

GENERAL AND PROFESSIONAL CHARACTERISTICS OF ENERGY CONSULTING/AUDIT ZAO AND ENERGY CONSULTING GROUP

General Information

ENERGY CONSULTING Group comprises ENERGY CONSULTING/Audit ZAO, ENERGY CONSULTING/Business Service OOO, ENERGY CONSULTING/Corporate IT Solutions ZAO, ENERGY CONSULTING/Integration OOO etc. and offers a wide range of professional services in the areas of auditing, international financial reporting standards, financial accounting and legal consulting, tax consulting and supporting tax disputes, appraisal of the value of business, management consulting, implementation of corporate management systems (ERP), outsourcing of accounting and HR functions.

ENERGY CONSULTING Group builds its relations with clients on the permanent and mutually beneficial basis. ENERGY CONSULTING professionals act in line with the principles of independence, honesty, objectiveness, professional competence which had been established by the international rules of the Code of ethics for professional accountants and maintain confidentiality with respect to information received from the clients.

We consider auditing and consulting as a complex of services rendered within the framework of system approach aimed at solution of management tasks and increase of effectiveness of our clients' businesses.

ENERGY CONSULTING Group expands its business on the Russian and international auditing and consulting markets consolidating its interests with Balt-Audit-Expert, the largest company in the north-west of Russia, and Balt-Audit-Expert Consulting (St. Petersburg).

Business Reputation

In accordance with the 2010 rating of major Russian auditing and consulting groups prepared by the Expert RA agency, ENERGY CONSULTING Group is one of the top 6 auditing and consulting Russian groups and ranked 5th in 2009.

Currently, the Group has regional offices in Saint-Petersburg, Kazan and Almetyevsk. Under the program of regional development new offices in Russia (at least in three regions of Russia) and the CIS will be opened in the nearest future.

Duration of the Company

The Company has been doing business on the Russian market since August 2001 (Certificate of registration of ENERGY CONSULTING OOO #002.056.003 dated August 21, 2001).

On December 14, 2004, ENERGY CONSULTING OOO was reorganized into ENERGY CONSULTING ZAO (Certificate of state registration of a legal entity series 77 #003847928, issued by the Inspectorate of the RF MTL #17 for NEAO of Moscow).

ENERGY CONSULTING/Audit ZAO was registered on January 30, 2006, by the Moscow Inspectorate of FTS #46 upon renaming of ENERGY CONSULTING ZAO into ENERGY CONSULTING/Audit ZAO.

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Membership in professional organizations

The Company is a full member of Self-regulated Non-commercial Partnership “Institute of Professional Auditors” (IPAR) and included in the Register of Auditors and Auditing Companies of the above institute under principal registration number 10202014620 on December 4, 2009.

Moreover, the Company has passed the qualified selection and is included in the list of auditing and appraisal organizations recommended for the enterprises servicing the state contracts related to the Federal Agency for Industry and is a full member of Non-commercial Partnership “Self-regulated Interregional Association of Appraisers (SIAA)”.

ENERGY CONSULTING/Audit ZAO applies internal corporate system of quality assurance, which in opinion of independent experts and under the IPAR Certificate of quality of auditing services (#196 dated January 21, 2009 and #77 dated February 3, 2005) complies with all the relevant Russian standards and is effective and sufficient to assure quality of auditing services and minimize the risks.

In 2005-2008, ENERGY CONSULTING/Audit ZAO was included in the list of winners among the appraisers contesting in the selection arranged by GAZPROM.

In 2007, ENERGY CONSULTING/Audit ZAO passed professional selection and is included in the list of appraisal organizations recommended for the appraisal of property of state enterprises and organizations of the Russian Federal Fund of Property (RFFP) and the Moscow Department of Property.

Licenses

The Company has the license dated July 9, 2008, #GT 0011874 for activities related to National Security Information issued by the RF Federal Security Service (FSB) for Moscow city and Moscow region, in effect until November 29, 2012.

Currently the licensing procedures for the appraisal and auditing activities have been cancelled.

The Company is a member of the Self-Regulated Organization of Auditors and Appraisers.

Insurance of Professional Responsibilities of the Auditor (Indemnity)

Professional responsibilities of the Company are secured with the insurance sum that will be paid out if the insurance event arises in accordance with the agreement for insurance of risks of auditor's responsibilities concluded with ROSNO insurance company (Insurance Policy # Г27-748011/1/S0-42 dated February 22, 2011) providing for damages to other persons which may claim damages within the effective period of the agreement and three years after its termination) and is limited by the level of 5 million US dollars.

