

**Joint Stock Company  
MRSK Severo-Zapada**

**IFRS Financial Statements  
for the year ended 31 December 2006**

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## **Independent Auditors' Report**

The Management  
Joint Stock Company MRSK Severo-Zapada

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Joint Stock Company MRSK Severo-Zapada (the "Company"), which comprise the balance sheet as at 31 December 2006, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2006, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

**ZAO KPMG**

ZAO KPMG  
28 June 2007

|                                 | Note | 31 December 2006<br>'000 RUR | 31 December 2005<br>'000 RUR |
|---------------------------------|------|------------------------------|------------------------------|
| <b>ASSETS</b>                   |      |                              |                              |
| <b>Non-current assets</b>       |      |                              |                              |
| Property, plant and equipment   | 9    | 9,000                        | 5,621                        |
| Deferred tax assets             | 10   | -                            | 3,908                        |
| <b>Total non-current assets</b> |      | <u>9,000</u>                 | <u>9,529</u>                 |
| <b>Current assets</b>           |      |                              |                              |
| Inventories                     | 11   | 177                          | 67                           |
| Trade and other receivables     | 12   | 47,681                       | 10,797                       |
| Cash and cash equivalents       | 13   | 14,273                       | 8,196                        |
| <b>Total current assets</b>     |      | <u>62,131</u>                | <u>19,060</u>                |
| <b>Total assets</b>             |      | <u><u>71,131</u></u>         | <u><u>28,589</u></u>         |

|                                      | Note | 31 December 2006<br>'000 RUR | 31 December 2005<br>'000 RUR |
|--------------------------------------|------|------------------------------|------------------------------|
| <b>EQUITY AND LIABILITIES</b>        |      |                              |                              |
| <b>Equity</b>                        | 14   |                              |                              |
| Share capital                        |      | 10,000                       | 10,000                       |
| Reserves restricted by law           |      | 60                           | -                            |
| Retained earnings                    |      | 15,617                       | (13,775)                     |
| <b>Total equity</b>                  |      | <u>25,677</u>                | <u>(3,775)</u>               |
| <b>Non-current liabilities</b>       |      |                              |                              |
| Loans and borrowings                 | 15   | -                            | 426                          |
| Employee benefits                    | 16   | 2,584                        | 721                          |
| Deferred tax liabilities             | 10   | 5,799                        | -                            |
| <b>Total non-current liabilities</b> |      | <u>8,383</u>                 | <u>1,147</u>                 |
| <b>Current liabilities</b>           |      |                              |                              |
| Loans and borrowings                 | 15   | 1,051                        | 840                          |
| Trade and other payables             | 17   | 34,894                       | 30,242                       |
| Income tax payable                   |      | 1,126                        | 135                          |
| <b>Total current liabilities</b>     |      | <u>37,071</u>                | <u>31,217</u>                |
| <b>Total liabilities</b>             |      | <u>45,454</u>                | <u>32,364</u>                |
| <b>Total equity and liabilities</b>  |      | <u>71,131</u>                | <u>28,589</u>                |

These financial statements were approved by management on 28 June 2007 and were signed on its behalf by:

General Director

V. Pinhasik

Deputy of General Director of finance and economics

O. Makarova

*JSC MRSK Severo-Zapada*  
Income Statement for the year ended 31 December 2006

|  |             | <b>For the year ended<br/>31 December 2006</b> | <b>For the period from<br/>23 December 2004<br/>(date of<br/>incorporation)<br/>to 31 December 2005</b> |
|--|-------------|--|---|
|  | <b>Note</b> | <b>'000 RUR</b>                                | <b>'000 RUR</b>   |
| Revenue  | 4           | 192,015  | 48,212  |
| Other operating income                         |             | 360  | -   |
| Employee benefits expense                      | 5           | (114,771)                                      | (51,997)  |
| Depreciation                                   |             | (1,154)  | (224)   |
| Other expenses                                 | 6           | (34,498)                                       | (13,684)  |
| <b>Profit/(loss) from operating activities</b> |             | <b>41,952</b>                                  | <b>(17,693)</b>   |
| Financial income                               | 7           | -  | 218   |
| Financial expenses                             | 7           | (273)  | (65)  |
| <b>Profit/(loss) before income tax</b>         |             | <b>41,679</b>                                  | <b>(17,540)</b>   |
| Income tax (expense)/benefit                   | 8           | (12,227)                                       | 3,765   |
| <b>Profit/(loss) for the period</b>            |             | <b>29,452</b>                                  | <b>(13,775)</b>   |

