



8 June 2011. Moscow, Russia. OJSC ANK Bashneft and its subsidiaries and affiliates including OJSC Bashkirenergo (hereinafter 'Bashneft Group' or 'the Group'), one of the leading vertically integrated Russian oil companies, today publishes unaudited consolidated financial results prepared to International Financial Reporting Standards (IFRS) for the 3 months ended on 31 March 2011.

Comparative data for the 3 months ended 31 March 2010 are also unaudited consolidated results prepared to International Financial Reporting Standards.

MAIN FINANCIAL RESULTS IN THE FIRST QUARTER OF 2011

- Revenue increased by 42.0% in the first quarter of 2011 to US\$ 4,135 million compared with US\$ 2,912 million in the first quarter of 2010;
- EBITDA rose by 39.4% in the first quarter of 2011 to US\$ 856 million compared with US\$ 614 million in the same period of 2010;
- Net income attributable to shareholders of the parent company rose by 52.9% in the first quarter of 2011 to US\$ 370 million compared with US\$ 242 million in the first quarter of 2010;

MAIN OPERATING RESULTS IN THE FIRST QUARTER OF 2011

- ANK Bashneft increased output of crude oil in the first three months of 2011 for the eighth consecutive quarter. Crude output in the first quarter this year was 3.68 million tonnes compared with 3.374 million tonnes in the first quarter of 2010;
- Average daily output of crude oil in the first quarter of 2011 rose by 9.1% to 291,000 barrels compared with 267,000 in the same period of 2010;
- Refining volumes in the first quarter this year were 3.8% more than in the same quarter last year (4.993 million tonnes compared with 4.808 million tonnes).

MAIN FINANCIAL AND OPERATING RESULTS

	1Q	4Q		1Q	1Q	
	2011	2010	Change	2011	2010	Change
Revenue from sales (US\$ million)	4,135	3,595	15.0%	4,135	2,912	42.0%
EBITDA (US\$ million)	856	515*	66.2%	856	614	39.4%
Operating income (US\$ million)	668	346*	93.1%	668	440	51.8%
Net income not including minority interest (US\$ million)	370	570	-35.1%	370	242	52.9%
Crude oil production (million tonnes)	3.680	3.656	0.7%	3.680	3.374	9.1%
Oil refining (million tonnes)	4.993	5.254	-5.0%	4.993	4.808	3.8%

*EBITDA and operating income for 4Q 2010 are adjusted to reflect revaluation of the stake in OJSC Belkamneft when this investment was reclassified

MAIN FACTORS WITH IMPACT ON OPERATING RESULTS

Prices for crude oil and petroleum products

	1Q	4Q		1Q	1Q	
	2011	2010	Change	2011	2010	Change
Prices for crude oil and petroleum products						
Brent crude (US\$/barrel)	105.0	86.5	21.4%	105.0	76.2	37.7%
Urals crude (US\$/ barrel)	102.2	85.2	19.9%	102.2	75.3	35.8%
Fuel oil (average FOB Rotterdam/CIF NWE) (US\$/tonne)	554.3	464.9	19.2%	554.3	441.4	25.6%
Diesel fuel (average FOB Rotterdam/CIF NWE) (US\$/tonne)	881.5	732.2	20.4%	881.5	632.7	39.3%
Naphtha (average FOB Rotterdam/CIF NWE) (US\$/tonne)	903.9	791.0	14.3%	903.9	706.8	27.9%
Russian market (US\$/tonne, with excises, not including VAT)						
Crude oil	301.4	246.6	22.2%	301.4	210.7	43.0%
Fuel oil	268.5	263.5	1.9%	268.5	238.2	12.7%
Diesel fuel (summer gasoil)	618.4	506.2	22.1%	618.4	435.3	42.1%
Diesel fuel (winter gasoil)	773.4	647.2	19.5%	773.4	532.0	45.4%
Jet fuel	665.3	538.9	23.5%	665.3	479.3	38.8%
High-octane gasoline	760.7	704.2	8.0%	760.7	635.0	19.8%
Low-octane gasoline	720.4	589.1	22.3%	720.4	538.7	33.7%

