

Information about Rosexpertiza LLC

Profile of Rosexpertiza LLC

No.	Information about the audit company	
1.	Company name	Rosexpertiza Limited Liability Company
2.	Founders (full name, company share)	- Alexander Vasilievich Kozlov (87.728%); - Maxim Yurievich Potapov (6.136%); - Dmitry Petrovich Zhiltsov (6.136%). (All these persons are employees of Rosexpertiza LLC)
3.	State registration authority	Certificate of registration No. 183.142 issued by Moscow Registration Chamber on September 23, 1993 Certificate series 77 No. 007303055 of entry into the Unified State Register of Legal Entities of the information about the legal entity registered before July 1, 2002, issued by Interdistrict Inspectorate of the Ministry of Taxation No. 39 in Moscow on September 27, 2002, Principal State Registration No. 1027739273946
4.	Location of head office of the Company	Registered address: 107078, Moscow, ul. Mashy Poryvaevoy 11 Actual address/ postal address: 127055, Moscow, Tikhvin lane, 7, build. 3
5.	Contact details	Phone: (495) 721-3883, 721-3884 Fax: (495) 721-3894 E-mail: rosexp@online.ru
6.	Tax inspection	Federal tax agency's inspectorate, No. 8 in Moscow 109316, Moscow, Volgogradskiy Ave., 46b, build. 1
7.	Bank details	Vneshprombank LLC (Moscow, Komsomolskiy Ave., 42, build. 1, Tel: (495) 645-36-51) Current acc. 40702810000000002082, Correspondent acc. 30101810500000000455, BIC 044525455

No.	Information about the audit company	
8.	License, Self-Regulatory Organization	Licensing of audit activities in Russia was cancelled on January 01, 2010 and replaced with mandatory membership in Self-Regulatory Organizations Association (SROA). Certificate of Membership in SROA, Russian Collegium of Auditors NP, No. 0362 dated April 23, 2007

General information

Rosexpertiza LLC is one of the leading national firms providing services in audit, accounting reporting; management, financial, legal and tax consulting; information technologies and appraisal of property groups. The Company was established in 1993 while its founders (individuals, citizens of Russian Federation) continue to work for Rosexpertiza LLC.

Rosexpertiza also renders audit and audit-related services in accordance with the relevant legislation on audit practices and new requirements from Federal Law No. 307-FZ of December 30, 2008 On Audit Practice, effective as from January 1, 2010. In particular, from that date, audit activities are no longer subject to licensing in the Russian Federation which is substituted by mandatory membership of auditors and audit companies **in one of** self-regulatory organizations of auditors (SROA).

To comply with this new legislation, Rosexpertiza has terminated its membership in the Institute of Professional Auditors (IPAR) and the Institute of Professional Accountants and Auditors of Russia (IPB), while remaining in the **Russian Collegium of Auditors (RCA)**.

In its turn, RCA was granted a status of a self-regulatory organization (being entered into the State Registrar of SROA) by the Ministry of Finance of the Russian Federation. In line with the legislation, RCA created its own Register of Auditors and Audit Organizations where Rosexpertiza is entered under the Main Registration Number (ORNZ) 10205006556. Earlier, the Company was operating under the License of the Ministry of Finance of the Russian Federation, enabling to perform audit practice for the period until June 25, 2012.



NP Russian Collegium of Auditors is a professional organization of auditors, earlier accredited with the Ministry of Finance of the Russian Federation (RF Ministry of Finance Order No. 145 of 16.07.2002, Accreditation Certificate No. 5 of 17.07.2002), and now is registered by RF Ministry of Finance as a self-regulatory organization (RF Ministry of Finance Order No. 675 of 22.12.2009, Registration Number of Entry into the SROA State Register - 05).

Created in 1992, RCA is one of the largest audit organizations in Russia. It has 52 regional branches with over 2,400 auditors and more than 560 audit organizations being its members. It is a Full Member of IFAC. RCA representatives sit on the Board on Audit Practice under the Ministry of Finance of the Russian Federation and Boards of Audit in different subjects of the Russian Federation.

As far as Rosexpertiza is concerned, it is necessary to mention that the Company has License No. 23816 of 06.08.2013 granted by the Federal Security Service of the Russian Federation of the Russian Federation to perform work which involves projects dealing with **state secrets**.

