NOT FOR PUBLIC DISTRIBUTION OR RELEASE, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES, AUSTRALIA, CANADA, JAPAN OR THE RUSSIAN FEDERATION.

Alliance Oil Company Ltd:
Report for the quarter and year ended December 31, 2009

Year ended 31 December 2009

- **Total revenue amounted to MUSD 1,726.4 (MUSD 2,721.6).**
- **EBITDA amounted to MUSD 387.9 (MUSD 585.0).**
- **The result for the financial year increased to MUSD 345.0 (MUSD 46.0).**
- **The result before tax for the quarter and the financial year was positively affected by a MUSD 174.7 partial reversal of last year's non-cash impairment of upstream assets resulting from an updated appraisal of oil reserves and economic conditions.**
- **Earnings per share amounted to USD 2.06 (USD 0.28) per share for the financial year.**
- **Proved and probable oil reserves increased to 525.9 mbbl (487.3 mbbl).**
- **21.8 mbbl (24.6 mbbl) were refined and 16.0 mbbl (17.4 mbbl) produced for the financial year.**

Quarter ended 31 December 2009

- **Total revenue amounted to MUSD 544.7 (MUSD 409.6).**
- **EBITDA increased to MUSD 90.2 (MUSD 6.2).**
- **The result for the quarter increased to MUSD 188.3 (loss of MUSD 290.9).**
- **Earnings per share amounted to USD 1.09 (loss of USD 1.81) per share for the quarter.**
- **5.6 mbbl (4.9 mbbl) of oil were refined and 3.9 mbbl (4.5 mbbl) produced for the quarter.**

2010 Outlook

- **Refining volumes targeted to average 57,500 barrels per day and crude production to reach 50,000 barrels per day to total 21 mbbl and 17 mbbl respectively in 2010.**

Alliance Oil Company Ltd is a leading independent oil company with vertically integrated operations in Russia and Kazakhstan. Alliance Oil has proved and probable oil reserves of 526 million barrels, oil production of approximately 42,700 barrels per day, refining capacity of 70,000 barrels per day and a network of gas stations and wholesale oil products terminals. Alliance Oil's depository receipts are traded on the NASDAQ OMX Nordic under the symbol AOIL.

Dear Shareholders,

In 2009 the viability and firmness of Alliance Oil Company, in the atmosphere of global uncertainty and instability, was tested. Our integrated business model proved its solidity and consistency as we managed to further improve our operations, strengthen the company's balance sheet, increase the reserve base and expand the retail network while achieving the highest result in the company's history. The company produced 16.0 million barrels of crude oil and refined 21.8 million barrels and fully achieved the budget for 2009. The upstream and the downstream segments' contributions to consolidated EBITDA have balanced.

Last year, our operations were largely supported by recovering markets, both internationally and domestically. Crude oil prices started the year close to USD 40 per barrel and gradually improved to USD 70-80 per barrel by year end. Domestic demand for oil products continued to recover with significant increases in the second and third quarters.

In the upstream segment, the company was able to demonstrate its flexibility in managing its operational and capital expenditures. We were able to limit our capital expenditures in the first half of the year reacting to the severe market conditions, and responded promptly by increasing our drilling activity as the environment subsequently changed for the better.

With a strong focus on the organic development, the company's proved and probable reserves increased from the impressive exploration activity replacing 342 per cent of its annual 2009 production and bringing its 2P reserve base to 526 million barrels. Most of the growth was delivered by the Lek-Kharyaga field in the Timano-Pechora region. These reserve additions and the improved oil price environment allowed us to reverse impairment charges of USD 175 million from last year with a corresponding increase in the result before tax for the year and the fourth quarter. In December the company was awarded a 25 year exploration and production license for the Gusikhinsky license area in the Volga-Urals region with prospective resources of 68 mbbl supporting its exploration potential onwards.

In the downstream segment, the company continued the modernization of the Khabarovsk oil refinery successfully launching a new water treatment unit and new premium class gasoline tanks. We have further expanded our retail network by acquiring a number of outlets in the Amur and Khabarovsk regions of the Russian Far East. The company operates a total of 261 retail stations and 16 wholesale terminals under its highly recognized Alliance Oil brand.

In the fourth quarter 2009, our solid operating performance continued. We report further revenue growth compared to the third quarter. Upstream operational results further improved as crude netbacks increased. Downstream results were lower in the quarter as a typical lower seasonal demand affected volumes and economics late in the year.

As we continue to proactively address our financial needs, the company has further improved its liquidity. Alliance Oil Company was one the first CIS issuers to successfully raise MUSD 390 through a convertible bond and equity placement in July 2009. In December, the Supervisory Board of the state owned Vnesheconombank approved the bank's participation in the modernization of the Khabarovsk refinery.

We have also announced a proposed bond offering and recently received the first credit ratings in company history, B+ from S&P and B from Fitch.

Outlook

In December 2009, the board of directors approved the company's growth strategy through 2012. We have set ambitious targets both for the upstream and downstream segments. The company's general objective remains to be the-best-in-class independent integrated business focusing on efficient growth in both segments. In 2009, we established a solid operational and financial basis for reaching our ambitious targets in coming years.

In the upstream sector, we target production growth to 50,000 barrels per day this year and to produce a total of 17 million barrels of crude oil. Our strategic priority is Timano-Pechora with allocation of significant resources to take advantage of improved potential at the most lucrative Kolvinskoye and Lek Kharyaga oil fields and benefit from the MET tax holidays through 2015. This region will be our main driver towards reaching the new upstream production target of 90,000 barrels per day in 2012.

In the downstream sector, our agenda is to complete the modernization of the Khabarovsk refinery in 2012 securing better complexity, higher quality oil products, higher capacity and, as a result, better returns. The upgrade program is fully on track, and this year we expect significant progress in the modernization plan. For 2010, the company's refining plans remain unchanged at 21.0 million barrels.

Arsen Idrisov
Managing Director

Results – the Group

All comparative financial information refers to Alliance Oil Company Ltd's (formerly West Siberian Resources Ltd) consolidated financial statements for the year ended 31 December 2008 which included OJSC "Alliance" Oil Company's financial information for 2008 and Alliance Oil Company Ltd's (formerly West Siberian Resources Ltd) financial information for the period starting from 10 April 2008, unless otherwise indicated.

(Expressed in USD thousands)	Quarter ended 31 December 2009	Quarter ended 31 December 2008	Year ended 31 December 2009	Year ended 31 December 2008
Revenue	544,740	409,637	1,726,438	2,721,565
EBITDA	90,159	6,219	387,858	585,042
Total cash flow from operations	164,031	81,714	315,355	306,974
Result for the period	188,333	-290,931	344,996	45,969
Production volume, bbl	3,858,296	4,547,085	16,043,046	17,415,838
Refining volume, bbl	5,573,656	4,921,716	21,795,017	24,552,236
Total debt (at the end of the period)	710,148	874,301	710,148	874,301
Liquidity position (excluding restricted cash) (at the end of the period)	336,378	293,266	336,378	293,266
Net debt (at the end of the period)	373,770	581,035	373,770	581,035
Total equity (at the end of the period)	1,606,758	1,157,676	1,606,758	1,157,676

Group revenue for the quarter ended 31 December 2009 amounted to MUSD 544.74 (MUSD 409.64) and MUSD 1,726.44 (MUSD 2,721.57) for the financial year. Revenue includes sales of crude oil, oil products and other income.

Cost of sales amounted to MUSD 401.32 (MUSD 355.54) for the quarter and MUSD 1,181.73 (MUSD 1,969.06) for the financial year. Cost of sales includes production costs for crude oil and oil products and costs of other sales and depletion and depreciation.

EBITDA amounted to MUSD 90.16 (MUSD 6.22) for the quarter and MUSD 387.86 (MUSD 585.04) for the financial year. Cash flows from operations amounted to MUSD 164.03 (MUSD 81.71) for the quarter and MUSD 315.36 (MUSD 306.97) for the financial year.

