

TNK-BP HOLDING
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2007 AND FOR THE SIX
MONTHS ENDED 30 JUNE 2007
(UNAUDITED)

TNK-BP HOLDING
Interim Condensed Consolidated Balance Sheet (Unaudited)
(expresses in millions of US Dollars, except as indicated)

	Note	30 June 2007
Assets		
Cash and cash equivalents		571
Restricted cash		4
Trade and other receivables, net	4	8,079
Inventories	5	843
Other current assets		172
Total current assets		9,669
Long-term investments		16
Property, plant and equipment, net		12,498
Long-term loans issued to related parties		447
Other long-term assets		811
Total assets		23,441
Liabilities and Shareholders' Equity		
Short-term debt and the current portion of long-term debt	7	1,138
Trade accounts and notes payable		3,565
Other accounts payable and accrued expenses	8	521
Taxes payable	11	1,375
Dividends payable		826
Total current liabilities		7,425
Long-term debt	7	1,241
Asset retirement obligations		239
Deferred income tax liabilities		873
Other long-term liabilities		139
Total liabilities		9,917
Minority interest		
		703
Common stock (authorised and issued – 15,847 million shares, RUR 1.0 par value)	9	550
Preferred stock (authorised and issued – 450 million shares, RUR 1.0 par value)	9	16
Treasury stock, at cost	9	(239)
Additional paid-in capital		4,933
Retained earnings		7,561
Total shareholders' equity		12,821
Commitments and contingencies		-
Total liabilities and shareholders' equity		23,441

The accompanying notes are an integral part of these interim condensed consolidated financial statements

TNK-BP HOLDING**Interim Condensed Consolidated Statement of Income (Unaudited)**

(expressed in millions of US Dollars)

	Note	Six months ended 30 June 2007
Revenues		
Sales and other operating revenues	12	15,321
Total revenues		15,321
Costs and other deductions		
Export duties		4,021
Taxes other than income tax	11	3,343
Operating expenses		1,778
Transportation expenses		1,058
Cost of purchased products		810
Selling, general and administrative expenses		729
Depreciation, depletion and amortisation		684
Exploration expenses		66
Loss on disposals and impairment of assets		61
Total costs and other deductions		12,550
Other income and expenses		
Earnings from equity investments		4
Income from disposal of subsidiaries		30
Interest income and net other income		(2)
Exchange gain (loss), net		22
Interest expense		(85)
Total other income and expenses		(31)
Income before income taxes and minority interest		2,740
Income taxes		
Current tax expense		776
Deferred tax expense (benefit)		(283)
Total income tax expense	10	493
Income before minority interest		2,247
Minority interest		101
Net income		2,146
Net income per share of common stock (US Dollars)	9	0.14

The accompanying notes are an integral part of these interim condensed consolidated financial statements

TNK-BP HOLDING**Interim Condensed Consolidated Statement of Cash Flows (Unaudited)**

(expressed in millions of US Dollars)

	Note	Six months ended 30 June 2007
Cash flows from operating activities		
Net income		2,146
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortisation		684
Deferred tax expense (benefit)		(283)
Minority interest		101
Loss on disposals and impairment of assets		61
Income from disposal of subsidiaries		(30)
Earnings from equity investments less dividends		(4)
Non-cash provisions		2
Dry hole expenses		8
Exchange loss from financing activities		42
Other non-cash adjustments, net		(7)
Changes in operational working capital, excluding cash:		
Trade and other receivables, net		(153)
Inventories		(168)
Accounts and notes payable and accrued expenses		393
Taxes payable		(181)
Other		(275)
Net cash provided by operating activities		2,336
Investing activities		
Capital expenditures		(1,357)
Subventions used for capital expenditures		(146)
Subventions received		140
Proceeds from disposals of property, plant and equipment		22
Purchase of investments	6	(524)
Proceeds from sales of subsidiaries and joint ventures		27
Loans issued		(116)
Loans repaid		65
Net cash used for investing activities		(1,889)
Financing activities		
Proceeds from issuance of long-term debt		1,034
Repayment of long-term debt		(25)
Proceeds from issuance of short-term debt		235
Repayment of short-term debt		(390)
Change in restricted cash		2
Dividends paid to shareholders		(1,590)
Net cash used for financing activities		(734)
Effect of exchange rate changes on cash and cash equivalents		31
Net change in cash and cash equivalents		(256)
Cash and cash equivalents at beginning of period		827
Cash and cash equivalents at end of period		571