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General Director

V. Pinhasik

Deputy of General Director of finance and economics

O. Makarova

|   | For the year ended<br>31 December 2006 | For the period from 23<br>December 2004 (date of<br>incorporation)<br>to 31 December 2005 |
|---|--|---|
|   | '000 RUR                               | '000 RUR  |
| <b>OPERATING ACTIVITIES</b>   |  |   |
| Profit/(loss) from operating activities   | 41,952                                 | (17,693)  |
| <i>Adjustments for:</i>   |  |   |
| Depreciation  | 1,154                                  | 224   |
| <b>Operating profit/(loss) before changes in working capital and provisions</b> | <b>43,106</b>                          | <b>(17,469)</b>   |
| (Increase) in inventories   | (110)                                  | (67)  |
| (Increase) in trade and other receivables                                       | (36,884)                               | (797)   |
| Increase in trade and other payables  | 4,652                                  | 30,242  |
| Increase in employee benefits   | 1,863                                  | 721   |
| <b>Cash flows from operations before income taxes and interest paid</b>         | <b>12,627</b>                          | <b>12,630</b>   |
| Income taxes paid   | (1,529)                                | (8)   |
| Interest paid   | (273)                                  | (63)  |
| <b>Cash flows from operating activities</b>                                     | <b>10,825</b>                          | <b>12,559</b>   |
| <b>INVESTING ACTIVITIES</b>   |  |   |
| Interest received   | -                                      | 217   |
| Acquisition of property, plant and equipment                                    | (3,178)                                | (3,835)   |
| <b>Cash flows (utilised by) investing activities</b>                            | <b>(3,178)</b>                         | <b>(3,618)</b>  |
| <b>FINANCING ACTIVITIES</b>   |  |   |
| Payment of finance lease liabilities  | (1,570)                                | (745)   |
| <b>Cash flows (utilised by) financing activities</b>                            | <b>(1,570)</b>                         | <b>(745)</b>  |
| <b>Net increase in cash and cash equivalents</b>                                | <b>6,077</b>                           | <b>8,196</b>  |
| Cash and cash equivalents at beginning of year                                  | 8,196                                  | -   |
| <b>Cash and cash equivalents at end of year (note 13)</b>                       | <b>14,273</b>                          | <b>8,196</b>  |

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*JSC MRSK Severo-Zapada*  
Statement of Changes in Equity for the year ended 31 December 2006

| '000 RUR   | Share<br>capital | Reserves<br>restricted<br>by law | Retained<br>earnings | Total<br>Equity |
|--|------------------|----------------------------------|----------------------|-----------------|
| <b>Balance at 23 December 2004</b>                             | 10,000           | -                                | -                    | 10,000          |
| Loss and total recognised income and expense<br>for the period | -                | -                                | (13,775)             | (13,775)        |
| <b>Balance at 31 December 2005</b>                             | <u>10,000</u>    | <u>-</u>                         | <u>(13,775)</u>      | <u>(3,775)</u>  |

| '000 RUR   | Share<br>capital | Reserves<br>restricted<br>by law | Retained<br>earnings | Total<br>Equity |
|--|------------------|----------------------------------|----------------------|-----------------|
| <b>Balance at 1 January 2006</b>                               | 10,000           | -                                | (13,775)             | (3,775)         |
| Profit and total recognised income and expense<br>for the year | -                | -                                | 29,452               | 29,452          |
| Transfer to reserves restricted by law                         | -                | 60                               | (60)                 | -               |
| <b>Balance at 31 December 2006</b>                             | <u>10,000</u>    | <u>60</u>                        | <u>15,617</u>        | <u>25,677</u>   |

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O. Makarova



## **1 Background**

### **(a) Organisation and operations**

Joint Stock Company Mezhhregionalnaya Raspredelitelnaya Setevaya Kompania - JSC "MRSK Severo-Zapada" (the "Company") is a Russian open joint stock company as defined in the Civil Code of the Russian Federation. The Company was established in December 2004 as a 100% subsidiary of OAO RAO UES (Opened Joint Stock Company for energy and electrification Unified System of Russia).

The Company's registered address is str. Pogranichnaya, 21, Petrozavodsk, Karelia republic, Russia. The Company's physical location is 16<sup>th</sup> line of Vasilievsky island, 7, Saint-Petersburg, Russia.

The Company's principal activity is rendering of consulting services in the field of commercial activities and management of other RAO UES subsidiaries in the north-western region of Russia. The Company also renders services for execution of the role of the sole executive body for several subsidiaries of RAO UES.

### **(b) Russian business environment**

Whilst there have been improvements in economic trends in the Russian Federation, the country continues to display certain characteristics of an emerging market. These characteristics include, but are not limited to, the existence of a currency that is not freely convertible in most countries outside of the Russian Federation and relatively high inflation. The tax, currency and customs legislation within the Russian Federation is subject to varying interpretations, and changes, which can occur frequently. The financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of the Company. The future business environment may differ from management's assessment.

### **(c) Relations with the state and current regulation**

As at 31 December 2006, the Government of the Russian Federation owned 52.7 percent of RAO UES, which represents 55.0 percent of the ordinary shares issued. As at 31 December 2006 RAO UES owned 100 percent of the Company's ordinary shares which have voting rights. As result the Government's economic, social and other policies could have material effects on the operations of the Company.

### **(d) Regulatory issues and sector restructuring**

The Russian electric utilities industry are presently undergoing a reform process designed to introduce competition into the electricity sector and to create an environment in which the electric utilities companies can raise the capital required to maintain and expand current capacity.

