



PJSC LUKOIL

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

for the three and nine-month periods ended 30 September 2017

**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 2017, and the related consolidated statements of profit or loss and other comprehensive income for the three- and nine-month periods ended 30 September 2017 and the related consolidated statements of changes in equity and cash flows for the nine-month period ended 30 September 2017, 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.

Audited entity, Public Joint Stock Company "Oil company "LUKOIL".

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

Moscow, Russia

Independent auditor, 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.

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 2017, and for the three- and nine-month periods ended 30 September 2017 are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.




Oussov A

Director


JSC "KPMG"

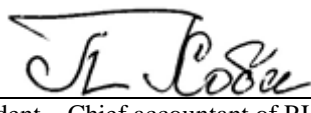
Moscow, Russia

27 November 2017

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

	Note	30 September 2017 (unaudited)	31 December 2016
Assets			
Current assets			
Cash and cash equivalents	6	293,491	261,367
Accounts receivable, net	7	363,327	360,897
Other current financial assets		16,730	16,934
Inventories	8	354,806	404,284
Prepaid taxes	9	62,714	93,675
Other current assets	10	75,158	83,175
Assets held for sale	14	-	35,309
Total current assets		1,166,226	1,255,641
Property, plant and equipment	12	3,504,439	3,391,366
Investments in associates and joint ventures	11	167,743	162,405
Other non-current financial assets	13	88,880	101,812
Deferred income tax assets		28,633	29,079
Goodwill and other intangible assets		42,147	43,134
Other non-current assets		33,685	31,236
Total non-current assets		3,865,527	3,759,032
Total assets		5,031,753	5,014,673
Liabilities and equity			
Current liabilities			
Accounts payable	15	474,012	550,247
Short-term borrowings and current portion of long-term debt	16	116,142	58,429
Taxes payable	18	108,108	94,955
Provisions	20	46,645	26,015
Other current liabilities	19	24,750	97,110
Liabilities related to assets held for sale	14	-	3,930
Total current liabilities		769,657	830,686
Long-term debt	17	521,928	640,161
Deferred income tax liabilities		241,309	239,811
Provisions	20	48,158	69,944
Other non-current liabilities		4,105	6,407
Total non-current liabilities		815,500	956,323
Total liabilities		1,585,157	1,787,009
Equity	21		
Share capital		1,151	1,151
Treasury shares		(251,089)	(241,615)
Additional paid-in capital		129,641	129,514
Other reserves		44,062	28,975
Retained earnings		3,515,965	3,302,855
Total equity attributable to PJSC LUKOIL shareholders		3,439,730	3,220,880
Non-controlling interests		6,866	6,784
Total equity		3,446,596	3,227,664
Total liabilities and equity		5,031,753	5,014,673


 President of PJSC LUKOIL
 Alekperov V.Y.


 Vice-president – Chief accountant of PJSC LUKOIL
 Khoba L.N.

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

PJSC LUKOIL

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

	Note	For the three months ended 30 September 2017 (unaudited)	For the three months ended 30 September 2016 (unaudited)	For the nine months ended 30 September 2017 (unaudited)	For the nine months ended 30 September 2016 (unaudited)
Revenues					
Sales (including excise and export tariffs)	29	1,483,484	1,309,488	4,274,253	3,826,121
Costs and other deductions					
Operating expenses		(120,608)	(112,133)	(338,674)	(339,086)
Cost of purchased crude oil, gas and products		(782,950)	(654,871)	(2,226,683)	(1,869,901)
Transportation expenses		(62,980)	(71,169)	(204,210)	(235,533)
Selling, general and administrative expenses		(42,872)	(52,658)	(118,403)	(145,783)
Depreciation, depletion and amortization		(83,920)	(74,790)	(248,856)	(230,746)
Taxes other than income taxes		(135,266)	(122,245)	(434,588)	(324,522)
Excise and export tariffs		(116,820)	(129,440)	(341,595)	(358,209)
Exploration expenses		(842)	(1,082)	(2,265)	(5,634)
Profit from operating activities		137,226	91,100	358,979	316,707
Finance income	23	3,261	3,778	9,662	11,120
Finance costs	23	(5,925)	(11,949)	(22,162)	(33,418)
Equity share in income of affiliates		3,985	198	11,670	5,976
Foreign exchange loss		(9,441)	(10,207)	(25,149)	(84,530)
Other (expenses) income	24	(737)	2,872	44,604	(4,676)
Profit before income taxes		128,369	75,792	377,604	211,179
Current income taxes		(30,157)	(19,389)	(75,096)	(47,048)
Deferred income taxes		(427)	(1,300)	(3,245)	(3,364)
Total income tax expense		(30,584)	(20,689)	(78,341)	(50,412)
Profit for the period		97,785	55,103	299,263	160,767
Profit for the period attributable to non-controlling interests		(444)	(300)	(968)	(572)
Profit for the period attributable to PJSC LUKOIL shareholders		97,341	54,803	298,295	160,195
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		3,103	(1,715)	17,446	(39,029)
Change in fair value of available-for-sale financial assets		613	-	(2,377)	
<i>Items that will never be reclassified to profit or loss:</i>					
Remeasurement of defined benefit liability / asset of pension plan		5	(9)	18	24
Other comprehensive income (loss)		3,721	(1,724)	15,087	(39,005)
Total comprehensive income for the period		101,506	53,379	314,350	121,762
Total comprehensive income for the period attributable to non-controlling interests		(451)	(311)	(997)	(609)
Total comprehensive income for the period attributable to PJSC LUKOIL shareholders		101,055	53,068	313,353	121,153
Basic and diluted earnings per share of common stock attributable to PJSC LUKOIL shareholders (in Russian rubles):					
	21	137.17	76.87	419.37	224.70

