



PJSC LUKOIL

**CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS**

for the three and nine-month periods ended 30 September 2019

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

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



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

To the Shareholders and Board of Directors

PJSC LUKOIL

Introduction

We have reviewed the accompanying consolidated statement of financial position of PJSC LUKOIL (the "Company") and its subsidiaries (the "Group") as at 30 September 2019, and the related consolidated statements of profit or loss and other comprehensive income for the three- and nine-month periods ended 30 September 2019 and the related consolidated statements of changes in equity and cash flows for the nine - month period ended 30 September 2019, and notes to the condensed interim consolidated financial statements (the "condensed interim consolidated financial statements"). Management is responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of Review

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

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

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

Moscow, Russia.

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

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

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



PJSC LUKOIL

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements as at 30 September 2019 and for the three- and nine-month periods ended 30 September 2019 are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

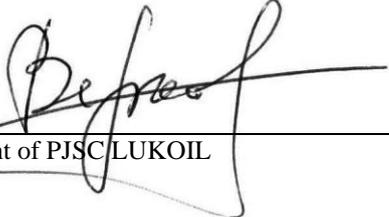

Oussov A.I.
JSC "KPMG"
Moscow, Russia
25 November 2019



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

		30 September	31 December
	Note	2019	2018
		(unaudited)	
Assets			
Current assets			
Cash and cash equivalents	6	447,168	492,650
Accounts receivable, net	7	423,425	429,945
Other current financial assets		36,571	26,200
Inventories	8	436,822	381,737
Prepaid taxes	9	94,585	95,611
Other current assets	10	46,046	52,336
Total current assets		1,484,617	1,478,479
Property, plant and equipment	12	3,977,151	3,829,164
Investments in associates and joint ventures	11	226,620	228,053
Other non-current financial assets	13	54,947	82,568
Deferred income tax assets		27,934	31,041
Goodwill and other intangible assets		39,682	41,765
Other non-current assets		37,050	41,312
Total non-current assets		4,363,384	4,253,903
Total assets		5,848,001	5,732,382
Liabilities and equity			
Current liabilities			
Accounts payable	15	555,005	547,128
Short-term borrowings and current portion of long-term debt	16	112,916	99,625
Taxes payable	18	144,477	123,974
Provisions	20	38,458	38,266
Other current liabilities	19	23,818	105,567
Total current liabilities		874,674	914,560
Long-term debt	17	507,830	435,422
Deferred income tax liabilities		258,348	258,836
Provisions	20	54,543	47,923
Other non-current liabilities		2,497	2,115
Total non-current liabilities		823,218	744,296
Total liabilities		1,697,892	1,658,856
Equity	21		
Share capital		968	1,015
Treasury shares		(187,171)	(134,810)
Additional paid-in capital		39,119	39,173
Other reserves		79,788	196,554
Retained earnings		4,209,090	3,963,628
Total equity attributable to PJSC LUKOIL shareholders		4,141,794	4,065,560
Non-controlling interests		8,315	7,966
Total equity		4,150,109	4,073,526
Total liabilities and equity		5,848,001	5,732,382


 President of PJSC LUKOIL
 Alekperov V.Y.


 Chief accountant of PJSC LUKOIL
 Verkhov V.A.

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

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

		For the three months ended 30 September 2019 (unaudited)	For the three months ended 30 September 2018 (unaudited)	For the nine months ended 30 September 2019 (unaudited)	For the nine months ended 30 September 2018 (unaudited)
Revenues					
Sales (including excise and export tariffs)	28	1,952,322	2,305,886	5,928,807	5,992,672
Costs and other deductions					
Operating expenses		(119,286)	(123,837)	(342,145)	(344,698)
Cost of purchased crude oil, gas and products		(1,050,010)	(1,323,504)	(3,247,918)	(3,402,816)
Transportation expenses		(67,349)	(70,624)	(204,603)	(204,886)
Selling, general and administrative expenses		(45,638)	(64,766)	(144,198)	(141,929)
Depreciation, depletion and amortisation		(104,504)	(105,900)	(314,064)	(291,183)
Taxes other than income taxes		(233,001)	(248,539)	(708,514)	(649,176)
Excise and export tariffs		(108,573)	(151,765)	(321,229)	(410,358)
Exploration expenses		(660)	(1,041)	(2,168)	(2,324)
Profit from operating activities		223,301	215,910	643,968	545,302
Finance income	23	6,944	5,132	19,003	13,294
Finance costs	23	(10,872)	(9,955)	(33,582)	(25,556)
Equity share in income of affiliates	11	5,496	6,828	16,618	18,181
Foreign exchange (loss) gain		(4,630)	11,215	878	32,177
Other income (expenses)	24	6,529	(780)	(3,803)	(10,643)
Profit before income taxes		226,768	228,350	643,082	572,755
Current income taxes		(36,954)	(46,064)	(119,010)	(104,253)
Deferred income taxes		1,073	2,176	(1,594)	(6,620)
Total income tax expense		(35,881)	(43,888)	(120,604)	(110,873)
Profit for the period		190,887	184,462	522,478	461,882
Profit for the period attributable to non-controlling interests		(500)	(695)	(1,610)	(1,735)
Profit for the period attributable to PJSC LUKOIL shareholders		190,387	183,767	520,868	460,147
Other comprehensive income (loss), net of income taxes					
<i>Items that may be reclassified to profit or loss:</i>					
Foreign currency translation differences for foreign operations		15,740	37,161	(116,715)	98,827
Change in fair value of equity investments at fair value through other comprehensive income		(876)	(1,229)	(184)	(310)
<i>Items that will never be reclassified to profit or loss:</i>					
Remeasurements of defined benefit liability / asset of pension plan		(13)	(60)	110	(174)
Other comprehensive income (loss)		14,851	35,872	(116,789)	98,343
Total comprehensive income for the period		205,738	220,334	405,689	560,225
Total comprehensive income for the period attributable to non-controlling interests		(485)	(691)	(1,587)	(1,729)
Total comprehensive income for the period attributable to PJSC LUKOIL shareholders		205,253	219,643	404,102	558,496
Earnings per share of common stock attributable to PJSC LUKOIL shareholders (in Russian rubles):	21				
Basic		294.10	259.02	776.42	648.48
Diluted		285.01	255.54	754.92	643.85

