



OAO LUKOIL

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**As of and for the period ended September 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
Consolidated Balance Sheets
(Millions of US dollars, unless otherwise noted)

	As of September 30, 2001 (unaudited)	As of December 31, 2000
Assets		
Current assets		
Cash and cash equivalents	1,397	1,137
Short-term investments	486	229
Accounts and notes receivable (less provisions of \$148 million and \$125 million as of September 30, 2001 and December 31, 2000, respectively)	3,061	2,972
Inventories	825	719
Prepaid taxes and other expenses	654	675
Other current assets	552	362
Total current assets	6,975	6,094
Investments	624	423
Property, plant and equipment	11,347	9,906
Deferred income tax assets	114	201
Goodwill and intangible assets	277	278
Other non-current assets	362	207
Total assets	19,699	17,109
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	1,830	2,221
Short-term borrowings and current portion of long-term debt	1,806	829
Taxes payable	519	404
Other current liabilities	556	238
Total current liabilities	4,711	3,692
Long-term debt	1,450	1,483
Deferred income tax liabilities	200	284
Other long-term liabilities	181	147
Minority interest in subsidiary companies	963	984
Total liabilities	7,505	6,590
Stockholders' equity		
Common stock		
(851 million shares and 757 million shares of par value of 0.025 rubles each, authorized as of September 30, 2001 and December 31, 2000, respectively; 757 million shares and 738 million shares issued as of September 30, 2001 and December 31, 2000, respectively; 727 million and 715 million shares outstanding as of September 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 September 30, 2001 and December 31, 2000; 77 million shares outstanding as of September 30, 2001 and December 31, 2000)	1	1
Treasury stock		
(common and preferred stock, at cost; 30 million and 23 million shares as of September 30, 2001 and December 31, 2000, respectively)	(478)	(376)
Additional paid-in capital	3,097	2,895
Retained earnings	9,566	7,994
Accumulated other comprehensive loss	(6)	(9)
Total stockholders' equity	12,194	10,519
Total liabilities and stockholders' equity	19,699	17,109

First Vice-President of OAO LUKOIL
Maganov R.U.

Vice-President of OAO LUKOIL
Khoba L.N.

OA O LUKOIL
Consolidated Statements of Income
(Millions of US dollars, unless otherwise noted)

	For the three months ended September 30, 2001 (unaudited)	For the three months ended September 30, 2000 (unaudited)	For the nine months ended September 30, 2001 (unaudited)	For the nine months ended September 30, 2000 (unaudited)
Revenues				
Sales (including excise and export tariffs)	3,525	3,676	10,558	9,618
Equity share in income of affiliates	17	79	83	149
Total revenues	3,542	3,755	10,641	9,767
Costs and other deductions				
Operating expenses	(1,292)	(936)	(3,470)	(2,792)
Selling, general and administrative	(530)	(942)	(1,640)	(1,785)
Depreciation, depletion and amortization	(211)	(203)	(646)	(566)
Taxes other than income taxes	(290)	(274)	(782)	(708)
Excise and export tariffs	(457)	(250)	(1,283)	(651)
Exploratory expenses	(15)	(18)	(55)	(24)
Loss on disposal and impairment of assets	(51)	(65)	(80)	(205)
Income from operating activities	696	1,067	2,685	3,036
Interest expense	(58)	(29)	(167)	(112)
Interest and dividend income	101	80	185	151
Currency translation gain	24	15	12	61
Other non-operating income (expense)	(35)	29	(92)	(107)
Minority interest	3	39	(47)	(138)
Income before income taxes	731	1,201	2,576	2,891
Current income taxes	(242)	(175)	(656)	(455)
Deferred income taxes benefit (expense)	27	(17)	17	22
Net income	516	1,009	1,937	2,458
Dividends declared on preferred stock	-	-	(157)	(48)
Net income available for common stockholders	516	1,009	1,780	2,410
Basic earnings per share of common stock (US dollars)	0.71	1.49	2.47	3.56
Diluted earnings per share of common stock (US dollars)	0.70	1.46	2.44	3.50

OAO LUKOIL
Consolidated Statements of Cash Flows
(Millions of US dollars)

