MAŽEIKIŲ NAFTA AB
U.S. GAAP
Interim Condensed Consolidated Financial Statements
(presented in US dollars)
September 30, 2005

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers UAB
J. Jasinskio 16B
LT-01112 Vilnius
Lithuania
Telephone +370 (5) 239 2300
Facsimile +370 (5) 239 2301
E-mail vilnius@lt.pwc.com
www.pwc.com/lt

Report of Independent Auditor

To the Shareholders and the Board of Directors of Mažeikių Nafta AB

1. We have reviewed the accompanying interim condensed consolidated balance sheet of Mažeikių Nafta AB and Subsidiaries (“the Company”) as of September 30, 2005 and the related interim condensed consolidated statements of income, changes in shareholders’ equity and comprehensive income, and cash flows for the three-month and nine-month periods ended September 30, 2005. These interim condensed consolidated financial statements are the responsibility of the Company's management.

2. We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures and making inquires of persons responsible for financial and accounting matters. It is substantially less in scope than audit conducted in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

3. Based on our review, we are not aware of any material modifications that should be made to the accompanying interim condensed consolidated financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

Vilnius, Republic of Lithuania
November 30, 2005

PricewaterhouseCoopers UAB

MAŽEIKIŲ NAFTA AB

Interim Condensed Consolidated Balance Sheets (UNAUDITED)

(Expressed in thousands of U.S. Dollars, except as indicated)

	Note	September 30, 2005	December 31, 2004
Assets			
Cash and cash equivalents	3	127,213	203,908
Current portion of restricted cash	4	530,062	178,606
Trade accounts receivable, net	5	80,720	50,385
Accounts receivable from related parties, net	22	114,578	72,321
Inventories	6	279,080	194,113
Current portion of deferred income tax asset (net of valuation allowance of USD 1,092 thousand and USD 708 thousand at September 30, 2005 and December 31, 2004 respectively)	15	2,172	13
Other current assets, net		5,745	13,462
Total current assets		1,139,570	712,808
Non-current portion of restricted cash		-	11,205
Equity investees and long-term investments at cost (net of accumulated impairment of USD 2,224 thousand and USD 2,243 thousand at September 30, 2005 and December 31, 2004)		1,245	1,356
Property, plant and equipment, net	7	501,677	501,629
Intangible assets, net	8	5,355	4,812
Non-current accounts receivable (net of allowance for doubtful accounts of USD 1,394 thousand and USD 1,683 thousand at September 30, 2005 and December 31, 2004 respectively)		13,732	5,578
Non-current portion of deferred income tax asset, net (net of valuation allowance of USD 1,992 thousand and USD 37,149 thousand at September 30, 2005 and December 31, 2004 respectively)	15	104	-
Total assets	21	1,661,683	1,237,388
Liabilities and shareholders' equity			
Short-term debt and current portion of long-term debt	14	69,714	11,598
Current portion of capital lease liabilities	13	315	355
Trade accounts payable	10	392,430	136,299
Accounts payable to/advances received from related parties	22	5,900	75,159
Taxes payable and accrued taxes	11	100,976	97,331
Other current liabilities	12	20,707	12,363
Total current liabilities		590,042	333,105
Long-term debt, net of current maturities	14	453,694	465,593
Capital lease liabilities, net of current maturities	13	52	323
Subsidies		4,970	4,985
Other non-current liabilities		13,427	-
Total liabilities		1,062,185	804,006
Minority interest		253	686
Ordinary shares (707,454,130 authorized and issued at June 30,2005 and December 31,2004; nominal value – LTL 1 per share)		181,366	181,366
Additional paid in capital		216,986	216,986
Revaluation reserve		109	109
Legal reserve		13,194	-
Accumulated other comprehensive income		2,008	4,344
Accumulated deficit		185,582	29,891
Total shareholders' equity		599,245	432,696
Total liabilities and shareholders' equity		1,661,683	1,237,388

Paul Nelson English
General Director

Vita Petrošienė
Chief Financial Officer

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

MAŽEIKIŲ NAFTA AB
Interim Condensed Consolidated Statements of Income (UNAUDITED)
(Expressed in thousand of U.S. Dollars, except as indicated)

	Notes	Three months ended September 30, 2005	Three months ended September 30, 2004	Nine months ended September 30, 2005	Nine months ended September 30, 2004
Sales and other operating revenues*	21	1,089,253	812,593	2,883,168	1,902,454
Operating costs and other deductions					
Cost of sales, excluding depreciation and amortization		(908,567)	(652,991)	(2,345,226)	(1,518,962)
Selling and distribution expenses, excluding depreciation and amortization		(39,126)	(40,785)	(139,281)	(115,084)
General and administrative expenses, excluding depreciation and amortization		(21,448)	(10,437)	(55,026)	(36,513)
Depreciation and amortization	21	(9,410)	(9,561)	(29,076)	(28,441)
Total operating costs and other deductions		(978,551)	(713,774)	(2,568,609)	(1,699,000)
Other expenses					
Income (loss) from equity affiliates		1	(25)	64	(42)
Interest income	21	4,111	1,084	9,657	2,056
Interest expense	21	(7,382)	(6,524)	(21,134)	(19,863)
Exchange gain (loss), net		(290)	1,364	(2,249)	531
Other income (expenses), net		(13)	(222)	532	(176)
Total other expenses, net		(3,573)	(4,323)	(13,130)	(17,494)
Income before income tax and minority interest		107,129	94,496	301,429	185,960
Income tax					
Current income tax expense		(17,643)	(18,377)	(42,666)	(27,040)
Deferred income tax income (expense)		887	(11)	2,263	(572)
Total income tax expense, net		(16,756)	(18,388)	(40,403)	(27,612)
Income before minority interest		90,373	76,108	261,026	158,348
Minority interest		9	31	530	175
Net income		90,382	76,139	261,556	158,523
Earnings per share (USD per share)					
Basic		0.128	0.108	0.370	0.224
Diluted		0.088	0.081	0.258	0.171
Weighted-average shares outstanding (thousands of shares)					
Basic		707,454	707,454	707,454	707,454
Diluted	16	1,024,378	938,869	1,012,743	925,343
*excludes excise taxes on sold refined oil products		125,061	101,570	341,407	235,453

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

MAŽEIKIŲ NAFTA AB

Interim Condensed Consolidated Statements of Cash Flow (UNAUDITED)

(Expressed in thousand of U.S. Dollars, except as indicated)

