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Attract 40-list, Stockholmsbörsen: **LUPE**
Company registration number 556610-8055

17 August 2005

REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2005

	30 June 2005 6 months	30 June 2004 6 months	31 December 2004 12 months
• Production in boepd	**35,020**	20,751	28,921
• Operating income in MSEK	**1,992.6**	930.5	2,468.3
• Net result in MSEK	**466.1**	214.6	605.3
• Earnings/share in SEK	**1.83**	0.85	2.39
• Diluted earnings/share in SEK	**1.82**	0.84	2.37
• Operating cash flow in MSEK	**1,274.6**	491.7	1,502.8

- Forecasted Group net profit 2005 [1] SEK 1,230 million
- Forecasted Group operating cash flow 2005 [1] SEK 2,685 million

[1] An exchange rate for USD/SEK of 7.45 has been used to arrive at the SEK amount

Listen to President & CEO Ashley Heppenstall and CFO Geoff Turbott comment the report at the live broadcast presentation at 08.00 CET. The live presentation and slides will be available on www.lundin-petroleum.com.

Lundin Petroleum is a Swedish independent oil and gas exploration and production company with a well balanced portfolio of world-class assets in Albania, France, Indonesia, Iran, Ireland, Netherlands, Nigeria, Norway, Sudan, Tunisia, United Kingdom and Venezuela. The Company is listed on the Attract 40-list at Stockholm Stock Exchange, Sweden (ticker "LUPE").

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Visit our website: www.lundin-petroleum.com

Dear fellow Shareholders,

Lundin Petroleum generated strong profit and cash flow during the first six months of 2005. Our production and financial performance have grown significantly from 2004 driven particularly by increased United Kingdom production and strong world oil prices. Our ongoing development drilling program in the United Kingdom will result in continued growth during 2005 followed into 2006/2007 by our development projects in Tunisia and Norway.

Financial Performance

Lundin Petroleum generated a net profit after taxes of MSEK 466.1 (MUSD 65.6) and an operating cash flow of MSEK 1,274.6 (MUSD 179.3) during the first half of 2005. This represents an increase of over 100% in net profit and operating cash flow compared to the same period last year. This growth clearly shows the impact of production increases during late 2004 following the start up of production from the Broom Field offshore United Kingdom.

Production

Production averaged over 35,000 boepd for the first half 2005 with a realised oil price of in excess of USD 48.00 per barrel of oil equivalent. However production was 8% below forecast in the first half predominantly due to mechanical problems in the United Kingdom, which necessitated a 15 day shutdown on the Thistle Field and due to development delays in Indonesia and the United Kingdom. As a result of these events, the timing of development projects and a revised schedule for planned shutdowns in the second half, we are now forecasting average production for 2005 of 36,000 boepd. However, following the production start-up from the Broom Phase 2 development drilling and completion of the TBA field offshore Indonesia in the second half of 2005 the year-end production is forecast to be well in excess of 40,000 boepd.

We forecast that Lundin Petroleum will be producing in excess of 50,000 boepd by 2007 following completion of the Alvheim project in Norway and the Oudna project in Tunisia.

Financial Forecast

If we assume a USD 55.00 per barrel Brent oil price for the remainder of 2005 and assume foreign exchange rates remain at 30 June 2005 levels then we forecast net profit and operating cash flow to be MSEK 1,230 (MUSD 165) and MSEK 2,685 (MUSD 360) respectively for 2005. This compares to a previous profit and operating cash flow forecast of MSEK 1,100 (MUSD 160) and MSEK 2,420 (MUSD 350) provided at the release of the first quarter result which assumed a Brent oil price for the remainder of 2005 at USD 45.00 per barrel and exchange rates at 31 March 2005 levels for the rest of the year.

Exploration and Development

The second half of 2005 will be very active in relation to exploration activity with four exploration wells being drilled in Nigeria, Indonesia, Netherlands and France. In Nigeria the Aje-3 well will be spudded in the third quarter and has the potential to confirm significant volumes of additional oil and gas reserves. In addition, there will be exploration drilling activity in Indonesia, Netherlands and France. Exploration activity in Norway, Albania and Ireland will most likely result in continued drilling in 2006. In Sudan we are hopeful following the signing of the comprehensive peace agreement and the formation of the new government that exploration drilling activity will be able to commence and discussions with our partners and other stakeholders are continuing in this respect.

Our development projects in the United Kingdom (Broom Phase 2), Norway (Alvheim), Tunisia (Oudna) and Indonesia (TBA) are all ongoing and expected to deliver significant production growth to Lundin Petroleum over the next two years. Production start-up from the United Kingdom and Indonesia projects are expected before year end 2005. All project costs will be fully funded from internally generated cash flow.

Oil markets

World oil markets remain very robust with oil prices continuing to increase. Whilst oil prices remain volatile we believe high levels are here to stay. The debate between market commentators continues as to the reasons for high oil prices but there is a growing acceptance that increased demand particularly from the developing world, questionable supply, geopolitical concerns and a chronic lack of investment over recent years in the oil industry are all contributing to the current market conditions. The world is increasingly accepting higher energy prices and dealing with the implications.

The strong oil prices and the effect upon the liquidity positions of oil companies does however result in a very competitive market for oil assets. The national oil companies of developing countries are very active in the acquisition market as are smaller companies with easy access to liquidity from the financial markets. Whilst Lundin Petroleum continues to proactively seek acquisition opportunities where we can leverage off our technical expertise, we often will not compete when valuing 'vanilla transactions' with deals being closed at what we believe to be overly aggressive prices.

Corporate Governance

We have during the first half of 2005 adopted the recommendations of the Swedish Code of Corporate Governance which is based upon the "comply" or "explain" principles of the Cadbury Committee introduced in the United Kingdom. We already comply with many of the recommendations in respect of the new Code and it is our intention to try to comply with the recommendations prior to our Annual General Meeting in 2006.

I would also like to reiterate the commitment of Lundin Petroleum to safety, the environment and social responsibility. As we grow as a company we are increasingly aware of our corporate responsibilities whilst not losing focus in respect of our obligations to generate increased value to our shareholders.

I am very pleased that Lundin Petroleum has continued to generate excellent returns to our shareholders. We have invested heavily in people over recent months and I believe we have the resources today to continue to take advantage of the opportunities in the market. I hope that our continued commitment to investment in an active exploration program will yield positive news during the remainder of this year.

Best regards,

C. Ashley Heppenstall
President & CEO

OPERATIONS

United Kingdom

The net production to Lundin Petroleum in the first half of 2005 was over 21,000 bopd representing over 60 percent of total production for the Group.

During the first half of 2005 Lundin Petroleum entered into an alliance with Petrofac Facilities Management Limited ("Petrofac") for the provision of production operations services on the Heather and Thistle platforms. The deal was completed successfully with the transfer of duty holder responsibilities for these facilities to Petrofac on 1 May 2005. Lundin Petroleum has relocated its operations to a new office in Aberdeen where the primary focus will be new incremental investment oportunities on the existing assets as well as new acquisitions.

The production from the Broom Field (Lundin Petroleum working investment (WI) 55%) was in line with expectations at approximately 24,600 boepd and was adversely affected by certain mechanical problems with the export flow line. The second water injection well was successfully completed in difficult weather conditions ending Phase-1 of the Broom Field development.

Phase-2 of the Broom Field development is well advanced with the first of two developments wells having been successfully drilled on the North Terrace structure. The North Terrace well will be tied into production facilities in the fourth quarter following the drilling of the West Heather development well which is progressing satisfactorily and which is expected to commence production prior to the end of the third quarter. Production from the Phase-2 development of the Broom Field is forecast to increase Lundin Petroleum's net production in excess of 7,000 bopd.

Production from the Thistle Field (WI 99%) was below expectations averaging 4,500 bopd during the first half and being adversely impacted by an unplanned 15 day production shutdown in the second quarter of 2005 as a result of a fractured water pipe. An extended shutdown of the Thistle platform is planned in the second half of 2005 which will assist in debottlenecking the water handling capacity and thereby increase oil production.

Production from the Heather Field (WI 100%) averaged 2,800 bopd for the first half of 2005. Further drilling activity is planned for 2006 following the completion of capital investment on the platform drilling rig. The upgrading of accommodation facilities on the Heather platform is now complete.

Norway

The production from the Jotun Field (WI 7%) offshore Norway was in line with expectations during the first half of 2005. The Jotun Field partners sold their interests in the Jotun floating production, storage and offloading vessel (FPSO) during the period to Bluewater/ Exxon Mobil. Under a separate agreement the Jotun field partners have leased back the vessel for up to 15 years.

The development of the Alvheim Field (WI 15%) offshore Norway progressed satisfactorily during the first half of 2005. The 180 million barrel of oil equivalent development is on budget and scheduled to deliver gross production of 85,000 boepd in early 2007. The remaining major project contracts were awarded during the first half of 2005 and drilling is forecast to commence this year. As part of the drilling program the East Kameleon exploration well will be drilled during 2005 testing potential reserve upside for the Alvheim Field.

