



**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED SEPTEMBER 30 AND JUNE 30, 2016
AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015**

*The following discussion of Rosneft's financial condition and results of operations is based on, and should be read in conjunction with, the Company's financial statements and the notes thereto for the periods ended September 30 and June 30, 2016 and September 30, 2015 (the "**Interim Condensed Consolidated Financial Statements**"). Such terms as "**Rosneft**", "**Company**" and "**Group**" in their different forms in this report mean Rosneft Oil Company and its consolidated subsidiaries, its equity share in associates and joint ventures. This report contains forward-looking statements that involve risks and uncertainties. Rosneft's actual results may materially differ from those discussed in such forward-looking statements as a result of various factors.*

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

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

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

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Overview

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

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

According to oil and marketable gas reserve information prepared by DeGolyer and MacNaughton, independent reservoir engineers, proved hydrocarbon reserves amounted to 34 billion boe per SEC classification and 43 billion boe per PRMS classification as of December 31, 2015.

In the third quarter of 2016 average hydrocarbon production of the Company amounted to 5.2 million boe per day. The production of natural and associated gas was 16.10 billion cubic meters in the third quarter of 2016.

In the third quarter of 2016 crude oil processing amounted to 24.83 million tonnes at refineries in Russia and abroad with current process utilizations. The remaining volumes of crude oil are mostly exported to Europe, Asia and CIS.

Financial and operating highlights

	For 3 months ended		%	For 9 months ended		%
	September 30, 2016	June 30, 2016		change	September 30, 2016	
Financial results, RUB billion						
Revenues and equity share in profits of associates and joint ventures	1,223	1,232	(0.7)%	3,503	3,954	(11.4)%
EBITDA	292	348	(16.1)%	913	967	(5.6)%
Net income attributable to Rosneft shareholders	26	89	(70.8)%	129	302	(57.3)%
Capital expenditures	167	154	8.4%	475	409	16.1%
Free cash flow*	48	61	(21.3)%	189	517	(63.4)%
Net Debt	1,651	1,507	9.6%	1,651	1,622	1.8%
Operational results						
Hydrocarbon production (th. boe per day)	5,217	5,216	0.0%	5,213	5,143	1.4%
Crude oil and NGL production (th. barrels per day)	4,151	4,111	1.0%	4,117	4,119	(0.0)%
Gas production (th. boe per day)	1,066	1,105	(3.5)%	1,096	1,024	7.0%
Production of petroleum products and petrochemical products in Russia (mln tonnes)	20.94	18.97	10.4%	58.92	62.84	(6.2)%
Production of petroleum products and petrochemical products outside Russia (mln tonnes)	3.44	3.26	5.5%	10.03	9.29	8.0%

*Excluding the effect of operations with trading securities, effect of offsetting of prepayments and financing against future deliveries.

For reference only: Financial highlights in USD terms*

	For 3 months ended		%	For 9 months ended		%
	September 30, 2016	June 30, 2016		change	September 30, 2016	
Financial results, USD billion						
Revenues and equity share in profits of associates and joint ventures	19.4	19.2	1.0%	53.1	68.3	(22.3)%
EBITDA	4.5	5.3	(15.1)%	13.5	16.5	(18.2)%
Net income attributable to Rosneft shareholders	0.4	1.4	(71.4)%	2.0	5.3	(62.3)%
Capital expenditures	2.6	2.3	13.0%	7.0	6.9	1.4%
Free cash flow	1.3	1.3	—	4.1	9.7	(57.7)%
Net Debt	26.1	23.4	11.5%	26.1	24.5	6.5%

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

Significant events in the third quarter of 2016

Rosneft and ONGC signed an Agreement of sale and purchase of 11% in Vankorneft

Rosneft and Indian ONGC Videsh Limited signed the agreement of sale and purchase of 11% in Vankorneft and shareholders agreement in regard of the enterprise management. The transaction was closed in October 2016.

Rosneft has paid off eurobonds to the amount of USD 1 billion

Rosneft Finance S.A. (Rosneft subsidiary) has paid off series 2 eurobonds amounting to USD 1 billion of total nominal value. Those eurobonds were issued by the former TNK-BP Group in 2006, maturing 10 years later, with the coupon rate of 7.5% p.a.

Events after reporting date

Rosneft and Beijing Gas sign Binding Documents for the Sale of 20% Stake in Verkhnechonskneftegaz

In November 2016, the Company and Beijing Gas Group signed a legally binding share sale agreement relating to 20% shares in Verkhnechonskneftegaz. As of the issuing date of Interim Condensed Consolidated Financial Statements the parties have not yet received all necessary regulatory approvals to complete the transaction.

Rosneft successfully closed the transaction to sell 11% shares in Vankorneft JSC to ONGC Videsh Limited

On 28 October, 2016 Rosneft Oil Company and ONGC Videsh Limited closed the transaction for the purchase of 11% of Vankorneft JSC to the Indian company for the base consideration of USD 930 million (RUB 59 billion at the CBR official exchange rate at the transaction closing date). As a result, the Company's share in Vankorneft amounts to 50.1%.

Rosneft closed the deal on acquisition of the government's stake in Bashneft

Under the Government of the Russian Federation Decree dated October 10, 2016 Rosneft carried out necessary corporate actions to prepare for and execute the acquisition of the Government's stake in Bashneft Public Joint Stock Company representing 50.0755% of its charter capital. On October 12, 2016, the Company closed the deal on the acquisition of the government's stake in Bashneft Oil Company. Consideration transferred totalled RUB 329.69 billion.

Rosneft acquired a 49% stake in Essar Oil Limited

On October 15, 2016 the Company acquired a 49% share interest in Essar Oil Limited (hereinafter - "EOL") from Essar Energy Holdings Limited and its affiliates. As a result of this transaction, the Company acquired share in the refinery and the related infrastructure located in Vadinar, India. EOL's business also includes a network of Essar branded retail outlets across India.

Rosneft successfully closed the transaction to sell 23.9% shares in Vankorneft JSC to a Consortium of Indian Companies

Rosneft and a consortium of Indian companies, consisting of Oil India Limited (the leader of the consortium), Indian Oil Corporation Limited and Bharat PetroResources Limited closed the transaction for the purchase of 23.9% of Vankorneft JSC to the Indian companies. Base consideration amounts to USD 2.021 billion (or app. RUB 126 billion).

Rosneft Forms an International Consortium on the Basis of Taas-Yuryah Neftegazodobycha

Rosneft and the consortium of Indian companies, comprised of Oil India Limited (leader of the consortium), Indian Oil Corporation Limited and Bharat PetroResources Limited closed the transaction for the purchase of 29.9% of Taas-Yuryah Neftegazodobycha. Preliminary consideration amounts to USD 1.173 billion (or app. RUB 73 billion)

Macroeconomic factors affecting results of operations

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

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

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

Changes in Crude Oil, Petroleum Product and Gas Prices

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

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

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

	For 3 months ended			For 9 months ended		
	September 30, 2016	June 30, 2016	% change	September 30, 2016	September 30, 2015	% change
World market	(USD per barrel)			(USD per barrel)		
Brent (dated)	45.8	45.6	0.6%	41.8	55.3	(24.5)%
Urals (average Med and NWE)	44.0	43.8	0.5%	40.0	54.6	(26.8)%
Urals (FOB Primorsk)	42.6	41.8	1.8%	38.1	52.3	(27.1)%
Urals (FOB Novorossiysk)	43.3	42.8	1.1%	39.0	53.3	(26.9)%
Dubai	43.2	43.2	(0.1)%	38.9	54.3	(28.3)%
	(USD per tonne)			(USD per tonne)		
Naphtha (av. FOB/CIF Med)	370	385	(3.9)%	354	456	(22.4)%
Naphtha (av. FOB Rotterdam/CIF NWE)	380	398	(4.6)%	365	476	(23.2)%
Naphtha (CFR Japan)	389	411	(5.2)%	381	506	(24.6)%
Fuel oil (av. FOB/CIF Med)	232	203	14.4%	191	286	(33.1)%
Fuel oil (av. FOB Rotterdam/CIF NWE)	225	196	14.7%	185	277	(33.4)%
High sulphur fuel oil 180 cst (FOB Singapore)	247	219	12.9%	209	319	(34.6)%
Gasoil (av. FOB/CIF Med)	403	406	(0.7)%	372	516	(28.0)%
Gasoil (av. FOB/Rotterdam/CIF NWE)	406	407	(0.4)%	373	521	(28.4)%
Gasoil (FOB Singapore)	399	395	0.9%	363	504	(27.8)%
	(th. RUB per barrel)			(th. RUB per barrel)		
Brent (dated)	2.96	3.00	(1.4)%	2.86	3.28	(12.9)%
Urals (average Med and NWE)	2.85	2.89	(1.4)%	2.74	3.24	(15.5)%
Urals (FOB Primorsk)	2.75	2.76	(0.1)%	2.61	3.10	(15.9)%
Urals (FOB Novorossiysk)	2.80	2.82	(0.8)%	2.67	3.16	(15.7)%
Dubai	2.79	2.85	(2.0)%	2.66	3.22	(17.3)%
	(th. RUB per tonne)			(th. RUB per tonne)		
Naphtha (av. FOB/CIF Med)	23.9	25.4	(5.7)%	24.2	27.0	(10.5)%
Naphtha (av. FOB Rotterdam/CIF NWE)	24.5	26.2	(6.4)%	25.0	28.2	(11.5)%
Naphtha (CFR Japan)	25.1	27.0	(7.0)%	26.1	30.0	(13.0)%
Fuel oil (av. FOB/CIF Med)	15.0	13.4	12.2%	13.1	16.9	(22.8)%
Fuel oil (av. FOB Rotterdam/CIF NWE)	14.6	12.9	12.5%	12.6	16.4	(23.2)%
High sulphur fuel oil 180 cst (FOB Singapore)	16.0	14.4	10.7%	14.3	18.9	(24.5)%
Gasoil (av. FOB/CIF Med)	26.0	26.7	(2.6)%	25.4	30.6	(17.0)%
Gasoil (av. FOB Rotterdam/CIF NWE)	26.2	26.8	(2.3)%	25.5	30.9	(17.5)%
Gasoil (FOB Singapore)	25.8	26.1	(1.1)%	24.8	29.9	(16.8)%
Russian market (net of VAT, including excise tax)	(th. RUB per tonne)			(th. RUB per tonne)		
Crude oil	12.1	13.5	(10.4)%	11.9	12.8	(7.0)%
Fuel oil	7.0	5.7	23.4%	5.5	7.7	(29.2)%
Summer diesel	28.2	27.7	1.7%	27.2	28.0	(2.8)%
Winter diesel	29.7	28.0	6.0%	28.2	29.6	(4.7)%
Jet fuel	25.3	23.1	9.7%	24.1	26.4	(8.7)%
High octane gasoline	34.8	33.8	2.7%	33.0	31.3	5.2%
Low octane gasoline	31.3	31.2	0.1%	29.7	28.3	5.1%

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

The difference between price movements denominated in USD and those denominated in RUB is explained by nominal RUB appreciation against USD by 2.0% in the third quarter of 2016 compared with the second quarter of 2016 and nominal RUB depreciation against USD by 13.3% in the nine months of 2016 compared with the same period of 2015.

The Russian Government regulates the price of the gas sold in Russia by Gazprom and its affiliates which is considered as the benchmark for domestic gas market. Starting from July 1, 2015 regulated gas price which is set by the FAS increased by 7.5%. The regulated price has affected, and is likely to continue to affect, the pricing of Rosneft gas sales. Rosneft's average domestic gas sales price (net of VAT) was RUB 3.11 thousand and RUB 3.15 thousand per th.cubic meters in the third and in the second quarters of 2016, respectively; and RUB 3.21 thousand and RUB 3.11 thousand per th. cubic meters in the nine months of 2016 and 2015, respectively.

USD/RUB and EUR/RUB Exchange Rates and Inflation

The USD/RUB and EUR/RUB exchange rates and inflation in Russia affect Rosneft's results as most of the Company's revenues from sales of crude oil and petroleum products are denominated in USD, while most of the Company's expenses are denominated in RUB.

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

	<i>For 3 months ended</i>		<i>For 9 months ended</i>	
	September 30, 2016	June 30, 2016	September 30, 2016	September 30, 2015
Consumer price index (CPI) for the period*	0.7%	1.2%	4.1%	10.4%
Average RUB/USD exchange rate for the period**	64.62	65.89	68.37	59.28
RUB/USD exchange rate at the end of the period	63.16	64.26	63.16	66.24
Average RUB/EUR exchange rate for the period	72.15	74.40	76.28	66.26
RUB/EUR exchange rate at the end of the period	70.88	71.21	70.88	74.58

Source: Central Bank of Russian Federation.

* Producer price index amounted to 3.9% y-o-y at the end of September 2016.

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

Taxation

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

	<i>For 3 months ended</i>		<i>% change*</i>	<i>For 9 months ended</i>		<i>% change*</i>
	September 30, 2016	June 30, 2016		September 30, 2016	September 30, 2015	
Mineral extraction tax						
Crude oil (RUB per tonne)	6,098	6,139	(0.7)%	5,441	6,721	(19.0)%
Export customs duty for crude oil						
Crude oil (USD per tonne)	88.8	67.2	32.2%	70.4	129.8	(45.8)%
Crude oil (RUB per tonne)	5,736	4,425	29.6%	4,811	7,692	(37.4)%
Crude oil (RUB per barrel)	775	598	29.6%	650	1,039	(37.4)%
Export customs duty for petroleum products						
Gasoline (RUB per tonne)	3,496	2,694	29.7%	2,931	5,997	(51.1)%
Naphtha (RUB per tonne)	4,069	3,138	29.7%	3,413	6,535	(47.8)%
Light and middle distillates (RUB per tonne)	2,292	1,768	29.7%	1,923	3,688	(47.9)%
Liquid fuels (fuel oil) (RUB per tonne)	4,701	3,625	29.7%	3,942	5,843	(32.5)%

*Calculated based on unrounded data.