Rosexpertiza has also obtained a number of valid accreditation to provide professional services in the interests of a number of major companies and commercial banks including ROSNANO and ROSTEC State Corporations, JSC NK Rosneft, JSC Atomenergoprom, JSC TNK-BP, Vnesheconombank State Corporation, Eurasian Development Bank (EADB), CJSC Raiffeisenbank, Sberbank of Russia, JSC VTB Bank, JSC Gasprombank and many other production and financial structures.

In 2005 Rosexpertiza was registered by the Public Company Accounting Oversight Board (PCAOB) in the USA.

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In September 2014 Rosexpertiza joined the global network Crowe Horwath International (CHI) - ranked among the top 10 global audit networks. And from now onwards our company is exclusively representing the interests of Crowe Horwath on the territory of the Russian Federation.



Crowe Horwath International is a global network of accounting, audit and consulting companies that, according to the International Accounting Bulletin, ranks the 9th in the global audit organizations rating ¹.

Rank	Name	Fee income (\$m)	Growth rate	Year-end
1	Deloitte	34,200.0	6%	May-14
2	PwC	33,952.0	6%	Jun-14
3	EY	27,369.0	6%	Jun-14
4	KPMG	24,820.0	6%	Sep-14
5	BDO	7,021.9	9%	Sep-14
6	Grant Thornton International	4,728.6	5%	Sep-14
7	RSM International	4,391.2	18%	Dec-14
8	Baker Tilly International	3,562.8	5%	Jun-14
9	<i>Crowe Horwath International</i>	3,435.9	8%	<i>Dec-14</i>
10	Nexia International	3,072.6	5%	Jun-14
11	Moore Stephens International	2,683.3	0%	Dec-14
12	PKF International	2,388.1	-5%	Jun-14

As of December 2014, CHI brings together more than 31 thousand professionals working in 684 offices in 125 countries of the world, including most prominent countries of Europe, North and South America, Asia, Africa, as well as Australia and Pacific states. The network's headquarters is located in New York, and the EMEA's regional office (Europe, Middle East and Africa) in London.

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¹ International Accounting Bulletin, January 2015, Issue 545

Branches of Rosexpertiza LLC are located in Saint-Petersburg, Yaroslavl and Krasnoyarsk. There are representative offices of the Company in Nizhny Novgorod, Tula, Rostov-on-Don, Nalchik, Irkutsk and Khabarovsk. Besides, **Rosexpertiza Group of Companies** comprises Accounting Consultants LLC (Moscow), Non-state Educational Institution 'Business-Audit Training Center' (Moscow).

At the beginning of 2014 the total number of **Rosexpertiza Group of Companies'** employees exceeds 400 people (excluding partner companies) who have got significant expertise of working in various industries, leading international and national audit firms, large industrial companies and banks.

Currently, **Rosexpertiza LLC itself enlists** 329 employees, among those - 80 certified auditors, 26 specialists are ACCA members or have ACCA DiplIFR certificates. ***The Company has 39 professionals who obtained 2011 Unified Auditor Qualification Certificates.***

According to the Staff Schedule of Rosexpertiza LLC, a number of employees of various units of the Company, including information about certified auditors, is the following as of January 1, 2015:

Unit	Number according to Staff Schedule	
	Total	Incl. certified auditors
Governance Unit	10	4
Audit Department	201	57
IFRS Department	38	15
Tax and Legal Consulting Department	21	4
Corporate Finances Department	26	0
Administration Department	33	0
Total	329	80

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The Company is regularly indicated in **industry rankings** while taking good positions in those. So, Rosexpertiza LLC continuously takes part in the Project 'Russian Audit and Consulting' implemented by the rating agency Expert RA. In 2006, the 10th anniversary of the Project, the Company received a Diploma of Acknowledgment and a medal as one of the winners in the category of 'Leader of Russian Audit-Consulting Market'. In 2009 the rating agency Expert RA awarded Rosexpertiza LLC with Diploma and Commemorating Badge in the category of 'Market Leader in Business Effectiveness.'

With its annual profit amounting to RUB M 765.5, the Company classified 24th in the 2013 rating (28th in 2012). Rosexpertiza is 16th (16th) for profit from audit services, 13th (14th) for general audit, 10th (11th) for bank audit and 2nd (3rd) for audit of insurance companies. Moreover, the Company is 11th (13th) for evaluation activity and 14th (15th) for general profit from IFRS related services.

In the annual Kommersant-MONEY magazine 2013 ranking «50 largest accounting firms» Rosexpertiza classified 10th in total revenue from the provision of audit services (2012 – 12th) and the 9th place among companies providing valuation services.