The accompanying notes are an integral part of these condensed interim 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 2016	1,151	(241,615)	129,514	28,975	3,302,855	3,220,880	6,784	3,227,664
Profit for the period	-	-	-	-	298,295	298,295	968	299,263
Other comprehensive income (loss)	-	-	-	15,087	(29)	15,058	29	15,087
Total comprehensive income				15,087	298,266	313,353	997	314,350
Dividends on common stock	-	-	-	-	(85,156)	(85,156)	-	(85,156)
Stock purchased	-	(9,474)	-	-	-	(9,474)	-	(9,474)
Changes in non-controlling interests	-	-	127	-	-	127	(915)	(788)
30 September 2017	1,151	(251,089)	129,641	44,062	3,515,965	3,439,730	6,866	3,446,596
31 December 2015	1,151	(241,615)	129,403	104,150	3,229,379	3,222,468	8,906	3,231,374
Profit for the period	-	-	-	-	160,195	160,195	572	160,767
Other comprehensive income (loss)	-	-	-	(39,042)	-	(39,042)	37	(39,005)
Total comprehensive income (loss)				(39,042)	160,195	121,153	609	121,762
Dividends on common stock	-	-	-	-	(79,848)	(79,848)	-	(79,848)
Changes in non-controlling interests	-	-	107	(52)	-	55	(2,700)	(2,645)
30 September 2016	1,151	(241,615)	129,510	65,056	3,309,726	3,263,828	6,815	3,270,643

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

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

Note	For the nine months ended 30 September 2017 (unaudited)	For the nine months ended 30 September 2016 (unaudited)
Cash flows from operating activities		
Profit for the period attributable to PJSC LUKOIL shareholders	298,295	160,195
Adjustments for non-cash items:		
Depreciation, depletion and amortization	248,856	230,746
Equity share in income of affiliates, net of dividends received	(7,780)	(2,918)
Dry hole write-offs	7	631
(Gain) loss on disposals and impairments of assets	(41,487)	5,083
Income tax expense	78,341	50,412
Non-cash foreign exchange loss	25,948	80,201
Non-cash investing activities	26	(70)
Finance income	(9,662)	(11,120)
Finance costs	22,162	33,418
Bad debt provision	2,624	6,762
All other items – net	(1,018)	11,374
Changes in operating assets and liabilities:		
Trade accounts receivable	(19,157)	44,088
Inventories	35,910	(65,706)
Accounts payable	(54,354)	56,671
Other taxes	30,726	33,980
Other current assets and liabilities	(13,523)	(35,046)
Income tax paid	(58,435)	(50,878)
Dividends received	3,754	3,106
Interests received	6,233	6,950
Net cash provided by operating activities	547,466	557,879
Cash flows from investing activities		
Acquisition of licenses	(123)	(2,556)
Capital expenditures	(373,770)	(357,392)
Proceeds from sale of property, plant and equipment	1,076	1,672
Purchases of financial assets	(2,654)	(15,160)
Proceeds from sale of financial assets	8,943	8,929
Sale of subsidiaries, net of cash disposed	81,038	537
Sale of equity method affiliates	475	-
Acquisitions of subsidiaries, net of cash acquired	(3,369)	-
Acquisitions of equity method affiliates	(2,932)	(3,216)
Net cash used in investing activities	(291,316)	(367,186)
Cash flows from financing activities		
Proceeds from issuance of short-term borrowings	3,910	39,800
Principal repayments of short-term borrowings	(7,214)	(17,298)
Proceeds from issuance of long-term debt	68,049	89,276
Principal repayments of long-term debt	(105,728)	(14,722)
Interest paid	(24,264)	(30,622)
Dividends paid on Company common shares	(139,391)	(127,007)
Dividends paid to non-controlling interest shareholders	(2,125)	(2,297)
Financing received from non-controlling interest shareholders	27	68
Purchase of Company's stock	(9,474)	-
Sale of non-controlling interests	30	-
Purchases of non-controlling interests	(5)	(1,285)
Net cash used in financing activities	(216,185)	(64,087)
Effect of exchange rate changes on cash and cash equivalents	(7,844)	(38,694)
Change in cash related to assets held for sale	3	-
Net increase in cash and cash equivalents	32,124	87,912
Cash and cash equivalents at beginning of period	261,367	257,263
Cash and cash equivalents at end of period	293,491	345,175

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

Note 1. Organization 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 2016 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 2016.

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 2016.

The condensed interim consolidated financial statements were authorised by the President of the Company on 27 November 2017.

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”).

Note 2. Basis of preparation (continued)

The presentation currency of the consolidated financial statements 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. Summary of significant 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 2016.

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.

Note 5. Income taxes

Before 2017, operations in the Russian Federation were subject to a Federal income tax rate of 2.0% and a regional income tax rate that varied from 13.5% to 18.0% at the discretion of the individual regional administration.

For the period from 2017 till 2020 (inclusive) operations in the Russian Federation are subject to a Federal income tax rate of 3.0% and a regional income tax rate that varies from 12.5% to 17.0% at the discretion of the individual regional administration. 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.

