

Findings
of the Audit Commission on the results of financial audit
of OAO «LUKOIL» business activities in 2004

In accordance with the legislation of the Russian Federation OAO «LUKOIL» Company Charter (hereinafter referred to as the Company), Regulations on the Audit Commission, and on the basis of the audit report provided by the Auditor ZAO KPMG, financial audit of the Company's business activities was performed for the year 2004.

In the financial audit of the Company's business activities, the Audit Commission made a special focus on the following:

- control of compliance of performed financial and business operations with the legislative regulations effective in the Russian Federation;
- organization of annual inventory accounting for Company assets and obligations, as well as reflection of inventory accounting results in accounting and reporting;
- control over prompt preparation and provision of accounting statements to concerned users;
- correct preparation of accounting reports on the basis of accounting data;

The Audit Commission found no instances of non-compliance with the procedures of accounting or financial reporting described in the legislation of the Russian Federation, which could have a serious impact on the reliability of OAO «LUKOIL» reporting.

Indicators of the financial and business activities of the Company in 2004 are the following:

Sales revenue for commodities, works and services in 2004 increased by 39.3 % compared to the same period in the previous year (sales revenue growth resulted from increased sales volume and average value of sold products).

Net profit in the accounting year compared to the same period in the previous year increased by 29 986 mln. rubles (62.4%) and reached **78 028** mln. rubles.

Net assets grew compared to the indicators in the end of 2003 by 57 583 mln. rubles and amounted to 194 382 mln. rubles as of December 31, 2003.

Current liquidity ratio made up 2.3, quick ratio - 1.9, indicating reliability and financial solvency of the Company.

Aggregation of own capital ratio (financial independence) rose compared to the previous year (0.6) and reached 0.7, reflecting growing independence of the Company from external sources of financing.

Consequently, the Audit Commission confirms that OAO «LUKOIL» accounting was prepared in accordance with the regulations and procedures of accounting and regulatory enactments of the Russian Federation, and reflects in full the property and financial status of the Company.

The Audit Commission proposes the report on financial and business activities of the Company in 2004 to the Annual General Shareholders meeting for approval.

Chairman of the Audit Commission

V.N. Nikitenko

Members of the Audit Commission

T.S. Sklyarova

P.G. Kondratyev