

Assurance services

Building the confidence to succeed in Russia



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Introduction



The business environment in Russia has been rapidly developing and becoming ever more competitive. Global players have started to penetrate the market while keeping their global standards of timely and transparent corporate reporting. Meanwhile, Russian companies have been trying to sustain their market position while seeking to attract additional capital from international investors and also expand globally.

In this unique market situation, not only investors, but all market participants – investors, lenders, regulators, management, governments,

analysts and consultants – have a critical need for relevant, reliable and timely information (both financial and non-financial).

Companies must establish a climate of confidence, trust and transparency to reduce risks and enhance value for their stakeholders. These dynamics underlie the growing demand for world class assurance services.

Whether you are a multi-national corporation, a small- or medium-sized company or a public sector entity, PricewaterhouseCoopers (PwC) will provide you with assurance and audit

services customised to your organisation's specific needs and requirements. We – as the leading professional services firm in Russia – can help provide your organisation and its stakeholders with the confidence to grow and succeed in Russia.

A handwritten signature in black ink, appearing to read 'Richard Munn'.

Richard Munn
Assurance LeaderZAO
PricewaterhouseCoopers Audit

BEIJING

7433 km

MOSKVA

1632 km

TOKYO

9142 km

What makes us different?

Our ability to connect our people, experience, network, industry knowledge and business understanding to build confidence and enhance value for our clients and their stakeholders is distinctive.

The PwC Experience

The PwC Experience is a phrase that captures our commitment to making PwC distinctive through consistent behavior that enables the success of our clients and people. That means . . .

Our clients realise that PwC understands and cares about them, will deliver relevant results and can contribute to their success. They seek us out, wanting to be associated with the PwC brand, and ask us to become involved in expanding a number of projects.

Our people see us as a great place to work – one that offers them unparalleled opportunities for development. They believe that our culture is strong, healthy and geared towards high performance and innovation,

and that their ideas are welcome and their contributions are valued.

By focusing on our clients and our people we are widely recognised as the leader in our profession and our competitors regularly measure their own performance against ours. Our clients and their stakeholders see PwC as the firm that sets the professional standard.

Our ability to deliver the PwC Experience makes us distinctive from other professional services firms. This is the reason why we have been appointed to support unique projects aimed at improving market regulations in Russia as well as various economic reforms.

Clients

Globally our assurance client base is large and diverse and includes almost half of the FTSE 100 and Fortune 500. In Russia, we audit approximately 38% of the 100 largest Russian companies by revenue – more than any other professional services provider in Russia. Our clients understand the value that PwC brings to their organisation in the form of innovation, insight, industry specific knowledge and confidence in the marketplace.

People

Our leading position in the market would not be possible without our greatest asset – our people. Their knowledge, potential and distinctive identity are recognised and celebrated and our firm’s high-performance culture provides excellent opportunities for our people to make valuable contributions to our firm and our clients. In total PwC Russia firms have more than 2,000 employees, of which 1,000 are dedicated to providing Assurance services. Reflecting the international nature of our clients and business, our Russia team includes top quality professionals from around the world.

Our people are selected for the value they can contribute to our Russian clients through their industry and professional knowledge, their ability to connect with clients and peers as well as their ethical values.

Building confidence

Building confidence is important to all stakeholders. It underpins everything we do. Investors want information that enables them to judge the value of a company relative to the risks they are taking. Investment slows or stops entirely when investors believe that financial statements are subject to manipulation or that earnings are “managed”. Investors depend on us to conduct independent audits that attest to the reliability and relevance of the information companies provide.

We believe that the true value of an audit lies not only in providing assurance on compliance with rules and standards. Instead, it lies in our focus on substance over form and progressing toward a reporting and audit model that improves information on long-term value and the risks being taken to achieve it.

Enhance value

Creating value is the heart of the matter for companies and their shareholders. The accounting profession plays an essential role both in making sure that appropriate systems and controls are in place for accurate and timely reporting of performance data as well as to provide sound advice that protect one’s reputation for short-term gain.

Developing and maintaining trust while creating value with the advice we give – being a trusted advisor – is an important way in which PwC is distinctive from other advisors.

