

## **INFORMATION ON THE AUDITOR** **proposed as the Auditor of MMC Norilsk Nickel**

### **Rosexpertiza Company Overview**

Rosexpertiza is one of the national leaders of auditing; accounting; management, financial, legal and tax consulting; informational technologies and property appraisal. The Company was established in 1993 by Russian citizens working for Rosexpertiza.

The company regularly occupies leading positions in industrial ratings. According to the latest rating based on business results of 2004, Rosexpertiza holds the second place among Russian auditing companies<sup>1</sup>.

In April 2004 Rosexpertiza became a member of international network - Moores Rowland International.

*Moores Rowland International is an international association of companies that provide accounting, auditing and consulting services. Membership is comprised of 180 companies from more than 100 countries of Europe, Asia, North and South Americas. By the size of its annual aggregate revenues (USD 1.81 bln in 2004), MRI was placed fifth in the global rating of international auditing networks.*

Membership in this international network opens new possibilities for Rosexpertiza: the company may diversify the range of its services, ensure training for its own personnel, and use knowledge and skills of this esteemed international partners.

Branches of Rosexpertiza LLC are located in Saint Petersburg, Rostov-on-Don, Tula, Kaluga, Krasnoyarsk and Khabarovsk.

Our subsidiary companies:

- Rosexpertiza-Kaluga (the city of Kaluga)
- Olympic Interactive (Production and implementation of software for accountants and tax managers – in the city of Moscow)
- ZAO FineArt-Audit (Kaluga)
- Business-Audit (Training Centre, Moscow)

And besides, we have very good partner relation with a number of auditing firms from MRI international network, such as:

- ZAO AKK Audex MRI (Kazan)
- ZAO MRI Baltaudit (Kaliningrad)
- I.S.K. (MRI) Audit Firm (Yaroslavl)
- Audit-Ajour Moores Rowland (St. Petersburg)
- Novosibirsk Audit Partnership
- Peterburg Bank Audit MRI
- MRI Accounting Service (Moscow).

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<sup>1</sup> Based on the volume of auditing services provided in 2004. Rating by the *Kommersant Dengi*, March 2005

## Licenses and Accreditation

Rosexpertiza holds all government licenses required to provide professional services in its core business:

- ❑ Auditing (license issued by the Russian Ministry of Finance);
- ❑ Appraisal (license issued by the Russian Ministry of Property Relations);
- ❑ Operation with access to state secret information (license issued by the Center for Licensing, Certification and Protection of State Secrets, Federal Security Service (FSB) of Russia).

Besides, the Company is officially accredited to provide certain kinds of special services.

- ⇒ Since June 1999, the Russian Fund of Federal Property has employed Rosexpertiza to assess government property items: real property, rights of claim, liabilities, debts and other items of civil rights.
- ⇒ Since June 1999, the Bidding Commission of the Agency for Restructuring Credit Organizations (ARCO) authorized Rosexpertiza to operate within the process of credit organizations restructuring performing the function of "Appraiser of Real Property, Securities and Other Assets".
- ⇒ Since January 2000, Rosexpertiza has been accredited with the Ministry of Government Property and the Russian Fund of Federal Property as a company authorized to assess items owned by enterprises engaged in the military-industrial complex.
- ⇒ In April 2000, the Company won the bidding organized by the Ministry of Government Property and the Russian Fund of Federal Property for the right to conduct pre-sale preparation of property items subject to privatization.
- ⇒ The decisions of the Russian Ministry of Property Relations authorized Rosexpertiza to audit federal state unitary enterprises in 1999-2001.
- ⇒ In May 2001, the Moscow Government Complex of Economic Policy and Development accredited the Company to audit Moscow state and municipal unitary enterprises.
- ⇒ In November 2001 Rosexpertiza was recognized as the winner of the qualification tender for providing auditing and consulting services to the Russian Ministry of Property related to joint-stock companies whose controlling shares are owned by the government.
- ⇒ Since January 2002, the Company has been accredited to assess the property and the business of RAO UES of Russia, its subsidiaries and affiliates.
- ⇒ In September 2003 the Russian Ministry of Property accredited Rosexpertiza to audit interim balance sheets of federal state unitary enterprises subject to privatization.
- ⇒ In September 2004, Russian Railways accredited the Company to audit and consult the subsidiaries and affiliates of Russian Railways.

