)	-	(36,287)
Disposals	4,855	5,247	98	10,200
Foreign currency translation differences	(188,542)	(48,139)	(1,139)	(237,820)
Other	(732)	2,123	(1)	1,390
31 March 2020	(2,040,837)	(689,487)	(23,155)	(2,753,479)
Advance payments for property, plant and equipment				
31 December 2019	6,791	13,314	831	20,936
31 March 2020	8,077	8,938	842	17,857
Carrying amounts				
31 December 2019	3,035,890	934,193	55,924	4,026,007
31 March 2020	3,229,854	971,206	57,223	4,258,283

Note 13. Property, plant and equipment (continued)

	Exploration and production	Refining, marketing and distribution	Other	Total
Cost				
31 December 2018	4,476,824	1,373,743	75,882	5,926,449
Adjustment on adoption of IFRS 16	54,335	102,147	5,569	162,051
1 January 2019	4,531,159	1,475,890	81,451	6,088,500
Additions	95,101	13,059	237	108,397
Disposals	(3,894)	(1,599)	(72)	(5,565)
Foreign currency translation differences	(99,876)	(46,533)	(1,165)	(147,574)
Other	590	3,878	(58)	4,410
31 March 2019	4,523,080	1,444,695	80,393	6,048,168
Depreciation and impairment				
31 December 2018	(1,586,508)	(513,668)	(19,380)	(2,119,556)
Depreciation for the period	(72,817)	(30,340)	(1,111)	(104,268)
Disposals	1,617	988	21	2,626
Foreign currency translation differences	51,063	17,423	475	68,961
Other	(3)	3,972	20	3,989
31 March 2019	(1,606,648)	(521,625)	(19,975)	(2,148,248)
Advance payments for property, plant and equipment				
31 December 2018	5,916	15,669	686	22,271
31 March 2019	4,905	15,861	676	21,442
Carrying amounts				
31 December 2018	2,896,232	875,744	57,188	3,829,164
31 March 2019	2,921,337	938,931	61,094	3,921,362

The cost of assets under construction included in property, plant and equipment was 433,953 million RUB and 369,926 million RUB at 31 March 2020 and 31 December 2019, respectively.

Exploration and evaluation assets

	For the three months ended 31 March 2020	For the three months ended 31 March 2019
1 January	129,951	107,105
Capitalised expenditures	12,008	8,116
Acquisitions through business combinations	362	-
Reclassified to development assets	(5,712)	(2,392)
Charged to expenses	(116)	(404)
Foreign currency translation differences	8,592	(1,954)
Other movements	26	89
31 March	145,111	110,560

Due to a significant deterioration in the macroeconomic situation in the first quarter of 2020, the Company revised the scenario conditions used in the impairment test at the end of 2019 and performed an impairment test for assets at 31 March 2020.

As a result, in the first quarter of 2020, the Group recognised an impairment loss for its exploration and production assets in Russia in the amount of 5 billion RUB, for its international exploration and production assets in the amount of 2 billion RUB and for its international refining, marketing and distribution assets in the amount of 29 billion RUB.

Note 13. Property, plant and equipment (continued)

The recoverable amounts of CGUs subject to impairment in the first quarter of 2020 in the amount of 139 billion RUB were determined as value in use equal to the present value of the expected cash flows. Value in use was estimated using 9% discount rate for exploration and production assets in Russia, 8.2% discount rate for international exploration and production assets and 7.5% discount rate for international refining, marketing and distribution assets.

Impairment loss is included in “Other expenses” in the consolidated statement of profit or loss and other comprehensive income.

For impairment test purposes at 31 March 2020 the following Brent Blend price assumptions have been used: \$40.0 per barrel in 2020–2021, \$45.0 per barrel in 2022, \$50.0 per barrel in 2023, \$55.0 per barrel in 2024 and \$60.0 per barrel from 2025.