For the financial year ended December 31, 2008 the Group determined that certain oil and gas assets were impaired and recorded an impairment loss of MUSD 316.8 under the International Financial Reporting Standard IAS 36 "Impairment of assets". As at December 31, 2009 this impairment loss was partially reversed in the amount of MUSD 174.7 that related to the Timano-Pechora region, reflecting that the loss no longer existed for this group of oil fields based on an updated appraisal of oil reserves and cash flow projections.

The operating income amounted to MUSD 234.01 (loss of MUSD 347.22) for the quarter and MUSD 453.65 (MUSD 135.85) for the financial year.

Net finance expenses amounted to MUSD 8.06 (income of MUSD 1.31) for the quarter and MUSD 34.18 (MUSD 31.32) for the financial year.

Currency exchange loss amounted to MUSD 0.35 (MUSD 24.31) for the quarter and MUSD 1.39 (MUSD 25.75) for the financial year. The exchange rates used regarding the Russian Rouble to the USD at December 31, 2009 and December 31, 2008 were 30.24 and 29.38. Currency exchange losses related to intercompany loans of MUSD 17.44 (MUSD 104.24) net of tax for the financial year were recorded in the statement of comprehensive income.

Income tax expense amounted to MUSD 37.25 (benefit of MUSD 79.29) for the quarter, and MUSD 73.07 (MUSD 32.81) for the financial year. Tax effect of the reversal of last year's non-cash impairment of upstream assets comprised MUSD 34.94.

For the quarter ended December 31, 2009 the Group's result attributable to the owners amounted to MUSD 187.32 corresponding to USD 1.09 per share (loss of MUSD 291.60 and loss of USD 1.81 per share, respectively). Theresult for the financial year ended December 31, 2009 amounted to MUSD 343.75 corresponding to USD 2.06 per share (MUSD 40.57 and USD 0.28 per share, respectively).

The board of directors proposed that no dividends shall be paid for the financial year ended December 31, 2009.

Exploration and Production (Upstream)

Alliance Oil Company Ltd operates upstream assets in three Russian regions: Timano-Pechora, Volga-Urals, Tomsk and in Kazakhstan.

In 2009, the Group's proved and probable reserves increased to 525.9 million barrels as of December 31, 2009 from 487.3 million barrels as of December 31, 2008. The Timano-Pechora region accounted for the main increases in the Group's oil reserves driven by successful exploration activities at the Lek-Kharyaga field. The Volga-Urals region's and Kazakhstan's oil fields also contributed to the Group's reserve growth.

Revenue from sales of crude oil for the quarter amounted to MUSD 124.57 (MUSD 58.58) and MUSD 346.40 (MUSD 455.42) for the financial year. In the fourth quarter, revenue from export of crude oil amounted to MUSD 57.01, revenue from export to CIS countries amounted to MUSD 30.10 and revenue from domestic sales amounted to MUSD 37.45.

Crude oil sales volumes and prices for export and domestic markets excluding intra-group crude oil sales of 704,345 barrels (1,523,653 barrels) for the quarter and 6,099,836 barrels (4,164,556 barrels) for the financial year are presented in the following table:

				Quarter ended 31 December 2009
	Export	**CIS**	**Domestic**	**Total**
Sold volume (barrels)	1,310,517	778,698	1,041,180	3,130,395
Gross price (USD/barrel)	72.85	52.45	42.45	57.67
Net price (USD/barrel)	43.50	38.65	35.97	39.79
Selling expenses (USD/barrel)	5.87	5.78	3.87	5.18
Netback price (USD/barrel)	37.63	32.87	32.10	34.61
Revenue from sales of crude oil (TUSD)	57,012	30,100	37,453	124,565

				Quarter ended 31 December 2008
	Export	**CIS**	**Domestic**	**Total**
Sold volume (barrels)	1,188,527	790,962	845,389	2,824,878
Gross price (USD/barrel)	43.24	47.22	24.20	38.66
Net price (USD/barrel)	10.51	36.40	20.46	20.74
Selling expenses (USD/barrel)	4.77	11.46	2.77	6.05
Netback price (USD/barrel)	5.74	24.94	17.69	14.69
Revenue from sales of crude oil (TUSD)	12,490	28,792	17,293	58,575

				Year ended 31 December 2009
	Export	**CIS**	**Domestic**	**Total**
Sold volume (barrels)	5,433,320	2,386,856	2,315,662	10,135,838
Gross price (USD/barrel)	57.07	43.76	37.46	49.45
Net price (USD/barrel)	35.28	34.03	31.75	34.18
Selling expenses (USD/barrel)	4.94	8.16	3.32	5.33
Netback price (USD/barrel)	30.34	25.87	28.43	28.85
Revenue from sales of crude oil (TUSD)	191,670	81,218	73,513	346,401

				Year ended 31 December 2008
	Export	**CIS**	**Domestic**	**Total**
Sold volume (barrels)	4,594,532	2,031,478	3,188,510	9,814,520
Gross price (USD/barrel)	93.04	61.39	48.50	72.02
Net price (USD/barrel)	48.19	51.32	40.69	46.40
Selling expenses (USD/barrel)	5.03	12.36	2.27	5.65
Netback price (USD/barrel)	43.16	38.96	38.42	40.75
Revenue from sales of crude oil (TUSD)	221,425	104,262	129,737	455,424

The net prices are calculated by deducting VAT (for Russian domestic sales) or export duty (for export far abroad and CIS countries sales) from the gross prices. The netback prices are calculated by deducting VAT (for Russian domestic sales), railway and pipeline transportation costs or export duty, brokers' commission and certain other costs (for export sales) or transportation, brokers' commission and certain other costs (for CIS countries export) from the gross price.

Oil production costs amounted to MUSD 65.65 (MUSD 68.88) for the quarter and MUSD 218.70 (MUSD 320.20) for the financial year. Production and other taxes included in the oil production costs amounted to MUSD 44.31 (MUSD 41.87) for the quarter and MUSD 146.88 (MUSD 222.27) for the financial year.

The depletion and depreciation charge for upstream assets amounted to MUSD 23.88 (MUSD 30.02) for the quarter and MUSD 82.99 (MUSD 106.93) for the financial year. The average depletion rate per barrel of oil sold from upstream assets amounted to USD 6.23 (USD 6.90) for the quarter and USD 5.14 (USD 7.90) for the financial year. Depletion charges were calculated based on DeGolyer and McNaughton's (D&M) PRMS classification of the Group's recoverable proved and probable reserves and estimates of future capital expenditures.

The upstream segment operating result was an income of MUSD 32.56 for the quarter and MUSD 111.88 for the financial year.

Revenues and costs per barrel are reported on page 17 of this report.

The Group's total oil production for the fourth quarter amounted to 3,858,296 barrels (4,547,085 barrels) and 16,043,046 barrels (17,415,838 barrels based on pro forma Alliance Oil Company Ltd ('AOC') and OJSC 'Alliance' Oil Company production) for the financial year. The average daily production for the quarter amounted to 41,938 barrels per day (49,425 barrels per day) and 43,954 barrels per day (47,584 barrels per day) for the financial year. The oil production at the end of February 2010 amounts to approximately 42,700 barrels per day.

<u>Timano-Pechora region</u>

As at December 31, 2009 the proved and probable oil reserves in the Timano-Pechora region amounted to 304.9 mbbl (264.6 mbbl).

Total production in the Timano-Pechora region for the fourth quarter was 1,091,979 barrels (1,433,701 barrels) and 4,725,181 barrels (5,164,572 barrels based on pro forma AOC and OJSC "Alliance" Oil Company production) for the financial year.

At the Lek-Kharyaga oil field five new production wells were drilled and placed into production in the fourth quarter. A pressure support system was also put into operation in the Lek-Kharyaga and the Middle Kharyaga fields. Development work at wells pad no. 63 at the Lek-Kharyaga field was finished.

The Kolvinskoe oil field development program commenced and the construction of a 59 km winter road from pad no. 1 to the booster Cherpayu pipeline pumping station was completed in order to secure the supply of equipment and materials for the 2010 work program.

