



Sergey Yushin  
CFO

Group JSC RusHydro

# CONSOLIDATED BALANCE SHEET

As at 31 December 2007

In accordance to the International Financial Reporting  
Standards (IFRS)



- Group RusHydro provides consolidated balance sheet in accordance to the IFRS 2005.
- The Auditor of RusHydro is JSC PriceWaterHouseCoopers
- RusHydro received positive auditor's report

INDEPENDENT AUDITOR'S REPORT

To the shareholders and the Board of Directors of Open Joint Stock Company "Federal Hydrogenerating Company HydroOGK" (OJSC "RusHydro"):

We have audited the accompanying consolidated financial statements of OJSC "RusHydro" and its subsidiaries (the "Group") which comprise the consolidated balance sheet as of 31 December 2007 and the consolidated income statement, consolidated statement of changes in equity and consolidated 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 consolidated 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 misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditor's Responsibility*

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

*Opinion*

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2007, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

ZAO PricewaterhouseCoopers Audit

26 June 2008  
Moscow, Russian Federation



# Consolidated Balance Sheet, Consolidated Income Statement

## RusHydro Group Combined and Consolidated Balance Sheet as at 31 December 2007 (in thousands of Russian Rubles)

	Note	31 December 2007	31 December 2006
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	223,958,216	106,226,323
Investments in associates and jointly controlled entities	7	6,965,770	-
Other non-current assets	8	1,923,025	5,383,348
<b>Total non-current assets</b>		<b>232,847,011</b>	<b>111,609,671</b>
<b>Current assets</b>			
Cash and cash equivalents	9	5,779,538	5,571,987
Accounts receivable and prepayments	10	32,518,975	19,741,847
Inventories	11	692,893	728,298
Other current assets	12	5,997,556	1,196,151
<b>Total current assets</b>		<b>44,988,962</b>	<b>27,238,283</b>
<b>TOTAL ASSETS</b>		<b>277,835,973</b>	<b>138,847,954</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	13	156,864,374	140,954,760
Treasury shares	13	(5,427,507)	-
Share premium	13	12,005,099	391,080
Merger reserve	13	(74,170,611)	(72,274,301)
Retained earnings and other reserves		95,538,351	13,532,302
<b>Equity attributable to shareholders of OJSC RusHydro</b>		<b>184,809,706</b>	<b>82,603,841</b>
<b>Minority interest</b>		<b>30,201,349</b>	<b>21,597,165</b>
<b>TOTAL EQUITY</b>		<b>215,011,055</b>	<b>104,201,006</b>
<b>Non-current liabilities</b>			
Deferred profit tax liabilities	14	32,584,226	6,071,529
Non-current debt	16	17,258,542	15,425,501
Other non-current liabilities	17	937,924	819,141
<b>Total non-current liabilities</b>		<b>50,780,692</b>	<b>22,316,171</b>
<b>Current liabilities</b>			
Current debt and current portion of non-current debt	16	1,018,854	2,682,074
Accounts payable and accruals	18	10,135,625	8,543,660
Current profit tax payable		41,342	61,720
Other taxes payable	18	848,405	1,043,323
<b>Total current liabilities</b>		<b>12,044,226</b>	<b>12,330,777</b>
<b>TOTAL LIABILITIES</b>		<b>62,824,918</b>	<b>34,646,948</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>277,835,973</b>	<b>138,847,954</b>

Acting for Chairman of the Management Committee

V.A. Zubakin

Chief Accountant

O.V. Otto

25 June 2008

The accompanying notes are an integral part of these combined and consolidated financial statements

3

## RusHydro Group Combined and Consolidated Income Statement for the year ended 31 December 2007 (in thousands of Russian Rubles)