Note 14. Other non-current financial assets

	31 March 2020	31 December 2019
Financial assets measured at fair value through other comprehensive income		
Equity instruments	803	2,656
Financial assets measured at amortised cost		
Long-term loans	30,728	26,008
Non-current accounts and notes receivable	1,841	1,371
Other financial assets	32	34
Financial assets measured at fair value through profit or loss		
Long-term loans	8,481	8,162
Total other non-current financial assets	41,885	38,231

Note 15. Acquisition of interests in the projects

In the second quarter of 2019, a Group company entered into a contract with New Age M12 Holdings Limited to acquire a 25% interest in the Marine XII license in the Republic of Congo (Congo-Brazzaville) developed under the production sharing agreement. In September 2019, the transaction in the amount of 51.4 billion RUB (\$768 million) was closed after all the customary conditions, including approval by the Government of the Republic of Congo, were fulfilled. At 31 March 2020, preliminary allocation of the purchase price to the fair value of assets acquired and liabilities assumed includes property plant and equipment and assets under construction in the amount of 50.0 billion RUB (\$748 million), inventories in the amount of 0.9 billion RUB (\$13 million) and accounts receivable in the amount of 0.5 billion RUB (\$7 million). Final allocation of the purchase price to the fair value of assets acquired and liabilities assumed is going to be finalised within 12 months from the acquisition date.

After acquisition the Group accounts for this project similar to accounting for jointly controlled operations.

Note 16. Accounts payable

	31 March 2020	31 December 2019
Trade accounts payable	451,611	555,823
Other accounts payable	65,724	51,911
Total accounts payable	517,335	607,734

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Note 17. Short-term borrowings and current portion of long-term debt

	31 March 2020	31 December 2019
Short-term borrowings from third parties	22,608	13,940
Short-term borrowings from related parties	2,283	2,222
Current portion of long-term debt	147,578	114,138
Total short-term borrowings and current portion of long-term debt	172,469	130,300

Short-term borrowings from third parties include amounts repayable in US dollars of 20,678 million RUB and 12,694 million RUB and amounts repayable in other currencies of 1,930 million RUB and 1,246 million RUB at 31 March 2020 and 31 December 2019, respectively. The weighted-average interest rate on short-term borrowings from third parties was 2.69% and 4.00% per annum at 31 March 2020 and 31 December 2019, respectively. At 31 March 2020, short-term borrowings from third parties are unsecured.

Note 18. Long-term debt

	31 March 2020	31 December 2019
Long-term loans and borrowings from third parties	144,329	117,864
6.125% non-convertible US dollar bonds, maturing 2020	77,697	61,866
6.656% non-convertible US dollar bonds, maturing 2022	38,811	30,905
4.563% non-convertible US dollar bonds, maturing 2023	116,495	92,769
4.750% non-convertible US dollar bonds, maturing 2026	77,587	61,786
Lease obligations	209,475	171,880
Total long-term debt	664,394	537,070
Current portion of long-term debt	(147,578)	(114,138)
Total non-current portion of long-term debt	516,816	422,932

Long-term loans and borrowings

Long-term loans and borrowings from third parties include amounts repayable in US dollars of 128,218 million RUB and 104,819 million RUB and amounts repayable in euros of 16,111 million RUB and 13,045 million RUB at 31 March 2020 and 31 December 2019, respectively. This debt has maturity dates from 2020 through 2028. The weighted-average interest rate on long-term loans and borrowings from third parties was 3.89% and 4.08% per annum at 31 March 2020 and 31 December 2019, respectively. A number of long-term loan agreements contain certain financial covenants which are being met by the Group. Approximately 50% of total long-term loans and borrowings from third parties at 31 March 2020 are secured by shares of an associated company, export sales and property, plant and equipment.

Reconciliation of liabilities arising from financing activities

	Loans and borrowings	Bonds	Lease obligations	Other liabilities	Total
31 December 2019	134,026	247,326	171,880	135,920	689,152
Changes from financing cash flows:					
Proceeds from issuance of short-term borrowings	4,599	-	-	-	4,599
Principal repayments of short-term borrowings	(102)	-	-	-	(102)
Principal repayments of long-term debt	(3,311)	-	(11,830)	-	(15,141)
Interest paid	-	-	(2,578)	(2,137)	(4,715)
Dividends paid on Company common stock	-	-	-	(133,060)	(133,060)
Total changes from financing cash flows	1,186	-	(14,408)	(135,197)	(148,419)
Other changes:					
Interest accrued	-	-	2,578	7,204	9,782
The effect of changes in foreign exchange rates	33,561	63,236	31,668	1,348	129,813
Non-cash additions to lease obligations	-	-	15,376	-	15,376
Other changes	447	28	2,381	(681)	2,175
Total other changes	34,008	63,264	52,003	7,871	157,146
31 March 2020	169,220	310,590	209,475	8,594	697,879