	Notes	Three months ended September 30, 2005	Three months ended September 30, 2004	Nine months ended September 30, 2005	Nine months ended September 30, 2004
Operating activities					
Net income		90,382	76,139	261,556	158,523
Adjustments to reconcile net income to cash provided by operations:					
Depreciation and amortization		9,410	9,561	29,076	28,441
Equity (profits) losses of affiliates		(1)	25	(64)	42
Minority interest		(9)	(31)	(530)	(175)
Loss on sales and retirements of property, plant and equipment and intangible assets		659	224	3,184	1,653
Discounting of long-term receivables		(31)	(26)	(199)	(172)
Reversal of impairment charge of property, plant and equipment		-	-	(1,411)	-
Impairment charge of property, plant and equipment		931	-	931	-
Gain on sales of long-term investments		-	(61)	-	(61)
Changes in operating assets and liabilities:					
Trade accounts receivable, accounts receivable from related parties and long-term accounts receivable		(19,440)	(26,078)	(80,651)	(48,506)
Inventories		(118,143)	(17,387)	(85,019)	(44,062)
Other current assets		1,080	(21)	7,717	7,523
Trade accounts payable and accounts payable to related parties		159,008	40,655	199,941	51,156
Taxes payable, advances and other current liabilities		(19,075)	33,685	15,966	40,923
Restricted cash		(143,399)	(4,258)	(340,251)	(16,347)
Net cash generated from (used for) operating activities		(38,628)	112,427	10,246	178,938
Investing activities					
Additions to property, plant and equipment and intangible assets		(11,652)	(4,426)	(34,898)	(18,373)
Proceeds from sales of property, plant and equipment		284	644	469	1,074
Proceeds from sale of long-term investments		-	227	19	227
Acquisition of shares in subsidiary from minority	9	-	-	(208)	-
Net cash used for investing activities		(11,368)	(3,555)	(34,618)	(17,072)
Financing activities					
Net (repayments of) proceeds from short-term debt		4,509	(6,493)	59,920	21
Repayments of long-term debt		(2,786)	(3,048)	(13,421)	(9,003)
Proceeds from long-term loans		-	9	-	9
Principal payments of capital lease obligations		(78)	(221)	(235)	(386)
Change in long-term accounts receivable		-	(102)	-	(57)
Contribution of minority to share capital of subsidiary		-	-	3	-
Dividends paid		-	-	(92,665)	-
Net cash generated from (used for) financing activities		1,645	(9,855)	(46,398)	(9,416)
Effect of foreign exchange on cash balances		212	908	(5,925)	1,263
Net change in cash and cash equivalents		(48,139)	99,925	(76,695)	153,713
Cash and cash equivalents at beginning of period		175,352	161,452	203,908	107,664
Cash and cash equivalents at end of period		127,213	261,377	127,213	261,377

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

	Note	Number of ordinary shares issued (thousand)	Ordinary shares	Additional paid in capital	Revaluation reserve	Legal reserve	Accumulated other comprehensive income	Accumulated surplus	Total shareholders' equity
Balance at December 31, 2004		707,454	181,366	216,986	109	-	4,344	29,891	432,696
Net income for the period		-	-	-	-	-	-	171,174	171,174
Other comprehensive loss, net of tax		-	-	-	-	-	(2,293)	-	(2,293)
Transfer to legal reserve		-	-	-	-	13,111	-	(13,111)	-
Dividend		-	-	-	-	-	-	(92,671)	(92,671)
Balance at June 30, 2005		707,454	181,366	216,986	109	13,111	2,051	95,283	508,906
Net income for the period		-	-	-	-	-	-	90,382	90,382
Other comprehensive loss, net of tax		-	-	-	-	-	(43)	-	(43)
Transfer to legal reserve		-	-	-	-	83	-	(83)	-
Balance at September 30, 2005		707,454	181,366	216,986	109	13,194	2,008	185,582	599,245

Comprehensive income (loss) for the three-month and nine-month periods ended September 30, 2005 and 2004 was as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2005	2004	2005	2004
Net income	90,382	76,139	261,556	158,523
Other comprehensive income (loss), net of tax				
Foreign currency translation adjustment	(43)	147	(2,336)	(282)
Total comprehensive income	90,339	76,286	259,220	158,241

Note 1: Nature of Business

Mažeikių Nafta AB (hereinafter – the Company) was originally established in 1980 to refine crude oil and market refined oil products. In 1995, the Company was reorganized into a public company following a partial privatization by the Company's employees. In 1998, the Company merged with Būtingės Nafta AB, an oil terminal operator, and Naftotiekis AB, a pipeline operator. In 2002, the Company acquired 85 percent of the share capital of Uotas UAB, which included an 81 percent interest in Ventus Nafta AB. In 2003, the remaining 15 percent of share capital in Uotas UAB was acquired. In 2004 and 2005, Uotas UAB increased its share in Ventus Nafta AB to 97.52 percent. Both companies are engaged in the refined oil products retail business. In May 2003, the Company established a wholly owned subsidiary Mažeikių Nafta Trading House UAB to act as a sales commissioner in Lithuania. Subsidiaries of Mažeikių Nafta Trading House UAB are also engaged in wholesale of refined oil products in Latvia, Estonia and Poland.

The Company's two primary shareholders are Yukos Finance B.V. (part of YUKOS) with 53.7 percent and the Government of the Republic of Lithuania with 40.7 percent of shares. The remaining shares are widely held.

According to the Investment Agreement Yukos Finance B.V. provides management services to the Company.

Current situation at YUKOS

As a result of numerous claims issued by the Russian tax authorities during 2003 and 2004, Yukos Group has been placed in serious financial and operating difficulties. As a consequence as at the date of these financial statements, Yukos Group is negotiating the sale of its shareholding in the Company. In addition to being the Company's major shareholder, Yukos Group has in the past been its major supplier of crude based on long term supply agreements.

(1) Sale of shares
In October 2005, the Netherlands court imposed a temporary freeze on Yukos Finance B.V. shareholding in the Company as security for claims received from the creditors of Yukos Group. In November 2005, restriction on disposal of shares was abolished, which resulted in a right to dispose of shares to an extent such disposal was without prejudice to the interests of Yukos Group creditors. In November 2005, the Netherlands court decided to form a group of experts for the sale of Yukos Finance B.V. assets, including its shareholding in the Company. The group of experts has to be approved by the court on December 15, 2005. Yukos Finance B.V. expects to sell the shares by itself. The Government of the Republic of Lithuania has, according to the Investment Agreement, right of first refusal to purchase the shares owned by Yukos Finance B.V. and according to the law passed in November 2005 is authorized to buy out Yukos Finance B.V. 53.7 percent stake in the Company and to sell it on to another investor along with about half of the state-owned 40.7 percent stake. Currently Yukos Group is negotiating with a number of potential purchases and the outcome of these negotiations is not currently known.

