

Joint Stock Company “Concern Galnaftogaz”**Consolidated balance sheet**

As of 31 December 2005

(In thousands of Ukrainian hryvnia, unless otherwise noted)

| | 2005 | 2004 |
|---|-----------------------|-----------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 405,818 | 239,895 |
| Intangible assets | 8,123 | 7,777 |
| Investments | 2,264 | 41,986 |
| Deferred tax assets | 10,330 | 7,085 |
| Other non-current assets | 284 | 125 |
| | <u>426,819</u> | <u>296,868</u> |
| Current assets | | |
| Investments held for sale | 33,430 | - |
| Inventories | 72,042 | 30,210 |
| Prepaid income tax | - | 1,107 |
| Trade and other receivables | 239,619 | 89,929 |
| Prepayments and other current assets | 38,868 | 44,570 |
| Cash and cash equivalents | 16,342 | 13,348 |
| | <u>400,301</u> | <u>179,164</u> |
| Total assets | <u><u>827,120</u></u> | <u><u>476,032</u></u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Shareholders' equity | | |
| Share capital | 160,000 | 130,000 |
| Additional paid-in capital | 9,100 | 20,720 |
| Land revaluation reserve | 58,352 | 8,321 |
| Retained earnings | 85,338 | 44,371 |
| | <u>312,790</u> | <u>203,412</u> |
| Minority interests | 560 | 494 |
| Total shareholders' equity | <u>313,350</u> | <u>203,906</u> |
| Non-current liabilities | | |
| Loans and borrowings | 155,657 | 125,327 |
| Deferred tax liabilities | 26,782 | 9,608 |
| | <u>182,439</u> | <u>134,935</u> |
| Current liabilities | | |
| Loans and borrowings | 176,434 | 20,049 |
| Income tax payable | 577 | - |
| Trade and other payables | 154,161 | 113,092 |
| Other current liabilities | 159 | 4,050 |
| | <u>331,331</u> | <u>137,191</u> |
| Total liabilities and shareholders' equity | <u><u>827,120</u></u> | <u><u>476,032</u></u> |

The consolidated balance sheet is to be read in conjunction with the notes to and forming part of the consolidated financial statements.