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Note 19. Taxes payable

	31 March 2020	31 December 2019
Income tax	12,174	12,031
Mineral extraction tax	33,835	61,464
Tax on additional income from hydrocarbon production	2,055	3,380
VAT	26,748	38,566
Excise tax	30,568	14,359
Property tax	7,086	5,120
Other taxes	7,735	7,551
Total taxes payable	120,201	142,471

Note 20. Other current liabilities

	31 March 2020	31 December 2019
Advances received	24,653	30,868
Dividends payable	535	135,034
Other	2,706	3,050
Total other current liabilities	27,894	168,952

Note 21. Provisions

	Asset retirement obligations	Provision for employee compensations	Provision for environmental liabilities	Pension liabilities	Provision for unused vacations	Other provisions	Total
31 March 2020	80,712	14,231	3,970	13,583	6,800	21,526	140,822
Incl.: Non-current	79,995	77	1,410	11,053	192	2,824	95,551
Current	717	14,154	2,560	2,530	6,608	18,702	45,271
31 December 2019	63,387	9,762	3,783	12,544	5,861	18,940	114,277
Incl.: Non-current	62,667	263	1,175	10,310	153	2,477	77,045
Current	720	9,499	2,608	2,234	5,708	16,463	37,232

Asset retirement obligations changed as follows:

	For the three months ended 31 March 2020	For the three months ended 31 March 2019
1 January	63,387	36,424
Provisions made during the period	15,901	167
Reversal of provisions	(45)	(72)
Provisions used during the period	(56)	(58)
Accretion expense	949	662
Change in discount rate	(6,556)	446
Changes in estimates	120	(747)
Foreign currency translation differences	7,008	(1,126)
Other	4	-
31 March	80,712	35,696

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Note 22. Equity

Common shares

	31 March 2020	31 December 2019
	(thousands of shares)	(thousands of shares)
Issued common shares, par value of 0.025 RUB each	692,866	715,000
Treasury shares	(40,367)	(62,119)
Outstanding common shares	652,499	652,881

Number of authorised common shares at 31 March 2020 was 777,866 thousands of shares.

On 3 December 2019, at the extraordinary general shareholders' meeting a decision was made to reduce the share capital of the Company by purchase of a portion of issued shares in order to reduce the total number thereof. At 31 December 2019, the Group recognised an obligation to repurchase common shares in the amount of 120,988 million RUB. Share capital reduction to 693 million common shares by purchase and cancellation of 22 million common shares was executed on 10 February 2020. Most of the common shares were purchased from a Group company.

Earnings per share

The calculation of basic and diluted earnings per share was as follows:

	For the three months ended	For the three months ended
	31 March 2020	31 March 2019
(Loss) profit for the period attributable to PJSC LUKOIL shareholders	(45,960)	149,236
Weighted average number of common shares (thousands of shares)	646,332	691,841
Dilutive effect of equity-settled share-based compensation plan (thousands of shares)	24,624	17,625
Weighted average number of common shares, assuming dilution (thousands of shares)	670,956	709,466
(Loss) profit per share of common stock attributable to PJSC LUKOIL shareholders (in Russian rubles):		
Basic	(71.11)	215.71
Diluted	(68.50)	210.35

Note 23. Personnel expenses

Personnel expenses were as follows:

	For the three months ended	For the three months ended
	31 March 2020	31 March 2019
Salary	34,042	34,214
Statutory insurance contributions	9,019	8,666
Share-based compensation	7,842	7,842
Total personnel expenses	50,903	50,722

Note 24. Finance income and costs

Finance income was as follows:

	For the three months ended	For the three months ended
	31 March 2020	31 March 2019
Interest income from deposits	2,998	3,291
Interest income from loans	1,376	1,241
Other finance income	437	1,452
Total finance income	4,811	5,984

Note 24. Finance income and costs (continued)

Finance costs were as follows:

	For the three months ended 31 March 2020	For the three months ended 31 March 2019
Interest expenses	8,760	10,466
Accretion expenses	952	665
Other finance costs	537	603
Total finance costs	10,249	11,734

Note 25. Other income and expenses

Other income was as follows:

	For the three months ended 31 March 2020	For the three months ended 31 March 2019
Gain on disposal of assets	338	500
Reversal of impairment of assets	122	-
Other income	3,081	2,310
Total other income	3,541	2,810

Other expenses were as follows:

	For the three months ended 31 March 2020	For the three months ended 31 March 2019
Loss on disposal of assets	2,257	2,060
Impairment loss	44,064	-
Charity expenses	2,311	2,037
Other expenses	1,523	2,685
Total other expenses	50,155	6,782

Note 26. Commitments and contingencies

Capital commitments

Capital commitments of the Group relating to construction and acquisition of property, plant and equipment amount to 573,483 million RUB and 517,977 million RUB at 31 March 2020 and 31 December 2019, respectively.

Taxation environment

The taxation systems in the Russian Federation and other emerging markets where Group companies operate are relatively new and are characterised 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.

Note 26. Commitments and contingencies (continued)

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 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 (171.0 billion RUB) to \$1.5 billion (116.6 billion RUB). 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. At the final hearing on the case which was held on 23 October 2018 the court issued a not guilty decision to all the accused, including general director of PETROTEL-LUKOIL S.A., his deputies and PETROTEL-LUKOIL S.A. and LUKOIL Europe Holdings B.V. themselves. As a result freezing injunction in the amount of approximately \$1.5 billion (116.6 billion RUB) was removed from all assets of the refinery, shares and accounts of PETROTEL-LUKOIL S.A. and LUKOIL Europe Holdings B.V. On 1 November 2018, this decision was appealed by the Prosecutor’s Office to the Ploesti Court of Appeals. On 27 November 2019, the Ploesti Court of Appeals issued a decision to return the case for a new examination in the court of first instance. On 24 December 2019, the defendants appealed the decision in an order of extraordinary appeal to the Ploesti Court of Appeals. Consideration of the complaint was scheduled for 16 March 2020; however, due to the coronavirus (COVID-19) outbreak, the court hearings have been postponed for an indefinite period. 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 2010–2015 (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 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. 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 position.

Note 26. Commitments and contingencies (continued)

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 Department of the Treasury has placed the Company onto the Sectoral Sanctions Identifications List subject to Directive 4 of the Office of foreign assets control (OFAC). 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 spreading from the Russian territory and claimed by the Russian Federation.

From January 2018 (based on acts adopted in August – October 2017), the US expanded abovementioned sanctions to include certain categories of international oil projects initiated on or after 29 January 2018 in any part of the world, in which companies placed on the Sectoral Sanctions Identifications List subject to Directive 4 (including the Company) 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 current or planned 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.

Other matters

The Company and other Group companies have been notified by various counterparties of claims in respect of allegedly off-specification quantities of crude oil volumes delivered through the Druzhba pipeline (owned and operated by the state-owned company, PJSC Transneft) in the second quarter of 2019. The claims assert that the oil had an average organic chlorine content in excess of the contractual specification, which may allegedly cause the purchasers to suffer certain financial losses. According to publicly available information, this situation was caused by unlawful actions of certain third parties that were aimed at concealing thefts of oil from the pipeline. The losses have not been fully defined or evidenced. Currently the consequences of the incident in terms of crude oil delivered by the Group to Hungary and Slovakia have been settled between the Company, PJSC Transneft and Hungarian oil and gas company MOL; remaining claims are in the process of settlement. Management does not believe that the ultimate resolution of these matters will have a material adverse impact on the Group’s operating results or financial position.

Note 27. Related party 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 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.

Note 27. Related party transactions (continued)

Outstanding balances with related parties were as follows:

	31 March 2020	31 December 2019
Accounts receivable	1,649	1,079
Other financial assets	51,328	51,053
Total assets	52,977	52,132
Accounts payable	5,440	5,002
Loans and borrowings	2,283	2,222
Total liabilities	7,723	7,224

Related party transactions were as follows:

	For the three months ended 31 March 2020	For the three months ended 31 March 2019
Sales of oil and oil products	6,285	5,324
Other sales	678	716
Purchases of oil and oil products	14,979	24,458
Other purchases	2,832	2,197
Proceeds from sale of other financial assets, net	2,279	3,090
Proceeds from issuance (principal repayments) of loans, net	36	(526)

Note 28. Compensation plan

In late December 2017, the Company announced a compensation plan based on approximately 40 million shares available to certain members of management and key employees for the period from 2018 to 2022, which was implemented in July 2018 and recognised as equity-settled share-based compensation plan.