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

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

	Share capital	Treasury shares	Additional paid-in capital	Other reserves	Retained earnings	Total equity attributable to PJSC LUKOIL shareholders	Non-controlling interests	Total equity
31 December 2018	1,015	(134,810)	39,173	196,554	3,963,628	4,065,560	7,966	4,073,526
Profit for the period	-	-	-	-	520,868	520,868	1,610	522,478
Other comprehensive loss	-	-	-	(116,766)	-	(116,766)	(23)	(116,789)
Total comprehensive (loss) income				(116,766)	520,868	404,102	1,587	405,689
Dividends on common stock	-	-	-	-	(104,316)	(104,316)	-	(104,316)
Stock purchased	-	(240,767)	-	-	-	(240,767)	-	(240,767)
Equity-settled share-based compensation plan	-	-	-	-	17,269	17,269	-	17,269
Share capital reduction	(47)	188,406	-	-	(188,359)	-	-	-
Changes in non-controlling interests	-	-	(54)	-	-	(54)	(1,238)	(1,292)
30 September 2019	968	(187,171)	39,119	79,788	4,209,090	4,141,794	8,315	4,150,109
31 December 2017	1,151	(251,089)	129,641	27,090	3,576,158	3,482,951	7,448	3,490,399
Adjustment on adoption of IFRS 9, net of tax	-	-	-	-	(6,831)	(6,831)	-	(6,831)
1 January 2018	1,151	(251,089)	129,641	27,090	3,569,327	3,476,120	7,448	3,483,568
Profit for the period	-	-	-	-	460,147	460,147	1,735	461,882
Other comprehensive income (loss)	-	-	-	98,349	-	98,349	(6)	98,343
Total comprehensive income				98,349	460,147	558,496	1,729	560,225
Dividends on common stock	-	-	-	-	(92,252)	(92,252)	-	(92,252)
Stock purchased	-	(7,024)	-	-	-	(7,024)	-	(7,024)
Equity-settled share-based compensation plan	-	-	-	-	18,277	18,277	-	18,277
Changes in non-controlling interests	-	-	91	-	-	91	(810)	(719)
30 September 2018	1,151	(258,113)	129,732	125,439	3,955,499	3,953,708	8,367	3,962,075

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

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

	Note	For the nine months ended 30 September 2019 (unaudited)	For the nine months ended 30 September 2018 (unaudited)
Cash flows from operating activities			
Profit for the period attributable to PJSC LUKOIL shareholders		520,868	460,147
Adjustments for non-cash items:			
Depreciation, depletion and amortisation		314,064	291,183
Equity share in income of affiliates, net of dividends received		(11,794)	(12,060)
Dry hole write-offs		1,085	860
(Gain) loss on disposals and impairments of assets		(3,335)	14,167
Income tax expense		120,604	110,873
Non-cash foreign exchange gain		(984)	(32,398)
Finance income		(19,003)	(13,294)
Finance costs		33,582	25,556
Allowance for expected credit losses		5,570	1,180
Equity-settled share-based compensation plan		23,525	23,525
All other items – net		(1,645)	(778)
Changes in operating assets and liabilities:			
Trade accounts receivable		(18,861)	(140,397)
Inventories		(79,969)	(12,037)
Accounts payable		34,632	39,464
Other taxes		22,528	31,563
Other current assets and liabilities		(10,071)	(26,378)
Income tax paid		(118,996)	(96,007)
Dividends received		4,814	6,401
Interests received		14,549	9,570
Net cash provided by operating activities		831,163	681,140
Cash flows from investing activities			
Acquisition of licenses		(2,334)	(298)
Capital expenditures		(314,038)	(338,260)
Proceeds from sale of property, plant and equipment		1,123	1,371
Purchases of financial assets		(3,725)	(2,175)
Proceeds from sale of financial assets		13,171	11,871
Sale of subsidiaries, net of cash disposed		9,261	-
Sale of equity method affiliates		170	-
Acquisitions of the interest in the project and subsidiaries, net of cash acquired		(55,055)	-
Acquisitions of equity method affiliates		(974)	(1,968)
Net cash used in investing activities		(352,401)	(329,459)
Cash flows from financing activities			
Proceeds from issuance of short-term borrowings		2,289	21,050
Principal repayments of short-term borrowings		(5,803)	(12,142)
Proceeds from issuance of long-term debt		-	39,840
Principal repayments of long-term debt		(44,447)	(196,714)
Interest paid		(26,783)	(23,080)
Dividends paid on Company common shares		(180,698)	(158,346)
Dividends paid to non-controlling interest shareholders		(3,301)	(1,515)
Financing received from non-controlling interest shareholders		84	111
Purchase of Company's stock		(243,691)	(7,024)
Sale of non-controlling interest		-	4
Purchases of non-controlling interest		(14)	-
Net cash used in financing activities		(502,364)	(337,816)
Effect of exchange rate changes on cash and cash equivalents		(21,880)	27,536
Net (decrease) increase in cash and cash equivalents		(45,482)	41,401
Cash and cash equivalents at beginning of period		492,650	330,390
Cash and cash equivalents at end of the period	6	447,168	371,791

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

Note 1. Organisation and environment

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

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

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

Business and economic environment

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

Note 2. Basis of preparation

Statement of compliance

The condensed interim consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. These condensed interim consolidated financial statements should be read in conjunction with the Group’s consolidated financial statements for 2018 prepared in accordance with International Financial Reporting Standards (“IFRS”).

