ROSNEFT

Switching to IFRS
Financial Reporting

March 1, 2012
Reasons for the Switch to IFRS Reporting


- IFRS reporting standards were adopted in Russia on November 25, 2011 by the order of Ministry of Finance of Russian Federation №160n.

- Public companies not preparing financial accounts neither under GAAP nor under IFRS standards are the first to switch to IFRS.

- Companies preparing accounts under US GAAP are to switch to IFRS reporting not earlier than in 2015.

- Rosneft is the first major public company in Russia to switch from US GAAP to IFRS reporting standards:
  - as part of a government initiative to bring Russian accounting principles closer to IFRS.
  - in line with international best practice.
<table>
<thead>
<tr>
<th>RUB bln</th>
<th>IFRS</th>
<th>US GAAP*</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>2,702</td>
<td>2,702</td>
<td>0</td>
</tr>
<tr>
<td>EBITDA</td>
<td>646</td>
<td>646</td>
<td>0</td>
</tr>
<tr>
<td>Net income</td>
<td>316</td>
<td>365</td>
<td>(49)</td>
</tr>
<tr>
<td>Operating cash flow</td>
<td>487</td>
<td>462</td>
<td>25</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>96</td>
<td>71</td>
<td>25</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>391</td>
<td>391</td>
<td>0</td>
</tr>
<tr>
<td>Net debt</td>
<td>509</td>
<td>511</td>
<td>(2)</td>
</tr>
<tr>
<td>Net assets</td>
<td>2,069</td>
<td>2,150</td>
<td>(81)</td>
</tr>
</tbody>
</table>

* US GAAP figures were converted to RUB at average monthly rates.

Please refer to 5 slide

Interest payments should be reported under operating activities in US GAAP and under financing activities in IFRS

Same as in operating cash flow

Debt issue costs are classified as liabilities in IFRS

Please refer to 4 slide
## Difference in Net Assets

<table>
<thead>
<tr>
<th>RUB bln as at December 31, 2011</th>
<th>IFRS</th>
<th>US GAAP</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>NET ASSETS</td>
<td>2,069</td>
<td>2,150</td>
<td>(81)</td>
</tr>
</tbody>
</table>

- Increase of ‘Deferred Tax Liabilities’ resulting from ‘Property, Plant and Equipment’ revaluation to fair (market) value: (80)
- Revision of asset retirement liabilities under IFRS due to different ruble-based discount rates: 31
- Recalculation of historical costs of investments into associated companies (FX rate effect): (18)
- Application of inventory net realized value concept under IFRS: (3)
- Recalculation of goodwill historical costs (FX rate effect): (13)
- Difference in ‘Property, Plant and Equipment’ net book value following their revaluation according to IFRS standards as of January 1, 2009: 180
- Recalculation of historical value of ‘Property, Plant and Equipment’ (FX rate effect): (175)
- Other factors: (3)
## Difference in Net Income

<table>
<thead>
<tr>
<th>NET INCOME</th>
<th>IFRS</th>
<th>US GAAP</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>316</td>
<td>365</td>
<td>(49)</td>
</tr>
</tbody>
</table>

### Difference in ‘Depletion, Depreciation and Amortization’ due to increase in ‘Property Plant and Equipment’ following revaluation to fair (market) value according to IFRS as of January 1, 2009

(36)

### Application of ruble-based discount rates

(3)

### Difference in FX gains/losses

(5)

### Higher value of disposed ‘Property Plant and Equipment’ due to reassessment to fair (market) value according to IFRS as of January 1, 2009

(10)

### Decrease of ‘Deferred Tax Liabilities’ following revaluation of ‘Property Plant and Equipment’ to fair value

4

### Other factors

1