The fair value of the plan was estimated at the grant date at 156.8 billion RUB based on forecasting principles of Monte-Carlo model and is not going to be recalculated in the future. The fair value was estimated assuming a spot-price of the Company's share in the amount of 4,355 RUB at the grant date, discount for illiquidity in the amount of 9.95% per annum, a risk-free interest rate of 7.50% per annum, an expected dividend yield of 4.99% per annum, an expected time to maturity of five years and a volatility factor of 25.68%. The expected volatility factor was estimated based on the historical volatility of the Company's shares for the previous five years. The vesting of shares is contingent on meeting the requisite service period, certain KPIs and share price appreciation. The Group is planning to recognise expenses related to the plan evenly during the vesting period.

Related to this share plan the Group recognised compensation expenses of 7,842 million RUB during the three months ended 31 March 2020 and 2019.

Note 29. 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 crude oil and gas. The refining, marketing and distribution segment includes refining, petrochemical and transport operations, marketing and trading of crude oil, natural gas and refined products, generation, transportation and sales of electricity, heat and 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 29. Segment information (continued)

Operating segments

For the three months ended 31 March 2020

	Exploration and production	Refining, marketing and distribution	Corporate and other	Elimination	Consolidated
Sales and other operating revenues					
Third parties	52,364	1,607,870	5,751	-	1,665,985
Inter-segment	385,487	20,504	8,930	(414,921)	-
Total revenues	437,851	1,628,374	14,681	(414,921)	1,665,985
Operating expenses	70,069	48,977	3,779	(11,307)	111,518
Selling, general and administrative expenses	12,986	27,176	14,929	(9,982)	45,109
Profit (loss) for the period attributable to PJSC LUKOIL shareholders	22,465	(41,452)	(44,943)	17,970	(45,960)
EBITDA	109,189	40,291	(10,689)	12,052	150,843
Income tax expense					(23,378)
Finance income					4,811
Finance costs					(10,249)
Foreign exchange loss					(14,910)
Equity share in income of affiliates					4,431
Other expenses					(46,614)
Depreciation, depletion and amortisation					(110,718)
Profit for the period attributable to non-controlling interests					(176)
Loss for the period attributable to PJSC LUKOIL shareholders					(45,960)

For the three months ended 31 March 2019

	Exploration and production	Refining, marketing and distribution	Corporate and other	Elimination	Consolidated
Sales and other operating revenues					
Third parties	72,238	1,773,390	5,305	-	1,850,933
Inter-segment	521,067	19,772	12,255	(553,094)	-
Total revenues	593,305	1,793,162	17,560	(553,094)	1,850,933
Operating expenses	65,286	55,897	3,983	(15,997)	109,169
Selling, general and administrative expenses	15,068	30,145	14,508	(10,148)	49,573
Profit (loss) for the period attributable to PJSC LUKOIL shareholders	128,459	31,548	(963)	(9,808)	149,236
EBITDA	235,132	79,938	(7,068)	(9,945)	298,057
Income tax expense					(42,796)
Finance income					5,984
Finance costs					(11,734)
Foreign exchange gain					1,901
Equity share in income of affiliates					6,180
Other expenses					(3,972)
Depreciation, depletion and amortisation					(103,830)
Profit for the period attributable to non-controlling interests					(554)
Profit for the period attributable to PJSC LUKOIL shareholders					149,236

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Note 29. Segment information (continued)

Geographical segments

	For the three months ended 31 March 2020	For the three months ended 31 March 2019
Sales of crude oil within Russia	7,494	9,505
Export of crude oil and sales of crude oil by foreign subsidiaries	632,934	608,080
Sales of petroleum products within Russia	203,504	207,170
Export of petroleum products and sales of petroleum products by foreign subsidiaries	720,287	895,595
Sales of chemicals within Russia	10,428	10,944
Export of chemicals and sales of chemicals by foreign subsidiaries	15,791	31,379
Sales of gas within Russia	8,588	7,965
Sales of gas by foreign subsidiaries	25,037	38,229
Sales of energy and related services within Russia	17,580	17,888
Sales of energy and related services by foreign subsidiaries	2,748	4,076
Other sales within Russia	9,319	9,917
Other export sales and other sales of foreign subsidiaries	12,275	10,185
Total sales	1,665,985	1,850,933