A total of 24 wells in the region were subject to workover or repair activities in the quarter.

<u>Volga-Urals region</u>

As at December 31, 2009 the proved and probable oil reserves in the Volga-Urals region amounted to 147.0 mbbl (142.2 mbbl).

Total production in the Volga-Urals region for the fourth quarter was 1,817,247 barrels (1,953,777 barrels) and 7,276,462 barrels (7,392,933 barrels based on pro forma AOC and OJSC "Alliance" Oil Company production) for the financial year.

In the Volga-Urals region, the Group was awarded a 25 year exploration and production license for the Gusikhinsky license area neighboring the Group's existing operations. The licensing cost amounted to

MUSD 24 (at the RUB/USD exchange rate on the date the license was obtained). Under the official Russian classification of reserves the license area contains prospective resources of 68 mbbl.

At the Kovalevskoye oil field drilling of exploration well no. 6 was finished and the well was placed into production in the fourth quarter.

Drilling commenced on two exploration wells in the Saratovskaya and South Kultashikhskaya areas. The drilling will target the Bashkir formation.

The upgrade of the oil pipelines in the Kovalevskoe and Novo-Kievskoe oil fields was completed.

Seven new production wells were drilled at the Stepno-Ozerskoye oil field. One additional well is currently being drilled. Six wells were placed into production including two wells drilled in the third quarter. Four wells will be placed into production in the first quarter of 2010.

A preliminary Shigaevo water gathering unit was put into operation in the Elginskoe oil field.

A total of 32 wells in the region were subject to workover or repair activities in the fourth quarter.

Tomsk region

As at December 31, 2009 the proved and probable oil reserves in the Tomsk region amounted to 60.6 mbbl (67.3 mbbl).

Total production in the Tomsk region for the fourth quarter was 821,146 barrels (1,048,894 barrels) and 3,554,517 barrels (4,436,301 barrels based on pro forma AOC and OJSC “Alliance” Oil Company production) for the financial year.

Production drilling was finished at the Khvoinoye oil field. Five production wells were drilled and hydro fractured. Four wells were placed into production. One well will be placed into production in the first quarter of 2010. Development work of wells pad no. 3 and construction of a 2,2 km power line were completed.

A total of 12 wells in the region were subject to workover or repair activities in the fourth quarter.

Kazakhstan

As at December 31, 2009 the proved and probable oil reserves in Kazakhstan amounted to 13.4 mbbl (13.1 mbbl).

Total production in Kazakhstan for the fourth quarter was 127,924 barrels (110,713 barrels) and 486,886 barrels (422,032 barrels) for the financial year.

Two production wells were drilled and placed into production in the fourth quarter. One additional well is currently being drilled.

A total of 3 wells in the region were subject to workover or repair activities in the fourth quarter.

Outlook and Capital Expenditure Program 2010

The 2010 total upstream capital expenditures are planned at USD 316 million. Plans include drilling of 74 new wells, including 8 exploration wells.

The Timano-Pechora region is planned to produce 5.9 million barrels of oil in 2010. The capital expenditure program for the region amounts to USD 243 million with planned drilling of 44 wells in several fields, including 2 exploration wells. The Kolvinskoye oil field’s allocation is budgeted at USD 132 million to support the construction of extensive infrastructure facilities and the significant drilling activity that starts in 2010. The production outlook for the Kolvinskoye field has been reviewed and upgraded with improved economics. Production from the field is scheduled to start in 2011 and will qualify for Mineral Extraction Tax (MET) tax holidays until the end of 2015.

In the Volga-Urals region and Kazakhstan, 2010 production is planned at 7.6 million barrels. The capital expenditure program amounts to USD 59 million with planned drilling of 30 wells in several fields, including 6 exploration wells.
In the Tomsk region, oil production is expected to reach 3.6 million barrels. The capital expenditure program amounts to USD 14 million.

Refining and marketing (Downstream)

The Group operates the Khabarovsk Oil Refinery, Alliance Oil gas station network and a network of wholesale oil products terminals all located in the Russian Far East.

Revenue from sales of oil products for the quarter amounted to MUSD 410.05 (MUSD 335.98) and MUSD 1,347.31 (MUSD 2,233.71) for the financial year. In the fourth quarter, revenue from export of oil products amounted to MUSD 110.08 and revenue from domestic sales amounted to MUSD 299.97.

Sales volumes and prices for oil products for export and domestic markets are presented in the following table.

				Quarter ended 31 December 2009
	Export	**Wholesale market**	**Retail market**	**Total**
Sold volume (barrels)	2,050,360	2,744,782	948,544	5,743,686
Net price (USD/barrel)	53.69	70.63	111.88	71.39
Revenue from sales of oil products (TUSD)	110,078	193,852	106,123	410,053

				Quarter ended 31 December 2008
	Export	**Wholesale market**	**Retail market**	**Total**
Sold volume (barrels)	1,875,484	2,210,154	1,020,691	5,106,329
Net price (USD/barrel)	22.15	76.84	122.10	65.80
Revenue from sales of oil products (TUSD)	41,536	169,823	124,625	335,984

				Year ended 31 December 2009
	Export	**Wholesale market**	**Retail market**	**Total**
Sold volume (barrels)	7,378,150	10,816,108	3,347,823	21,542,081
Net price (USD/barrel)	45.22	62.31	101.47	62.54
Revenue from sales of oil products (TUSD)	333,676	673,943	339,689	1,347,308

				Year ended 31 December 2008
	Export	**Wholesale market**	**Retail market**	**Total**
Sold volume (barrels)	8,556,672	12,004,734	3,932,448	24,493,854
Net price (USD/barrel)	60.76	100.29	129.67	91.19
Revenue from sales of oil products (TUSD)	519,882	1,203,901	509,929	2,233,712

Total production costs for oil products amounted to MUSD 300.84 (MUSD 250.24) for the quarter and MUSD 842.40 (MUSD 1,516.21) for the financial year.

Production costs of oil products include the cost of refined crude oil purchased from third parties that amounted to MUSD 156.07 (MUSD 105.46) for the quarter and MUSD 378.20 (MUSD 875.45) for the financial year.

Transportation costs amounted to MUSD 95.52 (MUSD 101.76) for the quarter and MUSD 318.70 (MUSD 445.93) for the financial year. Transportation costs include expenses for crude oil delivery to the Khabarovsk Oil Refinery, oil products transportation to gas stations and crude oil insurance.

Costs of crude oil refining amounted to MUSD 10.54 (MUSD 10.54) for the quarter and MUSD 39.30 (MUSD 53.39) for the financial year.

The depreciation charge for refining assets amounted to MUSD 3.53 (MUSD 3.14) for the quarter and MUSD 12.21 (MUSD 13.94) for the financial year. The depreciation charge for selling and other non-producing assets amounted to MUSD 3.41 (MUSD 3.22) for the quarter and MUSD 12.36 (MUSD 11.26) for the financial year.

The downstream segment operating income amounted to MUSD 43.25 for the quarter and MUSD 193.98 for the financial year.

Revenues and costs per barrel are reported on page 17 of this report.

Refining volumes at the Khabarovsk Oil Refinery amounted to 5.57 million barrels (4.92 million barrels) for the quarter and 21.80 million barrels (24.55 million barrels) for the financial year. Out of total oil products output approximately 60% was represented by higher value light products.

The average net oil products price increased by 7% in the quarter compared to the third quarter of 2009. 36% of oil products, primarily fuel oil, were exported in the quarter. 48% of products, primarily diesel, were sold through domestic wholesale and 16% through the Group’s retail network, which primarily marketed gasoline.

The refinery’s modernisation program continues on schedule and is scheduled to be completed in 2012. The first phase of the water chemical treatment unit was successfully completed and launched at the refinery. The unit is designed to supply prepared water to the refinery’s boiling complex and to the fuel oil vacuum distillation unit, being constructed under the modernisation plan.