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

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

Excise on petroleum products	2015	Since January 1 through March 31, 2016	Since April 1, through December 31, 2016	2017
High octane gasoline (RUB per tonne)				
High octane gasoline non-compliant with euro-5 (RUB per tonne)	7,300	10,500	13,100	12,300
High octane gasoline euro-5 (RUB per tonne)	5,530	7,530	10,130	7,430
Naphtha (RUB per tonne)	11,300	10,500	13,100	12,300
Diesel (RUB per tonne)	3,450	4,150	5,293	5,093
Lubricants (RUB per tonne)	6,500	6,000	6,000	5,400
Benzol, paraxylene, ortoxylyene (RUB per tonne)	2,300	3,000	3,000	2,800
Middle distillates (RUB per tonne)	-	4,150	5,293	5,093

In accordance with Federal law 366-FZ the producer is able to apply an increased coefficient to excise duty deduction (from 1.37 to 3.4 depending on certain type of the oil product subject to excise duty and deduction period).

Effective tax burden of the Company was 44.2% and 40.7% in the third and in the second quarters of 2016 respectively.

The mineral extraction tax and the export customs duty accounted for approximately 36.5% and 32.6% of Rosneft's total revenues in the third and in the second quarters of 2016 respectively and also approximately 32.9% and 40.6% of Rosneft's total revenues in the nine months of 2016 and 2015. Tax withdrawing share in the financial results excluding forex and one off effects was up to 83% in the nine months of 2016.

Mineral Extraction Tax (MET)

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

Starting **from January 1, 2016** the mineral extraction tax rate will be calculated by multiplying the tax rate of **RUB 857** (in 2015 – RUB 766, **in 2017 – RUB 919**) by the adjustment ratio of $((P - 15) \times \text{Exchange rate} / 261)$, where "P" is the average Urals price per barrel and "Exchange rate" is the average RUB/USD exchange rate established by the Central Bank of Russia in the respective month and minus the factor which characterizes crude oil production at a particular oil field, "Dm". The coefficient "Dm" is calculated using base rate (**starting 2016 – RUB 559**, in 2015 – RUB 530) and factors which characterize the degree of depletion of a particular field, reserves of a particular field, the degree of difficulty of extraction and region of production and oil properties.

In 2016 the Company applied reduced and zero MET tax rates at certain fields:

Tax relieves in 2016	Applicable in the Company
Reduced rates	Crude oil from deposits with permeability of less than 2×10^{-3} square micrometres and tyumen formation
Zero rates	Oil fields with hard to recover reserves, including bazhenov, abalak, khadum, domanic formations
Reduced MET by coefficient "Dm", which characterizes crude oil production at a particular oil field	Oil fields located: <ul style="list-style-type: none"> • In Irkutsk region, the republic of Sakha (Yakutia) and Krasnoyarsk territory which is applicable for the first 25 million tonnes of production • On the territory of the Nenets Autonomous district, Yamalo-nenets Autonomous district – for the first 15 million tonnes of production • Okhotsk sea fields subject to zero mineral extraction tax rate which is applicable for the first 30 million tonnes of production
	Oil fields with reserve depletion rate of over 80%.
	Oil fields with the volume of initial recoverable reserves being less than 5 million tonnes.
	Oil fields with high-viscosity crude oil (in-situ viscosity more than 200 mPas and less than 10 000 mPas)
Special tax regime for offshore projects in the Russian Federation	The offshore projects are categorized into one of four groups depending on its complexity and specifies MET rates for each project group ranging from 5% to 30% of hydrocarbon prices (natural gas projects of 3 and 4 groups of difficulty – 1.3% and 1.0% respectively).
Special tax regime exempting the Company from paying mineral extraction tax.	Exploration projects in the Sakhalin-1 psa.

MET rate calculation for natural gas and gas condensate

MET rate for natural gas

In the third and in the second quarters of 2016, average extraction tax for natural gas was RUB 531 and RUB 544 per th. cubic meters, respectively. In the nine months of 2016 and 2015 average extraction tax for natural gas was RUB 535 and RUB 514 per th. cubic meters respectively.

MET rate for gas condensate

The production of gas condensate is mainly subject to MET rate for crude oil because the purification of gas condensate is compounded in the crude oil production. Mineral extraction gas condensate tax rate is applied in separate purification of gas condensate.

Significant volume of gas condensate produced at Rospan fields is subject to mineral extraction gas condensate tax rate, which was RUB 2,970 and RUB 3,157 per tonne in the third and in the second quarters of 2016 respectively, and RUB 2,995 per tonne and RUB 2,349 per tonne in the nine months of 2016 and 2015, respectively.

In accordance with Tax Code of Russian Federation since July 1, 2014 a calculation formula is applying for MET rate for natural gas and gas condensate. In line with this formula base rate for gas condensate is RUB 42 per 1 tonne and for natural gas – RUB 35 per 1 th. cubic metres. Base rates are multiplied by basic rate of standard fuel unit and reduced coefficient that characterized of difficulty level of natural gas and (or) gas condensate production. Starting from January 1 until December 31, 2016 mineral extraction gas condensate tax rate is adjusted by the multiplying coefficient 5.5; starting from January 1 until December 31, 2015 – 4.4; starting from January 1, 2017 - 6.5.

Reduced coefficient in 2016	Applicable in the Company
0.5	License areas: Rospan and Russko-Rechenskoe licensed fields and also at fields of Krasnodar and Stavropol regions
0.64	License areas: Kynsko-Chaselskoye fields and at a number of fields of Sibneftegaz, and also at Nenets Autonomous District, the Chechen republic and Krasnodar region
0.1	License areas: Irkutsk region, in Krasnoyarsk region and in region of Far East or the sea of Okhotsk
0.21	License areas: Turon deposits reserves of the Kharampurskoye field
0.5-1	Fields with reserve depletion rate of over 70%.

Export Customs Duty on Crude Oil

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

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

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

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

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

Export customs duty on crude oil export to CIS

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

Export duties are not payable on crude oil exports to CIS countries that are members of the Customs Union. At the same time quotes for tax-free sale of crude oil and petroleum products are set. In accordance with agreement with Armenia all supplies above the quotes are subject for the duties.

In accordance with agreement between the Governments of Russian Federation and the Kazakhstan Republic on trade and economic cooperation in crude oil and petroleum products supplies dated December 9, 2010 the export ban was set for the specified dark petroleum products exported from Russian Federation to the Kazakhstan Republic.

Export Customs Duty on Petroleum Products

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

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

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

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

In 2016 and 2015 calculation of the export duty rate for petroleum products is based on the above marginal rates for each type of petroleum product.

Changes in Transport Tariffs of Pipeline and Railway Monopolies

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

The FAS¹ has the authority to set Transneft’s base tariffs for transportation of crude oil and petroleum products in Russia, which include a dispatch tariff, a pumping tariff, loading, charge-discharge, transshipment and other tariffs. Tariffs for railroad transportation are also regulated by the FAS. The tariffs are set in roubles and are not linked to the exchange rate.

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

The FAS sets tariffs for gas pipeline transportation. The tariff includes two parts. First part of tariff is fixed for “input and output” facilities and mostly depends on the remoteness of facilities. The second part of the tariff depends on gas transportation by Gazprom in gas supply system and actual distance of gas transmission in a gas pipeline. Tariffs are set in roubles.

¹ The FAS - the Federal Anti-Monopoly Service.

Recent changes of Transneft transportation tariffs

Crude oil

Starting from January 1, 2016 Transnet tariffs for oil pipeline transportation increased up to 5.76%. Some changes to special export tariffs were also applied. In particular, special export tariff for crude oil transportation from fields of Western Siberia to the ports of Primorsk and Ust-Luga was cancelled. Alternately, special export tariff was applied to crude oil transportation from stations “Aprelskaya”, “Vatiegan”, “Pur-Pe” to the ports of Primorsk and Ust-Luga.

Petroleum products

Starting from January 1, 2016 Transneft increased export transportation tariffs for petroleum products by 12% in most directions. Particularly, export transportation tariff increased up to 16% in the direction of “Ryazan NPK – Primorsk Port”. Dispatching tariffs have not changed.

Recent changes in railroad transportation tariffs

Starting from January 1, 2016 indexation of railroad tariffs, fees and charges was 9% compared to 2015. Multiplying factor 1.074, which has been applied to domestic railroad tariffs for transportation of diesel from September 16, 2015, was cancelled from January 1, 2016.

The table sets forth the Rosneft’s average transportation tariffs applied to major transportation routes in the second and in the second quarters of 2016 excluding transshipment:

	<i>For 3 months ended</i>		<i>Changes%</i>
	September 30, 2016	June 30, 2016	
	th. RUB/tonne		
CRUDE OIL			
Domestic			
<i>Pipeline</i>			
Samotlorneftegaz – Omsk refinery	0.52	0.52	–
Orenburgneft (Pokrovka) – Novokuybyshevsk refinery	0.14	0.14	–
RN-Uvatneftegas (Demyanskoe) – Ryazan NPK	1.19	1.19	–
RN-Nyaganneftegas (Krasnoleninsk) – Tuapse refinery	1.60	1.60	–
Export			
<i>Pipeline</i>			
Vankorneft (Purpe) – China	2.47	2.47	–
Yuganskneftegaz (Karkatevy) - Primorsk Port	1.81	1.81	–
Verkhnechonskneftegaz (Talakan) – Kozmino	2.37	2.37	–
Uvatneftegaz (Demyanskoe) – China via Kazakhstan	2.08	2.08	–
Yuganskneftegaz (Karkatevy) - Poland	1.85	1.85	–
Yuganskneftegaz (Yuzhny Balyk) –Mozyr refinery	1.62	1.62	–
Samaraneftegaz (Kuleshovka) – Novorossiysk Port	0.95	0.95	–
PETROLEUM PRODUCTS (EXPORT)			
<i>Railroad</i>			
Angarsk refinery – Nakhodka Port	5.95	5.95	–
Komsomolsk refinery – Nakhodka Port	2.32	2.32	–
Saratov refinery – Tuapse Port	2.32	2.32	–
Samara refineries – Novorossiysk Port	2.65	2.65	–
Achinsk refinery – Taman Port	6.34	6.34	–
Ryazan refinery – Ust-Luga Port	2.24	2.24	–
YANOS – Ust-Luga Port	1.82	1.82	–
Nizhnevartovsk refinery– Tuapse Port	3.48	3.48	–

Source: Transneft, RZD, Rosneft. % of change was calculated based on unrounded data

Rosneft operates proprietary transportation and transshipment facilities. This allows the optimization of Company’s logistics (netbacks). These facilities include: the Arkhangelsk, De-Kastri, Tuapse and Nakhodka export terminals, the Okha – Komsomolsk-on-Amur pipeline, Vankor-Purpe pipeline and the Caspian Pipeline Consortium (“CPC”).

Business Segments and Intersegment sales

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

Operating Segments

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

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

Intersegment Sales

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

Intercompany sales present operational activity of segments as if the segments operate separately from each other within the vertically integrated company using transfer prices for settlements between segments. For the estimation of upstream revenues within vertically integrated company the price of Upstream (and the purchase price of Downstream) was recalculated using the export market price minus transportation cost, minus export duty, dispatches and other expenses relating to current sales. The price is established at oil gathering facility (point of sales) where Upstream dispatches the oil to Downstream. All intercompany operations, including transactions from internal oilfield service companies and corporate service companies, are eliminated on the consolidation level.

Financial performance for the three months ended September 30, 2016 and June 30, 2016, for the nine months ended September 30, 2016 and 2015 (Consolidated statement of profit or loss)

in RUB billions

	<i>For 3 months ended</i>			<i>For 9 months ended</i>		
	September 30, 2016	June 30, 2016	% change	September 30, 2016	September 30, 2015	% change
Revenues and equity share in profits of associates and joint ventures						
Oil, gas, petroleum products and petrochemicals sales	1,204	1,201	0.2%	3,431	3,891	(11.8)%
Support services and other revenues	18	19	(5.3)%	56	55	1.8%
Equity share in profits of associates and joint ventures	1	12	(91.7)%	16	8	100%
Total revenues and equity share in profits of associates and joint ventures	1,223	1,232	(0.7)%	3,503	3,954	(11.4)%
Costs and expenses						
Production and operating expenses	132	123	7.3%	392	389	0.8%
Cost of purchased oil, gas, petroleum products and refining costs	139	149	(6.7)%	418	407	2.7%
General and administrative expenses	31	30	3.3%	91	86	5.8%
Pipeline tariffs and transportation costs	138	135	2.2%	420	408	2.9%
Exploration expenses	3	4	(25.0)%	10	9	11.1%
Depreciation, depletion and amortization	120	113	6.2%	349	365	(4.4)%
Taxes other than income tax	336	329	2.1%	896	1,009	(11.2)%
Export customs duty	184	142	29.6%	458	738	(37.9)%
Total costs and expenses	1,083	1,025	5.7%	3,034	3,411	(11.1)%
Operating income	140	207	(32.4)%	469	543	(13.6)%
Finance income	17	23	(26.1)%	58	39	48.7%
Finance expenses	(45)	(44)	2.3%	(141)	(201)	(29.9)%
Other income	5	2	>100%	7	37	(81.1)%
Other expenses	(16)	(13)	23.1%	(38)	(44)	(13.6)%
Foreign exchange differences	(14)	(16)	(12.5)%	(55)	95	–
Cash flow hedges reclassified to profit or loss	(37)	(37)	–	(111)	(88)	26.1%
Income before income tax	50	122	(59.0)%	189	381	(50.4)%
Income tax expense	(20)	(31)	(35.5)%	(54)	(78)	(30.8)%
Net income	30	91	(67.0)%	135	303	(55.4)%
Net income attributable to						
- Rosneft shareholders	26	89	(70.8)%	129	302	(57.3)%
- non-controlling interests	4	2	100.0	6	1	>100.0

Upstream Operating Results

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

	For 3 months ended			For 9 months ended		
	September 30, 2016	June 30, 2016	% change	September 30, 2016	September 30, 2015	% change
Operational results						
Hydrocarbon production (th. boe per day)	5,217	5,216	0.0%	5,213	5,143	1.4%
Crude oil and NGL production (th. barrels per day)	4,151	4,111	1.0%	4,117	4,119	(0.0)%
Gas production (th. boe per day)	1,066	1,105	(3.5)%	1,096	1,024	7.0%
Hydrocarbon production (mln boe) ¹	444.7	439.8	1.1%	1,324.6	1,301.1	1.8%
Financial results, RUB billions						
EBITDA	261	331	(21.1)%	848	804	5.5%
Capital expenditures ²	149	139	7.2%	423	316	33.9%
Upstream operating expenses ³	72.9	72.3	0.8%	213.5	204.2	4.6%
Indicators per boe						
EBITDA, RUB/boe	587	753	(22.0)%	640	618	3.6%
Capital expenditures, RUB/boe	335	316	6.0%	319	243	31.3%
Upstream operating expenses, RUB/boe	164	164	–	161	157	2.5%
Upstream operating expenses, USD/boe ⁴	2.5	2.5	–	2.4	2.7	(11.1)%

¹Excluding associates and joint ventures.