The Hamsun Field (WI 35%) to the south of Alvheim remains the subject of ongoing development studies with the most likely option a tie back to the nearby Alvheim facilities.

Lundin Petroleum continues to be proactive in respect of exploration activity in Norway including the acquisition of further acreage in the forthcoming licensing rounds. It is expected that there will be an active exploration drilling programme in 2006.

France

In the Paris Basin the 2,900 bopd net production during the first half 2005 is in line with expectations. The Nemour (WI 33%) exploration well is to be drilled in the second half of 2005.

In the Aquitaine Basin (WI 50%) the 1,400 bopd net production is in line with expectations during the first half of 2005.

Indonesia

Salawati Island and Basin (Papua)
The 2,300 bopd net production from Salawati (Salawati Island WI 14,5% and Salwati Basin WI 25.9 %) was in line with expectations for the first half of 2005. First production from the TBA field offshore Salawati Island has been delayed due to equipment availability but is still expected to come onstream in the second half of 2005 and is forecast to add 1,000 boepd net to Lundin Petroleum production. The further exploration drilling in Salawati Basin and Island has yielded disappointing results.

Banyumas (Java)
The Jati-1 exploration well (WI 25%) will be spudded in August 2005. Lundin Petroleum's costs of the exploration well will be funded by Star Energy in accordance with a farm-out agreement concluded in 2004. The Jati-1 well will test a large exploration prospect in an underdeveloped basin onshore Southern Java.

Lematang (South Sumatra)
The negotiations for a gas sales agreement in relation to the Singa gas field (WI 15.88 %) are progressing slower than forecast. A development plan for the project has been agreed and will be initiated once gas sales arrangements have been finalized.

The Netherlands

Gas production from the Netherlands was below expectations during the first half due primarily to the disappointing results from the Zuidwal field (WI 7.8%) development well in late 2004.

The Luttelgeest-1 exploration well on the onshore Lemmer-Marknesse exploration license (WI 10%) which is targeting a large gas prospect will be tested in the third quarter 2005. The well was drilled in 2004 and was suspended awaiting the availability of testing equipment.

Tunisia

The 1,200 bopd net oil production from the Isis Field (WI 40%) is proceeding satisfactorily but continues to decline as anticipated as the field approaches the end of its economic life.

In relation to the Oudna Field development, all commercial arrangements with state owned oil company ETAP were concluded during the first half of 2005. In addition, a drilling rig was secured for the Oudna production and water injection wells which will be drilled in early 2006. The development involves the redeployment of the Ikdam FPSO, currently employed in the Isis Field, to the Oudna Field.

Venezuela

The 2,300 bopd net production from the Colón Block (WI 12.5%) was in line with expectations in the first half of 2005. Development drilling is currently ongoing and will continue throughout 2005 on the La Palma Field.

Lundin Petroleum and its partners continue to review the implications of the proposed changes by the Venezuelan government to the contractual and fiscal structure of the Colón Operating Services Agreement. The effect on the Venezuela assets and values is uncertain.

Ireland

Lundin Petroleum completed the sale of its 12.5 % interest in the Seven Heads gas project plus certain other Irish license interests to Island Oil & Gas plc during the first half of 2005. The consideration for the sale was four million shares of Island Oil & Gas plc corresponding to a current market value in excess of MGBP 2.

During the first half of 2005 Lundin Petroleum acquired a new exploration license in the Donegal Basin (WI 30%, operator) where it is expected that Inishbeg, a large gas prospect, will be drilled in 2006.

OPERATIONS- EXPLORATION

Albania

A new production sharing contract was signed in 2004 for the Durresi Block, offshore Albania (WI 50%). A 3D seismic program will be acquired in 2005 followed by exploration drilling in 2006.

Nigeria

During the first half of 2005 Lundin Petroleum acquired a 22.5% net revenue interest in OML 113 offshore Nigeria which contains the Aje oil and gas discovery. The Aje-3 appraisal well will be spudded in August 2005 on the Aje structure. The well which will be drilled updip of the discovery wells has the potential to confirm significant volumes of additional oil and gas reserves on a structure which has been identified from recent seismic reprocessing.

Sudan

A comprehensive peace agreement was signed in Sudan in January 2005 between the government and the Sudan People Liberation Army (SPLA). This has been followed in July by the formation of a new government containing representatives of the existing government and the SPLA. We remain hopeful that these positive developments will act as a catalyst for the resumption of full operational activities on Block 5B (WI 24.5%).

Discussions are proceeding with our partners and the Sudan Government with a view to a resumption of operations which will allow the drilling and testing of numerous large exploration prospects located in Block 5B.

RESULT AND CASH FLOW

The results for the consolidated financial statements of Lundin Petroleum AB (Lundin Petroleum or the Group) are presented for the six month period ended 30 June 2005. Lundin Petroleum completed the acquisition of Lundin Britain Ltd (formerly DNO Britain Ltd) and Lundin Ireland Ltd (formerly Island Petroleum Developments Ltd) on 13 February 2004. On 17 June 2004, Lundin Petroleum completed the acquisition of certain Norwegian assets of DNO through its subsidiary Lundin Norway AS. The results of these companies and the Norwegian assets are included within the results for the comparitive periods from the date of acquisition. The sale of the 75% owned Norwegian subsidiary, OER oil AS (OER) was completed on 23 November 2004. The results of OER are included within the results for the comparitive periods until this date. On 9 June 2005, Lundin Petroleum completed the sale of the Irish assets of Lundin Ireland Ltd to Island Oil and Gas plc for consideration of shares in Island Oil and Gas plc. The results of the Irish assets are included until this date. The amounts relating to the comparative period are shown in parentheses after the amount for the current period.

The Group

Lundin Petroleum reports a net profit for the six months ended 30 June 2005 of MSEK 466.1 (MSEK 214.6) and MSEK 216.0 (MSEK 138.6) for the second quarter of 2005 representing earnings per share attributable to shareholders of the parent company on a fully diluted basis of SEK 1.82 (SEK 0.84) for the first half year of 2005 and SEK 0.84 (SEK 0.54) for the second quarter of 2005. Operating cashflow for the first half year of 2005 amounted to MSEK 1,274.6 (MSEK 491.7) and MSEK 613.6 (MSEK 312.4) for the second quarter of 2005. Operating cashflow per share on a fully diluted basis amounted to SEK 4.98 (SEK 1.93) for the first half year of 2005 and SEK 2.39 (SEK 1.22) per share for the second quarter of 2005.

The net profit for the year ended 31 December 2004 includes a gain recorded upon the sale of the investment in OER of MSEK 98.2 and a write off of oil and gas properties, primarily expenditure in Iran, of MSEK 150.1. The following table shows the development of the net profit after tax on a quarterly basis when adjusted for exchange movements and other items that affect the understanding of the result.

Expressed in TSEK	1 Apr 2005– 30 Jun 2005 3 months	1 Jan 2005– 31 Mar 2005 3 months	1 Oct 2004– 31 Dec 2004 3 months	1 Jul 2004– 30 Sep 2004 3 months	1 Apr 2004– 30 Jun 2004 3 months
Net profit for the period	216,035	250,041	213,602	177,072	138,577
Exchange movements, net	44,347	34,086	-61,347	-13,138	21,681
Write off of oil and gas properties	2,617	8,559	146,287	2,624	1,155
Gain on sale of assets	-	-	-98,192	-	-
Adjusted net profit	**262,999**	292,686	200,350	166,558	161,413

Net sales of oil and gas for the half year ended 30 June 2005 amounted to MSEK 1,904.0 (MSEK 882.0) and MSEK 993.3 (MSEK 496.7) for the second quarter of 2005. Production for the period amounted to 6,335,501 (3,776,750) barrels of oil equivalent (boe) representing 35,020 (20,751) boe per day (boepd). The average price achieved for a barrel of oil equivalent for the half year ended 30 June 2005 amounted to USD 48.23 (USD 31.74).

The average Dated Brent price for the first six months ended 30 June 2005 amounted to USD 49.55 (USD 33.66) per barrel resulting in a post-tax negative hedge settlement of MSEK 66.6 (MSEK 26.3).

Other operating income for the half year period ended 30 June 2005 amounted to MSEK 88.6 (MSEK 48.5) and MSEK 45.6 (MSEK 41.0) for the second quarter of 2005. This amount includes tariff income from the United Kingdom (UK), France and the Netherlands and income for maintaining strategic inventory levels in France. Tariff income has increased from the comparative period of 2004 primarily due to the commencement of production from the Broom field in the UK.