Ruble/dollar exchange rate and inflation

	1Q	4Q		1Q	1Q	
	2011	2010	Change	2011	2010	Change
Ruble inflation (CPI)	3.8%	2.6%	1.2%	3.8%	3.2%	0.6%
Ruble/dollar exchange rate, end of period	28.4	30.5	-6.7%	28.4	29.4	-3.2%
Ruble/dollar exchange rate, period average	29.3	30.7	-4.7%	29.3	29.9	-2.1%
Real appreciation/(depreciation) of the ruble to the dollar compared with previous period	9.3%	1.8%	7.5%	9.3%	1.4%	7.9%

Taxation

	1Q	4Q		1Q	1Q	
	2011	2010	Change	2011	2010	Change
Mineral extraction tax (rubles/tonne)						
Crude oil	4,090	3,453	18.4%	4,090	2,877	42.2%
Export duty (US\$/tonne)						
Crude oil	343	287	19.5%	343	264	30.0%
Light and medium distillates	234	206	13.9%	234	190	23.3%
Fuel oil	151	111	36.7%	151	102	47.9%
Excises (rubles/tonne)						
High-octane gasoline	-	3,992	-	-	3,992	-
Low-octane gasoline	-	2,923	-	-	2,923	-
Naphtha	-	4,290	-	-	4,290	-
Diesel fuel	-	1,188	-	-	1,188	-
Lubricants	-	3,246	-	-	3,246	-

Excise rates for petroleum products were raised and differentiated by changes to tax law, which came into force in December 2010:

(rubles/tonne)	2011	2012	2013
High-octane gasoline			
High-octane gasoline, not in classes 3, 4, 5	5,995	7,725	9,511
High-octane gasoline, class 3	5,672	7,382	9,151
High-octane gasoline, classes 4, 5	5,143	6,822	8,560
Naphtha	6,089	7,824	9,617
Diesel fuel			
Diesel, not in classes 3, 4, 5	2,753	4,098	5,500
Diesel, class 3	2,485	3,814	5,199
Diesel, classes 4, 5	2,247	3,562	4,934
Lubricants	4,681	6,072	7,509

OPERATING RESULTS

Production

OJSC ANK Bashneft carries out exploration & production of crude oil in several regions of Russia: the Republic of Bashkortostan, Khanty-Mansi Autonomous District, Orenburg Region and the Republic of Tatarstan.

	1Q		Change	1Q		Change
	2011	2010		2011	2010	
Crude oil production (million tonnes)	3.680	3.656	0.7%	3.680	3.374	9.1%
Average daily production of crude oil (barrels/day)*	291,000	283,000	2.9%	291,000	267,000	9.1%

* 7.12 barrels of crude oil = 1 tonne

Crude oil production in the first quarter of 2011 was 3.68 million tonnes compared with 3.374 million tonnes in the first quarter of 2010. Average daily production of crude oil in the first quarter of 2011 rose by 9.1% compared with the same period of 2010 to 291,000 barrels.

Growth of crude output in the first quarter of 2011 was achieved through geological and technological interventions, and as a result of increased average flow rates at new wells.

Refining

Bashneft Group includes three oil refineries (OJSC Ufaneftekhim, OJSC Ufa Oil Refinery, OJSC Novoil), and also the petrochemicals producer OJSC Ufaorgsintez. These facilities have overall crude oil refining capacity of 24.1 million tonnes.

(thousand tonnes)	1Q		Change	1Q		Change
	2011	2010		2011	2010	
Crude oil refining	4,993	5,254	-5.0%	4,993	4,808	3.8%
Petroleum product outputs						
Gasoline	1,224	1,180	3.7%	1,224	1,045	17.1%
Diesel	1,858	1,807	2.8%	1,858	1,735	7.1%
Fuel oil	570	715	-20.3%	570	679	-16.1%
Vacuum gasoil	323	435	-25.7%	323	365	-11.5%
Other	567	605	-6.2%	567	626	-9.4%
Total petroleum product outputs	4,542	4,742	-4.2%	4,542	4,450	2.1%
Refining depth (%)	86.8%	84.8%	2.0 p.p.	86.8%	84.8%	2.0 p.p.
Share of light products (%)	61.6%	59.6%	2.0 p.p.	61.6%	62.6%	-1.0 p.p.

Bashneft refined 4.993 million tonnes of crude oil in the first quarter of 2011, which is 3.8% more than 4.808 million tonnes in the first quarter of 2010. Output of petroleum products increased by 2.1% to 4.542 million tonnes.