- The regulatory framework governing the process of reforming the Russian Federation electric utilities industry and the functioning of the industry, both during the transition period and subsequent to the completion of reforms, is set forth in the following legislation: Federal Law No.35-FZ of 26 March 2003 "On Electric Utilities" and Federal Law No.36-FZ of 26 March 2003 "On the Specifics of the Functioning of Electric Utilities During the Transition Period" and the Introduction of Amendments to Certain Russian Federation Legislative Acts and the

Invalidation of Certain Russian Federation Legislative Acts in Connection with the Adoption of the Law “On the Electric Utilities of the Russian Federation” (“Federal Law No.36-FZ”).

- In October 2003, the Russian Federation government issued Resolution No. 643 "On the Rules for the Wholesale Electricity (Power) Market during the Transition Period". According to the rules adopted, there are two sectors within the Federal Wholesale Electricity (Power) Market: regulated trading sector and free trading sector. Within the free trading sector, electricity suppliers are able to sell electricity generated with the use of facilities and equipment accounting for 15 percent of their production capacity. Since November 2003, the non-commercial partnership “Trade System Administrator of the Wholesale Electricity Market”, in accordance with the rules for the wholesale electricity (power) market during the transition period, has been holding electricity bidding in the free trading sector in the European part of Russia and in the Urals. Starting from May 2005, the free trading sector was extended to Siberia, and starting from October 2005, a balancing market was put in operation. According to the laws underlying the electric utilities reform, subsequently free trading will be extended over the whole volume of trading.
- As at 29 May 2003, the Board of Directors of RAO UES approved a “Concept of RAO UES strategy for the period from 2003 through 2008” (further – the “Concept of RAO UES Strategy”). The Concept of RAO UES Strategy stipulates merging of Distribution Grid companies (DGC) established in the course of restructuring of AO-energo into several Interregional Distribution Grid Companies (“IDGCs”). It is planned that each of IDGC (100% subsidiary of RAO UES of Russia) will make everything possible to speed up the merger (whereby minority shareholders will be offered to exchange their shares in DGC to IDGC’s shares).
- As at 1 October 2004, the Board of Directors of RAO UES approved the shareholding in four Interregional Distribution Grid Companies which shall hold shares in Distribution Grid companies which operates in delivery of electricity through distribution grids.
- As at 2 March 2007, the Board of Directors of RAO UES approved the final version of reorganization scheme in accordance with which it is planned to finalize the restructuring of RAO UES Group’s assets, spin-off of all the companies in the targeted structure and termination of RAO UES activity.
- As at 27 April 2007, configuration of Interregional Distribution Grid Companies has been approved. The configuration of JSC MRSK Severo-Zapada includes the following DGCs: JSC “Arhenergo”, JSC “Vologdaenergo”, JSC “Karelenergo”, JSC “Kolenergo”, JSC “AEK Komienergo”, JSC “Novgorodenergo”, JSC “Pskovenergo”. In order to set up each IDGC it is planned to reorganise DGCs, relevant to this IDGC by mean of merger.

The completion of reorganization of IDGC and DGC is planned by 1 July 2008 (the date of completion of reorganization of OAO RAO UES).

The Company renders consulting and information services to improve management of North-West Distribution Grid companies, which are managed by the Company, to establish an unified approach to accounting of financial statements items, receipt of reliable and complete information regarding financial position, performance and status of DGCs, which should be merged by JSC MRSK Severo-Zapada.

## **2 Basis of preparation**

### **(a) Statement of compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”).

### **(b) Basis of measurement**

The financial statements are prepared on the historical cost basis.

### **(c) Functional and presentation currency**

The national currency of the Russian Federation is the Russian Rouble (“RUR”), which is the Company’s functional currency and the currency in which these financial statements are presented. All financial information presented in RUR has been rounded to the nearest thousand.

### **(d) Use of judgements, estimates and assumptions**

Management has made a number of judgments, estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with IFRSs. Actual results may differ from those estimates.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies are described in notes 12 and 21.

### **(e) Going concern**

The Financial Statements have been prepared on a going concern basis. The accompanying Financial Statements do not include any adjustments should the Company be unable to continue as a going concern.

## **3 Significant accounting policies**

The significant accounting policies applied in the preparation of the financial statements are described in note 3 (a) to 3 (q). These accounting policies have been consistently applied by the Company.

### **(a) Foreign currency**

#### ***(i) Foreign currency transactions***

Transactions in foreign currencies are translated to the functional currency of Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities that are measured at cost in a foreign currency are translated to the functional currency at the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments.

The RUR is not a readily convertible currency outside the Russia Federation and, accordingly, any conversions of RUR to foreign currency are subject of regulations and control.

As at 31 December 2006, the official rate of exchange, as determined by the Central Bank of the Russian Federation, between the RUR and the US Dollar ("USD") was RUR 26.3311 / USD 1.00 (31 December 2005: RUR 28.7825 / USD 1.00), between the RUR and EURO RUR 34.6965 / EURO 1.00 (31 December 2005: RUR 34.1850 / EURO 1.00).

**(b) Financial instruments**

**(i) Non-derivative financial instruments**

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits.