According to All-Russian Business Rating on the 2010 performance results, Rosexpertiza LLC was ranked **the sixth**, under the Classifier OKVED 74.12.2 'Audit Practice' and was ranked **the fifth** by the same source in 2011. There were no such ratings more preferred for the years 2012 and 2013.

The following table is based on the analysis of the 'Kommersant – DENGI publication and shows the level of demand in **audit services** from Rosexpertiza LLC on the part of major Russian companies:

Company	Clients among TOP-300 major companies		Clients' Capitalization as of 30.06.10	
	Number	Rank	Mln US dollars	Rank
KPMG	46	1	130,589.1	4
PricewaterhouseCoopers Audit	27	2	261,185.0	1
Deloitte and Touche CIS	22	3	61,388.6	5
BDO Unicon	22	4	20,193.9	7
Ernst and Young	19	5	169,654.3	2
Rosexpertiza	14	6	144,026.0	3
HLBVneshaudit	13	7	10,691.4	8
EnergyConsulting / Audit	10	8	21,233.3	6
Finexpertiza	10	9	3,956.0	10
NP Consult	8	10	6,256.0	9

Thus, Rosexpertiza LLC, taking the **sixth** place in this table (by number of major clients), is in the **third** place based on sum market capitalization of clients from 300 major Russian companies.

There was no analogous survey held by the publication in the consecutive years. However, a manual calculation that can be done based on the current rating of the largest Russian companies by market value (as of September 1, 2014) published by *Expert* magazine (*Capitalization-200*), shows that there are 13 continuing clients of the Company out of the first 200 companies with a total capitalization in the amount of 150,9 billion US dollars.






General credentials of Rosexpertiza LLC on the audit market

Since 1993, the Company has comprehensive experience in providing audit and consulting services to large Russian structures representing practically the full spectrum of basic industries of the Russian economy. There are the following clients among those:

Oil and Gas Companies

-  JSC Surgutneftegaz (1995-2014);
-  JSC NKRosneft (2009-2011);
-  JSC Zarubezhneft (1997-2002, 2006-2014);
-  JSC Northgaz (2003-2010, 2012-2014);
-  JSC Raspadskaya (2005-2012) and others;






Metallurgical Companies

-  JSC MMC Norilsk Nickel (1997-2014);
-  JSC Krasnoyarsky Plant of Non-ferrous metals named after V.N. Gulidov (2002-2014);
-  JSC Mechel (2004-2005, 2007, 2011-2012);
-  JSC Polyus Zoloto (2005-2014);
-  JSC Severstal (2003-2007, 2010-2011) and others;






Energy Companies

-  JSC Dal'energo (2005-2008);
-  JSC Kirishskaya GRE(2004-2005);
-  JSC Mosenergo (2005-2006);
-  JSCTGK-2 (2007-2010);
-  JSCOGK-3 (2007-2010) and others;






Nuclear Power Energy and Fuel Companies

-  JSC PO Electrical Chemical Factory, Zelenogorsk (1999-2008);
-  JSC Uralsky Electrical Chemical Plant, Novouralsk (1999-2008);
-  FSUE Mining-Chemical Plant, Zheleznogorsk (1999-2009);
-  FSUE Kombinat Elektrokhimpribor, Lesnoi (1999-2009);
-  JSC Angarsky Electrolysis Chemical Plant (2000-2008) and others;






Machine-Building Companies

-  JSC 'Severnaya Verf' Ship-Building Plant (2002-2011);
-  JSC Power Machines (1997-2010, 2013-2014);
-  JSC Energia» Rocket & Space Corporation named after S.P. Korolev (1999-2007);
-  FSUE PO Sevmash (2005-2007);
-  GAZ Group (2008-2014) and others;





Electronics Companies

-  FSUE Kaluzhsky Research Institute for Telemechanic Equipment (2000-2009);
-  FSUE NPO of Applied Mechanics named after Reshetnev M.F. (2006-2008);
-  FSUE Kombinat Elektrokhimpribor (1999-2010);
-  FSUE NPO of Electrical Mechanics (2003-2007);
-  FSUE Zavod Topaz (2003-2009) and others;

Transportation Companies

-  JSCSG-Trans(2002-2006, 2008, 2010-2012);
-  JSC North-Western Steamship (2001-2014);
-  Sovtransavto Holding Co. (2000-2007);
-  JSC Rostov-on-Don Airport (2001-2012);
-  JSC UTair Airlines (2004-2014) and others;

