

**OPINION**  
**of Rosneft Audit Commission following the findings of**  
**2018 Audit of Financial and Business Activities**

Moscow

09 April 2019

The Audit Commission elected by the resolution of Rosneft General Shareholder Meeting on 21.06.2018 (Minutes of 26.06.2018 ) represented by

Chairman of Rosneft Audit Commission:

Zakhar Borisovich Sabantsev – Section Head, Finance Sector Monitoring, Organizational Support and Consolidated Work, Financial Policy Department, Ministry of Finance of the Russian Federation

Members of Rosneft Audit Commission:

Olga Anatolyevna Andrianova – Chief Accountant - Head of Financial and Economic Service of ROSNEFTEGAZ

Bogashov Aleksandr Evgenievich – Director, Corporate Governance, Pricing and Control and Audit Work in Fuel and Energy Complex Industries Department of the Ministry of Energy of the Russian Federation (Minenergo)

Poma Sergey Ivanovich – Vice President, National Stock Market Traders Association

Shumov Pavel Gennadievich – Acting Deputy Director of the Department State Regulation of Tariffs and Infrastructure Reforms of the Ministry of Economic Development of the Russian Federation

in accordance with the requirements of the Federal Law on Joint-Stock Companies, the Rosneft Charter, the Regulations on the Rosneft Audit Commission, and in accordance with the Recommended practice on the organization of the audit process for the Audit Commissions of joint-stock companies with the participation of the Russian Federation, carried out the audit of financial and business operations of Rosneft (hereinafter Rosneft or the Company) in 2018.

The following documents of the Company for 2018 were reviewed by the audit: accounting policy, accounting balance sheet, profit and loss report, Statement of changes in equity, cash flow statement, comments to consolidated financial statements for 2018; finding of external auditor Ernst and Young LLC confirming the reliability of accounting (financial) statement data; Annual financial and business

activity report for reporting period, report on related party transactions signed by the Company and other documents.

The sample audit included a review of tests of financial statements numbers and disclosure of information on financial and business operations, assessment of compliance with accounting (financial) principles and rules applicable to preparation of the financial statements, review of the key assessment indicators.

## **1. General**

The Company was created as per Decree of the President of the Russian Federation dated 01.04.1995 № 327 "On primary measures on development of the oil companies' operations" and on the basis of Resolution of the Government No. 971 dated 29.09.1995 "On reorganization of the state enterprise Rosneft into Open Joint Stock Company Rosneft Oil Company", it was included in the Single State Register of Legal Entities (certificate series 77 No. 004856711 dated 12.08.2002), main state registration number 1027700043502.

Information about public status of the Company is reflected in its Charter and Single State Register of Legal Entities.

Registered office of the Company: Russian Federation, Moscow

The Company's mail address shall be: Russian Federation, 115035, Moscow, 26/1 Sofiyskaya Embankment.

The main activities: search, exploration, extraction, processing and refining of oil, gas, gas condensate as well as sales of oil, gas, gas condensate and refined products to consumers in the Russian Federation and abroad and any associated activities. Priority activities of the Company correspond to the activities specified in the appropriate version of the Company Charter.

As of 31.12.2018 the structure of management bodies of the Company fully corresponds to the Company Charter with revisions No. 3 approved by the General Shareholder Meeting 29.09.2017 (minutes dated 04.10.2017 w/o number) and registered on 13.10.2017 with state registration number 8177748265291.

Owners of the Company shares as of 31.12.2018:

- JSC ROSNEFTEGAZ - 5,299,088,910 ordinary shares; 50.00000001% of the total number of ordinary shares and Charter Capital of the Company;
- BP Russian Investments Limited, 2,092,900,097 ordinary shares; 19.75% of the total number of ordinary shares and the Charter Capital of the Company;
- QH Oil Investments LLC, 2,006,045,126 ordinary shares; 18.93% of the total number of ordinary shares and the Charter Capital of the Company;
- NSD (National Settlement Depository, Non-Banking Credit Organization, Closed Joint Stock Company) (nominal shareholder central depository) 1,101,780,329 ordinary shares, 10.4% of the total number of ordinary shares and Charter Capital of the Company;

- Other legal entities with stakes less than 1%, 61,983,733 ordinary shares; 0.58% of the total number of ordinary shares and Charter Capital of the Company;
- Individuals - 36,243,156 ordinary shares; 0.34% of the total number of ordinary shares and Charter Capital of the Company;
- The Russian Federation (through the Federal Agency for State Property Management) - 1 ordinary share; 0,000000009% of the total number of ordinary shares and Charter Capital of the Company;
- Unknown - 136 465 ordinary shares which is 0.001% of the total number of ordinary shares and Charter Capital of the Company.

## **2. Annual accounting (financial) statements**

Company accounting is compliant with the regulatory requirements governing accounting and accounts preparation in the Russian Federation and Company Accounting Policy.

2018 Accounting (Financial) Statements of the Company are compliant with the requirements set forth in Federal Accounting Law No. 402-FZ as of 06.12.2011, MinFin Order No. 34H "On Approval of Accounting and Accounting Reporting Regulations in the Russian Federation" as of 29.07.1998, MinFin Order No. 66H as of 02.07.2010 "On the Accounting Formats of Organizations" as well as other regulatory acts included in the accounting and reporting regulations in the Russian Federation.

The annual inventory of property and liabilities of the Company is completed timely and in full.

The system of internal control over preparation of accounts and financial statements is in place in the Company.

Ernst&Young LLC, an audit company, provided their positive opinion of the Company's financial statements prepared under the Russian Accounting Standards. In the auditors' opinion, the accounting (financial) statements fairly reflect in all material aspects the financial standing of Rosneft Oil Company as of 31.12.2018, the results of its financial and economic performance and its cash flows in 2018 in accordance with the Russian Accounting Standards.

As of 31.12.2018 the net assets of the Company amounted to 2,026 billion rubles which significantly exceeds its charter capital and demonstrates a stable financial position of the Company.

The Audit Commission noted that the Company Annual Report for 2018 includes the information related to the legal entity Rosneft and information on the Rosneft group entities. The report is prepared with the use of IFRS statements information of the Rosneft group entities.

## **3. Opinion of the Audit Commission**

*Following the audit of Rosneft's financial and business operations, the Audit Commission of the Company confirms that the information presented in the Annual Report and annual accounting (financial) statements as of 31.12.2018 is adequate.*

*Following the audit of the Report on related party transactions entered into by Rosneft in the reporting year, the Audit Commission of the Company confirms that the information presented in it is adequate.*

*No evidence has been identified of any non-compliance with the regulatory acts of the Russian Federation governing procedures for accounting and preparation of accounting (financial) statements as well as no non-compliance with the regulatory acts of the Russian Federation in the course of financial and business operations of the Company.*

*This Opinion shall be considered together with all formats of reports forms and the explanatory note being an integral part of the Annual Report of the Company.*

The Chairman of the Audit Commission  
shall:

Z.B. Sabantsev

Members of the Audit Commission:

O.A. Andrianova

A.E. Bogashov

S.I. Poma

P.G. Shumov