Sales and production for the six month period ended 30 June 2005 were comprised as follows:

Sales Average price per barrel expressed in USD	**1 Jan 2005– 30 June 2005 6 months**	1 April 2005– 30 June 2005 3 months	1 Jan 2004– 30 June 2004 6 months	1 April 2004– 30 June 2004 3 months	1 Jan 2004– 31 Dec 2004 12 months
United Kingdom					
- Quantity in boe	3,796,332	1,936,472	896,000	600,000	3,674,000
- Average price per boe	49.90	51.86	35.12	35.96	41.75
France					
- Quantity in boe	813,175	386,104	889,274	507,740	1,563,576
- Average price per boe	48.96	50.59	33.06	34.74	36.90
Norway					
- Quantity in boe	208,034	117,061	419,488	177,743	870,746
- Average price per boe	47.58	50.31	33.65	35.48	37.92
Netherlands					
- Quantity in boe	464,210	216,627	498,026	235,091	948,548
- Average price per boe	35.41	35.54	24.46	24.01	25.43
Indonesia					
- Quantity in boe	270,529	124,739	325,683	166,728	579,522
- Average price per boe	46.24	50.12	31.28	33.20	34.79
Tunisia					
- Quantity in boe	82,547	-	417,763	173,717	677,923
- Average price per boe	48.92	-	31.58	35.58	38.65
Ireland					
- Quantity in boe	24,107	5,344	104,343	47,691	121,371
- Average price per boe	33.31	32.89	20.46	22.40	26.24
Total					
- Quantity in boe	**5,658,934**	2,786,347	3,550,577	1,908,710	8,435,686
- Average price per boe	48.23	50.23	31.74	33.50	37.67

Income from Venezuela is derived by way of a service fee and interest income. For the half year ended 30 June 2005, the service fee earned by Lundin Petroleum amounted to USD 25.07 (USD 16.52) per barrel for the 404,185 boe (472,590 boe) that were sold.

Production	**1 Jan 2005– 30 June 2005 6 months**	1 April 2005– 30 June 2005 3 months	1 Jan 2004– 30 June 2004 6 months	1 April 2004– 30 June 2004 3 months	1 Jan 2004– 31 Dec 2004 12 months
United Kingdom					
- Quantity in boe	3,831,044	1,863,129	784,934	485,115	3,973,761
- Quantity in boepd	21,166	20,474	5,688	5,331	12,341
France					
- Quantity in boe	773,710	374,575	799,055	392,864	1,561,409
- Quantity in boepd	4,275	4,116	4,390	4,317	4,266
Norway					
- Quantity in boe	191,746	90,034	415,539	221,080	898,519
- Quantity in boepd	1,059	989	3,487	3,540	3,189
Netherlands					
- Quantity in boe	464,210	216,627	498,026	239,269	948,548
- Quantity in boepd	2,565	2,381	2,736	2,629	2,592
Venezuela					
- Quantity in boe	419,178	231,609	459,625	217,725	827,492
- Quantity in boepd	2,316	2,545	2,525	2,393	2,261
Indonesia					
- Quantity in boe	421,384	207,447	406,615	201,198	840,167
- Quantity in boepd	2,328	2,280	2,234	2,211	2,296
Tunisia					
- Quantity in boe	210,007	94,574	326,134	145,752	574,042
- Quantity in boepd	1,160	1,039	1,792	1,602	1,568
Ireland					
- Quantity in boe	24,222	5,371	86,822	47,223	131,517
- Quantity in boepd	151	77	629	519	408
Total					
- Quantity in boe	**6,335,501**	3,083,366	3,776,750	1,950,226	9,755,455
- Quantity in boepd	**35,020**	33,901	20,751	21,431	28,921
Number of days:					
UK	181	91	138	91	322
Ireland	160	70	138	91	322
DNO's Norwegian assets	181	91	13	13	197
OER	-	-	182	91	328

The number of barrels produced differs from the number of barrels sold for a number of reasons. There are timing differences between sales and production in field areas such as Tunisia and Norway where production is into a Floating Production Storage Offloading vessel (FPSO). Sales are recorded when a lifting takes place and these can be at varying intervals and will not always be equal to the production at the end of a financial quarter. Over time, the total sales will equal the production. There are permanent differences between production and sales in some of the field areas. The production reported for the UK is the platform production. This is the amount of crude oil that is produced from the field into the pipeline system that takes the crude to the onshore terminal. Once the field's crude enters the pipeline system it is commingled with the crude oil produced from other fields in the pipeline system that produce the blend of crude that is sold. The crude that is pumped into the pipeline system is tested against the blend of crude that arrives at the terminal and an adjustment is made to the barrels allocated to each field to reflect the relative quality of the crude oil input into the system. There is an approximate quality adjustment of minus five percent applied to the UK crude oil produced. In Indonesia, production is allocated under a Production Sharing Contract (PSC) where, as part of the commercial terms of the agreement, a part of the working interest production is allocated to the host country as a type of royalty payment. In this situation Lundin Petroleum only records the share of the production that it receives for sale.

Production costs for the six month period ended 30 June 2005 expressed in US dollars were comprised as follows:

Production cost and depletion in TUSD	**1 Jan 2005 – 30 June 2005 6 months**	1 April 2005- 30 June 2005 3 months	1 Jan 2004– 30 June 2004 6 months	1 April 2004 - 30 June 2004 3 months	1 Jan 2004 – 31 Dec 2004 12 months
Cost of operations	78,812	42,397	54,633	33,074	124,006
Tariff and transportation expenses	10,326	4,619	6,949	3,846	16,173
Royalty and direct taxes	2,257	1,192	1,435	872	3,821
Changes in inventory/overlift	216	4,540	7,236	4,852	2,398
Total production costs	91,611	52,748	70,253	42,644	146,398
Depletion	54,576	26,506	13,833	6,704	51,946
Total	**146,187**	79,254	84,086	49,348	198,344

Production cost and depletion in USD per boe	**1 Jan 2005 – 30 June 2005 6 months**	1 April 2005- 30 June 2005 3 months	1 Jan 2004– 30 June 2004 6 months	1 April 2004 30 June 2004 3 months	1 Jan 2004 – 31 Dec 2004 12 months
Cost of operations	12.44	13.75	14.47	16.96	12.71
Tariff and transportation expenses	1.63	1.50	1.84	1.97	1.66
Royalty and direct taxes	0.36	0.39	0.38	0.45	0.39
Changes in inventory/overlift	0.03	1.47	1.92	2.49	0.25
Total production costs	14.46	17.11	18.61	21.87	15.01
Depletion	8.61	8.60	3.66	3.44	5.32
Total cost per boe	**23.07**	25.71	22.27	25.31	20.33

Production costs for the half year ended 30 June 2005 amounted to MSEK 651.4 (MSEK 524.5) and MSEK 382.4 (MSEK 321.8) for the second quarter of 2005. The reported cost of operations has increased from USD 11.20 per barrel in the first quarter of 2005 to USD 13.75 per barrel for the second quarter of 2005. This increase is due to the lower production achieved in the second quarter creating a higher per barrel cost and because of the non-recurring costs incurred in the United Kingdom during the second quarter of 2005 of MUSD 6.4 (MSEK 45.5) in relation to the transfer of duty holder responsibilities to Petrofac Facilities Management Limited.

Depletion of oil and gas properties for the half year ended 30 June 2005 amounted to MSEK 388.1 (MSEK 103.3) and MSEK 193.8 (MSEK 50.9) for the second quarter of 2005. The depletion charge has increased from the comparative period following the inclusion of the UK assets acquired from DNO in 2004. The depletion cost per barrel has increased from 2004 following a revision of cost and reserve estimates used in the calculation and because the UK was only included within the depletion charge for five months in 2004, distorting the average depletion rate for the year.

Write off of oil and gas properties amounted to MSEK 11.2 (MSEK 1.2) for the first six month period ended 30 June 2005 and MSEK 2.6 (MSEK 1.2) for the second quarter of 2005. The decision was made during 2004 to write off the costs incurred in Iran as well as other exploration project costs resulting in a charge to the income statement for the year ended 31 December 2004 of MSEK 150.1.

On 23 November 2004, Lundin Petroleum completed the sale of its investment in the Norwegian company OER for MSEK 189.9 recording an accounting profit of MSEK 98.2 in the income statement for the year ended 31 December 2004.

Other income for the half year ended 30 June 2005 amounted to MSEK 3.3 (MSEK 2.9) and MSEK 0.6 (MSEK 2.1) for the second quarter of 2005 and represents fees and costs recovered by Lundin Petroleum from third parties.

General and administrative expenses for the first six month period ended 30 June 2005 amounted to MSEK 49.8 (MSEK 61.5) and MSEK 29.3 (MSEK 37.7) for the second quarter of 2005. Included within the 2005 costs is an accounting charge of MSEK 8.5 for employee incentive warrants issued in 2004 and 2005 following the adoption of IFRS. The comparative period included MSEK 2.0 in relation to the warrants issued in 2004. Depreciation charges included in the general and administrative expenses amounted to MSEK 5.1 (MSEK 2.4) for the six month period ended 30 June 2005 and MSEK 3.8 (MSEK 1.2) for the second quarter of 2005. The general and administration costs for the first six months of 2004 included an amount of MSEK 5.7 for OER. OER was sold in the fourth quarter of 2004.