By providing confidence, trust and independent advice to our clients we help them enhance the value of their companies, whether by better positioning them to attract more favorable funding from private equity, debt or an IPO, or giving management the confidence they need to make

strategic decisions based on the information they use.

International network and local presence

PwC is a truly global network with more than 155,000 people working in offices in 153 countries and 766 cities.

Our global presence helps us provide our clients with consistent services around the globe. Our global network enables us to exchange knowledge and information on a worldwide basis to the benefit of our clients in Russia. In Russia we maintain a presence in Moscow, St Petersburg, Yuzhno-Sakhalinsk, Kazan, Ekaterinburg and Togliatti. Our regional offices support us in serving local and national companies as well as foreign companies outside of Moscow wanting to gain a foothold in Russia.

Industry knowledge and understanding business

Knowledge of a client's business has always been the basis for any fruitful working relationship and good quality audit. We have dedicated teams based on industry specific knowledge. Each audit team contains both tax and audit experts. As a result, we speak your language. Our deep understanding of industry specific value drivers and the issues faced by our clients, together with our ability to think connectedly, allows us to offer solutions and advice that will keep our clients ahead of the competition.

IFRS knowledge transfer and training for the Russian Central Bank

Since 2003 the Russian Central Bank and PwC have maintained effective co-operation on implementing the IFRS Continuous Educational Training programme for Central Bank personnel. Since launching the project,

PwC has trained more than 4,000 bank employees in developing methodological guidelines for the application of IFRS by Russian credit institutions for oversight purposes. During the project's initial phase, IFRS training was provided to bank employees as well as more than 3,700 participants from credit institutions, sponsored by the Central Bank.

Accounting Reform in Russia

The overall objective of this project is to support accounting reform and a transition to IFRS thus improving the business and investment climate in Russia. This project is funded by the European Union and led by PwC. The project team is working with the Ministry of Finance and the Ministry of Agriculture to assist in Russia's transition to IFRS according to timetables set by the government.



We are in business to build confidence and enhance value for our clients and their stakeholders



Our Commitments to...

...Russia

PwC first appeared in Russia in 1913 and re-established its presence in 1989. Since 1992 PwC has been registered as a corporate auditor in the Russian Federation. Over the past 16 years PwC has grown to become one of the largest professional services providers in Russia, with offices in Moscow, St Petersburg, Kazan, Yuzhno-Sakhalinsk, Ekaterinburg and Togliatti. According to the annual rating prepared by the independent rating agency Expert RA, based on the firms' revenues PwC is the largest

auditor in Russia. PwC is strongly committed to the development of the Russian economy.

We are also proud to contribute to it through our former employees. Hundreds of former PwC's employees occupy key positions in Russian and international companies. We see the great career achievements of our former people as evidence of the excellent professional experience and knowledge acquired by PwC employees during their time with our firm.

... Russian regional development

PwC provides financial assurance and advisory services to Russian companies and foreign investors. We offer consultancy and assurance support for major infrastructure projects, financial training to business and government personnel, a vision of the future development of various industries in Russia and support for new technology at industrial and business parks. Collectively these activities help build the public's trust in doing business in Russia's regions....

Quality

PwC is committed to a consistent worldwide culture of quality and compliance and strives for continuous improvement. Risk management is essential to this drive for quality. To that end, we have developed methodologies, processes, knowledge bases and technologies, and we continue to rework and refine them.

...Ethics

PwC operates within a business culture that stresses the importance of ethical behaviour based on a framework of professional standards, laws, regulations and internal policies. For over 150 years, the people at PwC have strived to display the highest values and standards in serving our clients and in all of our business dealings. PwC has a Code of Conduct which explains what we

stand for as a firm and describes the type of behaviour we expect from our people. Each PwC employee has an obligation to apply this code in their day to day activities.

...Independence and Integrity

Independence from the companies we work for and audit is not simply a matter of policy, it is imperative to the confidence of the shareholders whose financial statements we audit. Because independence is a critical value in our profession, both to our clients and to the PwC network, our global independence policies go beyond the standard requirements of our profession.

