



Annual Results
February 27, 2009



Snapshot of Results

Upstream Operations

Downstream Operations

Volumes & Prices

Financial Information Q4 & 12 Months

Outlook & Management Actions



Snapshot of Results

Summary of 4th Quarter Results

- Total revenue increased by 68% to MUSD 2 721.6 (MUSD 1 618.1)* for the twelve month period and decreased by 12% to MUSD 409.6 (MUSD 466.3) for the quarter
- EBITDA amounted to MUSD 585.0 (MUSD 186.2) for the twelve month period and MUSD 6.2 (MUSD 47.3) for the quarter
- The twelve months net result excluding impairment charge amounted to MUSD 299.7 (MUSD 67.7) and the quarterly net result amounted to a loss of MUSD 37.2 (MUSD 1.4)
- Impairment charge related to the Group's upstream assets amounted to MUSD 317.1
- The twelve months net result amounted to MUSD 46.0 (MUSD 67.7) and the quarterly net result amounted to MUSD -290.9 (MUSD 1.4)
- Oil production increased by 24% to 17.4 MM barrels for the year and by 12% to 4.6 MM barrels for the quarter
- 24.6 MM barrels (23.6) were refined in the year 2008 and 4.9 MM barrels of oil were refined in the quarter (6.8)

* Represents Alliance Oil Company Pre-Merger Data Only

Summary of Financials

US\$m	Q3 '08	Q4 '08	2007*	2008
Revenue	894	410	1,618	2,722
Operating Income	182	-347	141	136
<i>Operating Margin</i>	<i>20%</i>	<i>-85%</i>	<i>9%</i>	<i>5%</i>
EBITDA	226	6	186	585
<i>EBITDA Margin</i>	<i>25%</i>	<i>2%</i>	<i>11%</i>	<i>21%</i>
Net Profit	132	-291	68	46.0
<i>Net Margin</i>	<i>15%</i>	<i>-71%</i>	<i>4%</i>	<i>2%</i>
EPS (cents)	4.0	-9.0	4.0	1.0

- Cash at year end 2008 MUSD 335
- Net Debt at year end 2008 MUSD 570**

Please refer to section Financial Information Q4 & 12 Months for Pro-Forma numbers

* Represents Alliance Oil Company Pre-Merger Data Only

** Restricted cash not accounted for

Management Actions in Q4

Market environment 4th Quarter 2008

- Rapid and sustained decrease in crude oil and oil product prices
- Significant decline in demand for oil products in domestic and export markets
- Export duty lagging effect

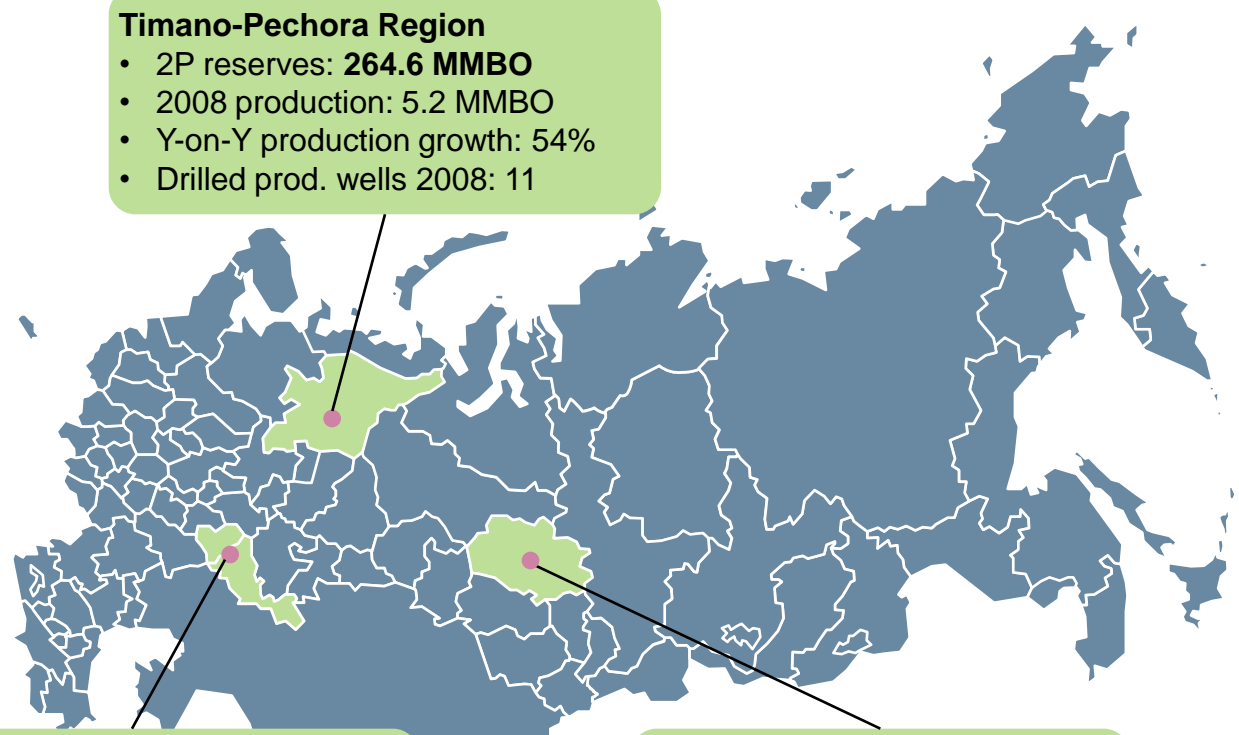
And Management actions in November-December