	For the nine months ended September 30, 2001 (unaudited)	For the nine months ended September 30, 2000 (unaudited)
Cash flows from operating activities		
Net income	1,937	2,458
Adjustments for non-cash items		
Depreciation, depletion and amortization	646	566
Equity share in income of affiliates	(83)	(149)
Loss on disposal and impairment of assets	80	205
Deferred income taxes	(17)	(22)
Non-cash currency translation gain	(6)	(7)
Non-cash investing activities	(84)	(37)
Exploratory expenses	55	24
All other items – net	72	187
Changes in operating assets and liabilities:		
Accounts and notes receivable	(68)	(1,179)
Inventories	(74)	(116)
Accounts payable	(660)	438
Taxes payable	111	63
Other current assets and liabilities	(139)	(296)
Net cash provided by operating activities	1,770	2,135
Cash flows from investing activities		
Capital expenditures	(1,700)	(1,094)
Proceeds from sale of property, plant and equipment	18	16
Purchases of investments	(307)	(143)
Proceeds from sale of investments	85	28
Acquisition of subsidiaries, net of cash acquired	(306)	43
Net cash used in investing activities	(2,210)	(1,150)
Cash flows from financing activities		
Net movements of short-term borrowings	699	287
Proceeds from issuance of long-term debt	378	205
Principal payments of long-term debt	(272)	(459)
Dividends paid	(84)	(70)
Purchase of treasury stock	(134)	(724)
Proceeds from sale of treasury stock	71	670
Other – net	61	25
Net cash provided by financing activities	719	(66)
Effect of exchange rate changes on cash and cash equivalents	(19)	(1)
Net increase in cash and cash equivalents	260	918
Cash and cash equivalents at beginning of the period	1,137	537
Cash and cash equivalents at end of the period	1,397	1,455
Supplemental disclosures of cash flow information		
Interest paid	141	140
Income tax paid	632	454

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

Note 1 Basis of Financial Statement presentation

The accompanying consolidated interim financial statements of OA O LUKOIL (hereinafter the “Company”) and its subsidiaries (the “Group”) for the period ended September 30, 2001 have not been audited or reviewed by independent accountants, except for the balance sheet at December 31, 2000. In the opinion of the Company's management, the interim data includes all adjustments and disclosures necessary to present fairly the Group's results of operations, financial position and cash flow for the interim period. These adjustments were of a normal recurring nature.

These consolidated financial statements have been prepared by the Company to be in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). All accounting policies described in Group's 2000 Annual Consolidated Financial Statements have been consistently applied in preparing the unaudited financial statements for the nine-month period ended September 30, 2001, except as discussed in Note 2.

Certain notes and other information have been condensed or omitted from the interim financial statements. Therefore, these financial statements should be read in conjunction with the Group's 2000 Annual Consolidated Financial Statements.

Certain reclassifications had been made to conform to current period presentation.

The results for the nine-month period ended September 30, 2001, are not necessarily indicative of future financial results.

Foreign currency translation

The accounting records of Group companies' operations in the Russian Federation are maintained in rubles and the Company prepares its statutory financial statements and reports in that currency to its shareholders in accordance with the laws of the Russian Federation.

As the Russian economy is considered to be hyperinflationary, the US dollar is the functional currency of the Company in accordance with Statement of Financial Accounting Standards (“SFAS”) No. 52, “*Foreign Currency Translation*”.

For the purposes of presenting financial statements prepared in conformity with US GAAP, the US dollar is considered to be the reporting currency of the Group.

Foreign currency transaction gains and losses are included in the consolidated statement of income.

For operations in the Russian Federation or other economies considered to be hyperinflationary, monetary assets and liabilities have been translated into US dollars at the rate prevailing at each balance sheet date. Non-monetary assets and liabilities have been translated into US dollars at historical rates. Revenues, expenses and cash flows have been translated into US dollars at rates, which approximate actual rates at the date of the transaction. Translation differences resulting from the use of these rates are included in the consolidated statement of income.

For the majority of operations outside the Russian Federation, the US dollar is the functional currency. For certain other operations outside the Russian Federation, assets and liabilities are generally translated into US dollars at year-end exchange rates and revenues and expenses are translated at average exchange rates for the year. Resulting translation adjustments are reflected as a separate component of stockholders' equity.

As of September 30, 2001 and December 31, 2000, exchange rates of 29.39 and 28.16 Russian rubles, respectively to the US dollar have been used for translation purposes.

