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Independent Auditors' Report

To the shareholders of
OJSC Volga TGC

Report on the Summarised Consolidated Financial information

We have audited the consolidated financial statements of OJSC Volga TGC (the "Company") and its subsidiaries (the "Group") as at and for the year ended 31 December 2008, from which the accompanying summarised consolidated financial information was derived, in accordance with International Standards on Auditing. In our report dated 30 April 2009 we expressed an unqualified opinion on the consolidated financial statements from which this summarised consolidated financial information was derived.

In our opinion, the summarised consolidated financial information is consistent, in all material respects, with the consolidated financial statements from which it was derived.

For a better understanding of the Group's consolidated financial position as at 31 December 2008 and its consolidated financial performance and its consolidated cash flows for the year then ended and the scope of our audit, the summarised consolidated financial information should be read in conjunction with the consolidated financial statements from which the summarised consolidated financial information was derived, and our audit report thereon.

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28 July 2009

OJSC Volga TGC
Consolidated Balance Sheet as at 31 December 2008
(in thousands of Russian rubles unless otherwise noted)

	31 December 2008	31 December 2007
ASSETS		
Non-current assets		
Property, plant and equipment	38,356,694	35,224,214
Intangible assets	1,037,487	928,361
Other non-current assets	657,810	439,587
Available-for-sale financial assets	70,747	138,360
Total non-current assets	40,122,738	36,730,522
Current assets		
Cash and cash equivalents	3,805,548	803,251
Bank deposit	1,557,205	-
Advances to suppliers and prepayments	1,314,922	1,616,743
Accounts receivable	8,988,396	2,794,841
Income tax receivable	140,736	9,227
Value added tax recoverable	184,155	204,121
Available-for-sale financial assets	287,662	305,131
Inventories	2,503,978	2,663,633
Total current assets	18,782,602	8,396,947
TOTAL ASSETS	58,905,340	45,127,469
EQUITY AND LIABILITIES		
Equity		
Ordinary shares (at nominal value)	30,011,860	26,116,076
Additional paid in capital	8,718,488	1,587,056
Treasury shares, at cost	(526)	-
Retained earnings and other reserves	5,091,790	3,113,339
Total equity	43,821,612	30,816,471
Non-current liabilities		
Deferred tax liabilities	3,795,231	4,758,046
Loans	768,218	1,000,000
Promissory notes	9,019	119,657
Employee benefits	1,514,161	1,460,364
Other non-current liabilities	278	4,998
Total non-current liabilities	6,086,907	7,343,065
Current liabilities		
Loans	4,980,834	4,111,885
Accounts payable and accrued charges	2,657,187	1,973,242
Income tax payable	448,298	214,405
Promissory notes	199,527	123,669
Other taxes payable	710,975	544,732
Total current liabilities	8,996,821	6,967,933
Total liabilities	15,083,728	14,310,998
TOTAL EQUITY AND LIABILITIES	58,905,340	45,127,469

These consolidated financial statements are approved by the management of the Group on and are signed on their behalf by:

Executive vice-president of CJSC IES

V. V. Dikop

Deputy chief accountant

J. A. Anufrieva



OJSC Volga TGC
Consolidated Income Statement for the year ended 31 December 2008
(in thousands of Russian rubles unless otherwise noted)

	Year ended 31 December 2008	Year ended 31 December 2007
Revenues	47,864,539	40,001,388
Operating expenses	(45,839,050)	(38,611,617)
Other income	241,722	12,572
Operating profit	2,267,211	1,402,343
Financial income	500,366	53,137
Financial expenses	(704,231)	(308,450)
Profit before income tax	2,063,346	1,147,030
Income tax expense	(135,534)	(616,969)
Net profit for the year	1,927,812	530,061
Basic and diluted earnings per ordinary share in Russian rubles	0.066	0.0203

OJSC Volga TGC**Consolidated Statement of Cash Flows for the year ended 31 December 2008**

(in thousands of Russian rubles)

	Year ended 31 December 2008	Year ended 31 December 2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	2,063,346	1,147,030
Adjustments for:		
Depreciation	2,700,745	2,576,918
Amortization of intangible assets	159,772	70,181
Loss on disposal of property, plant and equipment	69,011	78,487
Increase in liability for defined benefit plans	53,797	175,714
Financial income	(500,366)	(53,137)
Financial expenses	704,231	308,450
(Release)/accrual of provision for impairment of accounts receivable	(358,722)	22,591
Reserve for inventory obsolescence	(23,689)	(1,596)
Impairment of available-for-sale financial assets	60,827	-
Other income	(185,998)	-
Operating cash flows before changes in working capital and profit tax paid	4,742,954	4,324,638
Increase in trade and other receivables	(779,527)	(1,656,791)
Decrease in inventories	183,344	31,608
Decrease/(increase) in other current assets	48,763	(41,123)
Increase/(decrease) in trade and other payables	833,032	(648,787)
Interest paid	(587,174)	(299,092)
Income tax paid	(983,440)	(643,364)
Net cash (used)/from operating activities	3,457,952	1,067,089
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(5,906,866)	(2,928,686)
Acquisition of intangible assets and other non-current assets	(268,700)	(363,284)
Proceeds from sale of property, plant and equipment	2,356	62,057
Interest received	392,574	3,967
Acquisition of available-for-sale financial assets	(160,712)	(73,747)
Proceeds from sale of available-for-sale financial assets	307,334	100,510
Loans issued	-	(27,700)
Advances to related party	(4,800,000)	-
Placement of bank deposit	(1,500,000)	-
Net cash used in investing activities	(11,934,014)	(3,226,883)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	18,317,621	15,053,662
Repayment of borrowings	(17,829,168)	(12,968,825)
Proceeds from the issue of shares	10,990,432	-
Purchase of treasury stock	(526)	-
Payment of finance lease liabilities	-	(4,034)
Dividends paid	-	(84,954)
Net cash from financing activities	11,478,359	1,995,849
Increase/(Decrease) in cash and cash equivalents	3,002,297	(163,945)
Cash and cash equivalents at the beginning of the year	803,251	967,196
Cash and cash equivalents at the end of the year	3,805,548	803,251

OJSC Volga TGC

Consolidated Statement of Changes in Shareholder's Equity for the year ended 31 December 2008

(in thousands of Russian rubles)

	Share capital	Additional paid in capital	Treasury shares, at cost	Available-for-sale financial assets revaluation reserve	Retained earnings	Total equity
Balance as at 1 January 2007	26,116,076	1,587,056	-	(59,798)	2,698,797	30,342,131
Net change in fair value of available-for-sale financial assets	-	-	-	29,233	-	29,233
Profit for the year	-	-	-	-	530,061	530,061
Total recognized income for the year	-	-	-	29,233	530,061	559,294
Dividends	-	-	-	-	(84,954)	(84,954)
Balance as at 31 December 2007	26,116,076	1,587,056	-	(30,565)	3,143,904	30,816,471
Balance as at 1 January 2008	26,116,076	1,587,056	-	(30,565)	3,143,904	30,816,471
Net change in fair value of available-for-sale financial assets	-	-	-	11,609	-	11,609
Profit for the year	-	-	-	-	1,927,812	1,927,812
Total recognized income for the year	-	-	-	11,609	1,927,812	1,939,421
Shares issued	3,895,784	7,131,432	-	-	-	11,027,216
Merger under common control	-	-	-	-	39,030	39,030
Own shares acquired	-	-	(526)	-	-	(526)
Balance as at 31 December 2008	30,011,860	8,718,488	(526)	(18,956)	5,110,746	43,821,612