- Crude oil and oil products stock reduction
- Receivables reduction
- OPEX reduction
- CAPEX reduction
- Refining volumes decrease
- Renegotiation on current service agreements and supply contracts



Upstream Operations

Upstream Operations Assets



Timano-Pechora Region

- 2P reserves: **264.6 MMBO**
- 2008 production: 5.2 MMBO
- Y-on-Y production growth: 54%
- Drilled prod. wells 2008: 11

The Volga-Urals Region

- 2P reserves: **155.4 MMBO**
- 2008 production*: 7.8 MMBO
- Y-on-Y production growth**: 10%
- Drilled prod. wells 2008: 26

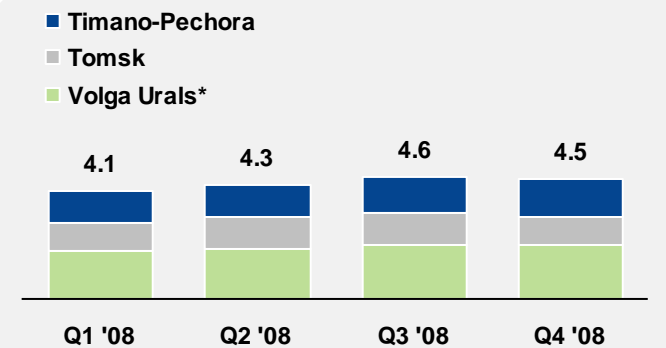
The Tomsk Region

- 2P reserves: **67.3 MMBO**
- 2008 production: 4.4 MMBO
- Y-on-Y production growth: 25%
- Drilled prod. wells 2008: 17

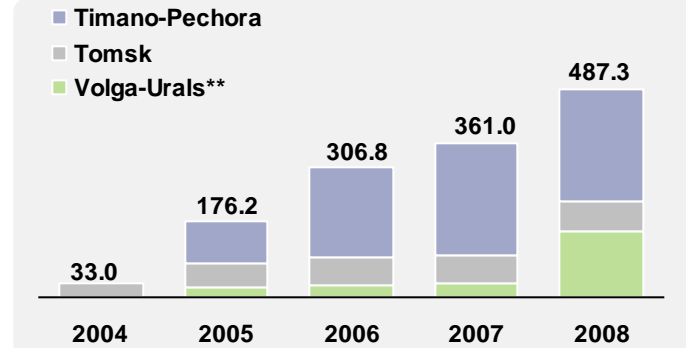
Reserves as per DM report as of August 31, 2008 adjusted for production through year end
 * Pro-forma WSR and Alliance Oil Co assets from Jan 1, 2008. Includes Samara, Tatarstan and Kazakhstan fields
 ** Pro-forma

Upstream Operations Production and Reserves

Production Evolution Q1'08 – Q4'08 (Mbbbl)



