AO SIBERIAN OIL COMPANY

CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2004 and 2003

AO Siberian Oil Company

Consolidated Financial Statements

For six months ended June 30, 2004 and 2003

Contents

AO Siberian Oil Company
Consolidated Balance Sheets
As of June 30, 2004 and December 31, 2003 **Currency – US$ thousands**

	Notes		2004		2003
Assets					
Current assets:					
Cash and cash equivalents	2	$	80,745	$	104,594
Loans receivable	3		20,160		43,709
Accounts receivable, net (less allowance for doubtful accounts of $91,409 and $79,439, respectively)			1,690,163		1,321,407
Inventories			277,498		287,203
Prepaid expenses			34,819		26,528
Total current assets			2,103,385		1,783,441
Long-term investments	4		2,250,615		1,921,221
Oil and gas properties, net			3,745,919		3,748,650
Property, plant and equipment, net			582,931		521,221
Construction in progress			173,493		170,508
Other non-current assets			5,022		4,979
Total assets		$	8,861,365	$	8,150,020
Liabilities and shareholders' equity					
Current liabilities:					
Short-term loans	5	$	10,586	$	64,871
Accounts payable and accrued liabilities			614,295		679,968
Related party payable	11		160,735		166,936
Income and other taxes			205,559		188,977
Other current liabilities			99,114		101,303
Current portion of long -term debt	7		266,009		303,427
Total current liabilities			1,356,298		1,505,482
Dividends payable			1,149		92,707
Asset retirement obligation	6		213,623		193,297
Long-term debt	7		1,160,761		1,221,014
Minority interest			-		-
Total liabilities			2,731,831		3,012,500
Shareholders' equity:					
Common stock (authorized and issued: 4,741,299,639 shares, 0.0016 ruble par value)	8		1,619		1,619
Additional paid -in capital			858,987		858,987
Reserves			1,867,449		1,867,449
Retained earnings			3,399,814		2,411,703
Accumulated other comprehensive income/(loss)			1,665		(2,238)
Total shareholders' equity			6,129,534		5,137,520
Total liabilities and shareholders' equity		$	8,861,365	$	8,150,020

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

AO Siberian Oil Company
Consolidated Statements of Income and Comprehensive Income
For six months ended June 30, 2004 and 2003 **Currency – US$ thousands**

	Notes	2004	2003
Revenues			
Refined products and oil and gas sales		$ 3,949,561	$ 3,357,106
Other		63,946	81,155
Total		4,013,507	3,438,261
Costs and other deductions			
Operating expenses		934,890	893,938
Selling, general and administrative		586,770	539,018
Depreciation and amortization		282,204	238,601
Taxes other than income taxes		945,483	846,317
Exploratory expenses		-	1,194
Cost of other sales		42,175	62,935
Total		2,791,522	2,582,003
Operating income		1,221,985	856,258
Other income / (expense)			
Income from equity affiliates	4	270,944	225,179
Income/(loss) from sales of equity investees		(146)	388,582
Interest received		4,066	5,614
Interest paid		(67,060)	(93,423)
Other expenses, net		(98,174)	(7,117)
Minority interest		-	-
Foreign exchange gain		1,598	74,152
Total		111,228	592,987
Income before provision for income taxes		1,333,213	1,449,245
Provision for income taxes	9	345,102	69,591
Net income		$ 988,111	$ 1,379,654
Other comprehensive income/(loss), net		3,903	(1,938)
Total comprehensive income		$ 992,014	$ 1,377,716
Basic and Diluted Earnings per Common Share		$ 0.2084	$ 0.2910
Average number of common shares outstanding (millions)		4,741	4,741

