

**OPINION**  
**of Internal Audit Commission on results of audit of annual financial statements of Rosneft**

Moscow

April 3, 2012

Internal Audit Commission of Rosneft consisting of:

Chairman of the Internal Audit Commission

G.A. Nozadze

Deputy Director of the Department of the Ministry of Economic Development of the Russian Federation

Members of the Internal Audit Commission:

T.V. Fisenko

Director of the Financial Department of the Ministry of Energy of the Russian Federation  
Deputy Head of the Department of the Federal Agency for State Property Management of the Russian Federation

A.S. Yugov

Deputy Head of the Department at the Federal Agency for State Property Management of the Russian Federation

S.A. Pakhomov

Deputy General Director of LLC Science – Technique - Security

I.S. Marchuk

acting by virtue of their powers and guided by the Federal Law No. 208-FZ “On Joint Stock Companies” dated December 26, 1995, the Charter of Rosneft, Regulations “On the Internal Audit Commission of Rosneft”, Regulations “On Accounting Policy”, Regulations “On Business and Tax Accounting” for 2011, other regulations and documents, prepared this opinion based on the results of the audit of the financial and business activities of Rosneft in 2011.

In the course of the audit the Internal Audit Commission considered and analyzed:

- annual financial statements of Rosneft for 2011;
- opinion of the external auditor **CJSC Audit-Consulting Group Business Systems Development (RBS)** confirming reliability of the financial statements of Rosneft for 2011;
- written information based on the results of the audit of the financial statements of Rosneft for 2011;
- other regulations and documents.

Primary documents confirming accounting and reporting figures (general ledger, trial balance, materials on property and financial liability inventory, reports on reconciliation with various level budgets) and other documents were considered and analyzed on a sampling basis.

The following annual accounts of Rosneft were presented for auditing:

- Balance Sheet;
- Profit and Loss Statement;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Explanatory Notes to the accounting statements (hereinafter all statements are collectively referred to as “accounting (financial) statements”).

The objective of the Internal Audit Commission was to assess the accounting statements from the point of view of reliability of the data contained therein, as well as to inform the members (shareholders) of Rosneft of any facts of infringements of accounting and financial statements presentation procedures as established by the laws of the Russian Federation and by internal regulations.

The audit was planned and performed in such a way as to express an unprejudiced opinion concerning presence or absence of material distortions in the financial statements, and included auditing and confirming the numeric data and explanations contained in the financial statements on a sample basis.

The executive body of Rosneft is responsible for organization, condition and authenticity of the Company's financial accounting as well as for the timely preparation and presentation of the financial (accounting) statements to the relevant authorities.

The audit was performed in accordance with regulations setting the procedure for compiling financial (accounting) statements, including the following:

- Federal Law No. 208-FZ “On Joint Stock Companies” dated December 26, 1995;
- Federal Law No. 129-FZ “On Business Accounting” dated November 21, 1996;
- Russian Accounting Standards PBU 4/99 “Accounts of an Organization” approved by Order No. 43H of the Russian Ministry of Finance dated July 6, 1999;
- Rules of Accounting and Reporting in the Russian Federation approved by Order No. 34H of the Russian Ministry of Finance dated July 29, 1998;
- Regulations “On Internal Audit Commission of Rosneft” approved by the General Meeting of Shareholders on June 19, 2009.

The audit was performed on a sample basis and included study of figures contained in the financial (accounting) statements, disclosure of information on financial and business activity, assessment of compliance of the financial (accounting) statements with accounting principles and rules applied in the process of preparing financial (accounting) statements.

**The audit established the following:**

*1. Changes in the opening balance of the balance sheet (Form 1).*

In accordance with Order No. 66H of the Russian Ministry of Finance “On Forms of Accounts of an Organization” dated July 3, 2010 and changes in the accounting policy the Company has adjusted opening balances. Changes were primarily due to application by the Company since January 1, 2011 of the successful efforts method in accounting of costs related to geologic exploration. According to this method only the costs related to acquisition of rights to subsoil use and construction of exploratory/appraisal wells may be capitalized. All other costs related to geologic exploration are recognized as expired costs and recorded in the Profit and Loss Statement in a separate item “Costs related to prospecting and estimation of oil and gas reserves”.

*2. Contingent facts of business activities*

1. In 2007, the claims concerning nullity of deals with YUKOS Capital S.a.r.l on loans were lodged to the Arbitration Court of Moscow. Respective legal actions were suspended in 2009. In 2012, the trial was reopened and hearings were appointed on April 11, 2012.