	Note	Year ended 31 December 2007	Year ended 31 December 2006
Revenue	19	47,769,571	24,092,390
Operating expenses	20	(37,229,091)	(23,354,525)
Impairment release	6	-	26,196,588
<b>Operating profit</b>		<b>10,540,480</b>	<b>26,934,453</b>
Finance income	21	1,070,047	594,000
Finance costs	21	(1,864,100)	(886,440)
<b>Finance costs, net</b>		<b>(794,053)</b>	<b>(292,440)</b>
Share of loss of associates and jointly controlled entities	7	(222,803)	-
<b>Profit before profit tax</b>		<b>9,523,624</b>	<b>26,642,013</b>
Total profit tax charge	14	(2,998,576)	(6,524,929)
<b>Profit for the period</b>		<b>6,525,048</b>	<b>20,117,084</b>
Attributable to:			
Shareholders of OJSC RusHydro		6,530,075	16,285,873
Minority interest		(5,027)	3,831,211
Earnings per ordinary share for profit attributable to the shareholders of OJSC RusHydro – basic and diluted (in Russian Rubles per share)	22	0.0452	0.1341
Weighted average shares outstanding – basic and diluted	22	144,382,463	121,414,115

Acting for Chairman of the Management Committee

V.A. Zubakin

Chief Accountant

O.V. Otto

25 June 2008

The accompanying notes are an integral part of these combined and consolidated financial statements

4



## Key events affecting changes in the consolidated financial reporting of the JSC RusHydro Group for 2007

### 1. Change in the composition of the JSC RusHydro Group:

#### 1.1. Acquisition of subsidiary companies:

JSC Geotherm, JSC Verkhne-Mutnovskaya, JSC Lenhydroproject, JSC New Binary Energy Block, JSC Sulaksky HydroCascade, CJSC EOZ, CJSC Construction Organiser of the Boguchanskaya HPP, CJSC Construction Customer for the Boguchansky Aluminium Plant;

#### 1.2. Classification as dependent companies:

JSC Bureiskaya HPP, LLC Corporation for the Development of South Yakutia, CJSC Construction Organiser of the Boguchansky Aluminium Plant, CJSC Construction Customer for the Boguchanskaya HPP;

#### 1.3. Participation in jointly controlled companies:

BOGES Group, BALP Group, New Energy Fund, LLC Corporation for the Development of Transbaikal Area, LLC Corporation for the Development of Krasnoyarsk Territory, RUSSANHydro Limited.

#### 1.4. Withdrawal of subsidiary company JSC Boguchanskaya HPP into the Group of jointly-controlled companies.

### 2. Revaluation of fixed assets:

Fixed assets during 2005 and 2006 were reflected at balance sheet value determined in accordance with the International Financial Reporting Standards as of the date of their transfer by the predecessor.

In 2007, for the purpose of determining a fair value of the Fixed assets, an evaluation was carried out of the Fixed assets by an independent appraiser and the results were reflected in the composition of Capital as of 31.12. 2007

### 3. Issue income

Within the scope of the restructuring of the power industry, JSC RusHydro held an additional issue of shares to the sum of 15 909.6 million roubles. The issue income received over the nominal value was reflected in the composition of Capital as of 31.12. 2007.

### 4. Acquisition of companies belonging to the JSC RAO UES Group was reflected as a merging of Companies under common control. The assets and liabilities of the acquired companies are taken into consideration at the balance sheet value reflected in the consolidated reporting of RAO UES in accordance with the IFRS as of the date of their acquisition by the RusHydro Group. Comparative data for the previous period were recalculated proceeding from the assumption that the companies merged from the beginning of the earliest of the periods presented. As a result of this, the financial reporting for 2006 published in 2007 differs from the 2006 data recalculated in 2007 for the purpose of ensuring comparability of data.



