

MOORE STEPHENS

Co. No. 3561414

ANGLO-SIBERIAN OIL COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2004



Anglo-Siberian Oil Company Limited

Contents

	Page
Directors' report	1
Statement of directors' responsibilities	2
Report of the independent auditors	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 11

**Anglo-Siberian Oil Company Limited**

**Directors**

Rashid Sharipov  
Sergey Khotochkin  
Sergey Alekseev (appointed 18 August 2004)

**Secretary and Registered Office**

Cornhill Secretaries Limited  
St. Paul's House, Warwick Lane, London, EC4M 7BP

**Auditors**

Moore Stephens  
Chartered Accountants  
St. Paul's House, Warwick Lane, London, EC4M 7BP

**Report of the Directors**

The directors present their annual report and audited financial statements for the year ended 31 December 2004.

**Principal Activities**

The principal activity of the company is to act as a holding company for subsidiaries involved in the exploration and appraisal of oil and gas reserves.

**Results and Dividends**

The company profit on ordinary activities after taxation was \$191,750 (2003 - loss of \$12,815,008). The directors do not recommend the payment of a dividend (2003 - \$Nil).

**Directors**

Neither of the directors held shares in the company at any time during the year.

**Auditors**

The auditors, Moore Stephens, are willing to continue in office. A resolution for their reappointment and authorising the directors to fix their remuneration will be submitted to the annual general meeting.

By order of the Board



CORNHILL SECRETARIES LIMITED

Secretary

**Anglo-Siberian Oil Company Limited****Statement of Directors' Responsibilities  
For the year ended 31 December 2004**

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures *disclosed and explained in the financial statements*;
- 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 proper accounting records which 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 1985. 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.

**Independent Auditors' Report to the Shareholders of  
Anglo-Siberian Oil Company Limited**

We have audited the financial statements of Anglo-Siberian Oil Company Limited for the year ended 31 December 2004 set out on pages 4 to 11. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

This report is made solely to the company's members as a body, in accordance with Section 235 of the Companies Act 1985. 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.

**Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

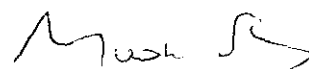
**Fundamental Uncertainty**

Without qualifying our opinion, we draw attention to note 14 to the financial statements. The financial statements have been prepared on the assumption that no significant liabilities will arise out of the claim filed by TotalFinaElf.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of the profit for the year and have been properly prepared in accordance with the Companies Act 1985.

St. Paul's House  
London, EC4M 7BP



MOORE STEPHENS

10 September 2005

Registered Auditor  
Chartered Accountants

## Anglo-Siberian Oil Company Limited

**Profit and Loss Account**  
**For the year ended 31 December 2004**

	<u>Note</u>	<u>2004</u>	<u>2003</u>
		U.S.\$	U.S.\$
Administrative expenses		(347,680)	(12,818,006)
<b>Operating Loss</b>		(347,680)	(12,818,006)
Profit on sale of investment	3	537,688	-
Interest receivable and similar income		1,742	2,998
<b>Profit/(Loss) on Ordinary Activities before Taxation</b>	2	<u>191,750</u>	<u>(12,815,008)</u>
<b>Summary of Retained Losses</b>			
		<u>2004</u>	<u>2003</u>
		U.S.\$	U.S.\$
At 1 January 2004		(14,012,431)	(1,197,423)
Profit/(loss) for the financial year		<u>191,750</u>	<u>(12,815,008)</u>
At 31 December 2004		<u>(13,820,681)</u>	<u>(14,012,431)</u>

There were no recognised gains or losses other than those included in the profit and loss account.

The accompanying notes form an integral part of these financial statements.

## Anglo-Siberian Oil Company Limited

## Balance Sheet - 31 December 2004

	<u>Note</u>	<u>2004</u>	<u>2003</u>
		U.S.\$	U.S.\$
<b>Fixed Assets</b>			
Investments	5	<u>8,687,554</u>	<u>8,687,554</u>
<b>Current Assets</b>			
Debtors	6	16,688,099	26,424,375
Cash at bank and in hand		<u>7,353</u>	<u>124,702</u>
		16,695,452	26,549,077
<b>Creditors, amounts falling due within one year</b>	7	<u>(3,212,181)</u>	<u>(13,257,556)</u>
<b>Net Current Assets</b>		<u>13,483,271</u>	<u>13,291,521</u>
<b>Total assets less current liabilities</b>		<u>22,170,825</u>	<u>21,979,075</u>
<b>Capital and Reserves</b>			
Called up equity share capital	8	18,655,029	18,655,029
Share premium account	9	17,336,477	17,336,477
Profit and loss account		<u>(13,820,681)</u>	<u>(14,012,431)</u>
<b>Equity Shareholders' Funds</b>	10	<u>22,170,825</u>	<u>21,979,075</u>

The accompanying notes form an integral part of these financial statements

The financial statements were approved by the Board of Directors on 31 August 2005 and signed on its behalf by

  
RASHID R. SHARIPOV

Director

**Anglo-Siberian Oil Company Limited****Financial Statements for the year ended 31 December 2004****Notes****1. Accounting Policies**

A summary of the principal accounting policies which have all been applied consistently throughout the year and the preceding year, is set out below.