Communications Companies

-  FSUE Post of Russia (2003-2008);
-  JSC VypelCom (2003-2014);
-  CJSC Synterra (2004-2007);
-  CJSC Skylink (2005-2010, 2012-2014);
-  JSC Rostelekom (all daughter companies) (2004-2014) and others;






Commerce and Retailing

-  Nezavisimost Group of Companies (2004-2011);
-  LLC Leroy Merlin Vostok (2007-2011);
-  Victoria Group of Companies (2009-2012);
-  Oriflame Cosmetics Ltd Group of companies(2003-2009);
-  LLC Retail Partners Rus (2006-2008) and others;

Commercial Banks

-  Kit Finance Investment Bank (2009-2014);
-  LLC Vneshprombank (2004-2014);
-  LLC Moskva - CityBank (2006-2014);
-  JSC Surgutneftegazbank (2011-2014);
-  JSC International Investment Bank (2011-2014) and others;

Other Industries

-  JSC VO Tekhnopromexport (1998-2005, 2007-2013)
-  JSC Rosgosstrakh (2002-2014);
-  JSC Eurocement Group (subsidiaries) (2004-2014);
-  Financial Academy under RF Government (2006-2014);
-  VMO State Tretyakov Gallery (1999-2014) and others.

9 companies out of 28 Russian companies listed in **Forbes Global 2000** (two thousand largest world companies) are clients of Rosexpertiza LLC in the area of statutory audit.

More information about the customer base of Rosexpertiza LLC broken down by industry sectors can be found on the company's website www.rosexpertiza.ru

For illustrative purposes, as part of systematic approach to customer service, we would like to inform you on the experience of Rosexpertiza LLC in providing services to the following customers:



JSC Surgutneftegas. 59 structural units on a separate balance sheet, 16 subsidiaries and affiliated companies, the number of employees is 102 thousand people. Providing services since 1994. Main services:

- Mandatory annual audit for the years 1995-2014.
- Development of accounting policies for the purposes of accounting and taxation, development of in-house accounting standards.
- Current consultation on the issues concerning the methodology of accounting and taxation, tax audit.
- Auditing of the financial statements prepared in accordance with IFRS (since 2009).



НОРИЛЬСКИЙ НИКЕЛЬ

JSC MMC Norilsk Nickel 36 structural units on a separate balance sheet, more than 80 subsidiaries and affiliated companies, the number of employees is 92 thousand people. Providing services since 1995. Main services:

- Mandatory annual audit for the years 1995-2014.
- Development of internal accounting standards, accounting policies for the purposes of accounting and taxation.
- Valuation services, tax audit.
- Services on training and developing of the personnel.



JSC NK Rosneft. 307 subsidiaries and affiliated companies within the framework of the audit, the number of employees is 171 thousand people. Providing services since 2009. Main services:

- Mandatory audit of subsidiaries and affiliated companies and consolidated accounts in the years 2009-2011.
- Participation in the reconstruction of accounting policy for the purposes of accounting and taxation.
- Organization of lectures and seminars on the industry issues of accounting and taxation for the dedicated personnel of the Group companies.
- Current consultation on the issues of accounting, taxation and legal support of the company operation (2009-2014).



FSUE Post of Russia 87 regional and specialized branches, uniting 1,100 post offices. Number of employees exceeds 353 thousand people. Providing services since 2003 Main services:

- Mandatory annual audit for the years 2003-2008.
- Developing and updating internal regulations, guidelines, accounting standards taking into account sectorial and structural characteristics of the Customer;
- Current consultation on the issues accounting and taxation (2003-2014).
- Preparing the reports in accordance with IFRS.



JSC Rosgosstrakh. 75 branches, 2700 agencies and insurance departments, the number of employees is 64 thousand people. Providing services since 2003. Main services:

- Mandatory annual audit for the years 2002-2014, audit of consolidated financial statements according to IFRS for the period of 2011-2014.
- Development of accounting policies for the purposes of accounting and taxation.
- Valuation services.
- Tax audit.
- Current consultation on the issues concerning the methodology of accounting and taxation.



