PRESS RELEASE
SEPTEMBER 20, 2005

NET PROFIT OF LUKOIL INCREASED BY 52.7% IN FIRST HALF OF 2005 BASED ON TAX PAYMENT RISE IN MORE THAN $3.5 BILLION

LUKOIL published today consolidated U.S. GAAP financial accounts for the first half, ended June 30, 2005.

LUKOIL net profit for the first half of 2005 was $2,590 million, which is an increase of 52.7%, compared to $1,696 million for the same period of 2004. EBITDA was $4,298 million, which is 45.0% higher than in the same period of 2004. Revenue from sales during the first half of 2005 was $24,049 million, which is 66.1% higher than in the same period of 2004.

Total tax expenses exceeded $7 billion, which is 1.9 times more than in same period of 2004.

Average lifting costs rose by 6.3% to $2.69 per barrel in comparison with the first half of 2004. However, the strengthening of the ruble in real terms in the year that ended June 30, 2005 was 14.7%, which means that average lifting costs fell by 8% in real terms.

Total capital expenditures in the first half of 2005 were $1,983 million, which is $387 million more in comparison with the same period of 2004.

During six months 2005 the Company produced 44,225 thousand tons of crude oil, up 4.5% y-o-y. Organic growth reached 4,3%, caused by rise in average flow rate per well from 10.6 tons per day in the first half of 2004 up to 11.0 tons per day in the first half of 2005.

During the first half of 2005, LUKOIL sold 58.4 million tons of crude oil and petroleum products, which is 9.8% higher than in the first half of 2004. The share of international sales (including CIS market) in total volume of sales was 82.6% compared with 79.4% a year earlier.

Retail sales of petroleum products increased by 40.8% in volume terms during the first 6 months of 2005 compared with the first six months of 2004; revenues from retail sales grew by 71.7%.

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Consolidated Statements of Income

(Millions of US dollars, unless otherwise noted)

	For the six months ended June 30, 2005 (unaudited)	For the six months ended June 30, 2004 (unaudited)
Sales (including excise and export tariffs)	**24,049**	**14,477**
Equity share in income of affiliates	201	132
Total revenues	**24,250**	**14,609**
Operating expenses	(1,499)	(1,334)
Cost of purchased crude oil, petroleum and chemical products	(8,322)	(4,328)
Transportation expenses	(1,694)	(1,383)
Selling, general and administrative expenses	(1,134)	(922)
Depreciation, depletion and amortization	(601)	(514)
Taxes other than income taxes	(2,894)	(1,558)
Excise and export tariffs	(4,136)	(1,947)
Exploration expense	(183)	(87)
Gain (loss) on disposal and impairment of assets	53	(71)
Income from operating activities	**3,840**	**2,465**
Interest expense	(117)	(143)
Interest and dividend income	37	99
Currency translation (loss) gain	(85)	19
Other non-operating (loss) gain	(6)	4
Minority interest	(52)	(37)
Income before income taxes	**3,617**	**2,407**
Current income taxes	(1,088)	(712)
Deferred income taxes	61	1

Total income tax expense	(1,027)	(711)
Net income	**2,59**	**1,696**
Basic	3.18	2.07
Diluted	3.14	2.05

These consolidated interim financial statements have been prepared by the Company in accordance with U.S. GAAP and have not been audited by our independent auditor. If these financial statements are audited in the future, the audit could reveal differences in our consolidated financial results and we cannot assure that any such differences would not be material.