

QUARTERLY REPORT

Open Joint Stock Company “Surgutneftegas”

The issuer’s code: 00155-A

for 1Q2017

The issuer’s location: **Russia, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul.Grigoriya Kukuyevitskogo, 1, bld. 1**

**The information contained herein is subject to disclosure pursuant to
the Securities Legislation of the Russian Federation**

Acting Director General
Date: 15 May 2017

_____ A.N.Bulanov
signature

Chief Accountant
Date: 15 May 2017

_____ A.V.Druchinin
signature
STAMP

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The information presented herein is disclosed at the website(s): **<http://www.surgutneftegas.ru/ru/investors/>;
<http://www.e-disclosure.ru/portal/company.aspx?id=312>**

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Introduction

Grounds for the issuer's obligation to disclose information in the form of a quarterly report.

State registration of an issue (additional issue) of the issuer's securities was accompanied by registration of the issue prospectus and such securities were offered publicly or privately to more than 500 persons.

The issuer is a joint stock company formed through privatization of state and/or municipal enterprises (their business units); under the duly approved privatization plan, which was the issue prospectus of such enterprise as of the date of its approval, the issuer's securities may be disposed of in favor of more than 500 acquirers or the general public.

The joint stock company has been established before 01.09.2014 and has all features of a public joint stock company.

The present quarterly report contains estimates and forecasts of the issuer's authorized management bodies as to the forthcoming events and/or actions, prospects of development of the issuer's main industry and the issuer's operating results, including the issuer's plans, probability of certain events and actions. Investors should not entirely rely on the estimates and forecasts of the issuer's management bodies since the issuer's future actual operating results may differ from the forecast results for many reasons. Acquisition of the issuer's securities may entail risks described in the present quarterly report.

Section I. The issuer's bank accounts, auditor (audit organization), appraiser and financial advisor as well as persons who signed the present quarterly report

1.1. The issuer's bank accounts

Banking institution

Full corporate name: *Joint Stock Company "Surgutneftegasbank"*

Abbreviated corporate name: *JSC BANK "SNGB"*

Location: *Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut*

INN: *8602190258*

Bank identification code (BIK): *047144709*

Account number: *40702810000000100368*

Corr. account: *30101810600000000709*

Account type: *settlement*

Banking institution

Full corporate name: *Subsidiary Bank Sberbank of Russia Public Joint Stock Company, Surgut Branch No. 5940*

Abbreviated corporate name: *PJSC Sberbank Surgut Branch No. 5940*

Location: *628400, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul. Dzerzhinskogo, 5*

INN: *7707083893*

Bank identification code (BIK): *047102651*

Account number: *40702810567170101451*

Corr. account: *301018108000000000651*

Account type: *settlement*

Banking institution

Full corporate name: *Joint Stock Company "UniCredit Bank"*

Abbreviated corporate name: *AO UniCredit Bank*

Location: *Prechistenskaya Nab., 9, Moscow, Russian Federation, 119034*

INN: *7710030411*

Bank identification code (BIK): *044525545*

Account number: *40702810000010002908*

Corr. account: *301018103000000000545*

Account type: *settlement*

1.2. The issuer's auditor(s)

Full corporate name: *Limited Liability Company "Rosexpertiza"*

Abbreviated corporate name: *LLC "Rosexpertiza"*

Location: *ul. Mashki Poryvaevoy, 34, Moscow, Russian Federation, 107078*

INN: *7708000473*

OGRN: *1027739273946*

Telephone: *+7 (495) 721-3883*

Fax: *+7 (495) 721-3894*

E-mail: *office.msc@rosexpertiza.ru*

Auditor's membership in self-regulated audit organizations

Full name: *Self-Regulated Auditor Organization "Russian Union of Auditors"*

Location: *Petrovsky pereulok, 8, bld. 2, Russia, Moscow, 107031*

Additional information: *LLC "Rosexpertiza" is entered into the Register of Auditors and Audit Organizations opened by Self-Regulated Auditor Organization "Russian Union of Auditors" under Main Registration Number (MRN) 11603046778.*

Reporting year (years) for the period of five last completed financial years and current financial year for which the auditor has carried or will carry out independent audit of annual accounting (financial) statements and annual consolidated financial statements of the issuer

Accounting (financial) statements, year	Consolidated financial statements, year
2012	2012
2013	2013
2014	2014
2015	2015
2016	2016

Describe factors that may affect the auditor's (audit organization's) independence from the issuer, including any material interests between the auditor (officers of the management bodies and bodies supervising the financial activities of the audit organization) and the issuer (officers of the management bodies and bodies supervising the financial activities of the issuer)

There are no factors that may affect the auditor's (audit organization's) independence from the issuer, including any material interests between the auditor (officers of the management bodies and bodies supervising the financial and business activity of the audit organization) and the issuer (officers of the management bodies and bodies supervising the financial and business activity of the issuer).

Selection of the issuer's auditor

Tender procedure for auditor selection, if any, and its basic terms and conditions: *No tender has been held.*

Auditor nomination for approval by the shareholders' (members') meeting, including the management body adopting such resolution: *The Company's Board of Directors at its meeting considers proposals from various auditing companies received by the date of the meeting. The Board of Directors reviews the proposals from auditing companies and (based on recommendations of the Audit Committee of the Board of Directors) adopts a resolution to recommend an auditor to be further approved by a general shareholders' meeting.*

There was no any special engagement of the auditor.

Describe the procedure for determination of the auditor's (audit organization's) remuneration and specify the actual remuneration paid by the issuer to the auditor (audit organization) upon completion of the last completed financial year for which the auditor (audit organization) has carried out independent audit of annual accounting (financial) statements and (or) annual consolidated financial statements of the issuer: *LLC "Rosexpertiza" tenders its commercial offer to the Company's Board of Directors which specifies the audit procedure in all substantial aspects and contains an estimation of labor costs to conduct the audit of the Company's annual financial (accounting) statements and estimation of traveling expenses as well as includes a draft Auditing Services Agreement. If necessary, the Company may request information on additional estimations and explanations from LLC "Rosexpertiza". Based on the information provided, the Company's Board of Directors makes a decision in regard to the amount of remuneration to be paid to LLC "Rosexpertiza".*

The Company does not have any deferred and overdue payments for the services provided by the auditor.

1.3. The issuer's appraiser(s)

With reference to this section, the Company has not engaged any appraisers during 12 months prior to the end of the reporting quarter.

1.4. The issuer's advisors

With reference to this section, the Company has not engaged any advisors during 12 months prior to the end of the reporting quarter.

1.5. Persons who signed the present quarterly report

Name: *Bulanov Alexander Nikolaevich*

Year of birth: *1959*

Primary employment:

Company: **OJSC “Surgutneftegas”**
 Position: **Acting Director General**

Name: **Druchinin Andrei Vladislavovich**
 Year of birth: **1969**
 Primary employment:
 Company: **OJSC “Surgutneftegas”**
 Position: **Chief Accountant**

Section II. General information on the issuer’s financial and economic position

2.1. The issuer’s financial and economic performance

The dynamics of indicators of the issuer’s financial and economic performance calculated on the basis of accounting (financial) statements

Standard (rules) of accounting (financial) statements in accordance with which the accounting (financial) figures are calculated: **Russian accounting standards (RSBU)**

Measurement unit of labor productivity: **thousand RUB per person**

Indicator	2016, 3 months	2017, 3 months
Labor productivity	1,995	2,716
Debt to equity ratio	0.045	0.054
Long-term debt to total amount of long-term debt and equity ratio	0.020	0.023
Debt to operating income (profit)	0.527	0.378
Overdue debts, %	0.0002	

Indicator	2015	2016
Labor productivity	9,474	9,690
Debt to equity ratio	0.057	0.056
Long-term debt to total amount of long-term debt and equity ratio	0.020	0.022
Debt to operating income (profit)	0.158	0.177
Overdue debts, %	0.0005	0.0001

Economic analysis of the issuer’s liquidity and solvency based on the economic analysis of the above performance

Labor efficiency proves the effectiveness of labor potential use and operations. The change in this indicator for 2016 and 1Q2017 is caused by the dynamics of revenues in accordance with the multi-directional fluctuations in exchange rates and quotations for crude oil.

Such indicators as “Debt to equity ratio” and “Long-term debt to total amount of long-term debt and equity ratio” for 2016 and 1Q2017 show a low level of the Company’s dependence on raised and borrowed money.

Indicator “Debt to operating income (profit)” remains on a low level, which demonstrates the Company’s ability to cover its debts by operating income.

Low level of the Company’s overdue debts in the reporting periods proves that the Company redeems its financial obligations in time. Credit risk is minimal.

2.2. The issuer’s market capitalization

Market capitalization is calculated by taking the total number of shares of a certain category (type) and multiplying it by the relevant share market price which is disclosed by a securities market trading organizer

Unit of measure: **thousand RUB**

Indicator	As of 31.12.2016	As of 31.03.2017
Market capitalization	1,352,008,099.62	1,289,774,348.76

Securities market trading organizer who provides data for market capitalization calculation and any other additional

information on outstanding securities at the issuer's discretion: *The Company's market capitalization is calculated in accordance with data of PJSC "Moscow Exchange"*.

2.3. The issuer's liabilities

2.3.1. Borrowed funds and accounts payable

As of 31.12.2016

Structure of borrowed funds

Unit of measure: *thousand RUB*

Indicator	Indicator value
Long-term borrowed funds	
including:	
loans	
borrowings, excluding bonded loans	
bonded loans	
Short-term borrowed funds	
including:	
loans	
borrowings, excluding bonded loans	
bonded loans	
Total overdue amount of borrowed funds	
including:	
loans	
borrowings, excluding bonded loans	
bonded loans	

Structure of accounts payable

Unit of measure: *thousand RUB*

Indicator	Indicator value
Total accounts payable	97,181,245
including those overdue	100
including	
accounts payable to the budget and state non-budget funds	46,001,820
including those overdue	
accounts payable to suppliers and contractors	17,385,502
including those overdue	85
accounts payable to personnel	13,600,450
including those overdue	
other	20,193,473
including those overdue	15

In case of any overdue accounts payable, including those under loan agreements, specify the reasons for non-fulfillment of obligations and consequences (both actual and possible) arising for the issuer from such non-fulfillment, including sanctions imposed against the issuer and the date when overdue accounts payable or overdue amount of borrowed funds will be or are expected to be paid.

Non-fulfillment of overdue accounts payable obligations will not have any consequences for the Company in the future.

Creditors accounting for at least 10 percent of the total accounts payable or at least 10 percent of the total long-term and short-term borrowed funds: *No such creditors.*

As of 31.03.2017

Structure of borrowed funds

Unit of measure: *thousand RUB*

Indicator	Indicator value
Long-term borrowed funds	
including:	
loans	
borrowings, excluding bonded loans	
bonded loans	
Short-term borrowed funds	
including:	
loans	
borrowings, excluding bonded loans	
bonded loans	
Total overdue amount of borrowed funds	
including:	
loans	
borrowings, excluding bonded loans	
bonded loans	

Structure of accounts payable

Unit of measure: *thousand RUB*

Indicator	Indicator value
Total accounts payable	84,968,736
including those overdue	85
including	
accounts payable to the budget and state non-budget funds	43,880,152
including those overdue	
accounts payable to suppliers and contractors	20,237,103
including those overdue	85
accounts payable to personnel	7,813,383
including those overdue	
other	13,038,098
including those overdue	

In case of any overdue accounts payable, including those under loan agreements, specify the reasons for non-fulfillment of obligations and consequences (both actual and possible) arising for the issuer from such non-fulfillment, including sanctions imposed against the issuer and the date when overdue accounts payable or overdue amount of borrowed funds will be or are expected to be paid.

Non-fulfillment of overdue accounts payable obligations will not have any consequences for the Company in the future.

Creditors accounting for at least 10 percent of the total accounts payable or at least 10 percent of the total (long-term and short-term) borrowed funds: *No such creditors.*

2.3.2. The issuer's credit history

The history of the issuer's obligations fulfilled under credit and (or) loan agreements having been in force during the last completed reporting and current years, including those in the form of bonds issued and sold, the principal amount of which equaled to or exceeded five percent of the book value of the issuer's assets as of the last day of the last completed reporting period of 3, 6, 9 or 12 months preceding the conclusion of such agreement as well as obligations under other credit and (or) loan agreements which the issuer deems significant.

The issuer did not have such obligations

2.3.3. The issuer's liabilities related to security provided by the issuer

As of 31.12.2016

Unit of measure: *thousand RUB*

Indicator	As of 31.12.2016
Total amount of security provided by the issuer (the amount (sum) of non-fulfilled liabilities in regard to which the issuer provided security if in accordance with terms of provided security the fulfillment of the relevant liabilities is provided in full),	21,947,432

including liabilities of third parties	21,947,432
Amount of security provided by the issuer (the amount (sum) of non-fulfilled liabilities in regard to which the issuer provided security if in accordance with terms of provided security the fulfillment of the relevant liabilities is provided in full) in the form of pledge,	
including liabilities of third parties	
Amount of security provided by the issuer (the amount (sum) of non-fulfilled liabilities in regard to which the issuer provided security if in accordance with terms of provided security the fulfillment of the relevant liabilities is provided in full) in the form of guarantee,	17,434,340
including liabilities of third parties	17,434,340

The issuer's liabilities related to security provided to third parties, including pledge or guarantee, that account for 5 and more percent of the book value of the issuer's assets as of the last date of the relevant reporting period: ***no such liabilities in this reporting period.***

As of 31.03.2017

Unit of measure: ***thousand RUB***

Indicator	As of 31.03.2017
Total amount of security provided by the issuer (the amount (sum) of non-fulfilled liabilities in regard to which the issuer provided security if in accordance with terms of provided security the fulfillment of the relevant liabilities is provided in full),	22,248,426
including liabilities of third parties	22,248,426
Amount of security provided by the issuer (the amount (sum) of non-fulfilled liabilities in regard to which the issuer provided security if in accordance with terms of provided security the fulfillment of the relevant liabilities is provided in full) in the form of pledge,	
including liabilities of third parties	
Amount of security provided by the issuer (the amount (sum) of non-fulfilled liabilities in regard to which the issuer provided security if in accordance with terms of provided security the fulfillment of the relevant liabilities is provided in full) in the form of guarantee,	17,788,120
including liabilities of third parties	17,788,120

The issuer's liabilities related to security provided to third parties, including pledge or guarantee, that account for 5 and more percent of the book value of the issuer's assets as of the last date of the relevant reporting period: ***no such liabilities in this reporting period.***

2.3.4. Other liabilities of the issuer

There are no other liabilities not shown in the accounting (financial) statements which may significantly affect the issuer's financial position, its liquidity, sources of funds, terms of their use, performance results and expenses.

2.4. Risks related to acquisition of placed securities or those being placed

Risk management policy of the issuer: ***in the course of its activities, the Company seeks to fulfill its obligations and minimize the impact of the risks.***

2.4.1. Industry risks

The Company is exposed to risks inherent in the oil and gas sector in the process of its core activities. The most significant of which include the drop in oil and oil products prices, competition in the Company's key business sectors, personnel shortage, higher costs for raw materials and services purchased as well as geological, technological and environmental risks. The development and widespread use of information technologies in production processes exposes the Company to risks associated with cyber security.

The drop in hydrocarbon prices significantly influences the Company's revenue, profitability and cash flow ratios. An extended period of low oil prices may lead to the postponement or cancellation of new projects implementation, reduced investment and impairment of the Company's assets.

Hydrocarbon prices in the global and regional markets are affected by a number of factors. Among them there are: the state of the global economy, political situation in the countries which are the largest producers of hydrocarbons, change in energy resources consumption patterns, data on oil and oil products reserves, agreements of the OPEC member countries and other major oil producing countries on the volumes of oil production, investment volumes in the industry, availability of alternative fuels and development of hard-to-recover oil and gas reserves production.

In the Russian market oil and oil products prices depend on the trends of the global market. Additionally, prices for hydrocarbons are influenced by supply and demand balance in the domestic market, oil and gas sector regulation by the state and transportation costs.

Fundamentals that determine the pricing process in the hydrocarbons market are beyond the Company's direct control. The Company takes into account possible changes in oil and oil products prices, applying a business-planning system based on a scenario approach in the preparation of investment projects and budgets, develops programs to reduce the cost of manufactured products and performs revaluation of existing investment plans.

The Company carries out its core activities under circumstances of high competition for the acquisition of new subsoil licenses, assets and markets for finished products.

The Company is exposed to the risk of acquisition of new license areas at a higher cost in terms of reserves deterioration and shortage of blocks with ready-to-use infrastructure. This risk may result in appreciation of new production projects and their lower profitability. To mitigate this risk the Company continuously monitors fields put up for sale, evaluates the prospects of the development of new fields from the point of view of the cost-effectiveness and being in line with the long-term strategy of the Company, as well as from the point of view of the synergy between existing producing, processing and marketing assets.

The Company is exposed to the risk of increased competition for marketing of manufactured products to promising and premium markets. This risk may result in the limited access to transport infrastructure and the Company's reduced presence in the premium marketing channels. To mitigate this risk, the Company timely provides the contractors which organize transportation with information about the terms of transportation and volume of products and strictly fulfills the contractual provisions on oil and oil products delivery.

The Company is exposed to the risk of shortage of skilled workers and technical personnel due to the expansion of the Company's areas of presence (including by means of blocks with no ready-to-use infrastructure), development of new technologies, increase of automated production processes and use of sophisticated equipment. In order to mitigate this risk, the Company actively cooperates with relevant educational institutions regarding provision of information about most demanded professions in the Company and provision of job-oriented training, as well as actively works on involvement and development of young professionals, provides professional training and further education conducted in the Company's training centers and in third-party organizations. In order to retain specialists demanded on the labor market, OJSC "Surgutneftegas" has effective motivational tools and makes a candidate pool from the Company's employees.

The Company is subject to the risk of reduction in operation efficiency due to the operational and capital expenditures increase resulting from the growth of prices for materials, equipment, energy resources as well as tariff rates of the Company's transport providers – PJSC "Transneft" and OJSC "RZD". The Company pays much attention to cost control taking cost optimization measures. OJSC "Surgutneftegas" purchases machinery, equipment and materials on a tender basis, monitors the quality of procurements, develops projects of in-house power generation facilities construction, monitors and introduces new cost-effective technologies, diversifies the ways products are transported and regularly assesses the profitability of existing assets.

Exploration activities are notable for high level of risks associated with the discovery of commercially significant hydrocarbons reserves. This is a hard, complicated and expensive process which determines the high cost of geological exploration, significant risks of non-reimbursement of incurred costs and impairment of assets. The Company takes these risks into account when considering the purchase of new licenses and development of new operation regions. In-house scientific centers and geological divisions, use of modern equipment and technologies in the process of geological and geophysical data acquisition and processing, modeling of geological objects and drilling help the Company mitigate this risk. In addition, extensive experience in this sphere and qualified personnel make it possible to optimize and improve efficiency of the Company's geological exploration.

The nature of the Company's activities exposes it to significant technological and environmental risks. The Company uses sophisticated equipment and advanced technologies, various types of transport and production infrastructure and produces oil and gas in regions with severe weather conditions. Adverse weather conditions, non-compliance with rules and procedures, unsafe practices, as well as insufficient qualification of personnel responsible for the operations may lead to technological accidents, occupational injuries and environmental damage in the territories of the Company's performance.

To mitigate these risks, the Company operates an efficient production management system which constantly monitors the state of infrastructure facilities, ensures timely replacement of the key equipment and its upgrading. The Company provides strict internal control over the compliance with hazardous work and safety regulations by the Company's personnel. Timely and quality scheduled and unscheduled repair of production facilities, machinery and equipment is provided by the Company's service divisions.

The Company creates working conditions and builds corporate culture aimed at safe and eco-responsible attitude of personnel to the production process. The Company uses a system of labor protection and industrial safety, regularly holds induction meetings, provides its personnel with training, retraining and advanced training and carries out a special workplace assessment.

To mitigate environmental risks, the Company annually implements measures to improve the reliability and environmental friendliness of the production and transport infrastructure facilities.

The Company's production process management is based on the use of modern IT infrastructure. Unauthorized interference and violation of its work can have a negative impact on the production process and, as a

result, on the Company's operating and financial performance. To mitigate these risks, the Company uses modern systems of protection against cyber attacks and takes measures to timely detect and take on possible threats.

2.4.2. Country and regional risks

OJSC "Surgutneftegas" operates in several regions of the Russian Federation and is subject to the country and regional risks of Russia.

The risks of unfavorable economic changes in the country caused by internal and external factors can lead to a change in the tax system of the state, a decrease in demand for products and a deterioration of the Company's operating and financial performance. The Company avoids excessive concentration of marketing risks, diversifies oil and oil products supplies through various transportation routes and to various customers.

The Company operates in regions characterized by stable social and economic conditions and a low level of unemployment of the population. The Company's activities have a positive impact on the rates of economic growth, employment of the population and the level of investment in fixed assets. The Company cooperates with state and local authorities on the issues of social development of the regions.

OJSC "Surgutneftegas" operates in the areas that are not characterized by high seismic activity, hurricanes and other natural disasters. At the same time, the efficiency of the Company's operations may be influenced by extremely low temperatures. Such adverse weather conditions may result in disturbance of material and technical supply in the fields due to a breakdown of transport connection with these territories and equipment and machinery failures. In addition, due to the significant volume of transportation of the Company's products by sea, the force majeure weather conditions can affect the terms and volumes of finished products delivery.

The Company takes into account possible adverse weather conditions in design, construction and operation of the production facilities, including use of machinery and equipment that are resistant to extreme weather conditions, develops transport infrastructure and optimizes the process of material and technical supply to the fields.

2.4.3. Financial risks

Financial risks which include currency risk, interest rate risk, inflation risk, credit risk and liquidity risk may have a significant impact on the Company's profitability, cash flows and financial standing.

Currency risk related to exchange rate fluctuations has the most significant influence on the Company's financial and business activities. Being an active participant of foreign trade operations, the Company receives revenue from sale of products in foreign currency. Financial assets of OJSC "Surgutneftegas" placed in deposit accounts are denominated mainly in US dollars. The Company considers currency risk from the point of view of its impact on efficiency of its current activities and investments in new projects. In order to mitigate this risk, the Company monitors the key parameters and the structure of financial assets, carries out operational planning of cash flows.

Risk of fluctuations in the market interest rates has a limited impact on the Company's activities, as the Company finances capital investments and operating expenses from its own funds. At the same time, the Company constantly monitors the levels of profitability and risk in the money and capital markets in order to determine the best options for the placement of financial assets.

The Company's performance is negatively influenced by inflation which implies higher essential costs of production affecting the profitability of the Company's current projects that may lead to a postponement or abandoning of new projects due to their economic inexpediency. The Company regularly analyzes the impact of actual and expected inflation rates on the results of its current activities and feasibility of planned projects in the field of production, refining and marketing. To mitigate this risk, the Company holds procurement tenders and pays attention to finding the most reliable counterparties and the most favorable ways of goods and services delivery.

The Company is exposed to credit risk mainly in relation to accounts receivable in case of breach of contractual obligations by counterparties as well as when the Company places cash deposits with Russian credit institutions.

In order to mitigate this risk, the Company has developed various systems and methods of cooperation with counterparties. The Company has established a system for comprehensive assessment of counterparties which takes into account their financial position, credit history and status of settlements with the budget. When concluding contracts for the sale of products, the Company actively uses advance payment and payment by a letter of credit. Making advance payments to counterparties, the Company uses mechanisms of ensuring money repayment – bank guarantees and sureties.

OJSC "Surgutneftegas" avoids excessive concentration of credit risk. In order to assess the reliability of credit institutions, the Company has its own formalized method of estimation of banks which makes allowance for the credit portfolio quality, structure and dynamics of assets, liquidity, efficiency of activity and other key indicators confirming the sound position of a credit institution. The Company monitors the financial position of counterparties' banks during the whole maturity period for its cash placement.

Liquidity risk is not significant to the Company, as the Company does not raise borrowed funds in money and credit markets to finance its current activities and implement new investment projects because it has sufficient liquid assets. The Company's system of financial planning allows us to make detailed schedules of future payments, establish a structure of the Company's cash flows that maintains sufficient liquidity for timely settlement of its

liabilities.

The Company does not apply derivative financial instruments to hedge financial risks, but takes into consideration the possibility of their use when developing investment projects, plans and budgets. In order to reduce financial risks, the Company insures assets and operations in the process of financial and business activities.

2.4.4. Legal risks

The financial and operating performance of the Company largely depends on a variety of legal risks which can be hardly influenced by the Company. The most significant legal risks are risks of changes and adjustments to the existing legal regulations in the field of tax, customs, currency and environmental legislation, antitrust regulation and licensing.

Unstable tax treatment of oil and gas industry and increase of the tax burden may result in reduced investments in production and refining segments, worsening of the Company's financial and operating performance. The Company strictly complies with the current norms of the Russian tax legislation. The Company pays taxes in time and in full at all levels of the budget system. The Company closely monitors changes in the tax legislation of the Russian Federation and transfer pricing tax regulation in setting prices for transactions between related parties, which allows to evaluate the consequences of such changes in advance and take them into account. The Company cooperates with state authorities when considering initiatives to improve the efficiency of the tax system for sustainable development of the oil and gas industry.

The Company conducts export and import operations in foreign currency. Changes related to the currency control legislation in the Russian Federation may result in more time-consuming transactions in foreign currency and higher costs of settlements with counterparties. The Company has a responsible approach to compliance and implementation of the Russian Federation legislation in the field of currency regulation and control.

The Company carries out a significant number of foreign trade operations in the process of its operating activities. Thus, the Company is exposed to the risk of complicated and lengthy customs control and higher rates of customs duties. As a result of these risks realization, the operating performance of the Company may decrease. The Company takes into account the impact of these factors on the economic attractiveness of export and import operations with various product groups.

The Company distributes oil products through its own gas stations. The expansion of the network of gas stations in the regions of the Company's presence may be limited by the antitrust laws of the Russian Federation. This risk may reduce the profitability of the marketing sector and worsen the financial performance of the Company. The Company complies with the requirements of antitrust laws, actively participates in the work of institutions on competitive pricing for oil and oil products in the Russian Federation, thereby ensuring equal access to the procurement of the Company's products for all market participants.

The efficiency of oil and gas companies can be significantly influenced by the risks of changes in the state licensing system with regard to longer procedures related to licensing, complicated processes of getting permits for construction of production and infrastructure facilities and other approvals.

The Company fully meets its obligations under current license agreements, has enough material and human resources to carry out the planned volume of exploration work in time and further develop existing fields, thus minimizing these risks.

2.4.5. Reputation risk

Reputation risk is related to the loss of trust and the decrease of the level of positive perception of the Company by the stakeholders due to the products quality decline as well as non-compliance with contractual obligations, business customs and principles of professional ethics.

The main products of OJSC "Surgutneftegas" are standardized and have quality characteristics determined by the regulations. The Company produces products in strict compliance with the current requirements and standards. The Company monitors compliance with these requirements when producing and selling oil and gas products at its own accredited laboratories.

OJSC "Surgutneftegas" is striving to maintain the reputation of an attractive employer and a company with high standards of technological and environmental safety. The Company annually invests heavily in modernization and overhaul of its production facilities, industrial equipment, pipeline infrastructure and environmental activities, minimizes the risks of serious technological accidents and damage to the environment of the regions of its presence as well as improves working conditions of its employees. OJSC "Surgutneftegas" strictly fulfills the obligations with regard to the settlements with counterparties, taxes and other obligatory payments and has a reputation of a reliable subject of economic activity.

2.4.6. Strategy risk

Strategy risk is related to the failure of achieving the Company's long-term goals and losses caused by mistakes made in decisions that determine the strategy of the Company's development.

OJSC "Surgutneftegas" is exposed to the risks of late detection of internal and external threats which may adversely affect its current activities and business processes that need to be adjusted.

OJSC "Surgutneftegas" regularly conducts analysis of the business environment in terms of actual and potential level of competition, assesses the level of flexibility in pricing a transaction with consumers and suppliers of

goods and services and takes into account changes in the macroeconomic and regulatory environment in investment planning. This allows to make a forecast and determine the strategic directions of the Company's development.

Expansion of the Company's activities is related to the risks of investing in economically unprofitable projects in the field of production, refining and marketing of finished products.

OJSC "Surgutneftegas" evaluates the possibilities of investing in new projects in terms of risks and expected profitability from their implementation. The Company takes into account the development trends in the oil and gas sector together with the processes taking place in the energy markets to predict the economic and technological conditions for the implementation of new projects.

Wrong strategic decisions may cause shortage of material and technical, financial and human resources, lead to an increase in project implementation deadlines and violations of the Company's current operating activities.

OJSC "Surgutneftegas" possesses sufficient resources to implement current and planned projects. The business processes established in OJSC "Surgutneftegas" ensure the existence of a well-established procedure for the adoption and implementation of management decisions that minimize the risks of shortage of resources necessary to achieve the Company's goals.

2.4.7. Risks related to the issuer's operations

In the course of its activities, OJSC "Surgutneftegas" is exposed to various risks caused by the uncertainty of environmental factors and peculiarities of production processes. The Company improves its risk management and internal control systems in order to minimize the possible negative impact of risks on the results of its financial and economic activities and ensure sustainable development of the Company in the long term. With regard to the key risks, the Company is continuously working on their identification, assessment, prevention and determination of response methods in case of their realization.

Section III. Detailed information on the issuer

3.1. The issuer's history

3.1.1. The issuer's corporate name (name)

The issuer's full corporate name: *Open Joint Stock Company "Surgutneftegas"*

Date of introduction of the issuer's existing full corporate name: *27.06.1996.*

The issuer's abbreviated corporate name: *OJSC "Surgutneftegas"*

Date of introduction of the issuer's existing abbreviated name: *27.06.1996*

The issuer's corporate name (name for a nonprofit organization) is registered as a trademark or a service mark.

Trademark registration

Trademark: *Open Joint Stock Company "Surgutneftegas"*

Certificate of trademark: *No. 438918 dated 09.06.2011*

Priority (commencement of the document of title): *06.05.2010*

Validity period of the document of title: *06.05.2020*

All previous names of the issuer during its existence

Full corporate name: *Production Association "Surgutneftegas"*

Abbreviated corporate name: *PO "Surgutneftegas"*

Introduced: *15.09.1977*

Grounds for introduction:

Full corporate name: *Joint Stock Company of Open Type "Surgutneftegas"*

Abbreviated corporate name: *AOOT "Surgutneftegas"*

Introduced: *06.05.1993*

Grounds for introduction: *Decree of the President of the Russian Federation No. 1403 "On Special Provisions for Privatization and Corporization of State Enterprises, Production and Scientific Production Associations in the Petroleum, Petroleum Refining and Petroleum Products Supply Industries" dated 17.11.1992.*

3.1.2. State registration of the issuer

Initial state registration

State registration number: **12-4782**

Date of state registration: **06.05.1993**

Body that conducted the state registration: **Administration of the city of Surgut, Khanty-Mansiysky Autonomous Okrug, Tyumenskaya Oblast**

Registration of the legal entity:

Main state registration number of the legal entity: **1028600584540**

Date of entry of the legal body registered prior to 1 July 2002 into the Uniform State Register of Legal Entities: **18.09.2002**

Name of the registration authority: **Inspectorate of the Ministry of Taxation of Russia for Surgut, Khanty-Mansiysky Autonomous Okrug.**

3.1.3. Establishment and development of the issuer

The issuer is established for an unlimited period of time.

Summary of the issuer's establishment and development. The issuer's corporate purposes, the issuer's mission (if any) and other information about the issuer's operations essential for a decision to acquire the issuer's securities

The name of oil and gas producing company "Surgutneftegas" goes hand in hand with the discovery of Big Oil in Western Siberia.

Back in March 1964, the first group of oilmen set foot on Surgut ground. The local climate and terrain made it impossible to use conventional methods for building roads, wells, pipelines and field facilities. In fact, the oil producing division "Surgutneft" was a real testing ground where various technologies and methods were created and applied to develop fields in severe geological and climatic conditions. The division proved to be a true forge of skilled workers for the whole Western Siberia. Many oil and gas producing companies, such as "Yuganskneft", "Megionneft", "Pravdinskneft", "Kogalymneftegas" and "Noyabrskneftegas", were once part of "Surgutneft" and later became separate entities.

Construction of the refinery in the city of Kirishi, Leningradskaya Oblast, began in 1961. As was the common practice of that time, the refinery was an All-Union Top Priority Project, and it indeed was built at a rapid pace: as early as December 1965, the refinery received the first oil tank car, and just four months later, in March 1966, it became fully operational. After it was put into operation, the refinery reversed petroleum products shortage, which hindered economic development of the North-West of Russia. When the Yaroslavl – Kirishi pipeline was put into service in 1969, the refinery started to process oil delivered from Western Siberia fields. Located close to the Baltic ports, it benefited from exporting petroleum products to Scandinavia and Northern Europe.

In October 1977, the oil producing division "Surgutneft" was granted the status of the diversified production association "Surgutneftegas" (PO "Surgutneftegas").

On March 19, 1993, the Council of Ministers of the Russian Federation passed a resolution to form Open Joint Stock Company "Neftyanaya Kompaniya "Surgutneftegas" (AOOT "NK "Surgutneftegas"). In the same year, PO "Surgutneftegas" transformed into AOOT "Surgutneftegas" and the Kirishi refinery transformed into AOOT "KNOS" were merged into Open Joint Stock Company "NK "Surgutneftegas".

Under the Soviet system, the Company's subsidiaries, namely "Novgorodnefteproduct", "Kaliningradnefteproduct", "Lennefteproduct", "Pskovnefteproduct" and "Tvernefteproduct", were part of RSFSR Glavneftesnab (Main Department of Oil Supplies) and supplied the corresponding regions with petroleum products. In 1993, they were also converted into open joint stock companies and incorporated in AOOT "NK "Surgutneftegas".

The year of 1996 saw the first stage of corporate structure optimization when AOOT "NK "Surgutneftegas" was formed as a vertically integrated company.

In December 1996, the Company launched sponsored American Depositary Receipt program, Level I, for ordinary shares of OJSC "Surgutneftegas".

In March 1998, the Company launched sponsored American Depositary Receipt program, Level I, for preference shares of OJSC "Surgutneftegas".

In 2000, the Company embarked on the final stage of share consolidation, which made the oil producing entity OJSC "Surgutneftegas" a parent company of Surgutneftegas Group.

The Company is no longer operating just in one region, with the focus on Western Siberia as the only crude production center. As a result of production asset diversification, the Company acquired license areas in 10 constituent territories of the Russian Federation, such as: Khanty-Mansiysky Autonomous Okrug – Yugra, Yamalo-Nenetsky Autonomous Okrug, the Republic of Sakha (Yakutia), Nenetsky Autonomous Okrug, Tyumenskaya, Irkutskaya, Omskaya, Tomskaya and Novosibirskaya Oblasts and Krasnoyarsky Krai. The Company was one of the Eastern Siberia pioneers who participated in a national project to develop the new production region and achieve the strategic objective of oil transportation to new promising markets.