Refining depth increased by 2.0 p.p. to 86.8% in the first quarter of 2011 in comparison with the first quarter of 2010.

The share of light products in refining output was 1.0 p.p. lower in the first quarter this year (61.6% compared with 62.6% in the first quarter of 2010). Lowering of the share of light products in the first quarter this year reflects increase in the share of Bashkirian crude oil in refining volumes from 48.6% in the first quarter of 2010 to 49.1% in the first quarter of 2011.

FINANCIAL RESULTS

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE QUARTER ENDED ON 31 MARCH 2011

(US\$ million)	1Q	4Q	Change	1Q	1Q	Change
	2011	2010		2011	2010	
Revenue						
Crude oil sales	737	602	22.4%	737	454	62.3%
Petroleum product and petrochemical sales	2,647	2,438	8.6%	2,647	1,842	43.7%
Other sales	751	555	35.3%	751	616	21.9%
Total revenue	4,135	3,595	15.0%	4,135	2,912	42.0%
Operating expenses						
Production and operating expenses	787	764	3.0%	787	657	19.8%
Cost of purchased crude oil, gas and petroleum products	850	799	6.4%	850	552	54.0%
Sales, general and administrative expenses	150	199	-24.6%	150	113	32.7%
Transport expenses	164	109	50.5%	164	140	17.1%
Depreciation and amortization	188	169	11.2%	188	174	8.0%
Taxes other than income tax	488	402	21.4%	488	305	60.0%
Excises and export duties	833	747	11.5%	833	540	54.3%
Other operating expenses (income), net	7	-417	-	7	-9	-
Total costs and expenses	3,467	2,772	25.1%	3,467	2,472	40.3%
Operating income	668	823	-18.8%	668	440	51.8%
Other (expenses)/income						
Interest expenses	-118	-134	-11.9%	-118	-60	93.4%
Interest income	14	17	-17.6%	14	15	-12.5%
Exchange rate differences, net	-58	12	-	-58	-17	-
Share in income of affiliates	22	21	4.8%	22	-	-
Total other (expenses)/income	-140	-84	66.7%	-140	-62	125.8%
Income before tax	528	739	-28.6%	528	378	39.7%
Income tax expenses	-94	-184	-48.9%	-94	-82	14.6%
Net income	434	555	-21.8%	434	296	46.6%
Net income attributable to minorities	-64	15	-	-64	-54	18.5%
Net income attributable to shareholders of the parent company	370	570	-35.1%	370	242	52.9%

CONSOLIDATED BALANCE SHEET AS OF 31 MARCH 2011

(US\$ million)	31 March 2011	31 December 2010
ASSETS		
Non-current assets		
Fixed assets	10,813	9,552
Advances for purchase of fixed assets	164	120
Advance payments for licences at the Trebs and Titov fields	-	597
Intangible assets	36	33
Financial assets	386	217
Investments in affiliates	738	667
Long-term reserves	55	50
Other non-current assets	4	3
Total non-current assets	12,196	11,239
Current assets		
Reserves	861	625
Trade and other receivables	884	523
Advances made and deferred expenses	167	157
Financial assets	727	676
Income tax prepayments	12	11
Other refundable tax	857	685
Cash and equivalents	873	1,067
Other current assets	7	8
Total current assets	4,388	3,752
TOTAL ASSETS	16,584	14,991
EQUITY AND DEBT		
Capital and reserves		
Charter capital	77	77
Treasury shares	-252	-252
Additional capital	1,160	1,160
Accrued exchange rate gains	236	-155
Retained earnings	4,815	4,445
Equity of parent company	6,036	5,275
Non-controlling ownership stakes	2,965	2,717
Total capital and reserves	9,001	7,992
Long-term liabilities		
Loans and credits	3,341	3,118
Deferred tax liabilities	1,167	1,099

CONSOLIDATED BALANCE SHEET AS OF 31 MARCH 2011 (CONTINUED)

(US\$ million)	31 March 2011	31 December 2010
Other long-term liabilities	61	49
Environmental liabilities	240	217
Total long-term liabilities	4,809	4,483
Short-term liabilities		
Loans and credits	833	795
Trade and other payables	902	659
Dividends to be paid	2	73
Advances received	370	553
Reserves	102	97
Income tax payable	22	21
Other tax payable	543	318
Total short-term liabilities	2,774	2,516
TOTAL LIABILITIES	7,583	6,999
TOTAL CAPITAL AND LIABILITIES	16,584	14,991

