



OAO Irkutskenergo

Consolidated Financial Statements

For the year ended 31 December 2007

OAO Irkutskenergo
Consolidated Financial Statements
For the year ended 31 December 2007

Contents

Consolidated Balance Sheet	2
Consolidated Income Statement	3
Consolidated Statement of Cash Flows	4
Consolidated Statement of Changes in Shareholders' Equity	5

OA O Irkutskenergo
Consolidated Balance Sheet as of 31 December 2007

(in thousands of Russian Roubles)

	Notes	2007	2006 Restated
ASSETS			
Non-current assets			
Property, plant and equipment	7	57,689,109	53,067,935
Goodwill	5	560,781	560,781
Intangible assets		120,000	61,941
Long-term accounts receivable	9	309,676	440,806
Long-term investments	8	209,771	328,164
Long-term promissory notes receivable	28	484,890	495,407
		<u>59,374,227</u>	<u>54,955,034</u>
Current assets			
Inventories	10	1,826,302	1,871,421
Accounts receivable	9	2,301,539	1,613,876
VAT recoverable and prepayments	11	296,184	527,716
Cash and cash equivalents	13	280,040	522,938
Short-term investments	12	103,063	123,443
Short-term promissory notes receivable	28	94,737	94,737
Other current assets	11	918	2,639
		<u>4,902,783</u>	<u>4,756,770</u>
Assets of disposal group classified as held for sale	14	–	415,418
		<u>4,902,783</u>	<u>5,172,188</u>
Total assets		<u>64,277,010</u>	<u>60,127,222</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	15	4,766,808	4,766,808
Revaluation reserve		9,039,789	9,770,261
Retained earnings		34,856,129	32,047,611
		<u>48,662,726</u>	<u>46,584,680</u>
Minority interest		–	162,515
Total equity		<u>48,662,726</u>	<u>46,747,195</u>
Non-current liabilities			
Long term borrowings	16	–	341,868
Long-term promissory notes payable	21	807,125	776,357
Long-term taxes payable	17	18,884	138,592
Finance lease obligations, net of current maturities	18	90,478	85,599
Deferred tax liability	26	6,401,206	6,381,984
Employee benefit liability	19	870,063	784,814
Other non-current liabilities		226,939	59,137
		<u>8,414,695</u>	<u>8,568,351</u>
Current liabilities			
Short-term loans	16	2,556,937	411,414
Current portion of long-term loans	16	–	341,868
Trade and other payables	20	2,315,748	2,167,622
Short-term taxes payable	17	959,561	876,875
Short-term promissory notes payable	21	135,742	130,209
Other current liabilities	22	1,231,601	801,826
		<u>7,199,589</u>	<u>4,729,814</u>
Liabilities of disposal group classified as held for sale	14	–	81,862
		<u>7,199,589</u>	<u>4,811,676</u>
Total liabilities		<u>15,614,284</u>	<u>13,380,027</u>
Total equity and liabilities		<u>64,277,010</u>	<u>60,127,222</u>

Signed and authorized for issue on behalf of the Board of Directors of OA O Irkutskenergo

General Director

Sergey V. Emdin

First Deputy General Director

Director for Finance and Economy

Andrey P. Kononov

28 April, 2008

ОАО Irkutskenergo
Consolidated Income Statement
For the year ended 31 December 2007
(in thousands of Russian Roubles)

	Notes	2007	2006 Restated
Continuing operations			
Operating revenues			
Electricity		18,244,079	14,773,072
Heat		8,515,135	8,063,866
Other		2,017,726	900,559
Total operating revenues		28,776,940	23,737,497
Cost of sales			
Fuel used in generation		(5,013,542)	(4,663,555)
Salaries and social expenditure		(4,253,604)	(3,100,037)
Repairs and maintenance		(3,143,199)	(2,753,718)
Materials		(634,484)	(754,680)
Water usage expenses		(440,561)	(371,921)
Insurance expenses		(443,064)	(528,183)
Depreciation		(2,581,970)	(2,019,460)
Purchased energy		(2,953,315)	(1,437,419)
Other expenses		(2,671,538)	(1,708,028)
Total cost of sales		(22,135,277)	(17,337,001)
Gross profit		6,641,662	6,400,496
Selling and distribution costs		(508,337)	(442,598)
General and administrative expenses		(1,087,569)	(1,016,217)
Taxes other than income tax	23	(1,337,037)	(1,270,859)
Other operating income/(expenses)	24	(204,340)	(219,529)
Effect of IFRIC 12 application (Note 3.24)		–	1,097,420
Gain from acquisition of subsidiary	5	–	353,292
Profit from operating activities		3,504,379	4,902,005
Finance revenue		49,837	161,297
Finance costs		(122,879)	(130,022)
Profit before income tax		3,431,337	4,933,280
Income tax expense – current		(943,788)	(1,065,248)
Income tax expense – deferred		(13,038)	(108,175)
Total income tax expense	26	(956,826)	(1,173,423)
Profit for the year from continuing operations		2,474,511	3,759,857
Discontinued operation			
Loss after tax for the year from discontinued operation	14	(25,245)	(6,196)
Profit for the year		2,449,266	3,753,661
Attributable to:			
Equity holders of the parent		2,436,367	3,742,789
Minority interests		12,899	10,872
Earnings per share – basic and diluted (in Russian roubles)		0,5138	0.7875
Earnings per share from continuing operations – basic and diluted		0,5191	0.7888