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

Note 6. Cash and cash equivalents

	30 September 2017	31 December 2016
Cash held in RUB	62,696	33,151
Cash held in US dollars	209,160	162,673
Cash held in EUR	13,406	59,135
Cash held in other currencies	8,229	6,408
Total cash and cash equivalents	293,491	261,367

Note 7. Accounts receivable, net

	30 September 2017	31 December 2016
Trade accounts receivable (net of allowances of 18,410 million RUB and 18,270 million RUB at 30 September 2017 and 31 December 2016, respectively)	340,027	332,975
Other current accounts receivable (net of allowances of 3,148 million RUB and 1,919 million RUB at 30 September 2017 and 31 December 2016, respectively)	23,300	27,922
Total accounts receivable, net	363,327	360,897

Note 8. Inventories

	30 September 2017	31 December 2016
Crude oil and petroleum products	300,960	349,153
Materials for extraction and drilling	19,781	20,182
Materials and supplies for refining	3,048	2,741
Other goods, materials and supplies	31,017	32,208
Total inventories	354,806	404,284

Note 9. Prepaid taxes

	30 September 2017	31 December 2016
Income tax prepaid	9,326	19,646
VAT and excise tax recoverable	29,180	34,436
Export duties prepaid	6,582	17,113
Other taxes prepaid	17,626	22,480
Total prepaid taxes	62,714	93,675

Note 10. Other current assets

	30 September 2017	31 December 2016
Advance payments	39,861	48,157
Prepaid expenses	20,790	23,172
Other assets	14,507	11,846
Total other current assets	75,158	83,175

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

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 2017	31 December 2016
		30 September 2017	31 December 2016		
<i>Joint Ventures:</i>					
Tengizchevroil	Kazakhstan	5.0%	5.0%	89,468	86,851
Caspian Pipeline Consortium	Kazakhstan	12.5%	12.5%	26,380	25,032
Turgai Petroleum	Kazakhstan	50.0%	50.0%	866	1,650
South Caucasus Pipeline Company	Azerbaijan	10.0%	10.0%	26,013	23,738
<i>Associates:</i>					
Associates				25,016	25,134
Total				167,743	162,405

Note 12. Property, plant and equipment

	Exploration and production	Refining, marketing and distribution	Other	Total
Cost				
31 December 2016	3,478,050	1,155,388	70,186	4,703,624
Additions	339,470	36,149	1,178	376,797
Acquisitions through business combinations	-	5,180	-	5,180
Capitalised borrowing costs	10,806	73	-	10,879
Disposals	(21,660)	(8,262)	(300)	(30,222)
Foreign currency translation differences	(47,217)	22,183	(523)	(25,557)
Other	135	(983)	68	(780)
30 September 2017	3,759,584	1,209,728	70,609	5,039,921
Depreciation and impairment				
31 December 2016	(1,058,116)	(307,641)	(11,794)	(1,377,551)
Depreciation for the period	(171,866)	(70,251)	(2,547)	(244,664)
Impairment loss	(1,496)	(1,032)	-	(2,528)
Impairment reversal	1,205	-	-	1,205
Disposals	14,121	5,153	173	19,447
Foreign currency translation differences	24,737	(7,977)	111	16,871
Other	105	732	(169)	668
30 September 2017	(1,191,310)	(381,016)	(14,226)	(1,586,552)
Advance payments for property, plant and equipment				
31 December 2016	64,764	486	43	65,293
30 September 2017	50,716	208	146	51,070
Carrying amounts				
31 December 2016	2,484,698	848,233	58,435	3,391,366
30 September 2017	2,618,990	828,920	56,529	3,504,439

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

Note 12. Property, plant and equipment (continued)

	Exploration and production	Refining, marketing and distribution	Other	Total
Cost				
31 December 2015	3,232,673	1,206,252	103,587	4,542,512
Additions	319,058	43,409	1,986	364,453
Capitalised borrowing costs	7,854	327	1	8,182
Disposals	(8,396)	(18,919)	(813)	(28,128)
Foreign currency translation differences	(156,851)	(51,873)	(2,044)	(210,768)
Other	(3,913)	6,678	(482)	2,283
30 September 2016	3,390,425	1,185,874	102,235	4,678,534
Depreciation and impairment				
31 December 2015	(953,254)	(259,515)	(14,627)	(1,227,396)
Depreciation for the period	(157,165)	(64,925)	(4,550)	(226,640)
Impairment loss	-	(82)	-	(82)
Disposals	1,751	10,315	453	12,519
Foreign currency translation differences	87,721	18,825	448	106,994
Other	(63)	(1,419)	14	(1,468)
30 September 2016	(1,021,010)	(296,801)	(18,262)	(1,336,073)
Advance payments for property, plant and equipment				
31 December 2015	94,619	1,280	138	96,037
30 September 2016	70,230	625	164	71,019
Carrying amounts				
31 December 2015	2,374,038	948,017	89,098	3,411,153
30 September 2016	2,439,645	889,698	84,137	3,413,480

The cost of assets under construction included in Property, plant and equipment was 713,224 million RUB and 593,970 million RUB at 30 September 2017 and 31 December 2016, respectively.