2. In 2006, the International Arbitration Court of the Chamber of Commerce and Industry and OJSC Yuganskneftegaz (the predecessor of Rosneft) passed judgments in favour of Yukos Capital S.a.r.l. on collection of the debt under 4 loan agreements: 11 233,0 mln. rubles – the loan amount; 1 702,9 mln. roubles – accrued interest; 0,9 mln. US dollars – arbitration fees and litigation expenses (the «Arbitration Judgments»). Yukos Capital S.a.r.l. filed a petition to the court of Amsterdam (the Netherlands) for recognition and enforcement of the Arbitration Judgments in the Netherlands. In May 2007, upon applications of Rosneft the Arbitration court of Moscow has vacated the Arbitration judgments in connection with violations of the procedure for consideration of claims. The judgment was sustained by the appellate and supervisory courts in the Russian Federation. On February 28, 2008 the court of Amsterdam refused the recognition and enforcement in the Netherlands of the Arbitration Judgments. On April 28, 2009, the appellate court of Amsterdam has vacated this judgment of the court of Amsterdam of the first instance and determined that the Arbitration Judgments should be enforced in the Netherlands. Rosneft has lodged a complaint against the judgment of the appellate court of Amsterdam on April 28, 2009 to the Supreme Court of the Netherlands, which passed a judgment on June 25, 2010 on recognition of the Company's complaint as being not subject to consideration. In addition to the legal proceedings in

the Netherlands in 2009 – beginning of 2010, Yukos Capital S.a.r.l. has filed additional statements of claim on recognition and enforcement of the Arbitration judgments in the USA, on recognition and enforcement of the Arbitration Judgments in England and Wales, Ireland, island Jersey, as well as on award of interest on the amounts specified in these judgments. In accordance with the order of the court of England dated April 6, 2010, the Company has given its consent to provide a security agreed between the parties for the purpose of legal proceedings in England and the Netherlands, and the legal proceedings in the USA, Ireland and island Jersey were terminated.

As stated above, on June 25, 2010, the Supreme Court of the Netherlands has passed a judgment on recognition of the Company's appeal against the judgment of the Amsterdam Court of Appeal dated April 28, 2010 as being not subject to consideration. In spite of the fact that the Company does not agree with the judgments of the above mentioned Netherlandish courts, payment was made on August 11, 2010 in the amount equivalent to the amount of the Arbitration judgments.

In addition to the above payments Yukos Capital S.a.r.l. has been still demanding in the High Court of Justice in London payment of interest calculated with references to provisions of the law amounting to about 160 mln. US dollars as of the claim raising date. The Company intends to exert every effort to carry its point regarding the remaining claims in the continuing legal proceedings in England. Hearings on the defined preliminary questions within the framework of the above proceedings took place in May 2011. On June 14, 2011, the High Court of Justice has passed an interim judgment on two preliminary questions, which it agreed to consider before passing a judgment on the merit of the claim. In spite of the fact that the court has resolved both questions in favour of Yukos Capital S.a.r.l., at the same time the court afforded the Company an opportunity of appealing. On July 5, 2011, the Company has filed a notice of appeal, and the abstracts of its application for appeal were presented on July 19, 2011. Hearing in the appellate court of England was appointed to be held in March 2012. Since the judgment on the application for appeal of the Company is rendered, a schedule will be approved for examination of the case on its merits. The Company intends to exert every effort to carry its point regarding the remaining legal proceedings in England.

3. In May 2007, the Court of Amsterdam (the Netherlands) on application of Glendale Group Ltd. has imposed a preliminary injunction lien on cash in the amount of 3.5 bln. roubles, which possibly will be directed to the Company under claims, lodged in the Netherlands. As a basis for the lodged claims Glendale Group Ltd specified the current debt under 8 promissory notes totaling 3.5 bln. roubles issued by OJSC Yuganskneftegaz in 2003. In 2008 – 2010, various procedural applications were considered on the dispute, on July 07, 2010, the Company has filed a response to the claim and the application for suspension of the adjudication (dismissed by the court of Amsterdam on July 20, 2011). On August 31, 2011, Glendale Group Ltd. has filed to the court its objections to the response of Rosneft, on which the Company submitted its explanations to the court on December 07, 2011. Additional objections of Glendale Group Ltd. to the response of Rosneft to the claim shall be submitted by March 28, 2012.

4. Currently the Company is having litigations contesting the judgments of the tax authority concerning denial of VAT reimbursement, the litigated amount is insignificant.

