



## **NOVATEK**

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FOR IMMEDIATE RELEASE

### **NOVATEK ANNOUNCES PRELIMINARY FIRST QUARTER 2006 RESULTS**

***Moscow, 26 May 2006.*** OAO NOVATEK today reported its preliminary first quarter 2006 un-audited consolidated interim financial information prepared in accordance with International Financial Reporting Standards (“IFRS”) and reviewed by PricewaterhouseCoopers.

Profit attributable to NOVATEK shareholders increased by 61% to RR 3,717 million, or RR 1,224 per share (basic and diluted), in the first quarter ended 31 March 2006, from RR 2,315 million, or RR 762 per share (basic and diluted), for the corresponding period in 2005.

Total revenues and other income grew by 31% year-on-year to RR 11,504 million from RR 8,789 million, while revenue from the Company’s core oil and gas sales increased by 33% to RR 11,319 million in the first quarter 2006 from RR 8,482 million in the corresponding period in 2005.

Total revenues and net income rose due to increases in natural gas and liquids production at the Company’s core fields together with continued favorable market conditions throughout the period.

Natural gas sales increased by 24% to RR 7,331 million in the three months ended 31 March 2006 from RR 5,938 million in the same period of 2005. Revenue from liquid hydrocarbon sales increased by 57% to RR 3,988 million in the first quarter 2006 compared to RR 2,544 million in the corresponding period in 2005. The Company’s stable gas condensate and liquefied petroleum gas sales accounted for 64% and 23%, respectively, of the liquid hydrocarbon sales during the period.

The Company continued to strengthen its balance sheet by reducing total debt by 17% as at 31 March 2006 compared to total debt at year end 2005. The Company’s total debt to total capitalization was 10% at the 31 March 2006 compared to 12% at 31 December 2005.

## First Quarter IFRS Financial and Operational Highlights

### Selected Income Statement Items

**Three months ended 31 March**

<i>(millions of Russian roubles, except per share data)</i>	<b>2006</b>	<b>2005</b>
<b>Revenues</b>		
Oil and gas sales	11,319	8,482
Oil and gas construction services	-	-
Other	298	311
<b>Total revenues</b>	<b>11,617</b>	<b>8,793</b>
Total non-operating revenues	(113)	(4)
<b>Total revenues and other income</b>	<b>11,504</b>	<b>8,789</b>
<b>Total operating expenses</b>	<b>(6,723)</b>	<b>(5,541)</b>
Profit before income tax and minority interests	4,874	3,084
<b>Profit attributable to NOVATEK shareholders</b>	<b>3,717</b>	<b>2,315</b>
Basic and diluted earnings per share	1,224	762
Weighted average number of shares outstanding	3,036,306	3,036,306

### Selected Balance Sheet Items

<i>(millions of Russian roubles)</i>	<b>31 March 2006</b>	<b>31 December 2005</b>
<b>Non-current assets</b>		
Property, plant and equipment, net	65,740	65,675
<b>Total non-current assets</b>	<b>66,986</b>	<b>66,840</b>
<b>Total current assets</b>	<b>14,764</b>	<b>11,922</b>
<b>Total assets</b>	<b>81,753</b>	<b>78,762</b>
Long-term debt	782	892
<b>Total non-current liabilities</b>	<b>10,424</b>	<b>10,781</b>
Short-term debt plus current portion of long-term debt	6,777	8,202
<b>Total current liabilities</b>	<b>10,034</b>	<b>10,432</b>
<b>Total equity</b>	<b>61,295</b>	<b>57,549</b>
<b>Total liabilities and equity</b>	<b>81,753</b>	<b>78,762</b>

### Selected Operating Data

	<b>Three months ended 31 March</b>	
<b>Sales volumes</b>	<b>2006</b>	<b>2005</b>
Natural gas (millions cubic meters)	7,834	7,006
Crude oil (thousand tons)	66	364
Stable gas condensate (thousand tons)	257	-
LPG (thousand tons)	129	-
Oil products (thousand tons)	23	248

The full set of consolidated IFRS financial statements and notes thereto will be available on the Company's web site ([www.novatek.ru](http://www.novatek.ru)) on 31 May 2006.

*Certain statements in this press release are not historical facts and are "forward looking" within the meaning of Section 27A of the Securities Act and Section 21E of the US Securities Exchange Act of 1934 (hereinafter, the Exchange Act). Forward looking statements include statements concerning our plans, expectations, projections, objectives, targets, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, our competitive strengths and weaknesses, plans or goals relating to forecasted production, reserves, financial position and future operations and development, our business strategy and the trends we anticipate in the industries and the political and legal environment in which we operate and other information that is not historical information. By their very nature, forward looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward looking statements will not be achieved.*

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OAO NOVATEK is Russia's largest independent gas producer and the second-largest natural gas producer in Russia. Founded in 1994, the Company is engaged in the exploration, production, processing and marketing of natural gas and liquid hydrocarbons. The Company's upstream activities are concentrated in the prolific Yamal-Nenets Region, which is the world's largest natural gas producing area and accounts for over 90% of Russia's natural gas production and 20% of the world's gas production. NOVATEK is an open joint stock company established under the laws of the Russian Federation. The Company's shares are listed on the Russian Trading System (RTS) and as Global Depository Receipts (GDR) on the London Stock Exchange (LSE) under the 'NVT' ticker symbol and on the NASDAQ PORTAL System as Rule 144A Depository Receipts under the ticker symbol "NVATY".