## List of main subsidiary companies of JSC RusHydro Group

No.	Subsidiary companies	31.12.2007	31.12.2006	No.	Subsidiary companies	31.12.2007	31.12.2006
1.	CJSC Boguchanskaya HPP	100%	100%	16.	JSC Malaya Mezenskaya TPP	100.00%	100.00%
2.	JSC VNIIG maned after B.E.Vedeneev	100%-1 share	100%-1 share	17.	JSC Nizhegorodskaya HPP	100%-1 share	100%-1 share
3.	JSC Volzhskaya HPP	83.31%	83.31%	18.	JSC NIIES	100%-1 share	100%-1 share
4.	JSC Votkinskaya HPP	59.84%	59.84%	19.	JSC OP VerkhneMutnovskaya GeoPP	56.03%	0%
5.	JSC Geotherm	71.61%	0%	20.	JSC Saratovskaya HPP	100%-1 share	100%-1 share
6.	JSC Dagestan Regional Generating Company	51%	51%	21.	JSC North Ossetia HGC	97.43%	53.46%
7.	JSC Zhigulevskaya HPP	84.11%	84.11%	22.	JSC Stavropolskaya PGC	55.12%	55.12%
8.	JSC Zagorskaya PSHP	50.90%	50.90%	23.	JSC Sayano-ShushenskayaЯ HPP	78.90%	78.90%
9.	JSC Zaramagskiye HPPs	95.45%	89.87	24.	JSC Sulakenergo	71.74%	53.62%
10.	JSC Zeiskaya HPP	56.39%	56.39%	25.	JSC MC RusHydro	100%-1 share	100%-1 share
11.	JSC Zelenchukskiye HPPs	99.97%	53.49%	26.	JSC "Cheboksarskaya HPP	100%-1 share	100%-1 share
12.	JSC Kabbalk HPP	50.34%	50.34%	27.	JSC ESKO UES	100%	51%
13.	JSC Kamskaya HPP	100%-1 share	100%-1 share	28.	Hydro Power Company Limited	100%	100%
14.	JSC Cascade of VV HPPs	100%-1 share	100%-1 share	29.	Hydro Aluminium Company Limited	100%	100%
15.	JSC Lenhydroproject	100%-1 share	0%	30.	JSC Boguchanskaya HPP	0	64.22%



# List of subsidiary companies of the JSC RusHydro Group

№	Subsidiary companies	31.12.2007	31.12.2006	№	Subsidiary companies	31.12.2007	31.12.2006
1	JSC Hydroremont	84.11%	84.11%	10.	JSC REMIK	56.39	56.39
2	JSC Zagorskaya PSHPP-2	99.99%	99.99%	11.	JSC Sayano-Shushenskaya Road Transport Centre	78.90%	78.90%
3	JSC Construction Customer for the Boguchany Aluminium Plant	51.00%	0.00%	12.	JSC Sayano-Shushenskiy Hydroremont	78.90%	78.90%
4	JSC Karachayevo-Cherkesskaya HGC	99.97%	53.49%	13.	JSC Sulakskiy HydroCascade	71.74%	71.74%
5	JSC Nizhne-Zeiskaya HPP	99.99%	99.99%	14.	JSC Turboremont	83.31%	83.31%
6	JSC Nizhne-Bureiskaya HPP	99.99%	99.99%	15.	JSC EOZ	99.98%	0
7	JSC New Binary Energy Block	100%-1 share	0.00%	16.	JSC Elektroremont	84.11%	84.11%
8	JSC Construction Organiser of the Boguchanskaya HPP	51.00%	0.00%	17.	JSC South Yakutia HGC	99.99%	99.99%
9	JSC Prometei	51.00%	51.00%				



## Changes in the Assets of the Consolidated Balance Sheet of the JSC RusHydro Group as of 31.12.2007

	31.12.2007, million roubles	31.12.2006, million roubles	Δ, million roubles	%	k
<b><u>Assets</u></b>					
<b><u>Non-current assets</u></b>	<b><u>232 847</u></b>	<b><u>111 610</u></b>	<b><u>121 237</u></b>	<b><u>109</u></b>	<b><u>2</u></b>
Property, plant and equipment	223 958	106 226	117 732	110,83	2,11
Investments in associates and jointly controlled entities	6 966	0	6 966	0,00	0,00
Other non-current assets	1 923	5 383	-3 460	-64,28	0,36
<b><u>Current assets</u></b>	<b><u>44 989</u></b>	<b><u>27 238</u></b>	<b><u>17 751</u></b>	<b><u>65,17</u></b>	<b><u>1,65</u></b>
Cash and cash equivalents	5 780	5 572	208	3,72	1,04
Accounts receivable and prepayments	32 519	19 742	12 777	64,72	1,65
Inventories	693	728	-35	-4,86	0,95
Other current assets	5 998	1 196	4 801	401,41	5,01
<b>Total Assets</b>	<b>277 836</b>	<b>138 848</b>	<b>138 988</b>	<b>100</b>	<b>2</b>