The main corporate objective is profit earning.

3.1.4. Contacts

The issuer's location: **Russia, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut,**

ul.Grigoriya Kukuyevitskogo, 1, bld. 1

Address of the issuer indicated in the uniform state register of legal entities: ***628415 Russia, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug - Yugra, Surgut, ul.Grigoriya Kukuyevitskogo, 1, bld. 1.***

Telephone: +7 (3462) 42 60 28; 42 61 33

Fax: +7 (3462) 42 64 94

E-mail: ***Bogdanov-VL-REF@surgutneftegas.ru***

Website(s) where information about the issuer and securities issued and/or being issued by the issuer is available:

<http://www.surgutneftegas.ru/ru/investors;>

<http://www.e-disclosure.ru/portal/company.aspx?id=312>

The issuer's special division for shareholder and investor relations: ***Limited Liability Company "Invest-Zaschita"***

Division's location: ***ul.Entuziastov, 52/1, Surgut, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Russian Federation, 628400***

Telephone: +7 (3462) 46 27 64

Fax: +7 (3462) 42 11 48

E-mail: ***invz@yandex.ru***

No website.

The issuer's special division for shareholder and investor relations: ***Investor relations and DR program support department of Securities division of OJSC "Surgutneftegas"***

Division's location: ***ul.Grigoriya Kukuyevitskogo 1, bld. 1, Surgut, Khanty-Mansiysky Autonomous Okrug – Yugra, Tyumenskaya Oblast, Russian Federation, 628415***

Telephone: +7 (495) 698 94 18

Fax: +7 (495) 698 94 14

E-mail: ***ir@surgutneftegas.ru***

Website: ***www.surgutneftegas.ru***

3.1.5. Taxpayer identification number

8602060555

3.1.6. Branches and representative offices of the issuer

Branches and representative offices of the issuer:

Name: ***Moscow representative office of Open Joint Stock Company "Surgutneftegas"***

Location: ***Moscow, Russian Federation, ul.Myasnikaya, 34***

Opened on: ***27.09.1993***

Head of the branch (representative office)

Name: ***Makarkin Yuri Nikolaevich***

Term of the Power of Attorney: ***31.12.2017***

Name: ***Saint Petersburg representative office of Open Joint Stock Company "Surgutneftegas"***

Location: ***Russian Federation, Saint Petersburg, ul.Podkovyrova, 37***

Opened on: ***28.05.1998***

Head of the branch (representative office)

Name: ***Fortov Vladimir Ivanovich***

Term of the Power of Attorney: ***31.12.2017***

Name: ***Yakutsk representative office of Open Joint Stock Company "Surgutneftegas"***

Location: ***Russian Federation, Republic of Sakha (Yakutia), Yakutsk, ul.Ordzhonikidze, 36***

Opened on: ***01.06.2009***

Head of the branch (representative office)

Name: ***Bandura Sergei Nikolaevich***

Term of the Power of Attorney: ***31.05.2017***

3.2. Core operations of the issuer

3.2.1. Core economic activities of the issuer

Code of economic activity which is core for the issuer

OKVED2 codes
06.10.1

OKVED2 codes
06.10.3
19.20.2
09.10.9
43.13
46.71
71.12.3

3.2.2. Core operations of the issuer

Types of operations (business activities, types of products (works, services)) that accounted for at least 10 percent of the issuer's revenue (income) in the reporting period

Unit of measure: *thousand RUB*

Type of activity: *oil*

Indicator	2015	2016
Revenue from sales (volume of sales) related to the specified type of activity, thousand RUB	645,192,161	650,828,829
Revenue from sales (volume of sales) related to the specified type of activity in total revenue from sales (volume of sales) of the issuer, %	66	65.6

Indicator	2016, 3 months	2017, 3 months
Revenue from sales (volume of sales) related to the specified type of activity, thousand RUB	132,922,439	174,909,524
Revenue from sales (volume of sales) related to the specified type of activity in total revenue from sales (volume of sales) of the issuer, %	65.3	63.4

Type of activity: *oil products*

Indicator	2015	2016
Revenue from sales (volume of sales) related to the specified type of activity, thousand RUB	299,111,349	304,128,491
Revenue from sales (volume of sales) related to the specified type of activity in total revenue from sales (volume of sales) of the issuer, %	30.6	30.6

Indicator	2016, 3 months	2017, 3 months
Revenue from sales (volume of sales) related to the specified type of activity, thousand RUB	62,554,401	92,256,554
Revenue from sales (volume of sales) related to the specified type of activity in total revenue from sales (volume of sales) of the issuer, %	30.7	33.4

Changes in the issuer's operating revenue (income) equal to or exceeding 10 percent as compared with the corresponding reporting period of the previous year and the reasons for such changes

In 1Q2017, the Company's sales revenue (sales volume) derived from the core business operations amounted to 36.2%, including 31.6% – from the sales of oil, and 47.5% – from the sale of oil products.

The key factor behind the increase in the Company's revenue is determined by the increase in quotations for Brent – by 58.2%, for Dubai – by 73.3% and for oil products on average – by 58.2%.

Cost structure of the issuer

Indicator	2015	2016
Raw materials and supplies, %	4.09	4.12
Acquired components and semi-finished articles, %	3.93	4.37
Production works and services performed/rendered by third parties, %	17.53	19.15
Fuel, %	0.38	0.24
Energy, %	1.72	1.72
Labor costs, %	13.44	13.24
Interests on loans, %	0	0
Rental payments, %	0.01	0.02
Social expenditures, %		
Depreciation of fixed assets, %	14.89	16.38
Taxes included in production costs, %	39.84	36.06
Other costs, %	1.34	1.44
amortization of intangible assets, %	0.09	0.15
remuneration for innovation proposals, %	0	0
compulsory insurance payments, %	0.07	0.07
entertainment expenses, %	0	0
other (facility guard and fire protection services, crew transportation services, information and computer services, advertising and auditing services, other expenses, including business travel expenses, expenses for voluntary insurance), %	1.18	1.22
Insurance premiums	2.83	3.26
Total: Costs of production and sale of goods (works, services) (production costs), %	100	100
For reference only: Revenue from sale of goods (works, services), % to cost of production	131.5	131.1

Indicator	2016, 3 months	2017, 3 months
Raw materials and supplies, %	4.26	3.14
Acquired components and semi-finished articles, %	4.82	3.97
Production works and services performed/rendered by third parties, %	20.92	16.44
Fuel, %	0.26	0.26
Energy, %	1.99	1.64
Labor costs, %	14.67	10.66
Interests on loans, %	0	0
Rental payments, %	0.02	0.02
Social expenditures, %		
Depreciation of fixed assets, %	18.19	16.13
Taxes included in production costs, %	29.62	43.26
Other costs, %	1.46	1.34
amortization of intangible assets, %	0.14	0.15
remuneration for innovation proposals, %	0	0
compulsory insurance payments, %	0.09	0.07
entertainment expenses, %	0	0
other (facility guard and fire protection services, crew transportation	1.23	1.12

services, information and computer services, advertising and auditing services, other expenses, including business travel expenses, expenses for voluntary insurance), %		
Insurance premiums	3.79	3.14
Total: Costs of production and sale of goods (works, services) (production costs), %	100	100
For reference only: Revenue from sale of goods (works, services), % to cost of production	129.4	126.3

Essential new types of products (works, services) offered by the issuer in its core market, to the extent that corresponds to publicly available information about such products (works, services). Specify the development status of such types of products (works, services).

There are no essential new types of products (works, services).

Standards (rules) used for accounting (financial) statements and calculations shown in this subparagraph: ***The accounting (financial) statements of the Company have been prepared in accordance with Federal Law of the Russian Federation No. 402-FZ “On Accounting” dated 06.12.2011, “Accounting and Reporting Regulations in the Russian Federation” approved by Order No. 34n of the Ministry of Finance of the Russian Federation dated 29.07.1998, Accounting Regulations “Reporting of an Enterprise” PBU 4/99 approved by Order No. 43n of the Ministry of Finance of the Russian Federation dated 06.07.1999, Order No. 66n of the Ministry of Finance of the Russian Federation “Reporting Standards of Enterprises” dated 02.07.2010, and approved regulations “Accounting Policy of OJSC “Surgutneftegas” for 2016 for Accounting Purposes” and “Accounting Policy of OJSC “Surgutneftegas” for Taxation Purposes for 2016”, “Accounting Policy of OJSC “Surgutneftegas” for 2017 for Accounting Purposes” and “Accounting Policy of OJSC “Surgutneftegas” for Taxation Purposes for 2017”.***

3.2.3. The issuer’s supplies, goods (raw materials) and suppliers

For 2016

Suppliers who provide at least 10 percent of all supplies of materials and goods (raw materials): ***There are no suppliers who provide at least 10 percent of all supplies of materials and goods (raw materials).***

Change in prices by more than 10 percent for basic materials and goods (raw materials) during the reporting period against the corresponding reporting period of the previous year

Prices in 2016 changed against 2015 for more than 10 percent for the following types of basic materials and goods (raw materials):

- fuel, lubricants and chemicals;
- block packaged devices and modular units;
- building materials;
- rolled metal products;
- inert materials;
- vehicles, tractors, oilfield machinery, and spare parts;
- valves and formed parts.

The share of imported materials and goods in total supplies, expected availability of import sources in the future and possible alternative sources

Imported materials and goods accounted for 14.6% of total supplies to the Company.

The financial position of OJSC “Surgutneftegas” ensures further availability of these sources and their alternatives.

For 3 months of 2017

Suppliers who provide at least 10 percent of all supplies of materials and goods (raw materials): ***There are no suppliers who provide at least 10 percent of all supplies of materials and goods (raw materials).***

Change in prices by more than 10 percent for basic materials and goods (raw materials) during the reporting period against the corresponding reporting period of the previous year

Changes in prices by more than 10 percent during 3 months of 2017 against the same period of 2016 refer to the following types of basic materials and goods (raw materials):

- fuel, lubricants and chemicals;
- block packaged devices and modular units;
- building materials;
- rolled metal products;
- inert materials;

- *vehicles, tractors, oilfield machinery, and spare parts;*
- *valves and formed parts.*

The share of imported materials and goods in total supplies, expected availability of import sources in the future and possible alternative sources

Imported materials and goods accounted for 5.2% of total supplies to the Company.

The financial position of OJSC “Surgutneftegas” ensures further availability of these sources and their alternatives.

3.2.4. Marketing outlets for the issuer’s products (works, services)

Key markets where the issuer operates:

OIL	I Quarter 2017
- on the territory of Russia	<i>the Northwestern Federal District the Central Federal District the Volga Federal District the Urals Federal District the Far Eastern Federal District</i>
- export	<i>Non-CIS countries CIS countries</i>
OIL PRODUCTS	I Quarter 2017
- on the territory of Russia	<i>the Northwestern Federal District the Central Federal District the Urals Federal District</i>
- export	<i>European countries and the USA</i>

Factors that can adversely affect the issuer’s sales of goods (works, services) and steps that may be taken by the issuer to mitigate such impact: *Some of the factors that can adversely affect the Company’s sales include changes in world oil prices, tax legislation and natural monopoly prices. To minimize the impact of the above factors on sales, the Company monitors prices in foreign and domestic oil and oil products markets on a routine basis and redirects export flows choosing those with better prices.*

3.2.5. The issuer’s permits (licenses) or authorizations for certain types of works

The issuer does not have permits (licenses) information about which must be specified in the quarterly report.

3.2.6. Activity of certain categories of issuers

The issuer is not a stock investment fund, insurance or lending institution, mortgage agent or specialized company.

3.2.7. Additional information on issuers whose primary activity is mineral resources extraction

a) Mineral resources

The list of mineral deposits which have a significant financial and business importance for the issuer, to which the issuer or its subsidiaries hold the right of use

1. Field: Zapadno-Surgutskoye

Rights to the field are held by: *the issuer*

Type of minerals: *oil*

Proved reserves: *ABC1 – 15,264 thous. tonnes; C2 – 2,765 thous. tonnes*

Production rate for the relevant reporting period (periods): *673.709 thous.tonnes*

2. Field: Zapadno-Surgutskoye

Rights to the field are held by: *the issuer*

Type of minerals: *associated gas*

Proved reserves: *ABC1 – 845 mn cub m; C2 – 140 mn cub m*

Production rate for the relevant reporting period (periods): **34.914808 mn cub m**

3. Field: Vostochno-Surgutskoye

Rights to the field are held by: *the issuer*

Type of minerals: *oil*

Proved reserves: *ABC1 – 71,331 thous. tonnes; C2 – 10,552 thous. tonnes*

Production rate for the relevant reporting period (periods): **870.841 thous.tonnes**

4. Field: Vostochno-Surgutskoye

Rights to the field are held by: *the issuer*

Type of minerals: *associated gas*

Proved reserves: *ABC1 – 4,303 mn cub m; C2 – 633 mn cub m*

Production rate for the relevant reporting period (periods): **50.829661 mn cub m**

5. Field: Yaunlorskoye

Rights to the field are held by: *the issuer*

Type of minerals: *oil*

Proved reserves: *ABC1 – 35,792 thous. tonnes; C2 – 3,099 thous. tonnes*

Production rate for the relevant reporting period (periods): **433.843 thous.tonnes**

6. Field: Yaunlorskoye

Rights to the field are held by: *the issuer*

Type of minerals: *associated gas*

Proved reserves: *ABC1 – 3,987 mn cub m; C2 – 348 mn cub m*

Production rate for the relevant reporting period (periods): **39.216911 mn cub m**

7. Field: Fedorovskoye

Rights to the field are held by: *the issuer*

Type of minerals: *oil*

Proved reserves: *ABC1 – 227,974 thous. tonnes; C2 – 35,488 thous. tonnes*

Production rate for the relevant reporting period (periods): **2041.025 thous.tonnes**

8. Field: Fedorovskoye

Rights to the field are held by: *the issuer*

Type of minerals: *associated gas*

Proved reserves: *ABC1 – 130,699 mn cub m; C2 – 3,646 mn cub m*

Production rate for the relevant reporting period (periods): **943.621382 mn cub m**

9. Field: Lyantorskoye

Rights to the field are held by: *the issuer*

Type of minerals: *oil*

Proved reserves: *ABC1 – 26,882 thous. tonnes; C2 – 409 thous. tonnes*

Production rate for the relevant reporting period (periods): **1030.968 thous.tonnes**

10. Field: Lyantorskoye

Rights to the field are held by: *the issuer*

Type of minerals: *associated gas*

Proved reserves: *ABC1 – 104,407 mn cub m; C2 – 17 mn cub m*

Production rate for the relevant reporting period (periods): **458.657410 mn cub m**

11. Field: Bystrinskoye

Rights to the field are held by: *the issuer*

Type of minerals: *oil*

Proved reserves: *ABC1 – 21,095 thous. tonnes; C2 – 1,420 thous. tonnes*

Production rate for the relevant reporting period (periods): **638.616 thous.tonnes**

12. Field: Bystrinskoye

Rights to the field are held by: *the issuer*

Type of minerals: *associated gas*

Proved reserves: **ABC1 – 23,191 mn cub m; C2 – 64 mn cub m**

Production rate for the relevant reporting period (periods): **178.776825 mn cub m**

13. Field: Vachinskoye

Rights to the field are held by: *the issuer*

Type of minerals: *oil*

Proved reserves: **ABC1 – 27,293 thous. tonnes; C2 – 1,780 thous. tonnes**

Production rate for the relevant reporting period (periods): **330.314 thous.tonnes**

14. Field: Vachinskoye

Rights to the field are held by: *the issuer*

Type of minerals: *associated gas*

Proved reserves: **ABC1 – 10,583 mn cub m; C2 – 2,031 mn cub m**

Production rate for the relevant reporting period (periods): **82.284333 mn cub m**

15. Field: Rogozhnikovskoye

Rights to the field are held by: *the issuer*

Type of minerals: *oil*

Proved reserves: **ABC1 – 89,031 thous. tonnes; C2 – 40,364 thous. tonnes**

Production rate for the relevant reporting period (periods): **798.542 thous.tonnes**

16. Field: Rogozhnikovskoye

Rights to the field are held by: *the issuer*

Type of minerals: *associated gas*

Proved reserves: **ABC1 – 6,594 mn cub m; C2 – 2,883 mn cub m**

Production rate for the relevant reporting period (periods): **59.397244 mn cub m**

17. Field: Russkinskoye

Rights to the field are held by: *the issuer*

Type of minerals: *oil*

Proved reserves: **ABC1 – 56,251 thous. tonnes; C2 – 11,056 thous. tonnes**

Production rate for the relevant reporting period (periods): **747.564 thous.tonnes**

18. Field: Russkinskoye

Rights to the field are held by: *the issuer*

Type of minerals: *associated gas*

Proved reserves: **ABC1 – 2,346 mn cub m; C2 – 762 mn cub m**

Production rate for the relevant reporting period (periods): **39.988783 mn cub m**

19. Field: Konitlorskoye

Rights to the field are held by: *the issuer*

Type of minerals: *oil*

Proved reserves: **ABC1 – 21,075 thous. tonnes; C2 – 172 thous. tonnes**

Production rate for the relevant reporting period (periods): **338.247 thous.tonnes**

20. Field: Konitlorskoye

Rights to the field are held by: *the issuer*

Type of minerals: *associated gas*

Proved reserves: **ABC1 – 896 mn cub m; C2 – 9 mn cub m**

Production rate for the relevant reporting period (periods): **24.334812 mn cub m**

21. Field: Severo-Labatyuganskoye

Rights to the field are held by: *the issuer*

Type of minerals: *oil*

Proved reserves: *ABC1 – 51,246 thous. tonnes; C2 – 9,115 thous. tonnes*

Production rate for the relevant reporting period (periods): **1343.301 thous.tonnes**

22. Field: Severo-Labatyuganskoye

Rights to the field are held by: *the issuer*

Type of minerals: *associated gas*

Proved reserves: *ABC1 – 3,834 mn cub m; C2 – 721 mn cub m*

Production rate for the relevant reporting period (periods): **105.391539 mn cub m**

23. Field: Zhumazhanovskoye

Rights to the field are held by: *the issuer*

Type of minerals: *oil*

Proved reserves: *ABC1 – 12,896 thous. tonnes; C2 – 7,534 thous. tonnes*

Production rate for the relevant reporting period (periods): **356.430 thous.tonnes**

24. Field: Zhumazhanovskoye

Rights to the field are held by: *the issuer*

Type of minerals: *associated gas*

Proved reserves: *ABC1 – 793 mn cub m; C2 – 558 mn cub m*

Production rate for the relevant reporting period (periods): **21.151733 mn cub m**

25. Field: Central Block of the Talakanskoye oil and gas condensate field

Rights to the field are held by: *the issuer*

Type of minerals: *oil*

Proved reserves: *ABC1 – 117,309 thous. tonnes; C2 – 2,809 thous. tonnes*

Production rate for the relevant reporting period (periods): **1192.155 thous.tonnes**

26. Field: Central Block of the Talakanskoye oil and gas condensate field

Rights to the field are held by: *the issuer*

Type of minerals: *associated gas*

Proved reserves: *ABC1 – 50,452 mn cub m; C2 – 5,941 mn cub m*

Production rate for the relevant reporting period (periods): **131.342221 mn cub m**

27. Field: Severo-Talakanskoye

Rights to the field are held by: *the issuer*

Type of minerals: *oil*

Proved reserves: *ABC1 – 52,901 thous. tonnes; C2 – 24,664 thous. tonnes*

Production rate for the relevant reporting period (periods): **474.975 thous.tonnes**

28. Field: Severo-Talakanskoye

Rights to the field are held by: *the issuer*

Type of minerals: *associated gas*

Proved reserves: *ABC1 – 23,863 mn cub m; C2 – 31,424 mn cub m*

Production rate for the relevant reporting period (periods): **35.209816 mn cub m**

Licenses for subsoil use obtained by the issuer or subsidiaries for the fields use which have a significant financial and economic importance

Legal entity that obtained a license: *the issuer*

1. Number: KhMN 01525 NR

Date of issue: **18.04.2001.**

Valid till: **31.12.2115.**

according to the Law of the Russian Federation No. 2395-1 "On Subsurface" dated 21.02.1992

Basis for license issuance: **according to the Law of the Russian Federation No. 2395-1 "On Subsurface" dated 21.02.1992**

Description of subsoil plot provided for use: **Khanty-Mansiysky Autonomous Okrug, Oktyabrsky and Khanty-Mansiysky Districts, area (sq. km) - 1,271.50**

Type of the license: **Geological survey, including prospecting and evaluation of mineral deposits, exploration and production of mineral resources.**

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: **prospecting and exploratory drilling, seismic surveys and putting fields into development according to the terms and conditions of the license**

Compulsory payments to be made under license terms and conditions: **all kinds of payments are made in compliance with the law currently in force in the Russian Federation.**

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: **as of 31.03.2017, all conditions are being met.**

Legal entity that obtained a license: **the issuer**

2. Number: KhMN 11293 NE

Date of issue: **05.09.2002**

Valid till: **31.12.2087**

according to the Law of the Russian Federation No. 2395-1 "On Subsurface" dated 21.02.1992

Basis for license issuance: **according to the Law of the Russian Federation No. 2395-1 "On Subsurface" dated 21.02.1992**

Description of subsoil plot provided for use: **Khanty-Mansiysky Autonomous Okrug, Surgutsky District, area (sq. km) - 1,474.95**

Type of the license: **oil and gas exploration and production**

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: **prospecting and exploratory drilling, seismic surveys and putting fields into development according to the terms and conditions of the license**

Compulsory payments to be made under license terms and conditions: **all kinds of payments are made in compliance with the law currently in force in the Russian Federation.**

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: **as of 31.03.2017, all conditions are being met.**

Legal entity that obtained a license: **the issuer**

3. Number: KhMN 13455 NE

Date of issue: **25.01.2006**

Valid till: **31.12.2094.**

according to the Law of the Russian Federation No. 2395-1 "On Subsurface" dated 21.02.1992

Basis for license issuance: **according the Law of the Russian Federation No. 2395-1 "On Subsurface" dated 21.02.1992**

Description of subsoil plot provided for use: **Khanty-Mansiysky Autonomous Okrug – Yugra, Surgutsky District, area (sq. km) - 483.90**

Type of the license: **exploration and production of mineral resources**

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: **prospecting and exploratory drilling, seismic surveys and putting fields into development according to the terms and conditions of the license**

Compulsory payments to be made under license terms and conditions: **all kinds of payments are made in compliance with the law currently in force in the Russian Federation.**

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: **as of 31.03.2017, all conditions are being met.**

Legal entity that obtained a license: *the issuer*

4. Number: YaKU 12061 NE

Date of issue: **26.12.2003**

Valid till: **31.12.2081**

according to the Law of the Russian Federation No. 2395-1 "On Subsurface" dated 21.02.1992

Basis for license issuance: **according the Law of the Russian Federation No. 2395-1 "On Subsurface" dated 21.02.1992**

Description of subsoil plot provided for use: **the Republic of Sakha (Yakutia), Lensky District, area (sq. km) - 410.57**

Type of the license: **exploration and production of mineral resources**

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: **prospecting and exploratory drilling, seismic surveys and putting fields into development according to the terms and conditions of the license**

Compulsory payments to be made under license terms and conditions: **all kinds of payments are made in compliance with the law currently in force in the Russian Federation.**

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: **as of 31.03.2017, all conditions are being met.**

Legal entity that obtained a license: *the issuer*

5. Number: KhMN 00431 NE

Date of issue: **05.03.1997**

Valid till: **31.12.2069**

according to the Law of the Russian Federation No. 2395-1 "On Subsurface" dated 21.02.1992

Basis for license issuance: **according to the Regulations for Subsurface Use Licensing Procedure**

Description of subsoil plot provided for use: **Khanty-Mansiysky Autonomous Okrug, Surgutsky District, area (sq. km) - 544.03**

Type of the license: **exploration and production of mineral resources**

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: **fields commissioning operations according to the terms and conditions of the license**

Compulsory payments to be made under license terms and conditions: **all kinds of payments are made in compliance with the law currently in force in the Russian Federation.**

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: **as of 31.03.2017, all conditions are being met.**

Legal entity that obtained a license: *the issuer*

6. Number: KhMN 00435 NE

Date of issue: **05.03.1997**

Valid till: **31.12.2100**

according to the Law of the Russian Federation No. 2395-1 "On Subsurface" dated 21.02.1992

Basis for license issuance: **according the Law of the Russian Federation No. 2395-1 "On Subsurface" dated 21.02.1992**

Description of subsoil plot provided for use: **Khanty-Mansiysky Autonomous Okrug, Surgutsky District, area (sq. km) - 1,182.20**

Type of the license: **oil and gas production**

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: **prospecting and exploratory drilling, seismic surveys and putting fields into development according to the terms and conditions of the license**

Compulsory payments to be made under license terms and conditions: **all kinds of payments are made in compliance with the law currently in force in the Russian Federation.**

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: **as of 31.03.2017, all conditions are being met.**

Legal entity that obtained a license: *the issuer*

7. Number: KhMN 00438 NE

Date of issue: **05.03.1997**

Valid till: **31.12.2089**

according to the Law of the Russian Federation No. 2395-1 “On Subsurface” dated 21.02.1992

Basis for license issuance: **according to the Regulations for Subsurface Use Licensing Procedure**

Description of subsoil plot provided for use: **Khanty-Mansiysky Autonomous Okrug, Surgutsky District, area (sq. km) - 457.578**

Type of the license: **exploration and production of mineral resources**

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: **prospecting and exploratory drilling, seismic surveys and putting fields into development according to the terms and conditions of the license**

Compulsory payments to be made under license terms and conditions: **all kinds of payments are made in compliance with the law currently in force in the Russian Federation.**

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: **as of 31.03.2017, all conditions are being met.**

Legal entity that obtained a license: *the issuer*

8. Number: KhMN 00408 NE

Date of issue: **18.12.1996**

Valid till: **31.12.2129**

according to the Law of the Russian Federation No. 2395-1 “On Subsurface” dated 21.02.1992

Basis for license issuance: **according to the Regulations for Subsurface Use Licensing Procedure**

Description of subsoil plot provided for use: **Khanty-Mansiysky Autonomous Okrug, Surgutsky District, area (sq. km) - 1,952.07**

Type of the license: **exploration and production of mineral resources**

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: **prospecting and exploratory drilling, seismic surveys and putting fields into development according to the terms and conditions of the license**

Compulsory payments to be made under license terms and conditions: **all kinds of payments are made in compliance with the law currently in force in the Russian Federation.**

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: **as of 31.03.2017, all conditions are being met.**

Legal entity that obtained a license: *the issuer*

9. Number: KhMN 00406 NE

Date of issue: **18.12.1996**

Valid till: **31.12.2162**

according to the Law of the Russian Federation No. 2395-1 “On Subsurface” dated 21.02.1992

Basis for license issuance: **according to the Regulations for Subsurface Use Licensing Procedure**

Description of subsoil plot provided for use: **Khanty-Mansiysky Autonomous Okrug, Surgutsky District, area (sq. km) - 1,815.72**

Type of the license: **exploration and production of mineral resources**

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: **prospecting and exploratory drilling, seismic surveys and putting fields into development according to the terms and conditions of the license**

Compulsory payments to be made under license terms and conditions: **all kinds of payments are made in compliance with the law currently in force in the Russian Federation.**

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: **as of 31.03.2017, all conditions are being met.**

Legal entity that obtained a license: *the issuer*

10. Number: KhMN 00409 NE

Date of issue: **18.12.1996**

Valid till: **31.12.2069**

according to the Law of the Russian Federation No. 2395-1 “On Subsurface” dated 21.02.1992

Basis for license issuance: **according to the Regulations for Subsurface Use Licensing Procedure**

Description of subsoil plot provided for use: **Khanty-Mansiysky Autonomous Okrug, Surgutsky District, area (sq. km) - 528.793**

Type of the license: **exploration and production of mineral resources**

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: **prospecting and exploratory drilling, seismic surveys and putting fields into development according to the terms and conditions of the license**

Compulsory payments to be made under license terms and conditions: **all kinds of payments are made in compliance with the law currently in force in the Russian Federation.**

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: **as of 31.03.2017, all conditions are being met.**

Legal entity that obtained a license: *the issuer*

11. Number: KhMN 00407 NE

Date of issue: **18.12.1996**

Valid till: **31.12.2129**

according to the Law of the Russian Federation No. 2395-1 “On Subsurface” dated 21.02.1992

Basis for license issuance: **according to the Regulations for Subsurface Use Licensing Procedure**

Description of subsoil plot provided for use: **Khanty-Mansiysky Autonomous Okrug, Surgutsky District, area (sq. km) - 658.76**

Type of the license: **exploration and production of mineral resources**

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: **prospecting and exploratory drilling, seismic surveys and putting fields into development according to the terms and conditions of the license**

Compulsory payments to be made under license terms and conditions: **all kinds of payments are made in compliance with the law currently in force in the Russian Federation.**

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: **as of 31.03.2017, all conditions are being met.**

Legal entity that obtained a license: *the issuer*

12. Number: KhMN 00417 NE

Date of issue: **14.01.1997**

Valid till: **31.12.2083**

according to the Law of the Russian Federation No. 2395-1 “On Subsurface” dated 21.02.1992

Basis for license issuance: **according to the Regulations for Subsurface Use Licensing Procedure**

Description of subsoil plot provided for use: **Khanty-Mansiysky Autonomous Okrug, Surgutsky District, area (sq. km) - 959.79**

Type of the license: **exploration and production of mineral resources**

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: **prospecting and exploratory drilling, seismic surveys and putting fields into development according to the terms and conditions of the license**

Compulsory payments to be made under license terms and conditions: **all kinds of payments are made in compliance with the law currently in force in the Russian Federation.**

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: **as of 31.03.2017, all conditions are being met.**

Legal entity that obtained a license: *the issuer*

13. Number: KhMN 00564 NE

Date of issue: **29.05.1997.**

Valid till: **31.12.2082**

according to the Law of the Russian Federation No. 2395-1 “On Subsurface” dated 21.02.1992

Basis for license issuance: **according to the Regulations for Subsurface Use Licensing Procedure**

Description of subsoil plot provided for use: **Khanty-Mansiysky Autonomous Okrug, Surgutsky District, area (sq. km) - 1,046.28**

Type of the license: **exploration and production of mineral resources**

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: **prospecting and exploratory drilling, seismic surveys and putting fields into development according to the terms and conditions of the license**

Compulsory payments to be made under license terms and conditions: **all kinds of payments are made in compliance with the law currently in force in the Russian Federation.**

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: **as of 31.03.2017, all conditions are being met.**

Legal entity that obtained a license: *the issuer*

14. Number: YaKU 14372 NE

Date of issue: **21.01.2008**

Valid till: **01.02.2028**

according to the Law of the Russian Federation No. 2395-1 “On Subsurface” dated 21.02.1992

Basis for license issuance: **according the Law of the Russian Federation No. 2395-1 “On Subsurface” dated 21.02.1992**

Description of subsoil plot provided for use: **the Republic of Sakha (Yakutia), Lensky District, area (sq. km) - 1,188.46**

Type of the license: **exploration and production of mineral resources**

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: **prospecting and exploratory drilling, seismic surveys and putting fields into development according to the terms and conditions of the license**

Compulsory payments to be made under license terms and conditions: **all kinds of payments are made in compliance with the law currently in force in the Russian Federation.**

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: **as of 31.03.2017, all conditions are being met.**

Legal entity that obtained a license: *the issuer*

15. Number: KhMN 14906 NR

Date of issue: **27.04.2010**

Valid till: **31.12.2095**

according to the Law of the Russian Federation No. 2395-1 “On Subsurface” dated 21.02.1992

Basis for license issuance: **according the Law of the Russian Federation No. 2395-1 “On Subsurface” dated 21.02.1992**

Description of subsoil plot provided for use: **Khanty-Mansiysky Autonomous Okrug – Yugra, Surgutsky District, area (sq. km) - 167.45**

Type of the license: **geological survey, exploration and production of hydrocarbons.**

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: **prospecting and exploratory drilling, seismic surveys and putting fields into development according to the terms and conditions of the license**

Compulsory payments to be made under license terms and conditions: **all kinds of payments are made in compliance with the law currently in force in the Russian Federation.**

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: **as of 31.03.2017, all conditions are being met.**

Legal entity that obtained a license: *the issuer*

16. Number: KhMN 14757 NR

Date of issue: **02.10.2009**

Valid till: **22.09.2034**

according to the Law of the Russian Federation No. 2395-1 “On Subsurface” dated 21.02.1992

Basis for license issuance: *according the Law of the Russian Federation No. 2395-1 “On Subsurface” dated 21.02.1992*

Description of subsoil plot provided for use: *Khanty-Mansiysky Autonomous Okrug – Yugra, Surgutsky District, area (sq. km) - 156.50*

Type of the license: *geological survey, exploration and production of hydrocarbons*

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: *prospecting and exploratory drilling, seismic surveys and putting fields into development according to the terms and conditions of the license*

Compulsory payments to be made under license terms and conditions: *all kinds of payments are made in compliance with the law currently in force in the Russian Federation.*

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: *as of 31.03.2017, all conditions are being met.*

Legal entity that obtained a license: *the issuer*

17. Number: KhMN 13143 NR

Date of issue: **18.05.2005**

Valid till: **16.05.2030**

according to the Law of the Russian Federation No. 2395-1 “On Subsurface” dated 21.02.1992

Basis for license issuance: *according to RF Law No. 2395-1 “On Subsurface” dated 21.02.92*

Description of subsoil plot provided for use: *Khanty-Mansiysky Autonomous Okrug, Oktyabrsky and Khanty-Mansiysky Districts, area (sq. km) - 407.39*

Type of the license: *Geological survey, including prospecting and evaluation of mineral deposits, exploration and production of mineral resources.*

The main license provisions concerning subsoil user obligations indicating the period of given obligations performance: *prospecting and exploratory drilling, seismic surveys and putting fields into development according to the terms and conditions of the license*

Compulsory payments to be made under license terms and conditions: *all kinds of payments are made in compliance with the law currently in force in the Russian Federation.*

Fulfillment by the issuer, its subsidiaries and affiliates of license obligations and any factors that may adversely affect fulfillment of license obligations and the possibility of their occurrence: *as of 31.03.2017, all conditions are being met.*

This section provides a list of fields with production level of 2.0% and more of the total volume of oil produced by the Company in 1Q2017.

In the lines “Proved reserves” the current recoverable oil and condensate reserves in respect of oil are shown under the Russian classification of hydrocarbon reserves and resources.

In the lines “Proved reserves” the current recoverable associated gas reserves in respect of associated gas are shown under the Russian classification of hydrocarbon reserves and resources.

Oil, associated petroleum gas and natural gas production at the Company’s fields which are in development for 1Q2017 amounted to 15,073.196 thousand tonnes, 2,509.449701 million cubic meters and 23.850546 million cubic meters respectively.

License KhMN 00431 NE is issued in lieu of License KhMN 00051 NE dated 13.07.1993.

License KhMN 00435 NE is issued in lieu of License KhMN 00049 NE dated 13.07.1993.

