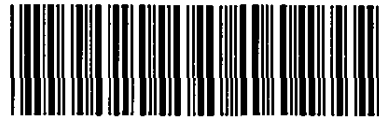


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ANGLO-SIBERIAN OIL COMPANY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2007

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Anglo-Siberian Oil Company Limited

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Anglo-Siberian Oil Company Limited**Directors**

Sergey Gordin
Nikita Tolstikov

Secretary and Registered Office

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

Auditors

Moore Stephens LLP
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 2007.

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's loss on ordinary activities after taxation was U.S.\$741,759 (2006 - loss of U.S.\$ 135,230,391). The directors do not recommend the payment of a dividend (2006 - \$Nil).

Disclosure of Information to Auditors

So far as each director at the date of approval of this report is aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Directors


Mr. Sergey Alekseev resigned from office on 14th May 2007 and Messrs Rashid Sharipov and Sergey Khotochkin resigned on 5 June 2008. On that date Messrs Sergey Gordin and Nikita Tolstikov were appointed directors.

None of the directors held shares in the Company at any time during the year.

Auditors

The auditors, Moore Stephens LLP, 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



NIKITA TOLSTIKOV
Director

Anglo-Siberian Oil Company Limited**Statement of Directors' Responsibilities
For the year ended 31 December 2007**

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 2007 which are set out on pages 4 to 10. These financial statements have been prepared under the accounting policies set out therein.

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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether, in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2007 and of its results for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.
- the information given in the director's report is consistent with the financial statements.

St. Paul's House
London, EC4M 7BP

26th January 2009

Moore Stephens LLP
MOORE STEPHENS LLP

Registered Auditors
Chartered Accountants

Anglo-Siberian Oil Company Limited

**Profit and Loss Account
For the year ended 31 December 2007**

	<u>Note</u>	<u>2007</u>	<u>2006</u>
		U.S.\$	U.S.\$
Provision for legal claim	13	-	(134,258,608)
Administrative expenses		(741,818)	(971,901)
Operating Loss		<u>(741,818)</u>	<u>(135,230,509)</u>
Interest receivable and similar income		59	118
Loss on Ordinary Activities	2	<u>(741,759)</u>	<u>(135,230,391)</u>
 Summary of Retained Losses			
		<u>2007</u>	<u>2006</u>
		U.S.\$	U.S.\$
At 1 January 2007		(149,398,727)	(14,168,336)
Loss for the financial year		(741,759)	(135,230,391)
At 31 December 2007		<u>(150,140,486)</u>	<u>(149,398,727)</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.

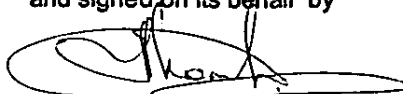
Anglo-Siberian Oil Company Limited

Balance Sheet - 31 December 2007

	<u>Note</u>	<u>2007</u>	<u>2006</u>
		U.S.\$	U.S.\$
Fixed Assets			
Investments	4	<u>8,687,554</u>	<u>8,687,554</u>
Current Assets			
Debtors	5	13,144,658	16,933,577
Cash at bank and in hand		1,610	2,120
		<u>13,146,268</u>	<u>16,935,697</u>
Creditors, amounts falling due within one year	6	<u>(47,549,802)</u>	<u>(139,030,472)</u>
Net Current (Liabilities)		<u>(34,403,534)</u>	<u>(122,094,775)</u>
Creditor, amount falling due after one year	7	<u>(88,433,000)</u>	<u>-</u>
Total assets less current liabilities		<u>(114,148,980)</u>	<u>(113,407,221)</u>
Capital and Reserves			
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>(150,140,486)</u>	<u>(149,398,727)</u>
Equity Shareholders' Funds	10	<u>(114,148,980)</u>	<u>(113,407,221)</u>

The accompanying notes form an integral part of these financial statements

The financial statements were approved by the Board of Directors on 22nd January 2009
and signed on its behalf by



NIKITA TOLSTIKOV

Director

Anglo-Siberian Oil Company Limited**Financial Statements for the year ended 31 December 2007****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) Going concern

The financial statements have been prepared on the going concern basis as the directors are satisfied that the financial support provided by the ultimate holding company will enable the company to continue to meet its obligations as they fall due at least until 31 January 2010.

(c) Investments

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

(d) 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.

(e) 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 have occurred at that date that will result in an obligation to pay more or a right to pay less tax. 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 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.

(f) Group accounts

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.

Anglo-Siberian Oil Company Limited

Financial Statements for the year ended 31 December 2007

Notes (Continued)

2. Loss on Ordinary Activities

Loss on ordinary activities is stated after charging:

	<u>2007</u>	<u>2006</u>
	\$	\$
Foreign exchange loss	25,405	13,444
Auditors' remuneration - audit services	20,000	20,000
	<u>20,000</u>	<u>20,000</u>

None of the directors received any emoluments during the year.

3. Taxation

No liability to corporation tax arises on the results for the year or in the previous year as the company has sustained operating losses in both years.