# Changes in the Assets of the Consolidated Balance Sheet of the JSC RusHydro Group as of 31.12.2007

The value of the Assets on the Consolidated Balance Sheet of the Group increased by 138,988 million roubles and amounted to 277,836 million roubles:

## 1. Fixed assets

The value of the fixed assets doubled in comparison with the previous year to reach 232,847 million roubles. In 2007, the Group applied a new approach to evaluating the Fixed Assets.

In previous periods, the value of the Fixed Assets was reflected in the financial reporting at their initial value, less depreciation – the book value determined in accordance with the IFRS on the date of receipt from the predecessor, but since 2007 they have been reflected at a fair value, as a result of an independent appraisal.

The revaluation reserve amounted to 116,012 million roubles, less the corresponding deferred liabilities to a sum of 27,843 million roubles.

Depreciation accrued during the current year amounted to 7,772 million roubles.

## 2. Investments in associated and jointly controlled companies

Investments in associated and jointly-controlled companies totalled 6,966 million roubles.

Associated – 893 million roubles

JSC Bureiskaya HPP,

JSC Corporation for Development of South Yakutia,

CJSC Construction Customer for the Boguchanskaya HPP,

CJSC Construction Organiser of the Boguchany Aluminium Plant.

Jointly controlled – 6 073 million roubles

JV Boges, JV BALP,

LLC Corporation for Development of Transbaikal Area,

JSC Corporation for Development of Krasnoyarsk Territory,

RusSUNHydroLimited.

3. Other non-working assets fell by 64% in connection with the fact that investment in JSC Bureiskaya HPP in 2006 were classed as “investment with a sales value of 1,976 million roubles”, and in 2007 as an associated company and reflected within the composition of investments in associated and jointly controlled enterprises according to the ownership interest method. The reduction in other non-working assets was also connected with the early redemption by JSC Bureiskaya HPP of a long-term loan in the amount of 1,900 million roubles.





# Changes in the Assets of the Consolidated Balance Sheet of the JSC RusHydro Group as of 31.12.2007

## 4. Cash and equivalents

Cash and equivalents rose by 4% to 5,780 million roubles. Monetary funds included cash at cash desks and banks of the Group Companies and cash equivalents – short-term bank deposits.

## 5. Accounts receivable

The size of accounts receivable went up in comparison with the previous year by 12,777 million roubles (65%) to reach 32,519 million roubles, which is connected with:

- an increase in the accounts receivable of buyers and customers by 1,576 million roubles,
- an increase in bill of exchange turnover within the framework of implementation of the financing of the investment programme by the sum of 8,150 million roubles, bills of the companies:

JSC RAO UES

JSC Bureiskaya HPP

JSC Boguchanskaya HPP

JSC Cascade of NChHPPs

AO Kabbalkenergo

- an increase in the sum of VAT to be refunded by a sum of 1,904 million roubles.

## 6. Stocks

Fell by 5% and amounted to a sum of 693 million roubles that does not materially affect the change in the Group's Assets.

