

Auditors' report on accounting (financial) statements

To Shareholders of

Kuban Open Joint-Stock Company of Power Industry and Electrification

February 24, 2010

Moscow

<b>Auditee</b>	<b>Kuban Open Joint-Stock Company of Power Industry and Electrification</b> <b>("Kubanenergo" JSC)</b>
<b>Location</b>	2 Stavropolskaya Str., Krasnodar, Russian Federation, 350033
<b>Postal address</b>	2 Stavropolskaya Str., Krasnodar, Russian Federation, 350033
<b>Contact details</b>	Tel. (861) 212 60 07, tel./fax (861) 212 6007
<b>State registration</b>	Certificate of State Registration No. 23 00I806938 dated September 17, 2002, issued by the Ministry of Taxes and Levies Inspectorate No. 3 for Krasnodar city; Record in the Unified State Register of Legal Entities is made under Primary State Registration Number 1022301417168.
<b>Auditor</b>	<b>Nexia Pacioli Limited liability company ("Nexia Pacioli" LLC)</b>
<b>Location</b>	2 Malaya Polyanka Str., Moscow, 119180
<b>Postal address</b>	2 Malaya Polyanka Str., Moscow, 119180
<b>Contact details</b>	Tel. (495) 785 94 76, fax (495) 785 94 61, e-mail: <a href="mailto:pacioli@pacioli.ru">pacioli@pacioli.ru</a>
<b>State registration</b>	Registered with Moscow Registration Chamber. The Certificate of State Registration No. 856.235, dated June 23, 1995; Certificate of State Registration No. 77 005390060, dated October 22, 2002 issued by the RF Ministry of Taxes and Levies Interdistrict Inspectorate No. 39 for Moscow city; Record in the Unified State Register of Legal Entities is made under Primary State Registration Number 1027739428716
<b>Membership in self-regulating audit association</b>	Member of self-regulating audit association "Institute of Professional Auditors" Non-commercial Partnership. Entered in the Register of auditors and audit companies of the above self-regulating audit association as of October 30, 2009 under primary registration number 10202000073.
<b>Audit services quality certificate</b>	No. 172, issued by "Institute of Professional Auditors" Non-commercial Partnership. Period of validity – from September 16, 2008 till September 16, 2011

We have audited the accounting (financial) statements of "Kubanenergo" JSC **for the period January 1–December 31, 2009** inclusive. Attached accounting (financial) statements contain the following:

- Balance sheet as at December 31, 2009;
- Profit and Loss statement for 2009;
- Appendices to the Balance sheet and Profit and Loss statement;
- Notes to the accounting statements.

The Executive Body of the Management Company IDGC of South, JSC, on behalf of its Director General, Aleksander Ilyich Gavrilov, is responsible for preparation and presentation of these accounting (financial) statements.

Our responsibility is to express an opinion, based on the results of the audit, on the reliability of these statements, in all material respects.

The audit of accounting statements for the previous 2008 year was performed by "Fineart-Audit" ltd. Based on the results of the audit, the auditors' report dated March 18, 2009 contained categorical opinion about reliability of the accounting (financial) statements for 2008.

The audit was conducted in accordance with:

1. The Federal Law On Auditing;
2. Federal Rules (Standards) on auditing;

The audit was planned and performed to obtain reasonable assurance that the accounting (financial) statements are free of material misstatements. The audit was performed on a sample basis and included examination, on a test basis, of evidence supporting the amounts presented in the accounting (financial) statements and disclosures of the information on financial and operational activities of the Company, assessment of the compliance with the accounting principles and rules underlying the preparation of the accounting (financial) statements, examination of key estimates made by the auditee management, as well as an assessment of the accounting (financial) statements' presentation.

In our opinion, the accounting (financial) statements of "Kubanenergo" JSC present truthfully, in all material respects, the financial position of the Company as **at 31 December 2009** and the results of its financial and operational activities for the period **from January 1 to December 31, 2009** inclusive, and the procedures applied for accounting that has been the basis for these accounting (financial) statements, comply with the requirements of the legislation of the Russian Federation.

February 24, 2010

Executive Director  
"Nexia Pacioli", LLC

O.V.Goryacheva

Audit leader  
(qualification certificate No. K030606  
for *general* audit of October 30, 2009  
with unlimited period of validity)  
(Included in the Register of auditors and audit companies  
of "Institute of Professional Auditors" Non-commercial Partnership  
on February 18, 2010  
under prime registration number 21002003550)

E.A.Serova

<Seal>