

OAO Gazprom Neft (formerly OAO Siberian Oil Company)

**CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2006 AND 2005**

ОАО Gazprom Neft (formerly ОАО Siberian Oil Company)

Consolidated Financial Statements

For six months ended June 30, 2006 and 2005

Contents

Consolidated Balance Sheets.....	1
Consolidated Statements of Income and Comprehensive Income	2
Consolidated Statements of Changes in Shareholders' Equity	3
Consolidated Statements of Cash Flows	4
Notes to Consolidated Financial Statements	5

OAQ Gazprom Neft (formerly OAQ Siberian Oil Company)
Consolidated Balance Sheets
As of June 30, 2006 and December 31, 2005

Currency – US\$ thousands

	<u>Notes</u>	<u>2006</u>	<u>2005</u>
Assets			
Current assets:			
Cash and cash equivalents	2	\$ 694,362	\$ 305,247
Loans receivable	3	79,905	106,442
Accounts receivable, net (less allowance for doubtful accounts of \$56,796 and \$47,366 , respectively)		2,737,195	2,302,100
Inventories		780,136	436,584
Prepaid expenses		105,240	82,787
Deferred income tax assets	8	39,122	22,980
Total current assets		<u>4,435,960</u>	<u>3,256,140</u>
Long-term investments	4	2,817,142	2,421,911
Oil and gas properties, net		3,972,381	3,809,516
Property, plant and equipment, net		749,744	744,626
Construction in progress		191,311	255,635
Other non-current assets		181,431	151,738
Total assets		<u>\$ 12,347,969</u>	<u>\$ 10,639,566</u>
Liabilities and shareholders' equity			
Current liabilities:			
Short-term loans	5	\$ 95,463	\$ 120,183
Accounts payable and accrued liabilities		457,475	426,259
Related party payable	10	35,290	19,662
Income and other taxes payable		475,187	510,960
Other current liabilities		6,097	36,565
Current portion of long -term debt	7	567,702	280,679
Total current liabilities		<u>1,637,214</u>	<u>1,394,308</u>
Dividends payable		1,384,255	75,129
Asset retirement obligation	6	289,876	260,983
Long-term debt	7	827,846	1,155,066
Deferred income tax liabilities	8	146,774	98,192
Total liabilities		<u>4,285,965</u>	<u>2,983,678</u>
Shareholders' equity:			
Common stock (authorized and issued: 4,741,299,639 shares, 0.0016 ruble par value)		1,619	1,619
Additional paid -in capital		858,987	858,987
Reserves		1,867,449	1,867,449
Retained earnings		5,333,949	4,927,833
Total shareholders' equity		<u>8,062,004</u>	<u>7,655,888</u>
Total liabilities and shareholders' equity		<u>\$ 12,347,969</u>	<u>\$ 10,639,566</u>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

OAQ Gazprom Neft (formerly OAO Siberian Oil Company)
Consolidated Statements of Income and Comprehensive Income
For six months ended June 30, 2006 and 2005

Currency - US\$ thousands

	<u>Notes</u>	<u>2006</u>	<u>2005</u>
Revenues			
Refined products and oil and gas sales		\$ 10,041,580	\$ 5,642,827
Other		81,579	85,385
Total		<u>10,123,159</u>	<u>5,728,212</u>
Costs and other deductions			
Operating expenses		3,019,594	1,220,313
Selling, general and administrative expenses		771,587	716,553
Depreciation and amortization		455,263	331,840
Taxes other than income taxes		3,685,195	1,801,971
Cost of other sales		22,626	45,688
Total		<u>7,954,265</u>	<u>4,116,365</u>
Operating income		<u>2,168,894</u>	<u>1,611,847</u>
Other income/ (expense)			
Income from equity affiliates	4	329,747	365,960
Loss from equity investments write off		(13,026)	(14,560)
Interest received		10,578	10,762
Interest expense		(66,250)	(64,761)
Other expenses, net		(1,292)	(16,661)
Foreign exchange loss, net		(13,355)	(13,880)
Total		<u>246,402</u>	<u>266,860</u>
Income before provision for income taxes		2,415,296	1,878,707
Income tax expense	8	<u>622,749</u>	<u>457,128</u>
Net income		<u>\$ 1,792,547</u>	<u>\$ 1,421,579</u>
Basic and Diluted Earnings per Common Share (US\$ per share)		\$ 0,3781	\$ 0.2998
Average number of common shares outstanding (millions)		<u>4,741</u>	<u>4,741</u>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