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

For six months ended June 30, 2004 and 2003 Currency – US$ thousands

	2004	2003
Operating activities		
Net income	$ 988,111	$ 1,379,654
Reconciliation of net income to net cash provided by operating activities:		
Accrued equity accounting income	(262,929)	(169,500)
Depreciation, depletion and amortization	282,204	238,601
Asset retirement obligation accretion expense	7,577	6,241
Loss on disposal of property, plant and equipment	8,058	11,945
(Gain)/loss on sales of investments	146	(388,582)
Minority interest	-	-
Changes in current assets and liabilities:		
Accounts receivable	(380,726)	(505,409)
Provision for doubtful accounts	11,970	(12,415)
Inventories	9,705	(16,605)
Prepaid expenses	(8,291)	(4,616)
Other non-current assets	(43)	(153)
Accounts payable and accrued liabilities	(71,874)	234,065
Income and other taxes	16,582	33,370
Other current liabilities	(2,189)	101,547
Net cash provided by operating activities	598,301	908,143
Investing activities		
Investments made	(66,611)	(1,169,783)
Loans redemption	23,549	(152,804)
Proceeds from investments sales	-	871,421
Proceeds from disposals of property, plant and equipment	1,197	6,606
Capital expenditures	(336,771)	(424,533)
Net cash used in investing activities	(378,636)	(869,093)
Financing activities		
Net increase/(decrease) in short-term loans	(91,703)	393,391
Decrease in long-term debt	(60,253)	(222,286)
Dividends paid	(91,558)	(480,170)
Net cash used in financing activities	(243,514)	(309,065)
Decrease in cash and equivalents	(23,849)	(270,015)
Cash and equivalents at beginning of year	104,594	620,875
Cash and equivalents at end of the period	$ 80,745	$ 350,860

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

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, 2003. 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. Significant minority owners' interest in the Company's subsidiaries, is as follows:

	June 30, 2004		December 31, 2003	
	Voting	Total	Voting	Total
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, 2004 and December 31, 2003 comprise the following (in US$ thousands):

	2004	2003
Cash in bank – rubles	49,414	32,832
Cash in bank – foreign currency	30,936	71,636
Cash on hand	395	126
Total cash and cash equivalents	80,745	104,594

3. Loans Receivable

The Company provided ruble loans to third parties with the maturity of one month to one year and bearing nil interest as of June 30, 2004 (9.9% per year of weighted average interest as of December 31, 2003).

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

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, 2004 and December 31, 2003 (in US$ thousands):

	2004	2003
Investments in Russian companies		
- Oil and gas producing	1,774,633	1,510,431
- Refining	292,216	293,490
- Marketing	131,522	105,792
- Other	52,244	11,508
Total long-term investments	2,250,615	1,921,221

Included in oil and gas producing associated companies, as of June 30, 2004 is a 49.716% interest in AO NGK Slavneft.

In December 2002 the Company won the auction for 74.95 percent interest in AO NGK Slavneft for US$ 1,860 million. The Company participated in the auction through an investment vehicle, a Russian company ZAO Invest-Oil, owned jointly by Sibneft and TNK-BP. In January 2003 the Company paid US$ 930 million for its 50% portion of the auction price through ZAO Invest-Oil. During 2003 Sibneft and TNK agreed to jointly manage the refineries of Slavneft group and work out the split of upstream assets and petroleum stations, which was not completed as of June 30, 2004.

In December 2002 the Belorassian Government held an auction for it's 10.8 percent interest in AO NGK Slavneft. The Company, acting jointly with TNK, was the winning bidder for the total consideration of US$ 207.6 million. The Company paid US$ 103.8 million for its 50% portion of the auction price in January 2003.

The total cost of these investments is US$ 1,261 million as of June 30, 2004 and December 31, 2003, respectively. Based on financial statements and management estimates the Company's share of Slavneft' earnings for the 6 months of 2004 amounted to US$ 272 million (US$ 468 million for the year 2003) and is reflected in income from equity affiliates. In June 2004 Slavneft announced annual dividends for 2003 in amount of US$ 781 million, of which US$ 8 million were collected during 6 months 2004 and US$ 219 million of intermediate dividends were accrued and collected by the Company in 2003.

The following table represents the Company's proportional interest in the summarized financial information of Slavneft based on translated financial statements (unaudited) as of June 30, 2004 and December 31, 2003:

	2004	2003
Total Assets	2,240,872	1,947,180
Total Liabilities	657,530	457,505
Net Income	272,218	467,774

Investments in refining consist of a 38.5% voting interest (38.5% interest in 2003) in Moscow Oil Refining Plant (MNPZ). Based on financial statements and management estimates the Company's share of MNPZ's earnings for the 6 months 2004 amounted to US$ 1.3 million loss (US$ 5.4 million profit in 2003) and is reflected in income from equity affiliate.

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, 2004 and December 31, 2003:

	2004	2003
Total Assets	120,594	120,212
Total Liabilities	19,170	17,519
Net Income/(loss)	(1,274)	5,464

Investments in marketing companies include various wholesale and retail distribution companies. The major investee is OAO Mosnefteproduct where the Company has an investment for the total cost equaling US$ 56 million for 25.5% voting interest (US$ 56 million for 25,5% voting interest in 2003).