Financial income for the half year ended 30 June 2005 amounted to MSEK 15.7 (MSEK 8.8) and MSEK 8.8 (MSEK 4.6) for the second quarter of 2005. Interest income for the six month period ended 30 June 2005 amounted to MSEK 9.0 (MSEK 4.9) and mainly comprises of interest received on bank accounts of MSEK 4.1 (MSEK 2.0), interest received on a loan to an associated company for an amount of MSEK 1.8 (MSEK 1.3) and the interest fee received from Venezuela for an amount of MSEK 1.9 (MSEK 1.6).

Financial expenses for the half year ended 30 June 2005 amounted to MSEK 119.1 (MSEK 54.1) and MSEK 68.0 (MSEK 26.2) for the second quarter of 2005. Interest expense for the half year ended 30 June 2005 amounted to MSEK 27.4 (MSEK 7.4) and MSEK 13.1 (MSEK 5.4) for the second quarter of 2005 and mainly relates to the bank loan facility. The impact of the change in market value of the interest rate hedge for the first six month period ended 30 June 2005 amounted to a gain of MSEK 4.3 (MSEK 3.7) and a loss of MSEK 1.4 (MSEK -9.2) for the second quarter of 2005. The amortisation of financing fees amounted to MSEK 7.0 (MSEK 3.0) for the half year ended 30 June 2005 and MSEK 3.3 (MSEK 2.5) for the second quarter of 2005. The financing fees are in relation to the bank loan facility and are amortised over the life of the bank loan facility. Net exchange losses for the half year ended 30 June 2005 amounted to MSEK 78.4 (MSEK 38.4) and MSEK 44.3 (MSEK 21.7) for the second quarter of 2005. The exchange losses for the half year ended 30 June 2005 are mainly the result of the revaluation of the USD loan outstanding into the EUR and NOK reporting currency of the entities in which the funds were drawn. During the half year ended 30 June 2005 the devaluation of the NOK and the Euro against the USD amounted to approximately 11%.

The tax charge for the half year ended 30 June 2005 amounted to MSEK 326.0 (MSEK -16.8) and MSEK 156.1 (MSEK -31.8) for the second quarter of 2005. The current corporation tax charge of MSEK 52.2 (MSEK -75.0) comprises current corporation tax charges in, mainly, the Netherlands, France, Indonesia and Venezuela. The deferred corporation tax charge for the half year ended 30 June 2005 of MSEK 260.1 (MSEK 64.6) comprises principally of a charge of MSEK 224.3 in the UK for the utilisation of tax losses acquired with the UK companies and capital allowances generated from the capitalised expenditure on the UK fields. The petroleum tax charge for the first six month period ended 30 June 2005 amounts to MSEK 14.5 (MSEK -10.7). The deferred petroleum tax benefit for the half year ended 30 June 2005 amounts to MSEK 1.3 (MSEK -4.2).
The Group operates in various countries and fiscal regimes where corporate income tax rates are different from the regulations in Sweden. Corporate income tax rates for the Group vary between 31.5 and 78%. Currently the majority of the Group's profit is derived from the United Kingdom where the corporate income tax rate amounts to 40%. The effective tax rate for the six month period ended 30 June 2005 amounts to approximately 41%.

The net result attributable to minority interest for the half year ended 30 June 2005 amounted to MSEK 0.2 (MSEK 5.7) and relates to the 0.15% of Lundin International SA that is owned by minority shareholders. The comparative period included the 25% of OER that was not owned by the Group. The investment in OER was sold in November 2004.

Tangible fixed assets

Tangible fixed assets as at 30 June 2005 amounted to MSEK 5,145.1 (MSEK 4,334.0) of which MSEK 5,081.3 (MSEK 4,296.0) relates to oil and gas properties and are detailed in Note 7 to the Financial Statements. Development and exploration expenditure incurred for the first six month period ended 30 June 2005 can be summarised as follows:

Development expenditure in MSEK	**1 Jan 2005 – 30 June 2005 6 months**	1 April 2005- 30 June 2005 3 months	1 Jan 2004– 30 June 2004 6 months	1 April 2004 - 30 June 2004 3 months	1 Jan 2004 – 31 Dec 2004 12 months
United Kingdom	218.8	103.4	275.2	216.1	702.3
France	14.2	8.7	16.4	16.9	85.1
Netherlands	17.1	8.2	8.9	6.9	44.3
Venezuela	19.7	10.8	8.5	6.0	12.7
Tunisia	6.4	3.6	1.7	1.6	3.9
Indonesia	36.8	21.7	11.9	8.2	22.9
Ireland	-	0.5	-	-	2.6
Norway	225.2	109.3	17.3	7.2	81.2
Development expenditure	**538.2**	266.2	339.9	262.9	955.0

Exploration expenditure in MSEK	**1 Jan 2005 – 30 June 2005 6 months**	1 April 2005- 30 June 2005 3 months	1 Jan 2004– 30 June 2004 6 months	1 April 2004 - 30 June 2004 3 months	1 Jan 2004 – 31 Dec 2004 12 months
France	2.4	1.9	27.6	26.4	41.1
Indonesia	21.8	11.9	19.3	8.7	63.6
Iran	4.5	-	23.9	8.8	51.9
Netherlands	0.8	0.2	6.8	6.1	24.7
Tunisia	0.8	0.7	-	-0.7	-
Albania	2.9	0.8	1.4	1.0	4.1
Ireland	2.0	-	-	-	-
Norway	24.5	12.6	3.8	3.8	30.6
Sudan	2.0	2.1	2.7	1.3	5.6
Nigeria	73.3	71.6	-	-	-
United Kingdom	7.4	7.4	1.5	0.8	2.0
Other	6.4	3.4	3.0	-0.6	9.2
Exploration expenditure	**148.8**	112.6	90.0	55.6	232.8

Other tangible fixed assets as at 30 June 2005 amounted to MSEK 63.8 (MSEK 38.0).

Financial fixed assets
Financial fixed assets as at 30 June 2005 amounted to MSEK 508.7 (MSEK 481.0) and are analysed in Note 8 to the Financial Statements. Restricted cash includes cash amounts deposited to support letters of credit issued in support of exploration work commitments. Restricted cash has increased from 31 December 2004 following the deposit of MUSD 4.1 in support of the work commitment in Nigeria. Shares and participations amount to MSEK 53.0 (MSEK 21.1) as at 30 June 2005. The increase during the period relates to the shares in Island Oil and Gas plc that the Group received as consideration for the sale of the interest in the Seven Heads gas field offshore Ireland. Deferred financing fees relate to the costs incurred establishing the bank credit facility and are being amortised over the period of the loan. The deferred tax asset comprises tax losses carried forward in the United Kingdom, Tunisia, France and Norway. Deferred taxes on tax losses are only recorded when there is a reasonable certainty of utilising them against future taxable income. Hedging instruments valued at fair value amounted to MSEK 11.1 (MSEK nil) and primarily relate to the interest rate hedging contracts. Other financial fixed assets amount to MSEK 7.5 (MSEK 6.0) and are funds held by joint venture partners in anticipation of future expenditures.

Current receivables and inventories
Current receivables and inventories amounted to MSEK 1,053.5 (MSEK 768.9) as at 30 June 2005 and are analysed in Note 9 to the Financial Statements. Inventories include hydrocarbons and consumable well supplies. Trade receivables have increased from 31 December 2004 primarily due to the phasing of the UK sales and the higher average prices achieved for the period. Taxes receivable amounted to MSEK 153.9 (MSEK 117.6) and joint venture debtors amounted to MSEK 74.6 (MSEK 74.1).

Cash and bank
Cash and bank as at 30 June 2005 amounted to MSEK 254.5 (MSEK 268.4).

Provisions and other long term liabilities
Provisions as at 30 June 2005 amounted to MSEK 1,713.3 (MSEK 1,497.7) and are detailed in Note 10 to the Financial Statements. This amount includes a provision for site restoration of MSEK 325.0 (MSEK 296.0) and a provision for deferred tax of MSEK 1,338.4 (MSEK 1,166.1).

Long term interest bearing debt
Long term interest bearing debt amounted to MSEK 1,286.4 (MSEK 1,343.0) as at 30 June 2005. On 16 August 2004, Lundin Petroleum entered into a seven-year credit facility agreement to borrow up to MUSD 385.0 comprising MUSD 35.0 for Letters of Credit in support of future site restoration costs payable to former owners of the Heather field, offshore UK, and cash drawings of MUSD 350.0. The amount outstanding under the facility at 30 June 2005 amounted to MUSD 165.0 following the repayment of MUSD 35.3 during the second quarter of 2005.

Current liabilities
Current liabilities as at 30 June 2005 amount to MSEK 1,131.8 (MSEK 641.4) and are detailed in Note 11 to the Financial Statements. Following the adoption of IAS 39, a liability has been recorded to recognise the market value of financial instruments outstanding at the reporting date. As at 30 June 2005, an amount of MSEK 405.3 (MSEK nil) has been accounted for and is primarily relating to the oil price hedging contracts. Accrued expenses have increased from MSEK 287.7 at 31 December 2004 to MSEK 384.4 at 30 June 2005 partially due to higher accruals for oil price hedge settlements.