²Ref. to "Capital expenditures".

³Excluding the effect of ecological reserve estimation in the amount of RUB 0.4 billion in the third quarter of 2016, RUB 0.4 billion in the second quarter of 2016, for nine months 2016 and 2015 to RUB 1 billion and RUB 0.8 billion respectively.

⁴Calculated using monthly RUB/USD exchange rates for the reporting periods.

Upstream EBITDA

	For 3 months ended			For 9 months ended		
	September 30, 2016	June 30, 2016	% change	September 30, 2016	September 30, 2015	% change
Revenues and equity share in profits of associates and joint ventures	602	678	(11.2)%	1,795	1,933	(7.1)%
<i>Including equity share in profits of associates and joint ventures</i>	–	9	(100.0)%	10	2	>100%
Expenses net of depreciation	373	375	(0.5)%	1,042	1,188	(12.3)%
<i>including</i>						
Upstream operating expenses ¹	73	72	0.8%	214	205	4.6%
General and administrative expenses	14	11	27.3%	39	35	11.4%
Hydrocarbon procurement costs ²	3	5	(40.0)%	20	12	66.7%
Pipeline tariffs and transportation costs and other costs	4	8	(50.0)%	22	24	(8.3)%
Exploration expenses	3	4	(25.0)%	10	9	11.1%
Taxes other than income tax	276	275	0.4%	737	903	(18.4)%
Effect of prepayments offsetting	32	28	14.3%	95	59	61.0%
EBITDA	261	331	(21.1)%	848	804	5.5%

¹Percentage is calculated from unrounded data.

²See section "Cost of Purchased Oil, Gas and Petroleum Products and Refining Costs and others". Since September 2016 cost of purchase and related transportation expenses have been transferred to Downstream segment.

Operating indicators

Production of Crude Oil and NGL

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

	For 3 months ended			For 9 months ended		
	September 30, 2016	June 30, 2016	% change	September 30, 2016	September 30, 2015	% change
	<i>millions of barrels</i>			<i>millions of barrels</i>		
Yuganskneftegaz (Western Siberia)	120.1	116.7	2.9%	351.8	345.4	1.9%
Projects of the Vankor group (Eastern Siberia)	40.4	39.5	2.3%	119.6	122.0	(2.0)%
Samotlorneftegaz (Western Siberia)	37.2	37.3	(0.3)%	111.9	116.7	(4.1)%
Orenburgneft (Central Russia)	30.8	30.4	1.3%	92.1	101.2	(9.0)%
Samaraneftegaz (Central Russia)	23.4	22.8	2.6%	69.0	66.6	3.6%
RN-Uvatneftegaz (Western Siberia)	21.8	21.4	1.9%	64.6	60.8	6.3%
Verkhnechonskneftegaz (Eastern Siberia)	16.1	16.0	0.6%	48.2	48.0	0.4%
Varyeganneftegaz (Western Siberia)	11.5	11.4	0.9%	34.3	35.0	(2.0)%
RN-Nyaganneftegaz (Western Siberia)	11.1	10.8	2.8%	32.7	33.7	(3.0)%
Purneftegaz (Western Siberia)	9.9	9.7	2.1%	29.4	31.0	(5.2)%
Tomskneft (Western Siberia)	9.4	8.7	8.0%	26.9	27.6	(2.5)%
Severnaya Neft (Timan Pechora)	6.5	6.2	4.8%	18.7	15.5	20.6%
Northern tip of Chayvo (Far East)	3.5	4.6	(23.9)%	12.7	9.9	28.3%
Sakhalin-1 (Far East) (net of royalty and government share)	2.4	3.3	(27.3)%	8.9	8.0	11.3%
Taas-Yuryakh (Eastern Siberia)	2.0	2.0	–	6.0	4.9	22.4%
Other	9.3	8.8	5.7%	27.1	26.2	3.4%
Crude oil and NGL production by fully and proportionately consolidated enterprises	355.4	349.6	1.7%	1,053.9	1,052.5	0.1%
Slavneft	13.9	13.8	0.7%	41.7	43.0	(3.0)%
Udmurtneft (Central Russia)	5.8	5.8	–	17.4	17.6	(1.1)%
Polar Lights (Timan Pechora) ¹	–	–	–	–	1.0	(100.0)%
Other	6.8	4.9	38.8%	15.1	10.3	46.6%
Total share in production of associates and JV	26.5	24.5	8.2%	74.2	71.9	3.2%
Total crude oil and NGL production	381.9	374.1	2.1%	1,128.1	1,124.4	0.3%
Daily crude oil and NGL production (th. barrels per day)	4,151	4,111	1.0%	4,117	4,119	(0.0)%

¹The share was sold in December 2015.

Despite the long-term scheduled maintenance at the Sakhalin –1 in August 2016 crude oil and NGL production was 381.9 mln barrels in the third quarter of 2016 and increased by 2.1% compared to the second quarter of 2016.

Stable production dynamics was achieved at Yuganskneftegaz and positive production dynamics was also attributable to the production at Tomskneft, Samaraneftegaz, projects of the Vankor group and other assets. The effect from increased share in the international project of Venezuela (JV Petromanagas) in May 2016 also contributed to crude oil and NGL production in the period. Daily production increased by 1% compared to the second quarter of 2016 and amounted to 4.15 mln barrels in the third quarter of 2016.

In nine months of 2016 the Company increased its production by 0.3% up to 1,128.1 mln barrels. In the nine months of 2016 the Company increased its production drilling by 42% compared with the same period of 2015. The share of in-house services in the total drilling footage consistently exceeds 50%. The growth of new wells put into operation exceeded 49% up to 1.9 thousand of units with app. 30% share of horizontal wells in comparison with the nine months of 2015.

Production of Gas

The table below sets forth Rosneft's used gas¹ production:

	For 3 months ended			For 9 months ended		
	September 30, 2016	June 30, 2016	% change	September 30, 2016	September 30, 2015	% change
	<i>bcm</i>			<i>bcm</i>		
NGK ITERA (Western Siberia)	2.91	3.05	(4.6)%	9.02	8.65	4.3%
Vankorneft (Eastern Siberia) ²	2.12	2.21	(4.1)%	6.47	6.44	0.5%
Purneftegaz (Western Siberia)	1.49	1.54	(3.2)%	4.59	4.06	13.1%
Rospan International (Western Siberia)	1.65	1.46	13.0%	4.55	3.02	50.7%
Samotlorneftegaz (Western Siberia)	1.47	1.43	2.8%	4.43	4.33	2.3%
Yuganskneftegaz (Western Siberia)	1.14	1.14	–	3.43	3.40	0.9%
Varyeganneftegaz (Western Siberia)	0.88	0.78	12.8%	2.48	2.28	8.8%
Krasnodarneftegaz (Southern Russia)	0.67	0.69	(2.9)%	2.15	2.01	7.0%
Orenburgneft (Central Russia)	0.53	0.60	(11.7)%	1.77	2.10	(15.7)%
Northern tip of Chayvo (Far East)	0.55	0.55	–	1.54	0.41	>100.0%
RN-Nyaganneftegaz (Western Siberia)	0.41	0.38	7.9%	1.17	1.15	1.7%
Tomskneft (Western Siberia)	0.22	0.21	4.8%	0.64	0.67	(4.5)%
Samaraneftegaz (Central Russia)	0.12	0.12	–	0.36	0.32	12.5%
Sakhalin-1 (Far East) (net of royalty and government share)	0.04	0.06	(33.3)%	0.24	0.30	(20.0)%
Severnaya Neft (Timan Pechora)	0.05	0.06	(16.7)%	0.17	0.18	(5.6)%
Other	0.42	0.53	(20.8)%	1.44	1.50	(4.0)%
Total gas production by fully and proportionately consolidated enterprises	14.67	14.81	(0.9)%	44.45	40.82	8.9%
Purgaz (NGK ITERA)	1.20	1.50	(20.0)%	4.26	4.57	(6.8)%
Slavneft	0.12	0.12	–	0.36	0.34	5.9%
Other	0.11	0.08	37.5%	0.26	0.19	36.8%
Total share in production of associates and JV	1.43	1.70	(15.9)%	4.88	5.10	(4.3)%
Total gas production	16.10	16.51	(2.5)%	49.33	45.92	7.4%
Natural gas	7.28	7.73	(5.8)%	22.88	21.83	4.8%
Associated gas	8.82	8.78	0.5%	26.45	24.09	9.8%
Daily gas production (mcm per day)	175.0	181.4	(3.5)%	180.0	168.2	7.0%

¹ Production volume equals extracted volume minus flared volume and gas used for NGL production.

² Including gas injection to maintain reservoir pressure.

In the nine months of 2016 gas production was 49.33 bcm, which is an increase of 7.4% compared to the nine months of 2015. Gas production growth was mainly driven by the start-up of the second stage of Rospan's Novy-Urengoy gas processing plant in the fourth quarter of 2015, by development of the fourth and fifth wells at the Northern tip of the Chayvo field on Sakhalin island, by commissioning of the gas processing plant at Purneftegaz's Barsukovsky field in December 2015 and by the pilot development of the project at the Khadiryakhinskoe field in Sibneftegaz.

In the third quarter of 2016 gas production was 16.10 bcm (decrease by 2.5% for the third quarter 2016). The production decrease in the period was due to scheduled maintenance, partially compensated by increase in gas production at Rospan.

The level of utilization of associated petroleum gas ("APG") increased up to 89.8% in the nine months of 2016 compared to 86.8% in the same period of 2015.

Financial indicators

Equity share in financial results of upstream associates and joint ventures

The equity share in financial results of upstream associates and joint ventures was RUB 0 billion in the third quarter of 2016.

In the second quarter of 2016 equity share in financial results of upstream associates and joint ventures was RUB 9 billion of profit caused by positive effect of exchange rate differences recognition in JV of Venezuela as a result of application of floating exchange rate to USD translation from local currency.

The equity share in financial results of upstream associates and joint ventures was RUB 10 billion and RUB 2 billion of profit in the nine months of 2016 and 2015 respectively.

Downstream Operating Results

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

	For 3 months ended			For 9 months ended		
	September 30, 2016	June 30, 2016	% change	September 30, 2016	September 30, 2015	% change
Operational results, mln tonne						
Crude oil processing at refineries	24.83	22.45	10.6%	69.89	73.31	(4.7)%
<i>Processing at Company's own refineries in Russia</i>	<i>19.61</i>	<i>17.76</i>	<i>10.4%</i>	<i>54.94</i>	<i>58.54</i>	<i>(6.1)%</i>
<i>Processing at Company's own refineries outside Russia</i>	<i>3.28</i>	<i>3.06</i>	<i>7.2%</i>	<i>9.47</i>	<i>7.92</i>	<i>19.6%</i>
<i>Processing at Associates' refineries</i>	<i>1.94</i>	<i>1.63</i>	<i>19.0%</i>	<i>5.48</i>	<i>6.85</i>	<i>(20.0)%</i>
Financial results, RUB billion						
EBITDA	43	29	48.3%	99	204	(51.5)%
Capital expenditures of refineries*	13	10	30.0%	34	76	(55.3)%
Operating expenses of processing in Russia	18.68	19.90	(6.1)%	56.41	56.05	0.6%
Operating expenses of processing outside Russia	6.84	7.98	(14.3)%	24.01	19.13	25.5%
Indicators per tonne of the output**						
EBITDA, RUB per tonne	1,879	1,393	34.9%	1,537	3,070	(49.9)%
Capital expenditure of refineries, RUB per tonne	568	480	18.3%	528	1,144	(53.8)%
Operating expenses for processing in Russia, RUB per tonne	953	1,121	(15.0)%	1,027	957	7.3%
Operating expenses for processing outside Russia, RUB per tonne	2,089	2,608	(19.9)%	2,535	2,417	4.9%

*Refer to "Capital expenditures".

**Calculated from unrounded data.

Downstream EBITDA

	For 3 months ended			For 9 months ended		
	September 30, 2016	June 30, 2016	% change	September 30, 2016	September 30, 2015	% change
	RUB billion			RUB billion		
Revenues and equity share in profits of associates and joint ventures	1,237	1,230	0.6%	3,520	3,951	(10.9)%
<i>Including equity share in profits of associates and joint ventures</i>	<i>1</i>	<i>2</i>	<i>(50.0)%</i>	<i>5</i>	<i>5</i>	<i>–</i>
Expenses net of depreciation including	1,194	1,201	(0.6)%	3,421	3,747	(8.7)%
Operating expenses at refineries, cost of additives and materials procured for processing	37	39	(5.1)%	115	112	2.7%
Operating expenses of retail companies	11	11	–	32	31	3.2%
Cost of purchased oil, gas, petroleum products and refining costs including intersegment turnover	754	822	(8.3)%	2,217	2,325	(4.6)%
Administrative expenses including doubtful debts reserves	8	8	–	24	27	(11.1)%
Pipeline tariffs and transportation costs and other costs	136	132	3.0%	408	396	3.0%
Taxes other than income tax	59	53	11.3%	155	94	64.9%
Export customs duty	184	142	29.6%	458	738	(37.9)%
Effect from intragroup balance change and others	5	(6)	–	12	24	(50.0)%
EBITDA*	43	29	48.3%	99	204	(51.5)%

*Calculated from unrounded data.