Number and professional skills of the personnel

The number of professional staff of the Group of companies exceeds 700 employees, including:

- 60 auditors with certificates of the RF Ministry of Finance in the area of general audit, bank, stock exchange and insurance audit (45 of them are with certificates of the RF Ministry of Finance in the area of general audit);
- 10 specialists with DipIFR (rus) diplomas in international financial reporting in Russian;
- 2 specialists with diplomas of the Institute of Financial Accountants (IFA);
- 1 specialist with the MBA degree of the University of Bristol;
- 25 certified appraisers;
- 120 specialists in the area of IT technologies, including over 100 SAP consultants;
- More than 20 lawyers and specialists in accounting and tax consultancy, including 7 specialists having certificates of professional accountant and tax consultant.

ENERGY CONSULTING employs specialists previously working for a number of years for the Big Four companies and having management experience in the major Russian auditing companies.

Our specialists have extensive experience in the area of tax consulting and support of tax disputes, including services provided to the major taxpayers.

Articles and comments of our specialists are regularly published in the leading professional and business periodical. Some of our specialists have significant experience in holding management posts with the tax authorities and with the internal affairs/tax police authorities.

Our specialists have experience in the implementation of large-scale and unique projects. This fact allows to state soundly and with confidence that our potential is in line with requirements of the most demanding and major clients.

In particular, our specialists have successful experience in implementation of major projects for such companies as RAO UES of Russia and its subsidiaries, SO UES, MRSK Holding, Kubanenergo, FSK UES's subsidiaries (Nurenergo, Glavsetservice ENES), subsidiaries of Gazprom and SIBUR, RZD, AUTOVAZ, ALROSA, Mechel, RUSAL, SUEK, Ilim Pulp Enterprise, MMK, Russian Alcohol, Severstal, Severstal-Hardware, GAZ, UAZ, Tatneft, LUKOIL and their subsidiaries, TNK-BP, Nizhnekamskshina etc.

ENERGY CONSULTING experts are members of professional associations, have experience in holding management posts with the RF Federal Tax Service, participated in development of draft laws and other tax legislation acts as well as in preparation of the great number of commentaries and clarifications of the RF Federal Tax Service on the tax legislation and are engaged in lecturing activities.

The Scope of Services

Main types of services provided by:

ENERGY CONSULTING/Audit	ENERGY CONSULTING/Corporate IT Solutions	ENERGY CONSULTING/Business Service	ENERGY CONSULTING/Integration
<ul style="list-style-type: none"> • Audit under Russian and international standards • Transformation and preparation of reporting under IFRS standards • Financial accounting consulting • Tax consulting • Support of tax disputes • Legal consulting • Appraisal services, including those for audit under IFRS • Management consulting 	<ul style="list-style-type: none"> • Strategy and organization of business • Improvement of business processes • Financial management and controlling • Technological business solutions on the basis of SAP 	<ul style="list-style-type: none"> • Performance/ Outsourcing of financial, tax and management accounting • Building of centralised accounting departments • Strategic consulting • Marketing • Personnel department consulting • Internet consulting 	<ul style="list-style-type: none"> • Building of Unified Service of Catalogue on the MS Active Directory platform • Building of failure-free corporate e-mail service on the MS Exchange platform • Building of monitoring and management systems

Specialists of ENERGY CONSULTING/Audit are ready to ensure high-quality and effective provision of the following services:

<i>Auditing services</i>	General audit, audit of credit organizations, insurers, exchanges, non-budgetary funds and investment institutes under the Russian and international standards, special audit, audit of consolidated financial reporting, methodical support in the area of internal audit and financial analysis as well as organization of internal auditing service. Risks and internal control system analysis and control procedures for disclosure of information. Financial due diligence. Protection of interests of minority shareholders in the companies where we are formal auditors.
<i>International financial reporting standards (IFRS)</i>	Development of accounting systems in accordance with the IFRS requirements. Preparation of consolidated reporting, development of recommendations on improvement of the IFRS accounting policies. Preparation of measures for the transfer to accounting and reporting in accordance with the IFRS requirements. Transformation of financial reporting in the reporting that complies with the respective international standards and implementation of methodology for transformation of financial reporting. Consulting in the area of IFRS application. Training of personnel for compliance with the IFRS requirements.
<i>Financial accounting consulting</i>	Development of financial accounting system and reporting or its separate elements. Modelling and adaptation of standards, principles of financial accounting and preparation of reporting (including development of tasks) upon implementation of information systems. Development of