License KhMN 00438 NE is issued in lieu of License KhMN 00057 NE dated 14.07.1993.

License KhMN 00408 NE is issued in lieu of License KhMN 00052 NE dated 14.07.1993.

License KhMN 00406 NE is issued in lieu of License KhMN 00062 NE dated 15.07.1993.

License KhMN 00409 NE is issued in lieu of License KhMN 00047 NE dated 13.07.1993.

License KhMN 00407 NE is issued in lieu of License KhMN 00104 NE dated 29.09.1993.

License KhMN 00417 NE is issued in lieu of License KhMN 00054 NE dated 14.07.1993.

License KhMN 00564 NE is issued in lieu of License KhMN 00106 NE dated 29.09.1993.

b) Mineral resources processing

Fixed assets used for processing:

Oil and gas processing sector of OJSC “Surgutneftegas” is represented by one of the largest refineries in Russia – LLC “KINEF” with a processing capacity of 20.1 million tonnes of oil per year and gas processing complex with a capacity of 7.3 billion cubic meters.

OIL REFINING

The refinery, being one of the key units of the Company’s production complex, possesses state-of-the-art technological equipment for oil refining and produces more than 80 types of high quality products: all kinds of motor fuels, petrochemicals, waterproofing and roofing materials, bases for synthetic detergents (“LAB-LABS”). Convenient geographical location helps to perform efficient delivery of finished products to foreign and domestic markets.

GAS PROCESSING

The gas processing plant is a worthy representative of the Company in the hydrocarbon market, meeting the challenges in the collection and utilization of associated gas and producing a wide range of high-quality products.

The Company annually performs modernization and reconstruction of equipment and operational capacities.

The issuer, its subsidiaries or affiliates do not engage any contractors to process mineral resources they produce.

c) Products marketing

Permits granted by authorized government agencies for sale of mineral resources and their processed products and quotas, including export quotas: *In accordance with Federal Law of the Russian Federation No. 147-FZ “On Natural Monopolies” dated 17.08.1995, a duly registered oil producer and an organization being a parent company of an oil producer are granted with the right of access to the system of Russian trunk pipelines and terminals to transport oil out of the customs territory of the Russian Federation, proportionally to the volumes of produced oil pumped into the system of trunk pipelines with a 100% trunk pipeline transmission capacity (subject to feasibility).*

3.2.8. Additional requirements to be met by issuers whose primary activity is telecommunication services provision

Telecommunication services provision is not the primary activity of the issuer.

3.3. Plans for the issuer’s future activity

The long-term strategy of the Company is aimed at strengthening its position of a financially sustainable company with good production growth prospects in the domestic oil and gas sector. To achieve its goal, the Company is developing the following priority areas of business.

Oil and gas production:

- to strengthen and enlarge the Company’s mineral resource base through geological exploration and acquisition of new promising subsoil blocks;*
- to develop and apply innovative solutions, extend the introduction of advanced equipment and technology in order to enhance efficiency of oil and gas exploration and field development, including fields with tight reserves;*
- to maintain production targets;*
- to form and develop new centers of hydrocarbon production;*
- to use the produced associated petroleum gas in the most efficient way;*
- to provide a high quality of work and control costs.*

Oil refining and gas processing:

- to enhance refining and processing efficiency through modernization and reconstruction of production facilities;
- to increase oil conversion ratio, share of light oil products yield and to reduce the volume of production of low-margin products;
- to improve the quality of products and ensure compliance with Russian and international environmental quality standards;
- to provide an extensive range of produced products in accordance with the market needs.

Marketing:

- to diversify product supplies by entering new markets and developing Russian transportation infrastructure;
- to increase sales of high-margin products;
- to attract and retain consumers loyalty by providing high quality products and services at gas stations and implementation of loyalty programs;
- to increase the efficiency of retail sales by developing a network of gas stations and enhancing the related service.

Power generation:

- to develop energy complex which ensures generation, transmission and sale of electric and thermal energy;
- to introduce energy-saving and energy efficient solutions and technology within every area of the Company's operations.

Social responsibility:

- to mitigate the environmental impact, ensure environmental safety of production facilities and use natural resources in a responsible and rational way;
- to assure high industrial and occupational safety standards;
- to maintain the reputation of an attractive and responsible employer, creating environment for personnel development;
- to contribute to balanced social and economic development of the areas where the Company operates and preserve the status of a reliable partner and supplier of high quality products;
- to offer extra social benefits and guarantees for the employees, their families, and retired employees.

In 2017, the Company is planning to produce about 61.4 million tonnes of oil, gas production will amount to 9.6 billion cubic meters. Programs for well construction and workover, well intervention services are designed and optimization of well stock operation modes is continued to ensure planned volume of production.

The Company is planning to put into development four new oil fields in 2017: the Sakhalinskoye field, the Yuzhno-Konitlorskoye field, the Filipenko field, the Logachev field. It is planned that the extent of prospecting and exploratory drilling will be about 200 thousand meters, development drilling – 4.6 million meters.

The Company's plans for oil and gas production may be adjusted depending on the situation in the hydrocarbons market.

In the refining sector, the Company will continue reconstruction and upgrading of the production facilities intended to enhance the range of products and improve the quality of fuel. In 2017, LLC "KINEF" is planning to refine 18.2 million tonnes of oil.

In the gas sector, the Company plans to refine 6.4 billion cubic meters of gas at its gas processing plant and utilize about 99% of associated petroleum gas.

In the marketing sector, the Company will focus on the strengthening competitive qualities of oil products, developing the network of gas filling stations though enhancing related products trade, expanding the range of products and improving the quality of service.

In the energy sector, the Company's efforts will focus on further development of its energy facilities and carrying out its energy conservation program. Power generated in-house by gas turbine and gas reciprocating engine power plants will be about 5.6 billion kWh.

In 2017, the Company will continue to pursue its environmental governance program. As part of its social responsibility initiatives, OJSC "Surgutneftegas" will promote comfortable work and leisure environment for its employees, implement various social programs and contribute to the social and economic development of the areas of its operations.

3.4. The issuer's share in banking groups, bank holding companies, holdings and associations

Group, holding or association: *Association of organizations in the field of subsoil use "National Association for Subsoil Use Auditing" (AOON "NAEN")*

The term of the issuer: *Since 13.11.2014*

The issuer's role (position) and functions in the organization: *Member of the Association*

3.5. Organizations under the issuer's control which are material to the issuer

1. Full corporate name: *Limited Liability Company "Novgorodnefteproduct"*

Abbreviated corporate name: *LLC "Novgorodnefteproduct"*

Location: *Russia, Veliky Novgorod*

INN: *5321059365*

OGRN: *1025300788644*

Reason(s) whereby the issuer exercises control over the organization under control (equity position in the organization controlled by the issuer, trust deed, simple partnership agreement, agency contract, shareholder agreement, other agreement in force the subject of which is the exercise of rights certified by the shares (stakes) of an organization under the issuer's control): *equity position in the organization controlled by the issuer.*

The characteristics of the issuer's control exercised over the organization in respect to which the issuer is a controlling entity: *right to control over 50 percent of votes in the supreme management body of the organization under the issuer's control.*

Type of control: *direct control*

The issuer's share in the charter capital of the controlled organization: *100%*

The share of the controlled organization in the charter capital of the issuer: *0%*

The issuer's ordinary shares held by the controlled organization: *0%*

Description of the Company's core business: *procurement, storage and marketing of oil products.*

The Company's Board of Directors (Supervisory Board)

No provision is made for the Board of Directors (Supervisory Board).

Individual executive body of the company

Name	The person's share in the charter capital of the issuer, %:	The issuer's ordinary shares held by the person, %:
Serebrennikov Viktor Georgievich	<i>0</i>	<i>0</i>

The Company's collegiate executive body

No provision is made for a collegiate executive body.

2. Full corporate name: *Limited Liability Company "Marketing Association "Pskovnefteproduct"*

Abbreviated corporate name: *LLC "Pskovnefteproduct"*

Location: *Russia, Pskov*

INN: *6027042337*

OGRN: *1026000970049*

Reason(s) whereby the issuer exercises control over the organization under control (equity position in the organization controlled by the issuer, trust deed, simple partnership agreement, agency contract, shareholder agreement, other agreement in force the subject of which is the exercise of rights certified by the shares (stakes) of an organization under the issuer's control): *equity position in the organization controlled by the issuer.*

The characteristics of the issuer's control exercised over the organization in respect to which the issuer is a controlling entity: *right to control over 50 percent of votes in the supreme management body of the organization*

under the issuer's control.

Type of control: **direct control**

The issuer's share in the charter capital of the controlled organization: **100%**

The share of the controlled organization in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the controlled organization: **0%**

Description of the Company's core business: **procurement, storage and marketing of oil products.**

The Company's Board of Directors (Supervisory Board)

No provision is made for the Board of Directors (Supervisory Board).

Individual executive body of the company

Name	The person's share in the charter capital of the issuer, %:	The issuer's ordinary shares held by the person, %:
Maleshin Yury Vladimirovich	0	0

The Company's collegiate executive body

No provision is made for a collegiate executive body.

3. Full corporate name: **Limited Liability Company "Marketing Association "Tvernefteproduct"**

Abbreviated corporate name: **LLC "Tvernefteproduct"**

Location: **Russia, Tver, ul. Novotorzhskaya, 6**

INN: **6905041501**

OGRN: **1026900510647**

Reason(s) whereby the issuer exercises control over the organization under control (equity position in the organization controlled by the issuer, trust deed, simple partnership agreement, agency contract, shareholder agreement, other agreement in force the subject of which is the exercise of rights certified by the shares (stakes) of an organization under the issuer's control): **equity position in the organization controlled by the issuer.**

The characteristics of the issuer's control exercised over the organization in respect to which the issuer is a controlling entity: **right to control over 50 percent of votes in the supreme management body of the organization under the issuer's control.**

Type of control: **direct control**

The issuer's share in the charter capital of the controlled organization: **100%**

The share of the controlled organization in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the controlled organization: **0%**

Description of the Company's core business: **procurement, storage and marketing of oil products.**

The Company's Board of Directors (Supervisory Board)

No provision is made for the Board of Directors (Supervisory Board).

Individual executive body of the company

Name	The person's share in the charter capital of the issuer, %:	The issuer's ordinary shares held by the person, %:
Klinovsky Alexander Eduardovich	0.0025	0.0014

The Company's collegiate executive body

No provision is made for a collegiate executive body.

4. Full corporate name: **Limited Liability Company "Kaliningradnefteproduct"**

Abbreviated corporate name: **LLC "Kaliningradnefteproduct"**

Location: **Russia, Kaliningrad, Central District, ul. Komsomolskaya, 22-b**

INN: **3900000136**

OGRN: **1023900589240**

Reason(s) whereby the issuer exercises control over the organization under control (equity position in the organization controlled by the issuer, trust deed, simple partnership agreement, agency contract, shareholder agreement, other agreement in force the subject of which is the exercise of rights certified by the shares (stakes) of an organization under the issuer's control): **equity position in the organization controlled by the issuer.**

The characteristics of the issuer's control exercised over the organization in respect to which the issuer is a controlling entity: **right to control over 50 percent of votes in the supreme management body of the organization**

under the issuer's control.

Type of control: **direct control**

The issuer's share in the charter capital of the controlled organization: **100%**

The share of the controlled organization in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the controlled organization: **0%**

Description of the Company's core business: **procurement, storage and marketing of oil products.**

The Company's Board of Directors (Supervisory Board)

No provision is made for the Board of Directors (Supervisory Board).

Individual executive body of the company

Name	The person's share in the charter capital of the issuer, %:	The issuer's ordinary shares held by the person, %:
Berdnikov Igor Vladimirovich	0	0

The Company's collegiate executive body

No provision is made for a collegiate executive body.

5. Full corporate name: **Limited Liability Company "Oil Refining and Petrochemical Enterprises Design Institute"**

Abbreviated corporate name: **LLC "Lengiproneftekhim"**

Location: **Russia, Saint Petersburg, nab. Obvodnogo kanala, 94**

INN: **7810327462**

OGRN: **1057803105755**

Reason(s) whereby the issuer exercises control over the organization under control (equity position in the organization controlled by the issuer, trust deed, simple partnership agreement, agency contract, shareholder agreement, other agreement in force the subject of which is the exercise of rights certified by the shares (stakes) of an organization under the issuer's control): **equity position in the organization controlled by the issuer.**

The characteristics of the issuer's control exercised over the organization in respect to which the issuer is a controlling entity: **right to control over 50 percent of votes in the supreme management body of the organization under the issuer's control.**

Type of control: **direct control**

The issuer's share in the charter capital of the controlled organization: **100%**

The share of the controlled organization in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the controlled organization: **0%**

Description of the Company's core business: **design of buildings and constructions, including process design of facilities and constructions for fuel, mining and processing industry.**

The Company's Board of Directors (Supervisory Board)

No provision is made for the Board of Directors (Supervisory Board).

Individual executive body of the company

Name	The person's share in the charter capital of the issuer, %:	The issuer's ordinary shares held by the person, %:
Lebedskoy-Tambyev Mikhail Andreevich	0	0

The Company's collegiate executive body

No provision is made for a collegiate executive body.

6. Full corporate name: **Limited Liability Company "Kirishiavtoservis"**

Abbreviated corporate name: **LLC "Kirishiavtoservis"**

Location: **196084, Russia, Saint Petersburg, ul.Smolenskaya, 12, lit. A**

INN: **7840016802**

OGRN: **1057807804064**

Reason(s) whereby the issuer exercises control over the organization under control (equity position in the organization controlled by the issuer, trust deed, simple partnership agreement, agency contract, shareholder agreement, other agreement in force the subject of which is the exercise of rights certified by the shares (stakes) of an

organization under the issuer's control): **equity position in the organization controlled by the issuer.**

The characteristics of the issuer's control exercised over the organization in respect to which the issuer is a controlling entity: **right to control over 50 percent of votes in the supreme management body of the organization under the issuer's control.**

Type of control: **direct control**

The issuer's share in the charter capital of the controlled organization: **100%**

The share of the controlled organization in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the controlled organization: **0%**

Description of the Company's core business: **procurement, storage and marketing of oil products.**

The Company's Board of Directors (Supervisory Board)

No provision is made for the Board of Directors (Supervisory Board).

Individual executive body of the company

Name	The person's share in the charter capital of the issuer, %:	The issuer's ordinary shares held by the person, %:
Farbman Valery Evseevich	0	0

The Company's collegiate executive body

No provision is made for a collegiate executive body.

7. Full corporate name: **Limited Liability Company "Insurance Company "Surgutneftegas"**

Abbreviated corporate name: **LLC "Insurance Company "Surgutneftegas"**

Location: **Russia, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut**

INN: **8602103061**

OGRN: **1028600581811**

Reason(s) whereby the issuer exercises control over the organization under control (equity position in the organization controlled by the issuer, trust deed, simple partnership agreement, agency contract, shareholder agreement, other agreement in force the subject of which is the exercise of rights certified by the shares (stakes) of an organization under the issuer's control): **equity position in the organization controlled by the issuer.**

The characteristics of the issuer's control exercised over the organization in respect to which the issuer is a controlling entity: **right to control over 50 percent of votes in the supreme management body of the organization under the issuer's control.**

Type of control: **direct control**

The issuer's share in the charter capital of the controlled organization: **100%**

The share of the controlled organization in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the controlled organization: **0%**

Description of the Company's core business: **providing various types of insurance.**

The Company's Board of Directors (Supervisory Board)

No provision is made for the Board of Directors (Supervisory Board).

Individual executive body of the company

Name	The person's share in the charter capital of the issuer, %:	The issuer's ordinary shares held by the person, %:
Solovyeva Elvira Damirovna	0	0

The Company's collegiate executive body

No provision is made for a collegiate executive body.

8. Full corporate name: **Limited Liability Company "Production Association "Kirishinefteorgsintez"**

Abbreviated corporate name: **LLC "KINEF"**

Location: **Russia, Leningradskaya Oblast, Kirishi**

INN: **4708007089**

OGRN: **1024701478735**

Reason(s) whereby the issuer exercises control over the organization under control (equity position in the

organization controlled by the issuer, trust deed, simple partnership agreement, agency contract, shareholder agreement, other agreement in force the subject of which is the exercise of rights certified by the shares (stakes) of an organization under the issuer's control): **equity position in the organization controlled by the issuer.**

The characteristics of the issuer's control exercised over the organization in respect to which the issuer is a controlling entity: **right to control over 50 percent of votes in the supreme management body of the organization under the issuer's control.**

Type of control: **direct control**

The issuer's share in the charter capital of the controlled organization: **100%**

The share of the controlled organization in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the controlled organization: **0%**

Description of the Company's core business: **oil refining, production and marketing of oil products: motor gasoline, diesel and boiler fuels, petroleum bitumen, aromatic hydrocarbons and other refined and petrochemical products.**

The Company's Board of Directors (Supervisory Board)

No provision is made for the Board of Directors (Supervisory Board).

Individual executive body of the company

Name	The person's share in the charter capital of the issuer, %:	The issuer's ordinary shares held by the person, %:
Somov Vadim Evseevich	0.0086	0.0103

The Company's collegiate executive body

No provision is made for a collegiate executive body.

9. Full corporate name: **Joint Stock Company "Surgutneftegasbank"**

Abbreviated corporate name: **JSC BANK "SNGB"**

Location: **Russia, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut**

INN: **8602190258**

OGRN: **1028600001792**

Reason(s) whereby the issuer exercises control over the organization under control (equity position in the organization controlled by the issuer, trust deed, simple partnership agreement, agency contract, shareholder agreement, other agreement in force the subject of which is the exercise of rights certified by the shares (stakes) of an organization under the issuer's control): **equity position in the organization controlled by the issuer.**

The characteristics of the issuer's control exercised over the organization in respect to which the issuer is a controlling entity: **right to control over 50 percent of votes in the supreme management body of the organization under the issuer's control.**

Type of control: **direct control**

The issuer's share in the charter capital of the controlled organization: **97.7591%**

Fraction of the ordinary shares held by the issuer: **98.2389%**

The share of the controlled organization in the charter capital of the issuer: **0.0015%**

The issuer's ordinary shares held by the controlled organization: **0.0018%**

Description of the Company's core business: **banking.**

The Company's Board of Directors (Supervisory Board)

Name	The person's share in the charter capital of the issuer, %:	The issuer's ordinary shares held by the person, %:
Barankov Vladislav Georgievich (Chairperson)	0.0139	0.0153
Burtsev Gennady Alekseevich	0	0
Zhernovkov Alexander Georgievich	0.0007	0.0001
Pospelova Natalia Evgenyevna	0.0002	0.0002
Druchinin Andrei Vladislavovich	0.0006	0.0004
Sobakinskikh Valery Leonidovich	0	0
Tarasova Olga Ivanovna	0	0

Individual executive body of the company

Name	The person's share in the charter capital of the issuer, %:	The issuer's ordinary shares held by the person, %:
Korol Andrei Vitalyevich	0.0003	0.0003

The Company's collegiate executive body

Name	The person's share in the charter capital of the issuer, %:	The issuer's ordinary shares held by the person, %:
Korol Andrei Vitalyevich (Chairperson)	0.0003	0.0003
Chaplin Dmitry Vladimirovich	0	0
Chernozhukov Evgeny Nikolaevich	0	0
Krotov Sergei Grigoryevich	0	0

The Board is the collegial executive body of JSC BANK "SNGB".

3.6. Constitution, structure and cost of the issuer's fixed assets; information on plans to purchase, replace and dispose of fixed assets as well as on all facts of encumbrance of the issuer's fixed assets

As of 31.12.2016

Unit of measure: *thousand RUB*

Name of fixed assets group	Historical (replacement) cost	Accumulated depreciation
Land and objects of environmental management	13,839,793	
Buildings, structures and transfer mechanisms	2,645,884,706	2,014,255,993
Machinery, equipment and vehicles	577,612,624	456,113,447
Perennial growing stock	119,862	16,563
Other types of fixed assets	4,861,601	3,437,701
TOTAL	3,242,318,586	2,473,823,704

Depreciation methods for different groups of fixed assets: *Historical (replacement) cost of fixed assets is redeemed through depreciation under the straight-line method in conformity with depreciation rates calculated on the basis of useful life of such assets.*

Reporting date: **31.12.2016**

As of 31.03.2017

Unit of measure: *thousand RUB*

Name of fixed assets group	Historical (replacement) cost	Accumulated depreciation
Land and objects of environmental management	13,828,373	
Buildings, structures and transfer mechanisms	2,674,766,259	2,041,728,341
Machinery, equipment and vehicles	579,950,067	463,484,069
Perennial growing stock	119,862	17,365
Other types of fixed assets	4,935,884	3,513,704
TOTAL	3,273,600,445	2,508,743,479

Depreciation methods for different groups of fixed assets: *Historical (replacement) cost of fixed assets is redeemed through depreciation under the straight-line method in conformity with depreciation rates calculated on the basis of useful life of such assets.*

Reporting date: **31.03.2017.**

The results of the last revaluation of fixed assets and long-term leased fixed assets for the last completed financial year,

specifying the date of revaluation, full and residual (net of depreciation) of book value of fixed assets before revaluation and of full and residual (net of depreciation) replacement cost of fixed assets with regard to this revaluation. The information is provided for groups of fixed assets. Information on depreciation methods for different groups of fixed assets.

Unit of measure: *thousand RUB*

Name of fixed assets group	Historical (replacement) cost prior to revaluation	Residual (net of depreciation) historical (replacement) cost prior to revaluation	Date of revaluation	Full replacement cost after revaluation	Residual (net of depreciation) replacement cost after revaluation
Land and objects of environmental management	13,720,699	13,720,699	31.12.2016	13,839,793	13,839,793
Buildings and structures	2,432,288,207	608,504,087	31.12.2016	2,645,884,706	631,628,713
Machinery, equipment and vehicles	554,215,204	118,693,435	31.12.2016	577,612,624	121,499,177
Perennial growing stock	119,862	103,299	31.12.2016	119,862	103,299
Other types of fixed assets	4,817,910	1,417,175	31.12.2016	4,861,601	1,423,900
Total	3,005,161,882	742,438,695	31.12.2016	3,242,318,586	768,494,882

Specify the method of fixed assets revaluation (using the factors of the federal statistics body of executive authority or the market value of such fixed assets supported by documents or expert opinions. In case of an expert opinion, specify the assessment procedure): *revaluation of fixed assets was based on the replacement cost of the fixed assets.*

Specify any plans to purchase, replace and dispose of fixed assets, the value of which is 10 and more percent of the value of the issuer's fixed assets and other fixed assets at the issuer's discretion. Specify all facts of encumbrance of the issuer's fixed assets (stating the nature of encumbrance, the date when such encumbrance occurred, its duration and other conditions at the issuer's discretion): *as of the last day of the reporting quarter, there are no plans to purchase, replace, or dispose of fixed assets, the value of which is 10 and more percent of the value of the Company's fixed assets as well as facts of encumbrance of the issuer's fixed assets.*

Section IV. Financial and business activities of the issuer

4.1. Results of the issuer's financial and business activities

The dynamics of indicators characterizing the financial results of the issuer including its profit and loss calculated on the basis of accounting (financial) statements

Standard (rules) of accounting (financial) statements in accordance with which the accounting (financial) figures are calculated: *Russian accounting standards (RSBU)*

The unit of measure for the amount of uncovered loss: *thousand RUB*

Indicator	2015	2016
Net profit margin, %	76.81	
Asset turnover ratio, times	0.264	0.28
Return on assets, %	20.282	
Return on equity, %	21.447	
Uncovered loss as of the reporting date		104,756,328
Uncovered loss as of the reporting date to book value of the assets, %		2.959

Indicator	2016, 3 months	2017, 3 months
Net profit margin, %		
Asset turnover ratio, times	0.057	0.08
Return on assets, %		
Return on equity, %		
Uncovered loss as of the reporting date	117,296,613	90,747,753
Uncovered loss as of the reporting date to book value of the assets, %	3.315	2.638

The above indicators are based on the recommended accounting practices.

Economic analysis of profit/loss of the issuer based on the dynamics of these indicators as well as reasons which (according to the management bodies) led to the loss/profit of the issuer as shown in the accounting (financial) statements: *loss from financial and business activities in 2016 and 1Q2017 is caused by the reflection of the foreign exchange losses in the expenses according to change in exchange rates.*

The opinions of the issuer's management bodies regarding the reasons or level of their influence on the financial and business activities of the issuer are different: *no*.

A member of the issuer's Board of Directors (Supervisory Board) or collegiate executive body has his/her dissenting opinion on the specified reasons and/or level of their influence on financial and business activities of the issuer, which is recorded in the minutes of the meeting (session) of the issuer's Board of Directors (Supervisory Board) or collegiate executive body considering relative issues, and presses for this opinion to be included in a quarterly report: *no*.

4.2. The issuer's liquidity position, capital and current assets adequacy

The dynamics of indicators of the issuer's liquidity position calculated based on accounting (financial) statements

Standard (rules) of accounting (financial) statements in accordance with which the accounting (financial) figures are calculated: *Russian accounting standards (RSBU)*

The unit of measure for net working capital: *thousand RUB*

Indicator	2015	2016
Net working capital	626,459,662	601,419,689
Current liquidity ratio	5.833	6.467
Quick liquidity ratio	5.172	5.658

Indicator	2016, 3 months	2017, 3 months
Net working capital	806,786,624	563,800,033
Current liquidity ratio	10.89	6.672
Quick liquidity ratio	9.843	5.796

At the issuer's discretion, the dynamics of indicators of the issuer's liquidity position based on the issuer's consolidated accounting (financial) statements incorporated in the quarterly report: *no*.

The above indicators are based on the recommended accounting practices: *yes*.

Economic analysis of the issuer's liquidity and solvency as well as adequacy of the issuer's equity to fulfill short-term liabilities and cover current operating costs based on the economic analysis of the above performance with a description of factors which (in the opinion of the issuer's management bodies) have the most considerable influence on the issuer's liquidity and solvency: *changes in the net working capital and current and quick liquidity ratios are determined by fluctuation in short-term investments and cash and cash equivalents in accordance with regulatory requirements to include the financial investments to current and non-current assets, and also, the volume of reserves.*

Liquidity ratios are significantly higher than recommended levels, which proves that the Company enjoys a high level of financial solvency.

The opinions of the issuer's management bodies regarding the reasons or level of their influence on the financial and business activities of the issuer are different: *no*.

A member of the issuer's Board of Directors (Supervisory Board) or collegiate executive body has his/her dissenting opinion on the specified reasons and/or level of their influence on financial and business activities of the issuer, which is recorded in the minutes of the meeting (session) of the issuer's Board of Directors (Supervisory Board) or collegiate executive body considering relative issues, and presses for this opinion to be included in a quarterly report: *no*.

4.3. The issuer's financial investments

As of 31.12.2016

Financial investments of the issuer constituting 5 and more percent of its total financial investments as of the last day of the reporting period

Investments in equity securities: ***There are no investments in equity securities constituting 5 and more percent of all financial investments.***

Investments in non-equity securities: ***There are no investments in non-equity securities constituting 5 and more percent of all financial investments.***

Other financial investments

Object of financial investments: ***deposits***

Amount of the investments in money terms: ***2,033,789,214***

Unit of measure: ***thousand RUB***

Returns from the object of financial investments or the procedure of its determination, the payment period: ***interest accrual on the sums of the deposits and payment periods are determined in accordance with the terms and conditions of the contracts.***

Additional information: ***no.***

Amount of potential losses due to bankruptcy of organizations (enterprises) in which investments have been made, by each type of such investments: ***no.***

Reporting standards (rules) used by the issuer to make calculations shown in this section of the quarterly report: ***in accordance with Order No. 126n of the Ministry of Finance of the Russian Federation "Accounting Regulations "Financial Investments Recognition" PBU 19/02" dated 10.12.2002.***

As of 31.03.2017

Financial investments of the issuer constituting 5 and more percent of its total financial investments as of the last day of the reporting period

Investments in equity securities: ***There are no investments in equity securities constituting 5 and more percent of all financial investments.***

Investments in non-equity securities: ***There are no investments in non-equity securities constituting 5 and more percent of all financial investments.***

Other financial investments

Object of financial investments: ***deposits***

Amount of the investments in money terms: ***1,959,661,745***

Unit of measure: ***thousand RUB***

Returns from the object of financial investments or the procedure of its determination, the payment period: ***deposit interest shall accrue from the date the funds are received into the deposit account until the date it is debited from that account and returned to the settlement/current account.***

Additional information: ***no.***

Amount of potential losses due to bankruptcy of organizations (enterprises) in which investments have been made, by each type of such investments: ***no.***

Reporting standards (rules) used by the issuer to make calculations shown in this section of the quarterly report: ***in accordance with Order No. 126n of the Ministry of Finance of the Russian Federation "Accounting Regulations "Financial Investments Recognition" PBU 19/02" dated 10.12.2002.***

4.4. The issuer's intangible assets

As of 31.12.2016

Unit of measure: *thousand RUB*

Name of intangible assets group	Historical (replacement) cost	Accumulated depreciation
TOTAL	1,311,102	843,153

Accounting standards (rules) used by the issuer to disclose information about its intangible assets:

- *intangible assets are recorded at their actual (historical) cost determined as of the date when such assets were recorded;*
- *the Company records intangible assets in accordance with Order No. 153n of the Ministry of Finance of the Russian Federation "On Approval of Accounting Regulations "Intangible Assets Accounting" PBU 14/2007 dated 27.12.2007.*

Reporting date: *31.12.2016*

As of 31.03.2017

Unit of measure: *thousand RUB*

Name of intangible assets group	Historical (replacement) cost	Accumulated depreciation
TOTAL	1,283,746	837,603

Accounting standards (rules) used by the issuer to disclose information about its intangible assets:

- *intangible assets are recorded at their actual (historical) cost determined as of the date when such assets were recorded;*
- *the Company records intangible assets in accordance with Order No. 153n of the Ministry of Finance of the Russian Federation "On Approval of Accounting Regulations "Intangible Assets Accounting" PBU 14/2007" dated 27.12.2007.*

Reporting date: *31.03.2017.*

4.5. Data on the issuer's policy and expenses for scientific and technical development, licenses and patents, new developments and research

Research and development (R&D) activity of the Company.

In 2016, the Company's R&D Institute "SurgutNIPIneft" carried out 102 research projects, and RUB 2,434.497 million was spent.

In 2016, third-party contractors carried out 70 research projects, RUB 236.000 million was spent.

The total cost of 172 projects was RUB 2,670.497 million.

For 3 months of 2017, the Company's R&D Institute "SurgutNIPIneft" carried out 84 research projects, and RUB 600.931 million was spent.

For 3 months of 2017, third-party contractors carried out 18 research projects, RUB 7.700 million was spent.

The total cost of 102 projects was RUB 608.631 million.

Introduction and testing of new equipment and technology. Import substitution program.

1. Introduction of new operating procedures, production methods and equipment.

The section "Introduction of new operating procedures, production methods and equipment" of the innovative plan for 2016 includes 247 projects to introduce new equipment and technology. As many as 258 projects to introduce new equipment were carried out in 2016. The project costs totaled RUB 5,569.4 million.

Forty-nine business units of the Company were engaged in introduction of new operating procedures and new types of production methods and equipment.

The section "Introduction of new operating procedures, production methods and equipment" of the innovative plan for 2017 includes 246 projects to introduce new equipment and technology. As many as 117 projects to introduce new technology were carried out during three months of 2017. The project costs totaled RUB 1,346.1 million.

Forty-six business units of the Company were engaged in introduction of new engineering processes and new types of production methods and equipment.

2. New equipment and technology testing.

The section “Pilot projects to test new equipment and technology” of the innovative plan for 2016 included 149 projects. Subject to adjustments and amendments to the plan, tests in 2016 were carried out under a total of 125 projects. Tests of 103 models of new equipment were completed with positive results.

The section “Pilot projects to test new equipment and technology” of the innovative plan for 2017 includes 133 projects. Subject to adjustments and amendments, tests in 1Q2017 were carried out under a total of 81 projects. Tests of two models of new equipment were completed with positive results.

3. Import substitution program.

In order to replace imported equipment, spare parts and consumables with their domestic equivalents 1,060 items were to be manufactured in 2016, which translates into savings of RUB 1,570.9 million.

In 2016, as many as 1,084 items were manufactured subject to adjustments and amendments, with the economic benefit amounting to RUB 1,925 million.

In order to replace imported equipment, spare parts, and consumables with their domestic equivalents in 2017 there are 1,200 items to be manufactured, which translates into savings of RUB 2,301 million.

During 3 months of 2017, 394 items were used, the economic benefit was RUB 393.9 million.

The Company’s rationalization and invention activities and acquisition of patents.

In 2016, the Company issued and sent nine applications to the Federal Institute of Industrial Property (FIPS): two applications for state registration of databases, two applications for state registration of software, two applications for state registration of an invention and three applications for state registration of utility models. The Company obtained nine documents of title, including: three databases, one software, three utility models, one invention and one trademark.

Rospatent is currently reviewing seven applications, including: five applications for inventions, one application for a utility model, one application for software.

The obtained documents of title increased the cost of the Company’s intangible assets for 2016 by RUB 68.9 million.

In 1Q2017, the Company drew up and submitted two applications to the Federal Institute of Industrial Property (FIPS): one application for state registration of software and one application for state registration of an invention. Rospatent is currently reviewing nine applications, including: six applications for inventions, one application for a utility model and two applications for software.