Exploration and evaluation assets:

	For the nine months ended 30 September 2017	For the nine months ended 30 September 2016
31 December	69,829	52,302
Capitalised expenditures	23,948	20,719
Reclassified to development assets	(2,187)	(4,103)
Charged to expenses	(1,231)	(591)
Foreign currency translation differences	(416)	(1,316)
Other movements	1,189	(125)
30 September	91,132	66,886

Note 13. Other non-current financial assets

	30 September 2017	31 December 2016
Long-term loans	75,734	86,387
Non-current accounts and notes receivable	8,130	7,916
Other non-current financial assets	5,016	7,509
Total other non-current financial assets	88,880	101,812

Note 14. Assets held for sale

In December 2016, the Company entered into a contract with a company of the “Otkrytie Holding” group to sell the Group’s 100% interest in JSC “Arkhangelskgeoldobycha” (“AGD”), a company developing the diamond field named after V.P. Grib located in Arkhangelsk region of Russia. The transaction in the amount of Russian ruble equivalent of \$1.45 billion was completed on 24 May 2017 after all necessary governmental approvals were received. As a result the Group recognized profit before income tax in the amount of 48 billion RUB that is included in “Other income (expenses)” in the consolidated statement of profit or loss and other comprehensive income (profit after income tax – 38 billion RUB).

Note 15. Accounts payable

	30 September 2017	31 December 2016
Trade accounts payable	400,455	478,673
Other accounts payable	73,557	71,574
Total accounts payable	474,012	550,247

Note 16. Short-term borrowings and current portion of long-term debt

	30 September 2017	31 December 2016
Short-term borrowings from third parties	10,555	14,305
Short-term borrowings from related parties	3,547	3,743
Current portion of long-term debt	102,040	40,381
Total short-term borrowings and current portion of long-term debt	116,142	58,429

Short-term borrowings from third parties include amounts repayable in US dollars of 586 million RUB and 667 million RUB and amounts repayable in other currencies of 9,969 million RUB and 13,638 million RUB at 30 September 2017 and 31 December 2016, respectively. The weighted-average interest rate on short-term borrowings from third parties was 14.28% and 9.42% per annum at 30 September 2017 and 31 December 2016, respectively. Approximately 6% of total short-term borrowings from third parties at 30 September 2017 are secured by inventories.

Note 17. Long-term debt

	30 September 2017	31 December 2016
Long-term loans and borrowings from third parties	267,617	277,404
6.356% non-convertible US dollar bonds, maturing 2017	-	30,328
3.416% non-convertible US dollar bonds, maturing 2018	87,025	90,689
7.250% non-convertible US dollar bonds, maturing 2019	34,703	36,304
6.125% non-convertible US dollar bonds, maturing 2020	57,917	60,585
6.656% non-convertible US dollar bonds, maturing 2022	28,956	30,328
4.563% non-convertible US dollar bonds, maturing 2023	86,882	90,689
4.750% non-convertible US dollar bonds, maturing 2026	57,845	60,657
Finance lease obligations	3,023	3,558
Total long-term debt	623,968	680,542
Current portion of long-term debt	(102,040)	(40,381)
Total non-current portion of long-term debt	521,928	640,161

PJSC LUKOIL**Notes to Condensed Interim Consolidated Financial Statements (unaudited)
(Millions of Russian rubles, unless otherwise noted)****Note 17. Long-term debt (continued)***Long-term loans and borrowings*

Long-term loans and borrowings from third parties include amounts repayable in US dollars of 215,871 million RUB and 155,720 million RUB, amounts repayable in euros of 51,746 million RUB and 50,496 million RUB, amounts repayable in Russian rubles of nill and 70,000 million RUB and amounts repayable in other currencies of nill and 1,188 million RUB at 30 September 2017 and 31 December 2016, respectively. This debt has maturity dates from 2017 through 2028. The weighted-average interest rate on long-term loans and borrowings from third parties was 4.04% and 6.06% per annum at 30 September 2017 and 31 December 2016, respectively. A number of long-term loan agreements contain certain financial covenants which are being met by the Group. Approximately 26% of total long-term loans and borrowings from third parties at 30 September 2017 are secured by shares of an associated company, export sales and property, plant and equipment.

Note 18. Taxes payable

	30 September 2017	31 December 2016
Income tax payable	9,647	6,591
Mineral extraction tax	40,470	37,583
VAT	29,780	23,960
Excise tax	19,525	16,606
Property tax	3,211	3,899
Other taxes	5,475	6,316
Total taxes payable	108,108	94,955

Note 19. Other current liabilities

	30 September 2017	31 December 2016
Advances received	17,655	35,261
Dividends payable	912	55,285
Other	6,183	6,564
Total other current liabilities	24,750	97,110

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 2017	39,428	34,253	4,072	7,770	4,548	4,732	94,803
Incl.: Non-current	39,064	-	1,945	6,261	41	847	48,158
Current	364	34,253	2,127	1,509	4,507	3,885	46,645
31 December 2016	37,460	35,803	4,489	8,049	4,913	5,245	95,959
Incl.: Non-current	35,939	23,377	2,523	6,531	60	1,514	69,944
Current	1,521	12,426	1,966	1,518	4,853	3,731	26,015

Note 20. Provisions (continued)

Assets retirement obligation:

	For the nine months ended 30 September 2017	For the nine months ended 30 September 2016
31 December	37,460	32,919
Provisions made during the period	1,557	1,811
Reversal of provisions	(74)	(67)
Provisions used during the period	(1,293)	(88)
Accretion expense	2,012	1,692
Change in discount rate	90	-
Changes in estimates	63	43
Foreign currency translation differences	(585)	(2,447)
Other	198	(186)
30 September	39,428	33,677

Note 21. Equity

Common shares

	30 September 2017 (thousands of shares)	31 December 2016 (thousands of shares)
Authorized and issued common shares, par value of 0.025 RUB each	850,563	850,563
Treasury shares	(140,930)	(137,630)
Outstanding common shares	709,633	712,933

Dividends

At the annual shareholders' meeting on 21 June 2017, dividends for 2016 were approved in the amount of 120.00 RUB per common share. At the extraordinary shareholders' meeting on 5 December 2016, interim dividends for 2016 were approved in the amount of 75.00 RUB per common share. Total dividends for 2016 were approved in the amount of 195.00 RUB per common share.

