



On the results of JSC FGC UES operations for the 9 months of 2008

*Corporate Finance Department
13 November 2008*

- **Key Performance Indicators of JSC FGC UES for the 9 months 2008**
- **Assets Movements and Structure**
- **Liabilities Movements and Structure**
- **Profit and Loss Movements and Structure**
- **Attachment 1. Balance Sheet**
- **Attachment 2. Profit and Loss Account**

Key Performance Indicators of JSC FGC UES (RUR m)

Indicator	For 9 months 2008	2007	2006
Sales	51,470	61,385	53,599
Cost of Production	- 41,617	- 52,030	- 43,369
Profit (Loss) before Tax	10,345	6,280	8,356
Profit Tax	- 2,971	1,208	- 1,462
Net Profit (Loss) of the Reporting Period	7,149	2,296	1,833

Assets Movements

Asset	At the beginning of the reporting period RUR ths	At the end of the reporting period RUR ths	Movements as of the end of the reporting period
Intangible Assets	853,024	691,734	- 161,290
Fixed Assets	118,215,558	155,649,817	+ 37,434,259
Construction in Progress	76,702,820	125,095,973	+ 48,393,153
Long-Term Financial Investments	42,662,825	202,890,540	+ 160,227,715
Other Non-Current Assets	1,533,901	1,679,610	+145,709
Inventory	2,238,985	3,880,398	+ 1 641,413
VAT	1,731,506	1,451,963	- 279,543
Accounts Receivable > 12 months	605,359	5,307,145	+ 4,701,786
Accounts Receivable < 12 months	42,267,665	117,906,081	+ 75,384,416
Sort-Term Financial Investments	3,930,420	83,783,772	+ 79,853,352
Cash and Cash Equivalents	9,991,374	26,911,050	+ 16,919,676

Breakdown of Certain Assets

FIXED ASSETS

Fixed Assets Structure

Asset	Net Book Value	Share in %
Buildings, machinery and equipment, structures		
including		
property of FGC UES (incl. RUR 41 bln from MSKs)	RUR 154.3 bln	99.2 %
property of RAO UES	RUR 126 bln	0.08 %
Other Types of Fixed Assets	RUR 1.2 bln	0.74 %
Plots of Land and Natural Resources Objects	RUR 31.1 bln	0.02 %
Total Fixed Assets	RUR 155.7 bln	100 %

Fixed assets increase achieved due to:

- realization of 2004-2012 Program of technical upgrading and modernization of FGC UES electric networks;
- commissioning of equipment out of construction in progress;
- Accepted transfer of ownership of RAO UES assets received in the course of electric power industry restructuring.

Breakdown of Certain Assets

LONG-TERM FINANCIAL INVESTMENTS

Long-Term Financial Investments Structure

Investment	Amount	Share in %
Stock of Electric Power Industry Entities	RUR 151.0 bln.	74 %
Promissory Notes Transfer		
including		
promissory note of Bank VTB from RAO UES	RUR 45.0 bln	22 %
other	RUR 5.0 bln	2 %
Loans Issued to Electric Power Industry Entities	RUR 308.5 bln	0,16 %
Investment in Joint Activity	RUR 9.8 bln	0,005 %
Total Long-Term Financial Investments	RUR 202.8 bln	100 %

Breakdown of Certain Assets

SHORT-TERM FINANCIAL INVESTMENTS

Short-Term Financial Investments Structure

Investment	Amount	Share in %
Promissory Notes Transfer		
including		
promissory note of Bank VTB from RAO UES	RUR 45.3 bln	54.1 %
other	RUR 10.58 bln	7.7 %
Loan Issued to Electric Power Industry Entities	RUR 2.509 bln	0.16 %
Deposits	RUR 26 bln	31 %
Total Short-Term Financial Investments	RUR 83.7 bln	100 %

Breakdown of Certain Assets

ACCOUNTS RECEIVABLE

Accounts Receivable Structure

Accounts Receivable	Amount	Share in %
Accounts Receivable > 12 months		
including		
promissory notes	RUR 5.2 bln	4.23 %
other	RUR 150.3 bln	0.12 %
Accounts Receivable < 12 months		
including		
receivable from subsidiary and affiliated companies	RUR 56.7 bln	46.1 %
construction organizations	RUR 36.2 bln	29.4 %
other	RUR 24.9 bln	20.2 %
Total Accounts Receivable	RUR 123 bln	100 %

✚ **Increase in Accounts Receivable > 12 months (+ RUR 4,7 bln)** resulted from RAO UES receivables balances carried forward

✚ **Increase in Accounts Receivable < 12 months (+ RUR 75,3 bln)** resulted from RAO UES receivables balances carried forward, increase of accounts receivable of FGC UES subsidiary and affiliated companies as well as of construction organizations due to realization of their investment programs.