2P Reserves Evolution (Mbbbl)***



- Average production in Q4 49,425 bpd
- Reserves increased by 35% in 2008 over 2007

* Pro-forma WSR and Alliance Oil Co assets from Jan 1, 2008. Includes Samara, Tatarstan and Kazakhstan fields

** Includes Tatarstan and Kazakhstan fields in 2008 only

*** As per DM report as of August 31, 2008 adjusted for production through year end

Upstream Operations

Impairment Test

- Significant decline in prices created the need to test WSR assets for impairment
 - The test was done based on current market conditions
 - The charge was calculated based on DeGolyer and MacNaughton's Petroleum Resources Management System classification of the company's recoverable proven and probable reserves and estimates of future capital expenditures
- As a result of this test book value of oil and gas properties decreases by MUSD 317



Downstream Operations

Downstream Operations

- Refined volume in 2008: 24.6 MM barrels – 4% YoY growth*
- Fourth quarter average refining volumes reached 56,000 bpd
- Total wholesale and retail volumes reached 3.2 MM barrels in Q4
- Export volumes reached 1.9 MM barrels in Q4



* Pro-forma WSR and Alliance

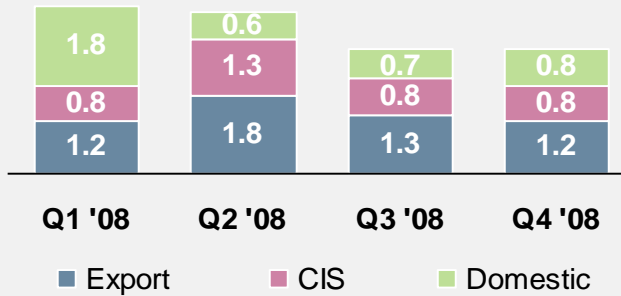


Volumes & Prices

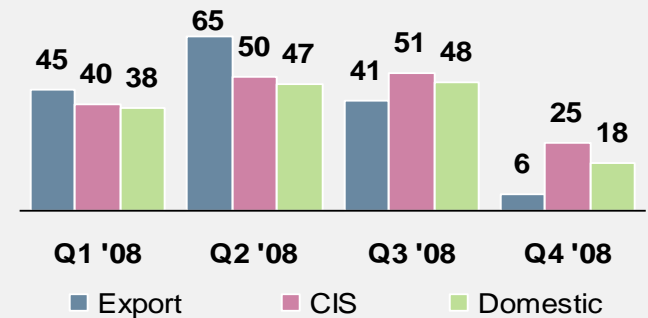
Upstream

Sales of Crude Oil

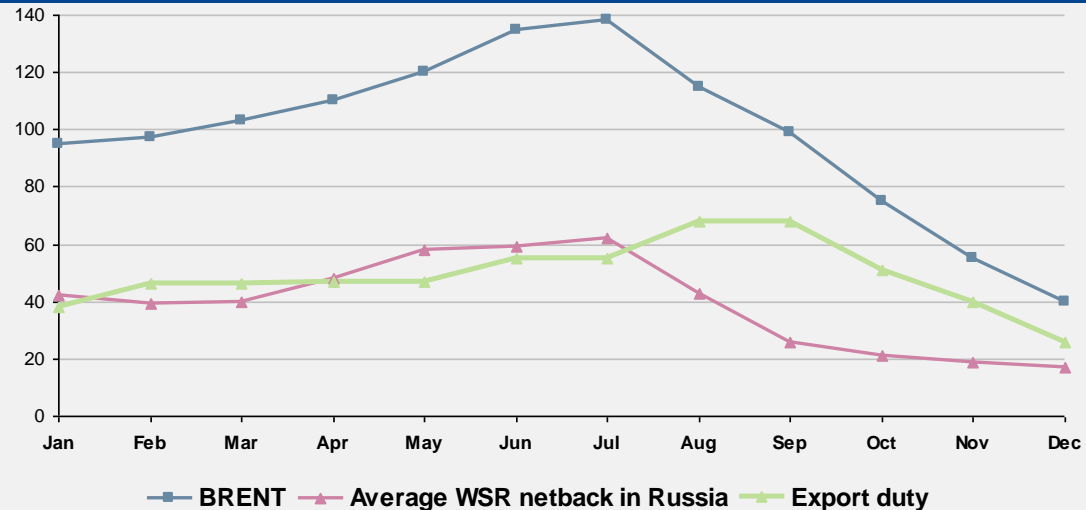
Sales Volume* (MM bbl)