(2) Supply of crude oil
In February 2005, Yukos Group suspended crude supplies to the Group. However, management has taken steps to ensure the continuity of supply by signing agreements with several separate oil traders for a total of approximately 9 million tons to be delivered to the refinery during 2005, plus an option for a further 2 million. The management plans that approximately 8.6 million tons will be delivered to the refinery in 2006. Crude is being sourced from four main producers: Lukoil, TNK-BP, Sibneft and Rosneft.

A significant and lengthy disruption of crude supply would have material adverse effects on the Group's financial position, results of operations and liquidity. However, the management believes that based on its actions and the Group's capital, financing and operating plans for 2005 and 2006 there will be no material adverse impact on the Group of the operating difficulties being experienced by Yukos Group.

(Expressed in U.S. Dollars (tabular amounts in thousands))

Note 2: Basis of preparation

These unaudited interim condensed consolidated financial statements should be read in conjunction with the Mažeikių Nafta AB consolidated financial statements as of and for the year ended December 31, 2004. The year-end condensed consolidated balance sheet data has been derived from these audited financial statements, but since it is presented on a condensed basis it does not include all the disclosures required by the accounting principles generally accepted in the United States of America for annual financial statements.

In the opinion of the Company's management, the information furnished herein reflects all known accruals and adjustments necessary for a fair presentation of the financial position, results of operations and cash flows for the periods reported herein. All such adjustments are of a normal recurring nature.

Management's use of estimations. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and footnotes thereto. Actual results may differ from those estimates.

Reporting and functional currencies. The functional currency of the Company is the US dollar (USD) as a significant portion of its business is conducted in the US dollars and management uses the USD to manage business risks and exposures and to measure performance of its businesses. The functional currencies of the Company's subsidiaries are official currencies of the countries in which subsidiaries operate. The financial statements of the subsidiaries were translated to US Dollars, the reporting currency of the Company, in accordance with the relevant provisions of SFAS No. 52, *Foreign Currency Translation.*

Currency controls. Until January 31, 2002 the exchange rate of the Lithuanian Litas (LTL) was fixed to the US Dollar (USD) at a rate of 4 LTL=1 USD. From February 1, 2002 Lithuania repegged the Lithuanian Litas to the Euro at the rate of 3.4528 LTL=1 EUR.

Currency exchange rates. The following summarizes the end of period exchange rates of Lithuanian Litas (LTL) to US Dollar (USD) for the dates presented:

LTL per USD	2005	2004
December 31,	-	2.5345
September 30,	2.8617	2.8029
June 30,	2.8679	2.8375
March 31,	2.6645	2.8307

Recent accounting pronouncements In November 2004, the Financial Accounting Standards Board issued SFAS No. 151, *Inventory Costs – An Amendment of ARB No. 43, Chapter 4*. SFAS No. 151 amends the guidance in Accounting Research Bulletin No. 43, Chapter 4, "Inventory Pricing," to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage). Among other provisions, the new rule requires that items such as idle facility expense, excessive spoilage, double freight, and rehandling costs be recognized as current-period charges regardless of whether they meet the criterion of "so abnormal" as stated in ARB No. 43. Additionally, SFAS No. 151 requires that the allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. SFAS No. 151 is effective for fiscal years beginning after June 15, 2005, and is required to be adopted by the Company effective January 1, 2006. The Company does not expect SFAS No. 151 to have a material impact on its consolidated results of operations or financial condition.

(Expressed in U.S. Dollars (tabular amounts in thousands))

In December 2004, the FASB issued SFAS No. 153, "Exchanges of Nonmonetary Assets – An Amendment of APB Opinion No. 29". SFAS No. 153 eliminates the exception from fair value measurement for nonmonetary exchanges of similar productive assets in paragraph 21(b) of APB Opinion No. 29, "Accounting for Nonmonetary Transactions," and replaces it with an exception for exchanges that do not have commercial substance. SFAS No. 153 specifies that a nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. SFAS No. 153 is effective for the fiscal periods beginning after June 15, 2005, and is required to be adopted by the Company effective January 1, 2006. The Company does not expect SFAS No. 153 to have a material impact on the Company's consolidated results of operations or financial condition.

In December 2004, the FASB issued SFAS Statement No. 123 (revised 2004), "Share-Based Payment," which is a revision of SFAS No. 123, "Accounting for Stock-Based Compensation." SFAS No. 123(R) supersedes APB Opinion No. 25, Accounting for Stock Issued to Employees, and amends SFAS No. 95, Statement of Cash Flows. Generally, the approach in Statement 123(R) is similar to the approach described in SFAS No. 123. However, SFAS No. 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. SFAS No. 123 (revised 2004) is effective for the fiscal periods beginning after December 15, 2005, and is required to be adopted by the Company effective January 1, 2006. The Company does not expect SFAS No. 123 to have a material impact on the Company's consolidated results of operations or financial condition.

In May 2005, the FASB issued SFAS No.154, "Accounting Changes and Error Corrections", which is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. SFAS 154 replaces APB Opinion No. 20, "Accounting Changes," and FASB Statement No. 3, "Reporting Accounting Changes in Interim Financial Statements," and changes the requirements for the accounting for and reporting of a change in accounting principle. SFAS 154 requires retrospective application to prior periods' financial statements of changes in accounting principle, unless it is impracticable to do so, in which case other alternatives are required. SFAS 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005, and is required to be adopted by the Company effective January 1, 2006. The Company does not expect SFAS No. 154 to have a material impact on the Company's consolidated results of operations or financial condition.

Note 3: Cash and cash equivalents

As of September 30, 2005 cash and cash equivalents include short-term time deposits of USD 52,743 thousand (December 31, 2004: USD 140,194 thousand)

Note 4: Restricted cash

Current portion of restricted cash of USD 530,062 thousand (December 31, 2004: USD 178,606 thousand) is required to be maintained under the terms of letters of credit issued for settlements with suppliers and guarantees provided to third parties for settlement of liabilities.

Note 5: Trade accounts receivable, net

	September 30, 2005	December 31, 2004
Oil refinery	88,324	65,659
Other	8,179	1,861
Total gross trade accounts receivable	96,503	67,520
Less: provision for doubtful trade accounts receivable	(15,783)	(17,135)
Total trade accounts receivable, net	80,720	50,385

(Expressed in U.S. Dollars (tabular amounts in thousands))

Receivables amounting up to USD 14,200 thousand (December 31, 2004: nil) are provided as collateral for letters of credit issued by the banks on behalf of the Company.