4. Fixed Asset Investments

	<u>2007</u>	<u>2006</u>
	\$	\$
Cost and net book value		
Subsidiary undertakings	8,687,554	8,687,554
	<u>8,687,554</u>	<u>8,687,554</u>

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</u>
Anglo Siberian Oil Company Holdings Limited	Guernsey	Sub-holding	100%
E & P Vankor	France	Dormant (in liquidation)	100%
Subsidiary of Anglo Siberian Oil Company Holdings Limited:			
Anglo Siberian Oil Services Limited	England and Wales	Dormant	100%

Anglo-Siberian Oil Company Limited

Financial Statements for the year ended 31 December 2007

Notes (Continued)

4. Fixed Asset Investments (Continued)

Share capital, reserves and results of the above companies for the year ended 31 December 2007 were:

	<u>Share Capital</u>	<u>Reserves</u>	<u>Loss for the Year</u>
Anglo Siberian Oil Company Holdings Limited	U.S.\$ -	U.S.\$ (257,977)	U.S.\$ -
Anglo Siberian Oil Services Limited	£ 2	£ -	£ (7,331)
	U.S.\$ 3	U.S.\$ -	U.S.\$ (14,640)

The investment in E & P Vankor was acquired during the year under the terms of an agreement to settle a claim against the company (see note 13). This subsidiary is in liquidation and in the opinion of the directors has no value.

5. Debtors

	<u>2007</u>	<u>2006</u>
	\$	\$
Amounts owed by group undertakings (note 11)	<u>13,144,658</u>	<u>16,933,577</u>

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

6. Creditors, amounts falling due within one year

	<u>2007</u>	<u>2006</u>
	\$	\$
Provision for legal claim (note 13)	45,825,787	134,258,608
Amounts owed to group undertakings (note 11)	1,648,327	4,699,493
Other creditors	54,719	51,402
Accruals	20,969	20,969
	<u>47,549,802</u>	<u>139,030,472</u>

7. Creditor, amount falling due after one year

	<u>2007</u>	<u>2006</u>
	\$	\$
Loan from OJSC Oil Company Rosneft (see note 13)	<u>88,433,000</u>	<u>-</u>

Anglo-Siberian Oil Company Limited

Financial Statements for the year ended 31 December 2007

Notes (Continued)

8. Equity Share Capital	<u>2007</u>	<u>2006</u>
Authorised		
200,000,000 ordinary shares of 25p each	£ 50,000,000	£ 50,000,000
Alotted, called up and fully paid		
46,289,820 ordinary shares of 25p each	£ 11,572,455	£ 11,572,455
	U.S.\$ 18,655,029	U.S.\$ 18,655,029
9. Share Premium Reserve		<u>Share Premium \$</u>
At 1 January 2007 and at 31 December 2007		17,336,477
10. Reconciliation of Movements in Shareholders' Funds	<u>2007</u>	<u>2006</u>
	\$	\$
Loss for the financial year	(741,759)	(135,230,391)
Opening shareholders' funds	(113,407,221)	21,823,170
Closing shareholders' funds	(114,148,980)	(113,407,221)
11. Related Party Transactions		
Amounts owed by and to group undertakings as shown in notes 5 and 6 are as follows:		
	<u>2007</u>	<u>2006</u>
	\$	\$
Amounts owed by group undertakings		
Rosneft Investments Limited	13,144,658	-
Anglo Siberian Oil Company (Cyprus) Limited	-	16,933,577
	13,144,658	16,933,577

Anglo-Siberian Oil Company Limited

Financial Statements for the year ended 31 December 2007

Notes (Continued)

11. Related Party Transactions (continued)

	<u>2007</u>	<u>2006</u>
	\$	\$
Amounts owed to group undertakings		
Anglo Siberian Oil Services Limited	171,009	171,813
Rosneft Investments Limited	-	3,757,918
Anglo Siberian Oil Company Holdings Limited	769,762	769,762
Anglo Siberian Oil Company (Cyprus) Limited	707,556	-
	<u>1,648,327</u>	<u>4,699,493</u>

12. Controlling Parties

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. Claim

In 2002 an option agreement was entered into between the Company and Total E&P Vankor (Total) under which Total had a conditional option to buy the Company's 60% stake in OOO Taymyrneft which it held through Anglo Siberian Oil Company Limited (Cyprus) (ASOC Cyprus) for U.S.\$1m. Total obtained injunctions in various jurisdictions to prevent the parent company, Rosneft Investments Limited, from trading in the shares of OOO Taymyrneft. In 2005 Total filed for arbitration under the option agreement requesting legal title to the 60% ownership in OOO Taymyrneft or alternatively damages in the amount of U.S.\$709 million.

In January 2007 the arbitration tribunal dismissed the Total claim for specific performance but awarded Total damages of U.S.\$116 million plus interest and legal costs. This amount, together with interest and legal costs of U.S.\$18 million has been provided for in these financial statements.

The claim was settled in October 2007 under an agreement whereby the Company acquired 100% of the issued capital of the claimant, E&P Vankor, for a consideration of U.S.\$88.43 million. The Company will also be required to settle the claimant's estimated tax liability of U.S.\$49 million arising in respect of the arbitration award.

To finance the settlement, OJSC Oil Company Rosneft has made an interest-free loan of U.S.\$140.31 million to the Company, secured by promissory notes issued by the Company and repayable by 15 October 2010.