- ⇒ In October 2004, the Company was accredited to conclude agreements with enterprises employed to serve government contracts under the orders of the Federal Industrial Agency.
- ⇒ In June 2005, together with other appraisers, the Company participated in the tender and was chosen to perform works for Federal Property Management Agency in 2005-2006.

## **Key spheres of business**

Rosexpertiza provides a full range of auditing, accounting, legal, tax, financial-analytical and other auxiliary services. Precisely, the sphere of Rosexpertiza's business comprises such services as:

### □ **Auditing and accounting services**

- Auditing financial reports of enterprises of different forms of ownership, according to Russian and international standards
- Diagnosing and analyzing internal control and management systems
- Transforming financial reports according to the international and foreign accounting standards
- Conducting special examinations in order to identify tax and legal risks (Due Diligence)
- Organizing, restoring and maintaining accounting, prepare financial reports
- Providing day-to-day consultations on tax accounting issues
- Developing and unifying accounting policies for the purposes of tax accounting
- Organizing taxation, in particular using automated data processing devices

### □ **Tax and legal services**

- Consulting on legal entities taxation
- Consulting on Physical persons taxation
- International tax services
- Protection of interests in court and arbitration institutions
- Registration of legal entities and representations
- General legal consulting
- Labor law consulting
- Consulting on the issues of intellectual property
- Customs law consulting
- FX law consulting
- Consulting on the issues of bankruptcy, liquidation and restructuring

### □ **Appraisal**

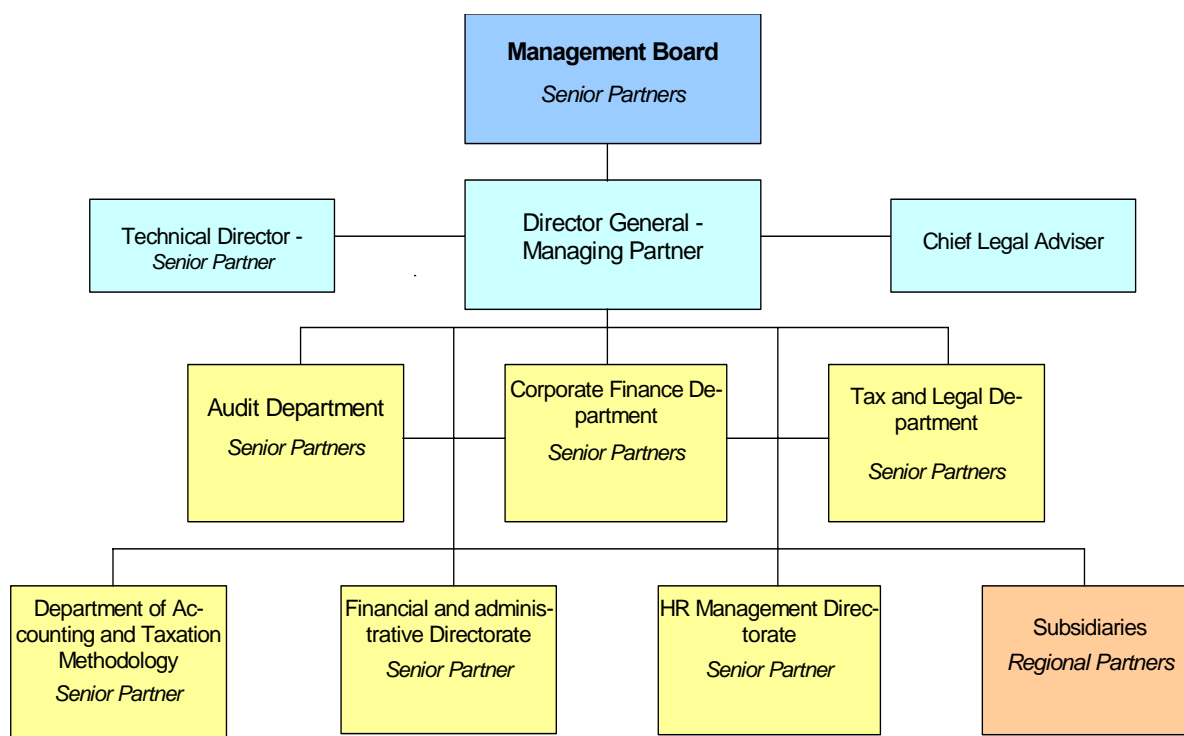
- Appraisal of businesses
- Appraisal of real property