In November 2009, OJSC Khabarovsknefteproduct, a subsidiary of Alliance Oil Company Ltd, acquired 5 filling stations. The stations will be rebranded under the Alliance Oil brand and will become a part of the Group's retail network in the Khabarovsk region.

Following the acquisition, Alliance Oil Company operates a network of 261 petrol stations and 16 oil product terminals in the Russian Far East (Amur, Khabarovsk, Primorsk and Jewish Autonomous Regions).

Investments, Financing and Liquidity

Investments

Net investments in oil and gas assets for the quarter amounted to MUSD 49.97 (MUSD 37.51) and were made in the Timano-Pechora region (MUSD 32.94), Tomsk region (MUSD 4.02), Volga-Urals region (MUSD 11.20) and Kazakhstan (MUSD 1.81). For the financial year total net investments in oil and gas assets amounted to MUSD 94.74 (MUSD 177.98).

Net investments in refining assets for the quarter amounted to MUSD 26.48 (MUSD 125.30) and net investments in marketing and sales assets amounted to MUSD 12.08 (MUSD 4.17). For the financial year net investments in refining assets amounted to MUSD 83.41 (MUSD 317.69) and net investments in marketing and sales assets amounted to MUSD 27.97 (MUSD 19.58).

Financing

On June 12, 2009 MSEK 950.00 (MUSD 123.86 before issue costs) was raised through an equity issue of 10 million common shares issued as Swedish Depository Receipts (“SDRs”) with a subscription price of SEK 95.00. The net proceeds after issue costs amounted to MSEK 907.83 (MUSD 118.68).

On July 16, 2009 an issue of MUSD 265 convertible bonds bearing a quarterly coupon of 7.25% p.a. and maturing in July 2014 was completed. The bonds are convertible into SDRs at an initial conversion price of SEK 121.1250 per SDR. The Group has the option to call the bonds after the first three years at their principal amount, together with accrued interest, if the market price of the SDRs deliverable on conversion of the bonds exceeds 130% of the principal amount of the bonds over a specified period.

In September 2009, OJSC "Alliance" Oil Company, a wholly owned subsidiary of the Group, and OJSC “VTB Bank" agreed the renewal and extension of the MRUB 5,000 (MUSD 165 at the exchange rate on the extension date) credit agreement entered into in November 2008. The new facility has a 12 months maturity.

On September 18, 2009, OJSC "Alliance" Oil Company redeemed MRUB 2,733 (approximately MUSD 90 at the exchange rate on the redemption date) of its outstanding MRUB 3,000 bond issue due in 2011. For the balance of the issue, MRUB 267, which will remain outstanding until September 2011, the coupon was increased from 8.92% to 14% p.a.

On December 17, 2009, the Supervisory Board of Vnesheconombank approved the participation in the financing of the Khabarovsk Oil Refinery reconstruction and modernisation program.

On 11 February, 2010 the Company announced a proposed bond offering. In connection with the proposed offering the Company has received credit ratings B+ from S&P and B from Fitch. The proposed bond offering will be subject to market conditions and is expected to be a US$ benchmark offering directed to qualified investors pursuant to Regulation S and Rule 144A of the U.S. Securities Act of 1933, as amended.

Liquidity

As of December 31, 2009 the Group liquidity amounted to MUSD 336.38 (MUSD 293.27) excluding restricted cash. Cash flow from operations, before changes in working capital, amounted to MUSD 314.18 (MUSD 373.42) for the financial year.

Parent company

The parent company’s net loss before tax for the quarter amounted to MUSD 5.27 (MUSD 2.53) and MUSD 2.24 (MUSD 12.31) for the financial year.

As of December 31, 2009 the liquidity of the parent company amounted to MUSD 86.85 (MUSD 1.30).

In June 2009, the parent company issued 10 million shares as described above. In July 2009, the parent company issued MUSD 265 convertible bonds as described above.

Organisation

In May 2009, the Company’s corporate name was changed from West Siberian Resources Ltd to Alliance Oil Company Ltd.

The board of directors consists of Mr. Eric Forss (Chairman), Mr. Arsen Idrisov (Managing Director), Mr. Claes Levin, Mr. Fred Boling, Mr. Fernando Martinez-Fresneda, Mr. Raymond Liefooghe and Mr. Isa Bazhaev.

Share capital and options

The shares of the Company are represented by SDRs listed on the NASDAQ OMX Nordic in Stockholm. Each share carries one vote.

On June 10, 2009 a reverse split of the Company's common shares was completed consolidating each 20 shares into 1 share. The nominal value per share was increased from USD 0.05 to USD 1.00. The reverse split reduced the number of outstanding shares from 3,230,568,280 to 161,528,414.

On June 12, 2009 as a result of an equity issue the share capital of the Company increased by USD 10,000,000 from USD 161,528,414 to USD 171,528,414 and the number of shares increased from 161,528,414 to 171,528,414.

As of December 31, 2009 the total number of options outstanding under the Group's Global Share Option Plan amounted to 2,999,050. Each option gives the right to subscribe for 1 share of common stock at exercise prices ranging from SEK 81.80 to SEK 140.00. All options are exercisable after 3 years subject to certain conditions and expire in 5 years from issuance. The value of the options on the grant date is recognised over the vesting period of 3 years. Charges related to the option plan are recorded as non-cash administration expenses with a corresponding entry to retained earnings. As of February 22, 2010 1,588,700 options were exercisable out of which none have been exercised.

GROUP INCOME STATEMENT

(Expressed in USD thousands)	**Note**	Quarter ended 31 December 2009	Quarter ended 31 December 2008	Year ended 31 December 2009	Year ended 31 December 2008*
Revenue					
Revenue from sales of crude oil		124,565	58,575	346,401	455,424
Revenue from sales of oil products		410,053	335,984	1,347,308	2,233,712
Other income		10,122	15,078	32,729	32,429
		544,740	**409,637**	**1,726,438**	**2,721,565**
Cost of sales					
Production costs of crude oil		-65,649	-68,882	-218,702	-320,201
Production costs of oil products		-300,836	-250,236	-842,399	-1,516,209
Cost of other sales		-7,419	-3,260	-25,422	-11,780
Depletion and depreciation		-27,411	-33,166	-95,202	-120,872
Reversal of impairment/ Impairment of oil and gas properties	7	174,672	-317,057	170,312	-317,057
Gross profit/(loss)		**318,097**	**-262,964**	**715,025**	**435,446**
Selling expenses		-52,067	-45,649	-177,275	-199,018
Administration expenses		-22,208	-26,486	-59,921	-69,348
Depreciation of selling and other non-production assets		-3,414	-3,219	-12,355	-11,262
Other operating expenses		-6,402	-8,904	-12,730	-19,967
Gain on disposal of shares in subsidiaries	8	-	-	905	-
Operating income/(loss)		**234,006**	**-347,222**	**453,649**	**135,851**
Share of result of associate		-16	-	-16	-
Finance expenses, net		-8,062	1,310	-34,175	-31,321
Currency exchange losses, net		-346	-24,307	-1,391	-25,749
Profit/(loss) before income tax		**225,582**	**-370,219**	**418,067**	**78,781**
Income tax (expense)/benefit	10	-37,249	79,288	-73,071	-32,812
Result for the period		**188,333**	**-290,931**	**344,996**	**45,969**
Attributable to:					
Owners of the Company		187,323	-291,601	343,754	40,566
Non-controlling interests		1,010	670	1,242	5,403
Earnings per share					
Basic (USD per share)	2	1.09	-1.81	2.06	0.28
Diluted (USD per share)	2	1.00	-1.81	2.01	0.28

* The financial figures represent Alliance Oil Company Group's (formerly West Siberian Resources Group) consolidated financial information for the period which included OJSC "Alliance" Oil Company financial information for the year ended December 31, 2008 and Alliance Oil Company Ltd's (formerly West Siberian Resources Ltd's) financial information for the period from April 10, 2008 to December 31, 2008.