Thought Leadership and knowledge-sharing

We invest a considerable amount of time and effort into research and innovation

so that our clients always benefit from the latest tools and thinking. Our Thought Leadership reports are based on global and local data and analysis and enable us to sustain proactive knowledge sharing with our clients. Furthermore, when providing assurance and audit services to our clients, we also offer them our cumulative knowledge, experience and skills. Knowledge transfer both as part of site work and specialised training solutions – is part of our client service philosophy.

...Corporate Social Responsibility

We believe that it is part of our responsibility as the leader in our profession to contribute to the positive development of the communities in which we live and work. Our most important contribution to the Russian society is through our work with

our clients. Helping companies to ensure they deliver transparent and reliable information to their stakeholders is a fundamental requirement for a healthy market economy. But we also engage in social projects and initiatives. PwC has a corporate social responsibility programme to address various issues related to education, culture and children. For many years, the firm has been sponsoring orphanages, a secondment programme for university post-graduates and the restoration of historical and cultural heritage sites. PwC has widely participated in international charity programmes aimed at raising funds for children from underprivileged families or orphans. It has initiated the Charity Instead of Gifts programme, which now involves over 100 companies in Russia. Recently, a new initiative was launched to support sports in Russia, which includes sponsorship of the legendary CSKA hockey club.

Our services

We can also help improve external financial reporting, adapt to new regulatory requirements such as International Financial Reporting Standards (IFRS), strengthen your company's corporate governance procedures and meet social and economic goals related to corporate sustainability. Furthermore we are able to support your company in bringing more transparency in its operations by providing you with innovative non-financial reporting solutions.

Financial statements audit

In today's business environment, which is increasingly shaped by scrutiny and skepticism, auditing financial statements has never been more important.

Investors are deeply concerned about corporate governance and reporting and they expect greater reliability, more oversight and clear evidence of internal controls. While auditing your company's financial statements you will benefit from our proven global audit approach and

our strong knowledge of the industry, extensive international experience and global network of skilled professionals.

Audit approach

All PwC's auditors throughout the world use a single flexible and risk-based global audit methodology, which is designed to comply with all the provisions of the International Standards on Auditing (ISAs) and is aligned with

local standards as necessary.

This globally consistent approach to the audit means that, regardless of location, PwC people can understand and evaluate your business using a single language and common methods. This in turn produces a constant level of quality for all of our audits. A single, global audit methodology also means that we are able to better organise and deploy the multi-national audit teams often required by our larger clients.

The PricewaterhouseCoopers' audit approach begins with an analysis of the environment in which your company operates. Based on our findings, we draw up our strategic audit plan while consulting with your audit committee or board of directors. The plan takes into account the risks that have been identified and the applicable internal controls. Throughout the audit process we maintain a constant dialogue with management, which enables us to respond to sudden events and changing circumstances. This way we avoid any last-minute surprises during the audit.

PwC introduces the PwC Audit powered by Aura: proprietary technology that brings innovative risk assessment and auditing tools to the audit marketplace to deliver a greater level of confidence.

The quality of financial statements

Accounting principles and financial reporting standards alone are not enough to assure the quality of financial reporting. An entity's annual financial statements should be the result of a systematic and carefully monitored accounting and financial reporting process within the organisation itself. This can be achieved by means of a transparent and auditable internal control system. Even though auditing firms are all subject to the same mandatory standards and are structured and organised along similar lines, external audits may vary in quality. For example, different auditing firms have adopted different audit approaches and processes. Each firm will differ in terms of its technical know-how, industry knowledge and soft skills – all of which are important to the quality of the audit.

However, it is not just the auditor that determines the quality of the audit. The company being audited also has a substantial influence. A well-developed

culture of controls and dialogue is conducive to quality audits and financial reporting. Managers and directors who see the audit as a key source of information rather than a duty can gain valuable insight, which will help them fulfill their management and monitoring responsibilities.

The only way of assuring the quality of financial information and building financial market trust is to ensure that all links in the corporate reporting chain function smoothly.

IFRS conversion

PricewaterhouseCoopers is working on projects with several Russian government agencies to prepare the country for conversion to IFRS in the coming years. Having supported hundreds of companies across Europe and Russia with IFRS conversions, we are well placed to help your organisation convert to IFRS.