- Appraisal of automobiles, equipment and vehicles
- Appraisal of intangible assets and intellectual property
- Reappraisal of assets
  
- ❑ **Corporate finances**
  - Search for strategic and financial investors
  - Search for investment items
  - Structuring transactions and operations of merger and acquisition
  - Raising funds
  - Developing feasibility studies of investment projects and preparing business plans
  - Consulting in the sphere of restructuring and reorganizing holding structures
  
- ❑ **Management consulting**
  - Developing strategic system plans
  - Modernizing business processes
  - Optimizing management structure
  - Developing marketing strategy
  - Research in the sphere of profitability increase
  - Developing systems for management accounting and control
  - Unification of budget schemes and implementation of a unified budgeting process
  
- ❑ **Professional training services for accountants and auditors**

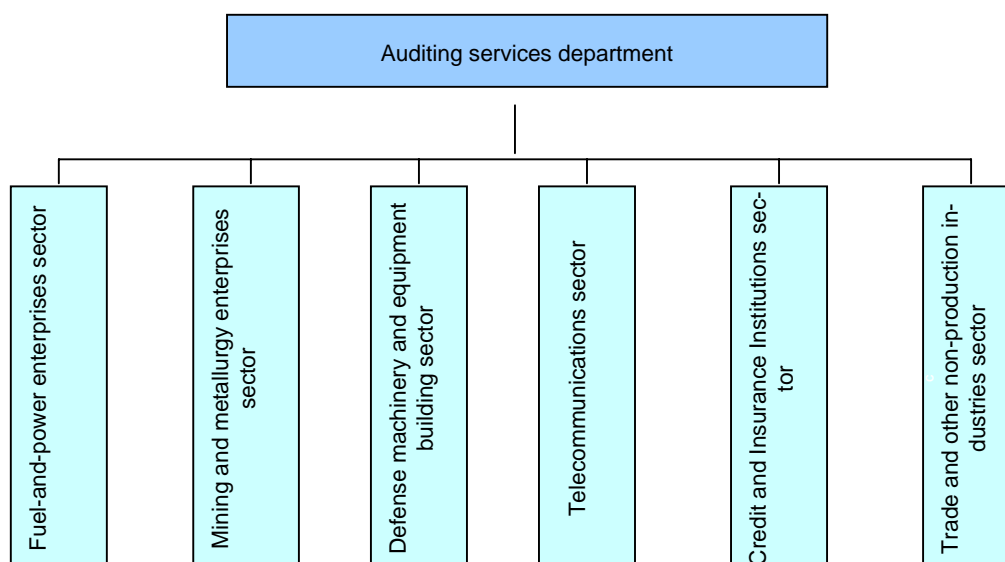
Rosexpertiza provides professional services in accordance with the Russian applicable law and regulations that govern the auditing and consulting business in Russia, as well as with the internal standards of the Company.

## Rosexpertiza Organizational Structure

Rosexpertiza has the following management structure:



Among them, the Audit Department consists of the following industrial sectors:



## Reputation and Membership in Professional Associations

Rosexpertiza is Russia's only auditing institution to rank among the top 100 companies with a high reputation and public and economic stability (Expert-100 Reputation Rating) for three years in a row.

The Company participates in the work of professional public associations and organizations; it is a member of the Union of Professional Auditors, the Institute of Professional Auditors, the National Federation of Consultants and Auditors, the Institute of Professional Accountants, and the Association of Russian Banks and the Guild of Financiers.

## **Human Resource Potential**

As of the beginning of 2005, the number of employees in Rosexpertiza exceeds 400 people. All of them have a vast practical experience in different spheres of the economy, working for leading international and local auditing companies, major industrial enterprises and banks.

As of now, the Company has 327 employees, of which 132 are certified auditors. The average age of the personnel is 30 years.

The Company's management pays constant attention to increasing the professional qualification of the employees. The current Comprehensive Training Plan combined with individually tailored employee training includes all essential subjects and spheres of training for auditors and consultants.