## 7. Other working assets amounted to 5,998 million roubles, which is 4,801 million roubles more than on 31.12.2006.

The reason for this increase is the turnover of short-terms notes used for the purpose of financing the investment programmes of the following companies:

JSC Bureiskaya HPP – 1,261.9 million roubles

JSC Sulaksky HydroCascade – 680.8 million roubles

JSC Ust-Srednekanskaya HPP – 612.80 million roubles

JSC Cascade of NizhneCherekskiye HPPs – 257.3 million roubles

JSC Kabbalkenergo - 139.2 million roubles



## Changes in Capital of Consolidated Balance Sheet as of 31.12.2007

Equity and liabilities	31.12.2007, million roubles	31.12.2006, million roubles	Δ, million roubles	%	k
<b>Equity</b>					
Share capital	156 864	140 955	15 910	11	1,11
Treasury shares	-5 428	0	-5 428	0	0,00
Share premium	12 005	391	11 614	2 970	30,70
Merger reserve	-74 171	-72 274	-1 896	3	1,03
Retained earnings and other reserves	95 538	13 532	82 006	606	7,06
Equity attributable to shareholders of OJSC RusHydro	184 810	82 604	102 206	124	2,24
Minority interest	30 201	21 597	8 604	40	1,40
<b>TOTAL EQUITY</b>	<b>215 011</b>	<b>104 201</b>	<b>110 810</b>	<b>164</b>	<b>4</b>



## Changes in the Capital of the Consolidated Balance Sheet of the JSC RusHydro Group as of 31.12.2007

---

The Group's **Capital** rose in comparison with 2006 by 110,810 million roubles and amounted to 215,011 million roubles, whereas the Capital relating to the shareholders in JSC RusHydro totalled 184,810 million roubles, and to the Minority ownership interests – 30,201 million roubles.

8. **Equity Capital** of the Group went up by 11% over the previous year and amounted to 156,864 million roubles. This change was a result of the additional issue carried out by the Company to a sum of 15,910 million roubles.
9. **Own shares**  
The value of own shares purchased from shareholders stood at 5,428 million roubles.
10. **Issue income** in 2007 constituted 11,614 million roubles.
11. The **absorption reserve** as of 31.12.2007 stood at 74,171 million roubles.  
As a result of application of the predecessor's accounting, the difference between the value of the contributed assets according to IFRS and the ownership interests in the capital of subsidiary companies is reflected as a reserve is associated with the absorption process.
12. **Undistributed profit and other reserves** amounted to 95,538 million roubles, which is 7 times greater than the analogous indicator for the previous period, while:  
the revaluation reserve booked on the capital of the shareholders in JSC RusHydro - 73,972 million roubles.  
Undistributed profit, as of 31.12.2007, stood at 21,566 million roubles.



## Changes in the Liabilities of the Consolidated Balance Sheet of the JSC RusHydro Group as of 31.12.2007

	31.12.2007, million roubles	31.12.2006, million roubles	Δ, million roubles	%	k
<b>Non-current liabilities</b>					
Deferred profit tax liabilities	32 584	6 072	26 512	437	5,37
Non-current debt	17 259	15 426	1 833	12	1,12
Other non-current liabilities	938	819	119	15	1,15
<b>Total non-current liabilities</b>	<b>50 781</b>	<b>22 317</b>	<b>28 464</b>	<b>463</b>	<b>8</b>
<b>Current liabilities</b>					
Current debt and current portion of non-current debt	1 019	2 682	-1 663	-62	0,38
Accounts payable and accruals	10 136	8 544	1 592	19	1,19
Current profit tax payable	41	61	-20	-33	0,67
Other taxes payable	848	1 043	-195	-19	0,81
<b>Total current liabilities</b>	<b>12 044</b>	<b>12 330</b>	<b>-286</b>	<b>-2</b>	<b>0,98</b>
<b>TOTAL LIABILITIES</b>	<b>62 825</b>	<b>34 647</b>	<b>28 178</b>	<b>81</b>	<b>1,81</b>



## Changes in the Liabilities of the Consolidated Balance Sheet of the JSC RusHydro Group as of 31.12.2007

Long-term liabilities increased over the previous year by 28,464 million roubles.

**13. Deferred tax liabilities** rose by 26,512 million roubles and amounted, as of 31.12.2007, to 32,584 million roubles:

- with respect to Fixed Assets, deferred tax liability amounted to 33,176 million roubles, in connection with the increase in the value of the Fixed Assets as a result of the assessment at fair value;
- with respect to Credits and loans, the deferred tax liabilities totalled 130.6 million roubles;
- with respect to the other elements of the financial reporting, deferred tax liabilities stood at 460.6 million roubles.