Operating indicators

Petroleum Product Output

Rosneft processes produced and procured crude oil at its refineries: the Tuapse refinery on the Black Sea coast in the South of Russia, the Komsomolsk refinery in the Russian Far East, the Achinsk and Angarsk refineries in Eastern Siberia, the Kuibyshev, Novokuibyshevsk and Syzran refineries in the Samara region, the Saratov refinery and the Ryazan refinery (the European part of Russia) and others. Rosneft also owns production capacity at four Ruhr Oel GmbH (ROG) refineries in Germany and processes crude oil in Belarus. Starting from March 2015 the Novokuibyshevsk petrochemical refinery results include in petroleum product output volumes as well as acquired additional share in PCK Raffinerie GmbH starting from December 2015.

The following table sets forth Rosneft's crude oil processing and petroleum product output volumes:

	<i>For 3 months ended</i>		<i>% change</i>	<i>For 9 months ended</i>		<i>% change</i>
	<i>September 30, 2016</i>	<i>June 30, 2016</i>		<i>September 30, 2016</i>	<i>September 30, 2015</i>	
	mln of tonnes			mln of tonnes		
Crude oil processing at refineries in Russia*	21.55	19.39	11.1%	60.42	64.18	(5.9)%
Crude oil processing at refineries outside Russia <i>including crude oil processing at Ruhr Oel GmbH (ROG)**</i>	3.28	3.06	7.2%	9.47	9.13	3.7%
<i>including crude oil processing in Belarus</i>	3.28	3.06	7.2%	9.47	7.92	19.6%
	-	-	-	-	1.21	(100.0)%
Total Group crude oil processing	24.83	22.45	10.6%	69.89	73.31	(4.7)%
Petroleum product output:						
High octane gasoline	2.97	2.72	9.2%	8.56	8.36	2.4%
Low octane gasoline	0.04	0.03	33.3%	0.10	0.11	(9.1)%
Naphtha	1.51	1.45	4.1%	4.21	4.21	-
Diesel	6.70	6.03	11.1%	18.77	19.94	(5.9)%
Fuel oil	5.26	5.18	1.5%	16.03	20.27	(20.9)%
Jet fuel	0.93	0.76	22.4%	2.32	2.40	(3.3)%
Petrochemicals	0.18	0.11	63.6%	0.45	0.68	(33.8)%
Other***	3.35	2.69	24.5%	8.48	6.87	23.4%
Product output at Rosneft's own refineries in Russia	20.94	18.97	10.4%	58.92	62.84	(6.2)%
Product output at refineries outside Russia <i>including crude oil output at Ruhr Oel GmbH (ROG)</i>	3.44	3.26	5.5%	10.03	9.29	8.0%
<i>including product output in Belarus</i>	3.44	3.26	5.5%	10.03	8.17	22.8%
	-	-	-	-	1.12	(100.0)%
Total Group product output	24.38	22.23	9.7%	68.95	72.13	(4.4)%

*Including processing at YaNOS refinery

**Excluding additives obtained for processing, including share in PCK Raffinerie GmbH.

***Including production of petroleum products at gas refineries and 0.37 mln tonnes of liquefied gas produced at Novokuibyshevsk petrochemical refinery in the nine months of 2016 and 0.29 mln tonnes in the nine months of 2015.

In the third quarter of 2016 Rosneft's total refinery throughput in Russia amounted to 21.55 mln tonnes, higher by 11.1% compared to the second quarter of 2016. The increase in the refinery throughput inside Russia was due to scheduled decrease in turnarounds at refineries and increased utilization rate in the third quarter of 2016.

In the nine months of 2016 crude oil processing volume was lower by 5.9% compared with the nine months of 2015 due to negative macro environment resulted in the decrease in the Company's refinery throughput in Russia.

The processing volume at German refineries in the nine months of 2016 increased by 19.6% compared with the same period of 2015 due to the acquisition of additional share in PCK Refineries GmbH in November 2015.

Financial indicators

Revenues and equity share in profits of associates and joint ventures*

In the third quarter of 2016 revenues and equity share in profits of associates and joint ventures amounted to RUB 1,223 billion in comparison with RUB 1,232 billion in the second quarter of 2016. In the third quarter of 2016 increased sales of crude oil and petroleum products were mostly caused by change in sales structure and increased stake of petroleum product sales.

The table below presents revenues from sales of crude oil, gas, petroleum and petrochemical products and other revenues in billions of RUB**:

	<i>For 3 months ended</i>					<i>For 9 months ended</i>				
	September 30, 2016		June 30, 2016		% change	September 30, 2016		September 30, 2015		% change
	% of revenue	% of revenue	% of revenue	% of revenue		% of revenue	% of revenue			
	billion RUB except %									
Crude oil										
International Sales to non-CIS	490	40.0%	518	42.1%	(5.4)%	1,409	40.2%	1,636	41.5%	(13.9)%
Europe and other directions	280	22.8%	298	24.2%	(6.0)%	793	22.6%	973	24.7%	(18.5)%
Asia	210	17.2%	220	17.9%	(4.5)%	616	17.6%	663	16.8%	(7.1)%
International sales to CIS	22	1.8%	41	3.3%	(46.3)%	95	2.7%	99	2.5%	(4.0)%
Domestic sales	18	1.5%	22	1.8%	(18.2)%	58	1.7%	65	1.6%	(10.8)%
Total crude oil	530	43.3%	581	47.2%	(8.8)%	1,562	44.6%	1,800	45.6%	(13.2)%
Gas	46	3.8%	47	3.8%	(2.1)%	154	4.4%	134	3.4%	14.9%
Petroleum products										
International Sales to non-CIS	318	26.0%	311	25.3%	2.3%	905	25.8%	1 128	28.5%	(19.8)%
Europe and other directions	236	19.3%	235	19.1%	0.4%	677	19.3%	871	22.0%	(22.3)%
Asia	82	6.7%	76	6.2%	7.9%	228	6.5%	257	6.5%	(11.3)%
International Sales to CIS	20	1.6%	11	0.9%	81.8%	38	1.1%	51	1.3%	(25.5)%
Domestic sales	251	20.5%	217	17.6%	15.7%	666	19.0%	653	16.5%	2.0%
Wholesale	142	11.6%	118	9.6%	20.3%	368	10.5%	357	9.0%	3.1%
Retail	109	8.9%	99	8.0%	10.1%	298	8.5%	296	7.5%	0.7%
Sales of bunker fuel to end-users	12	1.0%	8	0.6%	50.0%	25	0.7%	40	1.0%	(37.5)%
Total petroleum products	601	49.1%	547	44.4%	9.9%	1,634	46.6%	1,872	47.3%	(12.7)%
Sales of LNG	0	0.0%	1	0.1%	(100.0)%	1	0.0%	–	0.0%	–
Petrochemical products	27	2.2%	25	2.0%	8.0%	80	2.3%	85	2.1%	(5.9)%
International sales	21	1.7%	23	1.8%	(8.7)%	68	2.0%	71	1.7%	(4.2)%
Domestic sales	6	0.5%	2	0.2%	200.0%	12	0.3%	14	0.4%	(14.3)%
Sales of petroleum products, petrochemicals and LNG	628	51.3%	573	46.5%	9.6%	1,715	48.9%	1,957	49.4%	(12.4)%
Support services and other revenues	18	1.5%	19	1.5%	(5.3)%	56	1.6%	55	1.4%	1.8%
Equity share in profits of associates and joint ventures	1	0.1%	12	1.0%	(91.7)%	16	0.5%	8	0.2%	100.0%
Total revenues and equity share in profits of associates and joint ventures	1,223	100.0%	1,232	100.0%	(0.7)%	3,503	100.0%	3,954	100.0%	(11.4)%

* Under IFRS consolidated financial statements.

** The difference between percentages presented in the above table and other section is a result of rounding.

Sales Volumes

The table below analyses crude oil, gas, petroleum and petrochemical product sales volumes:

	For 3 months ended					For 9 months ended				
	September 30, 2016		June 30, 2016		% change	September 30, 2016		September 30, 2015		% change
	mln bbl.	% of total volume	mln bbl.	% of total volume		mln bbl.	% of total volume	mln bbl.	% of total volume	
Crude oil										
International Sales to non-CIS	188.1	47.6%	202.1	50.0%	(6.9)%	583.4	48.8%	553.1	46.8%	5.5%
Europe and other directions	111.1	28.1%	122.9	30.4%	(9.6)%	346.5	29.0%	338.4	28.6%	2.4%
Asia	77.0	19.5%	79.2	19.6%	(2.8)%	236.9	19.8%	214.7	18.2%	10.3%
International Sales to CIS	11.9	3.0%	18.5	4.6%	(35.7)%	48.9	4.1%	47.4	4.0%	3.2%
Domestic	9.7	2.4%	9.6	2.4%	1.0%	30.4	2.5%	31.8	2.7%	(4.4)%
Total crude oil	209.7	53.0%	230.2	57.0%	(8.9)%	662.7	55.4%	632.3	53.5%	4.8%
Crude oil										
International Sales to non-CIS	25.4	47.6%	27.3	50.0%	(6.9)%	78.8	48.8%	74.7	46.8%	5.5%
Europe and other directions	15.0	28.1%	16.6	30.4%	(9.6)%	46.8	29.0%	45.7	28.6%	2.4%
Asia	10.4	19.5%	10.7	19.6%	(2.8)%	32.0	19.8%	29.0	18.2%	10.3%
International Sales to CIS	1.6	3.0%	2.5	4.6%	(35.7)%	6.6	4.1%	6.4	4.0%	3.2%
Domestic sales	1.3	2.4%	1.3	2.4%	1.0%	4.1	2.5%	4.3	2.7%	(4.4)%
Total crude oil	28.3	53.0%	31.1	57.0%	(8.9)%	89.5	55.4%	85.4	53.5%	4.8%
Petroleum products										
International Sales to non-CIS	14.5	27.1%	14.4	26.5%	0.7%	43.8	27.0%	45.6	28.7%	(3.9)%
Europe and other directions	10.8	20.2%	11.0	20.3%	(1.8)%	33.2	20.4%	35.6	22.4%	(6.7)%
Asia	3.7	6.9%	3.4	6.2%	8.8%	10.6	6.6%	10.0	6.3%	6.0%
International Sales to CIS	0.9	1.7%	0.4	0.7%	125.0%	1.6	1.0%	1.5	0.9%	6.7%
Domestic sales	8.2	15.4%	7.3	13.4%	12.3%	22.7	14.1%	22.3	14.0%	1.8%
Wholesale	5.4	10.2%	4.7	8.6%	14.9%	14.9	9.3%	14.2	8.9%	4.9%
Retail	2.8	5.2%	2.6	4.8%	7.7%	7.8	4.8%	8.1	5.1%	(3.7)%
Sales of bunker fuel to end-users	0.7	1.3%	0.4	0.7%	75.0%	1.4	0.9%	2.3	1.4%	(39.1)%
Total petroleum products	24.3	45.5%	22.5	41.3%	8.0%	69.5	43.0%	71.7	45.0%	(3.1)%
Sales of LNG	0.0	0.0%	0.1	0.2%	(100.0)%	0.1	0.1%	–	–	–
Petrochemical products	0.8	1.5%	0.8	1.5%	0.0%	2.4	1.5%	2.4	1.5%	0.0%
International sales	0.5	0.9%	0.6	1.1%	(16.7)%	1.7	1.1%	1.6	1.0%	6.3%
Domestic sales	0.3	0.6%	0.2	0.4%	50.0%	0.7	0.4%	0.8	0.5%	(12.5)%
Total crude oil and products, LNG	53.4	100.0%	54.5	100.0%	(2.0)%	161.5	100.0%	159.5	100.0%	1.3%
Gas										
Sales Volumes	14.57		14.60		(0.2)%	46.97		42.71		10.0%

Average Sales Prices

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

	<i>For 3 months ended</i>					<i>For 9 months ended</i>				
	September 30, 2016		June 30, 2016		% change	September 30, 2016		September 30, 2015		% change
	<i>(th.RUB/ barrel)</i>	<i>(th.RUB/ tonne)</i>	<i>(th.RUB/ barrel)</i>	<i>(th.RUB/ tonne)</i>		<i>(th.RUB/ barrel)</i>	<i>(th.RUB/ tonne)</i>	<i>(th.RUB/ barrel)</i>	<i>(th.RUB/ tonne)</i>	
Average prices on foreign markets										
Crude oil, non-CIS	2.76	20.5	2.74	20.3	1.0%	2.60	19.2	3.12	23.1	(16.9)%
Europe and other directions**	2.71	20.1	2.66	19.7	2.0%	2.52	18.7	3.05	22.6	(17.3)%
Asia**	2.85	21.1	2.88	21.3	(0.9)%	2.72	20.1	3.25	24.1	(16.6)%
Crude oil, CIS	1.97	14.6	2.17	16.1	(9.3)%	1.95	14.4	2.08	15.4	(6.5)%
Petroleum products, non- CIS		21.8		21.7	0.5%		20.6		24.7	(16.6)%
Europe and other directions		21.7		21.5	0.9%		20.3		24.5	(17.1)%
Asia		22.1		22.2	(0.5)%		21.5		25.6	(16.0)%
Petroleum products, CIS		24.1		23.8	1.3%		24.2		33.0	(26.7)%
Average domestic prices										
Crude oil	1.89	14.0	2.13	15.7	(10.8)%	1.89	14.0	2.03	15.0	(6.7)%
Petroleum products		30.5		29.6	3.0%		29.4		29.3	0.3%
Wholesale		26.2		25.0	4.8%		24.7		25.2	(2.0)%
Retail		38.9		37.9	2.6%		38.3		36.5	4.9%
Gas (theRUB./the cubic meter)***		3.11		3.15	(1.3)%		3.21		3.11	3.1%
Sales of LNG		–		18.2	–		18.2		–	–
Sales of bunker fuel to end-users		18.4		18.2	1.1%		17.9		17.6	1.7%
Petrochemical products		33.0		34.0	(2.9)%		33.6		35.4	(5.1)%
International sales		39.1		39.4	(0.8)%		39.6		43.1	(8.1)%
Domestic sales		20.2		14.3	41.3%		17.7		18.7	(5.3)%

*Average price is calculated from unrounded figures.

