



OAO LUKOIL

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As of and for the period ended June 30, 2001
(unaudited)

The financial statements were prepared by OAO LUKOIL in accordance with US GAAP and have not been audited or reviewed by an outside auditor. If the financial statements are audited in the future, the audit could reveal differences in our financial results and we can not assure you that any such differences would not be material.

OAO LUKOIL
Interim Consolidated Balance Sheet
(Millions of US dollars, unless otherwise noted)

	As of June 30, 2001 (unaudited)	As of December 31, 2000
Assets		
Current assets		
Cash and cash equivalents	1,536	1,137
Short term investments	185	229
Accounts and notes receivable (less provisions of \$ 130 million and \$ 125 million as of June 30, 2001 and December 31, 2000, respectively)	3,188	2,972
Inventories	867	719
Prepaid taxes and other expenses	660	675
Other current assets	477	362
Total current assets	6,913	6,094
Investments	657	423
Property, plant and equipment	10,515	9,906
Deferred income tax assets	194	201
Goodwill and intangible assets	581	278
Other non-current assets	354	207
Total assets	19,214	17,109
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	1,992	2,221
Short-term borrowings and current portion of long-term debt	1,475	829
Taxes payable	603	404
Other current liabilities	579	238
Total current liabilities	4,649	3,692
Long-term debt	1,387	1,483
Deferred income tax liabilities	301	284
Other long-term liabilities	169	147
Minority interest in subsidiary companies	988	984
Total liabilities	7,494	6,590
Stockholders' equity		
Common stock		
(851 million shares and 757 million shares of par value of 0.025 rubles each, authorized as of June 30, 2001 and December 31, 2000, respectively; 757 million shares and 738 million shares issued as of June 30, 2001 and December 31, 2000, respectively; 729 million and 715 million shares outstanding as of June 30, 2001 and December 31, 2000, respectively)	14	14
Preferred stock		
(77 million shares of par value of 0.025 rubles each, authorized and issued as of June 30, 2001 and December 31, 2000; 77 million shares outstanding as of June 30, 2001 and December 31, 2000)	1	1
Treasury stock at cost		
(common and preferred stock, at cost; 28 million and 23 million shares as of June 30, 2001 and December 31, 2000, respectively)	(431)	(376)
Additional paid-in capital	3,096	2,895
Retained earnings	9,050	7,994
Accumulated other comprehensive loss	(10)	(9)
Total stockholders' equity	11,720	10,519
Total liabilities and stockholders' equity	19,214	17,109

President of OAO LUKOIL
Aleksperov V. Y.

Vice-President of OAO LUKOIL
Khoba L.N.

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Interim Consolidated Statement of Income
(Millions of US dollars, unless otherwise noted)

	For the six months ended June 30, 2001 (unaudited)
Revenues	
Sales (including excise and export tariffs)	7,033
Equity share in income of affiliates	66
Total revenues	7,099
Costs and other deductions	
Operating expenses	(2,178)
Selling, general and administrative	(1,110)
Depreciation, depletion and amortization	(435)
Taxes other than income taxes	(492)
Excise and export tariffs	(826)
Exploratory expenses	(40)
Loss on disposal and impairment of assets	(29)
Income from operating activity	1,989
Interest expense	(109)
Interest and dividend income	84
Currency translation loss	(12)
Other non-operating loss	(57)
Minority interests	(50)
Income before income taxes	1,845
Current income taxes	(414)
Deferred income taxes	(10)
Total income taxes	(424)
Net income	1,421
Basic earnings per share of common stock (US dollars)	1.76
Diluted earnings per share of common stock (US dollars)	1.74

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Interim Consolidated Statement of Stockholders' Equity
(Millions of US dollars unless otherwise noted)

	Millions of shares (unaudited)	Stockholders' equity (unaudited)	Comprehensive income (unaudited)
Common stock			
Balance at January 1, 2001	738	14	
Common stock issued	19	-	
Balance at June 30, 2001	757	14	
Preferred stock			
Balance at June 30, 2001 and December 31, 2000	77	1	
Treasury stock			
Balance at January 1, 2001	(23)	(376)	
Treasury stock purchased	(9)	(97)	
Treasury stock sold	4	42	
Balance at June 30, 2001	(28)	(431)	
Additional paid-in capital			
Balance at January 1, 2001		2,895	
Premium on new share issue		201	
Balance at June 30, 2001		3,096	
Retained earnings			
Balance at January 1, 2001		7,994	
Net income		1,421	1,421
Dividends on preferred stock		(157)	
Dividends on common stock		(208)	
Balance at June 30, 2001		9,050	
Accumulated other comprehensive loss			
Balance at January 1, 2001		(9)	
Foreign currency translation adjustment		(1)	(1)
Balance at June 30, 2001		(10)	
Total comprehensive income for the period			1,420
Total stockholders' equity as of June 30, 2001		11,720	

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Consolidated Statements of Cash Flows
(Millions of US dollars)

	For the six months ended June 30, 2001 (unaudited)
Cash flows from operating activities	
Net income	1,421
Adjustments for non-cash items	
Depreciation, depletion and amortization	435
Equity share in income of affiliates	(66)
Deferred income taxes	10
Non-cash currency translation loss	4
Non-cash investing activities	(6)
Exploratory expenses	40
All other items – net	(42)
Changes in operating assets and liabilities:	
Accounts and notes receivable	15
Inventories	(121)
Accounts payable	(340)
Taxes payable	195
Other current assets and liabilities	(50)
Net cash provided by operating activities	1,495
Cash flows from investing activities	
Capital expenditures	(991)
Proceeds from sale of property, plant and equipment	15
Purchases of investments	(177)
Proceeds from sale of investments	30
Acquisition of OOO PermNeftegaspererabotka, ArchangelskGeologoDobyitcha, URASCO bank and minority interest in Getty Petroleum Inc., net of cash acquired	(228)
Net cash used in investing activities	(1,351)
Cash flows from financing activities	
Net movements of short-term borrowings	325
Proceeds from issuance of long-term debt	231
Principal payments of long-term debt	(263)
Dividends paid	(46)
Purchase of treasury stock	(58)
Proceeds from sale of treasury stock	42
Other – net	47
Net cash provided by financing activities	278
Effect of exchange rate changes on cash and cash equivalents	(23)
Net increase in cash and cash equivalents	399
Cash and cash equivalents at beginning of the period	1,137
Cash and cash equivalents at end of the period	1,536
Supplemental disclosures of cash flow information	
Interest paid	96
Income tax paid	401