Breakdown of Certain Assets

ACCOUNTS RECEIVABLE

Large Customers

Subsidiary and Affiliated Companies

- ◆ CECM
- ◆ ESS
- ◆ GESS
- ◆ Nurenergo
- ◆ Dagestan power distribution company
- ◆ Kuban power distribution company

Other Debtors

- ◆ Tyumenenergo
- ◆ TGK-9
- ◆ TGK-14
- ◆ OGK-1
- ◆ OGK-6
- ◆ Bank VTB

Liabilities Movements

RUR ths

Liability	At the beginning of the reporting period	At the end of the reporting period	Movements as of the end of the reporting period
Charter Capital	180,691,104	576,757,095	+396,065,994
Additional Capital	21,094,001	77,138,435	+ 56,044,434
Reserve Capital	4,657,605	6,573,772	+ 1,916,167
Retained Earning of Prior Years	2,444,337	242,085	- 2,202,252
Retained Earning of the Reporting Period	-	7,148,806	+ 7,148,806
Long-Term Liabilities	23,001,574	23,596,387	- 20,000
Short-Term Liabilities	68,844,816	33,791,500	- 35,053,316

Breakdown of Certain Liabilities

CHARTER CAPITAL

Charter Capital Structure

Liability	Amount	Share in %
Charter Capital		
including		
in preferential stock	-	-
in ordinary stock	RUR 576.8 bln	100 %
Total Charter Capital	RUR 576.8 bln	100 %

Profit and Loss Movements

RUR ths

Indicator	For the reporting period	For the similar period of prior year	Movements as of the end of the reporting period
Sales	51,469,597	45,550,884	+ 5,918,713
Cost of Production	(41,616,695)	(36,713,446)	+ 4,903,249
Управленческие расходы	(2,678,410)	(1,712,957)	+ 965,453
Profit (Loss) from Sales	7,147,492	7,124,481	+ 50,001
Other Income	7,956,174	460,786	+ 7,495,388
Other Expenses	(6,991,707)	(1,570,034)	+ 5,421,673
Profit (Loss) before Tax	10,344,567	5,045,330	+ 5,299,237
Profit Tax	(2,970,834)	(1,422,729)	+ 1,548,105
Net Profit (Loss) of the Reporting Period	7,148,806	3,337,694	+ 3,811,112

Breakdown of Certain Profit and Loss Account Items

COST OF PRODUCTION

Cost of Production Structure

Indicator	Amount	Share in %
Cost of Production		
including		
power transmission services	RUR 40.4 bln	97.1 %
other activities	RUR 1.3 bln	2.9 %
Total Cost of Production	RUR 41,7 bln	100 %

Following items have the biggest share in the structure of costs of power transmission services:

- purchases of electric power – 20,3 %
- salaries expenses – 11,1 %
- services from Glavsetservice UNEG – 8,9 %
- services from Electrosetservice UNEG – 2,2 %
- connection fee for using AOs' network – 5,6 %
- external organizations repair services – 4,1 %

Breakdown of Certain Profit and Loss Account Items

ADMINISTRATIVE COSTS.

Administrative Costs Structure

Indicator	For the reporting period	For the similar period of prior year	Movements as of the end of the reporting period
Administrative cost	(2,678,410)	(1,712,957)	+ 965,453

Following items have the biggest share in the structure of administrative costs:

- communication and legal services – 34,96 %
- salary – 29,9 %
- information technologies and software – 21,22 %
- DD&A – 10,8 %
- lease of assets – 10,29 %

Attachment 1.

Balance Sheet

	RUR ths	
ASSETS	As of the beginning of the reporting year	As of the end of the reporting year
NON-CURRENT ASSETS		
Intangible Assets	853,024	691,734
Fixed Assets	118,215,558	155,649,817
Construction in Progress	76,702,820	125,095,973
Long-Term Financial Investments	42,662,825	202,890,540
Other Non-Current Assets	1,533,901	1,679,610
TOTAL Non-Current Assets	239,968,128	486,007,674
CURRENT ASSETS		
Inventory	2,238,985	3,880,398
Value Added Tax on Purchased Goods	1,731,506	1,451,963
Accounts Receivable over 12 months	605,359	5,307,145
Accounts Receivable less than 12 months	42,267,665	117,906,081
Short-Term Financial Investments	3,930,420	83,783,772
Cash and Cash Equivalents	9,991,374	26,911,050
TOTAL Current Assets	60,765,309	239,240,409
TOTAL ASSETS	300,733,437	725,248,083

Attachment 1.