Note 1 Basis of Financial Statement presentation (continued)

A significant portion of the balances and transactions of Group companies are denominated in Russian rubles or in currencies of certain republics of the former Soviet Union. Accordingly, future movements in the exchange rate between the US dollar and the Russian ruble and such other currencies may significantly affect the carrying value of the monetary assets and liabilities of the Group expressed in US dollars. Such changes may also affect the Group's ability to realize non-monetary assets at the amounts stated in the consolidated financial statements.

The Russian ruble and other currencies of republics of the former Soviet Union are not convertible outside of their countries. Accordingly, the translation of amounts recorded in these currencies into US dollars should not be construed as a representation that such currency amounts have been, could be or will in the future be converted into US dollars at the exchange rate shown or at any other exchange rate.

Note 2 Accounting change

Effective January 1, 2001, the Group adopted the Financial Accounting Standards Board ("FASB") Statement of Accounting Standards ("SFAS") No. 133, "*Accounting for Derivative Instruments and Hedging Activities*" and SFAS No. 138, "*Accounting for Certain Derivative Instruments and Certain Hedging Activities – An Amendment of FASB Statement No. 133.*" SFAS No. 133 and SFAS No. 138 establish new accounting and reporting standards for derivative instruments and hedging activities and require recognition of all derivatives as assets or liabilities in the balance sheet and measurement of those instruments at fair value. The effect of the adoption of these standards on the Group's operations and consolidated financial statements was not material because of its limited use of derivative instruments.

Note 3 Recently issued statements of accounting standards

In June 2001, the FASB issued SFAS No. 141, "*Business Combinations.*" SFAS No. 141 requires the purchase method of accounting for all business combinations initiated after June 30, 2001 and applies to all business combinations accounted for by the purchase method that are completed after June 30, 2001.

In June 2001, the FASB issued SFAS No. 142, "*Goodwill and Other Intangible Assets.*" SFAS No. 142 revises the accounting standards for intangible assets that are acquired individually or with a group of other assets, other than those acquired in a business combination, upon their acquisition and thereafter. Under SFAS No. 142, goodwill and certain intangible assets will no longer be amortized, but will be subject to annual impairment tests. SFAS No. 142 applies to fiscal years beginning after December 15, 2001. The Group will adopt the standard in the financial year beginning January 1, 2002 and is currently assessing the impact.

In July 2001, the FASB issued SFAS No. 143, "*Accounting for Asset Retirement Obligations.*" SFAS No. 143 requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred and a corresponding increase in the carrying amount of the related long-lived asset. Subsequently, the asset retirement obligation should be amortized to expense using a systematic and rational method. The standard is effective for fiscal years beginning after June 15, 2002. The Group will adopt the standard in the financial year beginning January 1, 2003 and is currently assessing the impact.

In October 2001, the FASB issued SFAS No. 144, "*Accounting for the Impairment or Disposal of Long-Lived Assets,*" which addresses financial accounting and reporting for the impairment of long-lived assets and long-lived assets to be disposed of. The standard supersedes, with exceptions, SFAS No. 121, "*Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of,*" and is effective for fiscal years beginning after December 15, 2001. The Group will adopt the standard in the financial year beginning January 1, 2002 and is currently assessing the impact.

Note 4 Income taxes

The statutory income tax rate applicable to the Company was changed from 30% to 35% as of January 1, 2001. During September 2001, the rate was further changed to 24% effective as of January 1, 2002.

Note 5 Cash and cash equivalents

	As of September 30, 2001	As of December 31, 2000
Cash held in Russian rubles	487	142
Cash held in other currencies	910	995
Total cash balance	1,397	1,137

Note 6 Short-term borrowings and current portion of long-term debt

	As of September 30, 2000	As of December 31, 2000
Short-term borrowings	1,323	623
Current portion of long-term debt	483	206
Total short-term borrowings and current portion of long-term debt	1,806	829

The majority of short-term borrowings are loans from various third parties denominated in rubles and are secured by export sales, property, plant and equipment and securities.