The accompanying notes are an integral part of these interim condensed consolidated financial statements

TNK-BP HOLDING**Interim Condensed Consolidated Statement of Changes in Shareholders' Equity (Unaudited)**

(expressed in millions of US Dollars, except as indicated)

	Common stock	Preferred stock	Treasury stock	Additional paid-in capital	Retained earnings	Total shareholders' equity
Balance as of 31 December 2006	550	16	(239)	4,933	6,228	11,488
Net income	-	-	-	-	2,146	2,146
Dividends (Note 9)	-	-	-	-	(813)	(813)
Balance as of 30 June 2007	550	16	(239)	4,933	7,561	12,821

	31 December 2006 (millions of shares)	30 June 2007 (millions of shares)
Number of Ordinary shares issued	15,847	15,847
Number of Preferred shares issued	450	450
Number of Treasury shares	(850)	(850)

The accompanying notes are an integral part of these interim condensed consolidated financial statements

TNK-BP HOLDING

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

(expressed in US Dollars, tabular amounts in millions)

Note 1: Organisation

OAo TNK-BP Holding (“TBH” or “the Company”) is a subsidiary of TNK-BP Limited (“TNK-BP”), a British Virgin Islands company. TNK-BP was formed effective 29 August 2003 by the Alfa Group and the Access-Renova Group (jointly “AAR”) and BP, to hold their respective interests in their Russian and Ukrainian oil and gas assets. AAR contributed its 100 percent interest in TNK Industrial Holdings Limited which held a 100.0 percent interest in TNK-BP International Limited, which in turn owned a 96.1 percent interest in OAo Tyumen Oil Company (“TNK”) and a 100.0 interest in Sborsare Management Limited, which in turn effectively held a 68 percent interest in OAo Sidanco (“Sidanco”). BP contributed its 29.6 percent interest in Sidanco, 33.4 percent interest in OAo RUSIA Petroleum (“RUSIA”) and 75.0 percent interest in BP Moscow Retail (“BP assets”) for its 50.0 percent interest in TNK-BP. BP also made a balancing payment directly to AAR in cash and BP shares, payable over three years.

TNK-BP’s assets held outside of TBH include its equity interest in Slavneft, interests in the Kovykta development, its Ukrainian businesses and the BP retail assets referred to above.

In 2005, TNK-BP completed a number of steps under its corporate restructuring program. Pursuant to the program, in December 2005 TBH, a newly created holding company, accessioned TNK, Sidanco and OAo ONAKO (“ONAKO”), key holding companies of TNK-BP in Russia. As part of this accession, TBH issued shares to the minority interest holders in these entities. Furthermore, most of the minority shareholders in 14 key subsidiaries of TNK-BP in Russia were consolidated within TBH through a voluntary share exchange program also completed in December 2005.

As a result of these accessions and the above described share exchange, minority shareholders received approximately 5% of the shares in TBH. All purchases of minority interests have been treated as acquisitions and accounted for using the purchase method of accounting.

The Company through its subsidiaries conducts exploration and development activities and produces oil and gas in the Russian Federation, operates petroleum refineries and markets oil and petroleum products in the Russian Federation.

Note 2: Interim Condensed Consolidated Financial Statements

The unaudited interim condensed consolidated financial statements of TBH and its subsidiaries (jointly referred to as “the Group”) presented herein do not include all the information required by accounting principles generally accepted in the United States of America (“US GAAP”). These unaudited interim condensed consolidated financial statements should be read in conjunction with the TBH consolidated financial statements as of and for the year ended 31 December 2006. In the opinion of the Group’s management, the accompanying unaudited interim condensed consolidated financial statements include all adjustments (all of which are of normal recurring nature) necessary to state fairly the Group’s financial position as of 30 June 2007 and the results of its operations and its cash flows for the six month period then ended, in conformity with accounting principles generally accepted in the United States of America.

The financial results of the six months ended 30 June 2007 are not necessarily indicative of future financial results.

Note 3: Basis of Presentation

Reporting and functional currency. The Company’s and all its subsidiaries’ functional currency is the US dollar as a significant portion of the Group’s business is conducted in US dollars and management uses the US dollar to manage the Group’s financial risks and exposures, and to measure its performance.