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2011

(US\$ million)	1Q	1Q
	2011	2010
Income before tax	528	378
Adjustments:		
Amortization	188	174
Loss from disposal of fixed assets	3	2
Financial income	-14	-15
Financial expenses	118	60
Share in income of affiliates	-22	-
Losses (gains) from change of exchange rates, net	58	17
Change of provisions for doubtful debts	2	9
Change of provisions	-8	-30
Other	-	-23
Changes in working capital:		
Reserves	-186	-133
Trade and other receivables	-355	-521
Advances issued and deferred expenses	-5	-3
Other refundable tax	-119	2
Trade and other payables	180	1
Advances received	-215	-63
Other	198	20
Cash from operations	351	-125
Interest paid	-65	-2
Income tax paid	-105	-67
Cash from operations, net	181	-194
Purchase of fixed assets	-174	-56
Other	-159	-161
Cash used for investments	-333	-217
Credits and loans received	608	-
Credits and loans repaid	-617	-18
Dividends paid	-74	-2
Cash from financial activity, net	-83	-20
Change of cash and equivalents, net	-235	-431
Cash and equivalents, start of year	1,067	1,166
Effect of recalculation into the presentation currency, and effect of change in exchange rates of foreign currencies on sums of cash and equivalents expressed in foreign currencies	41	40
Cash and equivalents, end of quarter	873	775

REVENUE

Revenue of Bashneft Group in the first quarter of 2011 was US\$ 4,135 million, which is 42.0% more than in the first quarter of 2010. The growth reflects increase in sales volumes and pricing of crude oil and petroleum products.

(US\$ million)	1Q	4Q	Change	1Q	1Q	Change
	2011	2010		2011	2010	
Revenue						
Export sales of crude oil	653	527	23.9%	653	426	53.3%
Domestic sales of crude oil	84	75	12.0%	84	28	-
Total crude oil sales:	737	602	22.4%	737	454	62.3%
Petroleum product exports outside the CIS	1,257	771	63.0%	1,257	781	60.9%
Petroleum product exports to CIS countries	269	266	1.1%	269	25	-
Domestic sales of petroleum products	1,121	1,401	-20.0%	1,121	1,036	8.2%
<i>wholesale</i>	1,000	1,278	-21.8%	1,000	932	7.3%
<i>retail</i>	121	123	-1.6%	121	104	16.3%
Total petroleum product sales:	2,647	2,438	8.6%	2,647	1,842	43.7%
Bashkirenergo	659	484	36.2%	659	512	28.7%
Other sales	92	70	31.4%	92	104	-11.5%
Total other revenue:	751	555	35.3%	751	616	21.9%
Total revenue:	4,135	3,595	15.0%	4,135	2,912	42.0%

(thousand tonnes)	1Q	4Q	Change	1Q	1Q	Change
	2011	2010		2011	2010	
Sales volumes						
Export sales of crude oil	900	870	3.4%	900	800	12.5%
Domestic sales of crude oil	255	278	-8.3%	255	131	94.7%
Total crude oil sales:	1,155	1,148	0.6%	1,155	931	24.0%
Petroleum product exports outside the CIS	1,644	1,314	25.1%	1,644	1,431	14.9%
Petroleum product exports to CIS countries	474	430	10.2%	474	54	-
Domestic sales of petroleum products	2,094	2,864	-26.9%	2,094	2,532	-17.3%
<i>wholesale</i>	1,957	2,711	-27.8%	1,957	2,395	-18.3%
<i>retail</i>	137	153	-10.5%	137	137	0.3%
Total petroleum product sales	4,212	4,608	-8.6%	4,212	4,017	4.8%
Total sales of crude oil and petroleum products	5,367	5,756	-6.8%	5,367	4,948	8.5%

Export sales of crude oil

Revenue in the first quarter of 2011 from export sales of crude oil was US\$ 653 million, which is 53.3% more than in the first quarter of 2010. The increase was due to growth of both volumes of export sales and prices. Sales of crude oil outside Russia totaled 900,000 tonnes in the first quarter this year, which is 12.5% more than in the same period of 2010.