Netback Price (US\$/bbl)



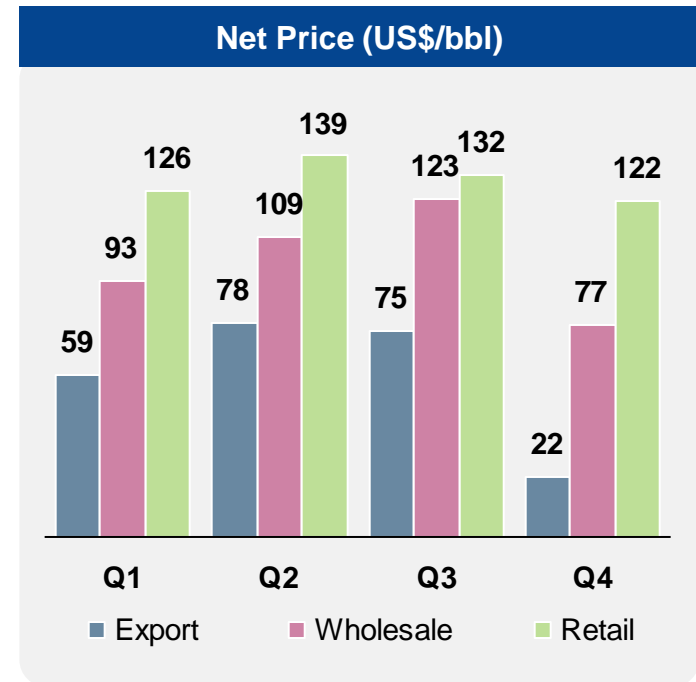
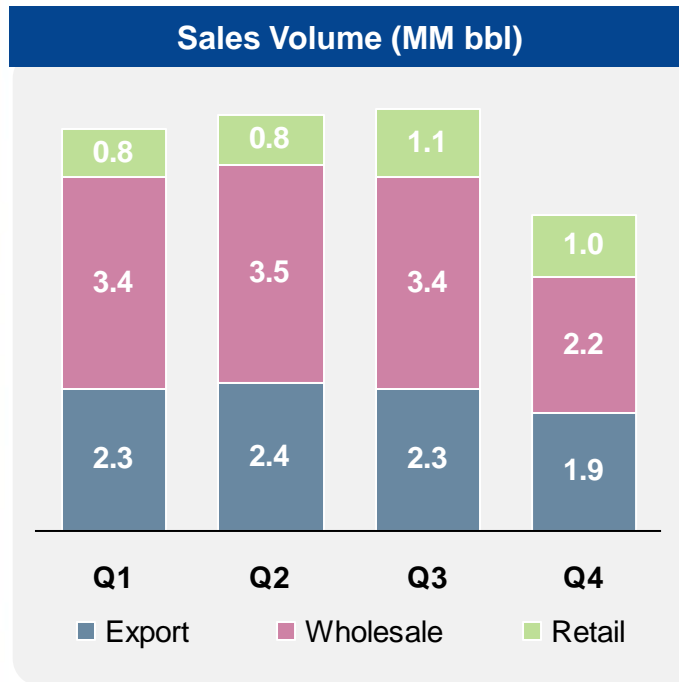
WSR Weighted Average Netback vs. Brent (US\$/bbl)



* Pro-forma Alliance and WSR including resale in the domestic market, excluding intercompany sales