Independent audits boost quality and confidence



Our services

Financial accounting

PwC has the knowledge and expertise necessary to help you tackle complex financial accounting issues, including accounting for matters such as fair market value, impairment, pensions, stock-based compensation and derivatives.

Corporate Governance

PwC is actively engaged in questions of corporate governance and advising our clients in this area. We develop practical, integrated and effective governance frameworks that are consistent with regulatory requirements, your corporate strategy, ethical values and stakeholder expectations.

Regulatory Compliance

Our team can provide support, advice and assurance to help you manage

your regulatory risks. We can assist you at both the operational level to minimise the costs associated with regulatory compliance, and at the strategic level to maximise the strategic opportunities of regulatory change.

Internal Audit

PwC can help companies establish or improve their internal audit functions. We measure the effectiveness of existing internal audit processes and advise on the development of enhanced internal audit methodologies. Additionally, we routinely provide full or partial internal audit outsourcing solutions.

Internal control

Our team can help assess and/or develop an effective system of internal

controls which will strengthen your confidence in the information developed by your existing systems as well as streamline the processes to ensure that they are being completed in a manner that is cost effective. We can also assess the effectiveness of internal controls for companies that provide outsourcing services.

Sustainability reporting

Responding to the market and pressure from stakeholders, companies have begun to disclose information beyond traditional financial reporting, for instance on environmental, health and safety issues, and increasingly on the role of business in society. We have considerable experience – both assisting companies in the development of this reporting framework as well as providing assurance on these reports.

Capital Market Expertise

PwC has the leading Capital Markets Group in Russia, staffed with the largest group of partners and managers, with deep skills in a wide range of local and international capital market activities. We have been involved in some of the largest and most complex transactions in Russia, helping clients raise tens of billions of dollars on local and international debt and equity markets. In taking your company public or trying to access international capital markets for the first time, you need a seasoned advisor that can assist you throughout the transaction.

Non-financial Assurance

Assurance in non-financial areas provides management with the necessary comfort to reduce risks and improve your systems, processes and controls. Our ERP and IT systems specialists can provide an independent assessment of your system implementation at any point in its life cycle. Our team can also assist in assessing data validation procedures during investigations or M&A situations.

Client Training

Developing your staff to their maximum potential yields significant benefits such as improved control and cost savings. We have a team of dedicated training professionals who work with our clients to develop training solutions for all the above service areas.



Our leading position works

PwC Russia sees itself as an innovative professional services firm. We are proud of our leading position, which is an advantage to all of our clients. It enables us to systematically gear our organisation to meet your needs. It also means that we have access to experienced specialists in a wide variety of fields and we can also make this expertise available to you.

Market leadership

PwC is the world's leading audit and assurance firm. Our audit clients include almost half of the FTSE 100 and Fortune 500. In Russia, we audit 38% of the 100 largest Russian companies by revenue (Expert 400 Rating, 2008), more than any other professional services provider in Russia, including the other Big Four accounting firms.

- Our client base includes over 2000 companies: in particular, 153 companies from Expert's Top 400 list
- accounting for 68% of the revenues of all the companies on Expert's list and 49% of Russia's GDP.
- PwC received first place in a ranking of "Russia's Largest Audit and Consulting Companies" based on 2006 results prepared by Expert RA, 2008.
- PwC received third place in the ranking of "Russia's Largest Consulting Companies" by Expert RA, March 2008.
- Reactions magazine recognised PwC as the "number one auditor for the insurance industry in Russia" and "number one consultant for the insurance industry in Russia", May 2007.
- According to a rating of audit firms on www.offerings.ru, PwC was ranked number one among the other audit companies in terms of the quantity of IPOs for Russian companies from January–September 2007.



People leadership

Our leading position in the market would not be possible without our people – their knowledge, potential and distinctive identity are recognised and celebrated.

- PwC received an award for the nomination of “Services for businesses“ from HR Brand 2007.
- PwC has been ranked first among audit and consulting companies and sixth overall in a rating of the Top 50 employers for young professionals in the Russia by Akzia newspaper.