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last consolidated financial statements for 2018.

The accompanying condensed interim consolidated financial statements and notes thereto have not been audited by independent auditors, except for the consolidated statement of financial position at 31 December 2018.

The condensed interim consolidated financial statements were authorised by the President of the Company on 25 November 2019.

Functional and presentation currency

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

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

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

Note 3. Changes in accounting policies

The accounting policies adopted in the preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the consolidated financial statements for 2018 except for IFRS 16 *Leases* (“IFRS 16”) the Group has adopted with effect from 1 January 2019.

IFRS 16, issued in January 2016, replaced existing leases guidance including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases—Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. Under IFRS 16, a contract is, or contains, a lease if it conveys a right to control the use of an identified asset for a period of time in exchange for consideration. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The nature of expenses related to new assets and liabilities recognised for operating leases will now change because the Group will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously the Group recognised lease expenses on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

The Group applied IFRS 16 using the modified retrospective approach by one-off recognition of non-current assets and financial liabilities of 162 billion RUB at 1 January 2019 measured at the present value of the remaining lease payments, discounted at the Group’s incremental borrowing rate as at 1 January 2019.

Primarily the Group leases such assets as transport (vessels, tank cars), land, drilling rigs and other equipment, storage facilities. The lease typically runs for a period of 3–5 years. Some leases include an option to renew the lease for additional period after the end of the non-cancellable period. The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that includes renewal option. Moreover, in determining the lease term the Group also took into account economic factors, which influence asset usage duration in its activity.

At 30 September 2019, the Group recognised 172,541 million RUB of right-of-use assets as part of “Property, plant and equipment”, 169,890 million RUB of lease liabilities as part of long-term debt, of which 28,977 million RUB are included in its current portion. Also the Group recognised a depreciation charge of right-of-use assets of 11,940 million RUB and 34,418 million RUB and interest expense in relation to lease liabilities of 2,925 million RUB and 8,717 million RUB during the three and nine months ended 30 September 2019, respectively (including arrangements earlier treated as leases under IAS 17 *Leases*).

Lease liabilities reconciliation

Operating lease commitments at 31 December 2018	182,742
Payments for the rent of land related to exploration and evaluation	(30,417)
Leases not yet commenced	(22,835)
Effect of discounting using incremental borrowing rate as of the date of initial application	(33,754)
Other	(847)
Discounted using incremental borrowing rate	94,889
Extension and termination options reasonably certain to be exercised	10,721
Service agreements classified as lease	56,585
Other	(144)
Additional lease liabilities at 1 January 2019	162,051
Finance lease liabilities at 31 December 2018	25,973
Total lease liabilities at 1 January 2019	188,024

Note 4. Use of estimates and judgments

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

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

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

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

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

Note 5. Income taxes

Operations in the Russian Federation are subject to a 20% income tax rate. For the period from 2017 till 2024 (inclusive) the Federal income tax rate is set as 3.0% and the regional income tax rate varies from 12.5% to 17.0% at the discretion of the regional administration. Legislation sets certain restrictions on the application of the reduced regional rates.

The Group's foreign operations are subject to taxes at the tax rates applicable to the jurisdictions in which they operate.

The Group's effective income tax rate for the periods presented differs from the statutory income tax rate primarily due to domestic and foreign tax rate differences and the incurrence of costs that are either not tax deductible or only deductible to a certain limit.

Tax expense is recognised based on the management's best estimate of the weighted-average annual income tax rate expected for the full financial year multiplied by the pre-tax income of the interim reporting period.

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

Note 6. Cash and cash equivalents

	30 September	31 December
	2019	2018
Cash held in RUB	61,884	201,073
Cash held in US dollars	355,566	264,538
Cash held in EUR	17,760	18,350
Cash held in other currencies	11,958	8,689
Total cash and cash equivalents	447,168	492,650

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

Note 7. Accounts receivables

	30 September 2019	31 December 2018
Trade accounts receivable (net of allowances of 25,389 million RUB and 23,031 million RUB at 30 September 2019 and 31 December 2018, respectively)	410,198	411,247
Other current accounts receivable (net of allowances of 4,842 million RUB and 4,767 million RUB at 30 September 2019 and 31 December 2018, respectively)	13,227	18,698
Total accounts receivable, net	423,425	429,945

Note 8. Inventories

	30 September 2019	31 December 2018
Crude oil and petroleum products	377,967	325,563
Materials for extraction and drilling	23,876	23,128
Materials and supplies for refining	4,625	4,084
Other goods, materials and supplies	30,354	28,962
Total inventories	436,822	381,737

Note 9. Prepaid taxes

	30 September 2019	31 December 2018
Income tax prepaid	15,110	12,165
VAT and excise tax recoverable	33,041	37,832
Export duties prepaid	9,908	23,093
VAT prepaid	34,467	18,498
Other taxes prepaid	2,059	4,023
Total prepaid taxes	94,585	95,611

Note 10. Other current assets

	30 September 2019	31 December 2018
Advance payments	14,563	19,851
Prepaid expenses	21,556	22,139
Other assets	9,927	10,346
Total other current assets	46,046	52,336

Note 11. Investments in associates and joint ventures

Carrying value of investments in associates and joint ventures:

Name of the company	Country	Ownership		30 September 2019	31 December 2018
		30 September 2019	31 December 2018		
<i>Joint ventures:</i>					
Tengizchevroil	Kazakhstan	5.0%	5.0%	121,694	121,204
Caspian Pipeline Consortium	Kazakhstan	12.5%	12.5%	40,784	39,346
South Caucasus Pipeline Holding Company	Azerbaijan	10.0%	10.0%	32,559	34,789
Others				718	623
<i>Associates:</i>					
Associates				30,865	32,091
Total				226,620	228,053

