



**The brief survey
of the consolidated financial statements
of IDGC of the North-West, JSC
for the year ended on December 31 of 2009**

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CONSOLIDATION

Group of IDGC of the North-West, JSC as of 31.12.2009

IDGC of the North-West

The Executive Body
Branch “Arkhenergo”
Branch “Vologdaenergo”
Branch “Karelenergo”
Branch “Kolenergo”
Branch “Komienergo”
Branch “Novgorodenergo”
Branch “Pskovenergo”

Subsidiaries and affiliates

“Pskovenergosbit”, JSC
“Pskovenergoagent”, JSC
“Pskovenergoauto”, JSC
“Lesnaya skazka”, JSC
Private Guard Enterprise “Energy”, LLC

CHANGES OF ACCOUNTING POLICY AND ADJUSTMENT

The financial statements representation

The appliace of IAS 1 “The financial statements usarepresentation”

The changes in the capital connected with shareholders - the Report on changes in the capital
The changes in the capital not connected with shareholders - the Report on the total revenue

The definition and representation of operating segments

The usage of IFRS 8 “Operating segments”

The disclosure by segments is based on information considered by the Board (CODM)
The information by geographic segments is disclosed pursuant to **business plans of the branches**

The recognition and measurement of pension liabilities and assets related to them

The sage of IAS 19 “The remunerations to employees”

The investments in the National Pension Fund are recognized in the structure of other noncurrent assets in the Report on the financial state at the sum in which they can be received back to from the National Pension Fund

SIGNIFICANT CHANGES OF FINANCIAL STATEMENTS INDICATORS

The balance, RUR million
(CONSOLIDATED STATEMENT OF FINANCIAL POSITION)

	2009	2008	change
<i>Current assets</i>			
Accounts receivable and Advances paid (Prepayments)	4 839	3 237	1 602
Cash and cash equivalents	569	719	(150)
<i>Long-term liabilities</i>			
Non-current loans	2 809	1 568	1 241
Current loans	2 577	1 985	592
<i>Short-term liabilities</i>			
Short-term loans and credits	1 916	3 133	(1 217)
Accounts payable and advances received	3 938	2 974	964

SIGNIFICANT CHANGES OF FINANCIAL STATEMENTS INDICATORS

Credits and loans as of 31.12.2009, RUR million.

by redemption terms

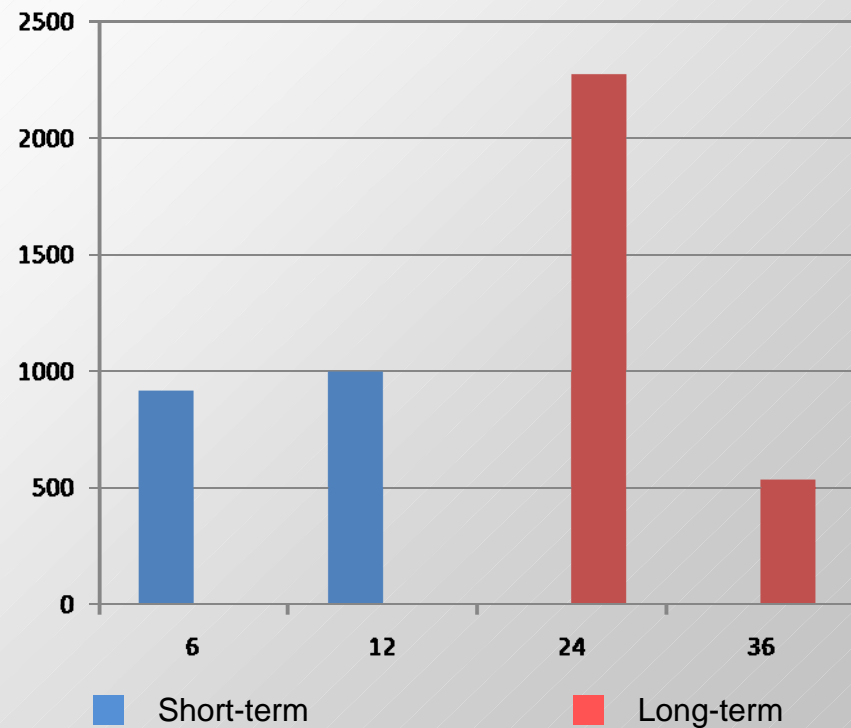
Interest rates during 2009 varied within :

- by long-term credits
17% – 14%
- by short-term credits
17% – 11%

The average weighted rate –
14,4 %.

The average rate for the credit portfolio as of 31.12.2009 –
12,1%

There are no overdue credits in
2008 and 2009.