Note 6: Inventories

	September 30, 2005	December 31, 2004
Raw and supplementary materials	58,504	64,774
Finished goods and goods for resale	170,339	96,652
Semi-finished goods	31,375	12,501
Spare parts and other (net of allowance of USD 9,030 thousand and USD 5,900 thousand as at September 30, 2005 and as at December 31, 2004 respectively)	18,856	19,919
Assets held for resale	6	267
Total inventories	279,080	194,113

Semi-manufactures include oil products that are produced by the oil refinery and used in further stages of production. However, these products might also be sold in the market.

Inventory amounting to USD 90,000 thousand (December 31, 2004: nil) is provided as collateral for bank overdraft and letters of credit and guarantees issued by the banks on behalf of the Company.

Note 7: Property, plant and equipment, net

	September 30, 2005	December 31, 2004
Machinery and equipment	665,476	668,278
Buildings	82,801	86,371
Pipeline fill	8,532	8,532
Other tangible assets	74,890	74,522
Construction in progress and prepayments	40,941	18,211
Total property, plant and equipment at cost	872,640	855,914
Less: accumulated depreciation	(370,963)	(354,285)
Total property, plant and equipment, net	501,677	501,629

Pipeline fill represents oil in the oil terminal's pipes and reservoirs. This volume of oil is required for the operation of the terminal equipment and cannot be extracted under normal operations.

No interest has been capitalized during the three-month and nine-month period ended September 30, 2005 (September 30, 2004: none).

As of December 31, 2004 land and buildings for the net book value USD 21,325 thousand were provided as collateral for bank borrowings.

(Expressed in U.S. Dollars (tabular amounts in thousands))

Note 8: Intangible assets, net

	September 30, 2005	December 31, 2004
Patents and licenses	6,057	6,057
Goodwill	413	-
Prepayments for patents and licenses	3,998	3,562
Total intangible assets at cost	10,468	9,619
Less: accumulated amortization	(5,113)	(4,807)
Total intangible assets, net	5,355	4,812

Patents and licenses include acquired patents and licenses for manufacturing technology used by the refinery.

Note 9: Acquisitions

In March 2005, the Company's wholly owned subsidiary Uotas UAB acquired 2.32 percent of shares in its subsidiary Ventus Nafta AB from the minority shareholders increasing its ownership to 97.52 percent. The purchase consideration of LTL 965 thousand (USD 362 thousand) exceeded share of net assets acquired by USD 444 thousand. The arising goodwill was recognized as an intangible asset and was allocated to the oil refinery segment.

In April 2005, the Company acquired the remaining 40 percent of shares in its subsidiary Juodeikiu Nafta UAB from the minority shareholders increasing its ownership to 100 percent. The share of net assets acquired exceeded the purchase consideration of LTL 554 thousand (USD 208 thousand) by USD 104 thousand. Accordingly the carrying value of property, plant and equipment was reduced.

Note 10: Trade accounts payable

	September 30, 2005	December 31, 2004
Oil refinery	389,751	134,748
Other	2,679	1,551
Total trade accounts payable	392,430	136,299

Note 11: Taxes payable and accrued taxes

	September 30, 2005	December 31, 2004
Profit tax payable and accrued profit tax	42,375	53,286
VAT payables	36,207	24,564
Excise tax	18,783	16,842
Personal income tax payable	1,226	79
Real estate	815	1,066
Road tax	679	-
Other taxes	891	1,494
Total taxes payable and accrued taxes	100,976	97,331

(Expressed in U.S. Dollars (tabular amounts in thousands))

Note 12: Other current liabilities

	September 30, 2005	December 31, 2004
Salaries and social security	3,491	1,852
Accrued claims from Oil terminal contractors (Note 20)	2,900	2,900
Accrual for penalty imposed by Competition Council (Note 20)	3,494	-
Advances received	3,288	1,897
Accrued vacation pay	2,332	2,589
Accrued interest	886	906
Accrual for other claims	982	571
Accrued professional fees	131	208
Other accrued expenses and short-term liabilities	3,203	1,440
Total other current liabilities	20,707	12,363

Note 13: Capital lease liabilities

Capital lease liabilities – minimum lease payments can be analyzed as follows:

	September 30, 2005	December 31, 2004
Not later than 1 year	335	397
Later than 1 year and not later than 2 years	39	316
Later than 2 year and not later than 3 years	14	29
Later than 3 year and not later than 4 years	-	1
Net minimum lease payments	388	743
Less: Future finance charges on capital leases	(21)	(65)
Present value of capital lease liabilities	367	678

As of September 30, 2005 the weighted average effective annual interest rate on the capital lease liabilities was 7.6 percent (December 31, 2004: 7.4 percent).

The present value of capital lease liabilities is as follows:

	September 30, 2005	December 31, 2004
Current portion of capital lease liabilities	315	355
Capital lease liabilities, net of current maturities	52	323
Present value of capital lease liabilities	367	678

(Expressed in U.S. Dollars (tabular amounts in thousands))

Note 14: Debt

	September 30, 2005	December 31, 2004
Long-term debt	463,408	477,111
Current portion of long-term debt	(9,714)	(11,518)
Non-current portion of long-term debt	453,694	465,593
Current portion of long-term debt	9,714	11,518
Overdraft	60,000	80
Total short-term debt and current portion of long-term debt	69,714	11,598

The Company has an overdraft agreement for the issuance of guaranties and letters of credit for USD 60,000 thousand with SEB Vilniaus Bankas AB. Annual interest rate is 1 month USD LIBOR + 1.35 percent on the balance withdrawn. The agreement expires in May 2006.

Balance of long-term borrowings can be further analyzed as follows:

Lender/Purpose	Repayment terms	Annual interest rate	Maturity date (mm/yy)	Loan amount	Balance as of September 30, 2005
Working capital finance					
Government of Lithuania	Semi-annually	7.00%	07/13	323,928	288,927
SEB Vilniaus Bankas AB	Semi-annually	3 months LIBOR +1.100%	07/13	75,000	75,000
Investment program					
SEB Vilniaus Bankas AB	Semi-annually	3 months LIBOR +1.100%	07/13	75,000	75,000
Investment in oil terminal					
Hansabankas AB	Semi-annually	6 months LIBOR +0.900%	01/09	50,000	18,421
Kreditanstalt fur Wiederaufbau	Semi-annually	6 months LIBOR +0.875%	12/06	17,395	2,509
Kreditanstalt fur Wiederaufbau	Semi-annually	6 months LIBOR +0.875%	12/06	11,855	1,876
Kreditanstalt fur Wiederaufbau	Semi-annually	6 months LIBOR +0.875%	06/06	7,235	904
Kreditanstalt fur Wiederaufbau	Semi-annually	8.065%	09/06	2,444	305
Kreditanstalt fur Wiederaufbau	Semi-annually	6 months LIBOR +0.875%	12/06	4,294	454
Trading houses					
Nordea Bank Finland Plc	Monthly	3.900%	12/06	24	12
Less: current portion of long-term debt					(9,714)
Total long term debt					453,694

Loans granted by SEB Vilniaus Bankas AB, Hansabankas AB and Kreditanstalt fur Wiederaufbau are guaranteed by the Government of the Republic of Lithuania. Inventory amounting to USD 90,000 thousand is provided as collateral for bank overdraft and letters of credit and guarantees.