OAO Gazprom Neft (formerly OAO Siberian Oil Company)
Consolidated Statements of Changes in Shareholders' Equity
For the Year Ended December 31, 2005 and six months ended June 30, 2006
Currency - US\$ thousands

	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Reserves</u>	<u>Retained Earnings</u>	<u>Total Shareholders' Equity</u>
Balance at December 31, 2004	\$ 1,619	\$ 858,987	\$ 1,867,449	\$ 4,457,310	\$ 7,185,365
Net income for the year	-	-	-	2,804,946	2,804,946
Common stock dividends	-	-	-	(2,334,423)	(2,334,423)
Balance at December 31, 2005	\$ 1,619	\$ 858,987	\$ 1,867,449	\$ 4,927,833	\$ 7,655,888
Net income for the period	-	-	-	1,792,547	1,792,547
Common stock dividends	-	-	-	(1,386,431)	(1,386,431)
Balance at June 30, 2006	\$ 1,619	\$ 858,987	\$ 1,867,449	\$ 5,333,949	\$ 8,062,004

The accompanying notes to the consolidated financial statements are an integral part of these statements.

OAQ Gazprom Neft (formerly OAO Siberian Oil Company)
Consolidated Statements of Cash Flows
For six months ended June 30, 2006 and 2005

Currency - US\$ thousands

	<u>2006</u>	<u>2005</u>
<i>Operating activities</i>		
Net income	\$ 1,792,547	\$ 1,421,579
Reconciliation of net income to net cash provided by operating activities:		
Accrued equity accounting income	(272,418)	(365,960)
Depreciation, depletion and amortization	455,263	331,840
Asset retirement obligation accretion expense	10,242	11,021
Loss on disposal of property, plant and equipment	8,790	(4,722)
Loss/(gain) on sales of investments	13,026	14,560
Changes in current assets and liabilities:		
Accounts receivable	(444,525)	(374,151)
Provision for doubtful accounts	9,430	(5,642)
Inventories	(343,552)	(98,484)
Prepaid expenses	(22,453)	(39,240)
Other non-current assets	(45,835)	689
Accounts payable and accrued liabilities	46,844	77,055
Income and other taxes	(35,773)	(184,530)
Other current liabilities	18,114	(19,137)
Net cash provided by operating activities	<u>1,189,700</u>	<u>764,878</u>
<i>Investing activities</i>		
Investments made	(128,106)	(17,795)
Loans (issued to)/settled by the third parties, net	26,537	5,714
Proceeds from disposals of property, plant and equipment	30,505	22,736
Capital expenditures	<u>(587,299)</u>	<u>(480,431)</u>
Net cash used in investing activities	(658,363)	(469,776)
<i>Financing activities</i>		
Short- and long-term loans proceeds received	487,107	201,065
Short- and long-term loans repaid	(552,024)	(153,245)
Dividends paid	<u>(77,305)</u>	<u>(228)</u>
Net cash used in financing activities	(142,222)	47,592
Increase/(decrease) in cash and equivalents	389,115	342,694
Cash and equivalents at beginning of year	<u>305,247</u>	<u>1,140,304</u>
Cash and equivalents at end of the period	<u><u>694,362</u></u>	<u><u>\$ 1,482,998</u></u>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

OAQ Gazprom Neft (formerly OAQ Siberian Oil Company)
Notes to the Consolidated Financial Statements
As of June 30, 2006 and December 31, 2005

1. General

Basis of Financial Statements Preparation

These unaudited consolidated financial statements should be read in the context of the consolidated financial statements and notes thereto as of December 31, 2005. In the opinion of the Company, the information furnished reflects all known accruals and adjustments necessary for a fair statement of the result for the periods reported herein. All such adjustments are of a normal recurring nature. The Company's exploration and production activities are accounted for under the "successful efforts" method.