Parent Company
The business of the Parent Company is investment in and management of oil and gas assets. The net result for the parent company amounted to a gain of MSEK 2.1 (MSEK -11.0) for the first six month period ended 30 June 2005 and a loss of MSEK 0.4 (MSEK 11.8) for the second quarter of 2005.
The result included administrative expenses of MSEK 23.1 (MSEK 37.3) offset by net financial income and expenses of MSEK 18.9 (MSEK 20.9). Interest income derived from loans to

subsidiary companies amounted to MSEK 17.8 (MSEK 15.1). Currency exchange gains amounted to MSEK 1.1 (MSEK 5.4).

No deferred tax asset has been recorded against the historic losses incurred by the Parent Company because of uncertainty as to the timing of their utilisation.

SUBSEQUENT EVENTS

Subsequent to the 30 June 2005 reporting date the Group entered into an agreement to sell and lease back the FPSO used on the Jotun field. This sale and lease back was completed on 1 July 2005.

LIQUIDITY

On 16 August 2004, the Group entered into a USD 385 million loan facility to fund the DNO acquisition and to provide further funds for corporate purposes. The MUSD 385 loan facility has been used to provide Letters of Credit in the amount of MUSD 35 as security for the payment of future site restoration costs to former owners of the Heather field, offshore UK, and to provide funds for corporate purposes. The amount outstanding at 30 June 2005 amounted to MUSD 165. The Group has entered into oil price, interest rate and currency hedges to remove a portion of market risk from the future cashflows. It is expected that the Group's operating cashflows will be sufficient to meet the Group's current development and exploration expenditure requirements.

FINANCIAL INSTRUMENTS

The Group has entered into the following interest rate hedging contracts to tie the LIBOR based floating rate part of the Company's USD borrowings to a fixed LIBOR rate of interest.

Contract date	USD Libor interest rate	Amount hedged	Start date	End date
22/10/2002	3.49%	85,000,000	4/1/2005	5/7/2005
22/10/2002	3.49%	75,000,000	5/7/2005	3/1/2006
22/10/2002	3.49%	65,000,000	3/1/2006	3/7/2006
22/10/2002	3.49%	55,000,000	3/7/2006	2/1/2007
11/3/2004	2.32%	40,000,000	1/4/2004	2/4/2007

The Group has entered into the following oil price hedges.

Contract date	USD per barrel Dated Brent	Barrels per day	Start date	End date
11/3/2004	28.40	3,000	1/1/2005	31/12/2005
19/4/2004	29.60	3,000	1/2/2005	31/12/2005
24/1/2005	45.00	5,000	1/2/2005	31/12/2005
8/3/2005	51.00	5,000	8/3/2005	31/12/2005
22/3/2005	53.19	5,000	1/1/2006	31/12/2006

In January 2005 the Group entered into a number of currency hedging contracts for 2005 fixing the rate of exchange from USD into GBP, Euros, NOK and CHF. The contracts run from 20 February 2005 until 20 November 2005. The total amount hedged amounts to MUSD 98.3, of which MUSD 66.2 relates to GBP and MUSD 17.6 relates to Euro. In July 2005 the Group entered into a new currency hedging contract for 2006 fixing the rate of exchange from USD into GBP for a total amount of MGBP 36.0.

CHANGES IN THE BOARD

At the AGM on 19 May 2005, Mrs Viveca Ax:son Johnson was elected as new Director of the Board. All serving Directors were re-elected.

SHARE DATA

Lundin Petroleum AB's share capital at 30 June 2005 amounts to SEK 2,557,271.66 represented by 255,727,166 shares of nominal value SEK 0.01 each.

The following share warrants have been issued under the Group incentive program for employees. The warrants issued for 2002 and 2003 were issued at the average closing price of Lundin Petroleum shares for the ten days after the AGM. The warrants issued for 2004 and 2005 were issued at a 10% premium to the average closing price of Lundin Petroleum shares for the ten days after the AGM.

	Issued 2003	**Issued 2004**	**Issued 2005**
Exercise price (SEK)	10.10	45.80	60.20
Number authorised	3,400,000	2,250,000	3,000,000
Number outstanding	1,359,000	1,942,000	2,900,000
Exercise period	31 May 2004	31 May 2005	15 June 2006
	- 31 May 2006	- 31 May 2007	- 31 May 2008

As at 30 June 2005, there was no convertible debt outstanding.

Exchange rates

For the preparation of financial statements for the three month period ended 30 June 2005, the following currency exchange rates have been used.

	Period average	Period end
1 EUR equals SEK	9.1406	9.4259
1 USD equals SEK	7.1105	7.7952

Accounting principles

As of 1 January 2005, Lundin Petroleum AB (publ) has adopted the International Financial Reporting Standards (IFRS). As from 2005, Lundin Petroleum will issue its financial reports in accordance with these standards including one (restated) comparative year. The report for the six month period ended 30 June 2005 of Lundin Petroleum AB (publ) has been prepared in accordance with IAS 34, Interim Financial Reporting, and also includes IFRS 1, First-time Adoption of International Financial Reporting. The report has been prepared in accordance with prevailing IFRS standards and International Financial Reporting Standards Committee (IFRIC) interpretations adopted by the EU Commission at the end of June 2005.

The parent company applies the Swedish Financial Accounting Standards Council's new Recommendation 32 as from 1 January 2005. The accounting principles for the parent company are unchanged from previous year with the exception of accounting for share based payments, where the accounting principles in IFRS 2 as described below have been applied.

IFRS 1 provide first time adopters of IFRS with exemptions from full retrospective application. Lundin Petroleum has utilised the following exemptions:

- IFRS 2 – Share based payments: This standard has not been applied to the Group's incentive warrants programme granted before 7 November 2002. The 2004 programme granted after 7 November 2002 and not yet vested before 1 January 2005 has been recognised in line with this standard.
- IFRS 3 – Business combinations: this standard has not been applied to business combinations prior to 1 January 2004.
- IFRS 5 – Non current assets held for sale and discontinued operations: This standard has been adopted prospectively as from 1 January 2005.
- IAS 21 – The Effects of Changes in Foreign Exchange Rates: at the date of transition to IFRS the cumulative translation differences are deemed to be zero. The gain or loss on a subsequent disposal of any foreign operation excluded translation differences that arose before the date of transition and included later translation differences.
- IAS 39 – Financial instruments: This standard, as adopted by the EU, has been applied as from 1 January 2005 and therefore the comparatives have not been restated.

Accounting principles for the Group under IFRS compared to GAAP used for the 2004 financial statements changed in relation to the following standards:

IFRS 2

Under Swedish GAAP no compensation cost was recognised for any of the employee incentive warrants issued when the exercise price was equal to or at a premium to the market price at the time of issue.

IFRS 2 requires a charge to be recorded in the income statement to record the issue of employee stock options. The liability in relation to employee stock option programmes is valued at fair value at grant date of the options using the Black & Scholes option pricing method. The fair value of the option programme is charged to personnel costs over the vesting period. The fair value of the liability under the option programme may be adjusted during the vesting period resulting in a liability at fair value based on the actual number of options vested at the end of the vesting period.

As a result of the transition to IFRS, shareholders´equity as at 31 December 2004 included a liability of MSEK 10.7. The result for the year 2004 included a charge of MSEK 10.7 in the personnel costs.

IFRS 3

This statement deals with business combinations and the treatment of any excess purchase price and the split between tangible assets and intangible assets. There was no change required to the treatment of assets currently adopted by Lundin Petroleum.

IAS 1

In accordance with this standard, minority interests are included in shareholders' equity as a separate component and are included in the net result for the year in the income statement.

IAS 21

This statement deals with the effects of foreign exchange rates. The effects of recording a change in functional currency of certain subsidiaries within the Lundin Group in line with the requirements of this standard, related to the oil and gas assets recognised in these companies. The negative effect on shareholders' equity net of deferred tax at 1 January 2004 amounted to MSEK 11.5 and MSEK 4.6 at 31 December 2004. The positive effect net of deferred tax on the net result for the year ended 31 December 2004 amounts to MSEK 8.2.

IAS 36

Under GAAP used for the preparation of the 2004 financial statements, Lundin Petroleum has based their impairment testing on a country by country cost pool basis under the full cost method of accounting.

In accordance with IAS 36 impairment testing is carried out on a field by field cost pool basis. Exploration costs can no longer be carried as capitalised costs within a country cost pool unless those costs can be supported by future cash flows on their own merits. If there is no decision to continue with a field specific exploration programme then the costs will be expensed.

Lundin Petroleum has incurred exploration costs in France and Indonesia which under the adoption of IFRS have been expensed in the financial statements for the comparative periods. The effect on shareholders' equity amounted to MSEK -16.1 net of deferred tax at 1 January 2004 and the impact on the result for the year ended 31 December 2004 amounted to MSEK -19.4 net of deferred tax.