**Price excludes revenues under prepaid long-term crude oil supply contracts and revenues from crude oil sales to Transneft (RUB 22 billion and RUB 27 billion, RUB 71 billion and RUB 75 billion in the third and in the second quarters of 2016, in the nine months of 2016 and 2015, respectively).

***Including gas sales outside Russian Federation average gas prices were 3.16 th.RUB./th. cubic meter in the third quarter of 2016 and 3.22 th.RUB./th. cubic meter in the second quarter of 2016 and 3.27 th.RUB./th. cubic meter in the nine months of 2016 and 3.14 th.RUB./th. cubic meter in the nine months of 2015.

International Crude Oil Sales to non-CIS

Revenues from international crude oil sales to non-CIS countries in the third quarter of 2016 amounted to RUB 490 billion compared to RUB 518 billion in the second quarter of 2016. Revenue decrease of RUB 28 billion was due to downturn in sales volumes by 6.9%. Crude oil sales reduction was caused by redirection of flows to petroleum products distribution channels in the third quarter of 2016.

In the nine months of 2016 revenues from international crude oil sales to non-CIS countries decreased by 13.9% or RUB 227 billion compared with the same period of 2015. Sales volume increase by 5.5% (favourable impact on revenue of RUB 92 billion) was offset by average sales price downturn by 16.9% (negative impact on revenue of RUB 289 billion).

International Crude Oil Sales to CIS

Revenue from sales of crude oil to CIS in the third quarter of 2016 decreased by 46.3% compared with the second quarter of 2016 and amounted to RUB 22 billion. The decrease was mainly caused by decline of sales volume by 35.7% (negative impact on revenue of RUB 15 billion) which was accompanied by downturn of average sales price of 9.3% (unfavourable impact on revenues of RUB 4 billion).

In the nine months of 2016 revenues from international crude oil sales to CIS countries amounted to RUB 95 billion.

Domestic Sales of Crude Oil

Revenues from domestic sales of crude oil in the third quarter of 2016 amounted RUB 18 billion, which is 18.2% lower than in the second quarter of 2016, mainly due to average sales price downturn of 10.8% (unfavorable impact on revenue of RUB 4 billion).

In the nine months of 2016 revenues from domestic crude oil sales dropped by RUB 7 billion or by 10.8% in comparison with the same period of 2015, which was mainly attributable to downturn of crude oil sales volumes due to reallocation of resources to more efficient distribution channels (unfavorable effect on revenues RUB 3 billion) and was accompanied by average sales price downturn by 6.5% (negative impact on revenue RUB 4 billion).

International Petroleum Product Sales to Non-CIS

The table below sets forth Rosneft's revenue, volume and average price per tonne of petroleum products sold to non-CIS countries in the third and second quarters of 2016*:

	<i>For 3 months ended</i>						<i>% change</i>		
	September 30, 2016			June 30, 2016			RUB billion	mln of tonnes	Average price th. RUB/tonne
	RUB billion	mln of tonnes	Average price th. RUB/tonne	RUB billion	mln of tonnes	Average price th. RUB/tonne			
High octane gasoline	3	0.1	33.6	3	0.1	33.6	0.0%	0.0%	0.0%
Naphtha	39	1.6	24.7	35	1.3	26.3	11.4%	23.1%	(6.1)%
Diesel (Gasoil)	74	3.1	24.6	82	3.2	25.0	(9.8)%	(3.1)%	(1.6)%
Fuel oil	96	5.9	16.6	83	5.5	15.1	15.7%	7.3%	9.9%
Other	4	0.1	22.2	4	0.3	19.2	0.0%	(66.7)%	15.6%
Petroleum products exported to non-CIS	216	10.8	20.3	207	10.4	19.9	4.3%	3.8%	2.0%
Petroleum products sold from ROG refineries	84	2.8	29.8	79	2.6	30.4	6.3%	7.7%	(2.0)%
Petroleum products bought and sold outside Russia	18	0.9	21.0	25	1.4	18.9	(28.0)%	(35.7)%	11.1%
Trading of petroleum products outside Russia	102	3.7	27.7	104	4.0	26.5	(1.9)%	(7.5)%	4.5%
Total	318	14.5	21.8	311	14.4	21.7	2.3%	0.7%	0.5%

*Average price is calculated from unrounded figures.

Revenues from the international sales of petroleum products to non-CIS countries were RUB 318 billion in the third quarter of 2016, which is 2.3% higher in comparison with the second quarter of 2016. Upturn of average price by 0.5% (positive impact on revenues of RUB 7 billion) was accompanied by increase in sales volumes by 0.7% (favourable impact on revenues of RUB 5 billion).

The table below sets forth Rosneft's revenues, volume and average price per tonne of petroleum products sold to non-CIS countries in the nine months of 2016 and 2015*:

	<i>For 9 months ended</i>						<i>% change</i>		
	September 30, 2016			September 30, 2015			RUB billion	mln of tonnes	Average price th. RUB/tonne
	RUB billion	mln of tonnes	Average price th. RUB/tonne	RUB billion	mln of tonnes	Average price th. RUB/tonne			
High octane gasoline	9	0.3	33.1	13	0.4	37.1	(30.8)%	(25.0)%	(10.8)%
Naphtha	107	4.3	24.8	118	4.3	27.6	(9.3)%	–	(10.1)%
Diesel (Gasoil)	227	9.6	23.7	349	11.5	30.1	(35.0)%	(16.5)%	(21.3)%
Fuel oil	258	18.1	14.4	384	20.7	18.5	(32.8)%	(12.6)%	(22.2)%
Other	14	0.6	25.2	18	0.7	25.4	(22.2)%	(14.3)%	(0.8)%
Petroleum products exported to non-CIS	615	32.9	18.8	882	37.6	23.4	(30.3)%	(12.5)%	(19.7)%
Petroleum products sold from ROG refineries	235	8.1	28.9	206	6.6	31.3	14.1%	22.7%	(7.7)%
Petroleum products bought and sold outside Russia	55	2.8	20.1	40	1.4	29.4	37.5%	100.0%	(31.6)%
Trading of petroleum products outside Russia	290	10.9	26.7	246	8.0	31.2	17.9%	36.3%	(14.4)%
Total	905	43.8	20.6	1 128	45.6	24.7	(19.8)%	(3.9)%	(16.6)%

*Average price is calculated from unrounded figures.

In the nine months of 2016 revenues from sales of petroleum products to non-CIS countries were 19.8% lower compared with the same period of 2015. Decrease in average price by 16.6% (negative impact on revenues of RUB 178 billion) was accompanied by decrease in sales volumes by 3.9% (unfavourable impact on revenues of RUB 40 billion).

International Petroleum Product Sales to CIS

Revenues from sales of petroleum products to CIS countries were RUB 20 billion in the third quarter of 2016, which is 81.8% higher compared with the second quarter of 2016. Sales volumes increased by 125% (favourable impact on revenues of RUB 9 billion) in the third quarter of 2016.

Revenues from sales of petroleum products to CIS countries in the nine months of 2016 were 25.5% or RUB 13 billion lower than in the same period of 2015 due to average price downturn by 26.7% (negative impact on revenues of RUB 16 billion) that was partially offset by increase in petroleum products sales volumes by 6.7% (favourable effect on revenues of RUB 3 billion).

Domestic Sales of Petroleum Products

The table below sets forth Rosneft's revenue, volume and average price per tonne of petroleum products sold in Russia in the third and second quarters of 2016*:

	<i>For 3 months ended</i>						<i>% change</i>		
	September 30, 2016			June 30, 2016					
	RUB billion	mln of tonnes	Average price th. RUB/tonne	RUB billion	mln of tonnes	Average price th. RUB/tonne	RUB billion	mln of tonnes	Average price th. RUB/tonne
High octane gasoline	122	3.1	39.5	113	2.8	38.0	8.0%	10.7%	3.9%
Diesel (Gasoil)	87	2.8	31.2	72	2.4	30.1	20.8%	16.7%	3.7%
Fuel oil	2	0.2	7.8	1	0.3	6.3	100.0%	(33.3)%	23.8%
Jet fuel	25	0.9	28.2	20	0.8	26.9	25.0%	12.5%	4.8%
Other	15	1.2	12.4	11	1.0	11.1	36.4%	20.0%	11.7%
Total	251	8.2	30.5	217	7.3	29.6	15.7%	12.3%	3.0%

*Average price is calculated from unrounded figures.

Revenues from sales of petroleum products on the domestic market were RUB 251 billion in the third quarter of 2016, which is 15.7% higher compared with the second quarter of 2016.

In the third quarter of 2016 increase in petroleum products sales volume on the domestic market was 12.3% (favourable effect on revenue of RUB 27 billion) and was accompanied by 3.0% upturn of average sales price (positive effect on revenue of RUB 7 billion).

The table below sets forth Rosneft's revenue, volume and average price per tonne of petroleum products sold in Russia in the nine months of 2016 and 2015*:

	<i>For 9 months ended</i>						<i>% change</i>		
	September 30, 2016			September 30, 2015					
	RUB billion	mln of tonnes	Average price th. RUB/tonne	RUB billion	mln of tonnes	Average price th. RUB/tonne	RUB billion	mln of tonnes	Average price th. RUB/tonne
High octane gasoline	334	8.8	37.9	311	8.6	36.2	7.4%	2.3%	4.7%
Diesel (Gasoil)	229	7.6	30.2	223	7.3	30.6	2.7%	4.1%	(1.3)%
Fuel oil	6	1.1	5.6	10	1.1	8.4	(40.0)%	-	(33.3)%
Jet fuel	63	2.3	27.5	71	2.5	29.0	(11.3)%	(8.0)%	(5.2)%
Other	34	2.9	11.9	38	2.8	13.4	(10.5)%	3.6%	(11.2)%
Total	666	22.7	29.4	653	22.3	29.3	2.0%	1.8%	0.3%

*Average price is calculated from unrounded figures.

Revenues from sales of petroleum products on the domestic market in the nine months of 2016 were RUB 666 billion, which is 2.0% higher compared to the same period of 2015. The increase was due to sales volume growth of 1.8% (favourable effect on revenue of RUB 12 billion) and average sales price growth of 0.3% (favourable effect on revenue of RUB 1 billion).

Sales of LNG

In May 2016, the Company delivered the first shipment of LNG under a contract with the Egyptian Natural Gas Holding Company, concluded in August of 2015. Sales volumes amounted to 0.06 mln tonnes (RUB 1 billion).

Sales of bunker fuel

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

Revenues from sales of bunker fuel in the third quarter of 2016 were RUB 12 billion, and increase by 50.0% in comparison with the second quarter of 2016, which is mainly attributed to growth of sales volumes by 75.0% (positive impact on revenue of RUB 4 billion) due to seasonal factor.

Revenues from sales of bunker fuel in the nine months of 2016 decreased by 37.5% or RUB 15 billion in comparison with the same period of 2015 due to decrease in sales volumes by 39.1%, considering the fact that the redirection of resources from exports in favor of bunkering took place in the nine months of 2015.

Petrochemical Product Sales

Revenues from sales of petrochemical products in the third quarter of 2016 amounted to RUB 27 billion (0.8 mln tonnes).

Petrochemical product sales volumes from Ruhr Oel GmbH (ROG) amounted to 0.46 mln tonnes in the third quarter of 2016 that is lower by 1.5%¹ in comparison with the second quarter of 2016.

Petrochemical product sales volumes in the nine months of 2016 from Ruhr Oel GmbH (ROG) slightly decreased by 1.6% (calculated from unrounded figures) and amounted to 1.4 mln tonnes compared with the same period of 2015.

Gas Sales

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

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

	<i>For 3 months ended</i>		<i>% change</i>	<i>For 9 months ended</i>		<i>% change</i>
	<i>September 30, 2016</i>	<i>June 30, 2016</i>		<i>September 30, 2016</i>	<i>September 30, 2015</i>	
	<i>(RUB billion)</i>			<i>(RUB billion)</i>		
Revenue						
In the Russian Federation	44.7	45.2	(1.1)%	148.6	131.3	13.2%
Outside the Russian Federation	1.3	1.8	(27.8)%	5.0	3.0	66.7%
Total	46.0	47.0	(2.1)%	153.6	134.3	14.4%
Sales volumes						
	<i>(bcm)</i>			<i>(bcm)</i>		
In the Russian Federation	14.40	14.36	0.3%	46.33	42.19	9.8%
Outside the Russian Federation	0.17	0.24	(29.2)%	0.64	0.52	23.1%
Total	14.57	14.60	(0.2)%	46.97	42.71	10.0%
Average price						
	<i>(th. RUB/th. of cubic metres)</i>			<i>(th. RUB/th. of cubic metres)</i>		
In the Russian Federation	3.11	3.15	(1.3)%	3.21	3.11	3.2%
Outside the Russian Federation	7.36	7.39	(0.4)%	7.76	5.74	35.2%
Total	3.16	3.22	(1.9)%	3.27	3.14	4.1%

*Average price is calculated from unrounded figures.

In the third quarter of 2016 revenues from gas sales decreased in comparison with the second quarter of 2016 and amounted to RUB 46 billion due to average price downturn in Russia. Decrease in price is mainly attributable to growth of gas sales volume on the gas exchange and in regions located around production gas facilities in the Western Siberia where the average sales price is low in comparison with other locations in Russia.

Gas volumes growth of 10.0% (positive effect on revenue of RUB 12 billion) in the nine months of 2016 compared with the same period 2015 and average price upturn of 4.1% (positive impact on revenues of RUB 7 billion) contributed to gas sales growth by 14.4% compared with the same period of 2015.

Volumes of gas sales outside the Russian Federation increased by 23.1% in the nine months of 2016 compared with the same period of 2015 which is caused by the expansion of contract portfolio of trading division of company's subsidiary (RTSA).

Starting from January 1, 2016 the major part of gas consumption of the Company is attributed to electricity generating plants of Inter RAO Group which is fulfilled by the Company under long-term supply contract.

¹ Calculated based on unrounded data.

In the nine months of 2016 the volume of gas sales on the gas exchange amounted to 2,448 bcm or 21% share in the total volume of gas sales on the gas exchange for this period.