GROUP STATEMENT OF COMPREHENSIVE INCOME

(Expressed in USD thousands)	Quarter ended 31 December 2009	Quarter ended 31 December 2008	Year ended 31 December 2009	Year ended 31 December 2008*
Result for the period	188,333	-290,931	344,996	45,969
Other comprehensive income				
Exchange differences on translating foreign operations	-29,829	-280,375	-44,420	-389,051
Income tax relating to components of other comprehensive income	9,142	-5,848	7,261	-9,245
Other comprehensive income for the period, net of income tax	-20,687	-286,223	-37,159	-398,296
Total comprehensive income for the period	**167,646**	**-577,154**	**307,837**	**-352,327**
Total comprehensive income attributable to:				
Owners of the Company	166,636	-577,807	306,465	-357,976
Non-controlling interests	1,010	653	1,372	5,649

* The financial figures represent Alliance Oil Company Group's (formerly West Siberian Resources Group) consolidated financial information for the period which included OJSC "Alliance" Oil Company financial information for the year ended December 31, 2008 and Alliance Oil Company Ltd's (formerly West Siberian Resources Ltd's) financial information for the period from April 10, 2008 to December 31, 2008.

GROUP STATEMENT OF FINANCIAL POSITION - Condensed

(Expressed in USD thousands)	**Notes**	31 December 2009	31 December 2008
NON-CURRENT ASSETS			
Property, plant and equipment		1,957,324	1,742,800
Intangible assets		5,936	8,554
Goodwill		11,818	11,242
Deferred tax assets	10	22,754	38,443
Other financial assets		613	2,329
		1,998,445	**1,803,368**
CURRENT ASSETS	12	**728,569**	**588,427**
TOTAL ASSETS		**2,727,014**	**2,391,795**
SHAREHOLDERS' EQUITY	4,5,11	**1,606,758**	**1,157,676**
NON-CURRENT LIABILITIES			
Interest-bearing non-current liabilities	6	129,147	241,051
Deferred tax liabilities	10	160,196	171,847
Provision for site restoration costs		11,872	13,695
Convertible bonds	5	235,512	-
Other long-term liabilities		-	2,122
		536,727	**428,715**
CURRENT LIABILITIES		**583,529**	**805,404**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**2,727,014**	**2,391,795**

GROUP STATEMENT OF CASH FLOWS - Condensed

(Expressed in USD thousands)	**Notes**	Year ended 31 December 2009	Year ended 31 December 2008*
Cash flow from operations			
Operating income		453,649	135,851
Operating cash flow before changes in working capital		314,175	373,422
Total cash flow from operations		**315,355**	**306,974**
Total cash flows used for investments		**-237,788**	**-351,436**
Total cash flow used for/from financing	**4**	**-18,650**	**34,262**
Effects of exchange rate changes on the balance of cash held in foreign currencies and translation into presentation currency		-2,214	-62,805
Net change in cash and cash equivalents		**56,703**	**-73,005**
Cash and cash equivalents at the beginning of the year	12	335,367	408,372
Cash and cash equivalents at the end of the year	**12**	**392,070**	**335,367**

* The financial figures represent Alliance Oil Company Group's (formerly West Siberian Resources Group) consolidated financial information for the period which included OJSC "Alliance" Oil Company financial information for the year ended December 31, 2008 and Alliance Oil Company Ltd's (formerly West Siberian Resources Ltd's) financial information for the period from April 10, 2008 to December 31, 2008.

GROUP STATEMENT OF CHANGES IN EQUITY

(Expressed in USD thousands)	Share capital	Other paid in capital	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to owners of the Company						
Equity at 1 January 2008*	**33,656**	**27,801**	**93,702**	**423,069**	**578,228**	**28,518**	**606,746**
Result for the year	-	-	-	40,566	40,566	5,403	45,969
Other comprehensive income/(loss)	-	-	-398,542	-	-398,542	246	-398,296
Total comprehensive income/(loss) for the year	**-**	**-**	**-398,542**	**40,566**	**-357,976**	**5,649**	**-352,327**
Merger of OJSC "Alliance" Oil Company and Alliance Oil Company Ltd	114,972	828,424	-	-	943,396	-	943,396
Changes in ownership of subsidiaries	-	-	-	-	-	-4,932	-4,932
Disposal of subsidiaries to related parties, net of tax	-	-11,119	-	-	-11,119	-	-11,119
Private placement	12,900	152,075	-	-	164,975	-	164,975
Dividends paid to shareholders by subsidiaries	-	-	-	-193,199	-193,199	-	-193,199
Share option plan (Note 11)	-	-	-	4,136	4,136	-	4,136
Equity at 31 December 2008	**161,528**	**997,181**	**-304,840**	**274,572**	**1,128,441**	**29,235**	**1,157,676**
Result for the year	-	-	-	343,754	343,754	1,242	344,996
Other comprehensive income/(loss)	-	-	-34,344	-2,945	-37,289	130	-37,159
Total comprehensive income/(loss) for the year	**-**	**-**	**-34,344**	**340,809**	**306,465**	**1,372**	**307,837**
Changes in ownership of subsidiaries	-	-8	-	-	-8	-956	-964
Equity issue (Note 4)	10,000	108,675	-	-	118,675	-	118,675
Dividends paid to shareholders by subsidiaries	-	-	-	-53	-53	-	-53
Convertible bonds (Note 5)	-	-	22,271	-	22,271	-	22,271
Share option plan (Note 11)	-	-	-	1,316	1,316	-	1,316
Equity at 31 December 2009	**171,528**	**1,105,848**	**-316,913**	**616,644**	**1,577,107**	**29,651**	**1,606,758**

* The financial figures represent OJSC "Alliance" Oil Company's financial information for the financial year ended December 31, 2008 before the merger with Alliance Oil Company Ltd (formerly West Siberian Resources Ltd).

KEY FINANCIAL AND OPERATIONAL RATIOS

(Expressed in USD thousands)	Quarter ended 31 December 2009	Quarter ended 31 December 2008	Year ended 31 December 2009	Year ended 31 December 2008
Financial ratios				
EBITDA[1], TUSD	90,159	6,219	387,858	585,042
Return on shareholders' equity[2]	12%	-25%	21%	4%
Return on capital employed[3]	11%	-16%	21%	8%
Debt/equity ratio[4]	45%	77%	45%	77%
Equity ratio[5]	59%	48%	59%	48%
Risk-bearing capital[6]	65%	56%	65%	56%
Interest-coverage ratio[7]	13.04	-13.98	6.39	1.87
Debt coverage ratio[8]	4.98	0.25	5.36	7.04
Weighted average number of shares for the financial period[9,10,11]	171,528,414	161,528,414	167,062,661	143,165,818
Weighted average number of shares for the financial period (diluted)[9,10,11]	192,849,848	161,528,414	176,818,908	143,307,666
Number of shares at financial period end[9,10,11]	171,528,414	161,528,414	171,528,414	161,528,414
Operational ratios				
Crude Oil				
Sales volume (consolidated), barrels	3,834,740	4,348,531	16,235,674	13,979,076
to external customers	3,130,395	2,824,878	10,135,838	9,814,520
to intragroup companies	704,345	1,523,653	6,099,836	4,164,556
Oil revenue per barrel sold, USD/barrel	39.79	20.74	34.18	46.40
Export	43.50	10.51	35.28	48.19
CIS	38.65	36.40	34.03	51.32
Domestic	32.10	20.46	31.75	40.69
Production costs per barrel sold, USD/barrel	23.34	22.74	18.54	30.31
Production costs	5.56	6.21	4.31	6.00
Production and other taxes	11.55	9.63	9.09	16.41
Depletion and depreciation	6.23	6.90	5.14	7.90
Oil Products				
Sales volume (consolidated), barrels	5,743,686	5,106,329	21,542,081	24,493,854
Oil products revenue per barrel sold, USD/barrel	71.39	65.80	62.54	91.19
Export	53.69	22.15	45.22	60.76
Wholesale	70.63	76.84	62.31	100.29
Retail	111.88	122.10	101.47	129.67
Production costs per barrel sold, USD/barrel	56.36	55.35	46.62	69.24
Cost of refining	1.84	2.06	1.82	2.18
Transportation of crude oil for refining	15.70	16.49	13.72	14.94
Transportation of oil products	0.93	3.43	1.07	3.27
Cost of crude oil purchased for refining	30.53	26.39	24.51	42.50
Cost of oil products purchased for re-sale	3.89	2.89	2.11	2.55
Taxes	2.85	3.47	2.82	3.23
Depreciation of refining assets	0.62	0.62	0.57	0.57

* The financial figures represent Alliance Oil Company Group's (formerly West Siberian Resources Group) consolidated financial information for the period which included OJSC "Alliance" Oil Company financial information for the year ended December 31, 2008 and Alliance Oil Company Ltd's (formerly West Siberian Resources Ltd's) financial information for the period from April 10, 2008 to December 31, 2008.