Professional leadership

Reflecting our commitment to actively contribute to the development of the accounting in Russia, PwC joined the Russian Institute for Professional Accountants in 2004. More than 228 of our professionals in Russia have an internationally recognised accounting qualification (ACCA, CPA, ACA). In addition, about 170 of our staff

are Russian statutory auditors. In Russia we invest about USD 5 million annually in education programmes for our Assurance partners and staff.

Member of the professional and economic communities

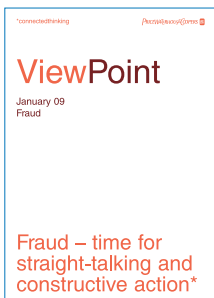
We are a member of the following professional and economic organisations:

- Russian Institute for Professional Accountants
- Russian Auditors’ Chamber
- Managers Association of Russia
- Association of European Businesses
- American Chamber of Commerce
- Russo-British Chamber of Commerce
- Independent Directors Association
- EBC
- CERBA

PwC is also a member of the Methodology Council on Accounting at the Ministry of Finance.

Assurance Thought Leadership

Our Thought Leadership is the means by which we articulate and communicate our distinctive points of view and insights on important business topics and emerging trends. Based on our professional experience and rigorous analysis, our research is aimed at creating value for our clients and key stakeholders. We invest in research and encourage innovation so that our clients always benefit from the latest tools and thinking. Here are several examples of our Assurance Thought Leadership reports based on global and local data, which represent the powerful knowledge-sharing platform we offer our clients.



Assurance

Viewpoint

PwC's regular Thought Leadership series on key Assurance topics relevant to clients and the assurance profession. For more details please visit www.pwc.com/viewpoint.



International Financial Reporting Standards (IFRS)

PwC publishes a range of documents, such as disclosure and measurement checklists or our regular IFRS News e-newsletter to help companies stay abreast of the latest developments and deal with the increasing complexity of IFRS.

We also provide companies with practice aids and e-learning solutions (P2P IFRS) to assist them in the practical application and interpretation of IFRS.



To receive IFRS News, please go to www.pwc.com/ifrsnews.

For more information and other publications on IFRS, please visit www.pwc.com/ifrs.



Corporate Reporting

A Guide to Key Performance Indicators

Our guide to KPIs is a practical publication that has been developed to answer to relevant questions and demonstrate what reporting of KPIs should look like, with a collection of best practice examples drawn from companies worldwide. For more information and publications on corporate reporting, please visit www.corporatereporting.com.



Corporate Governance

World Watch

Our regular newsletter, World Watch, contains opinion articles, case studies and worldwide news on the many initiatives to improve governance and corporate reporting. More details can be found at www.pwc.com/worldwatch.

Global Best Practices®

Our Global Best Practices knowledge base helps clients achieve operational excellence by providing benchmarking tools and process-level best-practice insights developed by PwC and proven with many of the world's leading companies. Global Best Practices provides a common framework for defining the key business processes that every company performs. With this important tool, we are able to deliver global experience locally. For more information, please visit www.globalbestpractices.com.

Industry focus

Based on industry-specific knowledge, we have organised dedicated teams according to each industry group. This organisational structure reflects our client orientation, which primarily focuses on the needs of our clients and on the specifics of their business and industry. The depth of our industry expertise, like our international perspective, is an attribute that our clients value highly. This expertise allows us to share the latest research and our thinking on emerging industry trends, develop industry-specific performance benchmarks and methodologies based on global best practices. In addition, our network is available to collaborate on accounting or technical issues unique to a particular industry, especially when interpretive guidance is needed.

Our industry groups:

- Financial Services
- Consumer and Industrial Products
- Energy, Utilities & Mining
- Technology, Information & Communication, Entertainment

Our Thought Leadership is not just limited to assurance but extends to other aspects of our industry groups. Our industry specific Thought Leadership teams are drawn from all over the world and from relevant industry groups. Our people on the frontline are ideally positioned

to identify new patterns and broad economic and business trends. They put their diverse skills and in-depth knowledge – gained through client assignments, secondments and volunteer work – at the service of our people and clients. Our Thought Leadership provides industry

specific answers and comes in many forms: reports, articles, white papers, books, surveys, presentations, videos and podcasts. To review a current listing of PwC Thought Leadership publications visit www.pwc.com and follow the link to [Publications](#).

Contacts in Russia



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