Downstream

Sales of Oil Products



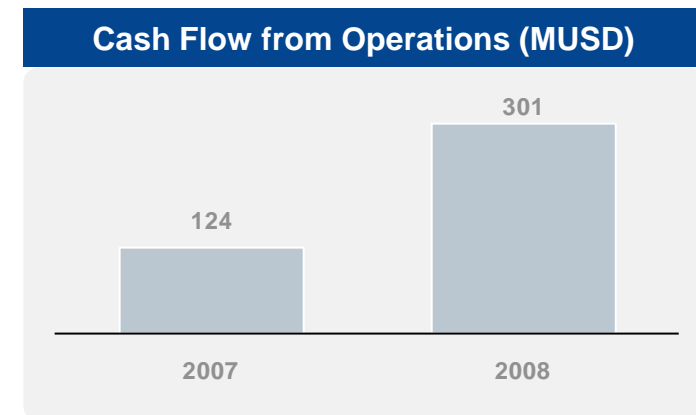
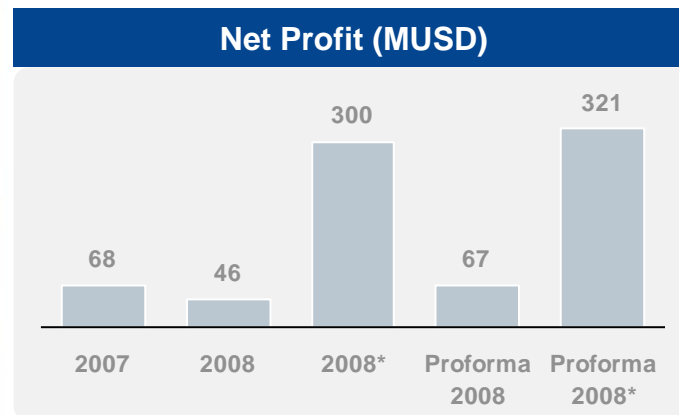
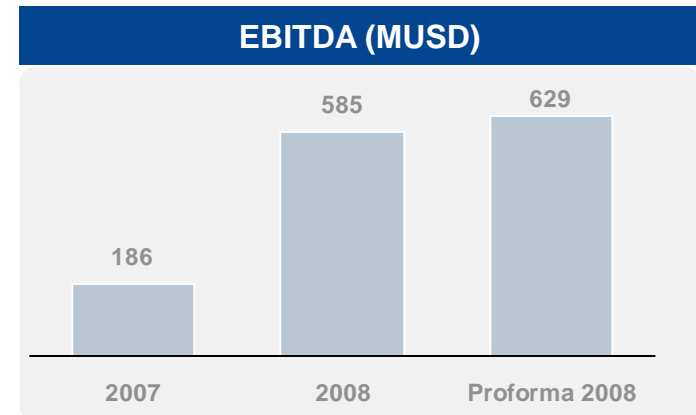
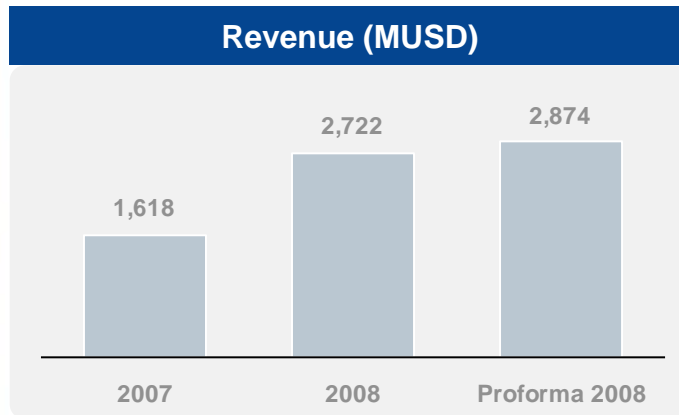
- 2008 oil products sales amounted to 24.5 MMBO
- Wholesale and retail prices were less sensitive to oil price decline