Accounting for finance income and expenses is discussed in note 3(n).

**(c) Dividends**

Dividends are recognised as a liability and deducted from equity at the balance sheet date only if they are declared (approved by shareholders) before or on the balance sheet date. Dividends are disclosed when they are declared after the balance sheet date, but before the financial statements are authorized for issue.

**(d) Property, plant and equipment**

**(i) Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

**(ii) Subsequent costs**

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will

flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

**(iii) Depreciation**

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives for the current and comparative periods are as follows:

- Office and transport equipment                      3-25 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

**(e) Leased assets**

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. A finance lease is capitalized as at the beginning of lease term. Depreciation of the assets received under terms of finance lease is charged over leasehold asset's useful life in accordance with the accounting policy.

Other leases are operating leases and the leased assets are not recognised on the Company's balance sheet.

**(f) Accounts receivable and prepayments**

Accounts receivable are recorded inclusive of value added taxes.

**(g) Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

**(h) Accounts payable and accrued charges**

Accounts payable are stated inclusive of value added tax.

**(i) Impairment**

**(i) Financial assets**

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows

discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

**(ii) *Reversal of impairment***

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss.

**(iii) *Non-financial assets***

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

**(j) *Employee benefits***

**(i) *Defined contribution plans***

Obligations for contributions to defined contribution pension plans, including Russia's State pension fund, are recognised as an expense in profit or loss when they are due.

**(ii) *Defined benefit plans***

The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Company's obligations. The calculation is performed using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

**(iii) Other long-term employee benefits**

The Company's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Company's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

**(iv) Short-term benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**(k) Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

**(l) Revenue**

**(i) Services**

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

**(m) Other expenses**

**(i) Lease payments**

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.



**(n) Finance income and expenses**

Finance income comprises interest income on funds invested and foreign currency gains. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings, foreign currency losses, and impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.

**(o) Income tax expense**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(p) Segment reporting**

The Company renders services of managing body to and consulting services to its fellow subsidiaries. The revenues, results and assets attributable to these activities, which have similar risks and returns, comprise mainly all of the Company's revenues, results and assets. Therefore no separate information in respect of business segments is presented.

The Company's operations are all based in Russia and, accordingly, no geographical segment information is presented.

**(q) New Standards and Interpretations not yet adopted.**

A number of new Standards, amendments to Standards and Interpretations are not yet effective as at 31 December 2006, and have not been applied in preparing these consolidated financial statements. Of these pronouncements, potentially the following will have an impact on the Company's financial statements. The Company plans to adopt this pronouncement when it becomes effective.

- *IFRS 7 Financial Instruments: Disclosures* and the *Amendment to IAS 1 Presentation of Financial Statements: Capital Disclosures* require extensive disclosures about the significance of financial instruments for an entity's financial position and performance, and qualitative and

quantitative disclosures on the nature and extent of risks. IFRS 7 and amended IAS 1, which become mandatory for the Company's 2007 financial statements, will require extensive additional disclosures with respect to Company's financial instruments and share capital. The Company has not yet analysed the likely impact of the new Standard on its financial position or performance.

#### 4 Revenue

|  | <b>For the year ended 31<br/>December 2006</b> | <b>For the period from 23<br/>December 2004<br/>(date of incorporation)<br/>to 31 December 2005</b> |
|--|--|---|
|  | <b>'000 RUR</b>                                | <b>'000 RUR</b>   |
| Revenue from consulting services                                   | 101,275  | 39,956  |
| Revenue from services for execution of role of sole executive body | 90,740   | 8,256   |
|  | 192,015  | 48,212  |

#### 5 Employee benefits expense

|   | <b>For the year ended<br/>31 December 2006</b> | <b>For the period from 23<br/>December 2004<br/>(date of incorporation)<br/>to 31 December 2005</b> |
|---|--|---|
|   | <b>'000 RUR</b>                                | <b>'000 RUR</b>   |
| Salaries and benefits                     | 99,975   | 45,792  |
| Unified social tax and similar charges    | 10,036   | 5,484   |
| Non-state pension fund contribution       | 2,897  | -   |
| Expenses related to defined benefit plans | 1,863  | 721   |
|   | 114,771  | 51,997  |

## 6 Other expenses

|   | <b>For the year ended<br/>31 December 2006</b> | <b>For the period from 23<br/>December 2004(date<br/>of incorporation)<br/>to 31 December 2005</b> |
|---|--|--|
|   | <b>'000 RUR</b>                                | <b>'000 RUR</b>  |
| Transport expenses                                | 7,769  | 2,774  |
| Travel and similar expenses                       | 6,901  | 2,829  |
| Rent and similar expenses                         | 4,358  | 1,914  |
| IT expenses                                       | 3,399  | 635  |
| Telecommunications, postage                       | 2,623  | 921  |
| Consumables and stationary                        | 2,022  | 1,464  |
| Audit, consulting, legal and information services | 1,699  | 489  |
| Security expenses                                 | 845  | 560  |
| Training expenses                                 | 830  | 94   |
| Entertainment expenses                            | 673  | 232  |
| Repair and maintenance expenses                   | 519  | 405  |
| Bank charges                                      | 446  | 178  |
| Insurance expenses                                | 239  | 34   |
| Other administrative expenses                     | 2,175  | 1,155  |
|   | 34,498   | 13,684   |
|   | 34,498   | 13,684   |