(Expressed in U.S. Dollars (tabular amounts in thousands))

Scheduled maturity of long-term borrowings is as follows:

	2005	2006	2007	2008	2009	Later	Total
Principal amount of debt	2,070	9,253	5,263	5,263	57,498	384,061	463,408

The amounts payable in 2010 – 2013 include repayment of the loans granted by the Government of Lithuania and SEB Vilniaus Bankas AB (former loans of Yukos International UK B.V. and Yukos Oil Company OAO).

The debt outstanding as of September 30, 2005 was subject to a number of covenants, such as exclusive use of the loans and restricted management ability to pledge, mortgage or sell the assets, the acquisition of which was financed by loans throughout the duration of the loan agreements without the lenders' approval. The management believes that the Company has complied with these covenants.

Note 15: Income tax

In 2003, the Company resumed its modernization program which includes significant investments in property, plant and equipment during 2004 – 2009 in order to meet more stringent quality requirements for gasoline and diesel, more stringent environmental requirements, to improve logistics and product handling and to increase efficiency. According to management plans, part of these investments should have been financed from the Company's operating cash flows and this enabled the Company to avoid income tax expenses during 2004 – 2009 applying investment credit following the terms of Investment Agreement.

The Investment Agreement signed on October 29, 1999 between the Company, the Government of the Republic of Lithuania and Williams International Company (from September 19, 2002 replaced by Yukos Finance B.V.) guaranteed that starting from October 29, 1999 for a period of 10 years that portion of taxable profit of the Company utilised for investment in property, plant and equipment may be taxed at a corporate profit tax rate of 0 percent. If the Government fails to ensure for at least for a period of 10 years the application of this investment credit, the Government shall be responsible for and shall indemnify and hold harmless the Company from any and all losses, liabilities and expenses incurred or sustained by the Company as a result of such failure. In addition, according to the Investment agreement the tax rates payable by the Company cannot be increased for the period of 10 years. Uncertainties relating to certain provisions of Investment Agreement based on the Constitutional Court decision are described in Note 20.

The implementation of capital investments plans for 2004 and 2005 were significantly delayed, therefore the management believes that the Company will not be able to reduce taxable profits to nil in 2005 - 2009. Effective tax rate for the three-month and nine-month periods ended September 30, 2005 was based on the Company's planned investment in property, plant and equipment for the year ending December 31, 2005.

Note 16: Earnings per share

Basic earnings per share is computed by dividing net income (the "numerator") by the weighted-average number of ordinary shares outstanding (the "denominator"). Diluted earnings per share is similarly computed, except that the denominator is increased to include the dilutive effect of outstanding stock options (Note 19).

(Expressed in U.S. Dollars (tabular amounts in thousands))

The denominator is based on the following weighted-average number of ordinary shares outstanding (thousands of shares):

	Three months ended September 30,		Nine months ended September 30,	
	2005	2004	2005	2004
Weighted – average shares outstanding – basic earnings per share	707,454	707,454	707,454	707,454
Add: incremental shares from assumed conversions of stock options (Note 19)	316,924	231,415	305,289	217,889
Weighted – average shares outstanding – diluted earnings per share	1,024,378	938,869	1,012,743	925,343

Note 17: Reserves

A legal reserve is a compulsory reserve under Lithuanian and Estonian legislation. Annual transfer of 5% of profit available for distribution is compulsory until the reserve reaches 10% of the share capital. The legal reserve cannot be distributed as dividends and is formed to cover future losses. In Estonia the legal reserve can be also used to increase share capital. As of September 30, 2005 the legal reserve amounted to USD 13,194 thousand (December 2004: nil).

Note 18: Dividends per share

At the Annual General Shareholders' meeting on April 29, 2005, a dividend in respect of 2004 of LTL 0.35 per share equivalent to USD 0.131 per share amounting to a total dividend of LTL 247,609 thousand (USD 92,671 thousand) were declared.

Note 19: Stock options

According to the Investment Agreement as of 18 June 2002, Yukos Finance B.V. had an option to subscribe for a certain number of the Company's newly issued shares for the consideration of USD 75 million. Yukos Finance B.V. exercised this option by delivering to the Government of Lithuania and the Company a notice in writing on 29 October 2004. Yukos Finance B.V. claims that according to the Investment Agreement increase in its share should be calculated based on the number of shares owned by Yukos Finance B.V. before the option is exercised and its share should increase from 53.7 percent to approximately 69.065 percent, whereas the Government of the Republic of Lithuania is claiming that increase in shares should be calculated based on the number of shares owned by Williams International Company before the shares were sold to Yukos Finance B.V. In that case the share of Yukos Finance B.V. would increase to approximately 63.426 percent.

From the date of exercise of the first option, Yukos Finance B.V. has the second option to purchase from 1 to 11.5 percent of shares held by the Government of Lithuania for a price which is equal to 3 times EBITDA (preceding year) multiplied by the percentage to be repurchased but not less than USD 4.9 million for 1 percent. The option expires on October 29, 2006.

The Government of the Republic of Lithuania initiated negotiations with Yukos Finance B.V regarding the above-mentioned options. As at the date of signing these financial statements, the management of the Company is not aware either of the timing or the substance of any decision that the Government of Lithuania and Yukos Finance B.V may take, therefore in these interim condensed consolidated financial statements diluted earnings per share were calculated based on Yukos Finance B.V. share increase to 69.065 percent.

Note 20: Commitments and contingent liabilities

Claim from PPS Pipeline Systems

During the nine-month period ended September 30, 2005 there were no changes in the status of the claim received from PPS Pipeline Systems for the total amount of USD 2,900 thousand.