The difference in approaches between tax accounting and accounting for IFRS purposes entails emergence of temporary differences between the accounting value of individual assets and liabilities for reporting and taxation purposes.

The theoretical sum of profit tax was:

as of 31.12.2007 - 2,286 million roubles,

as of 31.12.2006 – 6,394 million roubles (6,158 million roubles connected with restoration of the Fixed Asset devaluation reserve),

**14. Long-term loan funds increased by 1,833 million roubles** as a result of receipt of a long-term loan of 1,500 million roubles (Morgan Stanley Bank International LTD, maturing in 2014), as well as financial rent liabilities in a sum of 197.9 million roubles and other long-term credits and loans.

**15. Other long-term liabilities** amounted to 938 million roubles, which is 15% more than for the previous period. The main part (90%) of the long-term liabilities consists in pension liabilities reflected as a result of actuarial calculations.

Short-term liabilities fell by 2% in comparison with 31.12.2006 and stood at 12,044 million roubles.

**16. Short-term borrowings and the short-term part of borrowed funds** fell by 62% as a result of redemption of debt and amounted, as of 31.12.2007, to 1,019 million roubles.

**17. Accounts payable** went up by 1,592 million roubles as a result of receipt of assets from termination of the joint activities of JSC Geotherm, RAO UES, Kamchatskenergo and the Committee for State Real Estate Management of the Kamchatka Region.

**18. Current profit tax liabilities** dropped by 33% to 41 million roubles.

**19. Accounts payable on other taxes** went down by 19% to 848 million roubles.



## Changes in the Consolidated Profit and Loss Statement of the JSC RusHydro Group for 2007 (exclusive of the restored fixed asset devaluation reserve in 2006)

	31.12.2007, million roubles	31.12.2006, million roubles	Δ, million roubles	%	k
<b>Revenue</b>	<b>47 770</b>	<b>24 092</b>	<b>23 677</b>	<b>98,28</b>	<b>1,98</b>
<b>Operating exepses</b>	<b>-37 229</b>	<b>-23 355</b>	<b>-13 875</b>	<b>59,41</b>	<b>1,59</b>
<b>Impairment release*</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0,00</b>	<b>0,00</b>
<b>Operating profit</b>	<b>10 540</b>	<b>738</b>	<b>9 803</b>	<b>1 328,46</b>	<b>14,28</b>
Finance income	1 070	594	476	80,13	1,80
Finance costs	-1 864	-886	-978	110,38	2,10
<b>Finance costs, net</b>	<b>-794</b>	<b>-292</b>	<b>-502</b>	<b>171,92</b>	<b>2,72</b>
<b>Share of loss of associates and jointly controlled entities</b>	<b>-223</b>	<b>0</b>	<b>-223</b>	<b>0,00</b>	<b>0,00</b>
<b>Profit before profit tax</b>	<b>9 523</b>	<b>446</b>	<b>9 078</b>	<b>2 036</b>	<b>21,36</b>
<b>Total profit tax charge</b>	<b>-2 999</b>	<b>-367</b>	<b>-2 632</b>	<b>717,83</b>	<b>8,18</b>
<b>Profit for the period</b>	<b>6 524</b>	<b>79</b>	<b>6 445</b>	<b>8 139</b>	<b>82,39</b>

*\*for information*

*2007*

*2006*

<i>Impairment release</i>	<i>0</i>	<i>26 197</i>
<i>Total profit tax charge</i>	<i>0</i>	<i>-6 158</i>



## Changes in the Consolidated Profit and Loss Statement of the JSC RusHydro Group for 2007

(exclusive of the restored fixed asset devaluation reserve in 2006)

1. **Revenues** doubled in comparison with 2006 and reached 47,770 million roubles. The main proportion of revenues, consisting of 45 866 million roubles (96%), comes from sale of electric power (capacity). The increase in revenues is connected with inclusion in the Company's tariff of a targeted investment component designated for financing construction of the most important hydro-power facilities and technical retooling, the change in the structure of the JSC RusHydro Group and, beginning from September 2006, enactment of the New Electric Power Wholesale Market Rules.