Information on intellectual industrial property (inventions, utility models, industrial prototypes, trademarks) of the Company as of **31.12.2016**

No.	Description of intellectual property	Document of exclusive rights (patent, certificate)	Priority (commencement of document of title)	Period of validity of document of title
1	2	3	4	5
1	Trademark of STsBPO EPU (service mark)	Certif. (TZ) No. 248903 dated 16.06.2003	02.11.1999	02.11.2019
2	Well stream stimulation method	Patent (I) No. 2209948 dated 10.08.2003	20.11.2000	20.11.2020
3	Method of determination of SPM mass concentration with scratch resistance over 5 units by Mohs scale in a well production	Patent (I) No. 2273020 dated 27.03.2006	10.12.2003	10.12.2023
4	BOP suspended manifold of modular-assembly drilling rigs	Patent (PM) No. 43585 dated 27.01.2005	21.09.2004	21.09.2017
5	Tubing-casing annulus sealing tool	Patent (I) No. 2311525 dated 27.11.2007	10.01.2006	10.01.2026
6	Method of hydraulic fracturing	Patent (I) No. 2311528 dated 27.11.2007	10.01.2006	10.01.2026
7	Safety screen for fire monitor (options)	Patent (PM) No. 65767 dated 27.08.2007	18.01.2007	18.01.2017
8	Automatic winding drum shelter UNKRT-2M	Patent (PM) No. 67643 dated 27.10.2007	31.05.2007	31.05.2017
9	Bottom-hole formation zone protector	Patent (PM) No. 72719 dated 27.04.2008	14.12.2007	14.12.2017
10	Drilling bit design	Patent (PM) No. 73017 dtd 10.05.2008	14.12.2007	14.12.2017
11	Wash tank dewaxer	Patent (PM) No. 79810 dtd 20.01.2009	14.02.2008	14.02.2018
12	Blowout valve	Patent (PM) No. 80495	05.06.2008	05.06.2018

		dated 10.02.2009		
13	Loading control unit for natural gas liquids (NGL) and commercial propane/butane mixture (CPBM)	Patent (PM) No. 89985 dated 27.12.2009	18.05.2009	18.05.2019
14	Method to remove insulating lacquer coatings of lacquer-impregnated windings of electric motors, including submersible electric motors (SEM)	Patent (I) No. 2396670 dated 10.08.2010	04.05.2009	04.05.2029
15	Design of an adsorber vessel	Patent (PM) No. 102307 dated 27.02.2011	19.07.2010	19.07.2020
16	Restoration method of disturbed wetlands (swamplands)	Patent (I) No. 2459397 dated 27.08.2012	22.09.2010	22.09.2030
17	Production tree heater	Patent (PM) No. 113902 dated 27.02.2012	20.07.2011	20.07.2021
18	Sludge pump	Patent (PM) No. 124335 dated 20.01.2013	14.12.2011	14.12.2021
19	Method of determining kerogen parameters and its content in rocks	Patent (I) No. 2485495 dated 20.06.2013	20.07.2011	20.07.2031
20	Method for repairing a coiled tubing without retrieving the logging cable	Patent (I) No. 2513319 dated 18.02.2014	27.07.2012	27.07.2032
21	Stand for pneumatic tests of screwed pipe joints	Patent (PM) No. 136570 dated 10.01.2014	01.10.2012	01.10.2022
22	Design of the liner running into the well drilled under balance	Patent (PM) No. 137571 dated 20.03.2014	26.03.2013	26.03.2023
23	Open Joint Stock Company "Surgutneftegas"	Certificate of trademark No. 438918 dated 09.06.2011	06.05.2010	06.05.2020
24	Equipment for multizone well survey and operation	Patent (PM) No. 131074 dated 10.08.2013	10.01.2013	10.01.2023
25	Turning casing float valve	Patent (PM) No. 135706 dated 20.12.2013	23.07.2013	23.07.2023
26	Circular casing module	Patent (PM) No. 146266 dated 03.09.2014	19.05.2014	19.05.2024
27	Mobile pumping unit	Patent (PM) No. 159093 dated 29.12.2015	01.06.2015	01.06.2025
28	Tight connection design for running liner sections with multi-stage hydraulic fracturing equipment.	Patent (PM) No. 158893 dated 22.12.2015	30.09.2015	30.09.2025
29	Electric submersible pump of a packet assembly type comprised of stages stacked in series	Patent (PM) No. 161445 dated 01.04.2016	30.04.2015	30.04.2025
30	Open Joint Stock Company "Surgutneftegas" (logotype)	Certificate of trademark No. 580396 dated 12.07.2016	25.03.2015	25.03.2025
31	The technique of making geological and hydrodynamic models of double deposit media of the Bazhenov play	Patent (PM) No. 2601733 dated 13.10.2016	23.10.2014	23.10.2034

Information on intellectual industrial property (inventions, utility models, industrial prototypes, trademarks) of the Company as of **31.03.2017**

No.	Description of intellectual property	Document of exclusive rights (patent, certificate)	Priority (commencement of document of title)	Period of validity of document of title
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3	Method of determination of SPM mass concentration with scratch resistance over 5 units by Mohs scale in a well production	Patent (I) No. 2273020 dated 27.03.2006	10.12.2003	10.12.2023
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9	Drilling bit design	Patent (PM) No. 73017 dtd 10.05.2008	14.12.2007	14.12.2017
10	Wash tank dewaxer	Patent (PM) No. 79810 dtd 20.01.2009	14.02.2008	14.02.2018
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13	Method to remove insulating lacquer coatings of lacquer-impregnated windings of electric motors, including submersible electric motors (SEM)	Patent (I) No. 2396670 dated 10.08.2010	04.05.2009	04.05.2029
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16	Production tree heater	Patent (PM) No. 113902 dated 27.02.2012	20.07.2011	20.07.2021
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18	Method of determining kerogen parameters and its content in rocks	Patent (I) No. 2485495 dated 20.06.2013	20.07.2011	20.07.2031
19	Method for repairing a coiled tubing without retrieving the logging cable	Patent (I) No. 2513319 dated 18.02.2014	27.07.2012	27.07.2032
20	Stand for pneumatic tests of screwed pipe joints	Patent (PM) No. 136570 dated 10.01.2014	01.10.2012	01.10.2022
21	Design of the liner running into the well drilled under balance	Patent (PM) No. 137571 dated 20.03.2014	26.03.2013	26.03.2023
22	Open Joint Stock Company "Surgutneftegas"	Certificate of trademark No. 438918 dated 09.06.2011	06.05.2010	06.05.2020
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24	Turning casing float valve	Patent (PM) No. 135706 dated 20.12.2013	23.07.2013	23.07.2023
25	Circular casing module	Patent (PM) No. 146266 dated 03.09.2014	19.05.2014	19.05.2024
26	Mobile pumping unit	Patent (PM) No. 159093 dated 29.12.2015	01.06.2015	01.06.2025
27	Tight connection design for running liner sections with multi-stage hydraulic fracturing equipment.	Patent (PM) No. 158893 dated 22.12.2015	30.09.2015	30.09.2025
28	Electric submersible pump of a packet assembly type comprised of stages stacked in series	Patent (PM) No. 161445 dated 01.04.2016	30.04.2015	30.04.2025
29	Open Joint Stock Company "Surgutneftegas" (logotype)	Certificate of trademark No. 580396 dated 12.07.2016	25.03.2015	25.03.2025
30	The technique of making geological and hydrodynamic models of double deposit media of the Bazhenov play	Patent (PM) No. 2601733 dated 13.10.2016	23.10.2014	23.10.2034

4.6. Oil and gas industry trends analysis

The development of oil and gas sector in Russia depends greatly on the ongoing changes in the global oil and gas industry as well as on the governmental control of this industry.

In 2016, the Russian oil and gas industry was influenced by low global oil price quotes and changes adopted in the tax legislation one year earlier.

In the reporting period, the volume of oil production in Russia increased by 2.5% compared to 2015 and totaled 547.5 million tonnes. Refined crude oil amounted to 52% which is 2% down against the previous year. The

volume of oil refining at the Russian refineries has slightly lowered and equals 279.4 million tonnes, the production of basic oil products went down by 7.3%. Despite the decrease in oil refining, the main products output structure improved: production of fuel oil significantly decreased by 20%, production of motor gasoline and diesel fuel increased.

In the reporting period, oil and gas companies increased the amount of drilling by 11.8%: exploratory drilling – to 914 thousand meters; development drilling – to 24,680 thousand meters.

The Company is one of the leading vertically integrated oil companies in Russia. At the end of 2016, it accounted for over 11% of the industry production, about 7% of total Russian refining.

Oil production of the Company totaled 61.8 million tonnes in 2016, which was 0.4% higher than in 2015. A crucial role in sustaining the oil production belongs to East Siberian fields: in the reporting period, this region increased its share to 14.4% of the Company's total oil output. The Company annually develops new fields, strives to use natural resources efficiently. Gas utilization by the Company reached 99.34% in 2016, which is one of the highest rates in the industry.

The Company increased the scope of development drilling by 4.5% against 2015 and it reached 4,500 thousand meters. The exploratory drilling meterage remained approximately on the level of the previous year and amounted to 201.4 thousand meters. In the reporting period, the Company ensured 18.2% of development drilling and 21.6% of exploratory drilling in Russia.

In January-December 2016, the volume of oil refining at the Company's refinery LLC "KINEF" totaled 18.5 million tonnes, which is about 30% of produced oil.

In 1Q2017, we witnessed further recovery of oil prices in the global market that was largely facilitated by the agreements among oil producing countries on the volume of oil produced.

Being one of the parties to the agreement on the volume of oil produced, in the reporting quarter, Russia reduced oil production by 3.3% compared to 4Q2016. The volume of oil production slightly increased (by 0.6%) and amounted to 136.2 million tonnes compared to 1Q2016. In 1Q2017, 69.4 million tonnes of oil was refined by the Russian refineries. The oil refining, as compared against the previous period, dropped by 4.5%, and increased by 1.5% compared to 1Q2016. The main products output structure showed the reduction of fuel oil and motor gasoline, while the production of diesel fuel increased.

In the reporting quarter, the amount of exploratory drilling in oil companies increased by 8.7% compared to the previous quarter, or by 0.5% compared to 1Q2016, and amounted to 213.9 thousand meters. In January-March 2017, development drilling amounted to 5,765.3 thousand meters, that is 4.7% up on the same period in 2016 and 3.1% down on the previous quarter.

In 1Q2017, the Company produced 15.1 million tonnes of oil, which is 11.1% of the industry production. Development drilling performed by the Company increased by 2.4% against the previous quarter and by 5.3% – against 1Q2016, and equaled 1,056.7 thousand meters. Exploratory drilling performed by the Company amounted to 58.9 thousand meters, which is by 27.4% higher than in the previous quarter and by 2.5% more compared to 1Q2016. The share of the Company in the development drilling in Russia reached 18.3%, and in the exploration drilling – 27.6%. In the reporting quarter, oil refining throughput at LLC "KINEF" amounted to 4.8 million tonnes, which is 6.5% of Russian refining volumes.

4.7. Analysis of the factors influencing the issuer's activity

The Company's financial results are affected by the following key factors:

- hydrocarbon price trends in global and domestic markets;
- tax burden ratio;
- foreign exchanges/national currency rate;
- inflation rate and natural monopoly tariffs;
- operating figures.

Hydrocarbon price trends in global and domestic markets

The Company's operation is mostly affected by oil and oil products prices in domestic and global markets.

In 1Q2017, global oil prices kept on recovering:

- Brent price reached 53.69 USD/bbl, which is 8.6% up against the previous quarter, and 58.4% higher against the same period of 2016;
- the weighted average Urals price went up by 8.2% from the previous period to 52.2 USD/bbl, which means a 62.5% increase against 1Q2016.

The price in the domestic market of Russia depends on export alternatives and is based on seasonal demand for hydrocarbons, transportation costs and other factors. In 1Q2017, the weighted average oil price in the open Russian market increased by 14.7% against 4Q2016, and by 63.6% against the same quarter in 2016, and reached 18 thousand RUB/tonne (West-Siberian petroleum province).

To fairly estimate the impact of the price factor on the Company's activities, it is essential to take into account the tax burden ratio, since any change of global oil quotations results in corresponding changes of export duties and the Mineral Extraction Tax.

Tax burden ratio

In 2017, “tax maneuver” policy was continued in the oil and gas industry: since 01 January 2017, a new MET base rate on oil as well as a new coefficient increasing a MET rate according to the determined indices have been introduced, the coefficient for crude export duty rate calculation has been reduced, and coefficients used to calculate the rate of export duty on oil products have been changed. Besides, since 1 January 2017, rates of excise duties on diesel fuel has been increased.

In 1Q2017, the average duty rate for oil to be exported to non-CIS countries dropped by 5.7% against the previous quarter and amounted to 86.4 USD/tonne, and increased by 57.2% against 1Q2016.

Since 01 January 2017, the MET rate has increased to 919 RUB/tonne (in 2016, it was 857 RUB/tonne). The reporting quarter showed further growth of oil price quotes in the global market and the recovery of national currency against the US dollar as compared to the previous quarter, which led to the increase of the MET effective rate by 13%. Under the influence of several factors (growth of base tax rate, weakening of the US dollar against the ruble, increasing global oil price quotes), MET effective rate grew by 87.6% compared to the same period of the previous year.

Foreign exchanges/national currency rate

A significant part of the Company’s revenue from export of oil and oil products is denominated in foreign currency. Moreover, a significant part of the Company’s investment is placed in deposit accounts in foreign currencies, mainly in US dollars. Therefore, any fluctuations in the exchange rate of the Russian ruble to main currencies significantly influence the Company’s financial results, including revenue, other income and other expenses.

During 1Q2017, the national currency continued strengthening against the US dollar. As a result, the average USD rate for the reporting quarter was 58.84 RUB/USD, or 6.7% lower than in the previous quarter. The USD/national currency rate decreased by 21.2% against 1Q2016.

Inflation rate and natural monopoly tariffs

The Company’s financial and business activity is adversely affected by inflation growth rates and higher natural monopoly tariffs because they lead to price growth and, therefore, the increase of the Company’s costs.

In the reporting quarter, the growth of tariffs of PJSC “Transneft” for pipeline transportation and service tariffs for orders and supervision of oil delivery on the routes used by the Company equaled 3.5% compared to the previous quarter and 1Q2016.

Inflation rate in 1Q2017 decreased as compared to the previous quarter, and against 1Q2016, and amounted to 1%.

Operating figures

In the reporting quarter, the Company’s oil production was 15.1 million tonnes, which is 3.9% lower compared to the previous quarter. The volume of oil production decreased by 1.3% compared to 1Q2016.

In 1Q2017, gas production totaled 2.5 billion cubic meters, which is 1.4% higher compared to the previous quarter. The volume of gas production increased by 2.1% compared to 1Q2016. The Company’s gas processing plant processed 1.7 billion cubic meters of gas, which is an increase by 0.8% compared to the previous quarter.

In 1Q2017, the amount of development drilling grew by 2.4% against the previous quarter and totaled 1,056.7 thousand meters, and compared to the same quarter of 2016, it increased by 5.3%. The exploratory drilling meterage amounted to 58.9 thousand meters, which is 27.4% more against the previous quarter, and by 2.5% – against 1Q2016. The Company generated 1,375.5 million kWh of electric power at its gas turbine power stations, which is a 1.3% decrease from the previous quarter. Compared to the same period of 2016, it means a slight increase (+0.2%).

4.8. The issuer’s competitors

The main Company’s competitors in terms of production operation are Russian vertically integrated oil companies: PJSC “LUKOIL”, PJSC “NK “Rosneft”, PJSC “Gazprom нефт” and PJSC “Tatneft” n.a. V.D.Shashin.

Key competitive strengths of the Company include sound resource base and availability of advanced equipment and technologies for oil production which ensure development of hard-to-recover reserves and enhanced oil recovery at the Company’s fields.

Key competitive strengths of the refining segment include high quality of products and close proximity of the Company’s refinery to the sea ports and own marketing outlets which ensure efficient oil products supply.

The Company’s key competitive strength in the gas sector is the complete cycle for production, utilization and processing of associated petroleum gas.

Section V. Detailed data on members of the issuer's management bodies, the issuer's agencies supervising its financial and business activities, and summary on its staff (employees)

5.1. Structure and terms of reference for the issuer's management bodies

Full description of the structure of the issuer's management bodies and their terms of reference in accordance with the issuer's charter (constituent documents):

The general shareholders' meeting is the supreme management body of the Company.

The Board of Directors carries out overall management of the Company's activities and has the right to adopt resolutions on any matters concerning the Company's activities except those which the Company's Charter limits to the terms of reference for the general shareholders' meeting. The members of the Board of Directors in the number determined by a resolution of the Company's general shareholders' meeting are elected by the annual general shareholders' meeting in the order stipulated by the Company's Charter for a term lasting till the next annual general shareholders' meeting. The members of the Board of Directors can be re-elected an unlimited number of times.

Director General is the individual executive body of the Company and manages the Company's current activities in the order and within the terms of reference determined by the Company's Charter as well as in accordance with resolutions of the Board of Directors and the general shareholders' meeting. The Company's Board of Directors appoints Director General of the Company for a five-year period. At expiration of Director General's term of office, the Board of Directors can appoint this person for the same period an unlimited number of times.

Director General reports to the Board of Directors and the general shareholders' meeting of the Company.

The powers of the Company's management bodies are determined by the Company's Charter.

The terms of reference for the Company's general shareholders' (members') meeting, as determined by its Charter (constituent documents).

The terms of reference for the general shareholders' meeting include the following issues (the resolutions on these issues are adopted if shareholders who own more than 50% of the Company's voting shares and take part in the general shareholders' meeting have voted for it, except as otherwise provided by the Company's Charter):

- 1) To amend the Company's Charter or to approve the Company's Charter in a new wording excluding cases stipulated by the Federal Law "On Joint Stock Companies" and the Company's Charter;*
- 2) To decrease the charter capital through reduction of par value of shares, acquisition of a portion of shares by the Company to reduce their total amount or to redeem partly paid-in shares and through redemption of shares acquired or bought back by the Company;*
- 3) To approve the Company's annual reports and annual accounting statements, including profit and loss accounts (profit and loss statements) of the Company and its profit and loss distribution;*
- 4) To adopt a resolution to pay annual dividends, to approve the dividend size and the form of its payment on shares of each category (type); and to set the date as of which the persons entitled to dividends are determined. Such a resolution is adopted on the Board of Directors' recommendation. The annual dividend size can not exceed the size recommended by the Board of Directors;*
- 5) To elect the members to the Company's Auditing Committee and to terminate their powers ahead of schedule, to approve the Company's Regulations on the Auditing Committee;*
- 6) To adopt resolutions to restructure the Company;*
- 7) To adopt resolutions to liquidate the Company, to appoint the liquidation commission and approve interim and final liquidation balance sheets;*
- 8) To determine the number of the members of the Board of Directors of the Company, to elect members to the Board of Directors and terminate their powers ahead of schedule;*
- 9) To determine the amount of declared shares, their par value, their category (type) and rights granted by these shares;*
- 10) To approve the Company's auditor;*
- 11) To determine the procedure of a general shareholders' meeting;*
- 12) To establish the counting commission;*
- 13) To determine the procedure following which the Company provides information (materials) subject to presentation to shareholders while preparing for a general shareholders' meeting, including choice of a press agency in case of publication;*
- 14) To carry out share split and share consolidation;*
- 15) To adopt a resolution on the Company's approval of interested party transactions in accordance with the Federal Law "On Joint Stock Companies";*
- 16) To adopt a resolution on the Company's approval of major transactions in accordance with the Federal Law "On Joint Stock Companies", Article 79, Clause 3;*

- 17) To increase the Company's charter capital through placement of additional ordinary shares through public subscription if the quantity of the ordinary shares to be additionally placed exceeds 25 percent of the ordinary shares previously placed;
- 18) To increase the Company's charter capital through placement of additional shares through private subscription;
- 19) To place equity securities convertible into shares through private subscription. To place through public subscription convertible equity securities which can be converted into ordinary shares exceeding 25 percent of the ordinary shares previously placed;
- 20) To increase the Company's charter capital through increase in par value of shares;
- 21) To pass a resolution to participate in holding companies, financial and industrial groups, associations and other unions of business;
- 22) To approve internal documents governing the activities of the Company's bodies
- 23) Other issues provided for by the law of the Russian Federation currently in force.

Issues within the terms of reference for the general shareholders' meeting cannot be delegated to the Board of Directors and Director General of the Company.

The terms of reference for the Company's Board of Directors (Supervisory Board), as determined by its Charter (constituent documents).

The terms of reference for the Board of Directors include the following issues:

- 1) To submit issues stipulated by the Company's Charter to a general shareholders' meeting for adopting a resolution;
- 2) To give recommendations to the shareholders regarding the size and procedure for payment of dividends, as well as the date as of which the persons entitled to dividends are determined;
- 3) To determine priority lines of the Company's activity;
- 4) To convene annual and extraordinary general shareholders' meetings of the Company;
- 5) To adopt the agenda for general shareholders' meetings;
- 6) To determine the date for making up the list of persons having the right to participate in a general shareholders' meeting as well as the date, venue and time of a general shareholders' meeting, informing shareholders of holding a meeting, of the list of materials (information) to be presented to shareholders while preparing for a general shareholders' meeting, of the form and text of a ballot paper;
- 7) To preliminarily approve annual reports, balance sheets, profit and loss accounts of the Company;
- 8) To increase the Company's charter capital through placement by the Company of:
additional ordinary shares through public subscription within the quantity and the category (type) of declared shares if the quantity of the ordinary shares to be placed additionally amounts to 25% or less of the ordinary shares placed earlier by the Company;
- additional preference shares through public subscription;
- additional shares at the expense of the Company's property;
- 9) To approve reports on results of issues and purchases of the Company's shares by the Company;
- 10) To amend the Company's Charter after an increase in its charter capital resulting from an increase in the par value of shares;
- 11) To amend the Company's Charter after an increase in its charter capital resulting from the placement of additional shares;
- 12) Placement by the Company of:
- bonds and other equity securities convertible into shares if the mentioned bonds (other equity securities) are placed through public subscription and can be converted into the Company's ordinary shares amounting to 25% or less of the ordinary shares placed earlier;
- bonds and other equity securities if they are not convertible into the Company's shares under the subscription terms;
- 13) To determine the market value of the Company's property;
- 14) To purchase and buy back shares, bonds and other securities placed by the Company in cases stipulated by the Company's Charter;
- 15) To dispose of shares purchased and bought back by the Company and of shares which came to the disposal of the Company due to the fact that their buyers have not fulfilled their payment obligations;
- 16) To elect the Chairperson of the Board of Directors and the Deputy Chairperson of the Board of Directors out of the members of the Board of Directors;
- 17) To appoint Director General of the Company, to determine the size of bonuses and compensations paid to him;
- 18) To recommend the size of bonuses and compensations paid to the members of the Company's Auditing Committee and to determine the amount of auditor's service payment;
- 19) To determine ways of application of the Company's reserve, purpose-oriented and other funds;
- 20) To approve the Company's internal documents excluding those internal documents which, in conformity with the Federal Law "On Joint Stock Companies", are to be approved by a General shareholders' meeting, and other internal documents of the Company which, according to the Company's Charter, are to be approved by Director General;
- 21) To establish branches and to open representative offices of the Company;

- 22) To amend the Company's Charter because of newly established branches and representative offices and their liquidation;
- 23) To adopt resolutions on the Company's approval of major transactions in accordance with the Federal Law "On Joint Stock Companies";
- 24) To adopt resolutions on the Company's approval of interested party transactions in accordance with the Federal Law "On Joint Stock Companies";
- 25) To approve the Company's registrar, to approve and to cancel an agreement with the Company's registrar;
- 26) Other issues, as provided by the law of the Russian Federation.

The terms of reference for the individual and collegial executive bodies of the Company, as provided by its Charter (constituent documents).

The terms of reference for Director General of the Company include the following:

- 1) To implement resolutions of a general shareholders' meeting and the Board of Directors of the Company;
- 2) To issue orders, instructions, decrees, directions and other acts concerning the Company's activities, which all the Company's employees are required to follow;
- 3) Within the rights granted to him/her, to take all necessary actions to exercise legal powers to possess, use and dispose of the Company's property, including conclusion of contracts on acquisition and alienation of the Company's property, loan, credit, and other agreements on behalf of the Company and in accordance with the law of the Russian Federation currently in force and the Charter;
- 4) To act on behalf of the Company in relations with any Russian or foreign legal and natural persons, to sign contracts and agreements in the Russian Federation and abroad, to carry out other transactions on behalf of the Company, including signing contracts on acquisition of property accounting for up to 25% of the book value of the Company's assets as per the Company's accounting statements as of the last reporting date, to employ the Company's reserve, purpose-oriented and other funds in compliance with the directions of the Company's Board of Directors, to give letters of attorney to carry out transactions, to open settlement accounts and other accounts with banks and other organizations and institutions;
- 5) To deal with issues concerning investments in the development of enterprises and organizations;
- 6) To approve and change the Company's structure, to establish and abolish the Company's business units, to approve the provisions on the Company's business units;
- 7) To approve the manning table, office expenses estimates, amount and type of compensation for the Company's employees as well as Internal Labor Regulations and job descriptions for all categories of the Company's employees;
- 8) To employ, appoint, dismiss, and discharge the Company's employees, heads of business units, to determine their salaries and bonuses as well as incentives for and sanctions against them, to pass resolutions on their material responsibility, to sign employment agreements (contracts) with employees on behalf of the Company;
- 9) To take decisions on the social development of the Company and its subsidiaries;
- 10) On behalf of the Company, to pass resolutions to raise claims and take legal actions against legal and natural persons both in the Russian Federation and abroad, as determined by the legislation.

Director General of the Company also has the right to pass resolutions on management of any current activities of the Company and its subsidiaries, which do not pertain to the terms of reference for the general shareholders' meeting and the Company's Board of Directors. Director General passes resolutions on issues within his/her terms of reference independently.

For a period of his/her absence and under any other circumstances, Director General has the right to appoint any of the Company's officials as an acting Director General.

5.2. Members of the issuer's management bodies

5.2.1. The issuer's Board of Directors (Supervisory Board)

Name: **Vladimir P. EROKHIN**

(Chairman)

Year of birth: **1949**

Education: **higher professional**

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	to		
2011	present	Open Joint Stock Company "Surgutneftegas"	Chairman of the Board of Directors

The person's share in the charter capital of the issuer, %: **0.0104**

The issuer's ordinary shares held by the person, %: **0.0126**

Number of the issuer's shares of each category (type) that may be acquired by the person as a result of exercise of rights to the issuer's options held by the person: **the issuer did not issue any options.**

Participation in the work of the committees of the Board of Directors: **The member of the Board of Directors**

(Supervisory Board) does not participate in the work of the committees of the Board of Directors (Supervisory Board).

Share of the person in the charter (share) capital (mutual fund) of the issuer's subsidiaries and affiliates: ***The person does not have such shares.***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities: ***No such kinship.***

Administrative actions taken against such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: ***There were no administrative or criminal actions brought against the person.***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation: ***The person did not hold such positions.***

Name: ***Vladimir L. BOGDANOV***

Year of birth: ***1951***

Education: ***higher professional, Doctor of Economics***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	to		
2011	present	Open Joint Stock Company "Surgutneftegas"	Director General
2011	present	Open Joint Stock Company "Surgutneftegas"	Vice Chairman of the Board of Directors
2011	May 2012	Closed Joint Stock Company "Surgutneftegasbank"	Chairman of the Board of Directors
2011	June 2012	Open Joint Stock Company "Oil Company "Rosneft"	Member of the Board of Directors
2011	January 2013	Limited Liability Company "National Petroleum Consortium"	Member of the Board of Directors

The person's share in the charter capital of the issuer, %: ***0.3028***

The issuer's ordinary shares held by the person, %: ***0.3673***

Number of the issuer's shares of each category (type) that may be acquired by the person as a result of exercise of rights to the issuer's options held by the person: ***the issuer did not issue any options.***

Participation in the work of the committees of the Board of Directors: ***The member of the Board of Directors (Supervisory Board) does not participate in the work of the committees of the Board of Directors (Supervisory Board).***

Share of the person in the charter (share) capital (mutual fund) of the issuer's subsidiaries and affiliates: ***The person does not have such shares.***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities: ***No such kinship.***

Administrative actions taken against such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: ***There were no administrative or criminal actions brought against the person.***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation: ***The person did not hold such positions.***

Name: ***Alexander N. BULANOV***

Year of birth: ***1959***

Education: ***higher professional***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	to		
2011	present	Open Joint Stock Company "Surgutneftegas"	Chief Engineer – First Deputy Director General.
2011	present	Open Joint Stock Company "Surgutneftegas"	Member of the Board of Directors

The person's share in the charter capital of the issuer, %: ***0.0005***

The issuer's ordinary shares held by the person, %: ***0.0002***

Number of the issuer's shares of each category (type) that may be acquired by the person as a result of exercise of rights to the issuer's options held by the person: ***the issuer did not issue any options.***

Participation in the work of the committees of the Board of Directors: ***The member of the Board of Directors (Supervisory Board) does not participate in the work of the committees of the Board of Directors (Supervisory Board).***

Share of the person in the charter (share) capital (mutual fund) of the issuer's subsidiaries and affiliates:

The person does not have such shares.

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities: ***No such kinship.***

Administrative actions taken against such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: ***There were no administrative or criminal actions brought against the person.***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation: ***The person did not hold such positions.***

Name: ***Ivan K. DINICHENKO***

Independent Member of the Board of Directors

Year of birth: ***1946***

Education: ***higher professional***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	to		
June 2014	present	Open Joint Stock Company "Surgutneftegas"	Member of the Board of Directors

The person's share in the charter capital of the issuer, %: ***0.0003***

The issuer's ordinary shares held by the person, %: ***0***

Number of the issuer's shares of each category (type) that may be acquired by the person as a result of exercise of rights to the issuer's options held by the person: ***the issuer did not issue any options.***

Participation in the work of the committees of the Board of Directors:

Committee	Chairman
Audit Committee of the Board of Directors	No

Share of the person in the charter (share) capital (mutual fund) of the issuer's subsidiaries and affiliates: ***The person does not have such shares.***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities: ***No such kinship.***

Administrative actions taken against such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: ***There were no administrative or criminal actions brought against the person.***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation: ***The person did not hold such positions.***

Name: ***Viktor M. KRIVOSHEEV***

Year of birth: ***1953***

Education: ***higher professional***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	to		
June 2014	present	Open Joint Stock Company "Surgutneftegas"	Member of the Board of Directors

The person's share in the charter capital of the issuer, %: ***0.0064***

The issuer's ordinary shares held by the person, %: ***0.0072***

Number of the issuer's shares of each category (type) that may be acquired by the person as a result of exercise of rights to the issuer's options held by the person: ***the issuer did not issue any options.***

Participation in the work of the committees of the Board of Directors: ***The member of the Board of Directors (Supervisory Board) does not participate in the work of the committees of the Board of Directors (Supervisory Board).***

Share of the person in the charter (share) capital (mutual fund) of the issuer's subsidiaries and affiliates: ***The person does not have such shares.***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities: ***No such kinship.***

Administrative actions taken against such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: ***There were no administrative or criminal actions brought against the person.***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation: ***The person did not hold such positions.***

Name: ***Nikolai I. MATVEEV***

Year of birth: ***1942***

Education: ***higher professional***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	to		
2011	present	Open Joint Stock Company "Surgutneftegas"	Member of the Board of Directors

No share in the charter capital of the issuer/ordinary shares.

Number of the issuer's shares of each category (type) that may be acquired by the person as a result of exercise of rights to the issuer's options held by the person: ***the issuer did not issue any options.***

Participation in the work of the committees of the Board of Directors:

Committee	Chairman
Audit Committee of the Board of Directors	No

Share of the person in the charter (share) capital (mutual fund) of the issuer's subsidiaries and affiliates: ***The person does not have such shares.***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities: ***No such kinship.***

Administrative actions taken against such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: ***There were no administrative or criminal actions brought against the person.***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation: ***The person did not hold such positions.***

Name: ***Vladimir I. RARITSKY***

Year of birth: ***1940***

Education: ***higher professional***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	to		
June 2014	present	Open Joint Stock Company "Surgutneftegas"	Member of the Board of Directors

The person's share in the charter capital of the issuer, %: ***0.0079***

The issuer's ordinary shares held by the person, %: ***0.0089***

Number of the issuer's shares of each category (type) that may be acquired by the person as a result of exercise of rights to the issuer's options held by the person: ***the issuer did not issue any options.***

Participation in the work of the committees of the Board of Directors: ***The member of the Board of Directors (Supervisory Board) does not participate in the work of the committees of the Board of Directors (Supervisory Board).***

Share of the person in the charter (share) capital (mutual fund) of the issuer's subsidiaries and affiliates: ***The person does not have such shares.***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities: ***No such kinship.***

Administrative actions taken against such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: ***There were no***

administrative or criminal actions brought against the person.

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation: ***The person did not hold such positions.***

Name: ***Ildus S. USMANOV***

Year of birth: ***1954***

Education: ***higher professional***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	to		
June 2014	present	Open Joint Stock Company "Surgutneftegas"	Member of the Board of Directors

The person's share in the charter capital of the issuer, %: ***0.0018***

The issuer's ordinary shares held by the person, %: ***0.0022***

Number of the issuer's shares of each category (type) that may be acquired by the person as a result of exercise of rights to the issuer's options held by the person: ***the issuer did not issue any options.***

Participation in the work of the committees of the Board of Directors: ***The member of the Board of Directors (Supervisory Board) does not participate in the work of the committees of the Board of Directors (Supervisory Board).***

Share of the person in the charter (share) capital (mutual fund) of the issuer's subsidiaries and affiliates: ***The person does not have such shares.***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities: ***No such kinship.***

Administrative actions taken against such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: ***There were no administrative or criminal actions brought against the person.***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation: ***The person did not hold such positions.***

Name: ***Vladimir A. SHASHKOV***

Independent Member of the Board of Directors

Year of birth: ***1946***

Education: ***higher professional***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	to		
June 2012	present	Open Joint Stock Company "Surgutneftegas"	Member of the Board of Directors

The person's share in the charter capital of the issuer, %: ***0.0094***

The issuer's ordinary shares held by the person, %: ***0.0115***

Number of the issuer's shares of each category (type) that may be acquired by the person as a result of exercise of rights to the issuer's options held by the person: ***the issuer did not issue any options.***

Participation in the work of the committees of the Board of Directors:

Committee	Chairman
Audit Committee of the Board of Directors	Yes

Share of the person in the charter (share) capital (mutual fund) of the issuer's subsidiaries and affiliates: ***The person does not have such shares.***

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities: ***No such kinship.***

Administrative actions taken against such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: ***There were no administrative or criminal actions brought against the person.***

Positions held by such person in management bodies of commercial organizations during the period when any

bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation: ***The person did not hold such positions.***

5.2.2. Individual executive body of the issuer

Name: ***Vladimir L. BOGDANOV***

Year of birth: ***1951***

Education: ***higher professional, Doctor of Economics***

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	to		
2011	present	Open Joint Stock Company "Surgutneftegas"	Director General
2011	present	Open Joint Stock Company "Surgutneftegas"	Vice Chairman of the Board of Directors
2011	May 2012	Closed Joint Stock Company "Surgutneftegasbank"	Chairman of the Board of Directors
2011	June 2012	Open Joint Stock Company "Oil Company "Rosneft"	Member of the Board of Directors
2011	January 2013	Limited Liability Company "National Petroleum Consortium"	Member of the Board of Directors

The person's share in the charter capital of the issuer, %: ***0.3028***

The issuer's ordinary shares held by the person, %: ***0.3673***

Number of the issuer's shares of each category (type) that may be acquired by the person as a result of exercise of rights to the issuer's options held by the person: ***the issuer did not issue any options.***

Share of the person in the charter (share) capital (mutual fund) of the issuer's subsidiaries and affiliates:

The person does not have such shares.

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities: ***No such kinship.***

Administrative actions taken against such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: ***There were no administrative or criminal actions brought against the person.***

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation: ***The person did not hold such positions.***

5.2.3. The issuer's collegiate executive body

No provision is made for a collegiate executive body.