Financial Performance

Financial Performance

12 Months

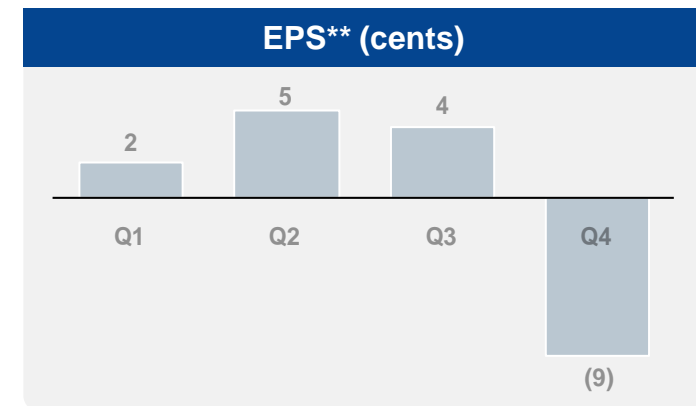
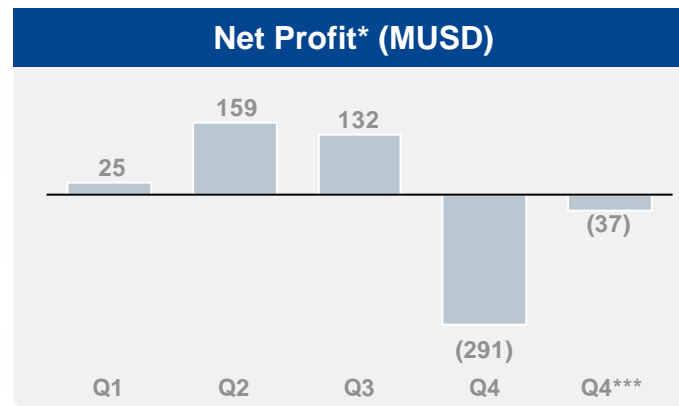
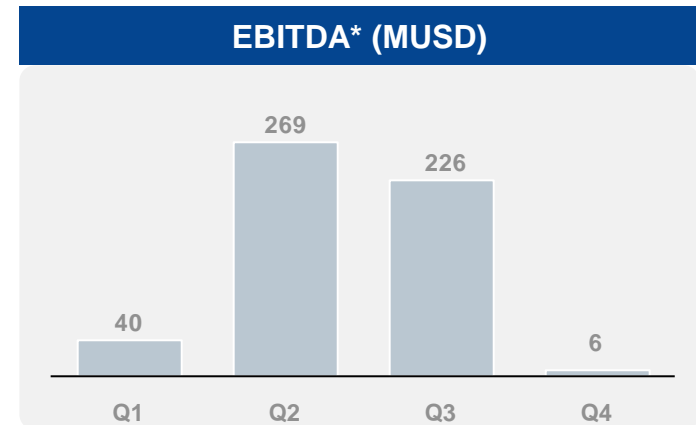
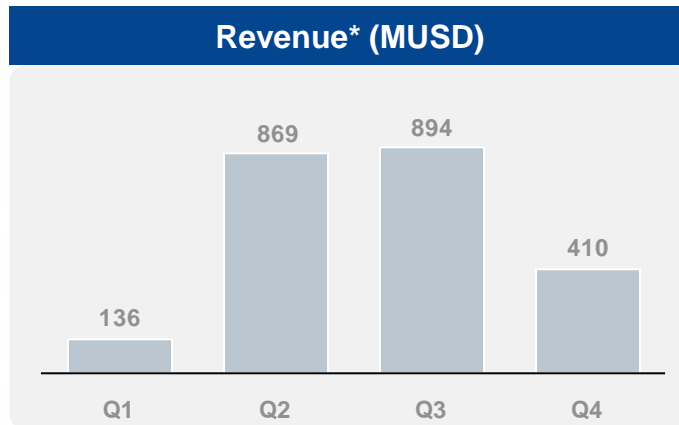


Note: 2007 comparisons reflect Alliance Oil Co information. Pro-forma WSR and Alliance Oil Co from Jan 1, 2008