Support Services and Other Revenues

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

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

	<i>For 3 months ended</i>					<i>For 9 months ended</i>				
	September 30, 2016		June 30, 2016		% change	September 30, 2016		September 30, 2015		% change
	% of total revenue		% of total revenue			% of total revenue		% of total revenue		
	billion RUB, except %									
Drilling services	0.5	2.9%	1.1	5.6%	(54.5)%	2.2	4.0%	4.5	8.2%	(51.1)%
Sales of materials	7.0	40.0%	6.2	31.8%	12.9%	18.7	33.6%	17.6	32.0%	6.2%
Repairs and maintenance services	0.6	3.4%	1.0	5.1%	(40.0)%	2.3	4.1%	2.2	4.0%	4.5%
Rent services	1.4	8.0%	1.5	7.7%	(6.7)%	3.8	6.8%	2.9	5.3%	31.0%
Construction services	0.0	0.0%	0.1	0.5%	(100.0)%	0.1	0.2%	0.3	0.5%	(66.7)%
Transport services	3.3	18.9%	4.0	20.5%	(17.5)%	11.8	21.2%	10.4	18.9%	13.5%
Electric power sales and transmission	1.4	8.0%	1.5	7.7%	(6.7)%	5.2	9.4%	5.7	10.4%	(8.8)%
Other revenues	3.3	18.8%	4.1	21.1%	(19.5)%	11.5	20.7%	11.4	20.7%	0.9%
Total	17.5	100.0%	19.5	100.0%	(10.3)%	55.6	100.0%	55.0	100.0%	1.1%

Support services and other revenues were 10.3% lower in the third quarter of 2016 compared with the second quarter of 2016.

Support services and other revenues in the nine months of 2016 increased by 1.1% compared with the same period of 2015.

Equity share in profits of downstream associates and joint ventures

The equity share in net financial results (profits) of downstream associates and joint ventures amounted to RUB 1 billion and RUB 2 billion in the third and in the second quarters of 2016¹. The equity share in net financial results of downstream associates and joint ventures was RUB 5 billion in the nine months of 2016 and did not change compared to the nine months of 2015.

¹ See the equity share in net financial results of upstream associates and joint ventures in the section "Upstream operating results".

Downstream production and operating cost

Downstream operating expenses include*:

	<i>For 3 months ended</i>		<i>% change</i>	<i>For 9 months ended</i>		<i>% change</i>
	<i>September 30, 2016</i>	<i>June 30, 2016</i>		<i>September 30, 2016</i>	<i>September 30, 2015</i>	
	billion RUB, except %					
Operating expenses at refineries in Russia	18.7	19.9	(6.0)%	56.4	56,1	0.6%
Operating expenses at refineries and cost of additives and materials procured for processing outside Russia	18.2	19.5	(6.7)%	58.9	56.1	5.0%
Operating expenses of retail companies	11.3	10.6	6.6%	32.1	31,0	3.5%
Downstream operating expenses	48.2	50.0	(3.6)%	147.4	143.2	2.9%
<i>Intragroup inventory effect and others</i>	4.8	(6.0)	-	11.6	23.8	(51.3)%
Total Downstream Operating expenses**	53	44	20.5%	159	167	(4.8)%

* *The difference between percentages presented in the above table and other sections is a result of rounding.*

** *Cost of materials for blending at the retail companies was presented in the "Cost of Purchased Oil, Gas and Petroleum Products and Refining Costs". The comparative periods were adjusted respectively.*

Downstream operating expenses increased by 20.5% in the third quarter of 2016 compared with the second quarter of 2016 and amounted to RUB 53 billion due to intragroup inventory effect. Operating expenses of refineries and retail companies decreased by 3.6% compared with the second quarter of 2016 and amounted to RUB 48.2 billion.

In the nine months of 2016 operating expenses of refineries and retail companies were RUB 147.4 billion and increase by 2.9% compared with the same period of 2015.

Operating expenses at Company's refineries

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

	<i>For 3 months ended</i>		<i>% change</i>	<i>For 9 months ended</i>		<i>% change</i>
	<i>September 30, 2016</i>	<i>June 30, 2016</i>		<i>September 30, 2016</i>	<i>September 30, 2015</i>	
Operating expenses at refineries in Russia (RUB billion)	18.68	19.90	(6.1)%	56.41	56.05	0.6%
Operating expenses per tonne of petroleum product and petrochemical output (RUB per tonne)	978	1,141	(14.3)%	1,049	974	7.7%
Operating expenses per tonne of crude oil throughput (RUB per tonne)	953	1,121	(15.0)%	1,027	957	7.3%
Operating expenses at refineries outside Russia (RUB billion)*	6.84	7.97	(14.2)%	24.01	19.13	25.5%
Operating expenses per tonne of petroleum product and petrochemical output (RUB per tonne)	1,995	2,449	(18.5)%	2,395	2,392	0.1%
Operating expenses per tonne of crude oil throughput (RUB per tonne)	2,089	2,608	(19.9)%	2,535	2,417	4.9%
Total operating expenses at Rosneft's refineries (RUB billion)	25.52	27.87	(8.4)%	80.42	75.18	7.0%

* *Refineries outside Russia also procured the additives and materials for processing: in the third quarter of 2016 – RUB 11.4 billion, in the second quarter of 2016 – RUB 11.5 billion, in the nine months of 2016 and 2015 – RUB 34.9 billion and RUB 37.0 billion, respectively.*

Operating expenses of Rosneft's refineries in Russia were RUB 18.68 billion in the third quarter of 2016, and decreased by 6.1% compared with the second quarter of 2016. The decrease resulted from decline in turnaround expenses. In the nine months of 2016 operating expenses of Rosneft's refineries in Russia increased insignificantly by 0.6% compared with the same period of 2015 mainly due to increased electricity tariffs and indexation of wages.

Operating expenses of Rosneft's refineries outside of Russia decreased in the third quarter of 2016 by 14.2% in comparison with the second quarter of 2016 due to RUB/EUR appreciation in the current period by 3.1% and decrease in planned turnaround expenses. In the nine months of 2016 operating expenses of Rosneft's refineries outside of Russia increased by 25.5% compared with the same period of 2015 mainly due to RUB depreciation and due to expenses growth caused by acquisition of additional share in refineries in Germany.

In the third quarter of 2016 operating costs per tonne of crude oil throughput of Rosneft's refineries in Russia decreased by 15.0% compared with the second quarter of 2016 and amounted to RUB 953 per tonne. The decrease was mostly due to decline in turnaround expenses and output volumes growth. The increase of 7.3% in operating costs per tonne in the nine months of 2016 compared with the same period of 2015 was due to decrease in throughput volumes along with increased electricity tariffs and indexation of wages.

Operating expenses per tonne of crude oil throughput of Rosneft's refineries outside Russia were RUB 2,089 per tonne in the third quarter of 2016 which is a decrease of 19.9% compared with the second quarter of 2016.

Operating expenses per tonne of crude oil throughput of Rosneft's refineries outside Russia increased by 4.9% up to RUB 2,535 per tonne in the nine months of 2016 compared with the same period of 2015.

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

The following table shows Rosneft's crude oil, gas and petroleum products procurement costs and volumes and third-party refining costs*:

	<i>For 3 months ended</i>		<i>% change</i>	<i>For 9 months ended</i>		<i>% change</i>
	<i>September 30, 2016</i>	<i>June 30, 2016</i>		<i>September 30, 2016</i>	<i>September 30, 2015</i>	
Crude oil and gas procurement						
Cost of crude oil and gas procured (RUB billion)**	105	107	(1.9)%	315	321	(1.9)%
<i>including Domestic market</i>	45	47	(4.3)%	141	147	(4.1)%
<i>International market</i>	60	60	–	174	174	–
Volume of crude oil procured (millions of barrels)	45.0	44.7	0.7%	137.7	128.0	7.6%
<i>including Domestic market</i>	23.6	22.4	5.4%	71.7	75.1	(4.5)%
<i>International market</i>	21.4	22.3	(4.0)%	66.0	52.9	24.8%
Volume of gas procured (bcm)	2.28	2.79	(18.3)%	10.60	8.07	31.4%
LNG procurement						
Cost of LNG (RUB billion)	–	1	(100.0)%	1	–	–
Volume of LNG procured (millions of tonnes)	–	0.06	(100.0)%	0.06	–	–
Petroleum products procurement						
Cost of petroleum products procured (RUB billion)***	26	34	(23.5)%	80	60	33.3%
Volume of petroleum products procured (millions of tonnes)	1.14	1.60	(28.8)%	3.57	1.98	80.3%
Crude oil, gas and petroleum products refining services						
Cost of refining of crude oil under processing agreements (RUB billion)	7.8	6.8	14.7%	21.5	25.6	(16.0)%
Volumes of crude oil and petroleum products, refined under processing agreements (millions of tonnes)	2.2	2.1	4.8%	6.6	7.9	(16.5)%
Volumes of refining of gas under processing agreements (bcm)	2.7	2.4	12.5%	7.7	8.3	(7.2)%
Petroleum products for blending procurement****						
Cost of petroleum products procured for blending (RUB billion)	7.2	6.4	12.5%	19.7	21.9	(10.0)%
<i>Including intercompany purchases</i>	7.0	6.2	12.9%	19.2	21.5	(10.7)%
Total cost of procured oil, gas and petroleum products and refining costs (RUB billion)	139	149	(6.7)%	418	407	2.7%

*Cost of purchases under IFRS consolidated financial statements (net of intercompany turnover).

**Including cost of Upstream segment in the amount of RUB 4 billion, RUB 5 billion in the third and in the second quarters of 2016, also RUB 21 billion and RUB 12 billion in the nine months of 2016 and 2015 respectively.

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

****Cost of materials for blending at the retail companies was reclassified from "Operating expenses of retail companies". The comparative periods were adjusted accordingly.

Crude oil and Gas procurement

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

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

	<i>For 3 months ended</i>		<i>% change</i>	<i>For 9 months ended</i>		<i>% change</i>
	<i>September 30, 2016</i>	<i>June 30, 2016</i>		<i>September 30, 2016</i>	<i>September 30, 2015</i>	
	<i>mln barrels</i>			<i>mln barrels</i>		
International market	21.4	22.3	(4.0)%	66.0	52.9	24.8%
Udmurtneft	7.0	5.9	18.6%	19.1	20.2	(5.4)%
Slavneft	14.2	11.9	19.3%	39.4	42.8	(7.9)%
Others	2.4	4.6	(47.8)%	13.2	12.1	9.1%
Total	45.0	44.7	0.7%	137.7	128.0	7.6%

Rosneft performs oil swaps operations in order to optimize transportation costs of deliveries to refineries. Revenues and costs related to these operations are shown on a net basis in the “Pipeline tariffs and Transportation costs” line of the consolidated statement of Profit or Loss.

The volume of swaps was 8.5 mln barrels, 6.4 mln barrels and 24.0 mln barrels, 6.0 mln barrels in the third and second quarters of 2016 and in the nine months of 2016 and 2015, respectively.

Petroleum products procurement

Petroleum products from third parties are procured primarily to cover current needs of Rosneft’s retail subsidiaries. Procurement of petroleum products is exposed to seasonal fluctuations of volumes and mix. Procurement prices may significantly vary depending on regional markets.

Petroleum products outside Russia were purchased primarily for sale on the international markets.

The table below sets forth Rosneft’s costs, volumes and average prices per tonne of petroleum products procured from third parties in the second and in the third quarters of 2016:

	<i>For 3 months ended</i>						<i>% change</i>		
	September 30, 2016			June 30, 2016			RUB billion	mln tonnes	th. RUB/ tonne
	RUB billion	mln tonnes	th. RUB/ tonne*	RUB billion	mln tonnes	th. RUB/ tonne*			
<i>Petroleum products procurement in Russia</i>	6	0.22		6	0.20		–	10.0%	
High octane gasoline	1	0.04	37.6	2	0.05	35.3	(50.0)%	(20.0)%	6.5%
Diesel	3	0.09	33.5	2	0.08	31.9	50.0%	12.5%	5.0%
Jet fuel	0	0.01	25.0	0	0.00	27.5	–	–	(9.1)%
Others	2	0.08	23.1	2	0.07	23.4	–	14.3%	(1.3)%
<i>Petroleum products and petrochemicals procured outside Russia</i>	20	0.84	21.7	28	1.40	19.8	(28.6)%	(40.0)%	9.6%
<i>Including petroleum products procurement</i>	18	0.84	20.9	25	1.36	18.6	(28.0)%	(38.2)%	12.4%
Total	26	1.06	23.2	34	1.60	21.2	(23.5)%	(33.8)%	9.4%

*Calculated based on unrounded numbers.

The volume of petroleum products procured in Russia in the third quarter of 2016 slightly increased (+0.02 mln tonnes) in comparison with the second quarter of 2016. Procurement of petroleum products outside Russia meets the contractual obligations under long-term agreements for sales of petroleum products.

The table below sets forth Rosneft’s costs, volumes and average prices per tonne of petroleum products procured from third parties in the nine months of 2016 and 2015:

	<i>For 9 months ended</i>						<i>% change</i>		
	September 30, 2016			September 30, 2015			RUB billion	mln tonnes	th. RUB/ tonne
	RUB billion	mln tonnes	th. RUB/ tonne*	RUB billion	mln tonnes	th. RUB/ tonne*			
<i>Petroleum products procurement in Russia</i>	18	0.63		20	0.61		(10.0)%	3.3%	
High octane gasoline	5	0.14	35.3	8	0.24	36.3	(37.5)%	(41.7)%	(2.8)%
Diesel	7	0.24	33.2	7	0.20	31.9	–	20.0%	4.1%
Jet fuel	0	0.01	26.3	2	0.09	28.4	(100.0)%	(88.9)%	(7.4)%
Others	6	0.24	22.7	3	0.08	25.2	100.0%	>100%	(9.9)%
<i>Petroleum products and petrochemicals procured outside Russia</i>	62	2.86	21.5	40	1.37	29.3	55.0%	>100%	(26.6)%
<i>Including petroleum products procurement</i>	55	2.76	19.1	40	1.37	29.3	37.5%	>100%	(34.8)%
Total	80	3.49	22.9	60	1.98	30.7	33.3%	76.3%	(25.4)%

*Calculated based on unrounded numbers.