5.3. Remuneration and/or compensation for expenses for each management body of the issuer

Remuneration for each management body (except for the individual who performs the functions of the individual executive body of the issuer). Specify all types of remuneration, including salary, bonuses, commissions, benefits and/or compensations for expenses and other material representations:

Remuneration

Board of Directors

Unit of measure: ***thousand RUB***

Indicator	2016	2017, 3 months
Remuneration for the participation in the work performed by the management body	<i>47,164.6</i>	<i>4,413.3</i>
Salary		
Bonus		
Commission		
Other types of remuneration	<i>196.7</i>	<i>67.9</i>

TOTAL	47,361.3	4,481.2
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Existing agreements in relation to such payments in the current financial year: *remunerations are paid to the members of the Company's Board of Directors in accordance with the Company's Charter.*

Compensation

Unit of measure: *thousand RUB*

Management body	2016	2017, 3 months
The Board of Directors	3,082.2	1,304.4

Additional information: *no.*

5.4. Structure and terms of reference for the agencies supervising the issuer's financial and business activities and organization of risk management system and internal control

Give the full description of the structure of the agencies supervising the issuer's financial and business activities and their terms of reference in accordance with the issuer's charter (constituent documents) and internal documents:

The Company's Auditing Committee is established to supervise the Company's financial and business activities. The Company's Auditing Committee consists of three members elected by a general shareholders' meeting out of shareholders or their proxies. Shares owned by the members of the Board of Directors and Director General of the Company cannot vote to elect members of the Auditing Committee. The Auditing Committee passes resolutions either at its meetings or through polls by a majority of its members' votes, in the order established in the Regulations on the Auditing Committee. A member of the Auditing Committee cannot be a member of the Board of Directors; neither can she/he hold a position of Director General of the Company.

Once a financial year is over, the Auditing Committee conducts an annual audit (inspection) of the Company's activities. An unscheduled audit (inspection) is conducted by the Committee at any time on its own initiative, in compliance with the resolution adopted by a general shareholders' meeting, at a shareholder's (shareholders') request in writing, provided the shareholder (shareholders) own(s) an aggregate of at least 10% of the Company's voting shares, or in accordance with the resolution passed by the Board of Directors. As requested by the Auditing Committee, the Company's officers must timely provide the Auditing Committee with all necessary information and documents on the Company's financial and business activities. Based on its findings, the Auditing Committee prepares a report.

The Auditing Committee is entitled to require an extraordinary general shareholders' meeting to be convened, following the procedure stipulated by the Company's Charter.

To have annual financial statements audited and confirmed, the Company annually hires a professional auditor who does not share any property interests with the Company or with its shareholders.

The Company's auditor is approved by a general shareholders' meeting. The auditor's service payment is determined by the Board of Directors of the Company.

An audit of the Company's activities must be conducted at any time at a shareholder's (shareholders') request in writing, provided the shareholder (shareholders) own(s) an aggregate of at least 10% of the Company's placed shares.

The Company established the Audit Committee of the Board of Directors.

Key functions of the Audit Committee:

The Audit Committee of the Board of Directors of the Company (hereinafter – the Committee) was formed under the Board of Directors of the Company.

The Committee shall be elected from among the members of the Board of Directors of the Company and shall consist of at least 3 (three) members, with at least one Committee member being an independent director. The Chairperson of the Audit Committee shall be an independent director.

The members of the Committee shall be elected at a meeting of the Board of Directors for a period until new members of the Board of Directors are elected by the annual general shareholders' meeting of the Company. A resolution to elect the members to the Committee shall be passed by simple majority of the total number of the members of the Board of Directors.

The key objective of the Committee shall be efficient supervision of the Company's financial and business activities by the Board of Directors.

The main functions of the Committee are as follows:

- to control completeness, accuracy and authenticity of financial statements of the Company;*
- to control reliability and efficiency of the Company's risk management and internal control systems;*
- to ensure independence and objectiveness of functions of internal and external audit of the Company's financial and business activity.*

When performing its duties, the Committee may communicate with the Company's auditor, Auditing Committee, Internal Audit Service, other divisions and the Company's management.

The Committee shall present an annual performance report to the Board of Directors by the meeting of the Board of Directors.

An annual report prepared by the Committee shall include the following:

- *evaluation of the Company's auditor candidates by the Committee;*
- *evaluation of the audit opinion on the Company's financial and business activities for the year.*

The members of the Audit Committee of the Board of Directors

Name	Chairman
Vladimir A. SHASHKOV	Yes
Nikolai I. MATVEEV	No
Ivan K. DINICHENKO	No

The issuer's separate business unit(s) for risk management and internal control (body (business unit) other than the Auditing Committee (Auditor), performing internal audit of the issuer's financial and business activities), its objectives and functions: **no**.

The issuer's separate business unit (service) for internal audit, its objectives and functions:

The structure and staff of the Internal Audit Service are approved by Director General.

The main objectives of the Internal Audit Service are:

- *to assist Director General of the Company and employees of the Company in developing and monitoring implementation of procedures and measures on improvement of the Company's risk management, internal control and corporate governance systems;*
- *to prepare and provide to the Board of Directors and Director General of the Company reports on the performance of the Internal Audit Service, including, but not limited to, information on significant risks, limitations, results and efficiency of implementation of measures on elimination of identified limitations, the plan performance of the Internal Audit Service, results of assessment of factual state, reliability and efficiency of the risk management, internal control and corporate governance systems;*
- *to check compliance by the Company's employees with the provisions of the legislation and internal document of the Company.*

In order to ensure independence and objectivity of internal control, the Internal Audit Service reports to the Board of Directors of the Company on the functional level and to Director General of the Company on the administrative level.

Internal Audit Service acts in compliance with the legislation of the Russian Federation, the Company's Charter and internal documents of the Company.

The issuer's policy in the sphere of risk management and internal control is presented in Clause 2.4 of the present quarterly report.

The issuer ratified (approved) the issuer's internal document establishing rules to prevent unauthorized use of confidential and insider information.

The issuer's internal document establishing rules to prevent unauthorized use of confidential and insider information: **OJSC "Surgutneftegas" Regulations on Insider Information are accessible to the public in the Internet (see the Company's web site).**

Additional information: **no**.

5.5. Members of the agencies supervising the issuer's financial and business activities

Agency supervising the issuer's financial and business activities: **Auditing Committee**

Name: **Klinovskaya Taisiya Petrovna**

(Chairman)

Year of birth: **1946**

Education: **higher professional**

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	to		
2011	January 2013	Open Joint Stock Company "Surgutneftegas"	Financial Division Head

June 2012	June 2014	Open Joint Stock Company "Surgutneftegas"	Member of the Board of Directors
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The person's share in the charter capital of the issuer, %: **0.0091**

The issuer's ordinary shares held by the person, %: **0.0053**

Number of the issuer's shares of each category (type) that may be acquired by the person as a result of exercise of rights to the issuer's options held by the person: **the issuer did not issue any options.**

Share of the person in the charter (share) capital (mutual fund) of the issuer's subsidiaries and affiliates: **The person does not have such shares.**

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities: **No such kinship.**

Administrative actions taken against such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: **There were no administrative or criminal actions brought against the person.**

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation: **The person did not hold such positions.**

Name: **Oleynik Tamara Fedorovna**

Year of birth: **1947**

Education: **secondary professional**

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	to		

No share in the charter capital of the issuer/ordinary shares.

Number of the issuer's shares of each category (type) that may be acquired by the person as a result of exercise of rights to the issuer's options held by the person: **the issuer did not issue any options.**

Share of the person in the charter (share) capital (mutual fund) of the issuer's subsidiaries and affiliates: **The person does not have such shares.**

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities: **No such kinship.**

Administrative actions taken against such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: **There were no administrative or criminal actions brought against the person.**

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation: **The person did not hold such positions.**

Name: **Musikhina Valentina Viktorovna**

Year of birth: **1960**

Education: **secondary professional**

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	to		
May 2012	June 2012	Open Joint Stock Company "Surgutneftegas"	Deputy Head of Accounting and Reporting Division

No share in the charter capital of the issuer/ordinary shares.

Number of the issuer's shares of each category (type) that may be acquired by the person as a result of exercise of rights to the issuer's options held by the person: **the issuer did not issue any options.**

Share of the person in the charter (share) capital (mutual fund) of the issuer's subsidiaries and affiliates: **The person does not have such shares.**

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities: **No such kinship.**

Administrative actions taken against such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: **There were no**

administrative or criminal actions brought against the person.

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation: **The person did not hold such positions.**

Agency supervising the issuer's financial and business activities: **Other**

Internal Audit Service

Head of such separate business unit (body) of the issuer

Position of the head of the business unit: **Head of service**

Name: **Arteeva Alexandra Ivanovna**

Year of birth: **1959**

Education: **higher professional**

All positions held by the person in the issuer and other organizations over the last 5 years and at present, including outside employment, in date order

Period		Organization	Position
from	to		
2011	present	Open Joint Stock Company "Surgutneftegas"	Head of Internal Audit Service

No share in the charter capital of the issuer/ordinary shares.

Number of the issuer's shares of each category (type) that may be acquired by the person as a result of exercise of rights to the issuer's options held by the person: **the issuer did not issue any options.**

Share of the person in the charter (share) capital (mutual fund) of the issuer's subsidiaries and affiliates: **The person does not have such shares.**

Nature of any kinship with other persons who are members of the issuer's management bodies and/or agencies supervising the issuer's financial and business activities: **No such kinship.**

Administrative actions taken against such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state: **There were no administrative or criminal actions brought against the person.**

Positions held by such person in management bodies of commercial organizations during the period when any bankruptcy proceedings and/or a bankruptcy procedure were initiated in relation to such organizations as provided for in the bankruptcy (insolvency) legislation of the Russian Federation: **The person did not hold such positions.**

5.6. Remuneration and (or) compensation for expenses for the agency supervising the issuer's financial and business activity

Remuneration

For each agency supervising the issuer's financial and business activities (except for the individual who holds the position (who performs the functions) of the issuer's Auditor) all types of remuneration with their amount are specified, including salaries of the members of the agencies supervising the issuer's financial and business activities, who are (were) its employees, including ones having (had) other employment, bonuses, commissions, benefits paid separately for the participation in the work performed by the agency supervising the issuer's financial and business activities, other types of remuneration paid by the issuer during the reporting period, and also costs for performing the duties of the members of the agency supervising the issuer's financial and business activities remunerated by the issuer for the reporting period are specified with their amount.

Agency supervising the issuer's financial and business activities: **Auditing Committee**

Remuneration for the participation in the work performed by the supervising agency

Unit of measure: **thousand RUB**

Indicator	2016	2017, 3 months
Remuneration for the participation in the work performed by the agency supervising the issuer's financial and business activities	210	0
Salary		
Bonus		

Commission		
Other types of remuneration		
TOTAL	210	0

Existing agreements in relation to such payments in the current financial year: *no*.

Agency supervising the issuer's financial and business activities: **Internal Audit Service**

Remuneration for the participation in the work performed by the supervising agency

Unit of measure: **thousand RUB**

Indicator	2016	2017, 3 months
Remuneration for the participation in the work performed by the agency supervising the issuer's financial and business activities		
Salary	9,745.1	2,513.3
Bonus	1,905.5	421.2
Commission		
Other types of remuneration		
TOTAL	11,650.6	2,934.5

Existing agreements in relation to such payments in the current financial year: *no*.

Compensation

Unit of measure: **thousand RUB**

Supervising body (of the business unit)	2016	2017, 3 months
Auditing Committee	102.2	13.3
Internal Audit Service	448.0	326.9

Additional information: *no*.

5.7. Number of the issuer's employees (workers), their categories and changes in their number

Unit of measure: **thousand RUB**

Indicator	2016	2017, 3 months
Average number of employees, people	102,495	101,653
Gross payroll for the reporting period	119,402,160	26,300,830
Social payments for the reporting period	2,414,579	160,693

The employees (workers) of the Company formed a trade union body.

5.8. Obligations of the issuer to its employees (workers) relating to their possible participation in the issuer's charter capital

The issuer has no obligations to its employees (workers) relating to their possible participation in the issuer's charter capital.

Section VI. The issuer's members (shareholders) and interested party transactions conducted by the issuer

6.1. Total number of the issuer's shareholders (members)

The total number of persons having a non-zero balance accounts registered in the issuer's shareholder register as of the end of the reporting quarter: **32,581**

Total number of the issuer's nominee shareholders: **6**

The total number of persons included in the most recently compiled list of persons who had (have) the right to participate in the issuer's general shareholders' meeting (other list of persons compiled in order to exercise (realize) rights to the issuer's shares, and for the compiling of which the nominee holders of the issuer's shares provided data on persons, on behalf of which they held (hold) the issuer's shares): **29,783**

Date when the list of persons included in the most recently compiled list of persons who had (have) the right to participate in the issuer's general shareholders' meeting is compiled (other list of persons compiled in order to exercise (realize) rights to the issuer's shares, and for the compiling of which the nominee holders of the issuer's shares provided data on persons, on behalf of which they held (hold) the issuer's shares): **16 May 2016**

Holders of the issuer's ordinary shares who were to be included in such list: **29,783**

Holders of the issuer's preference shares who were to be included in such list: **0**

Information on the number of treasury shares on the issuer's balance as of the day of the reporting quarter: ***There are no treasury shares on the issuer's balance.***

Information on the number of the issuer's shares held by its subordinates

Category of shares: ***ordinary***

Number of the issuer's shares held by its subordinates: **650,000**

6.2. The issuer's members (shareholders) holding at least five percent of its charter capital or at least five percent of its ordinary shares as well as persons controlling such members (shareholders) and in absence of such persons – members (shareholders) of such persons who hold at least 20 percent of the charter capital or at least 20 percent of their ordinary shares

The issuer's members (shareholders) holding at least five percent of its charter capital or at least five percent of its ordinary shares

1. Nominee holder

Information on nominee holder:

Full corporate name: ***Non-banking credit organization Joint-Stock Company "National Settlement Depository"***

Abbreviated corporate name: ***NCO JSC NSD***

Location: ***105066, Russia, Moscow, ul.Spartakovskaya, 12***

INN: **7702165310**

OGRN: **1027739132563**

Telephone: **+7 (495) 232 0273**

Fax: **+7 (495) 965 0938**

E-mail: ***reginfo@nsd.ru***

License of securities market professional participant

Number: **045-12042-000100**

Date of issue: **19.02.2009**

Valid till: ***unlimited***

Issuing authority: ***Federal Financial Markets Service (FSFR) of Russia***

Number of the issuer's ordinary shares registered in the issuer's shareholder register in the name of the said nominee holder: **3,898,064,581**

Number of the issuer's preference shares registered in the issuer's shareholder register in the name of the said nominee holder: **5,078,141,469**

Other information as the issuer may wish to disclose: ***no.***

6.3. Share of the state or a municipal formation in the issuer's charter capital; any special rights ("golden share")

Persons who administer blocks of shares owned by the state, municipal formations

Municipal ownership

Name: ***City district, the city of Surgut as represented by the Administration of the city of Surgut***

Location: ***628408 ul.Engelsa, 8, Surgut, Khanty-Mansiysky Autonomous Okrug – Yugra, Tyumenskaya Oblast***

Share of the charter capital of the issuer under state (federal, of constituent territories of the Russian Federation) municipal ownership: **0.0278**

Municipal ownership

Name: *Municipal unit Surgutsky District as represented by the Administration of Surgutsky District*
Location: *628400, Surgut, Khanty-Mansiysky Autonomous Okrug – Yugra*
Share of the charter capital of the issuer under state (federal, of constituent territories of the Russian Federation) municipal ownership: *0.0127*

Persons who exercise functions of the issuer's member (shareholder) on behalf of the Russian Federation, an entity of the Russian Federation, or municipal formation

Municipal ownership

Name: *City district, the city of Surgut as represented by the Administration of the city of Surgut*
Location: *628408 ul.Engelsa, 8, Surgut, Khanty-Mansiysky Autonomous Okrug – Yugra, Tyumenskaya Oblast*
Share of the charter capital of the issuer under state (federal, of constituent territories of the Russian Federation) municipal ownership: *0.0278*

Municipal ownership

Name: *Municipal unit Surgutsky District as represented by the Administration of Surgutsky District*
Location: *628400, Surgut, Khanty-Mansiysky Autonomous Okrug – Yugra*
Share of the charter capital of the issuer under state (federal, of constituent territories of the Russian Federation) municipal ownership: *0.0127*

Special right of the Russian Federation, the constituent territories of the Russian Federation or municipalities to participate in the administration of the issuer – joint stock company (“golden share”) and duration of the special right (“golden share”): *No such right.*

6.4. Restrictions on participation in the issuer's charter capital

There are no restrictions on participation in the issuer's charter capital.

6.5. Changes in the list and the participation of the issuer's shareholders (members) holding at least five percent of its charter capital or at least five percent of its ordinary shares

The issuer's shareholders (members) holding at least five percent of the issuer's charter capital, and for joint stock companies as issuers also holding at least five percent of the issuer's ordinary shares determined as of the date when the list was drawn up of persons entitled to participate in each general shareholders' (members') meeting of the issuer held in the last completed financial year preceding the end of the reporting quarter, and for the period from the date when the current financial year started till the date when the reporting quarter ended based on the list of persons entitled to participate in each of such meetings

Additional information: *no.*

6.6. Interested party transactions conducted by the issuer

No such transactions.

6.7. Accounts receivable

As of 31.12.2016

Unit of measure: *thousand RUB*

Indicator	Indicator value
Accounts receivable from buyers and customers	<i>88,834,948</i>
including those overdue	<i>4,431,215</i>
Notes receivable	
including those overdue	
Members' (incorporators') arrears of charter capital contributions	
including those overdue	
Other accounts receivable	<i>183,687,032</i>
including those overdue	
Total accounts receivable	<i>272,521,980</i>
including total overdue accounts receivable	<i>4,431,215</i>

Debtors who account for at least 10 percent of the total accounts receivable in the reporting period: *no such debtors.*

As of 31.03.2017

Unit of measure: *thousand RUB*

Indicator	Indicator value
Accounts receivable from buyers and customers	62,586,624
including those overdue	66,412
Notes receivable	
including those overdue	
Members' (incorporators') arrears of charter capital contributions	
including those overdue	
Other accounts receivable	161,173,497
including those overdue	
Total accounts receivable	223,760,121
including total overdue accounts receivable	66,412

Debtors who account for at least 10 percent of the total accounts receivable in the reporting period: *no such debtors.*

Section VII. The issuer's accounting (financial) statements and other financial information

7.1. Annual accounting (financial) statements of the issuer

Balance Sheet as of 31.12.2016

Company: **Open Joint Stock Company "Surgutneftegas"**

Taxpayer identification number

Type of activity: **crude oil production**

Form of legal organization/form of ownership: **Open Joint Stock Company/Private property**

Unit of measure: **thousand RUB**

Location (address): **628415 Russia, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul.Grigoriya Kukuyevitskogo, 1, bld. 1**

	Codes
Form by OKUD	0710001
Date	31.12.2016
by OKPO	05753490
INN	8602060555
by OKVED2	06.10.1
by OKOPF/OKFS	12247/16
by OKEI	384

Notes	ASSETS	Line code	As of 31.12.2016	As of 31.12.2015	As of 31.12.2014
1	2	3	4	5	6
	I. NON-CURRENT ASSETS				
3.1	Intangible assets	1110	567,427	548,352	515,101
3.2	R&D results	1120	143,419	213,665	160,404
3.3	Intangible prospecting assets	1130	44,486,303	36,423,674	73,240,752
	Tangible prospecting assets	1140			
3.4	Fixed assets	1150	817,489,027	752,847,663	691,063,519
	including				
	buildings, machinery, equipment, and other fixed assets, excluding land, objects of environmental management, and capital investments in progress	1151	754,655,089	676,370,601	627,944,689

3.4	Income yielding investments in tangible assets	1160	2,887,646	3,093,832	48,429
3.5	Financial investments	1170	1,773,553,018	2,007,179,799	1,280,457,334
	including other financial investments, excluding investments in organizations and loans granted	1171	1,619,633,606	1,866,481,918	1,154,646,709
3.10	Deferred tax assets	1180	23 718 078	26,166	32,313
	Other non-current assets	1190	58,032,386	59,369,781	14,125,572
	TOTAL for Section I	1100	2,720,877,304	2,859,702,932	2,059,643,424
	II. CURRENT ASSETS				
3.6	Stocks	1210	84,612,290	81,154,030	81,425,788
	Value Added Tax on acquired valuables	1220	4,319,637	4,479,359	4,103,573
3.7	Accounts receivable	1230	272,521,980	206,168,244	180,790,266
3.5	Financial investments (excluding cash equivalents)	1240	414,155,608	479,972,123	658,014,455
	including other financial investments, excluding investments in organizations and loans granted	1241	414,155,608	479,972,123	651,832,161
3.8	Cash and cash equivalents	1250	42 293 015	72 125 809	30,922,038
	Other current assets	1260	1,585,023	877,956	1,989,624
	TOTAL for Section II	1200	819,487,553	844,777,521	957,245,744
	BALANCE (assets)	1600	3,540,364,857	3,704,480,453	3,016,889,168

Notes	LIABILITIES	Line code	As of 31.12.2016	As of 31.12.2015	As of 31.12.2014
1	2	3	4	5	6
	III. CAPITAL AND RESERVES				
3.9	Charter capital (share capital, authorized fund, partners' contributions)	1310	43,427,993	43,427,993	43,427,993
	Treasury shares	1320			
	Revaluation of non-current assets	1340	513,790,825	490,607,359	482,261,224
	Additional capital (no revaluation)	1350	192,511,786	192,511,786	192,511,786
	Reserve capital	1360	6,514,198	6,514,198	6,514,198
	Retained profit (uncovered loss)	1370	2,596,504,129	2,770,302,491	2,098,453,730
	TOTAL for Section III	1300	3,352,748,931	3,503,363,827	2,823,168,931
	IV. LONG-TERM LIABILITIES				
	Borrowed funds	1410			
3.10	Deferred tax liabilities	1420	76,257,353	70,670,532	65,034,039
	Estimated liabilities	1430			
3.11	Other liabilities	1450	639,292	509,218	269,580
	TOTAL for Section IV	1400	76,896,645	71,179,750	65,303,619
	V. SHORT-TERM LIABILITIES				
	Borrowed funds	1510			139,650
3.11	Accounts payable	1520	96,541,953	116,947,293	116,340,208
3.12	Deferred income	1530	703,022	314,861	516,885
3.13	Estimated liabilities	1540	13,077,807	12,203,314	10,715,949
	Other liabilities	1550	396,499	471,408	703,926
	TOTAL for Section V	1500	110,719,281	129,936,876	128,416,618
	BALANCE (liabilities)	1700	3,540,364,857	3,704,480,453	3,016,889,168

**Income Statement
for January-December 2016**

Company: **Open Joint Stock Company “Surgutneftegas”**

Taxpayer identification number

Type of activity: **crude oil production**

Form of legal organization/form of ownership: **Open Joint Stock Company/Private property**

Unit of measure: **thousand RUB**

Location (address): **628415 Russia, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul.Grigoriya Kukuyevitskogo, 1, bld. 1.**

Form by OKUD

Date

by OKPO

INN

by OKVED2

by OKOPF/OKFS

by OKEI

Codes

0710002

31.12.2016

05753490

8602060555

06.10.1

12247/16

384

Note s	Indicator	Line code	For 12 months of 2016	For 12 months of 2015
1	2	3	4	5
5.1	Revenue	2110	992,538,456	978,204,539
5.1	Cost of sales	2120	-662,748,194	-664,341,334
	Gross profit (loss)	2100	329,790,262	313,863,205
	Selling expenses	2210	-94,334,433	-79,717,110
	Management expenses	2220		
	Sales profit (loss)	2200	235,455,829	234,146,095
	Income from participation in other organizations	2310	901,300	937,405
	Interest receivable	2320	102,397,511	99,858,474
	Interest payable	2330	-104	-3,532
5.2	Other income	2340	1,256,553,675	2,365,388,199
5.2	Other expenses	2350	-1,718,383,074	-1,797,792,219
	Profit (loss) before tax	2300	-123,074,863	902,534,422
	Current profit tax	2410		-148,008,814
3.10	incl. permanent tax liabilities (assets)	2421	2,327,916	3,942,640
3.10	Change in deferred tax liabilities	2430	-5,586,821	-5,636,493
3.10	Change in deferred tax assets	2450	23,691,912	-6,147
	Other	2460	46,319	239,673
	Reallocation of profit tax within the consolidated group of taxpayers	2465	167,125	2,232,656
	Net profit (loss)	2400	-104,756,328	751,355,297
	FOR REFERENCE ONLY:			
	Results of revaluation of non-current assets not included in net profit (loss) of the period	2510	28,744,063	15,099,475
	Results of other operations not included in net profit (loss) of the period	2520		
	Comprehensive income of the period	2500	-76,012,265	766,454,772
5.3	Base profit (loss) per share	2900		
	Diluted profit (loss) per share	2910		

**Statement of Changes in Equity
for January-December 2016**

Company: **Open Joint Stock Company "Surgutneftegas"**

Taxpayer identification number

Type of activity: **crude oil production**

Form of legal organization/form of ownership: **Open Joint Stock Company/Private property**

Unit of measure: **thousand RUB**

Location (address): **628415 Russia, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul.Grigoriya Kukuyevitskogo, 1, bld. 1.**

The Company added an additional column into the form: **no**

	Codes
Form by OKUD	0710003
Date	31.12.2016
by OKPO	05753490
INN	8602060555
by OKVED2	06.10.1
by OKOPF/OKFS	12247/16
by OKEI	384

1. Capital flow							
Indicator	Line code	Charter capital	Treasury shares	Additional paid-in capital	Reserve capital	Retained profit (uncovered loss)	Total
1	2	3	4	5	6	7	8
Capital as of 31 December of the year preceding the previous year	3100	43,427,993		674,773,010	6,514,198	2,098,453,730	2,823,168,931
For the reporting period of the previous year:							
Increase in capital – total:	3210			16,871,824		758,304,063	775,175,887
including:							
net profit	3211					751,355,297	751,355,297
revaluation of property	3212			16,871,824			16,871,824
income allocated directly to increase in capital	3213					6,948,766	6,948,766
additional issue of shares	3214						
increase in par value of shares	3215						
reorganization of a legal entity	3216						
Decrease in capital – total:	3220			-8,525,689		-86,455,302	-94,980,991
including:							
loss	3221						
revaluation of property	3222			-1,772,349			-1,772,349
expenses allocated directly to decrease in capital	3223			-6,753,340			-6,753,340
decrease in par value of shares	3224						
decrease in the number of shares	3225						
reorganization of a legal entity	3226						
dividends	3227					-86,455,302	-86,455,302
Change in additional capital	3230						
Change in reserve capital	3240						

Capital as of 31 December of the preceding year	3200	43,427,993		683,119,145	6,514,198	2,770,302,491	3,503,363,827
For the reporting year:							
Increase in capital – total:	3310			30,637,461		5,691,391	36,328,852
including:							
net profit	3311						
revaluation of property	3312			30,637,461			30,637,461
income allocated directly to increase in capital	3313					5,691,391	5,691,391
additional issue of shares	3314						
increase in par value of shares	3315						
reorganization of a legal entity	3316						
Decrease in capital – total:	3320			-7,453,995		-179,489,753	-186,943,748
including:							
loss	3321					-104,756,328	-104,756,328
revaluation of property	3322			-1,893,398			-1,893,398
expenses allocated directly to decrease in capital	3323			-5,560,597			-5,560,597
decrease in par value of shares	3324						
decrease in the number of shares	3325						
reorganization of a legal entity	3326						
dividends	3327					-74,733,425	-74,733,425
Change in additional capital	3330						
Change in reserve capital	3340						
Capital as of 31 December of the reporting year	3300	43,427,993		706,302,611	6,514,198	2,596,504,129	3,352,748,931

2. Adjustments due to changes in the accounting policy and error correction					
Indicator	Line code	As of 31.12.2014	Changes in capital for 2015		As of 31.12.2015
			due to net profit	due to other factors	
1	2	3	4	5	6
Capital – total					
prior to adjustments	3400				
adjustment due to:					
changes in the accounting policy	3410				
error correction	3420				
after adjustments	3500				
including:					
Retained profit (uncovered loss):					

prior to adjustments	3401				
adjustment due to:					
changes in the accounting policy	3411				
error correction	3421				
after adjustments	3501				
other adjusted capital items:					
(by items)					
prior to adjustments	3402				
adjustment due to:					
changes in the accounting policy	3412				
error correction	3422				
after adjustments	3502				

Reference information				
Indicator	Code	As of 31.12.2016	As of 31.12.2015	As of 31.12.2014
1	2	3	4	5
Net assets	3600	3,353,451,953	3,503,678,688	2,823,685,816

**Cash Flow Statement
for January-December 2016**

Company: **Open Joint Stock Company “Surgutneftegas”**

Taxpayer identification number

Type of activity: **crude oil production**

Form of legal organization/form of ownership: **Open Joint Stock Company/Private property**

Unit of measure: **thousand RUB**

Location (address): **628415 Russia, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul.Grigoriya Kukuyevitskogo, 1, bld. 1.**

	Codes
Form by OKUD	0710004
Date	31.12.2016
by OKPO	05753490
INN	8602060555
by OKVED2	06.10.1
by OKOPF/OKFS	12247/16
by OKEI	384

Indicator	Line code	For 12 months of 2016	For 12 months of 2015
1	2	3	4
Cash flow from operations			
Proceeds – total	4110	961,315,471	1,012,242,620
including:			
from sales of goods, products, works and services	4111	950,617,606	1,002,174,181
lease payments, license payments, royalty, commission and other similar payments	4112	783,750	722,407
from resale of financial investments	4113		
other proceeds	4119	9,914,115	9,346,032
Payments – total	4120	-828,642,914	-927,169,139
including:			
to suppliers (contractors) for raw materials, supplies, works and services	4121	-293,666,529	-267,552,867
due as remuneration of employees' labor	4122	-105,322,417	-97,918,164
debenture interest	4123	-104	-64
corporate profit tax	4124	-58,491,910	-150,956,055
taxes and charges (excl. profit tax)	4125	-356,797,048	-398,276,004
other payments	4129	-14,364,906	-12,465,985
Cash flow balance from operations	4100	132,672,557	85,073,481
Cash flow from investing			
Proceeds – total	4210	58,270,899	106,846,994
including:			
from sale of non-current assets (excl. financial investments)	4211	304,549	328,588
from sale of shares of (interest in) other organizations	4212		548
from repayment of loans granted and sale of debt securities (cash receivables from other persons)	4213	3,409,756	182,294
dividends, interest on financial debt investments and similar proceeds from interest in other organizations	4214	54,002,596	106,237,150
other proceeds	4219	553,998	98,414
Payments – total	4220	-145,737,828	-69,966,436
including:			
due to acquisition, formation, modernization, reconstruction and preparation of non-current assets for use	4221	-47,713,086	-56,649,649

due to acquisition of shares of (interest in) other organizations	4222		
due to acquisition of debt securities (cash receivables from other persons) and loans granted to other persons	4223	-13,210,675	-12,495,496
debenture interest to be included in the cost of investment assets	4224		
other payments	4229	-84,814,067	-821,291
Cash flow balance from investing	4200	-87,466,929	36,880,558
Cash flow from financing			
Proceeds – total	4310		
including:			
borrowings and loans received	4311		
cash deposits by owners (members)	4312		
from issue of shares and increase in interest	4313		
from issue of bonds, bills of exchange, other debt securities, etc.	4314		
other proceeds	4319		
Payments – total	4320	-70,713,540	-82,190,388
including:			
to owners (members) due to repurchase of their shares of (interest in) the organization or cessation of their membership	4321		
for payment of dividends and other payments related to distribution of profit among owners (members)	4322	-70,713,540	-82,050,738
due to payment (buyback) of bills of exchange and other debt securities and repayment of borrowings and loans	4323		-139,650
other payments	4329		
Cash flow balance from financing	4300	-70,713,540	-82,190,388
Cash flow balance for the reporting period	4400	-25,507,912	39,763,651
Balance of cash and cash equivalents at the beginning of the reporting period	4450	72,125,763	30,922,010
Balance of cash and cash equivalents at the end of the reporting period	4500	42,292,970	72,125,763
Effect of changes in the exchange rates of foreign currency to the Russian ruble	4490	-4,324,881	1,440,102

Notes to the Balance Sheet and the Income Statement for 2016 (text form):

The information is provided in the appendix to the present quarterly report.

Notes to the Balance Sheet and the Income Statement for 2016 (table form):

The information is provided in the appendix to the present quarterly report.

Explanatory note on the accounting (financial) statements:

The information is provided in the appendix to the present quarterly report.