* Excluding impairment charge

Financial Performance

4th Quarter



* Q1 - WSR standalone, Q2, Q3 & Q4 - merged company

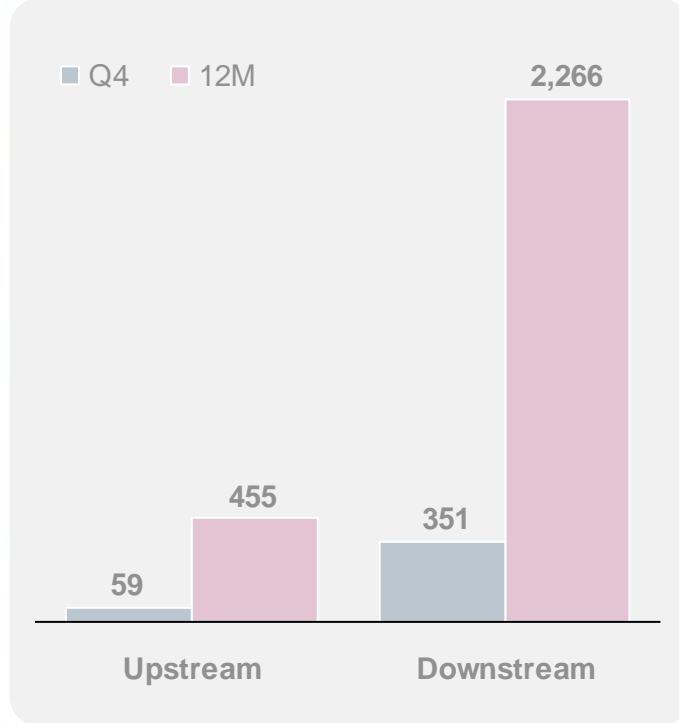
** Q1 for shares outstanding pre-merger undiluted, after minorities; Q2, Q3, Q4 for shares outstanding after merger and private placement, undiluted, after minorities

*** Excluding impairment charge

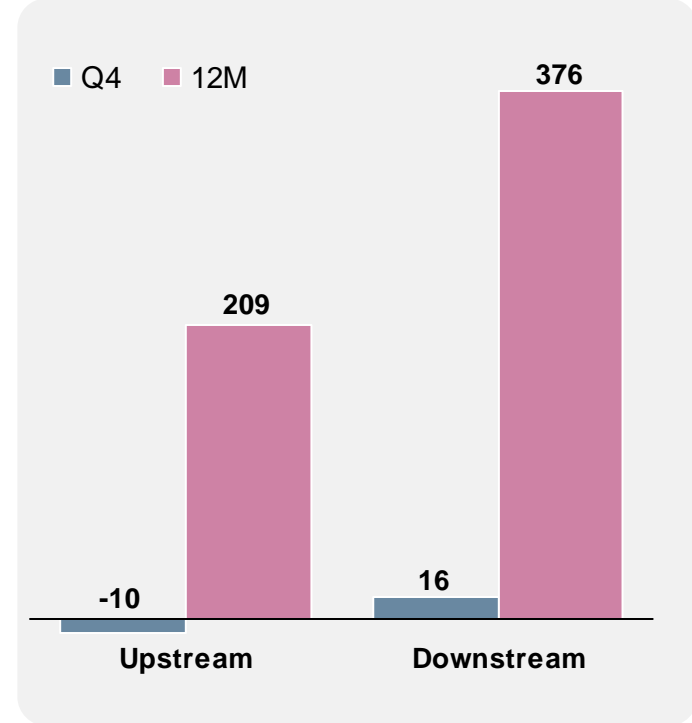
Financial Highlights

4th Quarter and 12 Months: Segment Results

Revenue per Segment* (MUSD)



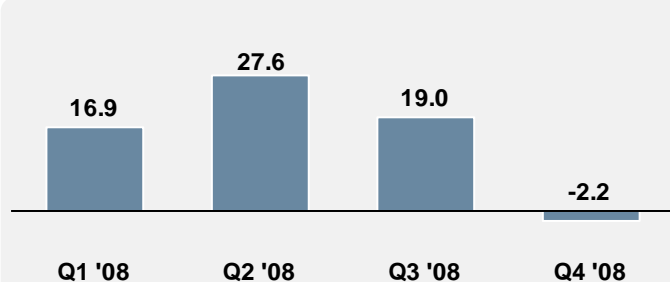
EBITDA per Segment* (MUSD)



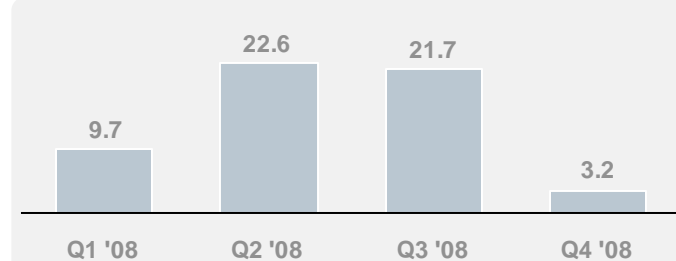
* 4Q WSR and Alliance consolidated; 12m Alliance Oil Co from Jan 1, 2008 and WSR from Apr 11, 2008