Note 7 Long-term debt

	As of September 30, 2000	As of December 31, 2000
Long-term loans and borrowings from third parties	925	755
Long-term loans and borrowings from related parties	32	5
3.5% Convertible US dollar bonds, maturing 2002	294	284
1% Convertible US dollar bonds, maturing 2003	469	445
Variable interest unsecured ruble bonds, maturing 2003	123	107
Capital lease obligation	90	93
Total long-term debt	1,933	1,689
Current portion of long-term debt	(483)	(206)
Total non-current portion of long-term debt	1,450	1,483

Long-term loans and borrowings

Long-term loans and borrowings are primarily repayable in US dollars, maturing from 2001 through 2025 and are secured by export sales, property, plant and equipment and securities.

Convertible US dollar bonds

On May 6, 1997, a Group company issued 230,000 convertible bonds with a face value of \$1,000 each, maturing on May 6, 2002, and convertible to fifteen global depository receipts (“GDRs”) of the Company per bond. On November 3, 1997, a Group company issued 350,000 high yield and premium exchangeable redeemable bonds with a face value of \$1,000 each, maturing on November 3, 2003, and exchangeable for 5.625 GDRs of the Company per bond. The bonds are convertible into GDRs up to the maturity dates. In both cases, the GDRs are exchangeable into four shares of common stock of the Company.

Note 7 Long-term debt (continued)

Bonds not converted by the maturity date must be redeemed for cash. The redemption price at maturity will be 130.323% of the face value in respect of the bonds issued on May 6, 1997 and 153.314% of the face value in respect of the bonds issued on November 3, 1997. The Company may redeem the bonds for cash prior to maturity, subject to early redemption charges.

Liability on bonds issued on May 6, 1997 was included in the current portion of long-term debt.

The carrying amount of the bonds is being accreted to their redemption value with the accreted amount being charged to the consolidated income statement.

Group companies held sufficient treasury stock throughout 2001 and 2000 to permit the full conversion of the bonds to GDRs.

Ruble bonds

On August 13, 1999, the Company issued three million variable interest rate ruble bonds with a face value of 1,000 rubles each, maturing on August 13, 2003. The bonds are unsecured and bear interest at 6% per annum adjusted for ruble to dollar devaluation, payable semi-annually. The principal is repayable at maturity date at face value in rubles.

Note 8 Business combinations

In January 2001, the Group acquired 28% of shares in Getty Petroleum Marketing Inc. for \$20 million thereby increasing the Group's ownership stake in Getty Petroleum Marketing Inc. to 100%.

By June 30, 2001, the Company acquired 74% of the shares in OAO Arkhangelskgeoldobycha in exchange for 14,829,643 shares of common stock and cash consideration of \$169 million. By this date, the Company also exchanged 720,724 shares of common stock for 13% and 22% of the minority interest shareholding of OAO LUKOIL Ukhtaneftepererabotka and OAO LUKOIL - Kombinefteproduct, respectively.

The shares of OAO Arkhangelskgeoldobycha were held by LUKOIL - GARANT, a related party, and LUKOIL Finance Limited, a Group company.

In September 2001, the Group acquired 97.2% of the share capital of Bitech Petroleum Corporation ("Bitech") for \$81 million. Bitech is a Canadian oil exploration company with operations predominantly within the Komi Republic in the Russian Federation.

Note 9 Comprehensive income

	For the three months ended September 30, 2001 (unaudited)	For the three months ended September 30, 2000 (unaudited)	For the nine months ended September 30, 2001 (unaudited)	For the nine months ended September 30, 2000 (unaudited)
Net income	516	1,009	1,937	2,458
Other comprehensive income (loss)				
Foreign currency translation adjustment	4	(10)	3	1
Comprehensive income	520	999	1,940	2,459

OAO LUKOIL
Notes to Interim Consolidated Financial Statements (unaudited)
(Millions of US dollars, unless otherwise noted)

Note 10 Earnings per share

	For the three months ended September 30, 2001 (unaudited)	For the three months ended September 30, 2000 (unaudited)	For the nine months ended September 30, 2001 (unaudited)	For the nine months ended September 30, 2000 (unaudited)
Net income	516	1,009	1,937	2,458
Dividends on preferred shares	-	-	(157)	(48)
Net income related to common shares	516	1,009	1,780	2,410
Add back convertible debt interest (net of tax at effective rate)				
3.5% Convertible US dollar bonds, maturing 2002	4	4	13	13
1% Convertible US dollar bonds, maturing 2003	6	6	17	17
Total diluted net income	526	1,019	1,810	2,440
Weighted average number of outstanding common shares (thousands of shares)	727,043	674,998	720,959	676,028
Add back treasury shares held in respect of convertible debt (thousands of shares)	21,675	21,675	21,675	21,675
Weighted average number of outstanding common shares, after dilution (thousands of shares)	748,718	696,673	742,634	697,703

Note 11 Segment information

Presented below is information about the Company's operating and geographical segments for the period ended September 30, 2001, in accordance with SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information".