At the annual shareholders' meeting on 23 June 2016, dividends for 2015 were approved in the amount of 112.00 RUB per common share. At the extraordinary shareholders' meeting on 16 December 2015, interim dividends for 2015 were approved in the amount of 65.00 RUB per common share. Total dividends for 2015 were approved in the amount of 177.00 RUB per common share.

Dividends on the Company's shares payable of 398 million RUB and 54,301 million RUB are included in "Other current liabilities" in the consolidated statement of financial position at 30 September 2017 and 31 December 2016, respectively.

Earnings per share

The weighted average number of outstanding common shares was 709,633 and 711,289 thousand shares for the three and nine months ended 30 September 2017, respectively and 712,933 thousand shares for the three and nine months ended 30 September 2016. There is no potential dilution in earnings available to common stockholders and as such diluted earnings per share are not disclosed.

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

Note 22. Personnel expenses

Personnel expenses were as follows:

	For the three months ended 30 September 2017	For the three months ended 30 September 2016	For the nine months ended 30 September 2017	For the nine months ended 30 September 2016
Salary	32,742	33,071	96,208	102,923
Statutory insurance contributions	7,836	7,305	23,673	22,299
Share-based compensation	3,043	5,965	325	12,309
Total personnel expenses	43,621	46,341	120,206	137,531

Note 23. Finance income and costs

Finance income was as follows:

	For the three months ended 30 September 2017	For the three months ended 30 September 2016	For the nine months ended 30 September 2017	For the nine months ended 30 September 2016
Interest income from deposits	1,408	1,884	3,422	4,733
Interest income from loans	1,549	1,770	5,180	5,467
Other finance income	304	124	1,060	920
Total finance income	3,261	3,778	9,662	11,120

Finance costs were as follows:

	For the three months ended 30 September 2017	For the three months ended 30 September 2016	For the nine months ended 30 September 2017	For the nine months ended 30 September 2016
Interest expenses	5,082	10,096	18,847	30,280
Accretion expenses	678	578	2,019	1,702
Other finance costs	165	1,275	1,296	1,436
Total finance costs	5,925	11,949	22,162	33,418

Note 24. Other income and expenses

Other income was as follows:

	For the three months ended 30 September 2017	For the three months ended 30 September 2016	For the nine months ended 30 September 2017	For the nine months ended 30 September 2016
Gain on disposal of assets	280	1,781	50,699	2,697
Reversal of impairment of assets	1,021	-	5,278	-
Other income	5,390	6,685	13,815	14,493
Total other income	6,691	8,466	69,792	17,190

Other expenses were as follows:

	For the three months ended 30 September 2017	For the three months ended 30 September 2016	For the nine months ended 30 September 2017	For the nine months ended 30 September 2016
Loss on disposal of assets	3,239	1,927	11,962	7,097
Impairment loss	70	219	2,528	683
Charity expenses	2,220	2,771	6,715	9,114
Other expenses	1,899	677	3,983	4,972
Total other expenses	7,428	5,594	25,188	21,866

Note 25. Operating lease

At 30 September 2017 and 31 December 2016, Group companies had commitments primarily related to the lease of vessels, tank-cars, storage facilities and petroleum distribution outlets. Commitments for minimum rentals under these leases are payable as follows:

	30 September 2017	31 December 2016
Less than a year	21,713	31,184
1-5 years	51,605	57,429
More than 5 years	88,222	103,199
Total	161,540	191,812

Note 26. Commitments and contingencies

Capital commitments

At 30 September 2017, capital commitments of the Group relating to construction and acquisition of property, plant and equipment are evaluated as 382,636 million RUB.

Taxation environment

The taxation system in the Russian Federation continues to evolve and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges. In the Russian Federation a tax year remains open for review by the tax authorities during the 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 may create substantially more significant taxation risks in the Russian Federation and other emerging markets where Group companies operate, than those in other countries where taxation regimes have been subject to development and clarification over long periods.

The tax authorities in each region may have a different interpretation of similar taxation issues which may result in taxation issues successfully defended by the Group in one region being unsuccessful 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 at the time of implementation. The Group is subject to tax authority audits on an ongoing basis, as is normal in the Russian environment 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 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 26. Commitments and contingencies (continued)