Financial ratio definitions

1. Earnings before interest, tax, depreciation and amortization is defined as the Group's operating result plus depletion and depreciation, impairment of oil and gas properties and goodwill if applicable, minus gain on disposal of shares in subsidiaries if applicable, and plus/minus other significant one-off items in the income statement.
2. Return on shareholders' equity is defined as the Group's result divided by the shareholders' equity at the end of the financial period.
3. Return on capital employed is defined as the Group's result after financial items, plus interest expenses, plus/minus exchange rate differences on financial loans, divided by average total capital employed (the average total assets less non-interest bearing liabilities over the financial period).
4. Debt/equity ratio is defined as the Group's interest-bearing liabilities in relation to shareholders' equity.
5. Equity ratio is defined as the Group's shareholders' equity, plus non-controlling interests, in relation to total assets.
6. The percentage of risk-bearing capital is defined as the total sum of shareholders' equity and deferred tax liabilities (including non-controlling interests), divided by total assets.
7. Interest-coverage ratio is defined as the Group's result after financial items, plus interest expenses (both capitalised and expensed in the income statement), plus/minus exchange rate differences on financial loans, divided by interest expense.
8. Debt-coverage ratio is defined as the Group's earnings before interest, tax, depletion, depreciation and amortization divided by interest expense.
9. On June 10, 2009 the Group completed the reverse split of shares consolidating each 20 shares into 1 share that reduced the number of shares from 3,230,568,280 to 161,528,414.
10. On June 12, 2009 the Group completed the share issue after which the number of shares increased by 10,000,000 from 161,528,414 to 171,528,414.
11. On July 16, 2009 the Group issued MUSD 265 bonds convertible into SDRs at an initial conversion price of SEK 121.1250 per SDR which have an effect on the average number of shares when calculated on a diluted basis.
12. As of December 31, 2009 2,999,050 options were outstanding with the right to subscribe for 1 share of common stock at exercise prices ranging from SEK 81.80 to SEK 140.00 which have an effect on the average number of shares when calculated on a diluted basis.

Operational ratio definitions

Crude oil

1. Oil revenue per barrel ratios are defined as net sales price (gross price less VAT or export duties) per barrel of oil sold to external customers.
2. Production costs per barrel ratios are based on volumes of crude oil sold both intragroup and to external customers excluding crude oil purchased for re-sale.

Oil products

1. Oil products revenue per barrel ratios are defined as net sales price (gross price less VAT or export duties) per barrel of oil products sold to external customers.
2. Production costs per barrel ratios are defined as operating costs (including purchases of crude oil and other services from intragroup companies) divided by volumes of oil products sold both intragroup and to external customers.

NOTES

Note 1 Accounting principles

This consolidated report was prepared in accordance with IAS 34. The accounting principles used in this report were the same as the ones used in the annual report as of December 31, 2008, except as indicated in the following paragraph.

A number of new and amended Standards and new Interpretations from IFRIC became effective as from January 1, 2009. The impact of adoption of these Standards and Interpretations in the preparation of consolidated financial statements was assessed by the Group's management as insignificant except for the IAS 1 Revised "Presentation of financial statements" and IFRS 8 "Operating Segments". The revised standard IAS 1 "Presentation of financial statements" resulted in a changed presentation of the Group's financial statements but has no impact on the recognition or measurement of specific transactions and balances. IFRS 8 "Operating Segments" introduces new requirements and guidelines regarding the disclosures of operating segments. The new standard for segment reporting requires the Group's segments of activities to be reported based on the internal reporting structure. Previously, the Group reported its segment information in accordance with IAS 14.

Note 2 Earnings per share

The earnings per share have been calculated by dividing the result attributable to owners by the weighted average number of shares for the financial period.

On June 10, 2009 a reverse split of the Company's common shares was completed consolidating each 20 shares into 1 share. The reverse split reduced the number of outstanding shares from 3,230,568,280 to 161,528,414 and increased the nominal value per share from USD 0.05 to USD 1.00. The actual and diluted weighted average number of shares used for calculating the earnings per share for the financial year and the quarter ended December 31, 2008 were adjusted for the reduction in number of shares.

Note 3 Segment information

The Group's management determines its reporting segments based on the nature of the operations of the Group's companies. As a result, two business segments are presented: upstream segment which includes crude oil exploration, extraction and production and downstream segment which includes oil refining, transportation, marketing and sales of oil products. The Group's management reviews and evaluates the performance of these segments on a monthly basis.

Quarter ended December 31, 2009

	Upstream	Downstream	Other companies*	Eliminations	IFRS adjustments	Total
Total segment revenue	145,312	435,148	1,854	-37,484	-90	544,740
Less inter-segment revenue	19,913	15,785	1,786	-37,484	-	-
Segment revenue	125,399	419,363	68	-	-90	544,740
Segment result / Operating income/(loss)	**32,562**	**43,247**	**-5,816**	**-**	**164,013**	**234,006**
Net financial items	-3,611	-5,972	-1,396	-1,201	3,756	-8,424
Result before tax	28,951	37,275	-7,212	-1,201	167,769	225,582
Income tax	-1,324	-8,678	-528	-	-26,719	-37,249
Result for the period	**27,627**	**28,597**	**-7,740**	**-1,201**	**141,050**	**188,333**

* Other companies represent the parent company and subsidiaries involved in non-core activities not included in the management reporting accounts.

Year ended December 31, 2009

	Upstream	Downstream	Other companies*	Eliminations	IFRS adjustments	Total
Total segment revenue	499,676	1,407,574	5,508	-186,350	30	1,726,438
Less inter-segment revenue	149,812	31,327	5,211	-186,350	-	-
Segment revenue	349,864	1,376,247	297	-	30	1,726,438
Segment result / Operating income/(loss)	**111,884**	**193,977**	**-15,409**	**-**	**163,197**	**453,649**
Net financial items	-19,530	-21,592	-873	-2,798	9,211	-35,582
Result before tax	92,354	172,385	-16,282	-2,798	172,408	418,067
Income tax	-13,976	-42,532	743	-	-17,306	-73,071
Result for the period	**78,378**	**129,853**	**-15,539**	**-2,798**	**155,102**	**344,996**

* Other companies represent the parent company and subsidiaries involved in non-core activities not included in the management reporting accounts.

The major differences between the management reporting accounts and the consolidated financial statements arise due to the following IFRS adjustments:

- Elimination of unrealised gains/losses on intra-group operations.
- Currency exchange losses related to inter-segment loans viewed as extended investments reclassified from the income statement to the statement of comprehensive income.
- Deferred tax accrued for the above mentioned adjustments and other differences in the deferred tax movements not included into the management reporting accounts.
- Reversal of impairment provision in the amount of MUSD 174.7 that was recognised on the Group level and not allocated to upstream operating segment result.

As the merger of OJSC “Alliance” Oil Company and Alliance Oil Company Ltd (formerly West Siberian Resources Ltd) was completed in the financial year ended December 31, 2008 the segment management reporting for the combined Group for the comparative financial year and quarter ended December 31, 2008 is not available.

Note 4 Share issue

On June 12, 2009 an issue of 10,000,000 common shares (Swedish Depository Receipts- SDRs) with a subscription price of SEK 95.00 raising TSEK 950,000 (TUSD 123,858 before issue costs) was completed. The net proceeds after issue costs amounted to TSEK 907,829 (TUSD 118,675).