GAZ Group. Includes GAZ OJSC, 18 other automotive companies, as well as 33 sales and service subsidiaries. Number of employees is 118 thousand people. Providing services since 2008. Main services:

- Mandatory audit of the head office, all subsidiaries and affiliated companies and consolidated accounts in the years 2008-2012.
- Developing accounting and taxation standards.
- Harmonization of accounting automation systems.
- Current consultation (200-2014)



JSC Eurocement Group It unites 18 cement plants and 22 sales and service companies. Number of employees exceeds 32 thousand people. Providing services since 2004. Main services:

- Mandatory annual audit of subsidiaries and affiliated companies for the years 2004-2014.
- Current consultation on the issues concerning the methodology of accounting and taxation.
- Valuation services in relation to the intended investment targets.
- Financial and Legal Due Diligence.
- Protection of interests in arbitration bodies.



VimpelCom Group of Companies. It unites 75 branches and 137 legal entities, including mobile operators, industrial and service companies. Number of employees exceeds 30 thousand people. Providing services since 2003. Main services:

- Mandatory annual audit (according to Russian Accounting Standards) for the years 2003-2014.
- Annual audit according to IFRS (in conjunction with Ernst & Young).
- Development of internal accounting standards.
- Services on training and developing of the personnel.
- Valuation services.
- Tax audit.

External Quality Control Reviews

The audit practice performed by Rosexpertiza LLC is in full compliance with relevant legislation requirements and is based exclusively on regulations and legal acts of the Russian Federation including applicable Federal Rules (Standards) of Audit Practice.

Since 2003 Rosexpertiza LLC has been actively participating in programs of external quality control reviews on the part of Russian professional audit organizations which it is a member of. Over this period the quality of the Company work has been reviewed by external quality controllers. Furthermore, the quality of Rosexpertiza LLC specialists' work has repeatedly been subject to review on the part of international organizations such as international associations of Moores Rowland International and Praxity, as well as World Bank. The results of all quality reviews of Rosexpertiza LLC have been positive.

In the process of a quality control review of audit works and documents in July 2003, a quality controller from the Institute of Professional Auditors of Russia verified relevant audit documents and procedures of Rosexpertiza LLC envisaged by the Standard Compliance Review Program of Compliance with license requirements and conditions, as well as quality of work of audit organizations (approved by RF Ministry of Finance on 17.05.2003).

As a result of this review compliance of Rosexpertiza LLC activity with requirements of the Federal Law On Audit Practice and other documents regulating audit work in Russia was confirmed. The Company was issued **Quality Certificate of Audit Services No. 31 of 23.10.2003.**

Due to the fact that the abovementioned Quality Certificate of Audit Services had expired, the Company initiated another quality review to be carried out by an accredited professional union of auditors. The review was carried out in October 2006 by specialists of the Institute of Professional Accountants (IPB) of Russia and the audit work of Rosexpertiza LLC specialists got their high estimate. The Company was issued **Conclusion on Results of Quality Control No. A4-2/2006 of 15.11.06 in respect to audit services provided and observation of professional ethics.**

In October 2007 Rosexpertiza LLC underwent another planned quality control procedures on the part of IPAR. Based on the review results the Company was given **Quality Certificate of Audit Services No. 150 of 07.11.2007.**

Another quality control review took place in October 2009 and was performed by the Russian Collegium of Auditors. Based on its results, the Company was issued a new **Quality Certificate of Audit Services No. 33 of 13.10.2009.**

Finally, on July 25, 2013 the Chairman of the Central Board of the self-regulatory organization of auditors Non-Profit Partnership Russian Collegium of Auditors Alexander Ruf handed over to Rosexpertiza's General Director Alexander Kozlov **Certificate No. 1 dated 22 July, 2013** which summarizes the results of the routine external performance monitoring conducted in respect of a Russian Collegium of Auditors member. This document confirms that Rosexpertiza's operation is carried out in compliance with the requirements contained in the Federal Law On Auditing, the federal auditing standards, the auditor independence requirements and the professional code of contact, as well as the member conditions.

Meanwhile, an external quality review of Rosexpertiza LLC audit services was completed on June 8, 2012, which was made by the Federal Service for Financial and Budgetary Supervision (Rosfinnadzor). Based on its work, the Company was provided with the **External Quality Review of Rosexpertiza LLC Work Act of 08.06.2012**, which states the compliance of Rosexpertiza LLC work quality with the requirements of Federal Law No. 307-FZ On Audit Practice of December 30, 2008, auditing standards, the Independence Rules for Auditors and Audit Companies and the Code of Professional Ethics.