Litigation and claims

In June 2014, the prosecutors with the Ploesti Court of Appeals (hereinafter the “Prosecutor’s Office”) issued an order on initiation of criminal proceeding and brought charges against PETROTEL-LUKOIL S.A. refinery, a Group company, and its general director based on alleged tax evasion and money laundering. Later the Prosecutor’s Office added bad faith use of the company’s credit and money laundering charges for 2008-2010 against LUKOIL Europe Holdings B.V., a Group company. The amount of the claim was not finalised. LUKOIL LUBRICANTS EAST EUROPE S.R.L., LUKOIL ENERGY & GAS ROMANIA S.R.L., Group companies, and a number of Romanian legal entities not affiliated with the Group were also considered to be suspects in this criminal case. Tax audits of PETROTEL-LUKOIL S.A. have not revealed any material violations so far. On 3 November 2017, the Prosecutor’s Office issued an order on discontinuance of criminal proceeding started in June 2014 against PETROTEL-LUKOIL S.A. and its general director on alleged tax evasion and money laundering. LUKOIL LUBRICANTS EAST EUROPE S.R.L., LUKOIL ENERGY & GAS ROMANIA S.R.L. and a number of other companies were also dismissed from similar charges. Due to discontinuance of the proceeding all the security measures against PETROTEL-LUKOIL S.A. (seizure of fixed assets and accounts blocking for the amount of more than \$24 million (1.4 billion RUB)) have been removed.

In July 2015, a charge in respect of bad faith use of the company’s credit and money laundering was brought against the general director and several officers of PETROTEL-LUKOIL S.A. Similar charges was brought against LUKOIL Europe Holdings B.V. and PETROTEL-LUKOIL S.A. for 2011-2014. On 3 August 2015, the Prosecutor’s Office issued the final indictment on the new charges and submitted the case to the Prahova Tribunal for further consideration by the preliminary chamber judge. The allegations of bad faith use of the company’s credit in respect of PETROTEL-LUKOIL S.A. were excluded from the final indictment. Following the preliminary hearing the Prosecutor’s Office revised the amount of damage claimed from \$2.2 billion (127.6 billion RUB) to \$1.5 billion (87.0 billion RUB). This amount is not final. During the entire trial it may be revised by the Tribunal on the basis of evidence produced. On 15 December 2015, the Prahova Tribunal ascertained that there are numerous irregularities in the indictment act and returned the criminal file to the Prosecutor’s Office. The solution was confirmed by the Ploesti Court of Appeal on 19 January 2016. However, on 22 January 2016 the Prosecutor has prepared a new indictment act based on the same accusations which were submitted to the Prahova Tribunal. On 18 April 2016, the preliminary hearing chamber of the Prahova Tribunal decided on the hearing of the case on the merits. Moreover, on 10 May 2016, the Prahova Tribunal lifted all preventive measures that were in effect against the accused individuals. On 27 January 2017, a court hearing took place and the attorneys requested that an expert examination be performed. On 19 May 2017, the Prahova Tribunal issued a decision on appointment of experts. On 12 October 2017, expert examination was completed and expert conclusion was sent to the Prahova Tribunal. The next hearing was scheduled on 6 December 2017. Management of PETROTEL-LUKOIL S.A. and its tax and legal counsel are actively defending the lawful rights and interests of the refinery, provide all required opinions, clarifications and comments, and prepare an exhaustive set of evidence to fully rebut the charges brought by the Prosecutor’s Office. 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 about cost recovery in 2010-2013 and calculation of the “Fairness index” in accordance with the Final Production Sharing Agreement relating to the Contract Area of the Karachaganak Oil and Gas Condensate Field. The parties are making efforts to resolve the disagreements in both disputes by way of negotiation process therefore management believes that all the calculations of potential losses arising from the disputes are preliminary and are not subject to disclosure in order to avoid an adverse impact on the course of the negotiations and position of the parties therein. As of the date of signing of these condensed interim consolidated financial statements management cannot reliably estimate the effect of the “Fairness index” dispute on the Group’s financial position due the fact that the arbitration procedures are at the initial stage and does not believe that the outcome of the cost recovery dispute will have a material adverse effect on the Group’s financial position.

Note 26. Commitments and contingencies (continued)

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 condition.

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 has placed the Company onto the Sectoral Sanctions Identifications List subject to Directive 4. 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 claimed by the Russian Federation and extending from its territory.

In August-October 2017, the US expanded abovementioned sanctions to include international oil projects initiated on or after 29 January 2018 that have the potential to produce oil in any location, and in which companies placed on the Sectoral Sanctions Identifications List (subject to Directive 4) have an ownership interest of 33% or more, or ownership of a majority of the voting interests.

Management believes that current sanctions do not have a material adverse effect on the Group's oil projects. 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.

Note 27. Related party transactions

In the rapidly developing business environment in the Russian Federation, companies and individuals have frequently used nominees and other forms of intermediary companies in 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 in this environment 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 affiliated companies.

Outstanding balances with related parties were as follows:

	30 September 2017	31 December 2016
Accounts receivable	11,729	8,209
Other financial assets	83,207	93,453
Total assets	94,936	101,662
Accounts payable	5,796	8,436
Loans and borrowings	3,552	3,743
Total liabilities	9,348	12,179

Note 27. Related party transactions (continued)

Related party transactions were as follows:

	For the three months ended 30 September 2017	For the three months ended 30 September 2016	For the nine months ended 30 September 2017	For the nine months ended 30 September 2016
Sales of oil and oil products	3,326	5,182	10,244	15,016
Other sales	868	510	3,024	1,356
Purchases of oil and oil products	18,272	17,852	65,452	53,294
Other purchases	1,988	637	4,784	3,322
Loans given	566	1,279	2,291	13,808
Loans received	1,160	1,553	3,086	3,791

Note 28. Compensation plan

In December 2012, the Company introduced a compensation plan available to certain members of management for the period from 2013 to 2017, which is based on assigned shares and provides compensation consisting of two parts. The first part represents annual bonuses that are based on the number of assigned shares and amount of dividend per share. The payment of these bonuses is contingent on the Group meeting certain financial KPIs in each financial year. The second part is based upon the Company's common shares appreciation from 2013 to 2017, with rights vesting after the date of the compensation plan's termination. The number of assigned shares is approximately 19 million shares.

