

Company Registration No. 10596850 (England and Wales)

LUKOIL CAPITAL MARKETS LTD.
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2017

LUKOIL CAPITAL MARKETS LTD.

COMPANY INFORMATION

Directors	C J Birch	(Appointed 1 September 2017)
	P Zhdanov	(Appointed 19 December 2017)
	A Matytsyn	(Appointed 19 December 2017)

Secretary	Jordan Company Secretaries Limited
------------------	------------------------------------

Company number	10596850
-----------------------	----------

Registered office	York House Ground Floor West 45 Seymour Street London W1H 7JT
--------------------------	---

Auditor	Haines Watts Farnborough LLP 30 Camp Road Farnborough Hampshire GU14 6EW
----------------	--

LUKOIL CAPITAL MARKETS LTD.

CONTENTS

	Page
Directors' report	1 - 2
Independent auditor's report	3 - 4
Statement of comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7
Notes to the financial statements	8 - 13

LUKOIL CAPITAL MARKETS LTD.

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2017

The directors present their annual report and financial statements for the period ended 31 December 2017.

The company was incorporated on 2 February 2017 and started to trade from that date.

Principal activities

The principal activity of the company is that of managing investor relations.

Results and dividends

The results for the period are set out on page 5.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

C J Birch	(Appointed 1 September 2017)
P Zhdanov	(Appointed 19 December 2017)
A Matytsyn	(Appointed 19 December 2017)
J Vaganova-Famosaya	(Appointed 2 February 2017 and resigned 11 October 2017)

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, directors report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

LUKOIL CAPITAL MARKETS LTD.

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

C J Birch

Director

29 June 2018

LUKOIL CAPITAL MARKETS LTD.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LUKOIL CAPITAL MARKETS LTD.

Opinion

We have audited the financial statements of LUKOIL Capital Markets Ltd. (the 'company') for the period ended 31 December 2017 which comprise the Statement Of Comprehensive Income, the Statement Of Financial Position, the statement of Changes in Equity the Income Statement, the Statement Of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's *responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

LUKOIL CAPITAL MARKETS LTD.

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF LUKOIL CAPITAL MARKETS LTD.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Barry Potter (Senior Statutory Auditor)
for and on behalf of Haines Watts Farnborough LLP

29 June 2018

Chartered Accountants
Statutory Auditor

30 Camp Road
Farnborough
Hampshire
GU14 6EW

LUKOIL CAPITAL MARKETS LTD.

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2017

	Notes	Period ended 31 December 2017 \$
Revenue	3	3,401,954
Administrative expenses		(1,657,359)
Profit before taxation	4	1,744,595
Tax on profit	7	(350,580)
Profit and total comprehensive income for the financial period	13	1,394,015

The income statement has been prepared on the basis that all operations are continuing operations.

LUKOIL CAPITAL MARKETS LTD.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Notes	2017 \$
Non-current assets		
Property, plant and equipment	8	7,365
Current assets		
Trade and other receivables	9	29,461
Cash and cash equivalents		2,359,729
		2,389,190
Current liabilities		
Trade and other payables	10	527,532
Taxation and social security		350,580
		878,112
Net current assets		1,511,078
Total assets less current liabilities		1,518,443
Net assets		1,518,443
Equity		
Called up share capital	11	126
Share premium account	12	124,302
Retained earnings	13	1,394,015
Total equity		1,518,443

The financial statements were approved by the board of directors and authorised for issue on 29 June 2018 and are signed on its behalf by:

C J Birch
Director

Company Registration No. 10596850

LUKOIL CAPITAL MARKETS LTD.

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2017

		Share capital	Share premium account	Retained earnings	Total
	Notes	\$	\$	\$	\$
Balance at 2 February 2017		-	-	-	-
Period ended 31 December 2017:					
Profit and total comprehensive income for the period		-	-	1,394,015	1,394,015
Issue of share capital	11	126	124,302	-	124,428
Balance at 31 December 2017		<u>126</u>	<u>124,302</u>	<u>1,394,015</u>	<u>1,518,443</u>

LUKOIL CAPITAL MARKETS LTD.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2017

1 Accounting policies

Company information

LUKOIL Capital Markets Ltd. is a private company limited by shares incorporated in England and Wales. The registered office is York House, Ground Floor West, 45 Seymour Street, London, W1H 7JT.

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in US dollars, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest dollar.

The principal accounting policies adopted are set out below.