The local currency of all subsidiaries of the Group is the Russian Rouble, where their transactions and balances have been remeasured into US dollars in accordance with the relevant provisions of Statement of Financial Accounting Standards No. 52, *Foreign Currency Translation*. Consequently, monetary assets and liabilities are

TNK-BP HOLDING

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

(expressed in US Dollars, tabular amounts in millions)

remeasured at closing exchange rates and non-monetary items are remeasured at historic exchange rates and adjusted for any impairment. The consolidated statements of income and cash flows have been remeasured at the average exchange rates for the period. Exchange differences resulting from the use of these exchange rates have been included in the determination of net income and are included in net exchange gain in the accompanying consolidated statement of income.

As of 30 June 2007 exchange rate was 25.82 Russian Roubles to the US dollar. Average exchange rates for the six months ended 30 June 2007 was 26.08 Russian Roubles to the US dollar.

Any remeasurement of Russian Rouble amounts to US dollars should not be construed as a representation that such Russian Rouble amounts have been, could be, or will in the future be converted into US dollars at the exchange rate shown or at any other exchange rate.

Accounting changes. In June 2006, FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48), was issued and became effective for the Group on 1 January 2007. This Interpretation addresses the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, *Accounting for Income Taxes*. This Interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The adoption of FIN 48 had no material effect on the Group's results of operations, financial position or liquidity.

In September 2006, FASB Staff Position No. AUG AIR-1, *Accounting for Planned Major Maintenance Activities*, was issued and became effective for the Group on 1 January 2007. This Position prohibits the use of the accrue-in-advance method of accounting for planned major maintenance activities in annual and interim financial reporting periods. The adoption of this FASB Staff Position did not have a material effect of the Group's results of operations, financial position or liquidity.

Recent accounting standards. In September 2006, FASB Statement No. 157, *Fair Value Measurements*, was issued and becomes effective for the Group on 1 January 2008. This Statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. The Group is currently evaluating the impact of this standard.

In February 2007, FASB Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities including an amendment of FASB Statement No. 115*, was issued and becomes effective for the Group on 1 January 2008. This Statement permits entities to choose to measure many financial instruments and certain other items at fair value. The Group is currently evaluating the impact of this standard.

Note 4: Trade and Other Receivables, Net

	30 June 2007
Trade accounts and notes receivable	5,049
(net of allowance for doubtful accounts of USD 24 million as of 30 June 2007)	
Recoverable value-added tax	2,220
Advances issued	545
Taxes receivable	226
Other receivables	39
(net of allowance for doubtful accounts of USD 13 million as of 30 June)	
Total trade and other receivables, net	8,079

Recoverable value-added tax balances mainly relate to crude oil and petroleum products export sale activities. As of 30 June 2007 USD 234 million of value-added tax is not expected to be received within twelve months and has therefore been included in Other long-term assets.

TNK-BP HOLDING

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

(expressed in US Dollars, tabular amounts in millions)

Note 5: Inventories

	30 June 2007
Crude oil and petroleum products	450
Materials and supplies	393
Total inventories	843

Note 6: Acquisition of Subsidiaries

In January 2007, the Group completed its acquisition of the 50 percent of the share capital of Vanyoganneft not previously held by the Group for USD 485 million in cash. This acquisition has been accounted for using the purchase method. The consideration paid was assigned as follows: USD 451 million - to oil and gas unproved properties, USD 143 million - to oil and gas proved properties and equipment, USD 117 million to long-term deferred income tax liability, USD 50 million – to other assets and USD 42 million – to other liabilities. Effective 18 January 2007, the Group consolidated its interests in Vanyoganneft and no longer uses the equity method of accounting.

Note 7: Debt

Short-term debt and the current portion of long-term debt is as follows:

	30 June 2007
Obligations to banks:	
US dollar denominated (composite variable interest: six months 2007 – Libor plus 0.6 percent)	235
Current portion of long-term debt	903
Total short-term debt and the current portion of long-term debt	1,138

Short-term bank debt. As of 30 June 2007, the Group has USD 235 million of short-term bank debt. It has been obtained for working capital purposes, is uncollateralised and consists of loan facilities provided by Russian banks and Russian subsidiaries of international banks. These facilities bear variable interest at a composite rate of Libor plus 0.6 percent.