Average purchase prices may be different from average sale prices depending on different regional structure of purchases and mix structure of the petroleum products.

Volume of petroleum products procured in Russia increased in the nine months of 2016 compared with the same period of 2015 due to increased supply volume under new contracts.

Petroleum products and petrochemicals procurement outside Russia

Petroleum products and petrochemicals procured outside Russia amounted to RUB 20 billion in the third quarter of 2016. Procurement of petroleum products outside Russia meets the contractual obligation under long-term agreements for sales of petroleum products.

Petroleum products procured outside Russia in the nine months of 2016 was RUB 62 billion (2.86 mln tonnes) in comparison with RUB 40 billion (1.37 mln tonnes) in the nine months of 2015 which was caused by increase in sales under long-term contracts.

Crude oil and gas processing, petroleum products processing

Starting from April 2014, associated petroleum gas sales to Sibur Holding and purchases of dry stripped gas from “Sibur” are presented on a net basis in the Company’s financial statements in processing costs in the amount of RUB 4.21 billion, RUB 3.67 billion, RUB 11.29 billion and RUB 11.74 billion in the third and in the second quarters of 2016, in the nine months of 2016 and 2015 respectively.

Pipeline Tariffs and Transportation Costs

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

In the third quarter of 2016 Rosneft’s transportation costs increased by 2.2% and amounted to RUB 138 billion compared with the second quarter of 2016. Increase in transportation costs was mainly due to an increased share of crude oil transportation of supplies to refineries and volume of gas transportation via gas pipeline system.

The table below sets forth the comparison (quarter-on-quarter basis) of costs per tonne of crude oil and petroleum products transported by pipeline, railroad and mixed transportation and gas transportation costs via gas pipeline system in the third and in the second quarters of 2016:

	For 3 months ended								% change		
	September 30, 2016				June 30, 2016				Volume	Cost	Cost per tonne
Volume, mln tonnes	Share in export volumes	Cost, bln RUB	Cost per tonne, th.RUB/t*	Volume, mln tonnes	Share in export volumes	Cost, bln RUB	Cost per tonne, th.RUB/t*	Volume			
CRUDE OIL											
International sales											
Pipeline	26.5	98.1%	51.8	1.95	29.2	98.0%	56.4	1.93	(9.2)%	(8.2)%	1.0%
Railroad and mixed	0.5	1.9%	1.7	3.24	0.6	2.0%	2.1	3.37	(16.7)%	(19.0)%	(3.9)%
Transportation to refineries											
Pipeline**	22.4		18.5	0.83	20.6		15.1	0.73	8.7%	22.5%	13.7%
Railroad and mixed	2.5		8.9	3.57	1.8		5.9	3.37	38.9%	50.8%	5.9%
PETROLEUM PRODUCTS											
International sales											
Pipeline	0.8	4.9%	1.9	2.35	1.0	6.3%	3.1	3.02	(20.0)%	(38.7)%	(22.2)%
Railroad and mixed	12.6	77.3%	29.6	2.35	12.2	77.2%	28.8	2.37	3.3%	2.8%	(0.8)%
Pipeline and FCA***	2.9	17.8%			2.6	16.5%			11.5%		
GAS											
Pipeline****	bcm		RUB/cm		bcm		RUB/cm				
Pipeline****	10.6		12.1	1.14	10.1		10.3	1.02	5.0%	17.5%	11.8%
Other transportation expenses*****											
			13				13			-	
Total	68.2		138		68.0		135		0.3%	2.2%	

* Calculated based on unrounded data.

** Including crude oil purchased on international market, which was directed to Ruhr Oel GmbH.

*** Rosneft exported part of petroleum products in the third quarter of 2016 and in the second quarter of 2016 through its own export terminal in Tuapse, on FCA terms, where Rosneft does not bear transportation expenses directly, except for transshipment and dispatching cargo costs.

**** Part of gas volumes was dispatched on terms under which Rosneft does not bear transportation expenses. In the third and second quarters of 2016 these volumes amounted to 4.0 bcm and 4.5 bcm respectively.

***** Other transportation expenses include cost of railroad transportation of petroleum products from refineries to tank farms and road transportation from tank farms to fuel filling station.

Crude oil pipeline transportation cost per tonne of international sales in the third quarter of 2016 remained practically unchanged and amounted to RUB 1.95 thousand per tonne.

The decrease in crude oil railroad and mixed transportation cost per tonne of international sales was 3.9% due to change in logistic structure in 2016.

Crude oil pipeline transportation cost per tonne of supplies to refineries increased by 13.7% in the third quarter of 2016 compared to the second quarter of 2016 which was caused by change in structure of transportation routes and increased share of expensive routes.

Crude oil railroad and mixed transportation cost per tonne of supplies to refineries in the third quarter of 2016 increased by 5.9% compared with the second quarter of 2016 due to change in transportation structure.

The decrease in pipeline cost per tonne of petroleum product international sales by 22.2% in the third quarter of 2016 compared with the previous quarter was mainly due to reduction of dollar denominated component of the transportation tariff.

Railroad and mixed transportation cost per tonne of petroleum product international sales decreased by 0.8% in the third quarter of 2016 compared to the second quarter of 2016 due to reduction of volumes delivered by railroad and simultaneous increase in share of waterborne transportation following the start of navigation period.

Gas transportation costs increase by 11.8% in the third quarter of 2016 compared to the second quarter of 2016 resulted from increase in average transportation distance to final consumers. In the third quarter of 2016 indexation of gas transportation tariffs was not carried out.

The table below sets forth comparison for costs per tonne of crude oil and petroleum products transported by pipeline, railway and mixed transportation and gas transportation costs via gas pipeline system in the nine months of 2016 and 2015:

	<i>For 9 months ended</i>								<i>% change</i>		
	September 30, 2016				September 30, 2015				Volume	Cost	Cost per tonne
	Volume, mln tonnes	Share in export volumes	Cost, bln RUB	Cost per tonne, th.RUB/t*	Volume, mln tonnes	Share in export volumes	Cost, bln RUB	Cost per tonne, th.RUB/t*			
CRUDE OIL											
<u>International sales</u>											
Pipeline	83.2	97.4%	161.3	1.94	77.3	95.3%	137.3	1.78	7.6%	17.5%	9.0%
Railroad and mixed	2.2	2.6%	7.9	3.47	3.8	4.7%	12.8	3.28	(42.1)%	(38.3)%	5.8%
<u>Transportation to refineries</u>											
Pipeline**	63.9		49.4	0.77	67.9		56.0	0.83	(5.9)%	(11.8)%	(7.2)%
Railroad and mixed	6.0		21.0	3.56	5.0		20.3	4.03	20.0%	3.4%	(11.7)%
PETROLEUM PRODUCTS											
<u>International sales</u>											
Pipeline	2.8	5.8%	8.4	2.92	3.2	6.4%	8.7	2.74	(12.5)%	(3.4)%	6.6%
Railroad and mixed	38.2	79.4%	99.6	2.61	39.9	79.5%	108.4	2.71	(4.3)%	(8.1)%	(3.7)%
Pipeline and FCA***	7.1	14.8%			7.1	14.1%			–		
GAS	bcm			RUB/cm	bcm			RUB/cm			
Pipeline****	32.5		35.4	1.09	30.0		30.3	1.01	8.3%	16.8%	7.9%
Other transportation expenses*****			37				34			8.8%	
Total	203.4		420		204.2		408		(0.4)%	2.8%	

* Calculated based on unrounded data.

** Including crude oil purchased on international market, which was directed to Ruhr Oel GmbH (ROG).

*** Rosneft exported part of petroleum products in the nine months of 2016 and 2015 through its own export terminal in Tuapse on FCA terms, where Rosneft does not bear transportation expenses directly, except for transshipment and dispatching cargo costs.

**** Part of gas volumes was dispatched on terms where Rosneft does not bear transportation expenses. In the nine months of 2016 and 2015 these volumes amounted to 14.5 bcm, 12.7 bcm respectively.

***** Other transportation expenses include cost of railroad transportation of petroleum products from refineries to tank farms and road transportation from tank farms to fuel filling stations.

The change in transportation costs per tonne of products sold (for crude oil and petroleum products) in the nine months of 2016 compared with the same period of 2015 mainly resulted from tariffs indexation and change in transportation routes.

Excise tax

In the third quarter of 2016 excise tax was RUB 52 billion, including additional costs related to processing outside Russian Federation in the amount of RUB 7 billion, in comparison with RUB 47 billion in the second quarter of 2016. The increase in excise tax is mainly due to growth of petroleum product production and sales in the period.

Depreciation, Depletion and Amortization

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

In the third quarter of 2016 DDA increased by 6.2% compared with the second quarter of 2016 and amounted to RUB 120 billion.

For the nine months of 2016 DDA was RUB 349 billion, that was by 4.4% lower than in the same period of 2015, due to the application of reduced depletion rate for oil infrastructure at certain new producing fields.

Taxes Other than Income Tax

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

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

	<i>For 3 months ended</i>		<i>% change</i>	<i>For 9 months ended</i>		<i>% change</i>
	<i>September 30, 2016</i>	<i>June 30, 2016</i>		<i>September 30, 2016</i>	<i>September 30, 2015</i>	
Mineral extraction tax	262	260	0.8%	694	867	(20.0)%
Excise tax	52	47	10.6%	136	78	74.4%
Social security tax	12	12	–	37	36	2.8%
Property tax	8	9	(11.1)%	25	23	8.7%
Other taxes, interest, penalties and other payments to budget	2	1	100.0%	4	5	(20.0)%
Total taxes other than income tax	336	329	2.1%	896	1,009	(11.2)%

Taxes other than income tax were RUB 336 billion and increased by 2.1% in the third quarter of 2016, compared to RUB 329 billion in the second quarter of 2016. The increase was mainly due to increased excise tax resulted from production growth of petroleum products and mineral extraction tax expenses.

In the nine months of 2016 excise tax of RUB 136 billion included additional costs related to processing outside Russian Federation in the amount of RUB 20 billion. The increase in the excise tax was mainly due to excise tax rate growth for petroleum products compared to 2015.

In the nine months of 2016 taxes other than income tax decreased by 11.2% in comparison with the same period of 2015 mainly due to decrease in mineral extraction tax base rate (by 19.0% in RUB terms).

Finance Income and Expenses

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

In the third quarter of 2016 net finance expenses amounted to RUB 28 billion compared to RUB 21 billion in the second quarter of 2016 due to the negative result from fair value measurement of derivative financial instruments.

In the nine months of 2016 net finance expenses decreased by 49% to RUB 83 billion compared to RUB 162 billion in the same period of 2015 which was mainly due to the settlement of derivative financial instruments in 2015 that were opened during 2012-2014.

Other Income and Other Expenses

In the third quarter of 2016 other income was RUB 5 billion compared to RUB 2 billion in the second quarter of 2016, respectively. In the nine months of 2016 and 2015 other income was RUB 7 billion and RUB 37 billion, respectively.

In the third quarter of 2016 other expenses amounted to RUB 16 billion compared to RUB 13 billion in the previous quarter. Other expenses include effect of fixed assets disposal in the course of operating activities and other expenses. In the nine months of 2016 and 2015 other expense were RUB 38 billion and RUB 44 billion, respectively.

Foreign Exchange Differences

Foreign exchange effects are mostly attributed to monthly revaluation of assets and liabilities denominated in foreign currency at the exchange rate at the end of the period.

In the third and in the second quarters of 2016 foreign exchange loss recognized in profit and loss statement was RUB 14 billion and RUB 16 billion, respectively.

The effect from capitalization of the foreign exchange differences on capital loans to fund capital expenditures amounted to RUB 0 billion and RUB 34 billion in the nine months of 2016 and 2015, respectively.

Cash flow hedges reclassified to profit or loss

Cash flow hedges reclassified to profit or loss recognized in the consolidated statement of profit or loss in the third quarter of 2016 did not change compared with the second quarter of 2016 and amounted to RUB 37 billion.

Income Tax

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

	<i>For 3 months ended</i>		<i>For 9 months ended</i>	
	September 30, 2016	June 30, 2016	September 30, 2016	September 30, 2015
Effective rate of income tax (IFRS)	18.0%	19.7%	18.1% ¹	20,5%

¹ Excluding one-off recognition of income tax of RUB 11 billion and RUB 21 billion accrued on disposal of shares in subsidiaries in the third quarter 2016 and in nine months of 2016, respectively.

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

In accordance with Statement of comprehensive income, income tax expense was RUB 20 billion, and RUB 31 billion in the third and in the second quarters of 2016, respectively. Income tax was RUB 54 billion and RUB 78 billion in the nine months of 2016 and 2015, respectively.

Net Income

Net income amounted to RUB 30 billion (RUB 26 billion attributable to Rosneft's shareholders) in the third quarter of 2016 compared with the net income of RUB 91 billion in the second quarter of 2016 (RUB 89 billion attributable to Rosneft's shareholders). Net profit downturn was mostly driven by decrease in operating profit due to negative impact of export duty lag.

Net income amounted to RUB 135 billion (RUB 129 billion attributable to Rosneft's shareholders) in the nine months of 2016.

Liquidity and Capital Resources

Cash Flows

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

	<i>For 3 months ended</i>		<i>% change</i>	<i>For 9 months ended</i>		<i>% change</i>
	September 30, 2016	June 30, 2016		September 30, 2016	September 30, 2015	
	RUB billion			RUB billion		
Net cash provided by operating activities	172	148	16.2%	530	1,892	(72.0)%
Net cash (used in) investing activities	(44)	(119)	(63.0)%	(34)	(474)	(92.8)%
Net cash (used in) financing activities	(126)	(84)	50.0%	(155)	(996)	(84.4)%

Net cash provided by operating activities

Net cash provided by operating activities amounted to RUB 172 billion in the third quarter of 2016 compared to RUB 148 billion in the second quarter of 2016.