For the first part of the share plan the Group recognised a liability based on expected dividends and number of assigned shares. The second part of the share plan was also classified as liability settled. The reporting date fair value of this part of the plan was estimated at 21,970 million RUB, using the Black-Scholes-Merton option-pricing model. The fair value was estimated assuming a risk-free interest rate of 7.61% per annum, an expected dividend yield of 6.76% per annum, an expected time to maturity of three months and a volatility factor of 14.40%. The expected volatility factor for the annual weighted average share price was estimated based on the historical volatility of the Company's shares for the previous eleven years from 2006 till 2016.

Related to this share plan the Group recognised 3,043 million RUB, 325 million RUB, 5,965 million RUB and 12,309 million RUB of compensating expense during the three and nine months ended 30 September 2017 and 2016, respectively. At 30 September 2017 and 31 December 2016, amounts of 23,793 million RUB and 26,921 million RUB related to this plan are included in "Provisions" of the consolidated statement of financial position, respectively.

At 30 September 2017, there was 1,098 million RUB of total unrecognised compensation cost related to unvested benefits. This cost is expected to be recognised by the Group up to December 2017.

Note 29. Segment information

The Group has the following operating segments – exploration and production; refining, marketing and distribution; corporate and other business segments. 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 primarily crude oil. The refining, marketing and distribution segment processes crude oil into refined products, purchases, sells and transports crude oil and refined petroleum products, refines and sells chemical products, produces steam and electricity, distributes them and provides 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.

Operating earnings are supplemental non-IFRS financial measure used by management to evaluate segments performance. Operating earnings are defined as profit before finance income and costs, income tax expense, depreciation, depletion and amortisation.

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

Note 29. Segment information (continued)

Operating segments

For the three months ended 30 September 2017

	Exploration and production	Refining, marketing and distribution	Corporate and other	Elimination	Consolidated
Sales and other operating revenues					
Third parties	38,672	1,438,468	6,344	-	1,483,484
Inter-segment	388,112	17,347	10,408	(415,867)	-
Total revenues	426,784	1,455,815	16,752	(415,867)	1,483,484
Operating expenses	66,575	64,434	5,089	(15,490)	120,608
Selling, general and administrative expenses	8,306	33,083	11,025	(9,542)	42,872
Profit (loss) for the period	70,437	48,210	(13,692)	(7,614)	97,341
Operating earnings	154,951	84,736	(14,783)	(10,395)	214,509
Income tax expense					(30,584)
Finance income					3,261
Finance costs					(5,925)
Depreciation, depletion and amortisation					(83,920)
Profit for the period attributable to PJSC LUKOIL shareholders					97,341

For the three months ended 30 September 2016

	Exploration and production	Refining, marketing and distribution	Corporate and other	Elimination	Consolidated
Sales and other operating revenues					
Third parties	31,095	1,269,095	9,298	-	1,309,488
Inter-segment	363,665	17,265	8,791	(389,721)	-
Total revenues	394,760	1,286,360	18,089	(389,721)	1,309,488
Operating expenses	65,681	52,875	5,994	(12,417)	112,133
Selling, general and administrative expenses	11,974	31,863	16,044	(7,223)	52,658
Profit (loss) for the period	39,482	33,086	(21,827)	4,062	54,803
Operating earnings	108,416	63,644	(18,972)	5,365	158,453
Income tax expense					(20,689)
Finance income					3,778
Finance costs					(11,949)
Depreciation, depletion and amortisation					(74,790)
Profit for the period attributable to PJSC LUKOIL shareholders					54,803

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

Note 29. Segment information (continued)

For the nine months ended 30 September 2017

	Exploration and production	Refining, marketing and distribution	Corporate and other	Elimination	Consolidated
Sales and other operating revenues					
Third parties	110,785	4,139,778	23,690	-	4,274,253
Inter-segment	1,106,024	53,180	32,861	(1,192,065)	-
Total revenues	1,216,809	4,192,958	56,551	(1,192,065)	4,274,253
Operating expenses	197,558	172,711	15,410	(47,005)	338,674
Selling, general and administrative expenses	30,594	91,333	26,641	(30,165)	118,403
Profit for the period	174,429	118,633	7,623	(2,390)	298,295
Operating earnings	399,187	220,898	19,640	(1,733)	637,992
Income tax expense					(78,341)
Finance income					9,662
Finance costs					(22,162)
Depreciation, depletion and amortisation					(248,856)
Profit for the period attributable to PJSC LUKOIL shareholders					298,295

For the nine months ended 30 September 2016

	Exploration and production	Refining, marketing and distribution	Corporate and other	Elimination	Consolidated
Sales and other operating revenues					
Third parties	126,557	3,669,804	29,760	-	3,826,121
Inter-segment	1,057,211	49,248	34,697	(1,141,156)	-
Total revenues	1,183,768	3,719,052	64,457	(1,141,156)	3,826,121
Operating expenses	199,304	157,520	15,518	(33,256)	339,086
Selling, general and administrative expenses	31,950	98,560	40,947	(25,674)	145,783
Profit (loss) for the period	157,476	89,297	(90,554)	3,976	160,195
Operating earnings	370,027	173,635	(85,394)	5,383	463,651
Income tax expense					(50,412)
Finance income					11,120
Finance costs					(33,418)
Depreciation, depletion and amortisation					(230,746)
Profit for the period attributable to PJSC LUKOIL shareholders					160,195