SIGNIFICANT CHANGES OF FINANCIAL STATEMENTS INDICATORS

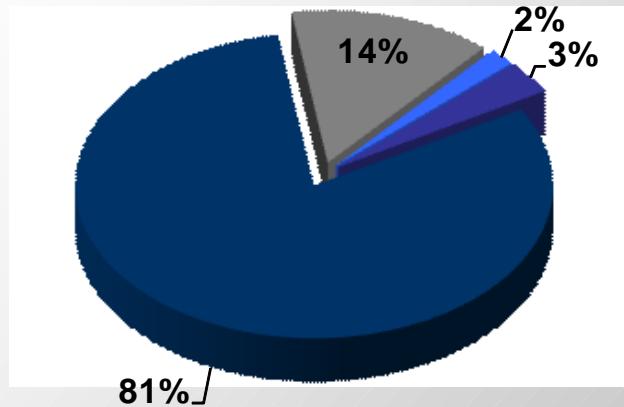
The report on the total income, RUR million.

(CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME)

	2009	2008	change
Revenue	26 749	23 249	3 500
Government grants	65	146	(81)
Expenses	(26 082)	(21 864)	(4 218)
Gross profit	733	1 531	(798)
Financial expenses (net)	(496)	(115)	(381)
Other incomes/expenses (net)	(159)	4	(163)
Profit before taxation	78	1 421	(1 343)
Income tax	(30)	(211)	181
Net profit	48	1 210	(1 162)
Fair value change of financial assets for sale (without profit tax)	12	-	12
Total income	60	1 210	(1 150)

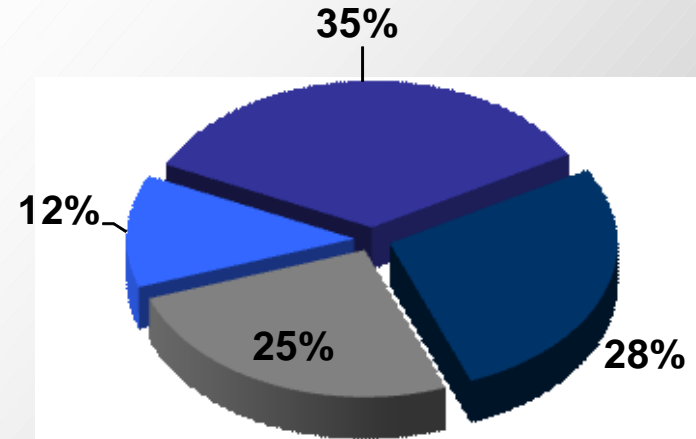
STRUCTURE OF INCOMES AND EXPENSES FOR 2009

Revenue (sales)



- Power transmitting
- Electric power sales
- Other revenue
- Connection to power network

The expenses (Cost of sales)



- Power transmitting services
- Salaries and other personnel expenses
- Electric power to cover losses
- other

The changes of structure of incomes and expenses for 2009 in comparison with 2008 are not significant

ANALYSIS OF FINANCIAL STATEMENTS

The financial indicators of the rate on return

	2009	2008	
ROE	0.2	5.9	▼
<p>The ratio of net profit to the medium own capital Characterizes the company's cost (%)</p> <p><i>In terms of the tariff regulation the value of indicator has a conventional character</i></p>			
	3 029	3 704	▼
EBITDA			
<p>The profit before deduction of charges by interest, The payment of taxes and amortization It's meant to estimate, how profitable the principal activity is (<i>RUR million</i>)</p> <p><i>The negative dynamics is precondition by under consumption of electric power In terms of the system economic crisis, Non-accounted in the process of tariffs making</i></p>			

ANALYSIS OF FINANCIAL STATEMENTS

Financial indicators of liquidity

ATR (acid test ratio)

The ratio of the sum of cash assets, accounts receivable and short-term investments to the current liabilities
Characterizes the short-term paying capacity

2009

2008

0.94

0.64



EV/EBITDA

The ratio of the company's cot (capitalization – cash assets and their equivalents + debts) to EBITDA.
Allows to make a conclusion on the investment appeal of companies of the capital intensive sector (a lower coefficient allows to make a conclusion on the underestimation of the company by the market).

11

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The coefficient growth is related with the underestimation of the Group as of 31.12.2008. The market capitalization grew by 4, 3 times for 2009.

DISCLOSURE BY SEGMENTS (IFRS 8)

The decision on resources distribution
The Board of the Entity(CODM)

Operating segments

Electric power
sales

Power
transmitting

Other

Geographic segments

Arkhenenergo	- Arkhangelsk region
Vologdaenergo	- Vologda region
Karelenergo	- the Republic of Karelia
Komienergo	- the Republic of Komi
Kolenergo	- Murmansk region
Novgorodenergo	- Novgorod region
Pskovenergo	- Pskov region

PREPARATION OF STATEMENTS

- The transformation of the statements was performed by own resources with the application of a model, worked out by “Deloitte and Touche” CJSC



Deloitte.

- Compilation of statements is performed by “FBK” LLC

ФБК

■ АУДИТ ■ КОНСАЛТИНГ ■ ПРАВО ■

- The fixed assets accounting according to IFRS was performed by own resources in Process Control System, developed by “NP Consult” CJSC



- Statements were tested and confirmed by CJSC “KPMG”.

KPMG