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

Note 12. Property, plant and equipment

	Exploration and production	Refining, marketing and distribution	Other	Total
Cost				
31 December 2018	4,476,824	1,373,743	75,882	5,926,449
Adjustment on adoption of IFRS 16	54,335	102,189	5,527	162,051
1 January 2019	4,531,159	1,475,932	81,409	6,088,500
Additions	282,572	50,510	1,414	334,496
Acquisition of the interest in the project	50,174	-	-	50,174
Disposals	(13,845)	(7,850)	(675)	(22,370)
Foreign currency translation differences	(108,588)	(60,692)	(1,303)	(170,583)
Other	3,535	10,539	(265)	13,809
30 September 2019	4,745,007	1,468,439	80,580	6,294,026
Depreciation and impairment				
31 December 2018	(1,586,508)	(513,668)	(19,380)	(2,119,556)
Depreciation for the period	(218,910)	(90,703)	(3,227)	(312,840)
Impairment loss	(146)	-	-	(146)
Disposals	6,066	6,363	186	12,615
Foreign currency translation differences	54,663	23,281	557	78,501
Other	(255)	4,455	149	4,349
30 September 2019	(1,745,090)	(570,272)	(21,715)	(2,337,077)
Advance payments for property, plant and equipment				
31 December 2018	5,916	15,669	686	22,271
30 September 2019	5,265	14,165	772	20,202
Carrying amounts				
31 December 2018	2,896,232	875,744	57,188	3,829,164
30 September 2019	3,005,182	912,332	59,637	3,977,151
Cost				
31 December 2017	3,902,267	1,236,552	72,543	5,211,362
Additions	268,811	66,538	1,065	336,414
Disposals	(29,019)	(7,514)	(476)	(37,009)
Foreign currency translation differences	164,397	38,123	1,651	204,171
Other	7,159	(731)	89	6,517
30 September 2018	4,313,615	1,332,968	74,872	5,721,455
Depreciation and impairment				
31 December 2017	(1,230,717)	(403,445)	(15,617)	(1,649,779)
Depreciation for the period	(220,070)	(70,759)	(2,725)	(293,554)
Impairment	(5,033)	-	-	(5,033)
Disposals	21,883	4,075	164	26,122
Foreign currency translation differences	(81,074)	(14,200)	(501)	(95,775)
Other	2	803	30	835
30 September 2018	(1,515,009)	(483,526)	(18,649)	(2,017,184)
Advance payments for property, plant and equipment				
31 December 2017	10,732	2,717	133	13,582
30 September 2018	6,926	10,777	612	18,315
Carrying amounts				
31 December 2017	2,682,282	835,824	57,059	3,575,165
30 September 2018	2,805,532	860,219	56,835	3,722,586

The cost of assets under construction included in property, plant and equipment was 410,701 million RUB and 335,312 million RUB at 30 September 2019 and 31 December 2018, respectively.

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

Note 12. Property, plant and equipment (continued)

Exploration and evaluation assets

	For the nine months ended 30 September 2019	For the nine months ended 30 September 2018
1 January	107,106	86,134
Capitalised expenditures	24,302	21,109
Reclassified to development assets	(3,892)	(4,963)
Charged to expenses	(582)	(5,829)
Foreign currency translation differences	(2,107)	2,159
Other movements	235	(14)
30 September	125,062	98,596

Note 13. Other non-current financial assets

	30 September 2019	31 December 2018
Financial assets measured at fair value through other comprehensive income		
Equity instruments	2,930	3,388
Financial assets measured at amortised cost		
Long-term loans	4,610	19,468
Non-current accounts and notes receivable	1,373	2,469
Other financial assets	88	102
Financial assets measured at fair value through profit or loss		
Long-term loans	45,946	57,064
Other financial assets	-	77
Total other non-current financial assets	54,947	82,568

Note 14. Acquisition of the interest in the project

In the second quarter of 2019, a Group company entered into a contract with New Age M12 Holdings Limited to acquire a 25% interest in the Marine XII license in the Republic of Congo developed under the production sharing agreement. In September 2019, the transaction in the amount of 51.4 billion RUB (\$768 million) was closed after all the customary conditions, including approval by the Government of the Republic of Congo, were fulfilled.

At 30 September 2019, the Company had not yet completed the fair value estimation of assets and liabilities of its 25% interest in the Marine XII license. Allocation of the purchase price to the fair value of assets acquired and liabilities assumed is going to be finalized within 12 months from the acquisition date.

Note 15. Accounts payable

	30 September 2019	31 December 2018
Trade accounts payable	489,349	477,444
Other accounts payable	65,656	69,684
Total accounts payable	555,005	547,128

PJSC LUKOIL**Notes to Condensed Interim Consolidated Financial Statements (unaudited)
(Millions of Russian rubles, unless otherwise noted)****Note 16. Short-term borrowings and current portion of long-term debt**

	30 September 2019	31 December 2018
Short-term borrowings from third parties	17,194	20,885
Short-term borrowings from related parties	2,015	7,843
Current portion of long-term debt	93,707	70,897
Total short-term borrowings and current portion of long-term debt	112,916	99,625

Short-term borrowings from third parties include amounts repayable in US dollars of 15,857 million RUB and 15,541 million RUB and amounts repayable in other currencies of 1,337 million RUB and 5,344 million RUB at 30 September 2019 and 31 December 2018, respectively. The weighted-average interest rate on short-term borrowings from third parties was 4.63% and 9.83% per annum at 30 September 2019 and 31 December 2018, respectively. At 30 September 2019, short-term borrowings from third parties are unsecured.