7.2. Interim accounting (financial) statements of the issuer

Balance Sheet As of 31.03.2017

Company: **Open Joint Stock Company “Surgutneftegas”**

Taxpayer identification number

Type of activity: **crude oil production**

Form of legal organization/form of ownership: **Open Joint Stock Company/Private property**

Unit of measure: **thousand RUB**

Location (address): **628415 Russia, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul.Grigoriya Kukuyevitskogo, 1, bld. 1.**

Form by OKUD	Codes
	0710001
Date	31.03.2017.
by OKPO	05753490
INN	8602060555
by OKVED2	06.10.1
by OKOPF/OKFS	12247/16
by OKEI	384

Notes	ASSETS	Line code	As of 31.03.2017	As of 31.12.2016	As of 31.12.2015
1	2	3	4	5	6
	I. NON-CURRENT ASSETS				
	Intangible assets	1110	608,717	567,427	548,352
	R&D results	1120	192,127	143,419	213,665
	Intangible prospecting assets	1130	47,889,236	44,486,303	36,423,674
	Tangible prospecting assets	1140			
	Fixed assets	1150	817,258,191	817,489,027	752,847,663
	including				
	buildings, machinery, equipment, and other fixed assets, excluding land, objects of environmental management, and capital investments in progress	1151	751,028,593	754,655,089	676,370,601
	Income yielding investments in tangible assets	1160	2,833,782	2,887,646	3,093,832
	Financial investments	1170	1,718,792,042	1,773,553,018	2,007,179,799
	including other financial investments, excluding investments in organizations and loans granted	1171	1,562,869,575	1,619,633,606	1,866,481,918
	Deferred tax assets	1180	23,701,504	23 718 078	26,166
	Other non-current assets	1190	57,203,097	58,032,386	59,369,781
	TOTAL for Section I	1100	2,668,478,696	2,720,877,304	2,859,702,932
	II. CURRENT ASSETS				
	Stocks	1210	83,363,154	84,612,290	81,154,030
	Value Added Tax on acquired valuables	1220	3,703,621	4,319,637	4,479,359

	Accounts receivable	1230	223,760,121	272,521,980	206,168,244
	Financial investments (excluding cash equivalents)	1240	396,792,170	414,155,608	479,972,123
	including other financial investments, excluding investments in organizations and loans granted	1241	396,792,170	414,155,608	479,972,123
	Cash and cash equivalents	1250	62,459,772	42,293,015	72,125,809
	Other current assets	1260	883,150	1,585,023	877,956
	TOTAL for Section II	1200	770,961,988	819,487,553	844,777,521
	BALANCE (assets)	1600	3,439,440,684	3,540,364,857	3,704,480,453

Notes	LIABILITIES	Line code	As of 31.03.2017	As of 31.12.2016	As of 31.12.2015
1	2	3	4	5	6
	III. CAPITAL AND RESERVES				
	Charter capital (share capital, authorized fund, partners' contributions)	1310	43,427,993	43,427,993	43,427,993
	Treasury shares	1320			
	Revaluation of non-current assets	1340	512,624,168	513,790,825	490,607,359
	Additional capital (no revaluation)	1350	192,511,786	192,511,786	192,511,786
	Reserve capital	1360	6,514,198	6,514,198	6,514,198
	Retained profit (uncovered loss)	1370	2,506,923,033	2,596,504,129	2,770,302,491
	TOTAL for Section III	1300	3,262,001,178	3,352,748,931	3,503,363,827
	IV. LONG-TERM LIABILITIES				
	Borrowed funds	1410			
	Deferred tax liabilities	1420	76,709,020	76,257,353	70,670,532
	Estimated liabilities	1430			
	Other liabilities	1450	658,204	639,292	509,218
	TOTAL for Section IV	1400	77,367,224	76,896,645	71,179,750
	V. SHORT-TERM LIABILITIES				
	Borrowed funds	1510			
	Accounts payable	1520	84,310,532	96,541,953	116,947,293
	Deferred income	1530	672,230	703,022	314,861
	Estimated liabilities	1540	14,802,439	13,077,807	12,203,314
	Other liabilities	1550	287,081	396,499	471,408
	TOTAL for Section V	1500	100,072,282	110,719,281	129,936,876
	BALANCE (liabilities)	1700	3,439,440,684	3,540,364,857	3,704,480,453

**Income Statement
for January – March 2017**

Company: **Open Joint Stock Company “Surgutneftegas”**

Taxpayer identification number

Type of activity: **crude oil production**

Form of legal organization/form of ownership: **Open Joint Stock Company/Private property**

Unit of measure: **thousand RUB**

Location (address): **628415 Russia, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul.Grigoriya Kukuyevitskogo, 1, bld. 1.**

	Codes
Form by OKUD	0710002
Date	31.03.2017.
by OKPO	05753490
INN	8602060555
by OKVED2	06.10.1
by OKOPF/OKFS	12247/16
by OKEI	384

Notes	Indicator	Line code	For 3 months of 2017	For 3 months of 2016
1	2	3	4	5
	Revenue	2110	275,895,776	203,442,508
	Cost of sales	2120	-196,090,369	-135,531,754
	Gross profit (loss)	2100	79,805,407	67,910,754
	Selling expenses	2210	-22,377,174	-21,677,904
	Management expenses	2220		
	Sales profit (loss)	2200	57,428,233	46,232,850
	Income from participation in other organizations	2310		
	Interest receivable	2320	22,760,632	28,007,383
	Interest payable	2330		
	Other income	2340	196,776,156	305,572,044
	Other expenses	2350	-367,253,739	-497,638,394
	Profit (loss) before tax	2300	-90,288,718	-117,826,117
	Current profit tax	2410		
	incl. permanent tax liabilities (assets)	2421	15,463,731	19,094,755
	Change in deferred tax liabilities	2430	-451,667	467,051
	Change in deferred tax assets	2450	-16,574	-2,609
	Other	2460	-9,834	-237
	Reallocation of profit tax within the consolidated group of taxpayers	2465	19,040	65,299
	Net profit (loss)	2400	-90,747,753	-117,296,613
	FOR REFERENCE ONLY:			
	Results of revaluation of non-current assets not included in net profit (loss) of the period	2510		
	Results of other operations not included in net profit (loss) of the period	2520		
	Comprehensive income of the period	2500	-90,747,753	-117,296,613
	Base profit (loss) per share	2900		
	Diluted profit (loss) per share	2910		

Consolidated financial statements were not prepared by the Company in the reporting quarter.

7.4. Accounting policy of the issuer

Basic provisions the Accounting Policy of the Company developed by the Company in compliance with the requirements of the laws of the Russian Federation on accounting and approved by the order of the Company for 2017.

1. Accounting policy of the Company is developed in compliance with the requirements of the laws of the Russian Federation on accounting, federal and industry standards.

2. Intangible Assets Accounting:

The cost of IA is redeemed through amortization under the straight-line method within the fixed period of their useful life.

The useful life of IA is determined when an item is entered in accounting records based on the term of a patent or certificate, and other limitations for the useful life of intellectual property under the law of the Russian Federation, and the expected useful life of such item during which the Company can obtain economic benefits (profit).

The useful life of IA is checked by the Company annually during inventory to see whether it needs to be adjusted. If the duration of the period during which the Company expects to use the asset changes by more than 5%, the useful life of such asset is to be adjusted.

Changes in estimated values caused by this are shown in prospect.

Intangible assets are not revalued and not tested for impairment.

3. Research, development and technological works accounting:

The R&D cost is written off as cost of manufacturing of products (performing of works, rendering of services) within the fixed period of their expected useful life (but not more than 5 years).

4. Intangible Prospecting and Exploration Assets Accounting

Intangible prospecting assets include prospecting costs (costs of prospecting, hydrocarbon fields appraisal and hydrocarbon resources exploration) associated with acquisition of licenses, paid for discovery of hydrocarbon fields and preliminary appraisal of reserves, and recognized as non-current assets.

The Company's intangible prospecting assets are ceased to be recognized in relation to a certain subsurface area when hydrocarbons production is proved to be commercially feasible or recognized as unpromising.

Intangible prospecting assets are not amortized during prospecting, hydrocarbon fields appraisal and (or) hydrocarbon resources exploration, except for licenses which authorize to carry out prospecting, hydrocarbon fields appraisal and hydrocarbon resources exploration.

Part of the cost of licenses which authorize to carry out prospecting, hydrocarbon fields appraisal and hydrocarbon resources exploration is transferred equally during the term of these licenses. If at the moment when hydrocarbon production in the license area is proved to be commercially feasible such license is not written off, its residual value is included in the costs for creation of exploration assets in the month when hydrocarbon production is proved to be commercially feasible.

Intangible prospecting assets are not revalued.

If production of hydrocarbons in the relative license area (field) is recognized as unpromising, the cost of intangible prospecting asset constitutes the part of the Company's other expenses.

Prospecting costs, paid by the Company for discovery of hydrocarbon fields and preliminary appraisal of reserves before production was proved to be commercially feasible, are recognized as intangible prospecting assets, accumulated within a group of objects in every license area and shown as investments in non-current assets.

Construction (drilling) facilities, built (acquired) when developing intangible prospecting assets recognized as suitable for further use in production activity, are recorded as fixed assets at cost determined by actual costs of their building (acquisition).

If production is proved to be commercially feasible, after being tested for impairment the intangible prospecting assets are recorded among other non-current assets as exploration assets.

The value of the exploration asset is charged to the cost of oil and gas production evenly within the fixed period of their useful life starting from the month following the month when exploration assets were entered in accounting records.

As of the end of the reporting period the Company analyzes factors which imply possible impairment of intangible prospecting assets. If prospecting assets show signs of devaluation, the cost of intangible prospecting assets is lowered by means of other expenses.

If there are beneficial consequences for the Company, occurred after recognizing losses from intangible prospecting assets devaluation or expected in the near future due to an increase of economic efficiency of intangible prospecting assets use or due to restructuring of activity in which the intangible prospecting asset is used, the adjustment of previously recognized losses by means of other expenses is made.

5. Fixed Assets Accounting

The historical (replacement) cost of fixed assets recorded on and after 01.01.2002 is redeemed through depreciation under the straight-line method in conformity with depreciation rates calculated on the basis of the useful life of such assets determined when such assets are entered in accounting records.

The historical (replacement) cost of fixed assets recorded before 01.01.2002 is redeemed according to the procedure valid at the time when such assets were recorded, through straight-line depreciation in conformity with depreciation rates for complete repair approved by Resolution No. 1072 of the USSR Council of Ministers dated 22.10.1990.

Revaluation is conducted annually as of 31 December of the reporting year.

6. Financial Investments Accounting

Financial investments are recorded at their historical cost. The historical cost of financial investments acquired at a charge is the amount of the actual costs of their acquisition excluding value-added tax and other reimbursed taxes (except for cases stipulated by the tax and levy legislation of the Russian Federation).

The Company does not evaluate the discounted value of debt securities and loans granted.

When financial investments with current market value that cannot be determined are retired, their value is determined on the basis of the historical cost of each unit of financial investments accounting.

When financial investments with current market value that can be determined are retired, their value is determined on the basis of their current book value.

Income from sales of securities, interest and other income are recognized as other income.

7. Inventory Accounting

Stocks are recorded at their actual cost.

Stocks are written off to production or otherwise retired at its average cost of production.

8. Formation and Use of Reserves, Recording of Estimated Liabilities:

An estimated liability is recorded in order to account for expenses for vacation payments to employees. The reserve for future expenses for vacation payments to employees is created from costs of manufacturing of products (performing of works, rendering of services). Reserves at the end of a reporting year are adjusted in line with the inventory results. Reserves are additionally created from costs of manufacturing of goods (performing of works, rendering of services). Over-accrued reserves are adjusted against other expenses.

As of 31 December, the Company carries out an inspection for devaluation of financial investments (not traded publicly) with current market value that cannot be determined. If the inspection confirms that the cost of financial investments is substantially and persistently reducing (by more than 5%), an impairment reserve for financial investments is formed; reserves for doubtful debts are formed for loans, accounts receivable acquired on the basis of the assignment of claim agreement.

A reserve is formed for decreases in the value of tangible assets for slow moving inventory the market price for which went down during the reporting year or which became obsolete or which lost, either fully or partially, their original qualities. The reserve is formed out of other expenses.

Reserves for doubtful debts are formed if any accounts receivable are deemed doubtful. Accounts receivable are deemed doubtful if they are not redeemed, or if there is high risk of their non-redemption within the period established by the contract, and if they are not duly guaranteed. Such reserves are formed out of other expenses.

Estimated liabilities used to dispose of facilities constructed (purchased) in the course of prospecting, hydrocarbon fields appraisal, hydrocarbon resources exploration and restoration of disturbed lands are created. The sums of the reserves are included in intangible prospecting assets (explorations assets).

9. Definition of Revenue from Sale

For accounting purposes, revenue from sale of products, works, services, goods and property of the Company to other organizations and natural persons are recognized provided that the requirements stipulated by Item 12 (including requirements of Item 14) of the Accounting Regulations "Income of an Enterprise" PBU 9/99 approved by Order No. 32n of the Ministry of Finance of the Russian Federation dated 06.05.1999 are met. Export duties are not included in revenue from export of products. Revenue from sale of products (works, services), goods does not include VAT, excises and export duties.

10. Selling Expenses Accounting

At the end of a reporting period expenses related to the sale of oil, gas, oil and gas refined products, property, plant and equipment, apartments, securities, share in the charter capital of other companies, scrap metal, secondary material resources are included in the cost of sales or other expenses subject to the type of assets sold.

7.5. Total export and share of export in total sales

Unit of measure: *thousand RUB*

Indicator	2016	2017, 3 months
Total earnings of the issuer from export of products (goods, works, services)	758,924,561	199,791,426
Share of such earnings in sales revenue, %	76.5	72.4

7.6. Substantial changes in the issuer's property after the end of the last completed reporting year

Substantial changes in the issuer's property during 12 months prior to the end of the reporting quarter

There were no substantial changes in the issuer's property during 12 months prior to the end date of the reporting quarter.

Additional information: *no*.

7.7. The issuer's participation in litigations in case such participation may substantially affect financial and business activities of the issuer

The issuer did not/does not participate in any litigations which affect/may affect financial and business activities for the period from the beginning of the last completed financial year and up to the end of the reporting quarter.

Section VIII. Further information on the issuer and equity securities placed by the issuer

8.1. Further information on the issuer

8.1.1. Size and structure of the issuer's charter capital

The issuer's charter capital as of the end of the last reporting quarter, RUB: **43,427,992,940**

Ordinary shares

Total nominal value: **35,725,994,705**

Share in the charter capital, %: **82.2648994034**

Preference

Total nominal value: **7,701,998,235**

Share in the charter capital, %: **17.7351005966**

Specify if the amount of charter capital shown in this paragraph corresponds to the issuer's constituent documents: *the amount of the Company's charter capital corresponds to the constituent documents.*

The issuer's shares are traded outside the Russian Federation by means of depository securities trading (foreign issuers' securities which represent such shares of the Russian issuer).

Category (type) of shares traded outside the Russian Federation

Type of securities: *shares*

Category of shares: *ordinary*

Shares traded outside the Russian Federation in the total number of shares of the same category (type): **6.33**

Foreign issuer whose securities represent the issuer's shares of the same category (type)

Full corporate name: *The Bank of New York Mellon*

Location: *USA, NY 10286, New York, 101 Barclay Street*

Summary of the issue program (type of the program) for the foreign issuer's depository receipts representing shares of the relevant category (type): *sponsored, level I. Each American Depository Share represents 10 ordinary registered shares of the Company.*

On the Company's obtaining a permit issued by The Bank of Russia and (or) authorized government body (authorized state authority) of the Russian Federation to offer and (or) trade issuer's securities of the relevant category (type) outside the Russian Federation: *not applicable.*

Foreign market maker(s) trading the issuer's shares (depository receipts representing the issuer's shares) (if such trading exists): *Berlin Stock Exchange, Frankfurt Stock Exchange, London Stock Exchange, Pink OTC Markets Inc.*

Other information about the issuer's shares traded outside the Russian Federation as the issuer may wish to disclose: *The date when the program was launched is 30 December 1996.*

Type of securities: *shares*

Category of shares: *preference*

Type of shares: -

Shares traded outside the Russian Federation in the total number of shares of the same category (type): **8.4**

Foreign issuer whose securities represent the issuer's shares of the same category (type)

Full corporate name: *The Bank of New York Mellon*

Location: *USA, NY 10286, New York, 101 Barclay Street*

Summary of the issue program (type of the program) for the foreign issuer's depository receipts representing shares of the relevant category (type):

sponsored, level I. Each American Depository Share represents 10 preference registered shares of the Company.

On the Company's obtaining a permit issued by The Bank of Russia and (or) authorized government body (authorized state authority) of the Russian Federation to offer and (or) trade issuer's securities of the relevant category (type) outside the Russian Federation: *not applicable*.

Foreign market maker(s) trading the issuer's shares (depository receipts representing the issuer's shares) (if such trading exists): *Berlin Stock Exchange, Frankfurt Stock Exchange, Pink OTC Markets Inc.*

Other information about the issuer's shares traded outside the Russian Federation as the issuer may wish to disclose: *The date when the program was launched is 19 March 1998.*

8.1.2. Changes in the size of the issuer's charter capital

The size of the charter capital did not change during this period.

8.1.3. Convening and holding a meeting (session) of the issuer's supreme management body

Supreme management body of the issuer: *General Shareholders' Meeting.*

Notification of shareholders (members) about a meeting (session) of the issuer's supreme management body

A notice of a general shareholders' meeting is given within the period stipulated by the Federal Law "On Joint Stock Companies" but at least 30 days before such a meeting is held.

A notice of a general shareholders' meeting shall include:

- *full corporate name and location of the Company;*
 - *form of a general shareholders' meeting (a meeting or absent voting);*
 - *date, venue and time of a general shareholders' meeting as well as the mailing address for sending completed ballot papers to the Company; the deadline for ballot papers and mailing address for sending completed ballot papers to, in case a general shareholders' meeting is held through absent voting;*
 - *the date of compiling the list of persons entitled to participate in a general shareholders' meeting;*
 - *agenda of a general shareholders' meeting;*
 - *procedure of familiarization with the information (materials) subject to presentation to shareholders while preparing for a general shareholders' meeting, and address(es) where this information is available;*
- categories (types) of shares the holders of which have the right to vote on all or some issues of the agenda of the general shareholders' meeting.*

The notice of a general meeting to be held in the form of a meeting shall additionally state the registration time for participants of such general meeting.

Information on a general shareholders' meeting is published in the newspaper "Neft Priobya". The agenda of a general shareholders' meeting cannot be changed after the information has been published. A general shareholders' meeting is not entitled to adopt resolutions on issues not included in the agenda, neither is it entitled to alter the agenda.

Persons (bodies) entitled to convene (request) an extraordinary meeting (session) of the issuer's supreme management body and the procedure for submitting (filing) such requests:

Extraordinary general shareholders' meetings can be convened by the Company's Board of Directors either on its own initiative or at the written request of the Auditing Committee, the Company's Auditor, or a shareholder (shareholders) holding an aggregate of at least 10 percent of the Company's voting shares as of the date such request is submitted. The request shall state the issues to be included in the agenda of a meeting. It shall be signed by the person (persons) demanding that an extraordinary general shareholders' meeting be convened.

Determination of the date of a meeting (session) of the issuer's supreme management body

The Company's Board of Directors determines the date, venue and time of a general shareholders' meeting, its agenda and procedure, the date of compiling the list of persons entitled to participate in a general shareholders' meeting, the order of informing shareholders about a general shareholders' meeting, list of materials (information) available for the shareholders while preparing for a general shareholders' meeting, the form and the text of a ballot paper.

Persons entitled to propose the agenda of a meeting (session) of the issuer's supreme management body and the procedure for such proposals

Shareholders (a shareholder) of the Company holding an aggregate of at least 2 percent of the Company's voting shares are entitled to introduce issues to the agenda of an annual general shareholders' meeting and to nominate candidates for the Company's Board of Directors and Auditing Committee, provided that the number of candidates does not exceed the number of members of the above mentioned bodies, not later than 30 days after the end of the Company's reporting year.

Issues are included in the agenda of a general shareholders' meeting in writing; each shall state the name(s) of the shareholder(s) proposing the issue, the number and category (type) of shares he/she holds. Nomination of candidates for the Board of Directors of the Company and Auditing Committee (including self-nomination) shall be made in writing and shall state the name of the candidate (if the candidate is a shareholder of the Company), the number and category (type) of shares he/she holds, the name(s) of the shareholder(s) nominating the candidate, and the number and category (type) of shares he/she/they hold(s).

The Board of Directors of the Company is obliged to consider submitted proposals and pass a resolution on whether or not to include them in the agenda of an annual general shareholders' meeting not later than 5 days after the deadline for proposals concerning the agenda and for nomination of candidates. The Board of Directors' reasoned resolution not to include any issue into the agenda or not to include any candidate in the list of candidates for election to the relevant body of the Company is to be sent to the shareholder (shareholders) who proposed that issue or nomination not later than 3 days after such decision was made.

Persons who have the right to review information (materials) presented in order to arrange and hold a meeting (session) of the issuer's supreme management body and the procedure for review of such information (materials)

In accordance with the Federal Law "On Joint Stock Companies", persons who have the right to review the information presented in order to arrange and hold a shareholders' meeting are the persons who have the right to participate in a general shareholders' meeting. The list of persons who have the right to participate in a general shareholders' meeting is compiled on the basis of the Company's shareholder register.

Review of information presented in order to arrange a shareholders' meeting shall be made in compliance with Article 52 of the Federal Law "On Joint Stock Companies".

Procedure for announcement (communication to the issuer's shareholders (members)) of resolutions passed by the issuer's supreme management body and vote returns

Resolutions passes at a general shareholders' meeting and vote returns shall be communicated to shareholders at a general shareholders' meeting. If votes cannot be counted before a general shareholders' meeting is closed or in case of absentee voting, resolutions passed at a general shareholders' meeting and vote returns shall be communicated to shareholders within the period set forth by the law of the Russian Federation by way of publication in the Neft Priobya newspaper.

8.1.4. Commercial organizations where the issuer holds at least five percent of the charter capital or at least five percent of ordinary shares

Commercial organizations where the issuer holds at least five percent of the charter (share) capital (mutual fund) or at least five percent of ordinary shares as of the end of the last reporting quarter

1. Full corporate name: **Limited Liability Company "Novgorodnefteproduct"**

Abbreviated corporate name: **LLC "Novgorodnefteproduct"**

Location: **Russia, Veliky Novgorod**

INN: **5321059365**

OGRN: **1025300788644**

The issuer's share in the charter capital of commercial organization: **100%**

The person's share in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the person: **0%**

2. Full corporate name: **Limited Liability Company "Syrgutmebel"**

Abbreviated corporate name: **LLC "Syrgutmebel"**

Location: **Russia, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgutsky District, poselok Barsovo, Vostochnaya industrial, 1 territory, 2.**

INN: **8617013396**

OGRN: **1028601679688**

The issuer's share in the charter capital of commercial organization: **100%**

The person's share in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the person: **0%**

3. Full corporate name: ***Limited Liability Company Marketing Association Pskovnefteproduct***
 Abbreviated corporate name: ***LLC “Pskovnefteproduct”***
 Location: ***Russia, Pskov***
 INN: ***6027042337***
 OGRN: ***1026000970049***
 The issuer’s share in the charter capital of commercial organization: ***100%***
 The person’s share in the charter capital of the issuer: ***0%***
 The issuer’s ordinary shares held by the person: ***0%***
4. Full corporate name: ***Limited Liability Company “Marketing Association “Tvernefteproduct”***
 Abbreviated corporate name: ***LLC “Tvernefteproduct”***
 Location: ***Russia, Tver, ul.Novotorzhskaya, 6***
 INN: ***6905041501***
 OGRN: ***1026900510647***
 The issuer’s share in the charter capital of commercial organization: ***100%***
 The person’s share in the charter capital of the issuer: ***0%***
 The issuer’s ordinary shares held by the person: ***0%***
5. Full corporate name: ***Limited Liability Company “Kaliningradnefteproduct”***
 Abbreviated corporate name: ***LLC “Kaliningradnefteproduct”***
 Location: ***Russia, Kaliningrad, Central District, ul.Komsomolskaya, 22-b***
 INN: ***3900000136***
 OGRN: ***1023900589240***
 The issuer’s share in the charter capital of commercial organization: ***100%***
 The person’s share in the charter capital of the issuer: ***0%***
 The issuer’s ordinary shares held by the person: ***0%***
6. Full corporate name: ***Limited Liability Company “Oil Refining and Petrochemical Enterprises Design Institute”***
 Abbreviated corporate name: ***LLC “Lengiproneftekhim”***
 Location: ***Russia, Saint Petersburg, nab.Obvodnogo kanala, 94***
 INN: ***7810327462***
 OGRN: ***1057803105755***
 The issuer’s share in the charter capital of commercial organization: ***100%***
 The person’s share in the charter capital of the issuer: ***0%***
 The issuer’s ordinary shares held by the person: ***0%***
7. Full corporate name: ***Limited Liability Company “Kirishiavtoservis”***
 Abbreviated corporate name: ***LLC “Kirishiavtoservis”***
 Location: ***196084, Russia, Saint Petersburg, ul.Smolenskaya, 12, lit. A***
 INN: ***7840016802***
 OGRN: ***1057807804064***
 The issuer’s share in the charter capital of commercial organization: ***100%***
 The person’s share in the charter capital of the issuer: ***0%***
 The issuer’s ordinary shares held by the person: ***0%***
8. Full corporate name: ***Limited Liability Company “Media-Invest”***
 Abbreviated corporate name: ***LLC “Media-Invest”***
 Location: ***Moscow***
 INN: ***7704667322***
 OGRN: ***1077762407580***
 The issuer’s share in the charter capital of commercial organization: ***100%***

 The person’s share in the charter capital of the issuer: ***0%***
 The issuer’s ordinary shares held by the person: ***0%***

9. Full corporate name: ***Open Joint Stock Company “Sovkhoz “Chervishevsky”***
Abbreviated corporate name: ***OJSC “Sovkhoz “Chervishevsky”***
Location: ***Russia, Tyumenskaya Oblast, Tyumensky District, s.Chervishevo***
INN: ***7224019466***
OGRN: ***1027200789142***
The issuer’s share in the charter capital of commercial organization: ***94.9996%***
The Company’s ordinary shares held by the issuer: ***94.9996%***
The person’s share in the charter capital of the issuer: ***0%***
The issuer’s ordinary shares held by the person: ***0%***
10. Full corporate name: ***Limited Liability Company “Insurance Company “Surgutneftegas”***
Abbreviated corporate name: ***LLC “Insurance Company “Surgutneftegas”***
Location: ***Russia, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut***
INN: ***8602103061***
OGRN: ***1028600581811***
The issuer’s share in the charter capital of commercial organization: ***100%***
The person’s share in the charter capital of the issuer: ***0%***
The issuer’s ordinary shares held by the person: ***0%***
11. Full corporate name: ***Limited Liability Company “Production Association “Kirishinefteorgsintez”***
Abbreviated corporate name: ***LLC “KINEF”***
Location: ***Russia, Leningradskaya Oblast, Kirishi***
INN: ***4708007089***
OGRN: ***1024701478735***
The issuer’s share in the charter capital of commercial organization: ***100%***
The person’s share in the charter capital of the issuer: ***0%***
The issuer’s ordinary shares held by the person: ***0%***
12. Full corporate name: ***Joint Stock Company “Surgutneftegasbank”***
Abbreviated corporate name: ***JSC BANK “SNGB”***
Location: ***Russia, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut***
INN: ***8602190258***
OGRN: ***1028600001792***
The issuer’s share in the charter capital of commercial organization: ***97.7591%***
The Company’s ordinary shares held by the issuer: ***98.2389%***
The person’s share in the charter capital of the issuer: ***0.0015%***
The issuer’s ordinary shares held by the person: ***0.0018%***
13. Full corporate name: ***Limited Liability Company “Invest-Zaschita”***
Abbreviated corporate name: ***LLC “Invest-Zaschita”***
Location: ***628400 Russia, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul.Entuziastov, 52/1***
INN: ***8602102332***
OGRN: ***1028600581680***
The issuer’s share in the charter capital of commercial organization: ***15.13%***
The person’s share in the charter capital of the issuer: ***0.1106%***
The issuer’s ordinary shares held by the person: ***0.0236%***
14. Full corporate name: ***Joint Stock Company “St. Petersburg International Mercantile Exchange”***
Abbreviated corporate name: ***JSC “SPIMEX”***
Location: ***191119 Russia, Saint Petersburg, ul.Marata, 69-71, lit. A***
INN: ***7840389730***
OGRN: ***1089847188903***

The issuer's share in the charter capital of commercial organization: **8%**
The Company's ordinary shares held by the issuer: **8%**
The person's share in the charter capital of the issuer: **0%**
The issuer's ordinary shares held by the person: **0%**

15. Full corporate name: ***Joint Stock Company "Aktzionerny Bank "ROSSIYA"***

Abbreviated corporate name: ***JSC "AB "ROSSIYA"***

Location: ***Russia, Saint Petersburg***

INN: ***7831000122***

OGRN: ***1027800000084***

The issuer's share in the charter capital of commercial organization: **5.42%**

The Company's ordinary shares held by the issuer: **0%**

The person's share in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the person: **0%**

16. Full corporate name: ***Open Joint Stock Company "Airport Surgut"***

Abbreviated corporate name: ***OJSC "Airport Surgut"***

Location: ***628422 Russia, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul.Aeroflotskaya, 49/1***

INN: ***8602060523***

OGRN: ***1028600603998***

The issuer's share in the charter capital of commercial organization: **5%**

The Company's ordinary shares held by the issuer: **5%**

The person's share in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the person: **0%**

17. Full corporate name: ***TELCREST INVESTMENTS LIMITED***

Abbreviated corporate name: ***TELCREST INVESTMENTS LIMITED***

Location: ***Cyprus, JULIA HOUSE 1066, Nicosia, Cyprus, Themistokli Dervi, 3***

The issuer's share in the charter capital of commercial organization: **9.5341%**

The person's share in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the person: **0%**

18. Full corporate name: ***Closed Joint-Stock Company "National Media Group"***

Abbreviated corporate name: ***JSC "National Media Group"***

Location: ***119034 Russia, Moscow, Prechistenskaya nab., 13, bld. 1***

INN: ***7704676655***

OGRN: ***1087746152207***

The issuer's share in the charter capital of commercial organization: **23.9752%**

The Company's ordinary shares held by the issuer: **23.9752%**

The person's share in the charter capital of the issuer: **0%**

The issuer's ordinary shares held by the person: **0%**

8.1.5. Major transactions conducted by the issuer

No such transactions in the period under review.

8.1.6. Credit ratings of the issuer

There are no credit ratings known to the issuer.

8.2. Data on each category (type) of the issuer's shares

Category of shares: ***ordinary***

Par value of each share (RUB): ***1***

Number of outstanding shares (number of shares that are not redeemed or cancelled): **35,725,994,705**

Number of additional shares which can be or being placed (number of shares in additional issue in respect to which the state registration has been granted, but additional issue report was not registered, or additional issue notification was not submitted in case Federal Law "On Securities Markets" does not prescribe state registration of additional issue report. **0**

Number of declared shares: **0**

Number of shares which came to the disposal (are on the balance) of the issuer: **0**

Number of additional shares that can be placed through conversion of previously placed securities convertible into shares or by virtue of fulfillment of the issuer's option obligations: **0**

Issues of shares of this category (type)

Date of state registration	State registration number of the Issue:
24.06.2003	1-01-00155-A

Shares grant shareholders the following rights

An ordinary share of the Company entitles its owner:

- to have one vote when addressing issues put to the vote at a general shareholders' meeting excluding elections of the members to the Board of Directors of the Company (the members to the Board of Directors of the Company are elected through cumulative voting. When conducting cumulative voting the number of votes for each Company's voting share shall be equal to the total number of the Board of Directors of the Company. A shareholder has the right to cast all the votes carried by his/her share for one candidate or distribute them among several candidates to the Board of Directors of the Company);*
- to receive dividend out of the Company's net profit;*
- to get a share of the Company's property if the Company is dissolved;*
- to demand that the Company buy out shares belonging to him/her in case: the Company is being restructured or a major transaction is being conducted, the resolution about which is adopted by the general shareholders' meeting in compliance with the Company's Charter, if he/she voted against such resolution or transaction or did not vote on these issues; the Company's Charter is amended or approved in a new wording to restrict his/her rights if he/she voted against the corresponding resolution or did not participate in voting;*
- to participate in the general shareholders' meeting both in person and by proxy that can be acted by, without limitations, other shareholders of the Company as well as its officers;*
- to purchase and dispose of shares belonging to him/her (consent of other shareholders is not required).*

In case the Company, via public subscription, places voting shares and securities convertible into voting shares which are paid with money, those of the shareholders who own voting shares of the Company have the pre-emptive right over these securities in the quantity proportional to the quantity of the Company's voting shares belonging to them.

A share can be cross-owned by two or several persons. In this case, the Company deems the co-owners a single shareholder; they exercise their rights to hold, use and dispose of the Company's share in the order established by the agreement between members.

Other information about the shares as the issuer may wish to disclose

In accordance with Ordinance of the Federal Securities Market Commission of Russia No. 03-1215/r dated 24 June 2003, the additional issues of equity securities of OJSC "Surgutneftegas" were consolidated to cancel the following state registration numbers assigned to the issues of preference registered non-documentary shares of OJSC "Surgutneftegas":

87-1-664 dated 19.07.1994;

MF 67-1-01430 dated 30.09.1996;

1-05-00155-A dated 25.08.1997;

1-06-00155-A dated 22.12.1997;

1-07-00155-A dated 18.04.2000.

Category of shares: **preference**

Type of shares:

Par value of each share (RUB): **1**

Number of outstanding shares (number of shares that are not redeemed or cancelled): **7,701,665,235**

Number of additional shares which can be or being placed (number of shares in additional issue in respect to which the state registration has been granted, but additional issue report was not registered, or additional issue notification was not submitted in case Federal Law "On Securities Markets" does not prescribe state registration of additional issue report. **0**

Number of declared shares: 0

Number of shares which came to the disposal (are on the balance) of the issuer: 0

Number of additional shares that can be placed through conversion of previously placed securities convertible into shares or by virtue of fulfillment of the issuer's option obligations: 0

Issues of shares of this category (type)

Date of state registration	State registration number of the Issue:
24.06.2003	2-01-00155-A

Shares grant shareholders the following rights

A preference share of the Company entitles its owner:

- to receive an annual fixed dividend. The total amount paid as a dividend on each preference share is set at the rate of 10% of the Company's net profit on the basis of the latest financial year results divided into the number of shares accounting for 25% of the Company's charter capital. If the amount of dividend paid by the Company on each ordinary share in a certain year exceeds the amount payable as dividends on each preference share, the dividend rate paid on the latter must be increased up to the dividend rate paid per ordinary share. The Company is not entitled to pay out preference dividends in a manner differing from the procedure stipulated by the Company's Charter;*
- to vote at a general shareholders' meeting when resolutions regarding the Company's reorganization and liquidation, introduction of amendments and supplements to the Company's Charter affecting the rights and interests of preference shareholders are adopted;*
- to get a share of the Company's property if the Company is dissolved;*
- to participate in a general meeting of shareholders with the vote on all the issues within its terms of reference starting from the meeting following the annual general meeting of shareholders, which, irrespective of the reasons, did not adopt the resolution to pay dividends or adopted a resolution to partially pay dividends on preference shares of this type. The preference shareholders' right to participate in the general meeting of shareholders becomes invalid after the first full dividend payment on the shares mentioned is effected;*
- to purchase and dispose of shares belonging to him/her (consent of other shareholders is not required);*
- in case of acquisition of the voting right, to demand that the Company buy back his/her shares if:
the Company is being restructured or a major transaction is being conducted, the resolution about which is adopted by the general shareholders' meeting in compliance with the Company's Charter, if he/she voted against such resolution or transaction or did not vote on these issues;
the Company's Charter is amended or approved in a new wording to restrict his/her rights if he/she voted against the corresponding resolution or did not participate in voting.*

A share can be cross-owned by two or several persons. In this case, the Company deems the co-owners a single shareholder; they exercise their rights to hold, use and dispose of the Company's share in the order established by the agreement between members.

Other information about the shares as the issuer may wish to disclose

In accordance with Ordinance of the Federal Securities Market Commission of Russia No. 03-1215/r dated 24 June 2003, the additional issues of equity securities of OJSC "Surgutneftegas" were consolidated to cancel the following state registration numbers assigned to the issues of preference registered non-documentary shares of OJSC "Surgutneftegas":

87-1-664 dated 19.07.1994;

MF 67-1-01184 dated 05.04.1996;

MF 67-1-01431 dated 30.09.1996;

2-05-00155-A dated 25.08.1997;

2-06-00155-A dated 24.10.1997.

8.3. Previous issues of the issuer's equity securities excluding the issuer's shares

8.3.1. Issues with all securities redeemed

No such issues.

8.3.2. Issues with securities that are not redeemed

No such issues.

8.4. Person(s) who offered security for the issuer's secured bonds and security offered for the issuer's

secured bonds

The issuer made no registration of the prospectus for secured bonds, no secured bonds were admitted to stock-exchange trade.

8.4.1. Additional information on the issuer's mortgage bonds

The issuer did not place any mortgage bonds with obligations not fulfilled yet

8.4.2. Additional information on collateral for collateral bonds that includes money claims

The issuer did not place any collateral cash secured bonds with obligations not fulfilled yet.