	accounting policy, unified chart of accounts and internal standards (principles) for financial accounting and preparation of reporting (including consolidated reporting). Improvement of internal control systems with respect to financial and accounting processes. Rebuilding of accounting. Information and consulting support of activities of financial departments. Raising the level of skills of specialists of accounting departments (training, testing, attestation).
<i>Tax consulting</i>	On-going consulting on methodology and procedures of calculation of taxes, assessment of tax risks. Tax audit. Tax due diligence. Comprehensive audit of calculation and payment of taxes, recommendations on tax returns adjustments. Representation the client's interests when dealing with the tax authorities and courts. Development and implementation of tax planning and accounting systems (including those with application of SAP business decisions). Analysis of tax implications upon reorganization of business, investment and financial projects, on-going tax consulting. Corporate trainings in calculation of taxes with the involvement of leading specialists of the RF Ministry of Finance and Federal Tax Service.
<i>Support in tax disputes</i>	Support to tax audits, review of tax audit acts, preparation of objections against audit acts, representation of taxpayer's interests upon consideration of tax audits materials by the tax authorities, review of decisions of the tax authorities taken based on the results of tax audits, preparation of statements of claim and other necessary documents for legal procedures, representation of taxpayer's interests upon consideration of tax disputes in the court of any instance.
<i>Legal consulting</i>	Legal support to establishment, reorganization, liquidation of legal entities, their branches and representative offices and other corporate actions. Representation of clients' interests when dealing with the state registration authorities.
<i>Appraisal of value of business, property and liabilities</i>	Appraisal of the value of business. Appraisal of the value of property rights for fixed assets and unfinished construction. Appraisal of the value of financial assets and liabilities, including those nominated in securities. Appraisal of the value of assets and liabilities that are not booked in the balance sheet. Appraisal of the exclusive rights for intellectual property objects. Purchase Price Allocation (PPA) – appraisal of the fair value of identified assets and liabilities.
<i>Management consulting</i>	Restructuring of companies, improvement of organization structures and management systems, optimization of property complex, antirecessionary management of enterprises, management of corporate finance. Strategic planning, organization of business, management of investment projects, complex market research, development of strategies and development programmes, creation of effective marketing service in the company. Implementation of management accounting system. Budgeting.

Auditing Experience with respect to reporting prepared in compliance with the Russian Accounting Standards (RAS)

ENERGY CONSULTING experts have long-term experience in auditing of the major Russian companies' reporting prepared according to the Russian Accounting Standards (RAS).

In particular, our staff has successful experience related to execution of major projects for such companies as RAO UES of Russia and its subsidiaries, FSK UES's subsidiaries (Nurenergo,

Glavsetservice ENES), subsidiaries of Gazprom and SIBUR, RZD, AUTOVAZ, ALROSA, Mechel, NLMK, RUSAL, SUEK, Ilim Pulp Enterprise, MMK, Severstal, Severstal-Hardware, GAZ, UAZ, Tatneft, TANEKO, LUKOIL and their subsidiaries, TNK-BP, Nizhnekamskshina etc.

The Auditors of ENERGY CONSULTING have long-term experience working in such companies as KPMG, Deloitte&Touche, BDO Unicon, FBK, Rosexpertiza etc.

The list of ENERGY CONSULTING's corporate clients includes over 200 enterprises and organizations carrying out activities in the various areas of Russian economics. Appendix 1 describes the projects done by Energy Consulting/Audit ZAO in various industries.

Tax consulting experience

Specialists of ENERGY CONSULTING are skilled in provision of the following consulting services:

- Description of tax implications of various transactions encompassing review of agreements and other documents, including implications under the foreign law and application of international tax laws. Such projects, in particular, were performed at the request of Lukoil (implications and risks upon reorganization of Lukoil-Komi).
- Structuring of clients' transactions for tax optimization and compliance. Such projects, in particular, were performed at the request of Gazprom (Shtokmanovskoye field), Russian Union of Car Insurers, Bank of Moscow (issue of tax opinions upon issuance of bank's bonds under the laws of several countries), a great number of foreign companies commencing their Russian activities as well as Russian companies carrying out businesses abroad.
- Support of tax disputes including those arising upon putting into use large industrial projects upon construction completion. Such services, for example, were rendered to English company Pilkington, German company ASKK (trade center Mercedes), German company Siemens, Spanish company Gallina Blanca, Setra Lubricant (subsidiary of British Petroleum).
- Audit of taxation of major Russian and foreign companies, in particular Lukoil, TNK-BP, SUEK, Severstal, GAZ and MMK.
- Development of tax accounting methodology, including for companies with foreign participation taking into account requirements of foreign investors regarding provision of information. Among such projects, in particular, there were development of financial and tax accounting methodology for the joint enterprise of Lukoil and Conoco Phillips, accounting methodology at the request of Litasco (a Swiss subsidiary of Lukoil) and tax accounting methodology for Gazprom and Urengoygazprom.

Deputy Chief Executive Officer

signature, seal

L.N. Antonenko