Domestic sales of crude oil

Revenue from domestic sales of crude oil in the first quarter of 2011 was US\$ 84 million, compared with US\$ 28 million in the first quarter of 2010. The increase was due to growth of both volumes and prices.

Bashneft sold 255,000 tonnes of oil in the first three months of 2011 compared with 131,000 tonnes in the first quarter of 2010.

Export of petroleum products

Export sales of petroleum products outside the CIS were US\$ 1,257 million in the first quarter of 2011, which is 60.9% more than in the same period of 2010. Revenue from product exports to CIS countries in the first quarter this year was US\$ 269 million compared with US\$ 25 million in the same period of 2010.

The Company delivered 1.644 million tonnes of petroleum products outside the CIS in the first quarter of 2011, which is 14.9% more than in the same period of 2010. Product deliveries to CIS markets during the first quarter were 474,000 tonnes compared with 54,000 tonnes in the first quarter of 2010. Exports to CIS and non-CIS were mainly diesel fuel (61% of total exports), gasoline (15%) and vacuum gasoil (15%). Shares of these products in total exports during the first quarter of 2010 were 55%, 22% and 19%, respectively.

Petroleum product sales on the domestic market

Revenue in the first quarter of 2011 from sales of petroleum products inside Russia was US\$ 1,121 million, which is 8.2% more than in the same period of 2010. The increase was due to higher sales prices.

Bashneft Group sold 2.094 million tonnes of products on the domestic market in the first quarter of this year, of which 1.957 million tonnes were sold via wholesale. Revenue from wholesale product sales in the first quarter was US\$ 1.000 million, which is 7.3% more than in the same period of 2010.

Retail sales of petroleum products brought US\$ 121 million revenue in the first quarter of this year, which is 16.3% more than in the same period of 2010. The increase was due to growth of prices and volume of engine fuel sales via retail: volume of sales was 137,000 tonnes, which is 0.3% more than in the first quarter of 2010.

Other sales

Revenue from sales of other products includes revenue of the Group subsidiary OJSC Bashkirenergo as well as sales of goods and services that are not connected with the Group's core business (transport services, etc). Other sales increased by 21.9% in the first quarter of 2011 compared with the same period of 2010 to US\$ 751 million, mainly due to increase in revenue of Bashkirenergo.

EXPENSES AND COSTS

Production and operating expenses

The table below shows structure of lifting costs and operating expenses by segments. Lifting costs and operating expenses increased by 19.8% in the first quarter of 2011 in comparison with the same period of 2010 to US\$ 787 million. The growth was mainly due to higher operating costs of OJSC Bashkirenergo.

(US\$ million)	1Q			1Q		
	2011	2010	Change	2011	2010	Change
Production and operating expenses						
Exploration & production	175	167	4.8%	175	147	19.0%
Refining	183	164	11.6%	183	177	3.4%
Other	429	433	-0.9%	429	333	28.8%
Total production and operating expenses	787	764	3.0%	787	657	19.8%

Lifting costs rose by 19.0% in the first quarter of 2011 compared with the same period of 2010 to a level of US\$ 175 million. Unit lifting costs rose by 9.1% to US\$ 6.7/barrel due to increased application of special technologies in order to intensify production, and also due to strengthening of the ruble against the US dollar.

	1Q			1Q		
	2011	2010	Change	2011	2010	Change
Crude oil lifting costs(US\$ million)	175	167	4.8%	175	147	19.0%
Unit lifting costs for crude oil (US\$/barrel)*	6.7	6.4	4.1%	6.7	6.1	9.1%

*7.12 barrels of crude oil = 1 tonne

Refining costs at the Company's own refineries grew by 3.4% in the first quarter of 2011 compared with the first quarter of 2010 to US\$ 183 million. However, unit refining costs fell by 0.4% to US\$ 5.1/barrel from US\$ 5.2/barrel in the first quarter of 2010 due to increase of refining volumes and efficiency improvements.