8.5. Organizations keeping records of rights for the issuer's equity securities

Information about the registrar

Full corporate name: *Closed Joint Stock Company "Surgutinvestneft"*

Abbreviated corporate name: *CJSC "Surgutinvestneft"*

Location: *Russian Federation, Tyumenskaya Oblast, Surgut*

INN: *8602039063*

OGRN: *1028600588246*

License for keeping the register of security holders

Number: *10-000-1-00324*

Date of issue: *24.06.2004*

Valid till: *unlimited*

Issuing authority: *Russian Federal Commission for the Securities Market (FKTsB) (Federal Financial Markets Service (FSFR) of Russia)*

The date when the registrar started keeping the register for holders of the issuer's registered securities: *02.04.1994*

8.6. Legislative acts regulating import and export of capital, which may influence the payment of dividends, interests, and other payments to non-residents

As of 31.03.2017, the following legislative acts were in force regulating import and export of capital that may influence the payment of dividends, interests or other payments to non-residents:

Federal Law No. 173-FZ dated 10.12.2003 "On Currency Exchange Regulation and Control";

Federal Law No. 208-FZ dated 26.12.1995 "On Joint Stock Companies";

Federal Law No. 160-FZ dated 09.07.1999 "On Foreign Investments in the Russian Federation";

Federal Law No. 39-FZ dated 25.02.1999 "On Investment Activities in the Form of Capital Investments in the Russian Federation";

Tax Code of the Russian Federation;

Federal Law No. 115-FZ dated 07.08.2001 "On Counteraction of the Legitimization of Proceeds of Crime and the Financing of Terrorism";

Double taxation treaties between the Russian Federation and foreign states where holders of the Company's securities reside.

8.7. Declared (accrued) and (or) paid dividends on the issuer's shares and the issuer's bond yield

8.7.1. Dividends declared and paid on the issuer's shares

Information for five last completed reporting years or for each completed reporting year if the issuer conducts its business for less than five years, and for the period from the date when the current financial year started till the date when the reporting quarter ended

Indicator	Indicator value for the relevant reporting period – 2012, full year
Category of shares, for preference shares – type	ordinary
The issuer's management body which passed a resolution of dividend declaration, date when such resolution was adopted, date and number of the minutes of the meeting (session) of the issuer's management body when such resolution was adopted	The resolution was adopted at a general shareholders' meeting 28.06.2013, Minutes No. 24 dated 01.07.2013
Dividends declared per one share, RUB:	0.5

Total dividends declared on all shares of this category (type), RUB:	17,862,997,352.50
The date as of which the persons entitled to dividends are determined:	14.05.2013
Reporting period (year, quarter) for which (on the results of which) the dividends declared are (were) paid:	2012, full year
The due period (date) for declared dividend payment:	dividends shall be paid not later than on 27 August 2013
Form of declared dividend payment:	cash
Sources of payment of the declared dividends (net profit of the reporting year, retained profit of prior years, special fund)	net profit of the reporting year
Declared dividends ratio in the net profit of the reporting year, %:	11.1
Total dividends paid on shares of this category (type), RUB:	17,853,086,048.70
Payout ratio in the total amount of the declared dividends on all shares of this category (type), %:	99.94
In case declared dividends are not paid or paid by the issuer not in full – reasons for non-payment of declared dividends:	Obligations to pay dividends for 2012 on the Company's ordinary shares were fulfilled except the situations when the Company does not bear responsibility in accordance with Article 44 of Federal Law "On Joint Stock Companies" for the reasons beyond the Company's control when incorrect, incomplete or outdated information on banking details and/or mailing address were entered in a registered person's dividends questionnaire.
Other information about declared and (or) paid dividends as the issuer may wish to disclose	Declared unclaimed dividends are reinstated as part of the Company's undistributed profits.

Indicator	Indicator value for the relevant reporting period – 2012, full year
Category of shares, for preference shares – type	preference
The issuer's management body which passed a resolution of dividend declaration, date when such resolution was adopted, date and number of the minutes of the meeting (session) of the issuer's management body when such resolution was adopted	The resolution was adopted at a general shareholders' meeting 28.06.2013, Minutes No. 24 dated 01.07.2013
Dividends declared per one share, RUB:	1.48
Total dividends declared on all shares of this category (type), RUB:	11,398,957,387.8
The date as of which the persons entitled to dividends are determined:	14.05.2013
Reporting period (year, quarter) for which (on the results of which) the dividends declared are (were) paid:	2012, full year
The due period (date) for declared dividend payment:	dividends shall be paid not later than on 27 August 2013
Form of declared dividend payment:	cash
Sources of payment of the declared dividends (net profit of the reporting year, retained profit of prior years, special fund)	net profit of the reporting year
Declared dividends ratio in the net profit of the reporting year, %:	7.08
Total dividends paid on shares of this category (type), RUB:	11,278,126,180.26
Payout ratio in the total amount of the declared dividends on all shares of this category (type), %:	98.94
In case declared dividends are not paid or paid by the issuer not in full – reasons for non-payment of declared dividends:	Obligations to pay dividends for 2012 on the Company's preference shares were fulfilled except the situations when the Company does not bear responsibility in accordance with Article 44

	of Federal Law “On Joint Stock Companies” for the reasons beyond the Company’s control: incorrect, incomplete or outdated information on banking details and/or mailing address in a registered person’s dividends questionnaire.
Other information about declared and (or) paid dividends as the issuer may wish to disclose	Declared unclaimed dividends are reinstated as part of the Company’s undistributed profits.

Indicator	Indicator value for the relevant reporting period – 2013, full year
Category of shares, for preference shares – type	ordinary
The issuer’s management body which passed a resolution of dividend declaration, date when such resolution was adopted, date and number of the minutes of the meeting (session) of the issuer’s management body when such resolution was adopted	The resolution was adopted at a general shareholders’ meeting 27.06.2014, Minutes No. 25 dated 30.06.2014
Dividends declared per one share, RUB:	0.6
Total dividends declared on all shares of this category (type), RUB:	21,435,596,823.00
The date as of which the persons entitled to dividends are determined:	16.07.2014
Reporting period (year, quarter) for which (on the results of which) the dividends declared are (were) paid:	2013, full year
The due period (date) for declared dividend payment:	dividends shall be paid not later than on 20 August 2014.
Form of declared dividend payment:	cash
Sources of payment of the declared dividends (net profit of the reporting year, retained profit of prior years, special fund)	net profit of the reporting year
Declared dividends ratio in the net profit of the reporting year, %	8.36
Total dividends paid on shares of this category (type), RUB:	21 423 365 350.78
Payout ratio in the total amount of the declared dividends on all shares of this category (type), %	99.94
In case declared dividends are not paid or paid by the issuer not in full – reasons for non-payment of declared dividends:	Obligations to pay dividends for 2013 on the Company’s ordinary shares were fulfilled except the situations when the Company does not bear responsibility in accordance with Article 44 of Federal Law “On Joint Stock Companies” for the reasons beyond the Company’s control when incorrect, incomplete or outdated information on the banking details and/or mailing address were entered in a registered person’s dividends questionnaire.
Other information about declared and (or) paid dividends as the issuer may wish to disclose	

Indicator	Indicator value for the relevant reporting period – 2013, full year
Category of shares, for preference shares – type	preference
The issuer’s management body which passed a resolution of dividend declaration, date when such resolution was adopted, date and number of the minutes of the meeting (session) of the issuer’s management body when such resolution was adopted	The resolution was adopted at a general shareholders’ meeting 27.06.2014, Minutes No. 25 dated 30.06.2014
Dividends declared per one share, RUB:	2.36
Total dividends declared on all shares of this category (type), RUB:	18,176,715,834.60
The date as of which the persons entitled to dividends are	16.07.2014

determined:	
Reporting period (year, quarter) for which (on the results of which) the dividends declared are (were) paid:	2013, full year
The due period (date) for declared dividend payment:	dividends shall be paid not later than on 20 August 2014.
Form of declared dividend payment:	cash
Sources of payment of the declared dividends (net profit of the reporting year, retained profit of prior years, special fund)	net profit of the reporting year
Declared dividends ratio in the net profit of the reporting year, %:	7.09
Total dividends paid on shares of this category (type), RUB:	17,988,820,502.15
Payout ratio in the total amount of the declared dividends on all shares of this category (type), %	98.97
In case declared dividends are not paid or paid by the issuer not in full – reasons for non-payment of declared dividends:	Obligations to pay dividends for 2013 on the Company's preference shares were fulfilled except the situations when the Company does not bear responsibility in accordance with Article 44 of Federal Law "On Joint Stock Companies" for the reasons beyond the Company's control when incorrect, incomplete or outdated information on banking details and/or mailing address were entered in a registered person's dividends questionnaire.
Other information about declared and (or) paid dividends as the issuer may wish to disclose	

Indicator	Indicator value for the relevant reporting period – 2014, full year
Category of shares, for preference shares – type	ordinary
The issuer's management body which passed a resolution of dividend declaration, date when such resolution was adopted, date and number of the minutes of the meeting (session) of the issuer's management body when such resolution was adopted	The resolution was adopted at a general shareholders' meeting 27.06.2015, Minutes No. 26 dated 30.06.2015
Dividends declared per one share, RUB:	0.65
Total dividends declared on all shares of this category (type), RUB:	23,221,896,558.25
The date as of which the persons entitled to dividends are determined:	16.07.2015
Reporting period (year, quarter) for which (on the results of which) the dividends declared are (were) paid:	2014, full year
The due period (date) for declared dividend payment:	dividends shall be paid not later than on 20 August 2015.
Form of declared dividend payment:	cash
Sources of payment of the declared dividends (net profit of the reporting year, retained profit of prior years, special fund)	net profit of the reporting year
Declared dividends ratio in the net profit of the reporting year, %:	2.6
Total dividends paid on shares of this category (type), RUB:	23,207,216,750.14
Payout ratio in the total amount of the declared dividends on all shares of this category (type), %	99.94
In case declared dividends are not paid or paid by the issuer not in full – reasons for non-payment of declared dividends	Obligations to pay dividends for 2014 on the Company's ordinary shares were fulfilled except the situations when the Company does not bear responsibility in accordance with Article 44 of Federal Law "On Joint Stock Companies" for the reasons beyond the Company's control: incorrect, incomplete or outdated information on the

	shareholder's banking details and/or mailing address he/she entered into a registered person's dividends questionnaire.
Other information about declared and (or) paid dividends as the issuer may wish to disclose	

Indicator	Indicator value for the relevant reporting period – 2014, full year
Category of shares, for preference shares – type	preference
The issuer's management body which passed a resolution of dividend declaration, date when such resolution was adopted, date and number of the minutes of the meeting (session) of the issuer's management body when such resolution was adopted	The resolution was adopted at a general shareholders' meeting 27.06.2015, Minutes No. 26 dated 30.06.2015
Dividends declared per one share, RUB:	8.21
Total dividends declared on all shares of this category (type), RUB:	63,233,405,509.35
The date as of which the persons entitled to dividends are determined:	16.07.2015
Reporting period (year, quarter) for which (on the results of which) the dividends declared are (were) paid:	2014, full year
The due period (date) for declared dividend payment:	dividends shall be paid not later than on August 20, 2015.
Form of declared dividend payment:	cash
Sources of payment of the declared dividends (net profit of the reporting year, retained profit of prior years, special fund)	net profit of the reporting year
Declared dividends ratio in the net profit of the reporting year, %	7.09
Total dividends paid on shares of this category (type), RUB:	62,577,547,210.92
Payout ratio in the total amount of the declared dividends on all shares of this category (type), %	98.96
In case declared dividends are not paid or paid by the issuer not in full – reasons for non-payment of declared dividends:	Obligations to pay dividends for 2014 on the Company's preference shares were fulfilled except the situations when the Company does not bear responsibility in accordance with Article 44 of Federal Law "On Joint Stock Companies" for the reasons beyond the Company's control when incorrect, incomplete or outdated information on banking details and/or mailing address were entered in a registered person's dividends questionnaire.
Other information about declared and (or) paid dividends as the issuer may wish to disclose	

Indicator	Indicator value for the relevant reporting period – 2015, full year
Category of shares, for preference shares – type	ordinary
The issuer's management body which passed a resolution of dividend declaration, date when such resolution was adopted, date and number of the minutes of the meeting (session) of the issuer's management body when such resolution was adopted	The resolution was adopted at a general shareholders' meeting 29.06.2016, Minutes No. 27 dated 30.06.2016
Dividends declared per one share, RUB:	0.6
Total dividends declared on all shares of this category (type), RUB:	21,435,596,823.00
The date as of which the persons entitled to dividends are determined:	18.07.2016
Reporting period (year, quarter) for which (on the results of which)	2015, full year

the dividends declared are (were) paid:	
The due period (date) for declared dividend payment:	22.08.2016
Form of declared dividend payment:	cash
Sources of payment of the declared dividends (net profit of the reporting year, retained profit of prior years, special fund)	net profit of the reporting year
Declared dividends ratio in the net profit of the reporting year, %	2.85
Total dividends paid on shares of this category (type), RUB:	21,420,238,491.34
Payout ratio in the total amount of the declared dividends on all shares of this category (type), %	99.93
In case declared dividends are not paid or paid by the issuer not in full – reasons for non-payment of declared dividends:	Obligations to pay dividends for 2015 on the Company's ordinary shares were fulfilled except as stated below when the Company does not bear responsibility in accordance with Clause 16 of Article 8.2 of Federal Law "On Securities Market".
Other information about declared and (or) paid dividends as the issuer may wish to disclose	

Indicator	Indicator value for the relevant reporting period – 2015, full year
Category of shares, for preference shares – type	preference
The issuer's management body which passed a resolution of dividend declaration, date when such resolution was adopted, date and number of the minutes of the meeting (session) of the issuer's management body when such resolution was adopted	The resolution was adopted at a general shareholders' meeting 29.06.2016, Minutes No. 27 dated 30.06.2016
Dividends declared per one share, RUB:	6.92
Total dividends declared on all shares of this category (type), RUB:	53,297,827,786.20
The date as of which the persons entitled to dividends are determined:	18.07.2016
Reporting period (year, quarter) for which (on the results of which) the dividends declared are (were) paid:	2015, full year
The due period (date) for declared dividend payment:	22.08.2016
Form of declared dividend payment:	cash
Sources of payment of the declared dividends (net profit of the reporting year, retained profit of prior years, special fund)	net profit of the reporting year
Declared dividends ratio in the net profit of the reporting year, %	7.09
Total dividends paid on shares of this category (type), RUB:	52,718,791,815.92
Payout ratio in the total amount of the declared dividends on all shares of this category (type), %	98.91
In case declared dividends are not paid or paid by the issuer not in full – reasons for non-payment of declared dividends:	Obligations to pay dividends for 2015 on the Company's preference shares were fulfilled except as stated below when the Company does not bear responsibility in accordance with Clause 16 of Article 8.2 of Federal Law "On Securities Market".
Other information about declared and (or) paid dividends as the issuer may wish to disclose	

Obligations to pay dividends for 2013 – 2015 on the Company's shares were fulfilled except the situations when the Company does not bear responsibility in accordance with the legislation of the Russian Federation.

8.7.2. Accrued and paid yield on the issuer's bonds

The issuer did not issue any bonds.

8.8. Miscellaneous information

The form of Section VII “The issuer’s accounting (financial) statements and other financial information” of this report prepared does not meet the requirements of Federal Law of the Russian Federation No. 402-FZ “On Accounting” dated 06.12.2011; Order of the Ministry of Finance of the Russian Federation No. 66n “Reporting Standards of Enterprises” dated 02.07.2010.

8.9. Represented securities and the issuer of represented securities the title to which is evidenced by Russian Depositary Receipts

The issuer does not issue any represented securities the title to which is evidenced by Russian Depositary Receipts.

Appendixes to the quarterly report.

1.1. Availability and flow of intangible assets

[illegible]

1.2. Historical cost of intangible assets created by the organization

Indicator	Line code	As of 31 December	As of 31 December	As of 31 December
		2016	2015	2014
Total	5120	823 836	765 228	675 798
including:				
exclusive rights to invention, industrial prototype, utility model	5121	8 166	452	438
exclusive rights to computer programs and databases	5122	815 617	764 776	675 360
exclusive rights to trademarks and service marks	5123	53	-	-
other protected results of intellectual property and individualization means	5124	-	-	-

1.3. Intangible assets with fully redeemed cost

Indicator	Line code	As of 31 December	As of 31 December	As of 31 December
		2016	2015	2014
Total	5130	373 769	383 821	385 411
including:				
exclusive rights to invention, industrial prototype, utility model	5131	20	23	28
exclusive rights to computer programs and databases	5132	366 382	376 431	376 436
exclusive rights to trademarks and service marks	5133	11	11	11
other protected results of intellectual property and individualization means	5134	7 356	7 356	8 936
goodwill	5135	-	-	-

1.4. Availability and flow of R&D results

Indicator	Code	Period	At year beginning		Changes during the period				At period end	
			historical cost	part of the cost written off to expenses	received	retired		part of the cost written off to expenses for the period	historical cost	part of the cost written off to expenses
						historical cost	part of the cost written off to expenses			
1	2	3	4	5	6	7	8	9	10	11
R&D – total	5140	for 2016	304 668	(175 117)	98 297	-	-	(132 733)	402 965	(307 850)
	5150	for 2015	173 194	(103 426)	131 474	-	-	(71 691)	304 668	(175 117)

1.5. R&D in progress, non-finalized R&D, acquisition of intangible assets in progress

Indicator	Code	Period	At year beginning	Changes during the period			At period end
				expenses for the period	expenses written off as those with negative results	recorded as intangible assets or R&D	
1	2	3	4	5	6	7	8
Expenses on research and development in progress – total	5160	for 2016	84 114	130 833	-	(166 643)	48 304
	5170	for 2015	90 636	207 906	-	(214 428)	84 114
Acquisition of intangible assets in progress – total	5180	for 2016	78 044	35 171	-	(13 737)	99 478
	5190	for 2015	43 843	50 082	-	(15 881)	78 044

1.6. Intangible prospecting assets

Indicator	Code	Period	At year beginning	Changes during the period				results of impairment	At period end
				proceeds and costs for the period	retired				
					costs to be written off when minerals production/licence acquisition is recognized as unpromising/ impractical	transferred to other non-current assets	other disposal		
1	2	3	4	5	6	7	8	9	10
Intangible prospecting assets – total	5191	for 2016	36 423 674	13 420 983	(2 243 667)	(2 070 760)	(691 195)	(352 732)	44 486 303
	5192	for 2015	73 240 752	14 062 334	(2 665 470)	(47 605 662)	(979 662)	371 382	36 423 674
including: licenses	51910	for 2016	7 752 304	391 286	(34 259)	-	-	(196 747)	7 912 584
	51920	for 2015	53 118 704	855 543	(21 684)	(46 200 258)	-	(1)	7 752 304
geological exploration	51911	for 2016	6 733 973	2 214 011	(585)	(176 703)	-	(161 120)	8 609 576
	51921	for 2015	4 593 061	2 668 274	(141 624)	(757 121)	-	371 383	6 733 973
construction of prospecting and exploration wells	51912	for 2016	21 161 584	10 632 144	(2 208 823)	(1 894 057)	-	5 135	27 695 983
	51922	for 2015	14 549 325	9 762 704	(2 502 162)	(648 283)	-	-	21 161 584
advances issued for construction of prospecting and exploration wells	51913	for 2016	775 813	183 542	-	-	(691 195)	-	268 160
	51923	for 2015	979 662	775 813	-	-	(979 662)	-	775 813

2. Fixed assets

2.1. Availability and flow of fixed assets

Indicator	Code	Period	At year beginning		Changes during the period						At period end	
			historical cost	accumulated depreciation	received	items retired		accrued depreciation	revaluation		historical cost	accumulated depreciation
						historical cost	accumulated depreciation		historical cost	accumulated depreciation		
1	2	3	4	5	6	7	8	9	10	11	12	13
Fixed assets (net of income yielding investments in tangible assets) – total	5200	for 2016	2 835 464 033	(2 145 346 477)	203 682 231	(33 984 382)	32 712 652	(150 089 362)	237 156 704	(211 100 517)	3 242 318 586	(2 473 823 704)
	5210	for 2015	2 633 947 455	(1 992 185 384)	167 695 075	(32 022 151)	30 800 179	(131 618 783)	65 843 654	(52 342 489)	2 835 464 033	(2 145 346 477)
including: land and objects of environmental management	5201	for 2016	13 746 955	-	20 746	(47 002)	-	-	119 094	-	13 839 793	-
	5211	for 2015	13 817 382	-	204 134	(90 848)	-	-	(183 713)	-	13 746 955	-
buildings	5202	for 2016	209 110 755	(101 348 395)	19 132 834	(654 923)	514 140	(7 647 477)	2 444 186	(1 164 726)	230 032 852	(109 646 458)
	5212	for 2015	194 258 986	(88 405 710)	5 681 342	(669 630)	505 015	(7 240 034)	9 840 057	(6 207 666)	209 110 755	(101 348 395)
structures and transfer mechanisms	5203	for 2016	2 085 376 901	(1 629 820 072)	134 423 019	(15 100 379)	14 263 529	(99 745 845)	211 152 313	(189 307 147)	2 415 851 854	(1 904 609 535)
	5213	for 2015	1 964 771 683	(1 538 702 192)	112 592 622	(16 390 671)	15 571 626	(88 354 151)	24 403 267	(18 335 355)	2 085 376 901	(1 629 820 072)
machinery and equipment	5204	for 2016	475 997 877	(380 009 544)	44 165 668	(15 552 644)	15 323 507	(38 178 639)	20 781 708	(18 700 301)	525 392 609	(421 564 977)
	5214	for 2015	413 589 547	(334 187 328)	45 045 946	(12 619 376)	12 496 598	(31 848 993)	29 981 760	(26 469 821)	475 997 877	(380 009 544)
vehicles	5205	for 2016	47 010 994	(30 987 762)	5 177 701	(2 584 392)	2 567 355	(4 236 686)	2 615 712	(1 891 377)	52 220 015	(34 548 470)
	5215	for 2015	43 591 343	(27 848 283)	3 793 750	(2 115 450)	2 092 890	(3 960 542)	1 741 351	(1 271 827)	47 010 994	(30 987 762)
production and general purpose tools	5206	for 2016	3 828 617	(3 000 464)	591 363	(44 610)	43 861	(260 867)	40 360	(34 129)	4 415 730	(3 251 599)
	5216	for 2015	3 530 007	(2 880 964)	375 884	(135 494)	133 700	(198 002)	58 220	(55 198)	3 828 617	(3 000 464)

Indicator	Code	Period	At year beginning		Changes during the period						At period end	
			historical cost	accumulated depreciation	received	items retired		accrued depreciation	revaluation		historical cost	accumulated depreciation
						historical cost	accumulated depreciation		historical cost	accumulated depreciation		
1	2	3	4	5	6	7	8	9	10	11	12	13
draft livestock and producing livestock	5207	for 2016	-	-	-	-	-	-	-	-	-	-
	5217	for 2015	-	-	-	-	-	-	-	-	-	-
other types of fixed assets	5208	for 2016	391 934	(180 240)	170 900	(432)	260	(19 848)	3 331	(2 837)	565 733	(202 665)
	5218	for 2015	388 507	(160 907)	1 397	(682)	350	(17 061)	2 712	(2 622)	391 934	(180 240)
Recorded as income yielding investments in tangible assets – total	5220	for 2016	3 263 498	(169 666)	9 222	-	-	(215 408)	-	-	3 272 720	(385 074)
	5230	for 2015	56 459	(8 030)	3 209 028	(1 989)	129	(161 765)	-	-	3 263 498	(169 666)
including: property given for temporary use (temporary possession and use)	5221	for 2016	3 263 498	(169 666)	9 222	-	-	(215 408)	-	-	3 272 720	(385 074)
	5231	for 2015	56 459	(8 030)	3 209 028	(1 989)	129	(161 765)	-	-	3 263 498	(169 666)

2.2. Capital investments in progress

Indicator	Code	Period	At year beginning	Changes during the period			At period end
				expenses for the period	delivered for assembly/retired	Recorded as fixed assets or increase in the value	
1	2	3	4	5	6	7	8
Construction in progress, acquisition, modernization, etc. of fixed assets in progress – total	5240	for 2016	62 730 107	207 501 135	(17 546 250)	(203 690 847)	48 994 145
	5250	for 2015	49 301 448	210 722 486	(26 231 945)	(171 061 882)	62 730 107
including: equipment requiring assembly	5241	for 2016	5 385 110	14 797 406	(16 436 746)	-	3 745 770
	5251	for 2015	5 245 704	22 439 193	(22 299 787)	-	5 385 110
acquisition of land and objects of environmental management	5242	for 2016	479	20 746	-	(20 746)	479
	5252	for 2015	505	204 108	-	(204 134)	479
acquisition of fixed assets	5243	for 2016	112 299	34 144 141	-	(33 878 190)	378 250
	5253	for 2015	174 206	38 860 128	(502)	(38 921 533)	112 299
construction in progress, including proprietary manufacturing of fixed assets	5244	for 2016	56 511 367	158 448 764	(576 508)	(169 791 911)	44 591 712
	5254	for 2015	40 022 256	148 900 917	(475 591)	(131 936 215)	56 511 367
advances issued for capital construction	5245	for 2016	720 852	90 078	(532 996)	-	277 934
	5255	for 2015	3 858 777	318 140	(3 456 065)	-	720 852

2.3. Change in the value of fixed assets resulting from additional construction, equipping, reconstruction, and partial liquidation

Indicator	Code	For 2016	For 2015
1	2	3	4
Increase in the value of fixed assets resulting from additional construction, equipping, and reconstruction – total	5260	38 442 721	33 296 206
including: buildings	5261	1 824 476	1 322 599
structures and transfer mechanisms	5262	35 281 576	30 788 571
machinery, equipment and vehicles	5263	1 333 211	1 184 699
other fixed assets	5264	3 458	337
Decrease in the value of fixed assets resulting from partial liquidation – total:	5270	(7 586 068)	(1 774 480)
including: buildings	5271	(72 953)	(16 098)
structures and transfer mechanisms	5272	(5 861 653)	(343 099)
machinery, equipment and vehicles	5273	(1 651 267)	(1 415 268)
other fixed assets	5274	(195)	(15)

2.4. Other use of fixed assets

Indicator	Code	As of 31.12.2016	As of 31.12.2015	As of 31.12.2014
1	2	3	4	5
Leased fixed assets on the balance	5280	15 612 397	15 315 366	14 776 106
Leased fixed assets off the balance	5281	-	-	-
Fixed assets on the balance received under lease	5282	-	-	-
Fixed assets off the balance received under lease	5283	17 967 079	17 317 946	17 433 351
Real estate accepted for operation and actually used, currently in the process of state registration	5284	10 725 530	8 960 889	5 007 184
Fixed assets transferred for preservation	5285	81 849 901	55 995 589	48 754 481
Other use of fixed assets	5286	-	-	-

3. Financial investments
3.1. Availability and flow of financial investments

Indicator	Code	Period	At year beginning		Changes during the period							At period end	
			historical cost	accumulated adjustment	received	retired (paid off)		accrual of interest (incl. bringing the historical cost to nominal)	current market value (impairment loss)	changes in historical cost due to changes in exchange rates of foreign currency	transfer from long-term to short-term investments	historical cost	accumulated adjustment
						historical cost	accumulated adjustment						
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Long-term – total	5301	for 2016	2 007 179 899	(100)	570 862 064	(377 783)	100	-	-	(320 789 406)	(483 321 756)	1 773 553 018	-
	5311	for 2015	1 280 457 055	279	810 922 554	(106 399 832)	(379)	-	-	428 761 757	(406 561 635)	2 007 179 899	(100)
including: contributions to charter capital of other organizations	5302	for 2016	17 532 837	-	43 001 950	-	-	-	-	-	-	60 534 787	-
	5312	for 2015	17 532 837	-	-	-	-	-	-	-	-	17 532 837	-
incl. subsidiaries and affiliates	53020	for 2016	17 461 151	-	42 979 000	-	-	-	-	-	-	60 440 151	-
	53120	for 2015	17 461 151	-	-	-	-	-	-	-	-	17 461 151	-
securities issued by other organizations	5303	for 2016	5 417 391	(100)	367 004	(377 260)	100	-	-	-	-	5 407 135	-
	5313	for 2015	5 417 435	279	-	(44)	(379)	-	-	-	-	5 417 391	(100)
including: debt securities (bonds, bills of exchange)	53030	for 2016	0	-	367 004	(367 004)	-	-	-	-	-	0	-
	53130	for 2015	-	-	-	-	-	-	-	-	-	-	-
loans granted	5304	for 2016	117 747 753	-	13 210 676	(523)	-	-	-	-	(42 980 416)	87 977 490	-
	5314	for 2015	102 860 074	-	14 887 679	-	-	-	-	-	-	117 747 753	-
deposits	53041	for 2016	1 866 481 918	-	514 282 434	-	-	-	-	(320 789 406)	(440 341 340)	1 619 633 606	-
	53141	for 2015	1 154 646 709	-	792 427 058	(102 791 971)	-	-	-	428 761 757	(406 561 635)	1 866 481 918	-
other	53042	for 2016	-	-	-	-	-	-	-	-	-	-	-
	53142	for 2015	-	-	3 607 817	(3 607 817)	-	-	-	-	-	-	-

Short-term – total	5305	for 2016	479 972 123	-	-	(472 448 782)	-	-	-	(76 689 489)	483 321 756	414 155 608	-
	5315	for 2015	658 014 455	-	30 989 780	(725 985 871)	-	-	-	110 392 124	406 561 635	479 972 123	-
including: securities issued by other organizations	5306	for 2016	0	-	-	-	-	-	-	-	-	0	-
	5316	for 2015	6 000 000	-	-	(6 000 000)	-	-	-	-	-	0	-
including: debt securities (bonds, bills of exchange)	53060	for 2016	0	-	-	-	-	-	-	-	-	0	-
	53160	for 2015	6 000 000	-	-	(6 000 000)	-	-	-	-	-	0	-
loans granted	5307	for 2016	0	-	-	(42 980 416)	-	-	-	-	42 980 416	0	-
	5317	for 2015	182 294	-	-	(182 294)	-	-	-	-	-	0	-
deposits	5308	for 2016	479 972 123	-	-	(429 468 366)	-	-	-	(76 689 489)	440 341 340	414 155 608	-
	5318	for 2015	651 832 161	-	30 989 780	(719 803 577)	-	-	-	110 392 124	406 561 635	479 972 123	-
other	5309	for 2016	-	-	-	-	-	-	-	-	-	-	-
	5319	for 2015	-	-	-	-	-	-	-	-	-	-	-
Financial investments – total	5300	for 2016	2 487 152 022	(100)	570 862 064	(472 826 565)	100	-	-	(397 478 895)	0	2 187 708 626	-
	5310	for 2015	1 938 471 510	279	841 912 334	(832 385 703)	(379)	-	-	539 153 881	0	2 487 152 022	(100)

3.2. Other use of financial investments

Indicator	Code	As of 31.12.2016	As of 31.12.2015	As of 31.12.2014
Pledged financial investments – total	5320	-	-	61 457
including: securities issued by other organizations	5321	-	-	61 457
incl. debt securities (bonds, bills of exchange)	5322	-	-	-

4. Stocks

4.1. Availability and flow of stock

Indicator	Code	Period	At year beginning		Changes during the period					At period end	
			production costs	reserve for decreases in the value	proceeds and costs	retired		losses from decreases in the value	stock turnover among their groups (types)	production costs	reserve for decreases in the value
						production costs	reserve for decreases in the value				
1	2	3	4	5	6	7	8	9	10	11	12
Stocks – total	5400	for 2016	81 154 212	(182)	1 270 437 067	(1 266 978 924)	177	(60)	-	84 612 355	(65)
	5420	for 2015	81 426 822	(1 034)	1 353 741 722	(1 354 014 332)	852	-	-	81 154 212	(182)
including: raw materials, supplies and other similar values	5401	for 2016	58 958 112	(182)	113 600 803	(311 298 245)	177	(60)	199 926 711	61 187 381	(65)
	5421	for 2015	44 128 347	(1 034)	138 406 218	(325 159 235)	852	-	201 582 782	58 958 112	(182)
work-in-progress expenses	5402	for 2016	1 424 294	-	1 970 657	(872 406)	-	-	-	2 522 545	-
	5422	for 2015	1 724 713	-	1 112 751	(1 413 170)	-	-	-	1 424 294	-
finished goods	5403	for 2016	8 534 683	-	851 730 113	(165 293 677)	-	-	(684 677 294)	10 293 825	-
	5423	for 2015	9 611 706	-	853 215 465	(184 376 319)	-	-	(669 916 169)	8 534 683	-
goods for resale	5404	for 2016	229 865	-	1 087 375	(1 034 618)	-	-	(2 300)	280 322	-
	5424	for 2015	204 083	-	1 035 046	(1 009 264)	-	-	-	229 865	-
goods shipped	5405	for 2016	809 722	-	76 134	(484 239 992)	-	-	484 752 883	1 398 747	-
	5425	for 2015	869 858	-	145 943	(468 539 466)	-	-	468 333 387	809 722	-
deferred expenses	5406	for 2016	640 120	-	1 920 812	(1 854 515)	-	-	-	706 417	-
	5426	for 2015	605 481	-	1 874 813	(1 840 174)	-	-	-	640 120	-
other stock and costs	5407	for 2016	10 557 416	-	300 051 173	(302 385 471)	-	-	-	8 223 118	-
	5427	for 2015	24 282 634	-	357 951 486	(371 676 704)	-	-	-	10 557 416	-

4.2. Pledged stock

Indicator	Code	As of 31.12.2016	As of 31.12.2015	As of 31.12.2014
1	2	3	4	5
Stock unpaid at the reporting date – total	5440	-	-	-
Pledged stock under contract – total	5445	-	-	-

5. Accounts payable and receivable

5.1. Availability and flow of accounts receivable

Indicator	Code	Period	At year beginning		Changes during the period								At period end	
			recorded as per contract terms and conditions	reserve for doubtful debts	received		retired				reserve creation	transferred from long-term to short-term debt	recorded as per contract terms and conditions	reserve for doubtful debts
					resulting from business transactions (the amount of debt under a transaction or operation)	interest, fines, and other charges due	paid off	written off to financial result	reserve restoration	written off to reserve amounts				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Long-term accounts receivable – total	5501	for 2016	88 695 844	-	61 973 609	-	(100 893)	-	-	-	-	(42 516 955)	108 051 605	-
	5521	for 2015	38 548 949	-	89 973 646	-	(6 077 387)	-	-	-	-	(33 749 364)	88 695 844	-
including: buyers and customers	5502	for 2016	164 078	-	117 452	-	(72 763)	-	-	-	-	(32 882)	175 885	-
	5522	for 2015	287 451	-	4 640	-	(95 836)	-	-	-	-	(32 177)	164 078	-
advances paid	5503	for 2016	567	-	406 702	-	-	-	-	-	-	1 311 904	1 719 173	-
	5523	for 2015	12 512	-	855	-	-	-	-	-	-	(12 800)	567	-
other	5504	for 2016	88 531 199	-	61 449 455	-	(28 130)	-	-	-	-	(43 795 977)	106 156 547	-
	5524	for 2015	38 248 986	-	89 968 151	-	(5 981 551)	-	-	-	-	(33 704 387)	88 531 199	-
Short-term accounts receivable – total	5510	for 2016	117 784 809	(312 409)	116 038 908	1 534	(111 557 293)	(778)	68	(265 145)	(1 419)	42 516 955	164 518 990	(48 615)
	5530	for 2015	142 555 853	(314 536)	75 799 935	-	(134 273 858)	(531)	179	(45 954)	(44 006)	33 749 364	117 784 809	(312 409)
including: buyers and customers	5511	for 2016	57 761 036	(1 131)	84 059 890	1 534	(53 194 883)	(132)	-	(899)	(133)	32 882	88 659 428	(365)
	5531	for 2015	55 737 063	(374)	52 249 362	-	(50 257 566)	-	-	-	(757)	32 177	57 761 036	(1 131)
advances paid	5512	for 2016	10 776 763	-	6 740 327	-	(9 456 440)	-	-	-	-	(1 311 904)	6 748 746	-
	5532	for 2015	13 728 233	-	8 309 154	-	(11 273 424)	-	-	-	-	12 800	10 776 763	-