In February 2004 the Company acquired additional voting interest of 15% in OAO Tumennefteproduct, a medium-size distribution company in Western Siberia, for the total consideration of US$ 28 million. The total cost of investments equals US$ 36 million for 93.5% voting interest (US$ 8 million for 78.5% voting interest in 2003). The other retail distribution companies are not individually material.

Investments in other Russian companies represent for the most part hard currency loans, given to affiliated companies for the period of more than 1 year, bearing weighted average interest of 14% per annum.

5. Short-Term Loans

As of June 30, 2004 and December 31, 2003 the Company had short-term loans outstanding as follows (in US$ thousands):

	2004	2003
Banks	6,000	62,037
Related parties	4,463	2,755
Other	123	79
Total	10,586	64,871

Bank loans are comprised of (1) export financing loan facilities in US$ from major western banks and their affiliates, secured by Noyabrsk crude production and (2) unsecured loans from Russian banks, denominated in US$ and rubles with fixed terms of repayment.

In general, short-term loans are used for the provision of working capital needs. As of June 30, 2004 more than 56% of the loans were provided in US$.

At June 30, 2004 the Company has a US$ 6 million unsecured loan from ABN Amro Bank bearing floating interest at rate of LIBOR plus 2.0%. At December 31, 2003 the Company had a US$ 20 million unsecured loan outstanding from ABN Amro Bank. The loan bears a floating interest at rate of LIBOR plus 2.0%.

Related parties loans represent a number of loans from Noyabrskneftecombank repayable in rubles amounting in total to US$ 4.5 million. These loans bear interest at rates from 14.3% to 15.4%. As of December 31, 2003 the Company had a number of loans from Noyabrskneftecombank repayable in rubles amounting in total to US$ 2.8 million. These loans bore interest at rates from 16.5% to 18%.

At December 31, 2003 the Company had a US$ 20 million unsecured loan outstanding from BNP Paribas Bank Moscow. The loan bore a floating interest at rate of LIBOR plus 2.1%.

At December 31, 2003 the Company had a US$ 20 million unsecured loan outstanding from Westdeutsche Landesbank Vostok. The loan bore a floating interest at rate of LIBOR plus 2.1%.

Weighted average interest rates related to the short-term loans outstanding as of June 30, 2004 for US$ and ruble denominated loans equal 3.1% and 15.3% respectively. During the period ended June 30, 2004, the weighted average US$ and ruble denominated short-term debt balances outstanding were US$ 135 million and US$ 5 million, respectively, with weighted average interest rates of 3 and 15 percent, respectively. During the year ended December 31, 2003, the weighted average US$ and ruble denominated short-term debt balances outstanding were US$ 315 million and US$ 1 million, respectively, with weighted average interest rates of 5 and 18 percent, respectively.

6. Assets Retirement Obligation

From January 1, 2002 the Company decided to early adopt 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 nature of the assets and potential obligations are as follows:

<u>Exploration and Production</u>

The Company’s field exploration, development, and production activities includes 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.

<u>Refining, Marketing and Distribution</u>

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. Prior to 2002 estimated cost of dismantlement and removal of oil related facilities were accrued over the properties' productive lives using the unit-of-production method and recognized and classified as a long-term liability as the amortization expense was recorded.

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

	2004	2003
Beginning balance as of January 1,	193,297	157,113
Revision in the estimated cash flows	12,749	19,517
Liabilities incurred in the current period	-	1,683
Liabilities on new companies	-	2,229
Accretion expense	7,577	12,755
Ending balance as of June 30,	213,623	
Ending balance as of December 31,		193,297

7. Long-Term Debt

As of June 30, 2004 and December 31, 2003 the Company had outstanding loans as follows (in US$ thousands):

	2004	2003
Bonds	942,312	942,462
Bank loans outstanding	466,834	564,962
Other borrowings	17,624	17,016
Less current portion of long- term debt	(266,009)	(303,426)
Total long-term debt	1,160,761	1,221,014

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 secured bank loans outstanding as of June 30, 2004 from Raiffeisen Zentralbank Oesterreich (RZB), Westdeutsche Landesbank Vostok (West LB), ABN-Amro bank and BNP Paribas S.A., and two unsecured loans from Salomon Brothers. As of December 31, 2003 the Company has secured bank loans outstanding from Raiffeisen Zentralbank Oesterreich (RZB), Westdeutsche Landesbank Vostok (West LB), ABN-Amro bank and BNP Paribas S.A., and 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. An accrued interest for the bonds in amount of US$ 24.9 million is accounted in current portion (US$ 24.8 million as of December 31, 2003).

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. An accrued interest for the bonds in amount of US$ 17.4 million is accounted in current portion (US$ 17.6 million as of December 31, 2003).