Long-term debt is as follows:

	30 June 2007
Corporate bonds:	
Eurobond TNK 2007 – fixed interest debt (coupon interest rate – 11.00 percent, effective interest rate – 10.34 percent)	702
Other	88
Long-term debt received from TNK-BP controlled companies:	
US dollar denominated loans	908
Russian Rouble denominated loans	401
Long-term notes payable	45
Less: current portion of long-term debt received from third parties:	(702)
Less: current portion of long-term debt received from TNK-BP controlled companies:	(201)
Total long-term debt	1,241

Eurobonds. As of 30 June 2007 the Group has USD 700 million of Eurobonds issued and outstanding. These Eurobonds consist of two issues: USD 400 million placed at par in November 2002 and additional USD 300 million placed with a premium of 5.75% of par value in February 2003. The Eurobonds bear interest at 11.0 percent per annum payable semi-annually, are uncollateralised and mature in November 2007.

TNK-BP HOLDING

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

(expressed in US Dollars, tabular amounts in millions)

Other long-term debt received from third parties. Other long-term debt received from third parties is represented by three RUR denominated facilities obtained by a subsidiary of the Group. These facilities bear interest at the refinancing rate of the Russian Central Bank (10.0 percent as of 30 June 2007) with interest payable at maturity. The total amount of these liabilities as of 30 June 2007 amounted to USD 88 million, of which USD 48 million matures in 2011 and USD 40 million matures in 2012.

Long-term debt received from TNK-BP controlled companies. Apart from long-term debt received from third parties, the Group has obtained loans from and issued notes payable to Russian and offshore TNK-BP controlled companies which are not a part of the Group. The total amount of these liabilities as of 30 June 2007 amounted to USD 1,354 million, of which USD 201 million matures within 1 year.

Note 8: Other Accounts Payable and Accrued Expenses

	30 June 2007
Salaries payable and other related costs	128
Advances from customers	149
Interest accrued	56
Other	188
Total other accounts payable and accrued expenses	521

Note 9: Shareholders' Equity

The share capital of the Company comprises 15,847 million authorised and issued ordinary shares of RUR 1 par value and 450 million authorised, issued and outstanding non-cumulative preferred shares of RUR 1 par value.

The treasury stock of the Company comprises 850 million ordinary shares, which are held at cost. The treasury stock was issued in the course of TNK-BP's corporate restructuring program.

Profits available for distribution to shareholders in respect of any reporting period are determined by reference to the statutory financial statements of the Company and its subsidiaries prepared in accordance with the law of the Russian Federation and denominated in Russian roubles.

For the six months ended 30 June 2007, the Group declared dividends of USD 813 million.

	Six months ended 30 June 2007
Net income	2,146
Deduct dividends declared on preferred stock	(24)
Net income available to common shareholders	2,122
Weighted average number of common shares, millions of shares	15,847
Deduct weighted average number of treasury shares, millions of shares	(850)
Weighted average number of outstanding common shares, millions of shares	14,997

TNK-BP HOLDING

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

(expressed in US Dollars, tabular amounts in millions)

Note 10: Income taxes

The statutory corporate income tax rate in the Russian Federation is 24 percent. The Group is party to agreements with the Tyumen and Orenburg regional authorities which grant the Group relief of four percent on the above statutory rate subject to the Group making qualified capital investments in the Regions. In addition, during the six months ended 30 June 2007, the Group recognized a tax benefit related to the reversal of tax accruals of USD 170 million resulting from the enactment of legislation in the Russian Federation which, provided certain conditions are met, eliminates the requirement to withhold taxes on the payment of intragroup dividends within the Russian Federation. The above benefits are offset by certain non-deductible expenses. Resulting from the above, the effective tax rate for the six months ended 30 June 2007 is approximately 18 percent.

Note 11: Taxes other than income tax expense and taxes payable

Taxes other than income tax expense for the six months ended 30 June 2007 comprises the following:

	Six months ended 30 June 2007
Unified production tax	2,785
Excise taxes	370
Pension fund and other social taxes	79
Property tax	67
Tax penalties and interest	1
Other taxes	41
Total taxes other than income tax	3,343

Unified production tax. The rate of this tax is adjusted depending on the market price of Urals blend and the RR/USD exchange rate. Average tax rate for the six months ended 30 June 2007 was USD 11.16 per barrel.