## 7 Financial income and expenses

|                           | <b>For the year ended<br/>31 December 2006</b> | <b>For the period from 23<br/>December 2004 (date of<br/>incorporation)<br/>to 31 December 2005</b> |
|---------------------------|--|---|
|                           | <b>'000 RUR</b>                                | <b>'000 RUR</b>   |
| <b>Financial income</b>   |  |   |
| Interest income           | -  | 217   |
| Foreign exchange gain     | -  | 1   |
|                           | -  | 218   |
| <b>Financial expenses</b> |  |   |
| Interest expense          | (273)  | (63)  |
| Foreign exchange loss     | -  | (2)   |
|                           | (273)  | (65)  |

## 8 Income tax expense

|   | <b>For the year ended<br/>31 December 2006</b> | <b>For the period from 23<br/>December 2004 (date of<br/>incorporation)<br/>to 31 December 2005</b> |
|---|--|---|
|   | <b>'000 RUR</b>                                | <b>'000 RUR</b>   |
| <i>Current tax expense</i>                        |  |   |
| Current year                                      | (2,520)  | (143)   |
| <i>Deferred tax expense</i>                       |  |   |
| Origination and reversal of temporary differences | (9,707)  | 3,908   |
|   | (12,227)                                       | 3,765   |

The Company's applicable tax rate is the income tax rate of 24% for Russian companies (2005: 24%).

**Reconciliation of effective tax rate:**

|                                   | <b>For the year ended<br/>31 December 2006</b> |             | <b>For the period<br/>from 23 December<br/>2004 (date of<br/>incorporation) to<br/>31 December 2005</b> |             |
|-----------------------------------|--|-------------|---|-------------|
|                                   | <b>'000 RUR</b>                                | <b>%</b>    | <b>'000 RUR</b>   | <b>%</b>    |
| Profit/(loss) before tax          | 41,679   | 100         | (17,540)  | 100         |
| Income tax at applicable tax rate | (10,003)                                       | (24)        | 4,210   | (24)        |
| Non-deductible expenses           | (2,224)  | (5)         | (445)   | 3           |
|                                   | <u>(12,227)</u>                                | <u>(29)</u> | <u>3,765</u>  | <u>(21)</u> |

## 9 Property, plant and equipment

| '000 RUR                    | Office and<br>transport<br>equipment | Advances<br>paid | Total   |
|-----------------------------|--------------------------------------|------------------|---------|
| <i>Cost</i>                 |                                      |                  |         |
| Balance at 23 December 2004 | -                                    | -                | -       |
| Additions                   | 5,845                                | -                | 5,845   |
| Balance at 31 December 2005 | 5,845                                | -                | 5,845   |
| <br>                        |                                      |                  |         |
| Balance at 1 January 2006   | -                                    | -                | -       |
| Additions                   | 3,317                                | 1,216            | 4,533   |
| Balance at 31 December 2006 | 9,162                                | 1,216            | 10,378  |
| <i>Depreciation</i>         |                                      |                  |         |
| Balance at 23 December 2004 | -                                    | -                | -       |
| Depreciation charge         | (224)                                | -                | (224)   |
| Balance at 31 December 2005 | (224)                                | -                | (224)   |
| <br>                        |                                      |                  |         |
| Balance at 1 January 2006   | (224)                                | -                | (224)   |
| Depreciation charge         | (1,154)                              | -                | (1,154) |
| Balance at 31 December 2006 | (1,378)                              | -                | (1,378) |
| <br>                        |                                      |                  |         |
| <i>Net book value</i>       |                                      |                  |         |
| At 23 December 2004         | -                                    | -                | -       |
| At 31 December 2005         | 5,621                                | -                | 5,621   |
| At 31 December 2006         | 7,784                                | 1,216            | 9,000   |

### (a) Security

The Company does not have any properties that are subject to a security.

**(b) Leased plant and machinery**

The Company leases car and office equipment under finance lease agreements. At the end of the lease the Company has the option to purchase the car and office equipment at a beneficial price. At 31 December 2006 the net book value of leased assets was RUR 3,050 thousand (31 December 2005: RUR 1,976 thousand)

**10 Deferred tax assets and liabilities**

**(a) Recognised deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributable to the following:

| '000 RUR                      | Assets           |                  | Liabilities      |                  | Net              |                  |
|-------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                               | 31 December 2006 | 31 December 2005 | 31 December 2006 | 31 December 2005 | 31 December 2006 | 31 December 2005 |
| Property, plant and equipment | -                | -                | (676)            | (185)            | (676)            | (185)            |
| Trade and other receivables   | -                | -                | (6,522)          | (370)            | (6,522)          | (370)            |
| Loans and borrowings          | 252              | 304              | -                | -                | 252              | 304              |
| Employee benefits             | 24               | -                | -                | -                | 24               | -                |
| Trade and other payables      | 1,123            | 4,355            | -                | (228)            | 1,123            | 4,127            |
| Tax loss carry-forwards       | -                | 32               | -                | -                | -                | 32               |
| Tax assets/(liabilities)      | 1,399            | 4,691            | (7,198)          | (783)            | (5,799)          | 3,908            |
| Set off of tax                | (1,399)          | (783)            | 1,399            | 783              | -                | -                |
| Net tax assets/(liabilities)  | -                | 3,908            | (5,799)          | -                | (5,799)          | 3,908            |