The Company has a US$ 175.4 million (including US$ 116.8 million of current portion) secured loan from West LB maturing in December 2005, bearing floating interest at rates of LIBOR plus 2.15%. This loan is secured by Noyabrsk export proceeds. As of December 31, 2003 the Company had a US$ 233.8 million (including US$ 117.1 million of current portion) secured loan from West LB maturing in December 2005, bearing floating interest at rates of LIBOR plus 2.15%.

The Company has a US$ 129.9 million (including US$ 12.2 million of current portion) secured loan from BNP Paribas S.A. maturing in June 2007, bearing floating interest at rates of LIBOR plus 3.0%. As of December 31, 2002 the Company had a US$ 136.4 million (including US$ 13.1 million of current portion) secured loan from BNP Paribas S.A. due June 2007, bearing floating interest at rates of LIBOR plus 3.0%.

The Company has a US$ 96.4 million (including US$ 64.3 million of current portion) secured loan from RZB maturing in December 2005, bearing floating interest at rates of LIBOR plus 3.25%. As of December 31, 2003 the Company had a US$ 128.6 million (including US$ 64.3 million of current portion) secured loan from RZB due December 2005, bearing floating interest at rates of LIBOR plus 3.25%.

The Company has two secured loan from ABN Amro Bank totaling US$ 65.1 million (including US$ 29.5 million of current portion) that consisted of a US$ 3.0 million (all in current portion) secured loan from ABN Amro Bank repayable in rubles at the rate of exchange as of the date of payment bearing floating interest at rates of LIBOR plus 3.75%, and US$ 62.1 million (included US$ 26.5 million of current portion) US$ denominated secured loan received in June 2004. This loan is due July 2006 and bears floating interest at rates of LIBOR plus 1.75%. As of December 31, 2003 the Company had a US$ 66.2 million (all in current portion) secured loan from ABN Amro Bank repayable in rubles at the rate of exchange as of the date of payment. The loan bore floating interest at rates of LIBOR plus 3.75%.

Other long-term debt represents a number of US dollars and ruble denominated unsecured borrowings from non-banking organizations totaling US$ 17.6 million (including US$ 0.3 million of current portion) with maturity dates from 2005 to 2011 bearing nil interest on US$ denominated borrowings and from nil to 16% on ruble denominated respectively. As of December 31, 2003 other long-term debt represented a number of US dollars and ruble denominated unsecured borrowings from non-banking organizations totaling US$ 17.0 million (including US$ 0.3 million of current portion) with maturity dates from 2006 to 2011 bearing interest at rates from 17% to 24.6% on US$ denominated borrowings and nil on ruble denominated respectively.

The loan agreements with ABN Amro Bank each have a number of covenants incorporated therein. The ABN Amro Bank loan agreements has covenants that require the Company's ratios of net sales to debt payments, EBITDA to total debt payments, and total exports to total US$ -denominated debt to be within certain limits, and its total debt to total assets ratio to be no greater than 70%. Management believes the Company is in compliance with these covenants as of June 30, 2004.

Maturities of long-term - loans as of June 30, 2004 are as follows (in US$ thousands):

Year due	Amount due
Current portion	266,009
2005	106,902
2006	35,651
2007	517,078
2008 and later	501,130
	1,426,770

8. Capitalization

The Presidential Decree establishing Sibneft stated that the charter capital of the Company would be equal to 38 percent of the aggregate of the charter capitals of its four subsidiaries at the date of formation. The 38 percent of the aggregate of the Charter capitals of the four subsidiaries also gave Sibneft 51 percent of the voting common stock in each of the subsidiaries and represented the Government's ownership in these companies. This consolidation of the Government's ownership into one company established the share capital of Sibneft at 4,516,396,250 shares of 0.0016 rubles each. On December 16, 1998 the Company issued additionally 224,903,389 shares of 0.0016 rubles each. For the purposes of these financial statements, the ruble value of the shares has been translated into US$ at the historical exchange rate.

The shareholders' capital account represents the authorized capital of the Company, as stated in its charter document. The common shareholders are allowed one vote per share. Dividends paid to shareholders are determined by the directors and approved at the annual shareholders' meeting.