Current and long-term taxes payable as of 30 June 2007 are as follows:

	30 June 2007
Unified production tax	585
Value-added tax	391
Income taxes	175
Excise taxes	81
Tax penalties and interest	44
Current deferred income tax liability	31
Other taxes	69
Total taxes payable	1,376
Less: long-term taxes payable	(1)
Current taxes payable	1,375

TNK-BP HOLDING

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

(expressed in US Dollars, tabular amounts in millions)

Note 12: Revenues

Revenues for the six months ended 30 June 2007 comprise the following:

	Six months ended 30 June 2007
Crude oil – export (Europe and CIS)	8,439
Crude oil – domestic	722
Petroleum products – export (Europe and CIS)	3,148
Petroleum products – domestic	2,648
Other revenues	364
Sales and other operating revenues	15,321

Note 13: Related Party Transactions

The Group has the following balances in the ordinary course of business with affiliates of Alfa Group, a major shareholder:

	30 June 2007
Cash and cash equivalents with Alfa Bank	103
Trade and other receivables, net	4

The Group has the following transactions and balances in the ordinary course of business with Slavneft Group:

	As of 30 June 2007 and for the six months ended 30 June 2007
Trade and other receivables, net	23
Accounts and notes payable	33
Sales of crude oil for export	34
Volumes (millions of tons)	0.1
Sales of refined products	109
Volumes (millions of tons)	0.2
Refining fee	97
Volumes (millions of tons)	3.1

TNK-BP HOLDING

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

(expressed in US Dollars, tabular amounts in millions)

The transactions and balances with TNK-BP controlled companies are as follows:

	As of 30 June 2007 and for the six months ended 30 June 2007
Trade and other receivables, net	4,429
Long-term interest receivable	37
Long-term loans issued	447
Trade and other accounts payable	2,830
Dividends payable	776
Loans received	1,354
Sales of crude oil	7,572
Volumes (millions of tons)	18
Sales of petroleum products	3,019
Volumes (millions of tons)	7
Other sales	50
Purchases of crude oil	477
Volumes (millions of tons)	2
Other purchases:	
Management fees	388
Consulting services	9
Other purchases	3

The transactions and balances with other related parties are as follows:

	As of 30 June 2007 and for the six months ended 30 June 2007
Short-term loans issued to other related parties	34
Accounts payable to other related parties	9
Purchases of crude oil and petroleum products	1
Volumes (millions of tons)	-
Processing fee	20
Volumes (billions of cubic meters)	0.6

Note 14: Commitments and Contingencies

Economic and operating environment in the Russian Federation. Whilst there have been improvements in economic trends in the Russian Federation, the country continues to display certain characteristics of an emerging market. These characteristics include, but are not limited to, the existence of a currency that is in practice not convertible in most countries and relatively high inflation. Furthermore, the tax, currency and customs legislation is subject to varying interpretations, and changes, which can occur frequently.

Gas production and marketing activities. Russian independent gas producers are currently only able to access the domestic gas transmission system subject to agreement with Gazprom, Russia's gas monopoly which owns and operates the system.

As of 30 June 2007, the Group's capitalized costs related to its gas subsidiaries amounted to USD 816 million

Taxation. Russian tax and customs legislation is subject to varying interpretations and changes which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activities of the Group may be challenged by the relevant regional and federal authorities. Recent developments suggest that the authorities are becoming more active in seeking to enforce, through the Russian court system interpretations of

TNK-BP HOLDING

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

(expressed in US Dollars, tabular amounts in millions)

tax legislation which may be selective for particular taxpayers and different to the authorities' previous interpretations or practices. Different and selective interpretations of tax regulations by various government authorities and inconsistent enforcement create further uncertainties in the taxation environment in the Russian Federation.

Tax declarations, together with related documentation, are subject to review and investigation by a number of authorities, each of which may impose fines, penalties and interest charges. Fiscal periods remain open to review by the authorities for the three calendar years preceding the year of review (one year in the case of customs). Under certain circumstances reviews may cover longer periods. In addition, in some instances new tax regulations have taken retroactive effect. Additional taxes, penalties and interest which may be material to the financial position of the taxpayers may be assessed in the Russian Federation as a result of such reviews.

Tax audits. During 2004 and 2005 the Russian tax authorities performed tax audits on certain of the Group's subsidiaries relating to their 2001-2003 activities.