In 2000, the Company received a claim from PPS Pipeline Systems (PPS), the contractor of the Oil Terminal Project, to compensate Lithuanian VAT in the amount of USD 2,138 thousand which was incurred until registration of PPS in Lithuania and, therefore, was not recovered from the state budget. Following advice of its lawyers the Company rejected these claims as ungrounded. In 2003, the Company received a repeated claim from PPS in the total amount of USD 2,900 thousand which also included accumulated late payment of interest of USD 662 thousand and PPS Pipeline Systems branch office costs of USD 100 thousand. Furthermore, in 2003 PPS Pipeline Systems submitted an additional claim of USD 646 thousand to the Company for the extra works reimbursement according to the Oil Terminal contract. The dispute over the recovery of VAT first arose in 1997 and despite many threats arbitration proceedings have still not been initiated by PPS.

Following the principle of prudence, management decided to create a provision of USD 2,900 thousand for probable losses that would be incurred if legal proceedings were initiated against the Company and a judgment rendered against the Company, in the interim condensed consolidated financial statements for the nine-month period ended September 30, 2005 and consolidated financial statements for the year ended December 31, 2004.

Investigation of the Competition Council

In July 2004, the Lithuanian Competition Council commenced an investigation against the Company to determine whether the higher price of fuel in Lithuania is the result of violations and abuse of its dominant position in the market. The investigation resulted from the fact that the prices of fuel in Lithuania are higher than those in Latvia and Estonia, despite the fact that with effect from May 2004 all three countries have unified fuel excise and customs duties. The investigation was completed in July 2005. The Lithuanian Competition Council concluded that the Company abused its dominant position in Lithuania, Latvia and Estonia market of gasoline and diesel in 2002 – 2004. The Lithuanian Competition Council obligated the Company to terminate the activities violating the laws of the Republic of Lithuania and European Union and proposed to impose a penalty on the Company.

The management created a provision of USD 3,487 thousand for probable penalty imposed by the Lithuanian Competition Council in the interim condensed consolidated financial statements for the nine-month period ended September 30, 2005.

Claim from Klevo Lapas UAB

During the nine-month period ended September 30, 2005 there were no changes in the status of the claim received from Klevo Lapas UAB.

In 2003, based on a decision of the Competition Council, stating that the Company has not complied with the Competition Law and which allows the customers affected by the Company's pricing policy to claim damages from the Company, the legal proceedings initiated by Klevo Lapas UAB against the Company in 2000 were renewed and the Court appointed an independent expert committee to evaluate the possible amounts of damages caused to Klevo Lapas UAB. As of September 30, 2005, the claim from Klevo Lapas UAB amounted to LTL 741 thousand (equivalent to USD 259 thousand as of September 30, 2005). However, the possible amounts of damages caused to this customer evaluated by the expert committee appointed by the Court at an early stage of the dispute comprised approximately LTL 7,500 thousand (equivalent to USD 2,621 thousand as of September 30, 2005). As of September 30, 2005, the Company had a receivable from Klevo Lapas UAB amounting to LTL 5,298 thousand (equivalent of USD 1,851 thousand as of September 30, 2005), which was provided in full during the years ended December 31, 1999 and 2000. The management does not expect that the final amount of this claim will exceed the amount receivable from Klevo Lapas UAB, therefore no provision for the claim was made in the interim condensed consolidated financial statements for the nine-month period ended September 30, 2005.

Payment request from a group of inventors

During the nine-month period ended September 30, 2005 there were no changes in the status of the payment request received from the group of inventors.

The Company had received a payment request from a group of individuals in the amount of LTL 14,000 thousand (equivalent to USD 4,892 thousand as of September 30, 2005) related to a production improvement process invented and patented by the group and subsequently implemented by the Oil refinery covering the period 1996 – 2001. Management does not agree that the implementation of the invention did actually improve the output of production process and, therefore, rejected the payment request. In 2003, one of the inventors initiated legal proceedings against the Company and claimed an amount totaling LTL 400 thousand (equivalent of USD 140 thousand as of September 30, 2005). Management has taken legal advice and believes that the charges are without merit and intends to vigorously defend its position. Accordingly, no accrual for this contingent liability has been made in these interim condensed consolidated financial statements. In the event the Company loses this proceeding, the Company might raise the issue of compensation of the amounts of this claim under provisions of the Investment Agreement, signed between Yukos Oil Corporation OAO, Yukos Finance B.V., Williams International Company, the Company and the Government of Lithuania (see also decision of the Constitutional Court described further).

Claim from Rietumu Banka AS

During the nine-month period ended September 30, 2005 there were no changes in the status of the claim received from Rietumu Banka AS for the total amount of USD 1,250 thousand.

In 1999, the Company received a claim from Rietumu Banka AS for the total amount of USD 1,250 thousand related to unperformed sales of oil products to Thornleigh Trust Ltd. in accordance with the agreement signed on March 23, 1998 with Rietumu Banka AS and Thornleigh Trust Ltd. the Company set-off the advance payment of USD 1,250 thousand received from Thornleigh Trust Ltd. against the receivable balance outstanding and did not perform the shipment of products. Management has taken legal advice and believes that the claim is without merit, therefore no provision for the claim amount was made in the interim condensed consolidated financial statements for the nine-month period ended September 30, 2005.

Other litigations and claims

The Company is involved in other litigations and has claims against it for matters arising in the ordinary course of business, which have not been described above. In the opinion of the Company's management, the outcome of these claims will not have a material adverse effect on the Company's operations.

Minority shareholders' claims

During the nine-month period ended September 30, 2005, there were no changes in status of the claim submitted by minority shareholders to the court in 2002.

In 2002, minority shareholders' petitioned a court to recognize the decisions made during the shareholders' meeting held on September 21, 2002 as invalid due to breach of the Law on Securities Market. The decisions made include election of the Supervisory Board, which subsequently appointed the Board of Directors.

The final outcome of this claim has not been determined at the date of these interim condensed consolidated financial statements. Management believes that the claim of the minority shareholders is not grounded.

Decision of the Constitutional Court of the Republic of Lithuania

On October 18, 2000, the Constitutional Court of the Republic of Lithuania concluded that certain provisions of the Law of the Republic of Lithuania on Reorganization of Public Companies Būtingės Nafta AB, Mažeikių Nafta AB and Naftotiekis AB, which entitled the Government to assume, on behalf of the State, major property-related obligations to the strategic investor and (or) Mažeikių Nafta AB, contravened the Constitution of the Republic of Lithuania. The Constitutional Court concluded that the provision in the Law on compensation of losses to the strategic investor and Mažeikių Nafta AB is formulated in such a way that the State would have an obligation to compensate from the State budget even if the losses were incurred due to the fault of the strategic investor Williams International Company and (or) Mažeikių Nafta AB, and thus contradicts the Constitution of the Republic of Lithuania.