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

Note 29. Segment information (continued)

Geographical segments

	For the three months ended 30 September 2017	For the three months ended 30 September 2016	For the nine months ended 30 September 2017	For the nine months ended 30 September 2016
Sales of crude oil within Russia	9,930	31,177	27,942	75,921
Export of crude oil and sales of crude oil by foreign subsidiaries	369,201	326,947	1,130,736	960,353
Sales of petroleum products within Russia	218,908	185,700	566,613	465,733
Export of petroleum products and sales of petroleum products by foreign subsidiaries	802,184	689,154	2,298,846	2,079,559
Sales of chemicals within Russia	9,445	10,521	28,552	28,615
Export of chemicals and sales of chemicals by foreign subsidiaries	10,345	7,915	35,807	26,877
Sales of gas within Russia	7,788	6,343	22,719	20,416
Sales of gas by foreign subsidiaries	14,468	6,929	36,649	26,444
Sales of energy and related services within Russia	12,725	12,268	44,913	42,946
Sales of energy and related services by foreign subsidiaries	3,558	3,859	9,149	10,384
Other sales within Russia	12,551	12,616	34,231	35,512
Other export sales and other sales of foreign subsidiaries	12,381	16,059	38,096	53,361
Total sales	1,483,484	1,309,488	4,274,253	3,826,121

For the three months ended 30 September 2017

	Russia	International	Elimination	Consolidated
Sales and other operating revenues				
Third parties	290,020	1,193,464	-	1,483,484
Inter-segment	278,325	1,038	(279,363)	-
Total revenues	568,345	1,194,502	(279,363)	1,483,484
Operating expenses	84,228	34,691	1,689	120,608
Selling, general and administrative expenses	28,340	15,822	(1,290)	42,872
Profit for the period	90,529	14,304	(7,492)	97,341
Operating earnings	178,183	45,474	(9,148)	214,509

For the three months ended 30 September 2016

	Russia	International	Elimination	Consolidated
Sales and other operating revenues				
Third parties	270,875	1,038,613	-	1,309,488
Inter-segment	227,660	576	(228,236)	-
Total revenues	498,535	1,039,189	(228,236)	1,309,488
Operating expenses	80,226	28,368	3,539	112,133
Selling, general and administrative expenses	31,125	22,600	(1,067)	52,658
Profit (loss) for the period	54,093	(3,550)	4,260	54,803
Operating earnings	123,831	29,473	5,149	158,453

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

Note 29. Segment information (continued)

For the nine months ended 30 September 2017

	Russia	International	Elimination	Consolidated
Sales and other operating revenues				
Third parties	780,195	3,494,058	-	4,274,253
Inter-segment	860,099	2,635	(862,734)	-
Total revenues	1,640,294	3,496,693	(862,734)	4,274,253
Operating expenses	247,955	85,408	5,311	338,674
Selling, general and administrative expenses	71,913	50,297	(3,807)	118,403
Profit for the period	258,533	42,842	(3,080)	298,295
Operating earnings	512,516	127,979	(2,503)	637,992

For the nine months ended 30 September 2016

	Russia	International	Elimination	Consolidated
Sales and other operating revenues				
Third parties	700,827	3,125,294	-	3,826,121
Inter-segment	737,097	1,903	(739,000)	-
Total revenues	1,437,924	3,127,197	(739,000)	3,826,121
Operating expenses	236,085	89,643	13,358	339,086
Selling, general and administrative expenses	79,999	68,658	(2,874)	145,783
Profit for the period	153,105	3,727	3,363	160,195
Operating earnings	343,040	115,990	4,621	463,651

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

	For the three months ended 30 September 2017	For the three months ended 30 September 2016	For the nine months ended 30 September 2017	For the nine months ended 30 September 2016
Sales revenues				
in Switzerland	647,716	584,328	1,928,446	1,732,717
in the USA	128,937	98,983	429,388	309,288
in Singapore	120,069	84,056	352,138	225,151

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

Note 30. Fair value

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

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.

Note 30. Fair value (continued)

The following table shows the carrying amounts and fair values of financial assets and financial liabilities included in the consolidated statement of financial position at 30 September 2017 and 31 December 2016.

30 September 2017	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets:					
Commodity derivative contracts	8,695	-	8,695	-	8,695
Available for sale securities	4,938	-	-	4,938	4,938
Financial liabilities:					
Commodity derivative contracts	31,589	-	31,589	-	31,589
Loans and borrowings	623,968	373,250	-	280,885	654,135

31 December 2016	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets:					
Commodity derivative contracts	13,380	-	13,380	-	13,380
Available for sale securities	7,437	-	-	7,437	7,437
Financial liabilities:					
Commodity derivative contracts	36,935	-	36,935	-	36,935
Loans and borrowings	680,542	414,214	-	290,622	704,836

The fair values of cash and cash equivalents (Level 1), current and long-term accounts receivable (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 arrangements. 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 periods, repayment schedules and similar other main terms. The fair value of bonds (Level 1) was determined based on market quotations at 30 September 2017 and 31 December 2016.