**(a) Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

**(b) Investments**

Fixed asset investments are shown at cost less provision for any impairment in value.

**(c) Foreign currencies**

The company's functional currency is the United States dollar (US\$). Transactions in currencies other than US\$ are recorded at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in currencies other than US\$ at the balance sheet date are reported at the rates of exchange prevailing at that date. All differences are included in the profit and loss account.

**(d) Taxation**

Corporation tax is provided on taxable profits at the current rate.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the reversal of the underlying timing differences can be deducted.

**(e) Employee share ownership plan (ESOP)**

In accordance with UITF 13 "Accounting for ESOP Trusts" the company recognised the assets and liabilities of the trust as assets and liabilities of the company and stated the value of shares at the lower of cost and net realisable value. Amounts were charged to the profit and loss account as staff costs in respect of discounts to market value on the grant of options.

The Anglo Siberian Oil Company Trust was established from shares provided by the founding shareholders at no cost to the company. At 31 December 2004 the Trust held Nil (2003 - Nil) shares in the company with a market value of \$Nil (2003 - \$Nil).



## Anglo-Siberian Oil Company Limited

## Financial Statements for the year ended 31 December 2004

## Notes (Continued)

## 1. Accounting Policies (Continued)

## (f) Pensions

The group does not operate a defined benefit or defined contribution scheme. However, the group contributed to the personal pension plan of one director in 2003 and the amount charged to the profit and loss account was the contribution payable for the year.

## (g) Going concern

No group accounts have been prepared as the company has taken advantage of the exemption conferred by section 249 of the Companies Act 1985 on the basis that the company satisfied the "small size" group criteria.

## 2. Profit/(Loss) on Ordinary Activities before Taxation

Profit/(loss) on ordinary activities before taxation is stated after charging:

	<u>2004</u> \$	<u>2003</u> \$
Exceptional items	-	12,764,537
Foreign exchange loss/(gain)	2,494	(598,489)
Auditors' remuneration		
- audit services	51,689	72,736
- other assurance services	-	36,356
Operating lease rentals		
- plant and machinery	-	4,002
- land and buildings	-	204,900
	<hr/>	<hr/>
Exceptional items comprise:		\$
Share option compensation		1,594,426
Redundancy payments		778,530
Professional fees relating to takeover of the group		391,581
Settlement of claims		10,000,000
		<hr/>
		12,764,537
		<hr/>

## 3. Profit on Sale of Investment

During the year the company disposed of its investment in LLC Eniseyneftegas for U.S.\$537,688. The company had not previously recorded the investment in its financial statements as it was not considered to have a value.

## Anglo-Siberian Oil Company Limited

## Financial Statements for the year ended 31 December 2004

## Notes (Continued)

## 4. Directors' Remuneration

	<u>2004</u> \$	<u>2003</u> \$
Emoluments	-	196,639
Compensation for loss of office	-	429,710
Share option cancellation payments	-	707,903
	<u>-</u>	<u>1,334,252</u>

Included under emoluments for 2003 above was \$12,267 (2002 - \$82,500) paid to a director under the terms of a consultancy agreement.

## Highest paid director

The above amounts for remuneration include the following in respect of the highest paid director.

	<u>2004</u> \$	<u>2003</u> \$
Emoluments	-	738,829

The above emoluments for 2003 include compensation for loss of office of \$321,880 and a share option cancellation payment of \$315,805.

Excluded from the tables above are company contributions to the personal pension scheme of the highest paid director amounting to \$Nil (2003 - \$9,656). There were no contributions accrued or prepaid at 31 December 2004 (2003 - Nil).