IAS 32 and 39

Under Swedish GAAP, derivative financial instruments have been treated as off-balance sheet instruments.

IAS 32 and 39 deal with the recognition, measurement, disclosure and presentation of financial instruments. The standard requires that derivative financial instruments be accounted for at fair value. Under the optional exemption rules stated in IFRS 1 Lundin Petroleum has adopted IAS 39 from 1 January 2005 and no restatement of prior periods results has been required.

In accordance with IAS 39 all derivative instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument. The Group designates the following derivative:

1. Fair value hedge

Changes in the fair value of derivatives that qualify as fair value hedge are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability.

2. Cash flow hedge

The effective portion of changes in the fair value of derivatives that qualify as cash flow hedges are recognised in shareholders´ equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in shareholders´ equity are transferred to the income statement in the period when the hedged item will affect the income statement. When a hedging instrument no longer meets the requirements for hedge accounting, any accumulated gain or loss recognised in shareholders´ equity is transferred to the income statement.

3. Net investment hedge

Hedges of net investments in foreign operations are accounted for in a similar manner as cash flow hedges.

4. Derivatives that do no qualify for hedge accounting

In case certain derivatives do not qualify for hedge accounting, changes in fair value are recognised immediately in the income statement.

Lundin Petroleum had in 2004 and has in 2005 in place cash flow hedges by means of interest rate hedging contracts and oil price hedging contracts. Under Swedish GAAP, the oil price hedging contracts have been treated as off-balance sheet instruments, whereas IFRS requires valuing these contracts at fair value. The impact on the opening balance of the hedging reserve with shareholders' equity at 1 January 2005 amounted to MSEK 98.2 net of deferred tax. The impact on the financial fixed assets amounted to MSEK 64.5 mainly due to the related deferred tax assets, the impact on the current receivables amounted to MSEK 1.9 relating to a short term hedge asset and the impact on the current liabilities amounted to MSEK 162.3 in connection to short term hedge liabilities.

CONSOLIDATED INCOME STATEMENT IN SUMMARY

Expressed in TSEK	Note	**1 Jan 2005– 30 Jun 2005 6 months**	1 Apr 2005– 30 Jun 2005 3 months	1 Jan 2004– 30 Jun 2004 6 months	1 Apr 2004– 30 Jun 2004 3 months	1 Jan 2004– 31 Dec 2004 12 months
Operating income						
Net sales of oil and gas	1	1,904,004	993,277	881,973	496,738	2,344,005
Other operating income		88,598	45,631	48,506	40,983	124,281
		1,992,602	1,038,908	930,479	537,721	2,468,286
Cost of sales						
Production costs	2	-651,400	-382,417	-524,499	-321,788	-1,074,491
Depletion of oil and gas properties	3	-388,052	-193,772	-103,272	-50,937	-381,252
Write off of oil and gas properties		-11,176	-2,617	-1,155	-1,155	-150,065
Gross profit		**941,974**	460,102	301,553	163,841	862,478
Sale of assets		-	-	-	-	98,192
Other income		3,319	598	2,936	2,145	17,710
General, administration and depreciation expenses		-49,831	-29,342	-61,465	-37,651	-129,978
Operating profit		**895,462**	431,358	243,024	128,335	848,402
Financial income	4	15,653	8,774	8,835	4,603	58,492
Financial expenses	5	-119,078	-67,980	-54,095	-26,166	-60,033
Profit before tax		792,037	372,152	197,764	106,772	846,861
Tax	6	-325,961	-156,117	16,820	31,805	-241,603
Net result		**466,076**	216,035	214,584	138,577	605,258
Net result attributable to :						
shareholders of the parent company		465,851	216,513	208,894	135,544	598,245
minority interest		225	-478	5,690	3,033	7,013
Net result		**466,076**	216,035	214,584	138,577	605,258
Earnings per share – SEK 1)		1.83	0.85	0.83	0.54	2.37
Diluted earnings per share – SEK 1)		1.82	0.84	0.82	0.53	2.34

1) Based on net result attributable to shareholders of the parent company.

Reconciliation of net result from Swedish GAAP to IFRS in TSEK	1 Jan 2004– 30 June 2004 6 months	1 Apr 2004– 30 June 2004 3 months	1 Jan 2004– 31 Dec 2004 12 months
Net result under Swedish GAAP	210,884	137,534	620,154
Reclassification of minority interest	5,690	3,033	7,012
Share based payments	-1,990	-1,990	-10,712
Effects of changes in functional currency	-	-	8,231
Impairment of assets	-	-	-22,359
Taxes	-	-	2,932
Net result under IFRS	214,584	138,577	605,258

CONSOLIDATED BALANCE SHEET IN SUMMARY

Expressed in TSEK	Note	**30 June 2005**	31 Dec 2004	1 Jan 2005
ASSETS				
Tangible fixed assets				
Oil and gas properties	7	5,081,263	4,296,024	4,296,024
Other tangible fixed assets		63,805	38,001	38,001
Total tangible fixed assets		**5,145,068**	4,334,025	4,334,025
Financial fixed assets	8	508,701	481,041	545,547
Total fixed assets		**5,653,769**	4,815,066	4,879,572
Current Assets				
Current receivables and inventories	9	1,053,477	768,870	770,784
Cash and bank		254,508	268,377	268,377
Total current assets		**1,307,985**	1,037,247	1,039,161
Total assets		**6,961,754**	5,852,313	5,918,733
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity including net result for the period		2,830,215	2,370,213	2,272,019
Long term liabilities				
Provisions	10	1,713,304	1,497,692	1,499,975
Long-term interest bearing debt		1,286,417	1,343,021	1,343,021
Total long term liabilities		**2,999,721**	2,840,713	2,842,996
Current liabilities	11	1,131,818	641,387	803,718
Total shareholders' equity and liabilities		**6,961,754**	5,852,313	5,918,733
Pledged assets		1,150,669	1,124,388	1,124,388
Contingent liabilities		-	-	-

The balance sheet as at 1 January 2005 has been included to show the impact of the adoption of IAS 39 applied as of 1 January 2005.

STATEMENT OF CHANGE IN GROUP EQUITY

Expressed in TSEK	Share Capital	Other reserves	Retained earnings	Net result	Minority interest	Total
Balance at 1 January 2004	2,515	984,112	-103,265	930,229	20,036	1,833,627
Transfer of prior year net result	-	-	930,229	-930,229	-	-
Issuance of shares	16	10,309	-	-	-	10,325
Employee stock option expense	-	-	1,991	-	-	1,991
Currency translation difference	-	9,496	17,686	-	133	27,315
Net result	-	-	-	208,894	5,690	214,584
Balance at 30 June 2004	2,531	1,003,917	846,641	208,894	25,859	2,087,842
Issuance of shares	6	5,704	-	-	-	5,710
Employee stock option expense	-	-	8,721	-	-	8,721
Currency translation difference	-	-40,443	-58,040	-	-269	-98,752
Disinvestments	-	-	-	-	-23,982	-23,982
Net result	-	-	-	389,351	1,323	390,674
Balance at 31 December 2004	2,537	969,178	797,322	598,245	2,931	2,370,213
Transfer of prior year net result	-	-	598,245	-598,245	-	-
Adjustment for IAS 39	-	-98,194	-	-	-	-98,194
Issuance of shares	20	26,145	-	-	-	26,165
Change in hedge reserve	-	-194,062	568	-	-	-193,494
Employee stock option expense	-	-	6,528	-	-	6,528
Currency translation difference	-	87,984	165,711	-	33	253,728
Investments	-	-	-	-	-807	-807
Net result	-	-	-	465,851	225	466,076
Balance at 30 June 2005	**2,557**	**791,051**	**1,568,374**	**465,851**	**2,382**	**2,830,215**

Reconciliation of shareholders' equity from Swedish GAAP to IFRS in TSEK	1 Jan 2004	30 June 2004	31 Dec 2004	1 Jan 2005
Shareholders' equity under Swedish GAAP	1,841,195	2,086,991	2,407,375	2,407,375
Reclassification of minority interest	20,036	25,859	2,931	2,931
Change in functional currency	-11,547	-8,951	-4,610	-4,610
Impairment of assets	-16,057	-16,057	-35,483	-35,483
Adjustment for IAS 39	-	-	-	-98,194
Shareholders'equity under IFRS	1,833,627	2,087,842	2,370,213	2,272,019