The Company has three operating segments - exploration and production; refinery, marketing and distribution; and other business segments. These segments have been determined based on the nature of their operations. Management on a regular basis assesses the performance of these operating segments. The exploration and production segments explore for, develop and produce primarily crude oil. The refining, marketing and distribution segments process crude oil into refined products and purchase, sell and transport crude oil and refined petroleum products. Activities of the other businesses operating segment include the development of businesses beyond the Company's traditional operations.

Geographical segments have been determined based on the area of operations and include three segments. They are Western Siberia, European Russia and International.

OAO LUKOIL
Notes to Interim Consolidated Financial Statements (unaudited)
(Millions of US dollars, unless otherwise noted)

Note 11 Segment information (continued)

Operating segments

For the nine months ended September 30, 2001

	Exploration and production	Refining marketing and distribution	Other	Elimination	Consolidated
Sales					
Third parties	1,054	9,437	67	-	10,558
Inter-segment	2,895	286	92	(3,273)	-
Total sales	3,949	9,723	159	(3,273)	10,558
Operating expenses	1,314	5,229	125	(3,198)	3,470
Depletion, depreciation and amortization expense	460	185	1	-	646
Interest expense	63	131	23	(50)	167
Income tax expense	264	361	14	-	639
Net income	671	1,303	14	(51)	1,937
Total assets	11,422	10,657	763	(3,143)	19,699
Capital expenditures	1,249	526	9	-	1,784

For the nine months ended September 30, 2000

	Exploration and production	Refining marketing and distribution	Other	Elimination	Consolidated
Sales					
Third parties	550	8,924	144	-	9,618
Inter-segment	2,093	202	15	(2,310)	-
Total sales	2,643	9,126	159	(2,310)	9,618
Operating expenses	949	4,292	117	(2,566)	2,792
Depletion, depreciation and amortization expense	432	132	2	-	566
Interest expense	24	80	14	(6)	112
Income tax expense	168	256	9	-	433
Net income	374	2,072	24	(12)	2,458
Total assets	9,250	8,124	835	(2,098)	16,111
Capital expenditures	762	356	13	-	1,131

OA O LUKOIL
Notes to Interim Consolidated Financial Statements (unaudited)
(Millions of US dollars, unless otherwise noted)

Note 11 Segment information (continued)

For the three months ended September 30, 2001

	Exploration and production	Refining marketing and distribution	Other	Elimination	Consolidated
Sales					
Third parties	325	3,179	21	-	3,525
Inter-segment	855	80	22	(957)	-
Total sales	1,180	3,259	43	(957)	3,525
Operating expenses	330	1,839	34	(911)	1,292
Depletion, depreciation and amortization expense	167	44	-	-	211
Interest expense	38	20	11	(11)	58
Income tax expense	86	123	6	-	215
Net income	146	397	6	(33)	516
Total assets	11,422	10,657	763	(3,143)	19,699
Capital expenditures	625	159	3	-	787

For the three months ended September 30, 2000

	Exploration and production	Refining marketing and distribution	Other	Elimination	Consolidated
Sales					
Third parties	133	3,437	106	-	3,676
Inter-segment	1,050	82	4	(1,136)	-
Total sales	1,183	3,519	110	(1,136)	3,676
Operating expenses	352	1,946	81	(1,443)	936
Depletion, depreciation and amortization expense	151	52	-	-	203
Interest expense	6	20	4	(1)	29
Income tax expense	68	117	7	-	192
Net income	196	809	22	(18)	1,009
Total assets	9,250	8,124	835	(2,098)	16,111
Capital expenditures	398	103	10	-	511

OAO LUKOIL
Notes to Interim Consolidated Financial Statements (unaudited)
(Millions of US dollars, unless otherwise noted)

Note 11 Segment information (continued)