## 5. Fixed Asset Investments

	<u>2004</u> \$	<u>2003</u> \$
Cost and net book value		
Subsidiary undertakings	<u>8,687,554</u>	<u>8,687,554</u>

## Anglo-Siberian Oil Company Limited

## Financial Statements for the year ended 31 December 2004

## Notes (Continued)

## 5. Fixed Asset Investments (Continued)

The company has investments in the following subsidiary undertakings:

<u>Subsidiary</u>	<u>Country of Incorporation/ Registration</u>	<u>Principal Activity</u>	<u>Proportion of Ordinary Shares Held by the Company</u>
Anglo Siberian Oil Company Holdings Limited	Guernsey	Dormant	100%

Subsidiary of Anglo Siberian Oil Company Holding Limited:

Anglo Siberian Oil Services Limited	England and Wales	Dormant	100%
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Share capital, reserves and results of the above companies for the year ended 31 December 2004 were:

	<u>Share Capital</u>	<u>Reserves</u>	<u>Loss for the Year</u>
Anglo Siberian Oil Company Holdings Limited	U.S.\$ 8,687,551	U.S.\$ (257,977)	U.S.\$ (1,361)
Anglo Siberian Oil Services Limited	£ 2 U.S.\$ 3	£ 100,520 U.S.\$ 192,988	£ (3,997) U.S.\$ 5,797

## 6. Debtors

	<u>2004</u> \$	<u>2003</u> \$
Amounts owed by related undertaking (note 11)	16,688,099	26,401,459
Prepayments	-	22,916
	<u>16,688,099</u>	<u>26,424,375</u>

Amounts owed by subsidiary undertakings are repayable on demand and are not interest bearing.

## 7. Creditors, amounts falling due within one year

	<u>2004</u> \$	<u>2003</u> \$
Amounts owed to subsidiary undertakings	-	1,038,579
Amounts owed to related undertakings (note 11)	3,182,821	1,819,494
Other creditors	9,360	7,050
Accruals	20,000	10,392,433
	<u>3,212,181</u>	<u>13,257,556</u>

## Anglo-Siberian Oil Company Limited

## Financial Statements for the year ended 31 December 2004

## Notes (Continued)

## 8. Equity Share Capital

	<u>2004</u>	<u>2003</u>
Authorised		
200,000,000 ordinary shares of 25p each	£ 50,000,000	£ 50,000,000
Allotted, called up and fully paid		
46,289,820 ordinary shares of 25p each	£ 11,572,455	£ 11,572,455

## 9. Share Premium Reserves

	Share Premium \$
At 1 January 2004 and at 31 December 2004	17,336,477

## 10. Reconciliation of Movements in Shareholders' Funds

	<u>2004</u> \$	<u>2003</u> \$
Profit/(loss) for the financial year	191,750	(12,815,008)
Opening shareholders' funds	21,979,075	34,794,083
Closing shareholders' funds	22,170,825	21,979,075

## 11. Related Party Transactions

The remuneration of directors is disclosed in note 4.

Amounts owed by and to related undertakings as shown in notes 6 and 7 are as follows:

	<u>2004</u> \$	<u>2003</u> \$
Amounts owed by related undertakings		
Anglo Siberian Oil Company Holdings Limited	-	227,312
Anglo Siberian Oil Company (Cyprus) Limited	11,048,837	20,532,957
Anglo Siberian Oil Services Limited	5,639,262	5,641,190
	16,688,099	26,401,459

## Anglo-Siberian Oil Company Limited

## Financial Statements for the year ended 31 December 2004

## Notes (Continued)

## 11. Related Party Transactions (Continued)

	<u>2004</u>	<u>2003</u>
	\$	\$
Amounts owed to related undertakings		
Rosneft Investments Limited	2,411,494	1,819,494
Anglo Siberian Oil Company Holdings Limited	771,327	1,038,579
	<u>3,182,821</u>	<u>2,858,073</u>

Movements in the year relate to funding received by the group from its shareholders as well as exchange movements.

## 12. Controlling Party

As at the balance sheet date, the company's immediate parent company is Rosneft Investments Limited, incorporated in Jersey, and its ultimate parent company, and ultimate controlling party, is OJSC Oil Company Rosneft, incorporated in Russia.

## 13. Guarantees

The company, together with Anglo Siberian Oil Services Limited and Anglo Siberian Oil Company (Cyprus) Limited have given an unlimited multilateral guarantee to HSBC. At 31 December 2004 all companies bank accounts under the guarantee were in credit.

## 14. Contingent Liability

An agreement has been entered into between the company and Total E&P Vankor (Total) to sell Anglo Siberian Oil Company (Cyprus) Limited's (ASOC Cyprus) 60% stake in OOO Taymyrneft to Total for US\$1 million. Because of the change in parent company of ASOC Cyprus during the year, Total has obtained injunctions in various jurisdictions to prevent the parent company, Rosneft Investments Limited, from trading in the shares of OOO Taymyrneft and consequently the transfer of shares to Total has not yet taken place. Beyond professional fees, which are not material to the company, it is unclear whether any further liabilities will be incurred but the directors do not believe these will be material.

The company is a party to a claim filed by TotalFinaElf against ASOC Cyprus for US\$640 million. TotalFinaElf allege that under the terms of an option agreement, the shareholding in OOO Yeniseyneft should have been sold to them. The company is contesting this on the grounds that the relevant conditions precedent to the sale had not been met.