

# INFORMATION ON THE AUDITOR OF ZARUBEZHNEFT JSC ACCOUNTING STATEMENTS FOR THE FINANCIAL YEAR

Zarubezhneft JSC annually engages external auditors for auditing the accounting (financial) statements prepared under the Russian Accounting Standards.

Selection of the audit company for the statutory audit of Zarubezhneft JSC accounting (financial) statements for 2018–2019, prepared under the RAS, was carried out through an open tender as per Federal Law No. 44-ФЗ (FZ) "On Contract System in the Procurement of Goods, Work and Services to Cover State and Municipal Demand" dated April 5, 2013.

In 2018, Nexia Pacioli LLC won the competition and became the RAS statements auditor. The cost of services of Nexia Pacioli LLC on the audit of the accounting (financial) statements for 2019 amounted to 708.0 thous RUB. Besides, Nexia Pacioli LLC provided audit services as to special purpose financial statements of Zarubezhneft JSC for 2018, in the amount of 180.0 thous RUB, and services on auditing the implementation of Zarubezhneft JSC Long-Term Development Program for 2018, in the amount of 852.0 thous RUB.

The Federal Treasury, and the Self-Regulatory Organization of Auditors (SRO) the auditor belongs to, regularly exercise control over the auditor's activities.

# EXTRACT FROM THE CONSOLIDATED FINANCIAL STATEMENTS OF ZARUBEZHNEFT GROUP AND INFORMATION ON THE AUDITOR, FOR THE FINANCIAL YEAR

Zarubezhneft JSC annually engages external auditors for auditing the consolidated financial statements prepared under the IFRS. Selection of the audit company for audit of Zarubezhneft Group consolidated financial statements for 2019–2020 was carried out through an open request for proposals as per the requirements stated in Federal Law No. 223-ФЗ (FZ) "On Procurement of Goods, Work and Services by Certain Types of Legal Entities" dated July 18, 2011.

The winner of the tender and the auditor of the consolidated financial statements of Zarubezhneft Group for 2019–2020 was Deloitte & Touche CIS CJSC. Deloitte & Touche CIS JSC performs quality control of audit engagements as of and before the date of issue of the audit opinion, as well as inspection and monitoring of quality of auditor's documentation for the audits prior completed. The cost of the services

provided by Deloitte & Touche CIS JSC as to the audit of the consolidated financial statements for 2019, amounted to 11,159 thous RUB.

The independence of the auditor is confirmed by regular inspections of the Federal Treasury and the SRO the listed auditors belong to.

## EXTRACT FROM THE CONSOLIDATED FINANCIAL STATEMENTS OF ZARUBEZHNEFT GROUP PREPARED UNDER THE IFRS, FOR THE YEAR ENDED ON DECEMBER 31, 2019, MM RUB

### Consolidated statement of profit and loss and other comprehensive income for the year ended on December 31, 2019

Million, Russian RUB	2019	2018
<b>Revenue From Sales and Joint Operations Income</b>		
Sales of oil, gas and petroleum products	65,300	58,521
Support services and other sales	9,521	10,996
Joint venture income	18,068	22,526
<b>Total Revenue From Sales and Joint Operations Income</b>	<b>92,889</b>	<b>92,043</b>
<b>Costs and Expenditures</b>		
Cost of purchased oil, gas and petroleum products	(40,637)	(35,953)
Business and operating expenses	(15,512)	(15,715)
Selling and marketing, general running, and administrative expenditures	(6,236)	(6,188)
Taxes other than the profit tax	(5,543)	(5,336)
Depreciation, depletion and amortization	(4,606)	(3,525)
Transportation expenditures	(2,600)	(2,244)
Geological exploration costs	(211)	(118)
Export duty	(342)	(655)
Other income/(expenses), net	2,209	(544)
<b>Profit from operating activities</b>	<b>19,411</b>	<b>21,765</b>
Expenditures on assets impairment, net	(413)	(6,977)
Financial income	999	595
Financial expenditures	(806)	(1,862)
Currency differences, net	(2,918)	4,042
<b>Profit before profit tax</b>	<b>16,273</b>	<b>17,563</b>
Current profit tax	(1,888)	(4,030)
Deferred profit tax	(932)	(1,943)
<b>NET PROFIT FOR THE YEAR</b>	<b>13,453</b>	<b>11,590</b>
Net profit/(loss) for the year, attributable to:		
• Parent company shareholder	13,310	11,837
• Minority shares	143	(247)
	<b>13,453</b>	<b>11,590</b>
<b>OTHER COMPREHENSIVE INCOME/(EXPENSES)</b>		
<b>Items Subject to Reclassification to Profits and Losses</b>		
Effect of translation to presentation currency	(7,257)	12,246
Cash flow hedge result	-	323
<b>Other Comprehensive Income/(Expenses) for the Year less Profit Tax</b>	<b>(7,257)</b>	<b>12,569</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>6,196</b>	<b>24,159</b>
Other comprehensive income/(expenses) for the year, attributable to:		
• Parent company shareholder	5,426	24,960
• Minority shares	770	(801)
	<b>6,196</b>	<b>24,159</b>

**Consolidated statement of financial position as of December 31, 2019**

Million, Russian RUB	December 31, 2019	December 31, 2018
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	40,924	38,583
Investment in Joint Ventures	74,822	87,653
Debt securities	4,230	-
Deferred tax assets	1,104	1,629
Other non-current assets	3,028	2,296
	<b>124,108</b>	<b>130,161</b>
<b>Current Assets</b>		
Inventories	4,427	8,943
Trade and other receivables	5,447	4,773
Dividends debt	5,111	9,383
Taxes recoverable and tax prepayments	1,676	1,139
Borrowings issued	4,160	4,458
Debt securities	6,861	1,062
Deposits, cash and cash equivalents	35,387	32,836
Other current assets	1,146	1,086
	<b>64,215</b>	<b>63,680</b>
<b>TOTAL ASSETS</b>	<b>188,323</b>	<b>193,841</b>
<b>EQUITY CAPITAL AND LIABILITIES</b>		
<b>Capital and Provisions</b>		
Authorized capital	50,729	50,729
Other provisions	14,310	13,243
Provision for translation to presentation currency	22,284	30,168
Undistributed profit	57,624	51,873
<b>Parent company shareholders' equity</b>	<b>145,007</b>	<b>146,013</b>
Minority shares	(8,207)	(9,485)
<b>TOTAL CAPITAL AND PROVISIONS</b>	<b>136,800</b>	<b>136,528</b>
<b>Long-Term Liabilities</b>		
Long-term loan liabilities	14,743	15,231
Long-term estimated liabilities	10,988	10,195
Deferred tax liabilities	5,716	5,320
	<b>31,447</b>	<b>30,746</b>
<b>Short-Term Liabilities</b>		
Short-term loan liabilities	6,441	10,975
Trade and other payables	8,291	8,555
Short-term estimated liabilities	1,424	1,448
Tax liabilities	1,623	2,871
Derivative financial instruments	186	1,327
Other short-term liabilities	2,111	1,391
	<b>20,076</b>	<b>26,567</b>
<b>TOTAL LIABILITIES</b>	<b>51,523</b>	<b>57,313</b>
<b>TOTAL CAPITAL AND LIABILITIES</b>	<b>188,323</b>	<b>193,841</b>