Geographical segments

	For the three months ended September 30, 2001	For the three months ended September 30, 2000	For the nine months ended September 30, 2001	For the nine months ended September 30, 2000
Sales of crude oil within Russia	373	698	937	1,086
Export of crude oil and sales of oil of foreign subsidiaries	1,192	878	3,206	3,180
Sales of refined product within Russia	600	238	2,032	1,454
Export of refined product and sales of refined products of foreign subsidiaries	984	1,354	3,497	2,859
Other sales within Russia	246	90	575	480
Other export sales and other sales of foreign subsidiaries	130	418	311	559
Total sales	3,525	3,676	10,558	9,618

For the nine months ended September 30, 2001

	Western Siberia	European Russia	International	Elimination	Consolidated
Sales					
Third parties	301	3,703	6,554	-	10,558
Inter-segment	1,747	3,918	36	(5,701)	-
Total sales	2,048	7,621	6,590	(5,701)	10,558
Operating expenses	912	2,532	5,652	(5,626)	3,470
Depletion, depreciation and amortization expense	250	289	108	(1)	646
Interest expense	7	107	55	(2)	167
Income tax expense	101	519	19	-	639
Net income	292	1,583	112	(50)	1,937
Total assets	5,098	13,146	4,313	(2,858)	19,699
Capital expenditures	471	1,067	246	-	1,784

OAO LUKOIL
Notes to Interim Consolidated Financial Statements (unaudited)
(Millions of US dollars, unless otherwise noted)

Note 11 Segment information (continued)

For the nine months ended September 30, 2000

	Western Siberia	European Russia	International	Elimination	Consolidated
Sales					
Third parties	130	3,560	5,928	-	9,618
Inter-segment	1,473	3,444	34	(4,951)	-
Total sales	1,603	7,004	5,962	(4,951)	9,618
Operating expenses	646	2,494	4,605	(4,953)	2,792
Depletion, depreciation and amortization expense	196	248	122	-	566
Interest expense	8	49	57	(2)	112
Income tax expense	93	320	20	-	433
Net income	222	2,201	65	(30)	2,458
Total assets	5,027	10,149	3,041	(2,106)	16,111
Capital expenditures	415	571	145	-	1,131

For the three months ended September 30, 2001

	Western Siberia	European Russia	International	Elimination	Consolidated
Sales					
Third parties	89	1,238	2,198	-	3,525
Inter-segment	581	1,091	7	(1,679)	-
Total sales	670	2,329	2,205	(1,679)	3,525
Operating expenses	338	769	1,817	(1,632)	1,292
Depletion, depreciation and amortization expense	83	99	30	(1)	211
Interest expense	4	43	11	-	58
Income tax expense/ (benefit)	31	188	(4)	-	215
Net income	119	376	55	(34)	516
Total assets	5,098	13,146	4,313	(2,858)	19,699
Capital expenditures	189	491	107	-	787

For the three months ended September 30, 2000

	Western Siberia	European Russia	International	Elimination	Consolidated
Sales					
Third parties	40	1,552	2,084	-	3,676
Inter-segment	745	1,031	14	(1,790)	-
Total sales	785	2,583	2,098	(1,790)	3,676
Operating expenses	381	979	1,586	(2,010)	936
Depletion, depreciation and amortization expense	71	89	43	-	203
Interest expense	7	8	15	(1)	29
Income tax expense	35	148	9	-	192
Net income	187	808	50	(36)	1,009
Total assets	5,027	10,149	3,041	(2,106)	16,111
Capital expenditures	231	195	85	-	511

Note 12 Share capital

At the annual stockholders meeting on June 28, 2001 a resolution to increase the number of shares of common stock by 94,000,000 shares of par value of 0.025 rubles each was approved. For details of state registration of the new issues refer to Note 15.

Note 13 Dividends

At the annual stockholders meeting on June 28, 2001, dividends were declared for 2000 in the amount of 8.00 rubles per common share and 59.16 rubles per preferred share, which at the date of the meeting was equivalent to \$0.27 and \$2.03, respectively, resulting in \$208 million dividends on common stock and \$157 million dividends on preferred stock.