In December 2004, the Russian tax authorities issued a decision challenging, among other things, the use of profit tax concessions claimed by TNK with respect to the reinvestment of profits in fixed production assets in 2001 and made a claim for USD 143 million (RUR 4 billion) including fines and penalty interest. This amount was paid in December 2006.

In December 2005 and February 2006, the Russian tax authorities presented tax acts relating to 2002 and 2003 in respect of the use of reduced tax rate economic zones by TNK and Sidanco. These acts amounted to USD 1,402 million (RUR 40.4 billion) and USD 442 million (RUR 12.7 billion), respectively. In October 2006, the Russian tax authorities issued a tax decision related to those years amounting to USD 1,418 million (RUR 38 billion). This amount was paid in November 2006.

Currently, the Russian tax authorities are conducting audits of income tax and other taxes of Group subsidiaries for the years 2004 and 2005.

As of 30 June 2007, the Group has a liability in the amount of USD 128 million (RUR 3.3 billion), related to the matters discussed above.

Oilfield and gasfield licenses. The Group is subject to periodic reviews of its activities by governmental authorities with respect to the requirements of its licenses. Where appropriate, management of the Group liaise with governmental authorities to agree on remedial actions and resolve any findings resulting from these reviews. Failure to comply with the terms of a license could result in fines, penalties or license limitation, suspension or revocation.

Environmental liabilities. The enforcement of environmental regulation in the Russian Federation is evolving and the enforcement posture of government authorities is continually being reconsidered. The Group periodically evaluates its obligations under environmental regulations. As obligations are determined, they are recognised immediately. Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be material.

The Group's estimated environmental liability was USD 160 million as of 30 June 2007. The estimates used by management include uncertainties about a variety of factors including the extent of necessary remediation, the technology to be used for remediation and the standards that will constitute an acceptable remediation. As additional information becomes available management will continue to adjust its estimated provision to an appropriate level. The Group's environmental obligations could range up to USD 300 million.

Legal contingencies. The Group is a named defendant in a number of lawsuits as well as a named party in numerous other proceedings arising in the ordinary course of business. While the outcomes of such contingencies, lawsuits or other proceedings cannot be determined at present, management believes that any resulting liabilities will not have a materially adverse effect on the financial position or the operating results of the Group.

TNK-BP HOLDING

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

(expressed in US Dollars, tabular amounts in millions)

Note 15: Segment information

Presented below is information about Group's operating segments for the six months ended 30 June 2007 and as of 30 June 2007 in accordance with SFAS No.131, *Disclosures about Segments of an Enterprise and Related Information*.

The Group has three operating segments – exploration and production; refining, marketing, and distribution; and oil field services. Management on a regular basis assesses the performance of these operating segments. The exploration and production segment explores for, develops and produces crude oil and gas. The refining, marketing and distribution segment processes crude oil into refined products, and also purchases, sells and transports crude oil and refined petroleum products. The oil field services segment provides support and maintenance to oil and gas facilities. The Other segment primarily includes corporate activities.

The operations of the Group as summarized in the segment data provided below are carried out within the Russian Federation, which is considered as a single geographical segment by the Group.

	Exploration and Production	Refining, Marketing and Distribution	Oil Field Services	Other	Elimination	Consolidated
Revenues						
TNK-BP controlled companies	7,578	3,029	-	25	-	10,632
Third parties	950	3,718	19	2	-	4,689
Inter-segment	2,533	155	276	38	(3,002)	-
Total revenues	11,061	6,902	295	65	(3,002)	15,321
Net Income	1,521	1,054	(42)	(218)	(169)	2,146
Total Assets	20,276	11,050	426	1,888	(10,199)	23,441

Note 16: Subsequent Events

In August 2007, the Group announced its plans regarding the compulsory buy-out of shares from minority shareholders in five subsidiary companies in which the Group holds more than 95 percent of the voting shares. The five subsidiary companies are OAO "Orenburgneft", OAO "Orenburgeologia", OAO "Ryazannefteproduct", OAO "Kaluganefteproduct", OAO "Novosibirskneftegaz". Consideration for the purchase of these minority shares is expected to amount to USD 170 million.

In August 2007, the Board of Directors of TBH proposed dividends in the amount of RUR 1.33 per one ordinary and per one preferred share (total RUR 20.5 billion) for approval at the Shareholders meeting to be held in September 2007.