GROUP CASH FLOW STATEMENT IN SUMMARY

Expressed in TSEK	**1 Jan 2005– 30 Jun 2005 6 months**	1 Apr 2005– 30 Jun 2005 3 months	1 Jan 2004– 30 Jun 2004 6 months	1 Apr 2004– 30 Jun 200 3 months	1 Jan 2004– 31 Dec 2004 12 months
Cash flow from operations					
Net result	466,076	216,035	214,584	138,577	605,258
Adjustment for depletion and other non cash related items	679,365	324,058	178,623	108,105	816,453
Changes in working capital	-218,926	12,349	9,624	29,805	-251,549
Total cash flow from operations	**926,515**	552,442	402,831	276,487	1,170,162
Investment in subsidiary assets	-	-	-1,229,628	-	-1,220,191
Sale of assets	-	-	-	-	226,731
Change in other financial fixed assets	-12,836	16,380	68	-964	2,092
Other payments	-13,451	-13,149	-	-	-1,219
Investment in oil and gas properties	-687,320	-383,521	-864,311	-767,497	-1,628,813
Investment in other fixed assets	-24,011	-17,652	-2,246	-1,405	-30,423
Total cash flow used for / from investments	**-737,618**	-397,942	-2,096,117	-769,866	-2,651,823
Changes in long-term liabilities	-268,544	-251,249	1,666,582	619,422	1,464,797
Paid financing fees	-	-	-18,443	-	-28,260
Proceeds from share issues	26,165	18,946	10,325	9,249	16,036
Total cash flow from / used for financing	**-242,379**	-232,303	1,658,464	628,671	1,452,573
Change in cash and bank	-53,482	-77,803	-34,822	135,292	-29,088
Cash and bank at the beginning of the period	268,377	310,755	301,589	132,449	301,589
Currency exchange difference in cash and bank	39,613	21,556	-932	-1,906	-4,124
Cash and bank at the end of the period	**254,508**	254,508	265,835	265,835	268,377

Note 1. Segmental information, TSEK	**1 Jan 2005– 30 Jun 2005 6 months**	1 Apr 2005– 30 Jun 2005 3 months	1 Jan 2004– 30 Jun 2004 6 months	1 Apr 2004– 30 Jun 2004 3 months	1 Jan 2004– 31 Dec 2004 12 months
Net sales of oil and gas					
Sale of crude oil					
- United Kingdom	1,327,448	722,318	239,094	163,747	1,128,193
- France	284,851	144,477	220,631	134,112	426,457
- Norway	69,315	41,913	105,205	48,352	243,808
- Indonesia	88,496	45,202	77,269	42,147	149,645
- Tunisia	28,317	206	99,491	48,574	194,746
	1,798,427	954,116	741,690	436,932	2,142,849
Sale of condensate					
- Netherlands	1,680	615	6,644	3,505	10,143
- Indonesia	547	547	-	-	-
- Norway	-	-	1,896	932	3,368
- United Kingdom	19,608	8,539	2,502	1,679	20,007
	21,835	9,701	11,042	6,116	33,518
Sale of gas					
- Netherlands	114,004	54,594	90,052	42,052	175,729
- Ireland	5,671	1,329	16,586	8,756	23,372
- Indonesia	655	270	2,799	959	4,129
- Norway	726	373	2,597	715	2,851
	121,056	56,566	112,034	52,482	206,081
Service fee					
- Venezuela	69,998	41,893	58,293	29,806	114,797
Oil price hedging settlement	-107,312	-68,999	-41,086	-28,598	-153,240
	1,904,004	993,277	881,973	496,738	2,344,005
Operating profit contribution					
United Kingdom	615,374	305,826	-32,968	-23,489	437,941
France	126,706	58,277	68,739	40,624	151,547
Norway	42,633	22,506	40,002	15,842	167,909
Netherlands	54,160	22,867	50,488	22,669	81,487
Venezuela	35,688	21,974	30,175	13,992	62,397
Indonesia	46,942	23,498	45,202	23,585	58,168
Tunisia	12,145	-7,394	55,024	36,052	66,205
Ireland	3,813	1,668	4,932	3,267	8,902
Other	-41,999	-17,864	-18,570	-4,207	-186,154
	895,462	431,358	243,024	128,335	848,402

Note 2. Production costs, TSEK	**1 Jan 2005– 30 Jun 2005 6 months**	1 Apr 2005– 30 Jun 2005 3 months	1 Jan 2004– 30 Jun 2004 6 months	1 Apr 2004– 30 Jun 2004 3 months	1 Jan 2004– 31 Dec 2004 12 months
Costs of operations	560,391	305,311	407,880	249,594	908,909
Tariff and transportation expenses	73,425	33,925	51,884	29,095	118,702
Royalty and direct taxes	16,047	8,676	10,711	6,581	28,045
Changes in inventory/overlift position	1,537	34,505	54,024	36,518	18,835
	651,400	382,417	524,499	321,788	1,074,491

Note 3. Depletion of oil and gas properties, TSEK	**1 Jan 2005– 30 Jun 2005 6 months**	1 Apr 2005– 30 Jun 2005 3 months	1 Jan 2004– 30 Jun 2004 6 months	1 Apr 2004– 30 Jun 2004 3 months	1 Jan 2004– 31 Dec 2004 12 months
United Kingdom	261,783	130,889	-	-	175,680
France	32,568	16,074	28,609	13,460	55,665
Norway	13,534	6,541	14,841	8,516	38,328
Netherlands	37,862	17,984	32,513	16,420	61,669
Venezuela	23,248	13,122	16,003	7,590	28,688
Indonesia	8,427	4,220	3,780	1,332	8,903
Tunisia	10,630	4,942	7,526	3,619	12,319
	388,052	193,772	103,272	50,937	381,252

Note 4. Financial income, TSEK	**1 Jan 2005– 30 Jun 2005 6 months**	1 Apr 2005– 30 Jun 2005 3 months	1 Jan 2004– 30 Jun 2004 6 months	1 Apr 2004– 30 Jun 2004 3 months	1 Jan 2004– 31 Dec 2004 12 months
Interest income	8,964	5,533	4,880	2,802	11,468
Dividend	6,689	3,241	3,955	1,801	10,899
Foreign exchange gains, net	-	-	-	-	36,125
	15,653	8,774	8,835	4,603	58,492

Note 5. Financial expenses, TSEK	**1 Jan 2005– 30 Jun 2005 6 months**	1 Apr 2005– 30 Jun 2005 3 months	1 Jan 2004– 30 Jun 2004 6 months	1 Apr 2004- 30 Jun 2004 3 months	1 Jan 2004– 31 Dec 2004 12 months
Loan interest expense	27,392	13,093	7,353	5,416	53,092
Change in market value interest rate hedge	-4,292	1,363	-3,676	-9,195	-17,171
Unwind site restoration discount	8,309	4,499	8,400	5,096	14,503
Amortisation of deferred financing fees	6,908	3,283	2,999	2,510	7,224
Foreign exchange losses, net	78,433	44,347	38,361	21,681	-
Other financial expense	2,328	1,395	658	658	2,385
	119,078	67,980	54,095	26,166	60,033

Note 6. Tax, TSEK	**1 Jan 2005– 30 Jun 2005 6 months**	1 Apr 2005– 30 Jun 2005 3 months	1 Jan 2004– 30 Jun 2004 6 months	1 Apr 2004– 30 Jun 2004 3 months	1 Jan 2004– 31 Dec 2004 12 months
Current corporate tax	52,153	33,317	-74,951	-85,312	-46,086
Deferred corporate tax	260,685	107,426	64,627	59,037	295,556
Current petroleum tax	14,452	9,586	-10,723	-11,181	-62,939
Deferred petroleum tax	-1,329	5,788	4,227	5,651	55,072
	325,961	156,117	-16,820	-31,805	241,603

Note 7. Oil and gas properties, TSEK	**Book amount 30 June 2005**	Book amount 31 Dec 2004
United Kingdom	2,334,201	2,034,820
France	859,748	838,521
Norway	847,526	548,711
Netherlands	487,867	486,622
Venezuela	220,488	190,617
Indonesia	172,351	92,809
Tunisia	39,484	41,073
Ireland	2,064	31,419
Sudan	23,286	20,909
Albania	7,293	4,085
Nigeria	80,322	-
Others	6,633	6,438
	5,081,263	4,296,024

Note 8. Financial fixed assets, TSEK	**Book amount 30 June 2005**	Book amount 31 Dec 2004
Shares and participations	53,045	21,153
Restricted cash	55,538	35,722
Deferred financing fees	20,878	21,797
Deferred tax asset	360,609	396,347
Hedging assets	11,081	-
Other financial fixed assets	7,550	6,022
	508,701	481,041

Note 9. Current receivables and inventories, TSEK	**Book amount 30 June 2005**	Book amount 31 Dec 2004
Inventories	103,604	88,568
Trade receivables	554,292	366,105
Underlift	39,741	35,073
Corporation tax	153,929	117,587
Joint venture debtors	74,624	74,055
Other current assets	127,287	87,482
	1,053,477	768,870

Note 10. Provisions, TSEK	**Book amount 30 June 2005**	Book amount 31 Dec 2004
Site restoration	325,017	296,024
Pension	13,908	14,518
Deferred taxes	1,338,441	1,166,132
Provision for hedge settlements	27,470	-
Other	8,468	21,018
	1,713,304	1,497,692