Minority Interest in Subsidiary Companies

Minority interest in the consolidated balance sheets reflects minority owners' percent share of shareholders' capital in subsidiaries. The minority interest is calculated based on the shareholders' equity of each subsidiary as determined under US GAAP. The actual ruble denominated balance attributable to minority interests may differ from this amount.

Minority owners' interest in the Company's subsidiaries is as follows:

	<u>June 30, 2006</u>		<u>December 31, 2005</u>	
	<u>Voting</u>	<u>Total</u>	<u>Voting</u>	<u>Total</u>
Geofizika	19%	19%	19%	19%
Meretoyahaneftegas	33%	33%	33%	33%
Sibneft-Ugra	1%	1%	1%	1%

2. Cash and Cash Equivalents

Cash and cash equivalents as of June 30, 2006 and December 31, 2005 comprise the following (in US\$ thousands):

	<u>2006</u>	<u>2005</u>
Cash in bank - rubles	66,978	145,731
Cash in bank - foreign currency	196,944	137,401
Bank deposits	428,925	21,455
Cash on hand	1,515	660
Total cash and cash equivalents	<u>694,362</u>	<u>305,247</u>

Bank deposits represent cash deposited in major western banks for a period less than three months of US\$ 429 million bearing a weighted average interest rate of 5.46% per annum on US dollars deposit.

The majority of foreign currency cash in bank is represented by US dollars.

3. Loans Receivable

The Company provided ruble loans to third parties with the maturity of one month to one year and bearing weighted average interest nil per year as of June 30, 2006 and December 31, 2005, respectively.

The fair values of loans provided are approximately equal to their carrying value in the consolidated financial statements.

OAQ Gazprom Neft (formerly OAQ Siberian Oil Company)
Notes to the Consolidated Financial Statements
As of June 30, 2006 and December 31, 2005

4. Long-Term Investments

None of the companies listed below are publicly traded in Russia and due to the nature of the financial markets it is not possible to obtain a current market price for these investments, however, management believes that the costs of these investments approximate their fair values. The significant equity and other long-term investments are summarized below for the period ended June 30, 2006 and December 31, 2005 (in US\$ thousands):

	<u>2006</u>	<u>2005</u>
Investments in Russian companies		
- Oil and gas producing	2,241,660	1,971,251
- Refining	301,198	300,199
- Marketing	56,018	56,018
Total long-term investments	<u>2,598,876</u>	<u>2,327,468</u>
Other equity investments carried at cost		
- Marketing	67,558	56,781
- Other	150,708	37,662
Total long-term investments	<u>2,817,142</u>	<u>2,421,911</u>

Investments in oil and gas producing associated companies, as of June 30, 2006 and December 31, 2005 represent a 49.852% interest in AO NGK Slavneft and various minority stakes in Slavneft' subsidiaries held through investment trust arrangement. During 2005 the Company and TNK-BP agreed to jointly manage the refineries of Slavneft group and work out the split of production flows.

The purchase cost of these investments is US\$ 1,278 million. Based on consolidated financial statements and management estimates the Company's share of Slavneft's earnings for 6 month 2006 amounted to US\$ 328 million (US\$ 778 million for 2005 earnings) and is reflected in income from equity affiliates. During 2005 Slavneft announced and paid to the Company US\$ 591 million of dividends.