	1Q			1Q		
	2011	2010	Change	2011	2010	Change
Refining costs (US\$ million)	183	164	11.6%	183	177	3.4%
Unit refining costs (US\$/barrel)*	5.1	4.4	17.4%	5.1	5.2	-0.4%

*7.12 barrels of crude oil = 1 tonne

Expenses for purchase of crude oil

In addition to extracting its own crude oil, Bashneft makes purchases of West-Siberian oil and gas condensate for delivery to its refineries. The Company purchased 2.529 million tonnes of crude oil and condensate in the first quarter of 2011, representing 50.7% of total refining volumes by the Company in the period. Purchases of crude oil and condensate in the first quarter of 2010 were 2.452 million tonnes, which represented 51.0% of refining in the respective period.

Spending on crude oil and gas condensate purchases related to cost of goods sold in the first quarter of 2011 was US\$ 850 million, or 24.5% of the Company's operating expenses in the period. By comparison, spending on crude oil and condensate purchases related to cost of goods sold in the first quarter of 2010 was US\$ 552 million, representing 22.3% of total operating costs in that period. The y-o-y increase of this spending item reflects higher domestic prices for crude oil.

Transport costs

Transport costs of Bashneft Group rose by 17.1% in the first quarter of 2011 to US\$ 164 million from US\$ 140 million in the same period last year. The growth was mainly due to increase in export deliveries of crude oil and petroleum products, as well as greater use of external transport services. Bashneft sold 900,000 tonnes of crude oil outside Russia in the first quarter of 2011, which is 12.5% more than in the first quarter of 2010. Petroleum product sales outside the CIS rose by 14.9% y-o-y to 1.644 million tonnes, and CIS sales rose from 54,000 to 474,000 tonnes.

Depreciation and amortization

Depreciation and amortization charges in the first quarter of 2011 were US\$ 188 million compared with US\$ 174 million in the same period of 2010. The increase was concentrated in the production segment, where depreciation charges rose by 36.8% to US\$ 52 million

(US\$ million)	1Q	4Q	Change	1Q	1Q	Change
	2011	2010		2011	2010	
Depreciation and amortization						
Exploration & production	52	36	44.4%	52	38	36.8%
Refining	101	101	0.0%	101	102	-1.0%
Other	35	32	9.4%	35	34	2.9%
Total depreciation and amortization	188	169	11.2%	188	174	8.0%

Taxes other than income tax

Tax expenses, not including income tax, rose by 60.0% in the first quarter of 2011 compared with the first quarter of 2010 to US\$ 488 million. Mineral extraction tax charges rose by 63.4% due to higher oil prices and increase of output. The total tax charge for mineral extraction was US\$ 379 million in the first quarter of 2011 compared with US\$ 232 million in the same period of 2010.

(US\$ million)	1Q			1Q		
	2011	2010	Change	2011	2010	Change
Taxes other than income tax						
Mineral extraction tax	379	328	15.5%	379	232	63.4%
Social insurance contributions	85	46	84.8%	85	55	54.5%
Property tax	18	17	5.9%	18	18	0.0%
Other	6	11	-45.5%	6	-	-
Total taxes other than income tax	488	402	21.4%	488	305	60.0%

	1Q			1Q		
	2011	2010	Change	2011	2010	Change
Mineral extraction tax						
Current mineral extraction tax rates , \$/barrel	19.6	15.8	24.3%	19.6	13.5	45.2%
Factual mineral extraction tax expenses, \$/barrel	14.5	12.6	14.8%	14.5	9.7	49.8%

*7.12 barrels of crude oil = 1 tonne

Export duties and excises

The sum of export duties on crude oil and petroleum products increased by 58.1% in the first quarter of 2011 compared with the same period of 2010, reaching US\$ 634 million. Sums of export duties and excises in the reporting period are shown in the table below.

(US\$ million)	1Q			1Q		
	2011	2010	Change	2011	2010	Change
Export duties on crude oil	309	249	24.1%	309	209	47.8%
Export duties on petroleum products	325	323	0.6%	325	192	69.3%
Excises	199	175	13.7%	199	139	43.2%
Total export duties and excises	833	747	11.5%	833	540	54.3%

EBITDA, OPERATING INCOME AND NET INCOME

Operating income rose by 51.8% in the first quarter of 2011 to US\$ 668 million compared with US\$ 440 million in the same period of 2010. EBITDA in the first quarter this year rose by 39.4% to US\$ 856 million from US\$ 614 million in the first quarter of 2010. Net income after minorities was 52.9% higher in the first quarter this year at US\$ 370 million compared with US\$ 242 million in the same period last year.