The Investment Agreement signed on October 29, 1999 between the Company, the Government of the Republic of Lithuania and Williams International Company (from September 19, 2002 replaced by Yukos Finance B.V.) established that the Government of Lithuania undertook to ensure the economic conditions for the Company's operations (i.e. laws and other legal acts of the Republic of Lithuania) will not be changed in a manner that would adversely affect or impede implementation of the Management Plans of the Company until the later of the termination of the Management Agreement, the Shareholders' Agreement or the Financing Agreements (as such Management Plans and agreements defined in contractual documentation signed by the parties). The strategic investor and/or the Company can claim compensation from the Government for any losses incurred due to the Government's failure to ensure these matters. In addition, under the provisions of the Investment Agreement the Company is indemnified by the Government of the Republic of Lithuania from certain obligations and losses, if any, arising from the contingencies that were present when the agreement was signed. In 1999 and 2000, the Company received LTL 140,000 thousand (USD 35,000 thousand) as crude oil interruption compensation. In 2001 and 2002, the Government of the Republic of Lithuania compensated to the Company LTL 33,431 thousand (USD 8,671 thousand) under provisions of the Investment Agreement for indemnification from certain obligations and losses. The management of the Company believes that the uncertainty related to the decision of the Constitutional Court may to some extent negatively influence the Government of the Republic of Lithuania when fulfilling its obligations under the provisions of the Investment Agreement, however, no provisions have been established for the possible repayment of compensation already received.

In accordance with the amendments made to the Investment Agreement as of July 8, 2003, the provision allowing the Company the unilateral right of set off of amounts receivable from the Government of the Republic of Lithuania with the amounts payable to the Government was abolished.

Dispute with Klaipėdos Nafta AB over surplus balance of oil products

The Company is a sole exporter of light oil products via terminal owned by Klaipėdos Nafta AB. During a stocktake at the terminal, a surplus balance of light oil products comprising USD 8.2 million at year-end oil products prices, which was accumulated during 1999-2004 was identified. On May 5, 2004 the Company and Klaipėdos Nafta AB signed an agreement to share the surplus balance equally. However, practically this decision has not been implemented and the Company has not recognized its share of the surplus balance as an asset as of September 30, 2005.

Guarantees under waste treatment plans

As required by a waste treatment plans approved by the Ministry of Environment in 2004, the Company issued guarantees to the regional departments of the Ministry of Environment for a total amount of LTL 11,970 thousand (equivalent of USD 4,183 thousand as of September 30, 2005). Payments under these guarantees should be made in cases when the Company is unable to continue treatment of waste accumulating in production process.

(Expressed in U.S. Dollars (tabular amounts in thousands))

In the production process the oil refinery causes contamination. In the interim condensed consolidated financial statements for the nine-month period ended September 30, 2005 the Company made a provision for the environmental obligations amounting to LTL 31,567 thousand (equivalent to USD 11,031 thousand as of September 30, 2005) and recognised related reimbursement for environmental obligations receivable from the Government of Lithuania. A provision was recognised for the costs to be incurred for the treatment of the waste which was accumulated before 1999. According to the waste treatment plan agreed with the Ministry of Environment of the Republic of Lithuania, the Company has to clean up all contamination that it causes before 2012. It is expected that the provision will be used after 2006.

Carbon dioxide emissions allowances

The Company participates in a carbon dioxide cap and trade scheme. In 2005 the Company was set a target by the Government of the Republic of Lithuania to reduce its emissions of carbon dioxide to a 6,622,887 tons (the cap) in 2005 - 2007. The Company is issued allowances equal in number to its cap by the Government of the Republic of Lithuania. Allowances are issued free of charge. Allowances obtained at no cost are recorded at a zero basis by the Company. The management believes that the actual emission of carbon dioxide will not exceed the allowances received therefore no accrual for additional costs was established in the interim condensed consolidated financial statements for the nine-month period ended September 30, 2005.

Purchase commitments

The Company has signed a number of contracts with various suppliers for purchase of tangible and intangible assets. The total tangible and intangible assets purchase commitments according to these contracts amounted to USD 36,010 thousand as of September 30, 2005.

Operating lease commitments – the Company is lessee

The Company had entered into operating lease agreements for premises of offices, furniture, EDP/IT equipment and motor vehicles. The Company also has a number of operating lease agreements for land plots and petrol stations. Operating lease commitments – future minimum lease payments according to non-cancelable lease agreements can be analyzed as follows:

Year ending September 30:	
2006	392
2007	253
2008	199
2009	109
2010	109
2011 and later years	567
Total operating lease commitments	1,629

Note 21: Segment information

The Company has four reportable segments: oil refinery, oil terminal, pipeline operator and operator of petrol stations chain. The oil refinery produces different grades of high octane unleaded gasoline, diesel, jet fuel, bitumen, LPG and sulphur. The Company owns an import-export oil terminal in Būtingė on the Baltic sea cost. The pipeline segment consists of part of the Druzhba pipeline in the territory of the Republic of Lithuania and a pipeline connecting the Biržai pumping station with the oil refinery and the oil terminal. The pipeline operator transports crude oil to the oil refinery and terminal in Būtingė and crude oil and refined oil products to a terminal in Ventspils, Latvia. The Company owns approximately 30 petrol stations in Lithuania.

(Expressed in U.S. Dollars (tabular amounts in thousands))

The accounting policies of the segments are the same as used by the Company. The Company evaluates performance of segments based on operating profit (i.e. sales and other operating revenues less operating cost and other deductions).

Summarized financial information concerning the Company's reportable segments for the three-month period ended September 30, 2005 and 2004 is shown in the following tables:

Three-month period ended September 30, 2005

	Oil refinery	Oil terminal	Pipeline operator	Petrol stations	Other	Intersegment balances	Total
Revenues	1,075,857	7,698	7,262	9,727	339	(11,630)	1,089,253
Depreciation and amortization	(5,834)	(2,122)	(780)	(641)	(33)	-	(9,410)
Segment operating profit (loss)	106,542	2,058	4,478	(446)	(817)	(1,113)	110,702
Interest revenue	4,111	-	-	-	-	-	4,111
Interest expense	(4,779)	(2,552)	-	(51)	-	-	(7,382)
Segment assets	1,426,600	223,613	13,615	22,195	947	(25,287)	1,661,683
Additions to segment assets	10,799	20	464	377	16	-	11,676

Three-month period ended September 30, 2004

	Oil refinery	Oil terminal	Pipeline operator	Petrol stations	Other	Intersegment balances	Total
Revenues	793,738	8,649	7,205	5,767	400	(3,166)	812,593
Depreciation and amortization	(6,084)	(1,931)	(1,062)	(444)	(40)	-	(9,561)
Segment operating profit (loss)	93,616	2,835	4,541	(902)	(375)	(896)	98,819
Interest revenue	1,081	-	-	2	1	-	1,084
Interest expense	(4,060)	(2,363)	-	(101)	-	-	(6,524)
Segment assets	886,471	225,504	17,469	23,295	1,065	(17,822)	1,135,982
Additions to segment assets	2,992	-	428	980	26	-	4,426

