

## CONCLUSION

Moscow

01.04.2008

The Audit Committee of the Company that was elected by the Extraordinary General Shareholders meeting of JSC OGK-4 (Minutes dated 21.12.2007) in accordance with Article 85, 87 of the Federal Law On joint-stock companies acting on the basis of the Company Charter and Provisions on the Audit Committee including:

Michael Winfried Christian Wilhelm – Chairman of the Audit Committee;  
Andreas Kolpatzik – Member of the Audit Committee;  
Mario Dietmar Mazidowski – Member of the Audit Committee;  
Elena Smirnova – Member of the Audit Committee;  
Stanislav Patrikeev – Secretary of the Audit Committee;

has audited JSC OGK-4 Financial and Economic Activities as per the results of 2007.

The persons responsible for Financial and Economic Activities in the audited period were as follows:

- General Director of JSC OGK-4 - A.V. Kitashev (from 04.03.2005)
- Chief Accountant of JSC OGK-4 - V.S. Chirukhin (from 02.10.2006)

The audit was carried out in the period from 03.03.2008 till 24.03.2008 in accordance with the resolution of the Audit Committee (Minutes No.1 dated 28.02.2008) as per the Program approved by the Audit Committee.

The audit was carried out by random method on consent and with participation of the officers responsible for Financial and economic activities of JSC OGK-4 involving the specialists of the Company Headquarters.

The audit revealed the following.

Total amount of proceeds from sale of goods, works and services in 2007 equals to 31,461 mln rubles, including proceeds from electric power that is 30,657 mln rubles, and from heat that is 0.549 mln rubles. Production cost amounts to 28,366 mln rubles including production cost of electric power that is 27,493 mln rubles, production cost of heat that is 0.596 mln rubles.

Profit from sales amounts to 3,095 mln rubles.

Other proceeds amount to 761 mln rubles.

Other expenditure amounts to 1,914 mln rubles.

Net profit of the Company amounts to 1,489 mln rubles.

Indicators of financial standing of a joint-stock company are represented by financial ratios that are calculated on the accounting data (balance sheet Form 1, income statement Form 2).

		Norm	Ratio as of 01.01.07	Ratio as of 31.12.07
Absolute liquidity ratio	K 1	0,2-0,5	1	1
Quick assets ratio	K 2	0,3-0,7	2	2
Current liquidity ratio	K 3	$\geq 2$	1,5	2
Financial independence ratio	K 4	$\geq 0,5$	5	5
Return on sales	K 5	$> 0$	0,75	0,75
Return on equity	K 6	$> 0$	0,75	0,75
Return on assets	K 7	$> 0$	1	1
Accounts receivable dynamics	K 8	$< 0$	0,25	0,25
Accounts payable dynamics	K 9	$< 0$	0,25	0,75
AR/AP ratio	K 10	$> 1$	0,5	0,75
Final rating:			13 (B1)	14,25 (A2)

The final rating of the Company as of 31.12.2007 is 14.25. According to the rating criteria JSC OGK-4 can be attributed to a group of companies with a steady financial standing (A2).

Accounts receivable as of 01.01.07 amount to 1,509 mln rubles. As of 31.12.07 accounts receivable amount to 9,256 mln rubles including the accounts receivable in the period of more than 12 months to the amount of 7,764 mln rubles.

Accounts receivable within 12 months after the accounting date amount to 1,492 mln rubles including the Customers and Purchasers: 453 mln rubles.

Upon the results of the inventory check the reserve on doubtful debts in the amount of 182.5 mln rubles for all overdue accounts receivable was identified. However, no measures are taken to claim accounts receivable of JSC Nurenergo (as of 31.12.2007 amount to 109 mln rubles).

Accounts receivable were written off as uncollectible in the amount of 2.65 million rubles.

Accounts payable as of January 1, 2007 amount to 1,662.8 million rubles and 1,527 million rubles as of December 31, 2007. Some delays in submission of documents on the services rendered and products received to the accounting office took place at Shaturskaya GRES.

As of December 31, 2007, the total value of promissory notes received amounted to 265.292 million rubles. The promissory notes were received to settle the overdue accounts receivable. Compensation for using other person's monetary funds was not included into the amount of the promissory notes received. The promissory notes were received at the nominal value corresponding to the amount of the overdue accounts receivable.