**(b) Movement in temporary differences during the year**

| '000 RUR                      | 23 December 2004 | Recognised in income | 31 December 2005 | Recognised in income | 31 December 2006 |
|-------------------------------|------------------|----------------------|------------------|----------------------|------------------|
| Property, plant and equipment | -                | (185)                | (185)            | (491)                | (676)            |
| Trade and other receivables   | -                | (370)                | (370)            | (6,152)              | (6,522)          |
| Loans and borrowings          | -                | 304                  | 304              | (52)                 | 252              |
| Employee benefits             | -                | -                    | -                | 24                   | 24               |
| Trade and other payables      | -                | 4,127                | 4,127            | (3,004)              | 1,123            |
| Tax loss carry-forwards       | -                | 32                   | 32               | (32)                 | -                |
|                               | -                | 3,908                | 3,908            | (9,707)              | (5,799)          |



## 11 Inventories

|                               | <b>31 December 2006</b> | <b>31 December 2005</b> |
|-------------------------------|-------------------------|-------------------------|
|                               | <b>'000 RUR</b>         | <b>'000 RUR</b>         |
| Raw materials and consumables | 177                     | 67                      |

## 12 Trade and other receivables

|  | <b>31 December 2006</b> | <b>31 December 2005</b> |
|--|-------------------------|-------------------------|
|  | <b>'000 RUR</b>         | <b>'000 RUR</b>         |
| Accrued income from related parties    | 27,178                  | 1,541                   |
| Trade receivables from related parties | 18,446                  | 7,148                   |
| Other receivables                      | 2,057                   | 2,108                   |
|  | <u>47,681</u>           | <u>10,797</u>           |

Accrued income represents accounts receivable under service agreements for execution of the role of sole executive body with several of RAO UES subsidiaries. Income based on the current year results is declared in the year following the reporting one. Calculation of income for 2006 is prepared by the management based on the best available estimate as at the date of financial statements preparation.

## 13 Cash and cash equivalents

|               | <b>31 December 2006</b> | <b>31 December 2005</b> |
|---------------|-------------------------|-------------------------|
|               | <b>'000 RUR</b>         | <b>'000 RUR</b>         |
| Petty cash    | 2                       | 1                       |
| Bank balances | 14,271                  | 8,195                   |
|               | <u>14,273</u>           | <u>8,196</u>            |

## 14 Equity

### (a) Share capital

*Number of shares  
 unless otherwise  
 stated*

|  | <b>Ordinary shares</b>  | <b>Ordinary shares</b>  |
|--|-------------------------|-------------------------|
|  | <b>31 December 2006</b> | <b>31 December 2005</b> |
| Authorised shares                      | 100,000,000             | 100,000,000             |
| Par value                              | RUR 0.1                 | RUR 0.1                 |
| On issue at beginning<br>of year       | 100,000,000             | 100,000,000             |
| On issue at end of<br>year, fully paid | <u>100,000,000</u>      | <u>100,000,000</u>      |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

### (b) Dividends

In accordance with Russian legislation the Company's distributable reserves are limited to the balance of retained earnings as recorded in the Company's statutory financial statements prepared in accordance with Russian Accounting Principles. As at 31 December 2006 the Company had retained earnings, including the profit for the current year, of RUR 30 thousand (31 December 2005: RUR 60 thousand).

Shareholders of the Company have not distributed dividends for 2005. Based on the results of 2006 decision about dividends payments has not been yet taken.

## 15 Loans and borrowings

This note provides information about the contractual terms of the Company's loans and borrowings. For more information about the Company's exposure to interest rate, see note 18.

|  | 31 December 2006 | 31 December 2005 |
|--|------------------|------------------|
|  | '000 RUR         | '000 RUR         |
| <i>Non-current liabilities</i>               |                  |                  |
| Finance lease liabilities                    | -                | 426              |
|  | -                | 426              |
| <i>Current liabilities</i>                   |                  |                  |
| Current portion of finance lease liabilities | 1,051            | 840              |
|  | 1,051            | 840              |

Finance lease liabilities are payable as follows:

|                            | 31 December 2006             |          |           | 31 December 2005             |          |           |
|----------------------------|------------------------------|----------|-----------|------------------------------|----------|-----------|
|                            | Minimum<br>lease<br>payments | Interest | Principal | Minimum<br>lease<br>payments | Interest | Principal |
| Less than one year         | 1,249                        | 198      | 1,051     | 1,090                        | 250      | 840       |
| Between one and five years | -                            | -        | -         | 497                          | 71       | 426       |
| More than five years       | -                            | -        | -         | -                            | -        | -         |
|                            | 1,249                        | 198      | 1,051     | 1,587                        | 321      | 1,266     |