Other revenues amounted to 1,903 million roubles.

2. **Operating expenditures** totalled 37,229 million roubles, this being 59% more than current activity costs in 2006.
3. **The fixed asset devaluation reserve** was restored in 2006 to the sum of 26 197 million roubles. For data comparison purposes, the restored reserve and current profit tax relating to this reserve, in the sum of 6,158 million roubles, are not taken into account in calculating ratios and analysing financial indicators.
4. **Operating profit** for 2007 went up by 9,803 million roubles to reach 10,540 million roubles.
5. **Financial incomes** grew by 1.8% to 1,070 million roubles, this being connected with interest due for receipt on deposits and bills of exchange.
6. **Financial costs** rose by 2.1% and amounted to 1,864 million roubles; the costs consist of interest due for payment for use of credits and loans and on financial rent.
7. **The share in the profits of dependent companies and jointly controlled companies** constituted a loss in the amount of 222 million roubles (108 million from associated companies and 114 million from jointly controlled ones).

Pre-tax profit increased by 9,078 million roubles, and amounted to 9,523 million roubles. Post-tax profit stood at 6,524 million roubles (giving a yield of 13.65%).



## Operating costs of the JSC RusHydro Group for 2007

	31.12.2007	31.12.2006	Δ,	%	k
<b>Rurchased power expenses</b>	<b>9 941</b>	<b>4 223</b>	<b>5 718</b>	<b>135,40</b>	<b>2,35</b>
<b>Depreciation of property, plant and equipment</b>	<b>7 772</b>	<b>3 493</b>	<b>4 279</b>	<b>122,50</b>	<b>2,23</b>
<b>Employee benefit expenses and payroll taxes</b>	<b>4 721</b>	<b>3 231</b>	<b>1 490</b>	<b>46,12</b>	<b>1,46</b>
<b>Third parties services,including:</b>	<b>8 320</b>	<b>5 004</b>	<b>3 316</b>	<b>66,27</b>	<b>1,66</b>
Rent, Repairs and Maintenance	4 173	2 302	1 871	81,28	1,81
Services of SO-CDU	1 227	1 077	150	13,93	1,14
Consulting,legal and information expenses	943	291	652	224,05	3,24
Security expenses	426	187	239	127,81	2,28
Insurance cost	466	268	198	73,88	1,74
Expenses related to reorganization	103	6	97	1 616,67	17,17
Transportation expenses	119	79	40	50,63	1,51
Other third parties services	864	795	69	8,68	1,09
<b>Taxes other than profit tax</b>	<b>2 507</b>	<b>1 928</b>	<b>579</b>	<b>30,03</b>	<b>1,30</b>
<b>Other materials</b>	<b>1 002</b>	<b>620</b>	<b>382</b>	<b>61,61</b>	<b>1,62</b>
<b>Water usage expenses</b>	<b>797</b>	<b>968</b>	<b>-171</b>	<b>-17,67</b>	<b>0,82</b>
<b>Social charges</b>	<b>566</b>	<b>257</b>	<b>309</b>	<b>120,23</b>	<b>2,20</b>
<b>Loss on disposals of property, plant and equipment</b>	<b>52</b>	<b>2532</b>	<b>-2480</b>	<b>-97,95</b>	<b>0,02</b>
<b>Write-off and charge of impairment of accounts receivable</b>	<b>449</b>	<b>248</b>	<b>201</b>	<b>81,05</b>	<b>1,81</b>
<b>Other expenses</b>	<b>1101</b>	<b>851</b>	<b>250</b>	<b>29,38</b>	<b>1,29</b>
<b>Total operating expenses</b>	<b>37 228</b>	<b>23 355</b>	<b>13 873</b>	<b>59,40</b>	<b>1,59</b>