For the three months ended 31 March 2020

	Russia	International	Elimination	Consolidated
Sales and other operating revenues				
Third parties	271,279	1,394,706	-	1,665,985
Inter-segment	313,901	257	(314,158)	-
Total revenues	585,180	1,394,963	(314,158)	1,665,985
Operating expenses	81,872	21,814	7,832	111,518
Selling, general and administrative expenses	22,157	23,738	(786)	45,109
Profit (loss) for the period attributable to PJSC LUKOIL shareholders	24,492	(88,469)	18,017	(45,960)
EBITDA	131,777	5,243	13,823	150,843

For the three months ended 31 March 2019

	Russia	International	Elimination	Consolidated
Sales and other operating revenues				
Third parties	290,089	1,560,844	-	1,850,933
Inter-segment	417,558	999	(418,557)	-
Total revenues	707,647	1,561,843	(418,557)	1,850,933
Operating expenses	77,385	29,911	1,873	109,169
Selling, general and administrative expenses	21,641	28,672	(740)	49,573
Profit for the period attributable to PJSC LUKOIL shareholders	155,585	3,421	(9,770)	149,236
EBITDA	269,555	40,096	(11,594)	298,057

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

	For the three months ended 31 March 2020	For the three months ended 31 March 2019
Sales revenues		
in Switzerland	788,012	832,652
in the USA	243,479	246,717
in Singapore	64,659	121,685

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

Note 30. 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 31 March 2020 and 31 December 2019.

31 March 2020	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets:					
Commodity derivative contracts	1,679	-	1,679	-	1,679
Financial assets at fair value through profit or loss	50,766	-	-	50,766	50,766
Financial assets at fair value through other comprehensive income	803	803	-	-	803
Financial liabilities:					
Commodity derivative contracts	2,282	-	2,282	-	2,282
Loans and borrowings	664,394	322,091	-	355,424	677,515

31 December 2019	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets:					
Commodity derivative contracts	180	-	180	-	180
Financial assets at fair value through profit or loss	51,054	-	-	51,054	51,054
Financial assets at fair value through other comprehensive income	2,656	2,656	-	-	2,656
Financial liabilities:					
Commodity derivative contracts	550	-	550	-	550
Loans and borrowings	537,070	265,109	-	295,726	560,835

The fair values of cash and cash equivalents (Level 1), accounts receivable and long-term accounts receivable (Level 3), short-term borrowings (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 instruments. 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 31 March 2020 and 31 December 2019.

Note 31. Subsequent events

Non-convertible bonds

On 6 May 2020, a Group company issued non-convertible bonds totaling \$1.5 billion (109.09 billion RUB). The bonds were placed with a maturity of 10 years and a coupon yield of 3.875% per annum. All bonds were placed at face value and have a half year coupon period.

Note 31. Subsequent events (continued)

Litigation and claims

On 21 May 2020, the Federal Antimonopoly Service (hereinafter – FAS) of Russia filed a claim to the Arbitration court of the Arkhangelsk region for invalidating the transaction of PJSC LUKOIL for the sale of 100% of shares of JSC Arkhangelskgeoldobycha to LLC Otkritie Promyshlennye Investitsii in May 2017 and applying the consequences of its invalidity. The court accepted the application and scheduled a hearing for 2 July 2020.

The transaction to sell shares of JSC Arkhangelskgeoldobycha was concluded after a five-month due diligence and verification of information provided by the seller and the buyer, without any objections from regulatory authorities, in strict compliance with the Russian legislation, after an approval was obtained from the Governmental Commission for Control over Foreign Investments in the Russian Federation. In addition, a written approval was obtained from FAS of Russia to conduct this transaction.

The price of the asset was agreed by the parties of the transaction as a result of the lengthy negotiations where largest investment banks were involved as advisers, which confirms the market nature of the deal.

In this regard, the Company does not agree with the arguments set out in the claim of FAS of Russia and regards itself as a bona fide seller in this transaction, and will take all necessary measures to protect its rights and legitimate interests. Management does not believe that the outcome of this matter will have a material adverse effect on the Group's financial position.