Note 5 Convertible bonds

On July 16, 2009 an issue of MUSD 265 convertible bonds bearing a quarterly coupon of 7.25% p.a. and maturing in July 2014 was completed. The bonds are convertible into SDRs at an initial conversion price of SEK 121.1250 per SDR. The Group has the option to call the bonds after the first three years at their principal amount, together with accrued interest, if the market price of the SDRs deliverable on conversion of the bonds exceeds 130% of the principal amount of the bonds over a specified period. The net proceeds received from the issue of the bonds have been split between the liability element and an equity component, representing the option to convert the liability into equity of the Group, as follows:

Proceeds from issue (net of debt issuance cost)	257,783
Liability component at date of issue	235,512
Equity component	22,271

The interest charged for the period is calculated by applying an effective interest rate method. The liability component is measured at amortised cost.

Note 6 Borrowings

The summaries of long and short-term borrowings' principal and interest accrued payable as of December 31, 2009 and December 31, 2008 are presented in the tables below.

					31 December 2009
Type of borrowings	**Currency**	**Interest rate range**	**Principal**	**Interest**	**Total**
Non-convertible interest bearing bonds	RUB	14.00%	8,834	362	9,196
Convertible interest bearing bonds	USD	7.25%	235,512	6,254	241,766
Bank loans nominated in RUB	RUB	11.25-18%	240,958	963	241,921
Bank loans nominated in USD	USD	LIBOR 3m + 2,5% - 9.5%	216,830	435	217,265
Total loans and borrowings			**702,134**	**8,014**	**710,148**
Less long-term loans and borrowings					364,659
Short-term portion of long-term and short-term loans and borrowings					**345,489**

					31 December 2008
Type of borrowings	**Currency**	**Interest rate range**	**Principal**	**Interest**	**Total**
Non-convertible interest bearing bonds	RUB	8.92%	102,109	2,523	104,632
Bank loans nominated in RUB	RUB	From 11% to 16%	232,172	909	233,081
Bank loans nominated in USD	USD	From LIBOR 3m+2.5% to 13.75%	520,016	1,466	521,482
Loans and borrowing from related parties	RUB	From 14% to 16%	4,394	24	4,418
Total loans and borrowings			**858,691**	**4,922**	**863,613**
Less long-term loans and borrowings					234,164
Short-term portion of long-term and short-term loans and borrowings					**629,449**

As of December 31, 2009 the loans and borrowings were collateralised by:

- 100% of the Group's shareholding in Vostok Oil (Cyprus) Ltd, OJSC VTK, OJSC Pechoraneft, CJSC Saneco, LLC Khvoinoye, LLC Nikol, CJSC Alliance Oil;
- 97.44% of the Group's shareholding in OJSC Tatnefteotdacha, 80.51% in OJSC Khabarovsknefteproduct, 98.32% in OJSC Primornefteproduct, 89.03% in OJSC Amurnefteproduct;
- Property, plant and equipment with a carrying value of TUSD 69,414;
- Oil products with an approximate carrying value of TUSD 5,394 and crude oil and oil products which can be sold to recover the pledge amount of TUSD 16,250;

As of December 31, 2008 the Group had issued MRUB 3,000 non-convertible interest bearing bonds, secured by the financial guarantee of the Khabarovsk Oil Refinery. According to the issue terms, the Group could offer to redeem the bonds after three years. In September 2009, MRUB 2,733 of the bonds were redeemed at 100% of their face value in accordance with the option embedded in the bond issue. For the balance of the issue, which will remain outstanding until September 2011, the coupon was increased from 8.92% to 14% p.a.

In September 2009, OJSC "Alliance" Oil Company, a subsidiary of Alliance Oil Company Ltd, and OJSC “VTB Bank" agreed the renewal and extension of the MRUB 5,000 (MUSD 165 at the exchange rate on the extension date) credit agreement entered into in November 2008. The new facility has a 12 months maturity.

The expected future cash flows for the repayment of loan principal and payment of interest related to the long- and short-term loan facilities are presented below. The interest payments were based on the interest rate effective as of December 31, 2009.

The principal and interest payments denominated in RUB were converted into USD using the exchange rate as of December 31, 2009.

	31 December 2009		
	Principal	**Interest**	**Total**
Within one year from December 31, 2009	337,474	61,582	399,056
Within second year from December 31, 2009	78,811	26,389	105,200
More than two years from December 31, 2009	315,336	58,023	373,359
Total amount estimated to be repaid	**731,621**	**145,994**	**877,615**

As from August 1, 2008 certain intercompany loans to subsidiaries were reassessed to be viewed as extended investments rather than operating loans. The accounting treatment for such loans is that currency exchange gains and losses are recorded in the statement of comprehensive income as a translation difference, net of income tax, whereas for operating loans such gains and losses are recorded in the income statement. The impact of the reassessment for the quarter and for the financial year is that a non-cash loss of TUSD 4,696 (TUSD 75,916) and TUSD 20,142 (TUSD 117,752), respectively, before income tax have been recorded in the statement of comprehensive income.

Note 7 Impairment of oil and gas properties

Based on the unsatisfactory results of the exploration works performed for the two license areas located in Tatarstan in the Volga-Urals region of Russia, the Group’s management made a decision to relinquish the related exploration licenses to the Russian Government. Therefore the value of the capitalised exploration licenses and related exploration assets was written off in the amount of TUSD 4,360 and was recorded in the income statement for the quarter ended June 30, 2009.

For the financial year ended December 31, 2008 the Group determined that certain of its oil and gas assets were impaired and recorded an impairment loss of MUSD 316.8. The impairment charge adjusted the upstream assets fair value recorded at the time of the merger with Alliance Oil Company to reflect current market conditions in accordance with relevant accounting standards. As of December 31, 2009 this impairment loss was partially reversed in the amount of MUSD 174.7 that related to the Kharyaga cash generating unit (CGU) in the Timano-Pechora region, reflecting that the loss no longer existed for this group of oil fields based on the value in use calculations prepared by management. In preparing these calculations management took into consideration the significant reserves that had been added to the Timano-Pechora region, in particular the Khayaga CGU, and the revised oil price projections.

A pre-tax weighted average cost of capital of 14% was used as the discount factor for the value in use calculations as at 31 December 2009 and 2008 and management also modeled a number of scenarios to take into account expectations about possible variations in the amount or timing of future cash flows. The results of the scenarios modeled at 31 December 2009 indicated that there were sufficient grounds for the reversal of the Kharyaga CGU impairment.

Note 8 Disposal and acquisition of subsidiaries

On March 30, 2009 the Group sold 100% of the shareholding in the Alexandrov Refinery, located in the Tomsk region of the Russian Federation for a net cash consideration of TUSD 3,110. The recognised gain on the disposal amounted to TUSD 650. In the third quarter an additional cash consideration in the amount of TUSD 260 was received that increased the gain on disposal.

During 2009, the Group acquired additional shares in subsidiaries OJSC Primornefteproduct, OJSC Amurnefteproduct, OJSC Khabarovsknefteproduct for a total cash consideration of TUSD 2,156. The Group recognised goodwill on the acquisition of OJSC Primornefteproduct in the amount of TUSD 1,178 translated at closing rate.

Note 9 Related parties' transactions

Related parties include shareholders, associates and other related parties representing entities under common ownership and control.