Note 11. Current liabilities, TSEK	**Book amount 30 June 2005**	Book amount 31 Dec 2004
Trade payables	56,971	72,701
Overlift	31,268	45,562
Tax payables	69,062	35,350
Accrued expenses	384,440	287,719
Acquisition liabilities	38,769	37,102
Hedging liabilities	405,332	-
Other current liabilities	145,976	162,953
	1,131,818	641,387

PARENT COMPANY INCOME STATEMENT IN SUMMARY

Expressed in TSEK	**1 Jan 2005– 30 Jun 2005 6 months**	1 Apr 2005– 30 Jun 2005 3 months	1 Jan 2004– 30 Jun 2004 6 months	1 Apr 2004– 30 Jun 2004 3 months	1 Jan 2004– 31 Dec 2004 12 months
Service income	6,218	3,650	5,240	4,298	11,547
Gross profit	**6,218**	3,650	5,240	4,298	11,547
Other income	-	-	165	75	213
General and administrative expenses	-23,068	-14,404	-37,327	-22,624	-71,228
Operating loss	**-16,850**	-10,754	-31,922	-18,251	-59,468
Financial income	18,933	10,213	20,896	6,488	30,795
Financial expenses	-	166	-	-	-
Net result before tax	**2,083**	-375	-11,026	-11,763	-28,673
Tax	-	-	-	-	-
Net result	**2,083**	-375	-11,026	-11,763	-28,673

PARENT COMPANY BALANCE SHEET IN SUMMARY

Expressed in TSEK	**30 June 2005**	31 Dec 2004
ASSETS		
Financial fixed assets	819,375	800,036
Total fixed assets	**819,375**	800,036
Current Assets		
Current receivables	7,486	3,454
Cash and bank	20,534	10,289
Total current assets	**28,020**	13,743
Total assets	**847,395**	813,779
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity including net result for the period	843,515	808,739
Current liabilities	3,880	5,040
Total shareholders' equity and liabilities	**847,395**	813,779
Pledged assets	1,150,669	1,124,388
Contingent liabilities	**-**	-

PARENT COMPANY CASH FLOW STATEMENT IN SUMMARY

Expressed in TSEK	**1 Jan 2005– 30 Jun 2005 6 months**	1 Apr 2005– 30 Jun 2005 3 months	1 Jan 2004– 30 Jun 2004 6 months	1 Apr 2004– 30 Jun 2004 3 months	1 Jan 2004– 31 Dec 2004 12 months
Cash flow from operations					
Net result	2,083	-375	-11,026	-11,763	-28,673
Adjustment for non cash related items	5,394	213	-13	2,012	9,356
Changes in working capital	-5,157	-423	-6,779	-1,826	-997
Total cash flow used in operations	**2,320**	-585	-17,818	-11,577	-20,314
Changes in loans to subsidiary companies	-17,958	-6,863	-100,791	7,316	-99,492
Investment in fixed assets	-	-	-119	-119	62
Total cash flow used for/from investments	**-17,958**	-6,863	-100,910	7,197	-99,430
Proceeds from share issue	26,163	18,944	10,325	9,249	16,035
Total cash flow from financing	**26,163**	18,944	10,325	9,249	16,035
Change in cash and bank	10,525	11,496	-108,403	4,869	-103,709
Cash and bank at the beginning of the period	10,289	8,402	112,609	1,375	112,609
Currency exchange difference Bank	-280	636	2,038	-	1,389
Cash and bank at the end of the period	**20,534**	20,534	6,244	6,244	10,289

STATEMENT OF CHANGES IN PARENT COMPANY EQUITY

Expressed in TSEK	**Share Capital**	**Restricted reserves**	**Net result**	**Total**
Balance at 1 January 2004	2,515	958,297	-150,147	810,665
Transfer of prior year net result	-	-150,147	150,147	-
Issuance of shares	16	10,309	-	10,325
Employee stock option expense	-	1,991	-	1,991
Net result	-	-	-11,025	-11,025
Balance at 30 June 2004	2,531	820,450	-11,025	811,956
New share issue	6	5,704	-	5,710
Employee stock option expense	-	8,721	-	8,721
Net result	-	-	-17,648	-17,648
Balance at 31 December 2004	2,537	834,875	-28,673	808,739
Transfer of prior year net result	-	-28,673	28,673	-
Issuance of shares	20	26,145	-	26,165
Employee stock option expense	-	6,528	-	6,528
Net result	-	-	2,083	2,083
Balance at 30 June 2005	**2,557**	**838,875**	**2,083**	**843,515**

KEY DATA GROUP	**1 Jan 2005– 30 June 2005 6 months**	1 April 2005– 30 June 2005 3 months	1 Jan 2004– 30 June 2004 6 months	1 April 2004– 30 June 2004 3 months	1 Jan 2004– 31 Dec 2004 12 months
Return on equity, %[1]	18	8	11	7	29
Return on capital employed, %[2]	22	9	8	6	32
Debt/equity ratio, %[3]	36	36	71	71	45
Equity ratio, %[4]	41	41	34	34	41
Share of risk capital, %[5]	60	60	52	52	60
Interest coverage ratio, %[6]	3,209	3,431	2,790	2,071	2,276
Operating cash flow/interest expenses, %[7]	5,004	5,491	6,686	5,769	3,862
Yield, %[8]	-	-	-	-	-

1 Return on equity is defined as the Group's net result divided by average shareholders' equity.
2 Return on capital employed is defined as the Group's income before tax plus interest expenses plus/less exchange differences on financial loans divided by the average capital employed (the average balance sheet total less non interest-bearing liabilities).
3 Debt/equity ratio is defined as the Group's interest-bearing liabilities less cash and bank in relation to shareholders' equity.
4 Equity ratio is defined as the Group's shareholders' equity, including minority interest, in relation to balance sheet total.
5 Share of risk capital is defined as the sum of the shareholders' equity and deferred taxes, including minority interest, divided by balance sheet total.
6 Interest coverage ratio is defined as the Group's income before tax plus interest expenses plus/less exchange differences on financial loans divided by interest expenses.
7 Operating cash flow/interest expenses is defined as the Group's operating income less production costs and less current taxes divided by the interest charge for the period.
8 Yield is defined as dividend in relation to quoted share price at the end of the financial period.

DATA PER SHARE GROUP	**1 Jan 2005– 30 June 2005 6 months**	1 April 2005– 30 June 2005 3 months	1 Jan 2004– 30 June 2004 6 months	1 April 2004– 30 June 2004 3 months	1 Jan 2004– 31 Dec 2004 12 months
Shareholders' equity, SEK[1]	11.07	11.07	8.25	8.25	9.34
Operating cash flow, SEK[2]	4.98	2.39	1.93	1.22	5.89
Cash flow used in operations, SEK[3]	3.62	3.61	1.58	1.08	4.59
Earnings, SEK[4]	1.83	0.85	0.85	0.55	2.39
Earnings, (fully diluted), SEK[5]	1.82	0.84	0.84	0.54	2.37
Dividend, SEK	-	-	-	-	-
Quoted price at the end of the financial period (regards the parent company), SEK	67.00	67.00	40.00	40.00	38.20
Number of shares at period end	255,727,166	255,727,166	253,107,266	253,107,266	253,748,366
Weighted average number of shares for the period[6]	254,782,507	255,192,669	251,996,911	252,307,340	252,727,926
Weighted average number of shares for the period (fully diluted) [5]	256,135,208	256,689,633	254,766,400	255,173,256	255,134,255

1 Shareholders' equity per share is defined as the Group's shareholders' equity divided by the number of shares at period end.

2 Operating cash flow per share is defined as the Group's operating income less production costs and less current taxes divided by the fully diluted weighted average number of shares for the period. Operating cash flow differs from cash flow from operations in accordance with the consolidated statement of cash flows due to the exclusion from operating cash flow of the cash flow effect of other income, general and administration expenses, financial income and expenses and changes in working capital.

3 Cash flow from operations per share is defined as cash flow used in operations in accordance with the consolidated statement of cash flow divided by the fully diluted weighted average number of shares for the period.

4 Earnings per share is defined as the Group's net result divided by the weighted average number of shares for the period.

5 Earnings per share fully diluted is defined as the Group's net result divided by the fully diluted weighted average number of shares for the period.

6 Weighted average number of shares is defined as the number of shares at the beginning of the period with newly issued shares weighted for the proportion of the period they are in issue.

FINANCIAL INFORMATION

The Company will publish the following reports:

- Nine months report (January – September 2005) will be published on 16 November 2005
- The year end report 2005 will be published on 22 February 2006

Stockholm 17 August 2005

C. Ashley Heppenstall
President & CEO

We have reviewed the six months interim report ended 30 June 2005 for Lundin Petroleum AB (publ.). We conducted our review in accordance with the recommendation issued by FAR.

A review is limited primarily to enquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim report does not comply with the requirements for interim reports in the Annual Accounts Act and IAS 34.

Stockholm, 17 August 2005

Carl Eric Bohlin
Authorised Public Accountant

Klas Brand
Authorised Public Accountant

PricewaterhouseCoopers AB