Note 14 Commitments and contingent liabilities

On November 27, 2001, Archangel Diamond Corporation (“ADC”), a diamond development company with its principal place of business in Lakewood, Colorado, U.S.A, filed a lawsuit in the circuit court of Denver, Colorado, against OAO “Arkhangelskgeoldobycha” (“AGD”), a Group company, and the Company (together the “Defendants”) claiming compensation for damage allegedly caused by the Defendants relating to Almazny Bereg, a joint venture between AGD and ADC. ADC claims, among other things, that the Defendants interfered with the transfer of a diamond exploitation license which was subject to an agreement between ADC and AGD. The total amount of the claim is \$4.8 billion, including compensatory damages of \$1.2 billion and punitive damages of \$3.6 billion. The claim is currently in its early stages, but the Company believes the claim to be without merit and plans a vigorous defence. The Company, through its legal counsel, has recently submitted a petition to transfer the case from the circuit court of Denver to Federal Court in the United States. The Company is currently awaiting a decision from the Federal Court regarding the transfer. While the claim is in its early stages and no assurance can be given about the ultimate outcome, the Company does not believe that the ultimate resolution of this matter will have a material adverse effect on its financial condition.

Note 15 Subsequent events

Share capital

The Company sold 16,568,939 of the 94,000,000 shares described in Note 12 to LUKInter Finance B.V. with registration by the Russian Federal Commission for Securities on October 9, 2001. The remaining 77,211,864 shares were exchanged for the outstanding preferred stock of the Company in the ratio of one share of common stock for one share of preferred stock. This exchange was registered by the Russian Federal Commission for Securities on December 14, 2001.

Selected production and financial information

Exploration and production	For the three months ended March 31, 2001	For the three months ended June 30, 2001	For the three months ended September 30, 2001	For the nine months ended September 30, 2001	For the nine months ended September 30, 2000
	(th.tonnes)	(th.tonnes)	(th.tonnes)	(th.tonnes)	(th.tonnes)
Oil production	19,290	19,304	19,657	58,252	57,383
Subsidiaries	17,453	17,435	17,607	52,495	49,784
Affiliates	1,837	1,870	2,051	5,757	7,599
Gas production	1,257	1,100	1,086	3,444	3,264
Subsidiaries	1,117	970	968	3,054	2,964
Affiliates	141	130	119	390	300
Total	20,548	20,404	20,650	61,696	60,647

Sales	For the nine months ended September 30, 2001	For the nine months ended September 30, 2000
	(th. tonnes)	(th. tonnes)
Sales of crude oil within Russia	11,036	8,014
Export of crude oil and sales of oil of foreign subsidiaries	19,580	19,308
Sales of refined product within Russia	12,652	15,055
Export of refined product and sales of refined products of foreign subsidiaries	16,174	15,186
Total sales volume	59,442	57,563

Capital Expenditure for the nine months ended September 30, 2001

	Oil and gas production			Refining	Marketing, distribution and other	Total
	Exploration drilling	Development drilling	Other capital expenditure			
	(mln.USD)	(mln.USD)	(mln.USD)			
Russia	173	332	650	153	234	1,542
Western Siberia	50	179	216			445
European Russia	37	49	293	133	229	741
Timan-Pechora region	36	103	135	20	2	296
Caspian region	50	1	6		3	60
International		96	50	96		242
Total	173	428	700	249	234	1,784

Capital Expenditure for the nine months ended September 30, 2000

	Oil and gas production			Refining	Marketing, distribution and other	Total
	Exploration drilling	Development drilling	Other capital expenditure			
	(mln.USD)	(mln.USD)	(mln.USD)			
Russia	110	222	479	104	88	1,003
Western Siberia	41	138	190			369
European Russia	29	59	227	86	85	486
Timan-Pechora region	6	24	40	18	2	90
Caspian region	34	1	22		1	58
International		29	13	54	32	128
Total	110	251	492	158	120	1,131

Selected production and financial information (continued)

	For the nine months ended September 30, 2001	For the nine months ended September 30, 2000	% change
	(mln.USD)	(mln.USD)	
Gross revenues	10,558	9,618	10%
Excise and export tariff	(1,283)	(651)	97%
Equity share in income of affiliates	83	149	-44%
Net revenues	9,358	9,116	3%
Operating costs	(6,673)	(6,216)	7%
Operating profit	2,685	2,900	-7%
EBITDA	3,411	3,671	-7%
Pre-tax profit	2,576	2,891	-13%
Net income	1,937	2,458	-21%
Operating margin	29%	32%	-10%
EBITDA margin	36%	40%	-9%
Pre-tax profit margin	28%	32%	-13%
Net margin	21%	27%	-23%