1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Revenue

Revenue is recognised in accordance with the respective service agreements in place, and is accounted for on a receivable basis, when the application for payment has been approved.

1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

IT equipment	3 years straight line
--------------	-----------------------

1.5 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.6 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The company is exempt under FRS 101 from the disclosure requirements of IFRS 13. There was no impact on the company from the adoption of IFRS 13.

1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held on call with banks.

LUKOIL CAPITAL MARKETS LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.8 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

Impairment of financial assets

Financial assets, other than those at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

1.9 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method

1.11 Employee benefits

The cost of any material unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Foreign exchange

Transactions in currencies other than dollars are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

LUKOIL CAPITAL MARKETS LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

2 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements

Revenue recognition

Revenue recognition is accounted for as detailed in note 1.3. The directors consider this to be the most suitable policy based on the underlying contractual arrangements.

3 Revenue

2017

\$

Revenue analysed by class of business

Services

3,401,951

4 Operating profit

2017

\$

Operating profit for the period is stated after charging/(crediting):

Exchange losses

2,041

Fees payable to the company's auditor for the audit of the company's financial statements

18,215

5 Employees

The average monthly number of persons (including directors) employed by the company during the period was:

2017

Number

Administrative

2

LUKOIL CAPITAL MARKETS LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

5	Employees	(Continued)
	Their aggregate remuneration comprised:	
		2017
		\$
	Wages and salaries	65,941
	Social security costs	7,672
		<u>73,613</u>
6	Directors' remuneration	
		2017
		\$
	Remuneration for qualifying services	<u>61,015</u>
	In addition to the above, included in administrative expenses is \$349,047 in respect of fees for services provided to the company by the directors.	
7	Income tax expense	
		2017
		\$
	Current tax	
	UK corporation tax on profits for the current period	<u>350,580</u>
	The charge for the period can be reconciled to the profit per the income statement as follows:	
		2017
		\$
	Profit before taxation	<u>1,744,595</u>
	Expected tax charge based on a corporation tax rate of 19.00%	331,473
	Effect of expenses not deductible in determining taxable profit	662
	Permanent capital allowances in excess of depreciation	(92)
	Tax at marginal rate	3,185
	Foreign exchange differences	<u>15,352</u>
	Taxation charge for the period	<u>350,580</u>

The above taxation charge is all in respect of UK corporation tax.

The corporation tax return will be filed by the statutory deadline which is 31 December 2018.

The corporation tax liability will be settled in sterling and because it will be paid 9 months after the balance sheet date the amount of payment will be subject to exchange rate at fluctuations.

LUKOIL CAPITAL MARKETS LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

8	Property, plant and equipment	IT equipment
		\$
	Cost	
	Additions	7,365
	At 31 December 2017	7,365
	Carrying amount	
	At 31 December 2017	7,365
9	Trade and other receivables	2017
		\$
	Other receivables	142
	VAT recoverable	29,319
		29,461
10	Trade and other payables	Current
		2017
		\$
	Trade payables	9,317
	Accruals	518,215
		527,532
11	Share capital	2017
		\$
	Ordinary share capital	
	<i>Issued and fully paid</i>	
	101 Ordinary shares of £1 each	126

In addition to the subscriber shares of 100 Ordinary shares of £1 at par, a further share was issued on 29 March 2017 which ranked pari passu with the existing share capital of the company, for consideration of \$124,303, with \$124,302 being the share premium arising on the issue.

LUKOIL CAPITAL MARKETS LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

12 Share premium account

	2017 \$
At beginning of period	-
Issue of new shares	124,302
At end of period	<u>124,302</u>

13 Retained earnings

	2017 \$
At 2 February 2017	-
Profit for the period	1,394,015
At 31 December 2017	<u>1,394,015</u>

14 Related party transactions

The remuneration of the directors, who are key management personnel, is disclosed in note 6.

Other transactions with related parties

The company has taken advantage of the exemption of FRS 101 not to disclose transactions with its parent company and wholly owned subsidiary. No transactions or balances with members of the group and fellow subsidiaries where wholly owned, have been disclosed.

15 Controlling party

The immediate parent company is Lukoil International GMBH., a company registered in Austria. The ultimate parent company is PJSC Lukoil a company registered in Russia. The financial statements for PJSC Lukoil are available from 11, Sretensky Boulevard, Moscow, Russia, 101000.

The company is included in the consolidated financial statements of the ultimate parent company, referred to above.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.