Indicator	Code	Period	At year beginning		Changes during the period							At period end		
			recorded as per contract terms and conditions	reserve for doubtful debts	received		retired				reserve creation	transferred from long-term to short-term debt	recorded as per contract terms and conditions	reserve for doubtful debts
					resulting from business transactions (the amount of debt under a transaction or operation)	interest, fines, and other charges due	paid off	written off to financial result	reserve restoration	written off to reserve amounts				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
incorporators	5513	for 2016	-	-	-	-	-	-	-	-	-	-	-	-
	5534	for 2015	-	-	-	-	-	-	-	-	-	-	-	-
other	5514	for 2016	49 247 010	(311 278)	25 238 691	-	(48 905 970)	(646)	68	(264 246)	(1 286)	43 795 977	69 110 816	(48 250)
	5534	for 2015	73 090 557	(314 162)	15 241 419	-	(72 742 868)	(531)	179	(45 954)	(43 249)	33 704 387	49 247 010	(311 278)
Total	5500	for 2016	206 480 653	(312 409)	178 012 517	1 534	(111 658 186)	(778)	68	(265 145)	(1 419)	-	272 570 595	(48 615)
	5520	for 2015	181 104 802	(314 536)	165 773 581	-	(140 351 245)	(531)	179	(45 954)	(44 006)	-	206 480 653	(312 409)

5.2. Overdue accounts receivable

Indicator	Code	As of 31.12.2016		As of 31.12.2015		As of 31.12.2014	
		recorded as per contract terms and conditions	book value	recorded as per contract terms and conditions	book value	recorded as per contract terms and conditions	book value
1	2	3	4	5	6	7	8
Total	5540	4 479 830	4 431 215	5 650 291	5 337 882	4 437 962	4 123 426
including: buyers and customers	5541	4 431 580	4 431 215	5 339 013	5 337 882	4 123 800	4 123 426
advances paid	5542	-	-	-	-	-	-
other	5543	48 250	-	311 278	-	314 162	-

5.3. Availability and flow of accounts payable

Indicator	Code	Period	Balance at year beginning	Changes during the period				transferred from long-term to short-term debt	Balance at period end
				received		retired			
				resulting from business transactions (the amount of debt under a transaction or operation)	interest, fines, and other charges due	paid off	written off to financial result		
1	2	3	4	5	6	7	8	9	10
Long-term accounts payable – total	5551	for 2016	71 179 750	5 846 821	-	-	-	(129 926)	76 896 645
	5571	for 2015	65 303 619	5 909 985	-	-	-	(33 854)	71 179 750
including: due to suppliers and contractors	5552	for 2016	509 111	170 488	-	-	-	(129 819)	549 780
	5572	for 2015	238 808	270 303	-	-	-	-	509 111
advances received	5553	for 2016	107	5	-	-	-	(107)	5
	5573	for 2015	30 772	3 189	-	-	-	(33 854)	107
borrowings and loans	5554	for 2016	0	-	-	-	-	-	0
	5574	for 2015	0	-	-	-	-	-	0
deferred tax liabilities	5555	for 2016	70 670 532	5 586 821	-	-	-	-	76 257 353
	5575	for 2015	65 034 039	5 636 493	-	-	-	-	70 670 532
other	5556	for 2016	0	89 507	-	-	-	-	89 507
	5576	for 2015	0	-	-	-	-	-	0
Short-term accounts payable – total	5560	for 2016	116 947 293	95 031 703	-	(115 564 375)	(2 594)	129 926	96 541 953
	5580	for 2015	116 479 858	116 160 286	-	(115 724 994)	(1 711)	33 854	116 947 293
including: due to suppliers and contractors	5561	for 2016	19 661 198	16 214 468	-	(19 169 507)	(256)	129 819	16 835 722
	5581	for 2015	16 147 048	19 268 573	-	(15 753 043)	(1 380)	-	19 661 198
advances received	5562	for 2016	18 749 736	18 039 397	-	(18 743 685)	(15)	107	18 045 540
	5582	for 2015	17 630 627	18 713 899	-	(17 628 395)	(249)	33 854	18 749 736
taxes, charges, payments to state non-budget funds	5563	for 2016	64 037 046	46 001 820	-	(64 037 046)	-	-	46 001 820
	5583	for 2015	69 554 647	64 037 046	-	(69 554 647)	-	-	64 037 046

Indicator	Code	Period	Balance at year beginning	Changes during the period					Balance at period end
				received		retired		transferred from long-term to short-term debt	
				resulting from business transactions (the amount of debt under a transaction or operation)	interest, fines, and other charges due	paid off	written off to financial result		
1	2	3	4	5	6	7	8	9	10
profit payment due to incorporators	5564	for 2016	1 102 995	608 353	-	(220 998)	-	-	1 490 350
	5584	for 2015	581 856	747 174	-	(226 035)	-	-	1 102 995
borrowings and loans	5565	for 2016	0	-	-	-	-	-	0
	5585	for 2015	139 650	-	-	(139 650)	-	-	0
other	5566	for 2016	13 396 318	14 167 665	-	(13 393 139)	(2 323)	-	14 168 521
	5586	for 2015	12 426 030	13 393 594	-	(12 423 224)	(82)	-	13 396 318
Total	5550	for 2016	188 127 043	100 878 524	-	(115 564 375)	(2 594)	-	173 438 598
	5570	for 2015	181 783 477	122 070 271	-	(115 724 994)	(1 711)	-	188 127 043

5.4. Overdue accounts payable

Indicator	Code	As of 31.12.2016	As of 31.12.2015	As of 31.12.2014
1	2	3	4	5
Total	5590	100	1 060	915
including:				
due to suppliers and contractors	5591	85	1 060	629
borrowings and loans	5592	-	-	-
advances received	5593	15	-	286
other	5594	-	-	-

6. Costs of production

Indicator	Code	For 2016	For 2015
1	2	3	4
Material expenses	5610	203 447 064	180 507 349
Remuneration of labor	5620	87 660 335	81 611 480
Social expenditures	5630	18 586 949	17 290 243
Depreciation	5640	133 517 948	116 418 407
Other costs	5650	315 004 136	333 046 608
Total for elements	5660	758 216 432	728 874 087
Change in balances (increase [-], decrease [+]):			
for work in progress, finished goods, etc.	5670	(1 133 805)	15 184 357
Total expenses for ordinary activities	5600	757 082 627	744 058 444

7. Estimated liabilities

Indicator	Code	Balance at year beginning	Recognized	Paid off	Written off as extra amount	Balance at period end
1	2	3	4	5	6	7
Estimated liabilities – total	5700	12 203 314	20 714 489	(19 548 458)	(291 538)	13 077 807
Long-term estimated liabilities – total	5701	-	-	-	-	-
including: reserves for future expenses / reserves for assets liquidation	5702	-	-	-	-	-
reserves for future expenses / reserves for restoration of disturbed lands	5703	-	-	-	-	-
Short-term estimated liabilities – total	5704	12 203 314	20 714 489	(19 548 458)	(291 538)	13 077 807
including: reserves for future expenses / reserves for vacation payments	5705	12 198 557	20 711 972	(19 546 534)	(288 705)	13 075 290
reserves for future expenses / reserves for restoration of disturbed lands	5706	4 757	2 517	(1 924)	(2 833)	2 517

8. Collateral for obligations

Indicator	Code	As of 31.12.2016	As of 31.12.2015	As of 31.12.2014
1	2	3	4	5
Received – total	5800	2 541 300	2 912 896	9 352 272
including: fixed assets	5801	-	24 055	16 000
securities and other financial investments	5802	-	-	-
other	5803	2 541 300	2 888 841	9 336 272
Granted – total	5810	21 947 432	21 982 701	10 561 457
including: securities and other financial investments	5811	-	-	61 457
other	5812	21 947 432	21 982 701	10 500 000

9. Government aid

Indicator	Code	For 2016		For 2015	
1	2	3		4	
Budget funds received – total	5900	438 000		-	
including: for current expenses	5901	-		-	
for investments in non-current assets	5905	438 000		-	
Budgetary loans – total		At year beginning	Received during the year	Repaid during the year	At year end
2016	5910	-	-	-	-
2015	5920	-	-	-	-
including:		-	-	-	-
2016	5911	-	-	-	-
2015	5921	-	-	-	-

First Deputy
Director General on Finance and Taxation
OJSC “Surgutneftegas”

(signature)

V.G.Barankov
(printed name)

Chief Accountant
OJSC “Surgutneftegas”

(signature)

A.V.Druchinin
(printed name)

29 March 2017



Ref. 049-42/AZ-16

AUDIT REPORT

of independent audit company
Rosexpertiza LLC
for accounting (financial) statements of
OJSC "Surgutneftegas" for 2016

To shareholders of Open Joint Stock Company "Surgutneftegas"

AUDIT REPORT
of independent audit company Rosexpertiza LLC
for accounting (financial) statements of OJSC "Surgutneftegas" for 2016

Audited entity:

- Name: Open Joint Stock Company "Surgutneftegas"
- State registration number: 1028600584540
- Location: ul.Grigoriya Kukuyevitskogo 1, bld. 1, Surgut, Khanty-Mansiysky Autonomous Okrug – Yugra, Tyumenskaya Oblast, Russian Federation, 628415.

Auditor:

- Name: Rosexpertiza Limited Liability Company.
- Certificate of state registration of Rosexpertiza LLC No. 183142 issued on September 23, 1993 by Moscow Registration Chamber.
- Certificate of Record of a legal entity registered prior to July 01, 2002 entered into the Uniform State Register of Legal Entities under main state registration number 1027739273946 on September 27, 2002.
- Location:
 - Legal address: ul.Mashi Poryvaevoy, 34, Moscow, Russian Federation, 107078
 - Mailing address: Tikhvinsky per., 7, building 3, Moscow, Russian Federation, 127055.
- A member of SROA (Self-Regulatory Organization of Auditors) "Russian Collegium of Auditors", registration number of record of self-regulatory organizations of auditors entered into the Auditors and Auditing Firms Register is 11603046778.

We have audited the accompanying accounting (financial) statements of OJSC "Surgutneftegas" consisting of the balance sheet as of December 31, 2016, income statement, statement of changes in equity, cash flow statement for 2016, and other appendices to the balance sheet and income statement.

These statements were prepared by the executive body of OJSC "Surgutneftegas" in accordance with Federal Law No. 402-FZ "On Accounting" dated December 06, 2011, "Accounting and Reporting Regulations in the Russian Federation" approved by Order No. 34n of the Ministry of Finance of the Russian Federation dated July 29, 1998, "Accounting Regulations "Reporting of an Enterprise" PBU 4/99 approved by Order No. 43n of the Ministry of Finance of the Russian Federation dated July 6, 1999, and Order No. 66n of the Ministry of Finance of the Russian Federation dated July 2, 2010 "Reporting Standards of Enterprises".

Responsibility of the audited entity for accounting (financial) statements

The management of the audited entity is responsible for preparation and accuracy of these accounting (financial) statements in compliance with the established rules for preparation of accounting (financial) statements and for the internal control system necessary to prepare accounting (financial) statements free of any material misstatements due to fraud or errors.

Auditor's responsibility

It is our responsibility to express, based on our audit, an opinion on the accuracy of these accounting (financial) statements.

We conducted our audit in accordance with:

- Federal Law No. 307-FZ "On Auditing Activity" dated December 30, 2008;
- Federal Rules (Standards) for Auditing Activity (Decree of the RF Government No. 696 dated September 23, 2002 as amended by Decrees of the RF Government No. 405 dated July 4, 2003, No. 532 dated October 7, 2004, No. 228 dated April 16, 2005, No. 523 dated August 25, 2006, No. 557 dated July 22, 2008, No. 863 dated November 19, 2008, No. 586 dated August 2, 2010, No. 30 dated January 27, 2011, No. 1095 dated 22.12.2011);
- Federal Standards of Auditing Activity (FSAA) (Orders of the Ministry of Finance of the Russian Federation No. 46n dated May 20, 2010, No. 90n dated August 17, 2010, No. 99n dated August 16, 2011);
- Code of Professional Ethics for Auditors (approved by the Council for Auditing Activities on March 22, 2012, Minutes No. 4 (as amended by Minutes No. 9 dated June 27, 2013 and Minutes No. 15 dated December 18, 2014).

These standards require compliance with applicable ethical standards, as well as audit planning and performance, so as to obtain reasonable assurance about whether the accounting (financial) statements are free of material misstatements.

The audit included audit procedures to obtain audit evidence confirming numerical indicators in the accounting (financial) statements and disclosure of information in such statements. Selection of audit procedures is the subject of our judgment, which is based on assessment of material misstatement risk due to fraud or errors. In the course of assessment of this risk, we reviewed the internal control system that ensures preparation and accuracy of the accounting (financial) statements in order to select adequate audit procedures but not in order to express an opinion on efficiency of the internal control system.

The audit also included assessment of the proper nature of the applicable accounting policy and substantiation of estimates obtained by the management of the audited entity, as well as general evaluation of the accounting (financial) statements presentation.

We believe that audit evidence obtained in the course of the audit provides a reasonable basis for the opinion on accuracy of the accounting (financial) statements.

Opinion

In our opinion, the accounting (financial) statements of OJSC "Surgutneftegas" give a true and fair view of the state of the company's financial standing as of December 31, 2016, the results of the company's financial and business activity, and the cash flow for 2016 in accordance with the established rules for preparation of accounting (financial) statements.

Auditor
Project Supervisor

A.M.Popov

For management of Rosexpertiza LLC

Director General

A.V.Kozlov

29 March 2017

Stamp

Notes
to the Balance Sheet and the Income Statement of
Open Joint Stock Company "Surgutneftegas" for 2016
(text form)

1. General Information on OJSC "Surgutneftegas"

Location: ul.Grigoriya Kukuyevitskogo, 1, building 1, Surgut, Khanty-Mansiysky Autonomous Okrug – Yugra, Tyumenskaya Oblast, Russian Federation.

Location of the issuer's continuing executive body: ul.Grigoriya Kukuyevitskogo, 1, building 1, Surgut, Khanty-Mansiysky Autonomous Okrug – Yugra, Tyumenskaya Oblast, Russian Federation.

Mailing address: 628415 Russian Federation, Tyumenskaya Oblast, Khanty-Mansiysky Autonomous Okrug – Yugra, Surgut, ul.Grigoriya Kukuyevitskogo 1, bld. 1.

Telephone: +7 (3462) 42 60 28.

Fax: +7 (3462) 42 64 94.

E-mail: secretary@surgutneftegas.ru.

Full corporate name: Open Joint Stock Company "Surgutneftegas".

Abbreviated corporate name: OJSC "Surgutneftegas".

Introduced: 27.06.1996.

Grounds for introduction: Federal Law of the Russian Federation No. 208-FZ "On Joint Stock Companies" dated 26.12.1995.

State registration of the issuer:

Initial state registration:

State registration number: 12-4782.

Date of state registration: 27.06.1996.

Body that conducted the state registration: Administration of the city of Surgut, Khanty-Mansiysky Autonomous Okrug – Yugra, Tyumenskaya Oblast.

Registration of the legal entity:

Main state registration number of the legal entity: 1028600584540

Registration date: 18.09.2002.

Name of the registration authority: Inspectorate of the Ministry of Taxation of the Russian Federation for Surgut, Khanty-Mansiysky Autonomous Okrug – Yugra.

1.1. Operations of OJSC "Surgutneftegas"

Core operations of OJSC "Surgutneftegas" (hereinafter – the Company) include:
geological prospecting and exploration;
oil and oil (associated) gas production and treatment;
oil, gas and refined products sales.

1.2. Management structure

General Shareholders' Meeting of the Company.

Board of Directors of the Company.

Executive body of the Company (Director General).

Members of the Board of Directors:

Erokhin Vladimir Petrovich (Chairperson);
Bogdanov Vladimir Leonidovich;
Bulanov Alexander Nikolaevich;
Dinichenko Ivan Kalistratovich;
Krivosheev Viktor Mikhailovich;
Matveev Nikolai Ivanovich;
Raritsky Vladimir Ivanovich;
Usmanov Ildus Shagalievich;
Shashkov Vladimir Aleksandrovich.

Additional information is available at the website: www.surgutneftegas.ru.

Individual executive body of the Company:
Bogdanov Vladimir Leonidovich – Director General.

1.3. Members (names) of the Company's Auditing Committee

Klinovskaya Taisiya Petrovna;
Musikhina Valentina Viktorovna;
Oleynik Tamara Fedorovna.

1.4. Number of the Company's employees

The average number of employees as of 2016 was 102 424 people.

2. Information on accounting policy and amendments thereto

The accounting policy of OJSC "Surgutneftegas" for 2016 for accounting purposes complies with the laws of the Russian Federation on accounting. Information on the accounting policy of the Company for 2016 is represented below in the relative sections of the explanatory note.

The accounting policy for 2016 has not undergone any significant changes. Changes in the accounting policy for 2017 are planned subject to any changes in the accounting standards as set forth by the law of the Russian Federation, as well as federal and (or) industry standards.

3. Notes to the Balance Sheet Items

3.1. Intangible assets (hereinafter – IA)

The cost of IA is redeemed through amortization under the straight-line method within the fixed period of their useful life.

The useful life of IA is determined when an item is entered in accounting records based on the term of a patent or certificate, and other limitations for the useful life of intellectual property under the law of the Russian Federation, and the expected useful life of such item during which the Company can obtain economic benefits (profit).

The Company does not have intangible assets with an indefinite useful life.

The useful life of IA is checked by the Company annually during inventory to see whether it needs to be adjusted. If the duration of the period during which the Company expects to use the asset changes by more than 5%, the useful life of such asset is to be adjusted.

Changes in estimated values caused by this are shown in prospect.

Intangible assets are not revalued and not tested for impairment.

Information on availability and flow of intangible assets is given in Tables 1.1, 1.2, 1.3, 1.5 of the Notes to the Balance Sheet and the Income Statement (table form).

3.2. Research and Development Engineering (R&D)

The R&D cost is written off as cost of manufacturing of products (performing of works, rendering of services) within the fixed period of their expected useful life (but not more than 5 years).

Information on availability and flow of R&D results is given in Tables 1.4, 1.5 of the Notes to the Balance Sheet and the Income Statement (table form).

3.3. Intangible prospecting assets

Intangible prospecting assets include prospecting costs (costs of prospecting, hydrocarbon fields appraisal and hydrocarbon resources exploration) associated with acquisition of licenses, paid for discovery of hydrocarbon fields and preliminary appraisal of reserves.

The Company's intangible prospecting assets are ceased to be recognized in relation to a certain subsoil area when hydrocarbon production is proved to be commercially feasible or recognized as unpromising.

Intangible prospecting assets are not amortized during prospecting, hydrocarbon fields appraisal and hydrocarbon resources exploration, except for licenses which authorize to carry out prospecting, hydrocarbon fields appraisal and hydrocarbon resources exploration.

Part of the cost of licenses which authorize to carry out prospecting, hydrocarbon fields appraisal and hydrocarbon resources exploration is transferred equally during the term of these licenses. If at the moment when hydrocarbon production in the license area is proved to be commercially feasible such license is not written off, its residual value is included in the costs for creation of exploration assets in the month when hydrocarbon production is proved to be commercially feasible.

At the end of the reporting period the Company analyzes factors which imply possible impairment of intangible prospecting assets.

Intangible prospecting assets are not revalued.

If production of hydrocarbons in the relative license area (field) is recognized as unpromising, the cost of intangible prospecting assets constitutes the part of the Company's other expenses.

Prospecting costs, paid by the Company for discovery of hydrocarbon fields and preliminary appraisal of reserves before production was proved to be commercially feasible, are recognized as intangible prospecting assets, accumulated within a group of objects in every license area and shown as investments in non-current assets.

If production is proved to be commercially feasible, after being tested for impairment, the intangible prospecting assets are recorded among other non-current assets as exploration assets.

Construction (drilling) facilities, built (acquired) when developing intangible prospecting assets recognized as suitable for further use in production activity, are recorded as fixed assets at cost determined by actual costs of their building (acquisition).

The value of the exploration assets is charged to the cost of oil and gas production evenly within the fixed period of their useful life starting from the month following the month when exploration assets entered accounting records.

Information on intangible prospecting assets is given in Table 1.6 of the Notes to the Balance Sheet and the Income Statement (table form).

3.4. Fixed assets and capital investments in progress

3.4.1. The historical cost of fixed assets recorded after 01.01.2002 is redeemed through depreciation under the straight-line method in conformity with depreciation rates calculated on the basis of the useful life of such assets determined when such assets entered accounting records.

The historical cost of fixed assets recorded before 01.01.2002 is redeemed according to the procedure valid at the time when such assets were recorded through straight-line depreciation in conformity with depreciation rates for complete repair approved by Resolution No. 1072 of the USSR Council of Ministers dated 22.10.1990.

In 2016, the Company did not acquire fixed assets under contracts providing fulfillment of obligations (payment) by non-monetary assets.

3.4.2. The amount of capital investments in progress in facilities (for their reconstruction, upgrading, re-equipment, etc.), which later will be recorded as fixed assets, is included in Line 1150, "Fixed Assets" of the Balance Sheet.

The amount of capital investments in progress in other assets (excluding fixed assets) is recorded in the Balance Sheet in those lines where these assets will be recorded after the fulfillment of relative investments in non-current assets.

Information on availability and flow of fixed assets, capital investments in progress and income yielding investments in tangible assets is given in Tables 2.1, 2.2, 2.3, 2.4 of the Notes to the Balance Sheet and the Income Statement (table form).

3.5. Financial investments

Financial investments are recorded at their historical cost. The historical cost of financial investments acquired at a charge is the amount of the Company's actual costs of their acquisition.

The Company does not evaluate the discounted value of debt securities and loans granted.

When financial investments with current market value that cannot be determined are retired, their value is determined on the basis of the historical cost of each unit of financial investments accounting.

When financial investments with current market value that can be determined are retired, their value is determined on the basis of their current book value.

As of 31 December, the Company carries out an inspection for impairment of financial investments (not traded publicly) with current market value that cannot be determined. If the inspection confirms that the cost of financial investments is substantially and persistently reducing (by more than 5%), an impairment reserve for financial investments is formed.

In 2016, an impairment reserve for financial investments was not formed.

Income from sales of securities, interest and other income are recognized as other income.

Long-term financial investments are transferred to short-term investments quarterly as of the accounting date if they mature in less than 12 months. In case of prolongation short-term debts are transferred to long-term ones.

Information on financial investments is given in Tables 3.1, 3.2 of the Notes to the Balance Sheet and the Income Statement (table form).

3.6. Stocks

Stocks are recorded at their actual cost.

The Company's generated stocks (except for goods and assets with value not exceeding RUB 40 000 per item) are written off to production or otherwise retired at their weighted average cost of production based on the quantity of the stocks and their price at the beginning of the month and all monthly returns.

Purchased stocks (except for goods and assets with value not exceeding RUB 40 000 per item) are written off to production or otherwise retired at their sliding average cost of production based on the quantity of the stocks and their price at the beginning of the month and all returns up to the moment of delivery.

Assets with value not exceeding RUB 40 000 per item are retired at their single cost.

Information on stocks is given in Tables 4.1, 4.2 of the Notes to the Balance Sheet and the Income Statement (table form).

3.7. Accounts receivable

Accounts receivable include amounts due to the Company from buyers and customers for shipped goods, completed works and rendered services, advances paid under existing contracts, settlements of claims, net of the reserve for doubtful debts, as well as settlements with the budget and non-budget funds and other receivables.

Long-term accounts receivable are transferred to short-term accounts receivable if, pursuant to the contract, the term to maturity lies within 12 months after the reporting date. Similarly, in case of delayed payment the short-term accounts receivable are transferred to long-term ones.

Information on accounts receivable is given in Tables 5.1, 5.2 of the Notes to the Balance Sheet and the Income Statement (table form).

3.8. Cash and cash equivalents

Cash and cash equivalents include balances on ruble and foreign currency settlement accounts, deposits with original maturities up to 3 months under the contract, petty cash and other monetary resources.

thousand RUB		
Indicator	As of 31.12.2016	As of 31.12.2015
Cash and cash equivalents total, including:	42 293 015	72 125 809
letters of credit	5 262 534	13 693 150
deposits placed for up to 3 months	34 200 090	58 252 758
settlement account	40 272	89 438
foreign currency account	2 785 916	87 144
petty cash	3 203	1 183
other	1 000	2 136

Information on availability and flow of cash and cash equivalents in foreign currency at the beginning and the end of the reporting period is shown in the Cash Flow Statement in rubles and equal to the amount calculated at the official rate of foreign currency to ruble determined by the Central Bank of the Russian Federation as of the date the payment is made or received.

The difference caused by recalculation of cash flows of the Company and balances of cash and cash equivalents in foreign currency at the exchange rates of different dates is shown in Cash Flow Statement in the line "Effect of changes in the exchange rates of foreign currency to the Russian ruble".

Cash Flow Statement contains brief information concerning:

proceeds and payments in connection with quick return, large amounts and short payment periods;

indirect taxes (VAT) as part of proceeds from buyers and customers, payments to suppliers and contractors and payments to the budgetary system of the Russian Federation or reimbursement from it;

other calculations that relate more to the counterparties' activities than to the Company's ones, and (or) when receipts from some persons determine relevant payments to other persons.

3.9. Capital

The Company's charter capital as of 31.12.2016 is RUB 43 427 993 thousand. The charter capital is divided into 35 725 995 thousand ordinary shares and 7 701 998 thousand preference shares, and fully paid.

3.10. Deferred and permanent tax assets and liabilities

The Balance Sheet shows deferred tax assets and deferred tax liabilities with regard to profit tax in detail; the sum of permanent tax liabilities (assets) is shown in the income statement in short form. Provisional profit tax benefit totals RUB 20 433 007 thousand.

thousand RUB				
Indicator	As of 31.12.2015	Derived	Paid off	As of 31.12.2016
Deferred tax assets	26 166	23 694 470	(2 558)	23 718 078
Deferred tax liabilities	70 670 532	6 531 558	(944 737)	76 257 353
Permanent tax (assets)	x	-	x	x

Permanent tax liabilities	x	2 327 916	x	x
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Subject to the loss, suffered by the consolidated group of taxpayers in 2016, deferred tax assets in the amount of RUB 23 680 197 thousand were formed.

3.11. Accounts payable

Accounts payable include amounts currently due from the Company to suppliers and contractors for delivered inventories, completed works and rendered services; due to employees; due to the budget and non-budget funds, and for advances received from third parties under existing contracts, and other debts.

Long-term accounts payable are transferred to short-term ones if, pursuant to the contract, the term to maturity lies within 12 months after the reporting date. Similarly, in case of delayed payment the short-term accounts payable are transferred to long-term ones.

Information on accounts payable is given in Tables 5.3, 5.4 of the Notes to the Balance Sheet and the Income Statement (table form).

3.12. Deferred income

This line shows amounts of special purpose financing with regard to commissioned fixed assets.

The charged-off amount of deferred income, that is formed through using special purpose financing, is shown as part of other income within accumulated depreciation that refers to amounts of special purpose financing.

3.13. Estimated liabilities

The Company creates estimated liabilities to reserve future expenses for vacation payments to employees, reclamation of disturbed lands.

Obligations are expected to be met within 12 months.

Information on estimated liabilities is given in Table 7 of the Notes to the Balance Sheet and the Income Statement (table form).

4. Net assets

Indicator	As of 31.12.2016	As of 31.12.2015
Net asset value of the Company, thousand RUB	3 353 451 953	3 503 678 688

Net asset value is calculated as per Order No. 84n of the Ministry of Finance of the Russian Federation dated 28.08.2014.

5. Notes to the Income Statement

5.1. Revenue, cost

For accounting purposes, revenue from sale of products, works (services), goods and property of the Company is recognized pursuant to the Accounting Regulations "Income of an Enterprise" PBU 9/99 approved by Order No. 32n of the Ministry of Finance of the Russian Federation dated 06.05.1999.

Revenue from sale of products (works, services), goods does not include VAT, excises and export duties.

Expenses related to the sale of oil, gas, oil and gas refined products are included in selling expenses which are included in the cost of sales or other expenses subject to the type of assets sold at the end of a reporting period.

Revenue, cost of sales accounting for five or more percent of the Company's total income:

thousand RUB		
Indicator	for 2016	for 2015
Revenue (net), total	992 538 456	978 204 539
including:		
from oil sales	650 828 829	645 192 161
from sales of oil products	304 128 491	299 111 349

Indicator	for 2016	for 2015
Cost of sales, total	662 748 194	664 341 334
including:		
from oil sales	399 548 854	407 010 956
from sales of oil products	225 503 052	221 929 255

Costs of production (cost of sales, selling expenses) are shown in Table 6 of the Notes to the Balance Sheet and the Income Statement (table form).

5.2. Other income and other expenses

Other income accounting for five or more percent of the Company's total income and relative expenses:

thousand RUB		
Other income	for 2016	for 2015
Total other income	1 256 553 675	2 365 388 199
including:		
foreign exchange transactions	904 160 031	1 039 793 094
exchange rate differences	341 944 343	1 297 101 442

Other expenses	for 2016	for 2015
Total expenses	1 718 383 074	1 797 792 219
including:		
foreign exchange transactions	903 858 916	1 038 155 356
exchange rate differences	782 103 960	713 497 910

To reflect business transactions in foreign currency (including those to be paid in rubles) the official exchange rate of the relative currency, determined by the Central Bank of the Russian Federation as of the date of transaction, was applied.

Exchange rates determined by the Central Bank of the Russian Federation as of 31 December:

	USD/RUB	EUR/RUB
2016	60.6569	63.8111
2015	72.8827	79.6972
2014	56.2584	68.3427

Exchange rate differences caused during the year by transactions on assets and liabilities in foreign currency as well as by revaluation of their cost as of the reporting date are shown as part of other income and expenses.

5.3. Base profit per share

The Company does not disclose information on base profit per share for 2016 subject to the suffered loss.

6. Information on segments

Interpretation of revenue from sale of goods, products, works, services (less VAT, excises and customs duties) in the context of reportable segments is presented below:

thousand RUB		
Indicator	for 2016	for 2015
Oil sales, total	650 828 829	645 192 161
including:		
export oil sales	528 603 080	500 196 362
domestic oil sales	122 225 749	144 995 799

Indicator	for 2016	for 2015
Sale of oil products	304 128 491	299 111 349
including:		
export sales of oil products	230 303 189	217 083 015
domestic oil sales	73 825 302	82 028 334

Indicator	for 2016	for 2015
Other sales, total	37 581 136	33 901 029
including:		
domestic sales	37 562 844	33 901 029
export sales (gas processing products)	18 292	-

7. Information on related parties

Subsidiaries and affiliates which activities are affected by the Company and the share in their charter capital held by the Company, %:

LLC "KINEF" – 100.00;

LLC "Pskovnefteproduct" – 100.00;

LLC "Kaliningradnefteproduct" – 100.00

LLC "MA "Tvernefteproduct" – 100.00;
 LLC "Novgorodnefteproduct" – 100.00
 LLC "Lengiproneftekhim" – 100.00;
 LLC "Kirishiavtoservis" – 100.00;
 LLC "Syrgutmebel" – 100.00;
 OJSC "Sovkhoz "Chervishevsky" – 94.9996;
 JSC BANK "SNGB" – 97.7591;
 LLC "Insurance Company Surgutneftegas – 100.00;
 LLC "Media-Invest" – 100.00;
 JSC "National Media Group" – 23.9752.

The full list of affiliates is available on the following website:
www.surgutneftegas.ru.

Information on operations with subsidiaries for 2016.

Revenue from sale of crude oil, oil products (including taxes) to the subsidiaries:

Indicator	thousand RUB	
	for 2016	for 2015
Sale of oil	18 251 803	18 453 168
Sale of oil products	26 163 421	37 317 998

Information on remuneration to key management personnel.

Remuneration, with the regional coefficient and the Northern allowance included (salary for the reporting period, taxes and other compulsory payments to relevant budgets and non-budget funds accrued to salary, annual paid vacation for work in the reporting period and similar payments) to key management personnel (9 790 people), including structural units, authorized and held responsible for planning, management and control of the Company's operations during the reporting period was RUB 32 947 763 thousand.

8. Contingencies

There are no lawsuits or claim disputes where the Company is a participant and which may substantially affect accounting (financial) statements. There is also no information about any economic events related to possible risks of disputes with tax authorities.

9. Events after the reporting date

There were no economic events which affected or may affect the financial position, the cash flow or operating results of the Company in the period between the reporting date and the date when the accounting (financial) statements for the reporting period are signed.

10. The Company's environmental performance

The Company's activity meets the legal requirements on environmental protection. The Company's management believes that there are no factors which would interfere with the Company's environmental activity.

11. Joint activity

In 2016, the Company did not enter into contracts with other companies on any joint activity.

Conclusion

The accounting (financial) statements of the Company for 2016 have been prepared in accordance with the Federal Law of the Russian Federation No. 402-FZ "On Accounting" dated 06.12.2011, "Accounting and Reporting Regulations in the Russian Federation" approved by Order No. 34n of the Ministry of Finance of the Russian Federation dated 29.07.1998, "Accounting Regulations "Reporting of an Enterprise" PBU 4/99 approved by Order No. 43n of the Ministry of Finance of the Russian Federation dated 06.07.1999, Order No. 66n of the Ministry of Finance of the Russian Federation "Reporting Standards of Enterprises" dated 02.07.2010, and approved regulations "Accounting Policy of OJSC "Surgutneftegas" for 2016 for Accounting Purposes" and "Accounting Policy of OJSC "Surgutneftegas" for Taxation Purposes for 2016".

The accounting (financial) statements of OJSC "Surgutneftegas" are verified by the results of assets and liabilities inventory.

First Deputy
Director General
OJSC "Surgutneftegas"
on Finance and Taxation

V.G.Barankov

Chief Accountant
OJSC "Surgutneftegas"

A.V.Druchinin

29 March 2017