



ROSNEFT

Switching to IFRS Financial Reporting

March 1, 2012



Reasons for the Switch to IFRS Reporting

- The federal law №208 'On Consolidated Financial Reporting' dated July 27, 2010 took effect on August 10, 2010. The law envisages switching to IFRS reporting in the middle-term from any kind of reporting standards
- 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



12M'11 Financial Results Overview

RUB bln	IFRS	US GAAP*	Δ	
Revenue	2,702	2,702	0	
EBITDA	646	646	0	
Net income	316	365	(49)	Please refer to 5 slide
Operating cash flow	487	462	25	Interest payments should be reported under operating activities in US GAAP and under financing activities in IFRS
Free cash flow	96	71	25	Same as in operating cash flow
Capital expenditures	391	391	0	
Net debt	509	511	(2)	Debt issue costs are classified as liabilities in IFRS
Net assets	2,069	2,150	(81)	Please refer to 4 slide

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



Difference in Net Assets

RUB bln as at December 31, 2011	IFRS	US GAAP	Difference
NET ASSETS	2,069	2,150	(81)
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 IFR 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

RUB bln for 12M 2011	IFRS	US GAAP	Difference
NET INCOME	316	365	(49)
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