The following table represents the Company's proportional interest in the summarized financial information of Slavneft based on consolidated financial statements as of June 30, 2006 and December 31, 2005:

	<u>2006</u>	<u>2005</u>
Total assets	2,934,706	2,744,696
Total liabilities	854,746	845,627
Net Income	327,738	777,542

Investments in refining represent a 38.8% voting interest in Moscow Oil Refining Plant (MNPZ). The purchase cost of these investments is US\$ 280 million. Based on financial statements (unaudited) and management estimates the Company's share of MNPZ's earnings for 6 month 2006 amounted to US\$ 2.0 million (US\$ \$ 4.7 million (unaudited) for 2005) and is reflected in income from equity affiliates.

The following table represents the Company's proportional interest in the summarized financial information of MNPZ based on translated financial statements (unaudited) as of June 30, 2006 and December 31, 2005:

	<u>2006</u>	<u>2005</u>
Total assets	172,357	166,910
Total liabilities	59,968	56,531
Net Income (loss)	2,009	4,663

OAQ Gazprom Neft (formerly OAO Siberian Oil Company)
Notes to the Consolidated Financial Statements
As of June 30, 2006 and December 31, 2005

Investments in marketing companies include various wholesale and retail distribution companies. The Company holds a 27.4% voting interest in OAO Mosnefteproduct carried at cost of US\$ 56 million, as of June 30, 2006 and December 31, 2005.

5. Short-Term Loans

As of June 30, 2006 and December 31, 2005 the Company had short-term loans outstanding as follows (in US\$ thousands):

	2006	2005
Banks	80,777	105,861
Related parties	-	46
Other	14,686	14,276
Total	<u>95,463</u>	<u>120,183</u>

Bank loans are comprised of export financing loan facility and unsecured loans facilities in US dollars from major western bank affiliates.

In general, short-term loans are used for the provision of working capital needs. As of June 30, 2006 more than 85% of the loans were provided in US dollars.

As of June 30, 2006 the Company has a US\$ 20 million unsecured loan outstanding from Citibank. The loan bears interest of 5.44%.

As of June 30, 2006 the Company has a US\$ 20 million unsecured loan outstanding from Westdeutsche Landesbank Vostok (West LB). The loan bears interest of 5.44%.

As of June 30, 2006 the Company also has a US\$ 40 million secured loan outstanding from Raiffeisenbank. The loan bears a floating interest at rate of LIBOR plus 1.65%.

Other short-term loans were represented by a number of ruble denominated non-banking borrowings totaling US\$ 15 million bearing no interest.

Weighted average interest rates related to the short-term loans outstanding as of June 30, 2006 for US dollar and ruble denominated loans equal 6.22% and nil, respectively. During 6 month ended June 30, 2006, the weighted average US dollar and Ruble denominated short-term debt balances outstanding were US\$ 69 million and US\$ 15 million, respectively, with weighted average interest rates of 6% and nil, respectively.

6. Assets Retirement Obligation

According to Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations" ("SFAS 143"), the Company has potential asset retirement obligations associated with the conduct of its business activities. The accounting standard applies to legal obligations associated with the retirement of tangible long-lived assets. SFAS 143 requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred and a corresponding increase in the carrying amount of the related long-lived asset. Subsequently, the liability is accreted for the passage of time and the related asset is depreciated over its estimated useful life. The nature of the assets and potential obligations are as follows:

OAQ Gazprom Neft (formerly OAQ Siberian Oil Company)
Notes to the Consolidated Financial Statements
As of June 30, 2006 and December 31, 2005

Exploration and Production

The Company's field exploration, development, and production activities include assets related to: well bores and related equipment and operating sites, gathering and oil processing systems, oil storage and pipelines to main transportation trunks. Generally, its licenses and other operating permits require certain actions to be taken by the Company in the abandonment of these operations after the end of production. Such actions include well abandonment activities, equipment dismantlement and other reclamation activities. The Company's estimates of future abandonment costs consider present regulatory or license requirements and are based upon management's experience of the costs and requirement of such activities.

Management believes that present regulatory and permitting activities do not stipulate an obligation associated with abandoning of gathering and oil processing systems, oil storage and pipelines to main transportation trunks. As a result, the Company believes that it does not have clear or definitive legal or contractual obligations associated with activities to retire or otherwise abandon those assets.