	1Q		Change	1Q		Change
	2011	2010		2011	2010	
Key financial indicators						
EBITDA, US\$ million	856	515*	66.2%	856	614	39.4%
EBITDA margin	20.7%	14.3%	6.4 p.p.	20.7%	21.1%	-0.4 p.p.
Net income margin	8.9%	15.9%	-6.9 p.p.	8.9%	8.3%	0.6 p.p.
Ratio of net debt to EBITDA, annualized	0.8	1.1	-0.3	0.8	0.3	0.5
EBITDA per barrel	32.7	19.8	65.1%	32.7	26	27.8%
E&P capital expenditures per barrel	3.6	5.1	-28.5%	3.6	0.8	-
Lifting costs per barrel	6.7	6.4	4.1%	6.7	6.1	9.1%

*EBITDA for 4Q 2010 is adjusted to reflect revaluation of the stake in OJSC Belkamneft when this investment was reclassified

CASH FLOW

The table below shows main items of the cash flow statement for the relevant periods:

	1Q		Change	1Q		Change
(US\$ million)	2011	2010		2011	2010	
Cash flow						
Cash flow from operations	181	789	-77.1%	181	-194	193.3%
Investment cash flow	-333	-731	-54.4%	-333	-217	53.5%
Financing cash flow	-83	-933	-91.1%	-83	-20	315.0%

Net cash from operations:

	1Q		Change	1Q		Change
(US\$ million)	2011	2010		2011	2010	
Cash from operations before changes in working capital	853	600	42.2%	853	572	49.1%
Changes in working capital, not including cash and equivalents	-672	189	-	-672	-766	-12.3%
Total net cash from operations	181	789	-77.1%	181	-194	193.3%

Net cash used for investment:

(US\$ million)	1Q			1Q		
	2011	2010	Change	2011	2010	Change
Capital expenditures	-174	-262	-33.6%	-174	-56	210.7%
Other	-159	-469	-66.1%	-159	-161	-1.2%
Total cash used for investment	-333	-731	-54.4%	-333	-217	53.5%

Net cash received from/(used for) financing:

(US\$ million)	1Q			1Q		
	2011	2010	Change	2011	2010	Change
New debt issue	608	1,076	-43.5%	608	-	-
Debt repayment	-617	-879	-29.8%	-617	-18	-
Total issue and repayment of debt:	-9	197	-104.6%	-9	-18	-50.0%
Dividends paid	-74	-929	-92.0%	-74	-2	-
Other	-	-201	-100.0%	-	-	-
Total net cash received from/(used for) financing	-83	-933	-91.1%	-83	-20	-

Calculation of adjusted free cash flow:

(US\$ million)	1Q			1Q		
	2011	2010	Change	2011	2010	Change
Calculation of adjusted free cash flow						
Net cash from operations	181	789	-77.1%	181	-194	-193.3%
Capital expenditures	-174	-262	-33.6%	-174	-56	210.7%
Free cash flow	7	527	-98.7%	7	-250	-102.8%
License purchases	-	-597	-	-	-	-
Adjusted free cash flow	7	-70	-110.0%	7	-250	-102.8%

FINANCING AND DEBT

Total debt of the Group (short- and long-term loans and credits) at the end of the first quarter of 2011 was US\$ 4,174 million compared with US\$ 3,913 million at the end of the fourth quarter of 2010. A significant part of the debt portfolio consists of interest-bearing non-convertible ruble bonds issued in December 2009 to the value of 50 billion rubles, with 7-year maturity and a 3-year offer. The first 6 coupon rates on all 3 series of the bonds are 12.5% annualized.

(US\$ million)	1Q	4Q	Change	1Q	1Q	Change
	2011	2010		2011	2010	
Short-term debt	833	795	4.8%	-	-	-
Long-term debt	3,341	3,118	7.2%	-	-	-
Total debt:	4,174	3,913	6.7%	-	-	-
Cash and equivalents	-873	-1,067	-18.2%	-	-	-
Short-term financial investments	-602	-557	8.1%	-	-	-
Adjusted net debt	2,699	2,289	17.9%	-	-	-

CAPITAL EXPENDITURES

Capital expenditures in the first quarter of 2011 totaled US\$ 174 million compared with US\$ 56 million in the same period of 2010. Capex in exploration & production business rose from US\$ 20 million in the first quarter of 2010 to US\$ 95 million in the first quarter this year, and refining capex rose from US\$ 18 million to US\$ 50 million.