Note 17. Long-term debt

	30 September 2019	31 December 2018
Long-term loans and borrowings from third parties	135,690	161,314
7.250% non-convertible US dollar bonds, maturing 2019	38,625	41,584
6.125% non-convertible US dollar bonds, maturing 2020	64,365	69,385
6.656% non-convertible US dollar bonds, maturing 2022	32,154	34,663
4.563% non-convertible US dollar bonds, maturing 2023	96,525	104,079
4.750% non-convertible US dollar bonds, maturing 2026	64,288	69,321
Lease obligations	169,890	25,973
Total long-term debt	601,537	506,319
Current portion of long-term debt	(93,707)	(70,897)
Total non-current portion of long-term debt	507,830	435,422

Long-term loans and borrowings

Long-term loans and borrowings from third parties include amounts repayable in US dollars of 117,000 million RUB and 137,439 million RUB and amounts repayable in euros of 18,690 million RUB and 23,875 million RUB at 30 September 2019 and 31 December 2018, respectively. This debt has maturity dates from 2019 through 2028. The weighted-average interest rate on long-term loans and borrowings from third parties was 4.31% and 4.87% per annum at 30 September 2019 and 31 December 2018, respectively. A number of long-term loan agreements contain certain financial covenants which are being met by the Group. Approximately 49% of total long-term loans and borrowings from third parties at 30 September 2019 are secured by shares of an associated company, export sales and property, plant and equipment.

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Note 17. Long-term debt (continued)

Reconciliation of liabilities arising from financing activities

	Loans and borrowings	Bonds	Lease obligations	Other liabilities	Total
31 December 2018	190,042	319,032	25,973	73,920	608,967
Adjustment on adoption of IFRS 16	-	-	162,051	-	162,051
1 January 2019	190,042	319,032	188,024	73,920	771,018
Changes from financing cash flows:					
Proceeds from issuance of short-term borrowings	2,289	-	-	-	2,289
Principal repayments of short-term borrowings	(5,803)	-	-	-	(5,803)
Principal repayments of long-term debt	(13,687)	-	(30,760)	-	(44,447)
Interest paid	-	-	(8,718)	(18,065)	(26,783)
Dividends paid on Company common stock	-	-	-	(180,698)	(180,698)
Total changes from financing cash flows	(17,201)	-	(39,478)	(198,763)	(255,442)
Other changes:					
Interest accrued	-	-	8,717	24,616	33,333
Dividends declared on Company common stock	-	-	-	104,316	104,316
Changes arising from obtaining or losing control over subsidiaries	(4,448)	-	-	-	(4,448)
The effect of changes in foreign exchange rates	(14,144)	(23,216)	(10,895)	(382)	(48,637)
Other changes	650	141	23,522	4,721	29,034
Total other changes	(17,942)	(23,075)	21,344	133,271	113,598
30 September 2019	154,899	295,957	169,890	8,428	629,174

Note 18. Taxes payable

	30 September 2019	31 December 2018
Income tax	13,807	11,316
Mineral extraction tax	59,445	46,532
Tax on additional income from hydrocarbon production	3,370	-
VAT	42,216	34,823
Excise tax	14,511	18,887
Property tax	5,172	4,985
Other taxes	5,956	7,431
Total taxes payable	144,477	123,974

Note 19. Other current liabilities

	30 September 2019	31 December 2018
Advances received	19,640	30,249
Dividends payable	1,082	72,103
Other	3,096	3,215
Total other current liabilities	23,818	105,567

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Note 20. Provisions

	Asset retirement obligation	Provision for employee compensations	Provision for environmental liabilities	Pension provisions	Provision for unused vacations	Other provisions	Total
30 September 2019	45,209	12,057	3,503	8,596	4,881	18,755	93,001
Incl.: Non-current	44,998	45	1,279	5,662	150	2,409	54,543
Current	211	12,012	2,224	2,934	4,731	16,346	38,458
31 December 2018	36,424	9,401	4,014	8,910	5,968	21,472	86,189
Incl.: Non-current	36,042	263	1,604	5,916	178	3,920	47,923
Current	382	9,138	2,410	2,994	5,790	17,552	38,266

Assets retirement obligation:

	For the nine months ended 30 September 2019	For the nine months ended 30 September 2018
1 January	36,424	36,668
Provisions made during the period	955	2,152
Reversal of provisions	(322)	(92)
Provisions used during the period	(110)	(147)
Accretion expense	1,984	2,243
Change in discount rate	8,553	1,808
Changes in estimates	(1,041)	(1,610)
Foreign currency translation differences	(1,287)	2,003
Other	53	18
30 September	45,209	43,043

Note 21. Equity

Common shares

	30 September 2019 (thousands of shares)	31 December 2018 (thousands of shares)
Authorised and issued common shares, par value of 0.025 RUB each	715,000	750,000
Treasury shares	(62,119)	(53,107)
Outstanding common stock	652,881	696,893

On 20 June 2019, at the annual general shareholders' meeting a decision was made to reduce the charter capital of the Company to 715 million common shares by purchase and cancellation of 35 million common shares. Share cancellation and charter capital reduction was executed on 28 August 2019.

Dividends

At the annual general shareholders' meeting on 20 June 2019, dividends for 2018 were approved in the amount of 155.00 RUB per common share. At the extraordinary general shareholders' meeting on 3 December 2018, interim dividends for 2018 were approved in the amount of 95.00 RUB per common share. Total dividends for 2018 were approved in the amount of 250.00 RUB per common share.

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

Dividends on the Company's shares payable of 455 million RUB and 70,610 million RUB are included in "Other current liabilities" in the consolidated statement of financial position at 30 September 2019 and 31 December 2018, respectively.