Refining, Marketing and Distribution

This business segment covers refining operations and retail networks. The Company's refining operations consist of major industrial complexes. These industrial complexes have been in operation for several decades. Because of the nature of the operation of these complexes, management believes that these industrial complexes have indeterminable lives, while certain operating components and equipment have definite lives.

Management believes that present regulatory and permitting activities do not stipulate an obligation associated with abandoning these industrial complexes. As a result, the Company believes that it does not have clear or definitive legal or contractual obligations associated with activities to retire or otherwise abandon those assets.

Inasmuch as the regulatory and legal environment in Russia continues to evolve, there could be future changes to the requirements and costs associated with abandoning long-lived assets.

The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. An entity measures changes in the liability for an asset retirement obligation due to passage of time by applying an interest method of allocation to the amount of the liability at the beginning of the period. The interest rate used to measure that change is the credit-adjusted risk-free rate that existed when the liability was initially measured. That amount is recognized as an increase in the carrying amount of the liability and as an expense classified as an operating item in the statement of income.

The following summarizes the activity of the asset retirement obligations (in US\$ thousands)

	<u>2006</u>	<u>2005</u>
Beginning balance as of January 1,	260,983	284,023
Revision in the estimated cash flows	18,651	70,520
Amount spent in the current period	-	(116,022)
Accretion expense	10,242	22,462
Ending balance as of June 30	<u>289,876</u>	<u>260,983</u>
Ending balance as of December 31,	<u>289,876</u>	<u>260,983</u>

OAQ Gazprom Neft (formerly OAO Siberian Oil Company)
Notes to the Consolidated Financial Statements
As of June 30, 2006 and December 31, 2005

7. Long-Term Debt

As of June 30, 2006 and December 31, 2005 the Company had outstanding loans as follows (in US\$ thousands):

	2006	2005
Bank loans outstanding	447,706	487,763
Bonds	942,972	943,399
Other borrowings	4,870	4,583
Less current portion of long- term debt	(567,702)	(280,679)
Total long-term debt	827,846	1,155,066

Bank loans are comprised of loan facilities in US\$ from major western banks and their affiliates.

In general, long-term loans are used for the provision of capital expenditures and investment needs. The Company has unsecured bank loans outstanding as of June 30, 2006 from Citibank, ABN-AMRO Bank, Gazprombank and also two unsecured loans from Salomon Brothers. As of December 31, 2005 the Company had secured bank loans outstanding from Raiffeisen Zentralbank Oesterreich (RZB), Westdeutsche Landesbank Vostok (West LB), ABN-AMRO Bank and BNP Paribas, and also two unsecured loans from Salomon Brothers.

In December 2002, the Company placed US\$ 500 million in 7-year Eurobonds on the Luxemburg Stock Exchange. The bonds bear interest of 10.75% per year. The bonds have a semi-annual coupon. Accrued interest for the bonds of US\$ 25.0 million is included in current portion of long-term debt.

In January 2002, the Company placed US\$ 250 million in 5-year Eurobonds on the Luxemburg Stock Exchange. The bonds bear interest of 11.5% per year. Subsequently, in March 2002, the Company extended the issue up to US\$ 400 million. All bonds have a semi-annual coupon. Accrued interest for the bonds of US\$ 17.8 million is accounted in current portion of long-term debt.

The Company has a US\$ 370 million (including a US\$ 47.3 million current portion) unsecured loan from Citibank and ABN-AMRO Bank maturing in July 2009, bearing floating interest at rates of LIBOR plus 0.6%.

The Company has an unsecured loan from Gazprombank repayable in rubles amounting to US\$ 77 million (all current). The loan bears an interest at rate of 6.5%.