OAO Irkutskenergo

Consolidated Statement of Cash Flows

For the year ended 31 December 2007

(in thousands of Russian Roubles)

	Year ended 31 December	
	2007	2006 Restated
Operating activities		
Profit for the year	2,449,266	3,753,661
Adjustments to reconcile net profit to net cash flows from operating activities:		
Effect of IFRIC 12 application (Note 3.24)	–	(1,097,420)
Depreciation	2,664,342	2,083,026
Interest income	37,652	(13,696)
Income tax expense	956,826	1,173,424
(Decrease) increase in allowance for doubtful accounts receivable	(252,282)	(163,437)
Impairment of property, plant and equipment	8,497	–
Write-off of accounts receivable	257,007	431,509
Gain/loss on receivables restructuring	(81,269)	–
Gain from acquisition of investments (Note 5)	–	(353,292)
Gain/loss on sales of investments	(60,149)	(126,406)
Write-off of investments for sale	138,736	–
Gain/loss on disposal of property, plant and equipment and other assets	92,610	23,675
Changes in assets and liabilities:		
Increase in trade and other receivables	(400,745)	(314,532)
Increase/decrease in other current assets	208,003	543,202
Increase in inventories	8,439	(127,055)
Increase in payables and accruals	1,056,666	237,243
Interest paid	(76,565)	(40,946)
Interest received	33,306	83,934
Income tax paid	(977,335)	(1,052,301)
Net cash from operating activities	6,063,005	5,040,588
Investing activities		
Purchase of property, plant and equipment	(7,524,628)	(5,508,195)
Proceeds from sale of property, plant and equipment	(65,094)	326,542
Acquisition of subsidiaries, net of cash acquired	22,122	(1,834,442)
Sale of subsidiaries	18,900	–
Proceeds from sale of minority interest in subsidiary	–	151,642
Proceeds from sale of short-term investments	112,398	659,303
Repayment (issuance) of loans granted	36,946	100,099
Net cash used in investing activities	(7,399,356)	(6,105,051)
Cash flows from financing activities		
Proceeds from borrowings	9,133,490	5,674,948
Repayments of borrowings	(7,671,703)	(5,384,600)
Decrease in promissory notes payable	(10,013)	(43,809)
Dividends paid	(358,321)	(241,057)
Net cash from financing activities	1,093,453	5,482
Cash and cash equivalents classified as part of a disposal group held for sale	–	(45,389)
Net decrease in cash and cash equivalents	(242,898)	(1,104,370)
Cash and cash equivalents at the beginning of the year	522,938	1,627,308
Cash and cash equivalents at the end of the year	280,040	522,938

OAO Irkutskenergo

Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2007

(in thousands of Russian Roubles)

	<u>Attributable to equity holders of the parent</u>		Revaluation reserve	Retained earnings	Total	Minority interest	Total equity
	Shares	Amount					
As of 31 December 2005	4,766,807,700	4,766,808	2,025,804	31,808,278	38,600,890	–	38,600,890
Effect of IFRIC 12 adoption (Note 3.24)	–	–	(2,025,804)	(3,689,190)	(5,714,994)	–	(5,714,994)
As of 31 December 2005 (restated)	–	4,766,808	–	28,119,088	32,885,896	–	32,885,896
Revaluation for property, plant and equipment (restated)	–	–	10,197,051	–	10,197,051	–	10,197,051
Depreciation transfer for property, plant and equipment (restated)	–	–	(384,450)	384,450	–	–	–
Disposal transfer for property, plant and equipment (restated)	–	–	(177,406)	177,406	–	–	–
Deferred income tax on revaluation (restated)	–	–	135,065	(135,065)	–	–	–
Total income and expense for the year recognized directly in equity	–	–	9,770,260	426,791	10,197,051	–	10,197,051
Net profit (restated)	–	–	–	3,742,789	3,742,789	10,872	3,753,661
Total income and expense for the year	–	–	9,770,260	4,169,580	13,939,840	10,872	13,950,712
Dividends	–	–	–	(241,056)	(241,056)	–	(241,056)
Sale of shares in subsidiary	–	–	–	–	–	151,642	151,642
As of 31 December 2006 (restated)	4,766,807,700	4,766,808	9,770,260	32,047,612	46,584,680	162,514	46,747,194
Depreciation transfer for property, plant and equipment	–	–	(912,876)	912,876	–	–	–
Disposal transfer for property, plant and equipment	–	–	(48,270)	48,270	–	–	–
Deferred income tax	–	–	230,675	(230,675)	–	–	–
Total income and expense for the year recognized directly in equity	–	–	(730,471)	730,471	–	–	–
Net profit	–	–	–	2,436,367	2,436,367	–	2,436,367
Total income and expense for the year	–	–	(730,471)	3,166,838	2,436,367	–	2,436,367
Dividends	–	–	–	(358,321)	(358,321)	–	(358,321)
Sale of a subsidiary	–	–	–	–	–	(162,514)	(162,514)
As of 31 December 2007	4,766,807,700	4,766,808	9,039,789	34,856,129	48,662,726	–	48,662,726