Financial Highlights – Segment Analysis

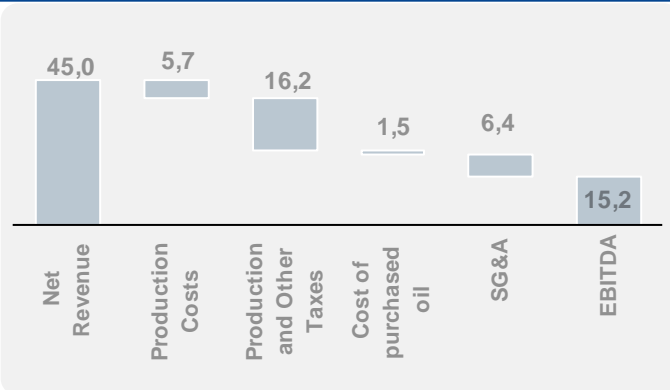
Upstream EBITDA* (US\$/bbl)



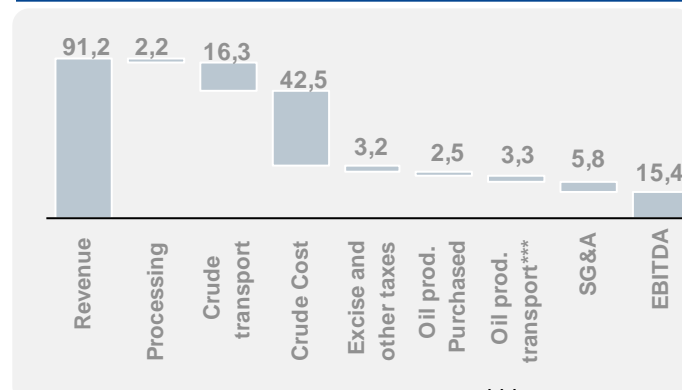
Downstream EBITDA (US\$/bbl)



Upstream Economics 12m 2008 (US\$/bbl)**



Downstream Economics 12m 2008 (US\$/bbl)



* Pro-forma for WSR and Alliance from Jan 1, 2008. EBITDA per barrel and costs per barrel are calculated before intercompany eliminations of volumes sold to refinery, revenue is calculated after intercompany eliminations of volumes sold to refinery

** Consolidation of Alliance and WSR (WSR from Apr 11, 2008 and Alliance from Jan 1, 2008)

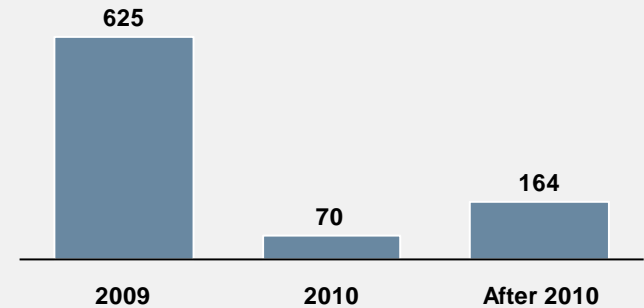
*** Cost of transportation of retail and small wholesale volumes from refinery to oil terminals is not part of selling costs but accounted for in COGS

Financing Update

Financial Position at Year End 2008

Cash	335 MUSD
Total Debt	863 MUSD
Net Debt / EBITDA (pro-forma 2008)	< 1
EBITDA / Interest Expense (pro-forma 2008)	> 10

Repayment Schedule MUSD



- Reduced CAPEX financed from cash flow and working capital reductions
- Extension of debt maturities
- Reduction of short term debt



Outlook & Management Actions

Update Q1 2009

Partial demand recovery and domestic price improvement

Depreciation of RUR by 25% against USD

Improved export economics due to stabilized taxation

Current average production of 46,700 bpd

Current refining volumes of 59,500 bpd

Outlook 2009

**Improving operational efficiency
and productivity enhancement**

Reduced and optimized CAPEX

Deferring major investment projects

Improving liquidity and decreasing net debt

Upstream target 2009 – 16 million barrels

Downstream target 2009 – 21 million barrels

Solid basis for long term growth