## Operating costs of the JSC RusHydro Group for 2007

- 1. Costs of purchasing electric power** accounted for 27% of total costs associated with the need to secure obligations on the regulated market.  
In 2007, such costs amounted to 9,941 million roubles, which is 2.4-fold more than in 2006, while comparing 2007 revenues of 45,866 (21.68%) million roubles and 2006 revenues of 20,938 million roubles (20.17%), gives a difference of 1.5%.
- 2. Depreciation of Fixed Assets** accounted for 21% of total 2007 costs, amounting to 7,772 million roubles, which is 2.23 times greater than the 2006 figure, the reason for this being the revaluation of Fixed Assets in 2007.
- 3. Payroll costs**  
in 2007 amounted to 12.7% of total costs or 1.14% less than the analogous costs in 2006.  
At the same time, the change in costs of 1,490 million roubles was connected with the increase in the composition of the JSC RusHydro Group in 2007.
- 4. Costs of services of outside organisations** accounted for 22% of total costs, amount in 2007 to 8,320 million roubles, which is 1.7 times greater than in the previous period. Moreover:  
50% of all costs of services of outside organisations – lease, repair and maintenance  
(11% of total costs)  
15% - subscription to dispatch services in favour of SO-CDU (3.3% of total costs)  
35% - consulting, legal, information, insurance, security, transport and other services of outside organisations (7.85% of total costs).
- 5. Taxes apart from profit tax** (property tax, land tax, transport tax) accounted for 6.7% of total costs. The increase is associated with the change in the composition of the JSC RusHydro Group.
- 6. Costs of acquiring materials** made up 2.7% of total costs. The change is due to the change in the composition of the JSC RusHydro Group.
- 7. Water use costs** accounted for 2% of total costs.
- 8. Social expenditures** ( including pension obligations under non-state pension schemes) accounted for 1.5% of total costs. The increase in social expenditures is due to the change in the composition of the JSC RusHydro Group.
- 9. Losses on written off Fixed Assets** amounted to 52 million roubles, formed as a consequence of the difference between the value of the written off Fixed Assets in accordance with the IFRS and the amount of the intended reimbursement.
- 10. Writing off and accrual of the loss from devaluation of accounts receivable** amounted to 449 million roubles, with discounting of long-term accounts receivable standing at 172 million roubles, discounting of long-term loans at 101 million roubles, and accrual of the devaluation reserve at 176 million roubles.
- 11. Other costs** amounted in 2007 to 1,101 million roubles or 2.96% of total costs.  
The 30% increase in the costs over the previous year was a consequence of the change in the composition of the JSC RusHydro Group.



## Key financial indicators of the Consolidated Financial Report of the JSC RusHydro Group for 2007

(exclusive of the restored fixed asset devaluation reserve in 2006)

	For the year ending on 31.12.2007, million roubles	For the year ending on 31.12.2006, million roubles	Δ, million roubles	k
<b>Assets</b>	277,836	138,848	138,988	2
<b>Liabilities, including</b>	62,825	34,647	28,178	1.8
<b>Capital</b>	215,011	104,201	110,810	2.06
<b>Revenues</b>	47,770	24,092	23,678	1.98
<b>Current operating costs</b>	(37,229)	(23,355)	(13,874)	1.59
<b>Current operating profit</b>	10,540	738	9,802	14.28
<b>Net profit</b>	6,525	79	6,446	82.6
<b>Return on assets (ROA),%</b>	2.35	0.06	2.29	
<b>Return on equity (ROE),%</b>	3.54	0.08	3.46	
<b>EBITDA*</b>	18,365	6,762	11,602	
<b>EBITDA margin, %</b>	38.44	28.07	10.37	
<b>Returns, %</b>	13.65	0.33	13.32	

\*EBITDA= Operating profit +Depreciation of property, plant and equipment +Loss on disposal of property, plant and equipment

(Operating profit +Depreciation of property, plant and equipment +Loss on disposal of property, plant and equipment)



**Thank you!**