Included in the Group's consolidated balance sheet as of December 31, 2009 and 2008 were the following significant balances with the related parties:

(Expressed in USD thousands)	31 December 2009	31 December 2008
Shareholders		
Trade and other accounts receivable	320	-
Trade and other accounts payable	47	-
Other related parties		
Other financial assets	275	381
Trade and other accounts receivable	5,509	10,544
Advances paid and prepaid expenses	846	101
Advances paid for construction	21	70
Advances capitalised in construction-in-progress	1,555	-
Cash and cash equivalents	32,078	127,268
Loans and borrowings	-	4,419
Trade and other accounts payable	1,147	187
Advances received and accrued expenses	52,875	34,933
Accounts payable for property, plant and equipment	278	155

Included in the Group's consolidated income statement for the financial year ended December 31, 2009 and 2008 were the following significant transactions with the related parties:

(Expressed in USD thousands)	Year ended 31 December 2009	Year ended 31 December 2008
Shareholders		
Trademark use charges	-	3,423
Revenue from sales to related parties	282	15
Purchase of services from related parties	456	1,225
Other related parties		
Revenue from sales to related parties	415,151	696,302
Purchase of goods from related parties	3,463	-
Purchase of services from related parties	27,616	25,436
Charity contributions to the fund named by Z. Bazhaev (for participation in the Russian federal national projects)	13,253	11,893
Interest expense	87	404
Interest income	4,903	1,694
Capitalised interest on loans	512	294

Note 10 Tax

For the financial year ended December 31, 2009 the deferred tax liability decreased from TUSD 171,847 to TUSD 160,196 and deferred tax assets decreased from TUSD 38,443 to TUSD 22,754. The current tax expense for the quarter and for the financial year amounted to TUSD 12,668 and TUSD 56,840, respectively. The deferred tax loss for the quarter and for the financial year amounted to TUSD 24,581 and TUSD 16,231, respectively.

In November 2008, the Russian corporate profit tax rate was changed from 24% to 20% effective from January 1, 2009.

Note 11 Share option plan

In 2006, the Group adopted the Global Share Option Plan. As of December 31, 2009 the number of outstanding options amounted to 2,999,050. Each option gives the right to subscribe for 1 share of common stock at exercise prices ranging from SEK 81.80 to SEK 140.00. All options are exercisable after 3 years subject to certain non-market conditions such as the Company's and individual performance and expire in 5 years from issuance. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense with the corresponding entry in retained earnings. The total amount to be expensed over the vesting period of 3 years is determined by reference to the fair value of the options granted excluding the impact of any non-market vesting conditions. As at the date of issuance of this report 1,588,700 options were exercisable out of which none have been exercised.

For the financial years ended December 31, 2009 and 2008 the charges amounting to TUSD 1,316 and TUSD 4,136 increased the income statement line "Administration expenses" and correspondingly the retained earnings. For the quarters ended December 31, 2009 and 2008 the charges amounted to TUSD 222 and TUSD 708, respectively.

Note 12 Restricted cash

As of December 31, 2009 and December 31, 2008 the amount of TUSD 55,692 and TUSD 42,101 restricted cash was mostly presented by the letters of credit opened by the Khabarovsk Oil Refinery.

Note 13 Commitments and contingencies

Under the contracts effective as of December 31, 2009 and December 31, 2008 future capital expenditures commitments were estimated at TUSD 785,697 and TUSD 601,947 (excluding VAT), respectively.

Note 14 Post balance sheet events

On 11 February, 2010 the Company announced a proposed bond offering. In connection with the proposed offering the Company has received credit ratings B+ from S&P and B from Fitch. The proposed bond offering will be subject to market conditions and is expected to be a US$ benchmark offering directed to qualified investors pursuant to Regulation S and Rule 144A of the U.S. Securities Act of 1933, as amended.

Financial calendar

Three months report (January – March 2010) on May 27, 2010

Six months report (January – June 2010) on August 24, 2010

Nine months report (January – September 2010) on November 23, 2010

Twelve months report (January – December 2010) in February 2011

Annual General Meeting and Annual Report

The annual general meeting of the shareholders will be held in Stockholm on May 27, 2010. The annual report for the financial year 2009 will be available on Alliance Oil's corporate web site in the middle of April 2010.

Conference call

Date: Monday, February 22
Time: 10.00 CET
To participate to the conference call please dial:
from Sweden +46 (0)8 5051 3794, confirmation code 4375042
from Russia +7 495 705 9452, confirmation code 4375042
from other countries +44 (0)20 7806 1967, confirmation code 4375042.
The press conference will be webcasted live at www.allianceoilco.com and www.financialhearings.com.
The conference will be available at www.allianceoilco.com.

Risk and uncertainties associated with this interim report

The Group's risk exposure is presented on pages 88-92 of the AOC's (former WSR's) 2008 annual report. There are no general changes to this presentation of risk exposure.

February 22, 2010

Eric Forss
Chairman

Arsen Idrisov
Director and Managing Director

Claes Levin
Director

Fred Boling
Director

Raymond Liefooghe
Director

Fernando Martinez-Fresneda
Director

Isa Bazhaev
Director

This report has not been subject to review by the company's auditors.

For further information:

Arsen Idrisov, Managing Director, Alliance Oil Company Ltd, telephone +7 (495) 777 18 08.

Eric Forss, Chairman of the Board, telephone +46 8 613 00 85 or +46 705 23 86 62.

Alliance Oil Company Ltd

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11, Bermuda

Registration Number: EC 25413

Internet:

www.allianceoilco.com

This document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities of Alliance Oil Company Ltd. or any of its subsidiaries, nor shall any part of it nor the fact of its distribution form part of or be relied on in connection with any contract or investment decision relating thereto, nor does it constitute a recommendation regarding the securities of Alliance Oil Company Ltd. or any of its subsidiaries.

This document is not for distribution, directly or indirectly, in or into the United States (including its territories and dependencies, any state of the United States and the District of Columbia), Australia, Canada, Japan or the Russian Federation. This document is not an offer for sale of any securities in the United States. Securities may not be offered or sold in the United States absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended (the "Securities Act"). Alliance Oil Company Ltd. does not intend to register the securities or conduct a public offering in the United States.

The Securities have not been, and will not be, registered under the Securities Act and subject to certain exceptions, may not be offered or sold within the United States. The Securities will be offered and sold only (A) outside the United States in compliance with Regulation S under the Securities Act ("Regulation S"); or (B) to U.S. Persons (within the meaning of Regulation S) who are "Qualified Institutional Buyers" (within the meaning of Rule 144A under the Securities Act ("Rule 144A")) in reliance on the exemption from the registration requirements provided by Rule 144A. Any failure to comply with this restriction may constitute a violation of U.S. securities laws.

This communication is being distributed to and is directed only at (i) persons who are outside the United Kingdom or (ii) persons who are investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") and (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2) (a) to (d) of the Order (all such persons together being referred to as "relevant persons"). Any investment activity to which this communication relates will only be available to and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

This document is an advertisement and not a prospectus for the purposes of applicable measures implementing EU Directive 2003/71/EC (such Directive, together with any applicable implementing measures in the relevant home Member State under such Directive, the "Prospectus Directive") and as such does not constitute an offer to sell or the solicitation of an offer to purchase securities. A prospectus prepared pursuant to the Prospectus Directive will be published, which, when published, can be obtained from www.allianceoilco.com.

Stabilisation/FSA.

Information contained herein is not an offer, or an invitation to make offers, sell, purchase, exchange or transfer any securities in Russia or to or for the benefit of any Russian person, and does not constitute an advertisement or offering of the Notes in Russia within the meaning of Russian securities laws and must not be passed on to third parties or otherwise be made publicly available in Russia. The Notes have not been and will not be registered in Russia or admitted to public placement and/or public circulation in Russia. The Notes are not intended for "offering", "placement" or "circulation" in Russia (each as defined in Russian securities laws).

Some of the information in this press release may contain projections or other forward-looking statements regarding future events or the future financial performance of Alliance Oil Company Ltd. You can identify forward-looking statements by terms such as “expect,” “believe,” “anticipate,” “estimate,” “intend,” “will,” “could,” “may” or “might,” or the negative of such terms or other similar expressions. These statements are only predictions and actual events or results may differ materially. Alliance Oil Company Ltd. does not intend to or undertake any obligation to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in Alliance Oil Company Ltd’s projections or forward-looking statements, including, among others, general economic and market conditions, Alliance Oil Company Ltd’s competitive environment, risks associated with operating in Russia, rapid technological and market change, and other factors specifically related to Alliance Oil Company Ltd. and its operations.