(US\$ million)	1Q	4Q	Change	1Q	1Q	Change
	2011	2010		2011	2010	
Capital expenditures						
E&P	95	132	-28.0%	95	20	375.0%
Refining	50	70	-28.6%	50	18	177.8%
Other	29	60	-51.7%	29	18	61.1%
Total net cash used to finance capital expenditures	174	262	-33.6%	174	56	210.7%

MAIN EVENTS SINCE THE ACCOUNTING DATE

BASHNEFT GROUP INCREASED ITS STAKE IN SHARE CAPITAL OF SISTEMA-INVEST

Based on a decision by the Board of Directors of Bashneft, the stake of Bashneft and its subsidiaries (Ufa Refinery, Novoil and Ufaneftekhim) in share capital of Sistema-Invest was increased to 49.5%.

Shareholders of OJSC Sistema-Invest voted on 25 January 2011 for reorganization of Sistema-Invest by merger to the company of four subsidiaries of ANK Bashneft and of the Bashkortostan refineries, which are part of Bashneft Group. These four subsidiaries were: CJSC Bashkortostan Unified Energy Systems, CJSC UNKh-EnergInvest, CJSC UNPZ-EnergInvest, and CJSC Novoil-EnergInvest.

In May 2011 Sistema-Invest exchanged its shares, including treasury stock (Sistema-Invest purchased 10% of its own shares for 3,762 million rubles in December 2010) and shares from a new issue, for stakes owned by ANK Bashneft and the Group's Bashkortostan refineries in OJSC Bashkirenergo. The new issue by Sistema-Invest totaled 28,488 shares. As a result, share capital of Sistema-Invest increased to a total of 128,488 shares.

Sistema-Invest obtained a controlling share stake in Bashkirenergo (50.17% of common shares or 47.87% of share capital) by merger with companies that owned the parts of this stake. These companies (CJSC Bashkortostan Unified Energy Systems, CJSC UNKh-EnergInvest, CJSC UNPZ-EnergInvest, and CJSC Novoil-EnergInvest) thereby ceased to exist as legal entities.

Stakes of ANK Bashneft and of the Group's Bashkortostan refineries in Bashkirenergo before the transaction were: ANK Bashneft, 11.6% (12.2% of common shares); Ufa Refinery, 11.6% (12.2% of common shares); Novoil, 11.6% (12.2% of common shares); and Ufaneftekhim, 13.0% (13.6% of common shares).

After the exchange of stakes in Bashkirenergo for shares of Sistema-Invest, ownership of share capital of Sistema-Invest became as follows: ANK Bashneft, 26.7% of share capital; Ufa Refinery, 7.3% of share capital; Novoil, 7.3% of share capital; Ufaneftekhim, 8.2% of share capital. The overall stake of ANK Bashneft and its subsidiaries in share capital of Sistema-Invest is now 49.5%. The share holding of OJSC AFK Sistema in Sistema-Invest is 50.5%.

THE BOARD OF DIRECTORS HAS DECIDED TO RECOMMEND THE ANNUAL GENERAL MEETING OF SHAREHOLDERS TO APPROVE DIVIDEND PAYMENTS OF 235.77 RUBLES PER COMMON AND PREFERRED SHARE FOR 2010

The Board of Directors of ANK Bashneft held a meeting on 18 May 2011 to consider issues associated with the forthcoming Annual General Meeting of Shareholders.

Directors decided that the Annual General Meeting of Shareholders of ANK Bashneft will be held on 29 June 2011 in the city of Ufa in the form of joint presence.

The Board of Directors also agreed to recommend the Annual General Meeting of Shareholders to approve dividends for 2010 at 235.77 rubles per common and per preferred share. Including interim

dividends of 104.5 rubles, which were already paid for 9 months of 2010, total cash dividend payment for 2010 will be 236 rubles per common and preferred share.

The Board of Directors will ask the Annual Meeting of Shareholders to set a date for payment of dividends on common and preferred shares which is no later than 28 August 2011.

For further information, please contact:

IR:
Maria Radina
ir@bashneft.ru

PR:
Tatyana Zotova
ZotovaTYu@bashneft.ru

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