## 16 Employee benefits

|  | <b>31 December 2006</b> | <b>31 December 2005</b> |
|--|-------------------------|-------------------------|
|  | <b>'000 RUR</b>         | <b>'000 RUR</b>         |
| Present value of unfunded obligations (lump sum)     | 2,485                   | 721                     |
| Present value of unfunded obligations (NSPFE)        | 99                      | -                       |
| Recognised liability for defined benefit obligations | 2,584                   | 721                     |

The Company operates three funded employee benefit plans. Under these plans the Company pays contributions to the personal accounts for employees covered by these plans, maintained by Non-State Pension Fund Electroenergetica (NSPFE). If the balance on an employee's personal account in NSPFE is insufficient for the payments that the employee is entitled to at the date of retirement, the Company is obliged to make up the shortfall.

The Company is also obliged to pay a lump sum payment to retiring employees as follows: the Company will pay to a retired employee a lump sum equal to a double average monthly salary for the year ended as at the retirement date (if the latter retires at his/her own discretion at the pension age and his/her continuous work with the Company exceeds 5 years).

The Company plans to pay RUR 6,324 thousand to the personal accounts of employees covered by pension plans as contributions to NSPFE during 2007.

### (a) Movements in the net liability recognised in the balance sheet

|  | <b>31 December 2006</b> | <b>31 December 2005</b> |
|--|-------------------------|-------------------------|
|  | <b>'000 RUR</b>         | <b>'000 RUR</b>         |
| Net liability at 1 January                 | 721                     | -                       |
| Expense recognised in the income statement | 1,863                   | 721                     |
| Net liability at 31 December               | 2,584                   | 721                     |

### (b) Expense recognised in the income statement

|   | <b>31 December 2006</b> | <b>31 December 2005</b> |
|---|-------------------------|-------------------------|
|   | <b>'000 RUR</b>         | <b>'000 RUR</b>         |
| Current service cost                        | 1,814                   | 721                     |
| Interest on obligation                      | 49                      | -                       |
|   | 1,863                   | 721                     |
| Non-state pension fund contribution         | 2,897                   | -                       |
| Expenses recognized in the income statement | 4,760                   | 721                     |

**(c) Liability for defined benefit obligations**

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

|                              | <u>31 December 2006</u> | <u>31 December 2005</u> |
|------------------------------|-------------------------|-------------------------|
| Discount rate at 31 December | 6.84%                   | 6.84%                   |
| Future salary increases      | 7.5%                    | 7.5%                    |
| Future pension increases     | 7.5%                    | 7.5%                    |

**17 Trade and other payables**

|   | <u>31 December 2006</u> | <u>31 December 2005</u> |
|---|-------------------------|-------------------------|
|   | <u>'000 RUR</u>         | <u>'000 RUR</u>         |
| Provision for bonuses and unused vacation       | 19,258                  | 18,073                  |
| Salary accrued                                  | 5,141                   | 5,844                   |
| Other taxes payable                             | 3,508                   | 2,991                   |
| Trade payables                                  | 2,745                   | 623                     |
| Trade payables to related parties               | 1,551                   | 1,350                   |
| Unified social tax and similar charges payables | 1,187                   | 383                     |
| Other payables and accrued expenses             | 1,504                   | 978                     |
|   | <u>34,894</u>           | <u>30,242</u>           |

**18 Financial instruments**

Exposure to credit, interest rate and currency risk arises in the normal course of the Company's business. The Company does not hedge its exposure to such risk.

**(a) Credit risk**

The Company does not require collateral in respect of financial assets. All trade receivables of the Company are comprised of related parties.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

At the balance sheet date there was a significant concentration of credit risk in respect of amounts receivable from related parties. The total amount receivable from related parties was RUR 45,624 thousand (31 December 2005: RUR 8,689 thousand) or 96% (31 December 2005: 80%) of the total receivables.

**(b) Interest rate risk**

Changes in interest rates impact primarily loans and borrowings by changing either their fair value (fixed rate debt) or their future cash flows (variable rate debt). Management does not have a formal policy of determining how much of the Company's exposure should be to fixed or variable rates. However, at the time of raising new loans or borrowings management uses its judgment to decide whether it believes that a fixed or variable rate would be more favourable to the Company over the expected period until maturity.