Other borrowings represents a number of Ruble denominated unsecured borrowings from non-banking organizations totaling US\$ 5.0 million (including a US\$ 0.4 million current portion) with maturity dates from 2007 to 2011 bearing nil interest rate. As of December 31, 2005 other borrowings represented a number of Ruble denominated unsecured borrowings from non-banking organizations totaling US\$ 5.0 million (including a US\$ 0.3 million current portion) with maturity dates from 2006 to 2011 bearing nil interest rate.

The loan agreements contain financial covenants that require the Company's ratios of Consolidated EBITDA to Consolidated Interest Payable, Consolidated Indebtedness to Consolidated Tangible Net Worth, Consolidated Total Indebtedness to Consolidated EBITDA. Management believes the Company is in compliance with these covenants as of June 30, 2006.

OAQ Gazprom Neft (formerly OAQ Siberian Oil Company)
Notes to the Consolidated Financial Statements
As of June 30, 2006 and December 31, 2005

Maturities of long-term - loans as of June 30, 2006 are as follows (in US\$ thousands):

<u>Year due</u>	<u>Amount due</u>
Current portion	567,702
2007	-
2008	1,211
2009	823,333
2010 and later	3,302
	<u>1,395,548</u>

8. Income Taxes

As of June 30, 2006 and 2005 the Company's provision for income taxes as reported in the accompanying consolidated income statements is as follows (in US\$ thousands):

	<u>2006</u>	<u>2005</u>
Current income taxes	608,775	443,288
Deferred income taxes	13,974	13,840
Total provision for income taxes	<u>622,749</u>	<u>457,128</u>

The current portion of income taxes represents the total income tax expense for the Company and each of its subsidiaries.

Temporary differences between the Russian statutory accounts and these financial statements give rise to the following deferred tax assets and liabilities for the period ended June 30, 2006 and December 31, 2005:

	<u>2006</u>	<u>2005</u>
Assets arising from the tax effect of:		
Allowance for doubtful accounts	28,162	12,564
Inventories	10,960	10,416
Current deferred tax assets	<u>39,122</u>	<u>22,980</u>
Asset retirement obligation	69,561	62,627
Tax loss carryforward	84,122	79,143
Fixed assets	8,255	1,702
	<u>161,938</u>	<u>143,472</u>
Valuation allowance	-	-
Non-current deferred tax assets	<u>161,938</u>	<u>143,472</u>
Equity Investment and other investments	(11,385)	(21,961)
Fixed assets	(135,389)	(76,231)
Non-current deferred tax liability	<u>(146,774)</u>	<u>(98,192)</u>
Net deferred tax asset	54,286	68,260

For Russian income tax purposes, certain subsidiaries of the Company have accumulated tax losses totalling US\$ 350 million, resulting in associated deferred tax assets of US\$ 84 million. In accordance with Tax Code, such tax losses may be carried forward for a period of ten years for use against future

OAQ Gazprom Neft (formerly OAO Siberian Oil Company)
Notes to the Consolidated Financial Statements
As of June 30, 2006 and December 31, 2005

income, although deductibility is restricted to a maximum of 50% of taxable income in any single year. Tax losses carried forward at June 30, 2006, expire between 2006 and 2016.

9. Commitments and Contingencies

Construction and Exploration Programs

The Company is engaged in continuous construction and exploration programs, currently estimated to total US\$ 1,378 million (including Noyabrsk in amount of US\$ 695 million; unaudited) over the year and US\$ 67 million (unaudited) over 2006 for OR. The construction and exploration programs are subject to periodic reviews and actual expenditures may vary from the above estimates. At June 30, 2006, no significant purchase commitments were outstanding in connection with the construction programs.

Financing for all of the future costs has not yet been secured, and the Company is actively pursuing various financing opportunities. It is the opinion of management that the Company will be able to obtain all necessary financing to complete the construction programs.