The level of employee qualification is assessed during annual evaluation, traditionally conducted in summer, and intended for the analysis of employees' professional achievements and for making adequate decisions to motivate their efficiency and further professional growth.

## **Business Experience**

The Company has comprehensive experience of providing auditing and related services to Russian major groups of companies representing the key sectors of the Russian economy. Among our clients are:

### Energy sector

- Kolenergo (2002);
- Volgogradenergo (2003);
- Krasnoyarskenergo (2003);
- Vitimenergo (2004);
- Kirishskaya State District Power Plant (2004-2005);
- Mosenergo (2004-2005) etc.;

### Fuel and energy sector

- Surgutneftegaz (1995-2004);
- Norilskgazprom (1998-2004);
- Siberian Coal Power Company (2001-2004);
- Slavneft (2001-2002);
- Yuzhkuzbassugol (2003-2004) etc.;

### Metallurgy

- MMC Norilsk Nickel (1997-2004);
- Kuznetsk Ferroalloys (1999-2002);
- EurasHolding (2003-2004);
- Lenzoloto (2002-2004);
- ZAO Polyus Gold Mining Company (2002-2004) etc.;

### Atomic energy and nuclear fuel sector

- Rosenergoatom, including six nuclear power plants (2000-2002);
- Electrochemical Plant, Zelenogorsk (1999-2004);
- Ural Electrochemical Plant, Novouralsk (1999-2004);
- Mining Chemical Plant, Zheleznogorsk (1999-2004);
- Angarsk Electrolysis Chemical Plant (2000-2004);
- Siberian Chemical Plant (2004-2005), etc;

### Machine manufacturers

- Northern Dockyard Shipbuilding Plant (2000-2003);
- Power Machines (1998-2004);
- Korolev RKK Energiya (1999-2004);
- Machine-Building NPO (1999-2004);
- Antei Plant (2001-2002);
- Sevmash (2005)
- Arsenievsk Aviation Company Progress (2005), etc.;

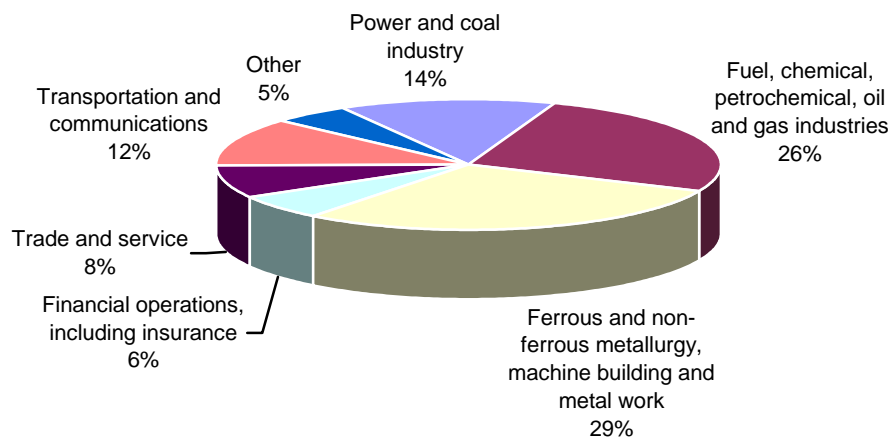
### Electronics and instrument making industry

- Kaluga Research Institute for Telemechanical Equipment (2000-2004);
- Kaluga Electromechanical Plant (1999-2004);
- Elektrokhimpribor Plant (1999-2004);
- Electromechanics NPO (2003-2004);
- Topaz Plant (2003-2004)
- Russian Electronics, etc.;

### Other industries

- Svyazinvest (2000-2004);
- SG-Trans (2002-2004);
- VimpelCom (2002-2004);
- Rossnirtprom (2004);
- Rosgosstrakh (2002-2004);
- Russian Post (2003-2004);
- Eurocement (19 companies) (2005), etc.

Below is a diagram showing the distribution of Rosexpertiza (MRI) incomes among clients from different industrial groups.



Expert-200 rating included 29 of Rosexpertiza's (MRI) clients in the 200 largest Russian companies. Their total market value reaches USD 88 billion.

Out of 13 Russian companies included in the Forbes 200 list, three are Resexpertiza's clients.