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Note 21. Equity (continued)

Earnings per share

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

	For the three months ended 30 September 2019	For the three months ended 30 September 2018	For the nine months ended 30 September 2019	For the nine months ended 30 September 2018
Profit for the period attributable to PJSC LUKOIL	190,387	183,767	520,868	460,147
Weighted average number of common shares (thousands of shares)	647,356	709,461	670,862	709,575
Dilutive effect of equity-settled share-based compensation plan (thousands of shares)	20,017	9,679	18,865	5,107
Dilutive effect related to obligation to repurchase common shares (thousands of shares)	619	-	240	-
Weighted average number of common shares, assuming dilution (thousands of shares)	667,992	719,140	689,967	714,682
Earnings per share of common stock attributable to PJSC LUKOIL (in Russian rubles):				
Basic	294.10	259.02	776.42	648.48
Diluted	285.01	255.54	754.92	643.85

Note 22. Personnel expenses

Personnel expenses were as follows:

	For the three months ended 30 September 2019	For the three months ended 30 September 2018	For the nine months ended 30 September 2019	For the nine months ended 30 September 2018
Salary	36,721	34,713	108,599	100,681
Statutory insurance contributions	8,115	8,179	25,456	24,988
Share-based compensation	7,841	23,269	23,525	23,459
Total personnel expenses	52,677	66,161	157,580	149,128

Note 23. Finance income and costs

Finance income was as follows:

	For the three months ended 30 September 2019	For the three months ended 30 September 2018	For the nine months ended 30 September 2019	For the nine months ended 30 September 2018
Interest income from deposits	4,945	3,017	12,217	6,716
Interest income from loans	1,289	1,660	3,761	4,959
Other finance income	710	455	3,025	1,619
Total finance income	6,944	5,132	19,003	13,294

Finance costs were as follows:

	For the three months ended 30 September 2019	For the three months ended 30 September 2018	For the nine months ended 30 September 2019	For the nine months ended 30 September 2018
Interest expenses	9,643	7,548	29,955	20,971
Accretion expenses	746	842	1,992	2,249
Other finance costs	483	1,565	1,635	2,336
Total finance costs	10,872	9,955	33,582	25,556

Note 24. Other income and expenses

Other income was as follows:

	For the three months ended 30 September 2019	For the three months ended 30 September 2018	For the nine months ended 30 September 2019	For the nine months ended 30 September 2018
Gain on disposal of assets	8,854	401	9,792	1,003
Reversal on impairments of assets	2,138	-	2,138	-
Other income	2,266	6,395	6,903	12,760
Total other income	13,258	6,796	18,833	13,763

Other expenses were as follows:

	For the three months ended 30 September 2019	For the three months ended 30 September 2018	For the nine months ended 30 September 2019	For the nine months ended 30 September 2018
Loss on disposal of assets	3,293	3,645	8,449	10,137
Impairments loss	-	23	146	5,033
Charity expenses	2,225	2,001	7,605	6,172
Other expenses	1,211	1,907	6,436	3,064
Total other expenses	6,729	7,576	22,636	24,406

Note 25. Commitments and contingencies

Capital commitments

Capital commitments of the Group relating to construction and acquisition of property, plant and equipment amount to 486,144 million RUB and 473,615 million RUB at 30 September 2019 and 31 December 2018, respectively.

Taxation environment

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

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

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

Note 25. Commitments and contingencies (continued)

Litigation and claims

In July 2015, the prosecutors with the Ploesti Court of Appeals (hereinafter the “Prosecutor’s Office”) charged the general director and several officers of PETROTEL-LUKOIL S.A., a Group company, with bad faith use of the company’s credit and money laundering. Similar charges were brought against LUKOIL Europe Holdings B.V., a Group company, for 2010–2014. On 10 May 2016, the Prahova Tribunal lifted all preventive measures that were in effect against the accused individuals. Upon preliminary hearings the Prosecutor’s Office revised the amount of damage claimed from \$2.2 billion (141.7 billion RUB) to \$1.5 billion (96.6 billion RUB). An expertise of all relevant issues of the criminal case was carried out during 2017, the results of which were accepted by the Tribunal on 12 February 2018. At the final hearing on the case which was held on 23 October 2018 the court issued a not guilty decision to all the accused, including general director of PETROTEL-LUKOIL S.A., his deputies and PETROTEL-LUKOIL S.A. and LUKOIL Europe Holdings B.V. themselves. As a result freezing injunction in the amount of approximately \$1.5 billion (96.6 billion RUB) was removed from all assets of the refinery, shares and accounts of PETROTEL-LUKOIL S.A. and LUKOIL Europe Holdings B.V. On 1 November 2018, this decision was appealed by the Prosecutor’s Office. On 11 November 2019, the Ploesti Court of Appeals heard an appeal, filed by the Prosecutor's Office. The Court's decision is expected to be issued by the end of 2019. Management does not believe that the outcome of this matter will have a material adverse effect on the Group’s financial position.

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

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

Political situation

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

From January 2018 (based on acts adopted in August – October 2017), the US expanded abovementioned sanctions to include certain categories of international oil projects initiated on or after 29 January 2018 in any part of the world, in which companies placed on the Sectoral Sanctions Identifications List subject to Directive 4 (including the Company) have an ownership interest of 33% or more, or ownership of a majority of the voting interests.

Note 25. Commitments and contingencies (continued)

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

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

Other matters

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

Note 26. Related party transactions

The senior management of the Company believes that the Group has appropriate procedures in place to identify and properly disclose transactions with related parties and has disclosed all of the relationships identified which it deemed to be significant. Related party sales and purchases of oil and oil products were primarily to and from associates and joint ventures. Other financial assets mostly represent loans given to associates and joint ventures.

Outstanding balances with related parties were as follows:

	30 September	31 December
	2019	2018
Accounts receivable	3,279	1,927
Other financial assets	53,604	64,007
Total assets	56,883	65,934
Accounts payable	10,683	13,492
Loans and borrowings	2,015	3,356
Total liabilities	12,698	16,848

Related party transactions were as follows:

	For the three	For the three	For the nine	For the nine
	months ended	months ended	months ended	months ended
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
Sales of oil and oil products	10,447	10,106	23,647	29,028
Other sales	383	950	1,640	3,635
Purchases of oil and oil products	21,593	59,448	71,151	163,265
Other purchases	2,610	3,115	6,832	8,229
Proceeds from sale (purchases) of other financial assets, net	3,961	(3,203)	9,770	9,889
Principal repayments of loans, net	(698)	(443)	(1,304)	(551)

Note 27. Compensation plan

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

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

Related to this share plan the Group recognised compensation expenses of 7,841 million RUB and 23,525 million RUB during the three and nine months ended 30 September 2019, respectively.