10. Related Party Transactions

OAQ Moscow Oil Refining Plant (MNPZ)

During the period ending June 30, 2006 the Company processed 1.4 million tons of crude oil (3.1 million tons in 2005) at MNPZ based on processing agreements. Such transactions are in the ordinary course of business and in terms available to other suppliers. Total cost of processing for the period ending June 30, 2006 was US\$ 24.2 million (US\$ 49.1 million for 2005). The Company has US\$ 1.2 million and US\$ 4.7 million of net payables to MNPZ as of June 30, 2006 and December 31, 2005, respectively.

Slavneft Group (Slavneft)

During 6 months 2006 the Company conducted numerous transactions with Slavneft group companies. The Company sold directly 1.2 million tons of crude oil (2.3 million tons in 2005) to Slavneft amounting to US\$ 337 million (US\$ 501 million in 2005) and 0.1 million tons of oil products (0.1 million tons of oil products in 2005) amounting to US\$ 41.0 million (US\$ 26.7 million in 2005). The Company and TNK-BP have in principle agreed to split Slavneft's business and product flows. During 6 months 2006 the Company bought from Slavneft 4.5 million tons of crude oil and 1.5 million tons of oil products amounting to US\$ 851 million and US\$ 411 million, respectively. From late December 2002 the Company started processing in Yaroslavl Oil Refining Plant (Slavneft's subsidiary) based on processing agreements. During 6 months 2006 the Company processed 1.6 million tons of crude oil for the total cost of processing amounting to US\$ 35.3 million. The Company has US\$ 34 million and US\$ 18 million of net payables to Slavneft as of June 30, 2005 and December 31, 2005, respectively. All the above transactions are in the ordinary course of business at negotiated prices comparable to those with other customers and suppliers.

11. Segment Information

Presented below is information about the Company's operating segments for the period ended June 30, 2006 and 2005. The Company determined its operating segments based on differences in the nature of their operations. The exploration and production segments explore, find, develop and produce crude oil and natural gas. The manufacturing, marketing and distribution segments process crude oil into refined products and purchase, sell and transport crude oil and refined petroleum products.

AO Gazprom Neft (formerly OAO Siberian Oil Company)
Notes to the Consolidated Financial Statements
As of June 30, 2006 and 2005

Operating Segments 6 months 2006 (in US\$ thousands):

	Exploration and Production	Manufacturing, Marketing and Distribution	Consolidated
Revenues			
Total	5,675,644	5,326,783	11,002,427
Inter-segment revenues	(879,268)		(879,268)
Revenues from external customers	4,796,376	5,326,783	10,123,159
Operating income	815,806	1,353,088	2,168,894
Capital expenditures, net	541,546	45,753	587,299
Depreciation, depletion and amortization	412,527	42,736	455,263
Interest income	-	10,578	10,578
Interest expense	99	66,151	66,250
Share in the net income of equity investees	327,738	2,009	329,747
Income tax expense	250,787	371,962	622,749
Investment in equity method investees at June 30, 2006	2,241,660	575,482	2,817,142
Segment assets at June 30, 2006	7,971,319	4,376,650	12,347,969

Operating Segments 6 months 2005 (in US\$ thousands):

	Exploration and Production	Manufacturing, Marketing and Distribution	Consolidated
Revenues			
Total	3,871,414	2,756,482	6,627,896
Inter-segment revenues	(899,684)	-	(899,684)
Revenues from external customers	2,971,730	2,756,482	5,728,212
Operating income	592,892	1,018,955	1,611,847
Capital expenditures, net	433,766	46,665	480,431
Depreciation, depletion and amortization	286,332	45,508	331,840
Interest income	1	10,761	10,762
Interest expense	182	64,579	64,761
Share in the net income of equity investees	363,993	1,967	365,960
Income tax expense	408,725	48,403	457,128
Investment in equity method investees at December 31, 2005	1,971,251	450,660	2,421,911
Segment assets at December 31, 2005	6,711,180	3,928,386	10,639,566

12. Subsequent Events

In July 2006 the Company received a US\$ 260 million unsecured loan from Citibank and ABN-AMRO Bank maturing in July 2009, bearing floating interest at rates of LIBOR plus 0.6%.