5. Also, the judgments of tax authorities based on the results of on-site and in-house tax audits of Rosneft for 2004 - 2005 (the amount being appealed - 1,3 bln. roubles) and for 2006 - 2007 (the amount being appealed - 0,7 bln. roubles) are being contested in the courts. The Company's claims have been satisfied. The favourable court judgment on the on-site audit for 2006 – 2007 has come into legal force, the tax authority has filed a cassation appeal, consideration is appointed on March 27, 2012, the favourable court judgment on the on-site audit for 2006 – 2007 has come into legal force and was affirmed by the cassation court, judicial acts in favour of the Company were appealed against by the tax authority in the Supreme Arbitration Court, no ruling on submission/refusal of submission of the case to the Presidium has been rendered. In the opinion of the Company management the final result of those court proceedings will have no material effect on the operating results or financial position of the Company.

6. In August 2011, the Khanty-Mansi Inter-District Environmental Prosecutor's Office lodged the actions against the Company and its subsidiary LLC RN – Yuganskneftegaz in connection with non-performance of the obligations on utilization of associated gas on five fields of the Company operated by

LLC RN – Yuganskneftegaz. The prosecutor’s stated claims are aimed at termination of gas flaring over 5% of the produced volume. In 2011, in accordance with the judgments of the first instance court the prosecutor’s claims were satisfied. The Company has filed the cassation appeal. Unfavourable judgments of the first instance court were changed – with regard to prohibition of associated petroleum gas flaring, with regard to compelling the Company to observe the license conditions – the time for performance was established.

7. On October 28, 2008 the Federal Antimonopoly Service (FAS) of Russia made a judgment and issued an ordinance concerning violation by Rosneft of antimonopoly legislation that were judicially contested.

On December 24, 2008 based on the judgment and ordinance dated October 28, 2008 the Federal Antimonopoly Service of Russia made a determination concerning imposition on Rosneft of an administrative penalty in the amount of 1508.7 mln. rubles for antitrust offense that was judicially challenged by Rosneft. In 2010, the arbitration court of the first instance consolidated those cases. On February 25, 2011, the court has rendered a ruling to terminate the proceedings in the case. The ruling on termination of the proceedings in the case and, accordingly the order of the Federal Antimonopoly Service of Russia on imposition of the administrative penalty have come into legal force on March 25, 2011. In this connection on April 22, 2011, the penalty was paid in the amount of 1 508,7 mln. roubles.

In August 2011, the Federal Antimonopoly Service of Russia has passed a judgment in respect of Rosneft, according to which the Company is under the accusation of establishment of monopolistically high prices for diesel fuel and jet fuel in the fourth quarter of 2010. Based on the audits in January 2012, the Company received the order of the Federal Antimonopoly Service of Russia on bringing to administrative responsibility in the form of a penalty. The amount of the administrative penalty is 1 375 mln. roubles. On February 28 2012, the penalty was transferred to the federal budget.

### *3. State of accounting and reliability of accounting statements for 2011.*

The state of Rosneft’s accounting meets, in all material respects, the requirements of the Federal Law No. 129-FZ “On Business Accounting” dated November 21, 1996. The practiced methods comply with the legislation of the Russian Federation and corporate norms and acts. Accounting principles and methods are stated in the Accounting Policy of Rosneft.

Changes in the rules and standards for accounting and preparation of accounting statements are generally reflected in accounting and reporting systems of the Company.

In the course of the audit the Internal Audit Commission considered complying by the Company with the current laws of the Russian Federation in effecting financial and business operations and reflection of them in accounting with the purpose of revealing possible misrepresentations in the accounts.

Accounting and preparation of accounting statements were carried out in accordance with the requirements of applicable legislation and statutory legal acts regulating accounting and taxation in the Russian Federation, as well as the Accounting Policy established by the Company for 2011. The audit of the state of the accounts by the Internal Audit Commission has not revealed any significant infringements of the established procedures of accounting and preparation of accounts that would significantly affect reliability of the accounts.

The annual accounting statements of the Company have been prepared in full, according to the forms in accordance with the Accounting Policy for the purpose of business accounting, approved by Order of Rosneft No. 693 dated December 30, 2010.

Based on the findings and taking into account the opinion prepared by **CJSC Audit-Consulting Group Business Systems Development (RBS)**, the Internal Audit Commission hereby established that:

*The accounting statements present fairly, in all material respects, the financial position of the Company as of December 31, 2011 and the results of its financial and business activities and cash flow in 2011 in accordance with the established rules for preparation of accounts.*

Chairman of the Internal Audit Commission of Rosneft  
Secretary of the Internal Audit Commission of Rosneft  
Members of the Internal Audit Commission of Rosneft:

G.A. Nozadze  
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