

## **Auditors' report**

To the shareholders OAO "LUKOIL"

We have audited the financial statements of OAO "LUKOIL" (hereinafter the "Company") for the period from 1 January to 31 December 2005 attached to this Auditors' report.

The attached financial statements (hereinafter the "Financial Statements"), comprised of 48 pages, contain the following:

- Balance sheet as at 31 December 2005;
- Income statement for 2005;
- Disclosures to the balance sheet and income statement including:
  - Statement of changes in equity for 2005;
  - Statement of cash flows for 2005;
  - Attachments to the balance sheet;
- Notes to the Financial Statements.

The Executive Body of the Company is responsible for the accounting function and the preparation and presentation of the Financial Statements. Our responsibility is to express an opinion, based on the results of the audit, on the reliability of the Financial Statements, in all material respects, and on the compliance of the accounting procedures, in all material respects, with the legislation of the Russian Federation.

The audit was conducted in accordance with:

- Federal Law No. 119-FZ of 7 August 2001 On auditing (with amendments and additions);
- Federal Rules (Standards) on auditing;
- Rules (Standards) on auditing, approved by the Audit Commission under the President of the Russian Federation, to the extent not in conflict with the Federal Rules (Standards) referred to above;
- Internal KPMG auditing methodology;
- Rules and Standards adopted by the Chamber of Auditors of Russia;
- Rules and Standards adopted by the Institute of Professional Accountants and Auditors of Russia.

The audit was planned and performed to obtain reasonable assurance that the Financial Statements are free of material misstatement. The audit was performed on a sample basis and included examination, on a test basis, of evidence supporting the amounts presented in the Financial Statements and disclosures of the information on the financial and operational activities of the Company, assessment of the compliance with the accounting principles and rules underlying the preparation of the Financial Statements, examination of key estimates made by management, as well as an assessment of the Financial Statements' presentation. We believe that our audit provides a sufficient basis for our opinion on the reliability of the Financial Statements, in all material respects, and on the compliance of the accounting procedures, in all material respects, with the legislation of the Russian Federation.

In our opinion, the attached Financial Statements present truthfully, in all material respects, the financial position of the Company as at 31 December 2005 and the results of its financial and operational activities for the period from 1 January to 31 December 2005, and the procedures applied for accounting and preparing the Financial Statements comply, in all material respects, with the legislation of the Russian Federation.

March 31, 2006

Antonov Aleksander Semenovich

*Signature*

Director of ZAO "KPMG",  
auditor's qualification certificate for general audit  
№ K009054, valid indefinitely

Sitnova Antonina Grigorievna

*Signature*

In charge of the audit,  
auditor's qualification certificate for general audit  
№ K0011980, valid indefinitely