Note 28. Segment information

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

The exploration and production segment explores for, develops and produces crude oil and gas. The refining, marketing and distribution segment includes refining, petrochemical and transport operations, marketing and trading of crude oil, natural gas and refined products, generation, transportation and sales of electricity, heat and related services. The corporate and other business operating segment includes activities of the Company and businesses beyond the Group's traditional operations.

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

The Group decided to introduce a new key performance indicator in order to evaluate activity of the Group and business segments starting from the three-month period ended 31 March 2019, by changing "operating earnings" measure to "EBITDA" which is not defined under IFRS. The Group defines EBITDA as profit from operating activities before depreciation, depletion and amortisation. EBITDA is an indicator of the strength and performance of business operations of the Group, including ability to finance capital expenditures, acquisitions and other investments and to raise and service debt.

For comparison purposes earlier periods were restated accordingly.

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Note 28. Segment information (continued)

Operating segments

For the three months ended 30 September 2019

	Exploration and production	Refining, marketing and distribution	Corporate and other	Elimination	Consolidated
Sales and other operating revenues					
Third parties	62,815	1,884,168	5,339	-	1,952,322
Inter-segment	507,618	18,182	10,338	(536,138)	-
Total revenues	570,433	1,902,350	15,677	(536,138)	1,952,322
Operating expenses	70,479	60,148	5,478	(16,819)	119,286
Selling, general and administrative expenses	8,585	30,016	14,978	(7,941)	45,638
Profit (loss) for the period attributable to PJSC LUKOIL shareholders	117,777	69,795	(11,379)	14,194	190,387
EBITDA	211,958	116,380	(10,544)	10,011	327,805
Income tax expense					(35,881)
Finance income					6,944
Finance costs					(10,872)
Foreign exchange gain					(4,630)
Equity share in income of affiliates					5,496
Other expenses					6,529
Depreciation, depletion and amortisation					(104,504)
Profit for the period attributable to non-controlling interests					(500)
Profit for the period attributable to PJSC LUKOIL shareholders					190,387

For the three months ended 30 September 2018

	Exploration and production	Refining, marketing and distribution	Corporate and other	Elimination	Consolidated
Sales and other operating revenues					
Third parties	76,579	2,223,357	5,950	-	2,305,886
Inter-segment	615,991	16,844	11,621	(644,456)	-
Total revenues	692,570	2,240,201	17,571	(644,456)	2,305,886
Operating expenses	68,139	67,148	5,587	(17,037)	123,837
Selling, general and administrative expenses	10,308	33,258	29,159	(7,959)	64,766
Profit (loss) for the period attributable to PJSC LUKOIL shareholders	157,231	50,664	(18,442)	(5,686)	183,767
EBITDA	268,631	82,189	(23,404)	(5,606)	321,810
Income tax expense					(43,888)
Finance income					5,132
Finance costs					(9,955)
Foreign exchange gain					11,215
Equity share in income of affiliates					6,828
Other expenses					(780)
Depreciation, depletion and amortisation					(105,900)
Profit for the period attributable to non-controlling interests					(695)
Profit for the period attributable to PJSC LUKOIL shareholders					183,767

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Note 28. Segment information (continued)

For the nine months ended 30 September 2019

	Exploration and production	Refining, marketing and distribution	Corporate and other	Elimination	Consolidated
Sales and other operating revenues					
Third parties	196,246	5,716,339	16,222	-	5,928,807
Inter-segment	1,588,438	56,261	35,508	(1,680,207)	-
Total revenues	1,784,684	5,772,600	51,730	(1,680,207)	5,928,807
Operating expenses	204,865	171,932	13,944	(48,596)	342,145
Selling, general and administrative expenses	34,661	89,944	46,016	(26,423)	144,198
Profit (loss) for the period attributable to PJSC LUKOIL shareholders	375,806	152,528	(18,567)	11,101	520,868
EBITDA	682,164	289,485	(26,283)	12,666	958,032
Income tax expense					(120,604)
Finance income					19,003
Finance costs					(33,582)
Foreign exchange gain					878
Equity share in income of affiliates					16,618
Other expenses					(3,803)
Depreciation, depletion and amortisation					(314,064)
Profit for the period attributable to non-controlling interests					(1,610)
Profit for the period attributable to PJSC LUKOIL shareholders					520,868

For the nine months ended 30 September 2018

	Exploration and production	Refining, marketing and distribution	Corporate and other	Elimination	Consolidated
Sales and other operating revenues					
Third parties	185,715	5,788,570	18,387	-	5,992,672
Inter-segment	1,622,793	51,819	35,762	(1,710,374)	-
Total revenues	1,808,508	5,840,389	54,149	(1,710,374)	5,992,672
Operating expenses	201,149	180,203	16,081	(52,735)	344,698
Selling, general and administrative expenses	29,062	93,657	45,267	(26,057)	141,929
Profit (loss) for the period attributable to PJSC LUKOIL shareholders	377,805	107,915	(12,116)	(13,457)	460,147
EBITDA	680,248	200,658	(26,609)	(17,812)	836,485
Income tax expense					(110,873)
Finance income					13,294
Finance costs					(25,556)
Foreign exchange gain					32,177
Equity share in income of affiliates					18,181
Other expenses					(10,643)
Depreciation, depletion and amortisation					(291,183)
Profit for the period attributable to non-controlling interests					(1,735)
Profit for the period attributable to PJSC LUKOIL shareholders					460,147

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Note 28. Segment information (continued)