The performance of investment programs is presented in the table below:

Name of works	2007			
	Capital investments		Funding	
	Planned	Actual	Planned	Actual
<b>Investment program, total</b>	<b>1590,972</b>	<b>1531341</b>	<b>8381309</b>	<b>9497513</b>
<b>Including large projects:</b>	<b>543882</b>	<b>495629</b>	<b>7010704</b>	<b>8271859</b>
Creation of replacement capacity on the basis of CCGT-400 of Shaturskaya GRES	<b>155088</b>	<b>180423</b>	<b>3219913</b>	<b>2879069</b>
Creation of replacement capacity on the basis of CCGT-2x400 of Surgutskaya GRES-2	<b>93486</b>	<b>93851</b>	<b>2312521</b>	<b>5089653</b>
Completion of construction of the 3 <sup>rd</sup> power unit on the basis of SPU-800 of Berezovskaya GRES	<b>282020</b>	<b>208017</b>	<b>1431152</b>	<b>286750</b>
Creation of replacement capacity on the basis of CCGT-400 of the branch Yaivinskaya GRES	<b>13288</b>	<b>13338</b>	<b>47118</b>	<b>16387</b>

The results of works under the Contract with Optima Exchange Services Company for introduction of a uniform automated system did not comply to the requirements. Failure to fulfill the plan is related to shortage of resources and the contractor's qualification. The decision to look for a new contractor was made and after it was found the old contract was terminated. The above mentioned situation is a consequence to absence of effective internal control over the project performance by IT Department. OOO GMCS was chosen as a new contractor (contract No.MS-OGK-01/OGK4/07/370 dated July 26, 2007 and contract No.OGK4/07/489 dated October 4, 2007). At the present moment the management accounting on realization of the project is not carried out systematically, and data on the realization process are collected only upon request of the managers.

1,642 regulated procurement procedures were held in 2007 for the needs of OGK-4 Branches and Headquarters to the total sum of 49,804,145.02 thousand rubles (hereinafter all the sums are given exclusive of VAT) without fuel.

The following facts were revealed on analysis of regulated purchases in 2007:

- incompliance with the time-limits of tender procedures;
- the Provision On regulated purchase of goods, works, and services for OGK-4 stipulates that the regulation of procurement shall be carried out by compliance with obligatory procedures including market analysis. Purchases without the required analysis of the market prices for the purchased products were made, which violated the Provision;
- purchase of goods, works and services at overprice were revealed
- choice of non optimal counterparties were made;
- in the process of purchase tenders realization in the price bidding form at Surgutskaya GRES-2 Branch, a clause of 30% advance payment is included into the requests forwarded to companies that leads to funds withdrawal from turnover;
- in the process of purchase tenders realization, terms of implementation of agreements are unreasonably worsened in final documents and concluded agreement. Term of supply is unreasonably set depending on the date of transfer of the advance or upfront payment.

Fixed assets in the amount of 32.8 million rubles were accounted on off-balance accounts of OGK-4 as of January 1, 2007. The specified sum amounted to the cost of leased fixed assets in accordance with agreements of 22.06.05. No Л 16/2005/ОГК4/66, Л 17/2005/ОГК4/66, Л 18/2005/ОГК4/66, Л 19/2005/ОГК4/66, Л 20/2005/ОГК4/66. Upon terms and conditions of the above mentioned agreement, ZAO Gala Product provided computer equipment, furniture, office equipment for financial leasing. The term of leasing is from 13 to 21 months.

Leasing rate is 13.3 percent per annum or 5 million rubles in average for the whole period of leasing agreements.

As of December 31, 2007, the amount of leased fixed assets on off-balance accounts equals to 20.4 million rubles.

Securities of obligations and payments received in the amount of 1,027 million rubles are accounted on the off-balance account. Securities of obligations and payments issued in the amount of 6,637 million rubles.

Contractual activity in OGK-4 is carried out in compliance with the Instruction On Procedure of Conclusion, Accounting, Execution and Storage of Contracts in OGK-4 approved by order of OGK-4 No.231 of August 10, 2006.

The analysis of implementation of the Instruction in OGK-4 showed that item 4.8 of the Instruction is violated and a number of clauses of the Instruction are unrealizable. Some cases of absence of the Curators' control over the contracts execution were identified. The instruction On Procedure of Conclusion, Accounting, Execution and Storage of Contracts in OGK-4 does not specify any mechanism to influence the Curators who do not fulfill their liabilities.

Some essential failures in claim handling activities were identified.

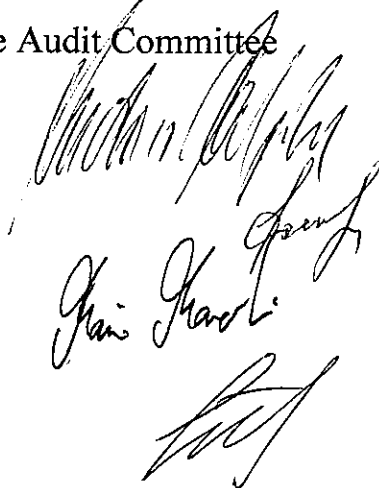
On the basis of realized audit and taking into account the opinion of the Company's auditor (ZAO PriceWaterHausCoopers Audit dated 27.02.2008), the Audit Committee has substantial grounds to acknowledge the reliability of data provided in the annual report of the Company and in the annual financial statements. No significant violations of the RF legislation were identified.

Chairman of the Audit Committee



Michael Winfrid Christian Wilhelm

Members of the Audit Committee



Andreas Kolpatzik

Elena Smirnova

Mario Dietmar Mazidowski

Stanislav Patrikeev