Summarized financial information concerning the Company's reportable segments for the nine-month period ended September 30, 2005 and 2004 is shown in the following tables:

Nine-month period September 30, 2005

	Oil refinery	Oil terminal	Pipeline operator	Petrol stations	Other	Intersegment balances	Total
Revenues	2,829,529	21,660	20,817	22,501	932	(12,271)	2,883,168
Depreciation and amortization	(18,222)	(6,556)	(2,165)	(2,024)	(109)	-	(29,076)
Segment operating profit (loss)	298,770	4,675	12,977	(1,046)	(791)	(26)	314,559
Interest revenue	9,657	-	-	-	-	-	9,657
Interest expense	(13,559)	(7,460)	-	(115)	-	-	(21,134)
Segment assets	1,426,600	223,613	13,615	22,195	947	(25,287)	1,661,683
Additions to segment assets	32,349	1,305	676	974	38	-	35,342

(Expressed in U.S. Dollars (tabular amounts in thousands))

Nine-month period ended September 30, 2004

	Oil refinery	Oil terminal	Pipeline operator	Petrol stations	Other	Intersegment balances	Total
Revenues	1,835,979	35,979	22,837	14,346	1,103	(7,790)	1,902,454
Depreciation and amortization	(18,246)	(5,478)	(3,259)	(1,330)	(128)	-	(28,441)
Segment operating profit (loss)	175,904	16,870	14,141	(1,968)	(125)	(1,368)	203,454
Interest revenue	2,040	1	9	4	2	-	2,056
Interest expense	(12,336)	(7,181)	-	(346)	-	-	(19,863)
Segment assets	886,471	225,504	17,469	23,295	1,065	(17,822)	1,135,982
Additions to segment assets	14,612	1,834	502	1,382	43	-	18,373

Note 22: Related Parties

Yukos Finance B.V is the majority shareholder of the Company. According to the provisions of the Investment Agreement, Yukos Finance B.V also has management control rights of the Company.

In June 2002, the Company and Yukos Oil Company OAO signed a crude oil supply agreement for an annual quantity of 4,800 thousand metric tons of crude oil. The price of crude oil is determined based on open market terms. The agreement is valid until September 30, 2012. In 2004, Yukos Oil Company OAO commitments under this agreement were transferred to Samaraneftegas OAO, a YUKOS Group company. Furthermore, according to an agreement with Yukos Oil Company OAO signed in June 2002, the Company has committed to accept an annual quantity of 4,000 thousand metric tons of crude oil from Yukos Oil Company OAO and to transport it through the oil terminal. The price for the transportation services is determined based on market terms. This agreement is valid until December 31, 2005. In February 2005, Yukos Oil Company OAO suspended supply of crude oil to the Company both for refining and transportation purposes.

On January 1, 2005 the Company signed a sales commissioner agreement with Petroval PTE, an entity related to Yukos Oil Company OAO. According to this agreement Petroval PTE sells the Company's oil products for a defined fee. Accounts receivable balance represents receivables from the third parties which has to be collected by Petroval PTE on behalf of the Company. Until January 1, 2005 a sales commissioner agreement signed on November 1, 2002 with Petroval SA was valid. This agreement was terminated by mutual agreement of parties effective from December 31, 2004.

Naftelf UAB is an associated company, where the Company holds 34 percent of the shares. The Company sells jet fuel to Naftelf UAB.

Transactions carried out with the related parties and balances arising from these transactions are as follows:

	September 30, 2005	December 31, 2004
Accounts receivable from related parties, net		
Petroval SA (acting as a sales commissioner and direct sales client)	195	71,415
Petroval PTE (acting as a sales commissioner and direct sales client)	113,548	-
Yukos Group* (net of allowance for doubtful accounts of USD 2,161 thousand and USD 2,172 thousand as of September 30, 2005 and December 31, 2004, respectively)	2	6
Naftelf UAB	833	900
Total accounts receivable from related parties, net	114,578	72,321

(Expressed in U.S. Dollars (tabular amounts in thousands))

	September 30, 2005	December 31, 2004
Accounts payable (including accruals) to related parties		
Yukos Group* (crude oil purchases, management fee, accrual for claim)	1,316	64,176
Petroval SA (crude oil purchases, commission fee and compensation of expenses)	374	10,887
Petroval PTE (crude oil purchases, commission fee and compensation of expenses)	2,453	-
Naftelf UAB	36	40
Total accounts payable (including accruals) to related parties	4,179	75,103
Advances received from related parties		
Petroval PTE	1,721	-
Total advances received from related parties	1,721	-
Accrued interest payable		
Government of the Republic of Lithuania	-	56
Total accounts payable to/advances received from related parties	5,900	75,159

	September 30, 2005	December 31, 2004
Loans received from related parties		
Government of the Republic of Lithuania	288,927	288,927
Total loans received from related parties	288,927	288,927

	Three months ended September 30,		Nine months ended September 30,	
	2005	2004	2005	2004
Sales of products and services to related parties:				
Yukos Group*	1	1,325	37	13,719
Naftelf UAB	6,609	3,180	16,974	7,394
Petroval SA	40,555	46,656	75,797	58,262
Petroval PTE	-	-	10,965	-
Interest on borrowings from related parties				
Government of the Republic of Lithuania	5,169	5,169	15,338	16,100
Crude oil and services purchases from related parties:				
Yukos Group* (purchase of crude oil and management fee)	630	463,304	2,030	1,124,029
Petroval SA (commission fee and purchase of crude oil)	187	79,064	922	180,827
Petroval PTE (commission fee and purchase of crude oil)	17,118	-	57,820	-

*Yukos Oil Company OAO, Yukos International UK B.V., Yukos Finance B.V., Yukos Export Trade OOO, Samaraneftegas OAO are treated as Yukos Group companies.

Note 23: Events after the balance sheet date

On October 12, 2005 the Company acquired 85.72% of the share capital of Mažeikių Elektrinė AB, a company involved in manufacture, supply and distribution of electricity and thermal energy, for a cash consideration of LTL 17,800 thousand (equivalent to USD 6,198 thousand).

On October 20, 2005, the Company's wholly owned subsidiary Uotas UAB acquired 1.07% of shares in its subsidiary Ventus Nafta AB from the minority shareholders increasing its ownership to 98.59%.