Geographical segments

	For the three months ended 30 September 2019	For the three months ended 30 September 2018	For the nine months ended 30 September 2019	For the nine months ended 30 September 2018
Sales of crude oil within Russia	1,115	14,423	14,713	38,667
Export of crude oil and sales of crude oil by foreign subsidiaries	655,026	800,306	2,012,972	2,008,076
Sales of petroleum products within Russia	252,771	264,549	694,779	685,567
Export of petroleum products and sales of petroleum products by foreign subsidiaries	930,447	1,112,717	2,853,198	2,952,696
Sales of chemicals within Russia	10,379	12,224	32,832	33,993
Export of chemicals and sales of chemicals by foreign subsidiaries	20,863	15,731	76,772	46,353
Sales of gas within Russia	7,685	8,122	23,809	24,872
Sales of gas by foreign subsidiaries	32,790	36,267	102,004	82,513
Sales of energy and related services within Russia	10,483	10,432	38,833	38,735
Sales of energy and related services by foreign subsidiaries	4,451	5,743	11,652	11,778
Other sales within Russia	11,404	12,247	32,118	34,510
Other export sales and other sales of foreign subsidiaries	14,908	13,125	35,125	34,912
Total sales	1,952,322	2,305,886	5,928,807	5,992,672

For the three months ended 30 September 2019

	Russia	International	Elimination	Consolidated
Sales and other operating revenues				
Third parties	317,591	1,634,731	-	1,952,322
Inter-segment	384,298	346	(384,644)	-
Total revenues	701,889	1,635,077	(384,644)	1,952,322
Operating expenses	83,622	32,949	2,715	119,286
Selling, general and administrative expenses	23,287	22,982	(631)	45,638
Profit for the period attributable to PJSC LUKOIL shareholders	146,431	30,227	13,729	190,387
EBITDA	257,890	62,428	7,487	327,805

For the three months ended 30 September 2018

	Russia	International	Elimination	Consolidated
Sales and other operating revenues				
Third parties	344,971	1,960,915	-	2,305,886
Inter-segment	462,704	864	(463,568)	-
Total revenues	807,675	1,961,779	(463,568)	2,305,886
Operating expenses	86,743	36,895	199	123,837
Selling, general and administrative expenses	24,614	41,080	(928)	64,766
Profit for the period attributable to PJSC LUKOIL shareholders	177,203	11,461	(4,897)	183,767
EBITDA	279,360	46,862	(4,412)	321,810

For the nine months ended 30 September 2019

	Russia	International	Elimination	Consolidated
Sales and other operating revenues				
Third parties	910,648	5,018,159	-	5,928,807
Inter-segment	1,222,243	2,013	(1,224,256)	-
Total revenues	2,132,891	5,020,172	(1,224,256)	5,928,807
Operating expenses	243,543	91,734	6,868	342,145
Selling, general and administrative expenses	68,652	77,885	(2,339)	144,198
Profit for the period attributable to PJSC LUKOIL shareholders	453,891	56,366	10,611	520,868
EBITDA	792,824	159,678	5,530	958,032

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Note 28. Segment information (continued)

For the nine months ended 30 September 2018

	Russia	International	Elimination	Consolidated
Sales and other operating revenues				
Third parties	929,359	5,063,313	-	5,992,672
Inter-segment	1,214,930	2,419	(1,217,349)	-
Total revenues	2,144,289	5,065,732	(1,217,349)	5,992,672
Operating expenses	247,445	96,836	417	344,698
Selling, general and administrative expenses	71,414	73,165	(2,650)	141,929
Profit for the period attributable to PJSC LUKOIL shareholders	432,380	42,914	(15,147)	460,147
EBITDA	716,984	131,361	(11,860)	836,485

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

	For the three months ended 30 September 2019	For the three months ended 30 September 2018	For the nine months ended 30 September 2019	For the nine months ended 30 September 2018
Sales revenues				
in Switzerland	909,929	1,033,814	2,677,289	2,830,582
in the USA	247,982	299,778	881,303	661,304
in Singapore	87,291	205,850	335,298	508,215

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

Note 29. Fair value

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

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

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

Level 3 – unobservable inputs.

The following tables show the carrying amounts and fair values of financial assets and financial liabilities included in the consolidated statement of financial position at 30 September 2019 and 31 December 2018.

30 September 2019	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets:					
Commodity derivative contracts	5,111	-	5,111	-	5,111
Financial assets at fair value through profit and loss	53,604	-	-	53,604	53,604
Financial assets at fair value through other comprehensive income	2,930	2,930	-	-	2,930
Financial liabilities:					
Commodity derivative contracts	5,288	-	5,288	-	5,288
Loans and borrowings	601,537	314,094	-	313,321	627,415

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Note 29. Fair value (continued)

31 December 2018	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets:					
Commodity derivative contracts	8,676	-	8,676	-	8,676
Financial assets at fair value through profit and loss	64,038	-	-	64,038	64,038
Financial assets at fair value through other comprehensive income	3,388	3,388	-	-	3,388
Financial liabilities:					
Commodity derivative contracts	8,413	-	8,413	-	8,413
Loans and borrowings	506,319	321,535	-	192,519	514,054

The fair values of cash and cash equivalents (Level 1), accounts receivable and long-term accounts receivable (Level 3), short-term borrowings (Level 3) are approximately equal to their value as disclosed in the consolidated statement of financial position. The fair value of long-term receivables was determined by discounting with estimated market interest rates for similar financing arrangements. The fair value of long-term loans (Level 3) was determined as a result of discounting using estimated market interest rates for similar financing instruments. These amounts include all future cash outflows associated with the long-term debt repayments, including the current portion and interest. Market interest rates mean the rates of raising long-term debt by companies with a similar credit rating for similar tenors, repayment schedules and other similar main terms. The fair value of bonds (Level 1) was determined based on market quotations at 30 September 2019 and 31 December 2018.

Note 30. Subsequent events

In October 2019, a Group company acquired a 5% interest in the Ghasha Concession in the United Arab Emirates from the Abu Dhabi National oil company (ADNOC) for approximately \$190 million.