



# NOVATEK

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## NOVATEK ANNOUNCES RECORD FIRST QUARTER RESULTS

Moscow, 22 June 2005. OAO “NOVATEK” (RTS: NVTK) today reported first quarter earnings with the announcement of its first quarter 2005 unaudited consolidated interim condensed financial information prepared in accordance with International Financial Reporting Standards (“IFRS”) and reviewed by PricewaterhouseCoopers.

Net income for the period increased by 61% to RR 2,315 million, or RR 762 per share (basic and diluted), in the first quarter of 2005, from RR 1,434 million, or RR 638 per share (basic and diluted), for the same period of 2004. Total revenues and other income grew by 36% year on year to RR 9,000 million from RR 6,626 million.

The results for the three-month period ending 31 March 2004 included RR 1,067 million of revenues from the non-core oil and gas construction segment that was subsequently sold in June 2004. Excluding these divested operations, the Company’s core oil and gas activities generated a 66% year on year increase in revenues to RR 8,693 million in the first quarter of 2005 from RR 5,238 million for the corresponding period of 2004.

Total revenues and net income rose due to significant increases in natural gas and liquids production at the Yurkharovskoye and Khancheyskoye fields, together with continued favorable market conditions throughout the period.

Mark A. Gyetvay, Chief Financial Officer, commented “The Company’s consolidated interim condensed financial information for the first quarter 2005 are the first to reflect the acquisition at the end of 2004 of the minority stakes in Tarkosalenftegas and Khancheyneftegas, and therefore fully consolidate the production volumes and sales revenues of the operations.

Both Tarkosalenftegas and Khancheyneftegas were previously accounted for under the equity method as associated companies. The first quarter results are therefore more indicative than the full year 2004 results of the structure of the business moving forward.” Natural gas sales increased by 71% to RR 5,938 million in the three months ended 31 March 2005 from RR 3,476 million in the same period of 2004. Oil and gas condensate sales were stable year on year, increasing by 4% from RR 1,497 million in 2004 to RR 1,560 million in 2005.

The Company reported strong growth in oil product sales during the period, up more than four times year on year, due to increased throughput volumes at the Surgutsky refinery and a strong domestic pricing environment for diesel fuel and light distillate products.

The Company also announced today its full year 2004 consolidated financial results.

“We are proud of the strong financial and operating results that have been delivered during the first quarter. Our restructuring initiatives and the consolidation of our holdings through the acquisition of the remaining minorities in key subsidiaries further emphasizes the value of our core operating assets,” noted Leonid V. Mikhelson, Novatek’s CEO and Chairman of the Management Committee.

For further information, please visit [Financial report Section](#) or call

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