The following table shows the period in which interest-bearing financial assets and liabilities reprice.

| 31 December 2006<br>'000 RUR                 | Average interest rate |              |          |              |
|--|-----------------------|--------------|----------|--------------|
|  | Effective             | less 1yr     | 1-2 yrs  | Total        |
| <b>Liabilities</b>                           |                       |              |          |              |
| Finance lease liabilities – RUR <sup>1</sup> | 26% - 48%             | 1,051        | -        | 1,051        |
|  |                       | <u>1,051</u> | <u>-</u> | <u>1,051</u> |

| 31 December 2005<br>'000 RUR                 | Average interest rate |            |            |              |
|--|-----------------------|------------|------------|--------------|
|  | Effective             | less 1 yr  | 1-2 yrs    | Total        |
| <b>Liabilities</b>                           |                       |            |            |              |
| Finance lease liabilities – RUR <sup>1</sup> | 26%                   | 840        | 426        | 1,266        |
|  |                       | <u>840</u> | <u>426</u> | <u>1,266</u> |

<sup>1</sup> Fixed rate

**(c) Fair values**

The fair values were determined as follows:

*Loans and borrowings.* Fair value is not materially different from the carrying amount because contractual interest rates were not materially different from market rates.

*Trade and other receivables and payables.* For receivables and payables with a maturity of less than twelve months fair value is not materially different from the carrying amount because the effect of the time value of money is not material.

## 19 Operating leases

Non-cancellable operating lease rentals are payable as follows:

|                    | 31 December 2006 | 31 December 2005 |
|--------------------|------------------|------------------|
|                    | '000 RUR         | '000 RUR         |
| Less than one year | 5,364            | 3,213            |
|                    | 5,364            | 3,213            |

The Company leases office facilities under operating leases. The leases typically run for an initial period of one year, with an option to renew the lease after that date. Lease payments are usually increased annually to reflect market rentals.

During the current year RUR 4,339 thousand (2005: RUR 2,019 thousand) was recognised as an expense in the income statement in respect of operating leases.

## 20 Commitments

The Company concluded a two-year lease agreement of Volkswagen car with Petroenergoleasing LLC. As at 31 December 2006 the Company made a prepayment to the leasing company in the amount of RUR 1,216 thousand which is included in property, plant and equipment line. Total lease payments net of prepayment made amount to RUR 1,103 thousand.

## 21 Contingencies

### (a) Insurance

The Company insures some of assets, employees, civil liability and other insured risks. Accordingly, the Company can be threatened by the risks, not covered by insurance.

### (b) Litigation

There are no litigations or claims in which the Company acts as a defendant or plaintiff.

### (c) Taxation contingencies in the Russian Federation

The taxation system in the Russian Federation is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances a tax year may remain open longer. Recent events within the Russian Federation suggest that the tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments.

These circumstances may create tax risks in the Russian Federation that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Russian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the

effect on these financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

## 22 Related party transactions

### (a) Control relationships

The Company's parent company is RAO UES. As at 31 December 2006, the Government of the Russian Federation owned 52.7 percent of RAO UES, which represents 55.0 percent of the ordinary shares issued. As at 31 December 2006 RAO UES owned 100 percent of the Company's ordinary shares which have voting rights. As result the Government's economic, social and other policies could have material effects on the operations of the Company.

Publicly available financial statements are produced by the Company's parent company.

### (i) Management remuneration

Key management received the following remuneration during the year, which is included in employees costs (see note 5):

|                                    | For the year ended<br>31 December 2006 | For the period from 23<br>December 2004 (date of<br>incorporation) to 31<br>December 2005 |
|------------------------------------|--|---|
|                                    | '000 RUR                               | '000 RUR  |
| Salaries and bonuses to management | 47,212                                 | 13,236  |
| Bonuses to Board of Directors      | 876                                    | -   |
|                                    | 48,088                                 | 13,236  |

### (b) Transactions with other related parties

The Company's other related party transactions are disclosed below.

### (i) Revenue

| '000 RUR            | Transaction value                         | Outstanding<br>balance | Transaction value  | Outstanding<br>balance |
|---------------------|---|------------------------|--|------------------------|
|                     | For the year<br>ended 31<br>December 2006 | 31 December<br>2006    | For the period<br>from 23 December<br>2004 (date of<br>incorporation) to<br>31 December 2005 | 31 December<br>2005    |
| Services provided:  |   |                        |  |                        |
| Fellow subsidiaries | 192,015                                   | 45,624                 | 48,212   | 8,689                  |
|                     | 192,015                                   | 45,624                 | 48,212   | 8,689                  |

All outstanding balances with related parties are to be settled in cash within twelve months of the balance sheet date. None of the balances are secured.



(ii) **Expenses**

| '000 RUR            | Transaction value                   | Outstanding balance | Transaction value  | Outstanding balance |
|---------------------|-------------------------------------|---------------------|--|---------------------|
|                     | For the year ended 31 December 2006 | 31 December 2006    | For the period from 23 December 2004 (date of incorporation) to 31 December 2005 | 31 December 2005    |
| Services received:  |                                     |                     |  |                     |
| Parent company      | 4                                   | 7                   | 8  | -                   |
| Fellow subsidiaries | 7,305                               | 1,551               | 2,441  | 1,350               |
|                     | <u>7,309</u>                        | <u>1,558</u>        | <u>2,449</u>   | <u>1,350</u>        |

All outstanding balances with related parties are to be settled in cash within twelve months of the balance sheet date. None of the balances are secured.

(c) **Pricing policies**

Prices for consultation and managing services are stated in the agreements with managed companies and are approved by the Company's ultimate parent company RAO UES.