The following comprises the share structure of the Company, as of June 30, 2004:

	Number of Shares (millions)	Ownership Percentage
Deutsche Bank (as nominee)	4,385	92.4878%
ZAO ING Bank (as nominee)	205	4.3307%
ZAO Brunswick UBS (as nominee)	76	1.6088%
Other investors	75	1.5727%
Total	4,741	100.0%

9. Income Taxes

The Company's provision for income taxes as reported in the accompanying consolidated income statements is as follows (in US$ thousands):

	2004	2003
Current income taxes	345,102	69,591
Deferred income taxes	-	-
Total provision for income taxes	345,102	69,591

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

10. Commitments and Contingencies

Construction and Exploration Programs

The Company is engaged in continuous construction and exploration programs, currently estimated to total US$ 619 million (unaudited) over 2004 year at Noyabrsk and US$ 52 million (unaudited) over 2004 for OR. The construction and exploration programs are subject to periodic reviews and actual expenditures may vary from the above estimates. At June 30, 2004, 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 Sibneft 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.

11. Related Party Transactions

OAO Moscow Oil Refining Plant (MNPZ)

During the 6 months 2004 the Company processed 1.5 million tons of crude oil (2.8 million ton in 2003) at MNPZ based on processing agreements. Total cost of processing for 2004 was US$ 19.5 million (US$ 41 million for 2003). The Company has US$ 0.7 million net receivable from and US$ 0.3 million of net payable to MNPZ as of June 30, 2004 and December 31, 2003, respectively.

Slavneft Group (Slavneft)

During 6 months 2004 the Company conducted numerous transactions with Slavneft group companies. The Company sold 1.5 million tons of crude oil (2.8 million tons during in 2003) to Slavneft in amount of US$ 206 million (US$ 307 million in 2003). The Company operated as an agent for crude and products export sales of Slavneft. The total amount of proceeds under the agent agreement is US$ 848 million and US$ 631 million for crude and products, respectively (in 2003 US$ 1,085 million and US$ 830 million, respectively). During 6 months 2004 and year 2003 the Company earned US$ 1.6 million and US$ 2.9 million in commission fees related to this agent agreement. Beginning late December 2002 Sibneft started processing in Yaroslavl Oil Refining Plant (Slavneft's subsidiary) based on processing agreements. During the 6 months 2004 the Company re-processed 0.2 million tons of oil products (1.1 million ton of crude oil in 2003) for the total cost of processing amounting to US$ 1.7 million and US$ 15.8 million respectively. The Company has US$ 161 million and US$ 166 million of net payable to Slavneft as of June 30, 2004 and December 31, 2003, respectively.

12. Segment Information

Presented below is information about the Company's operating segments for the period ended June 30, 2004 and 2003. 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.

Operating Segments 6 months 2004 (in US$ thousands):

	Exploration and Production	Manufacturing, Marketing and Distribution	Consolidated
Revenues			
Total	3,831,815	2,091,293	5,923,108
Inter-segment revenues	(1,909,601)	-	(1,909,601)
Revenues from external customers	1,922,214	2,091,293	4,013,507
Operating income	650,214	571,770	1,221,984
Capital expenditures, net	254,214	82,557	336,771
Depreciation, depletion and amortization	207,017	75,188	282,204
Interest income	2	4,064	4,066
Interest expense	3,353	63,077	67,060
Share in the net income of equity investees	272,218	(1,274)	270,944
Income tax expense	190,318	154,784	345,102
Investment in equity method investees at June 30, 2004	1,774,632	475,983	2,250,615
Segment assets at June 30, 2004	5,159,733	3,701,632	8,861,365

Operating Segments 6 months 2003 (in US$ thousands):

	Exploration and Production	Manufacturing, Marketing and Distribution	Consolidated
Revenues			
Total	2,506,539	1,682,351	4,188,890
Inter-segment eliminations	(750,629)	-	(750,629)
Outside	1,755,910	1,682,351	3,438,261
Operating income	392,010	464,248	856,258
Capital expenditures, net	303,135	119,460	422,595
Depreciation, depletion and amortization	197,759	40,842	238,601
Interest income	3	5,611	5,614
Interest expense	2,156	91,267	93,423
Share in the net income of equity investees	220,769	4,410	225,179
Income tax expense	1,734	67,857	69,591
Investment in equity method investees at December 31, 2003	1,510,431	410,790	1,921,221
Total assets at December 31, 2003	4,672,701	3,477,319	8,150,020

13. Subsequent Events

On June 30, 2004 at the Slavneft's shareholder meeting, annual dividends were approved by the shareholders for the year ended December 31, 2003, amounting to 4.77 rubles per share or total dividends of US$ 781 million, of which US$ 219 million and US$ 8 million of intermediate dividends were collected by the Company during 2003 and 6 months 2004, respectively, and another US$ 120 million were received in July 2004.