Operating cash flow includes operations with trading securities as part of the Company's efforts to manage cash resources (net inflow was RUB 1 billion in the third quarter of 2016, RUB 2 billion in the second quarter of 2016).

Net cash provided by operating activity adjusted for the above mentioned operations amounted to RUB 171 billion in the third quarter of 2016 (adjusted for operations with trading securities in the amount of RUB 1 billion), RUB 146 billion in the second quarter of 2016 (adjusted for operations with trading securities in the amount of RUB 2 billion).

Net cash provided by operating activity for the periods analysed is given in the table below:

	<i>For 3 months ended</i>		<i>% change</i>	<i>For 9 months ended</i>		<i>% change</i>
	<i>September 30, 2016</i>	<i>June 30, 2016</i>		<i>September 30, 2016</i>	<i>September 30, 2015</i>	
	RUB billion			RUB billion		
Net cash provided by operating activity	172	148	16.2%	530	1,892	(72.0)%
<i>Effect from operations with trading securities</i>	(1)	(2)	–	(4)	(3)	–
Adjusted net cash provided by operating activity	171	146	17.1%	526	1,889	(72.2)%
<i>Offsetting of prepayments received under long term supply contracts</i>	44	37	18.9%	106	64	65.6%
<i>Financing under future suppliers</i>	–	32	–	32	(1,027)	–
Adjusted net cash provided by operating activity	215	215	–	664	926	(28.3)%

In the third quarter of 2016 adjusted operating cash flow was RUB 215 billion. Respective stability in operating cash flow was mainly caused by decrease in accounts receivable which was compensated by decrease in other tax liabilities. In the nine months of 2016 and 2015 adjusted operating cash flow was RUB 664 billion and RUB 926 billion, respectively.

Net cash used in investing activities

Net cash used in the investing activities was RUB 44 billion in the third quarter of 2016 compared to RUB 119 billion used in the investing activities in the second quarter of 2016. The decrease in cash used in investing activities was mostly due to repayments of short-term financial assets which had been previously placed on deposits and was partially compensated by increased capital expenditures.

Net cash used in investing activities in the nine months of 2016 was RUB 34 billion and net cash used in investing activities in the nine months of 2015 was RUB 474 billion.

Net cash used in financing activities

Net cash used in financing activities was RUB 126 billion in the third quarter of 2016 compared to RUB 84 billion used in the financing activities in the second quarter of 2016. In the third quarter of 2016 the Company made repayments of Eurobonds of USD 1 billion and dividends of RUB 125 billion for 2015.

Net cash used in financing activities in the nine months of 2016 and 2015 was RUB 155 billion and RUB 996 billion, respectively. The significant decrease in cash outflow in the financial activities in the nine months of 2015 was driven by final repayments of loan drawn down for the acquisition of TNK assets.

The capital expenditures of refineries in 2016 mainly focus on financing of development projects at Samara refineries and Tuapse refinery and also on maintaining current capacities of refineries in Russia.

Capital expenditures of other activities related to scheduled purchases of transport and other equipment were RUB 1 billion in the third and in the second quarters of 2016, respectively.

The license acquisition costs in the third quarter of 2016 amounted to RUB 1 billion and referred to acquisition of new licenses for research, exploration and production at sites in the Samara region, the Sakha Republic (Yakutia) and the Khanty-Mansiysky Autonomous district. In the third quarter of 2016 the Company returned also the advance of RUB 8 billion issued in the previous quarter for the participation in the auction.

The license acquisition costs in the second quarter of 2016 amounted to RUB 9 billion and referred to acquisition of new licenses for research, exploration and production at sites in the Samara region, the Khanty-Mansiysky and the Yamal-Nenets Autonomous districts, the Barentsevo and the Okhotsk Seas and the Sea of Japan. In the second quarter of 2016 the Company returned also the advance in the amount of RUB 1 billion issued in the previous quarter for the participation in the auction.

In the nine months of 2015 the license acquisition costs were RUB 7 billion refer to advances issued for the participation in the auction. In the same period the Company received cash from the repayment of advances issued in previous periods in the amount of RUB 13 billion for the participation in the auction.¹

Debt Obligations

Rosneft net debt amounts to RUB 1,651 billion as of September 30, 2016 compared to RUB 1,507 billion as of June 30, 2016.

Rosneft's total loans and borrowings and other financial liabilities was RUB 2,927 billion as of September 30, 2016 compared to RUB 2,939 billion as of June 30, 2016. The decrease was mainly attributable to the scheduled repayment of loans and effect of foreign currency debt revaluation.

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

As of September 30, 2016, June 30, 2016 and September 30, 2015: 32.6%, 33.7% and 33.8% respectively of Rosneft's loans and borrowings were secured by crude oil export contracts (excluding exports to the CIS).

As of September 30, 2016, June 30, 2016 and September 30, 2015 pledged oil exports constituted 4.5%, 4.4% and 4.8% respectively of the total crude oil export sales for the analyzed period (excluding exports to the CIS).

The net debt calculation is disclosed in the following table:

As of the date	September 30, 2016	June 30, 2016	September 30, 2015
	RUB billion		
Short-term loans and borrowings and other financial liabilities	947	844	980
Long-term loans and borrowings and other financial liabilities	1,980	2,095	2,168
Total debt	2,927	2,939	3,148
Cash and cash equivalents	787	795	657
Other short-term financial assets and part of long-term deposits	489	637	869
Net debt	1,651	1,507	1,622

¹ Starting from 2015 all cash receipts from the repayment of advances issued for the participation in the auctions which were called off or were won by other participants are recorded in line "Acquisition of licenses and auction advances" of Consolidated statement of cash flows.

Key consolidated financial highlights (in RUB terms)

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

	For 3 months ended		For 9 months ended	
	September 30, 2016	June 30, 2016	September 30, 2016	September 30, 2015
EBITDA margin	23.3%	27.6%	25.4%	24.1%
Net income attributable to Rosneft shareholders margin	2.1%	7.2%	3.7%	7.6%
Net debt to annualised EBITDA	1.39	1.26	1.39	1.40
Current ratio	1.17	1.24	1.17	1.42
			RUB / bbl	
EBITDA/bbl	822	995	866	919
Upstream capital expenditures/bbl	419	398	401	300
Upstream operating expenses/bbl	205	207	203	194
Free cash flow before interest/bbl	135	174	179	491
			RUB / boe	
EBITDA/boe	657	791	689	743
Upstream capital expenditures/boe	335	316	319	243
Upstream operating expenses/boe	164	164	161	157
Free cash flow before interest/boe	108	139	143	397

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

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

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

Upstream Measures*

	For 3 months ended		For 9 months ended	
	September 30, 2016	June 30, 2016	September 30, 2016	September 30, 2015
Crude oil and NGL production (mln bbl)	355.4	349.6	1,053.9	1,052.5
Crude oil, NGL and gas production (mln boe)	444.7	439.8	1,324.6	1,301.1

*Excluding share in production of associates and joint ventures.

Calculation of Free Cash Flow

	For 3 months ended		For 9 months ended	
	September 30, 2016	June 30, 2016	September 30, 2016	September 30, 2015
			RUB billion	
Net cash provided by operating activities	172	148	530	1,892
Capital expenditures	(167)	(154)	(475)	(409)
Trading securities operations*	(1)	(2)	(4)	(3)
Received prepayments under long term supply contracts	–	–	–	(1,027)
Offsetting of prepayments under long term supply contracts	44	37	106	64
Financing under future supplies	–	32	32	–
Free cash flow	48	61	189	517

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

Calculation of EBITDA

	For 3 months ended		For 9 months ended	
	September 30, 2016	June 30, 2016	September 30, 2016	September 30, 2015
	RUB billion			
Revenues and equity share in profits of associates and joint ventures	1,223	1,232	3,503	3,954
Effect of prepayments offsetting	32	28	95	59
Expenses	(1,083)	(1,025)	(3,034)	(3,411)
Depreciation, depletion and amortization	120	113	349	365
EBITDA	292	348	913	967

Calculation of EBITDA Margin

	For 3 months ended		For 9 months ended	
	September 30, 2016	June 30, 2016	September 30, 2016	September 30, 2015
	RUB billion (except %)			
EBITDA	292	348	913	967
Revenues and equity share in profits of associates and joint ventures	1,223	1,232	3,503	3,954
Effect of prepayment offsetting	32	28	95	59
Adjusted revenues	1,255	1,260	3,598	4,013
EBITDA margin	23.3%	27.6%	25.4%	24.1%

Calculation of Net Income Margin attributable to Rosneft shareholders

	For 3 months ended		For 9 months ended	
	September 30, 2016	June 30, 2016	September 30, 2016	September 30, 2015
	RUB billion (except %)			
Net income attributable to Rosneft shareholders	26	89	129	302
Revenues and equity share in profits of associates and joint ventures	1,223	1,232	3,503	3,954
Net income margin attributable to Rosneft shareholders	2.1%	7.2%	3.7%	7.6%

Calculation of Current ratio

As of the date	September 30, 2016	June 30, 2016	September 30, 2015
	RUB billion (except coefficients)		
Current assets	2,076	2,229	2,526
Current liabilities	1,776	1,796	1,775
Current ratio	1.17	1.24	1.42

Consolidated financial highlights (in USD terms)

Consolidated statement of profit or loss*

	For 3 months ended		For 9 months ended	
	September 30, 2016	June 30, 2016	September 30, 2016	September 30, 2015
	USD billion			
Total revenues and equity share in profits/(losses) of associates and joint ventures	19.4	19.2	53.1	68.3
Costs and expenses				
Production and operating expenses	2.0	1.9	5.7	6.6
Cost of purchased oil, gas and petroleum products and refining costs	2.2	2.3	6.2	6.9
General and administrative expenses	0.4	0.5	1.3	1.5
Pipeline tariffs and transportation costs	2.2	2.0	6.2	6.9
Exploration expenses	-	0.1	0.1	0.2
Depreciation, depletion and amortization	1.8	1.7	5.1	6.2
Taxes other than income tax	5.2	5.0	13.3	17.2
Export customs duty	2.9	2.1	6.8	12.5
Total costs and expenses	16.7	15.6	44.7	58.0
Operating income	2.7	3.6	8.4	10.3
Finance income	0.3	0.4	0.9	0.7
Finance expenses	(0.7)	(0.6)	(2.0)	(3.3)
Other income	0.1	-	0.1	0.7
Other expenses	(0.3)	(0.2)	(0.6)	(0.7)
Foreign exchange differences	(0.8)	(0.7)	(2.3)	0.5
Cash flow hedges reclassified to profit or loss	(0.5)	(0.6)	(1.6)	(1.5)
Income before income tax	0.8	1.9	2.9	6.7
Income tax	(0.3)	(0.5)	(0.8)	(1.4)
Net income	0.5	1.4	2.1	5.3
Net income attributable to Rosneft shareholders	0.4	1.4	2.0	5.3

*Calculated using average monthly exchange rates on the basis of Bank of Russia data for the reporting period (Appendix).

Key consolidated financial highlights (in USD terms)

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

	For 3 months ended		For 9 months ended	
	September 30, 2016	June 30, 2016	September 30, 2016	September 30, 2015
EBITDA margin	23.2%	27.6%	25.4%	24.2%
Net income margin	2.1%	7.3%	3.8%	7.8%
Net debt to annualised EBITDA	1.47	1.30	1.47	1.18
Current ratio	1.17	1.24	1.17	1.42
	USD/bbl*			
EBITDA/bbl	12.7	15.2	12.8	15.7
Upstream capital expenditures/bbl	6.5	6.0	5.9	5.1
Upstream operating expenses/bbl	3.2	3.1	3.0	3.3
Free cash flow/bbl	3.5	3.9	3.9	9.2
	USD/boe*			
EBITDA/boe	10.1	12.1	10.2	12.7
Upstream capital expenditures/boe	5.2	4.8	4.7	4.1
Upstream operating expenses/boe	2.5	2.5	2.4	2.7
Free cash flow/boe	2.8	3.1	3.1	7.4

*Calculated from unrounded data.

Calculation of Free Cash Flow

	For 3 months ended		For 9 months ended	
	September 30, 2016	June 30, 2016	September 30, 2016	September 30, 2015
	USD billion			
Net cash provided by operating activities	2.8	2.1	7.7	30.4
Capital expenditures	(2.6)	(2.3)	(7.0)	(6.9)
Trading securities operations	(0.1)	–	(0.1)	(0.1)
Received prepayments under long term supply contracts	–	–	–	(15.7)
Offsetting under prepayments under long term supply contracts	1.2	1.0	3.0	2.0
Financing under future supplies	–	0.5	0.5	–
Free cash flow	1.3	1.3	4.1	9.7

Calculation of EBITDA Margin

	For 3 months ended		For 9 months ended	
	September 30, 2016	June 30, 2016	September 30, 2016	September 30, 2015
	USD billion (except %)			
Revenues and equity share in profits of associates and joint ventures	19.4	19.2	53.1	68.3
Operating expenses	(16.7)	(15.6)	(44.7)	(58.0)
Depreciation, depletion and amortization	1.8	1.7	5.1	6.2
EBITDA	4.5	5.3	13.5	16.5
Revenues and equity share in profits of associates and joint ventures	19.4	19.2	53.1	68.3
EBITDA margin	23.2%	27.6%	25.4%	24.2%

Calculation of Net Income Margin

	For 3 months ended		For 9 months ended	
	September 30, 2016	June 30, 2016	September 30, 2016	September 30, 2015
	USD billion (except %)			
Net income	0.4	1.4	2.0	5.3
Revenues and equity share in profits of associates and joint ventures	19.4	19.2	53.1	68.3
Net income margin	2.1%	7.3%	3.8%	7.8%

Calculation of Current ratio

As of the date	September 30, 2016	June 30, 2016	September 30, 2015
	USD billion (except coefficients)		
Current assets	32.9	34.7	38.1
Current liabilities	28.1	28.0	26.8
Current ratio	1.17	1.24	1.42

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

	2016	2015
	RUB/USD	
January	76.31	61.88
February	77.23	64.68
March	70.51	60.26
April	66.69	52.93
May	65.67	50.59
June	65.31	54.51
July	64.34	57.08
August	64.93	65.20
September	64.60	66.77