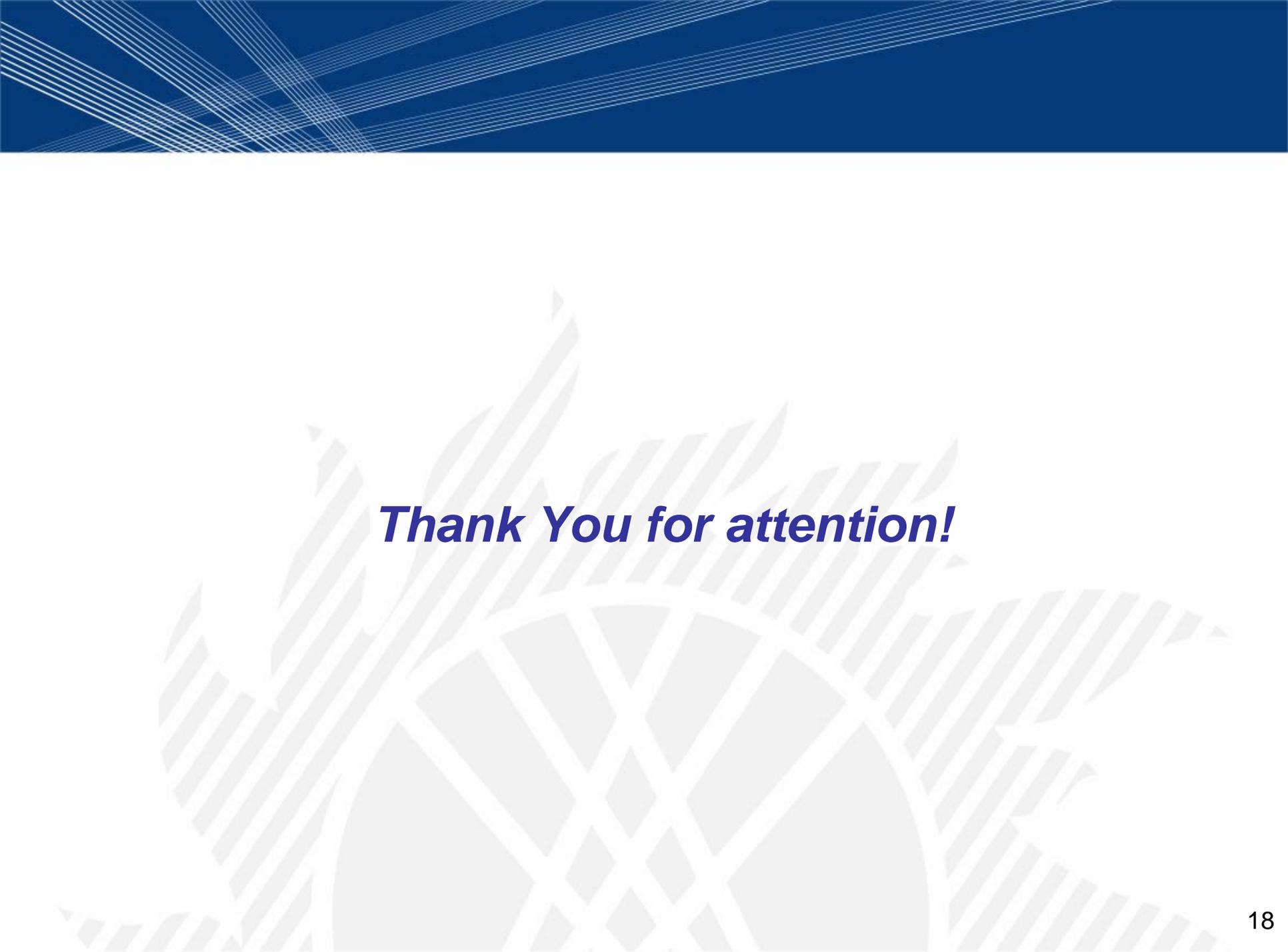
Balance Sheet

LIABILITIES		
CAPITAL AND RESERVES		
Charter Capital	180,691,104	576,757,098
Additional Capital	21,094,001	77,138,435
Reserve Capital	4,657,605	6,573,772
Retained Earning of prior years	2,444,337	242,085
Retained Earning of the reporting period	-	7,148,806
TOTAL Capital and Reserves	208,887,047	667,860,196
LONG-TERM LIABILITIES		
Loans and Borrowings	23,000,000	22,980,000
Deferred Tax Liabilities	1,574	583,748
Other Long-Term Liabilities	-	32,639
TOTAL Long-Term Liabilities	23,001,574	23,596,387
SHORT-TERM LIABILITIES		
Loans and Borrowings	7,263,743	7,668,937
Accounts Payable	61,580,998	25,747,847
Payables to Participants (Founders) on Dividends	-	84,474
Income of Future Periods	75	290,242
TOTAL Short-Term Liabilities	68,844,816	33,791,500
TOTAL LIABILITIES	300,733,437	725,248,083

Attachment 2.

Profit and Loss Account

Item	For the reporting period, RUR ths	For similar period of prior year RUR ths
Income and Expenses under Ordinary Activities		
Sales (net) of Goods, Products, Works, Services (less value added tax, excise tax and similar mandatory payments)	51,469,597	45,550,884
Cost of Production of Goods, Products, Works, Services Sold	(41,616,695)	(36,713,446)
Gross Profit	9,852,902	8,837,438
Commercial Expenses	-	-
Administrative Costs	(2,678,410)	(1,712,957)
Profit (Loss) from Sales Other Income and Expenses	7,174,492	7,124,481
Interest Receivable	3,975,124	947,747
Interests Payable	(1,769,516)	(1,932,002)
Income from Participation in Other Organizations	-	14,352
Other Income	7,956,174	460,786
Other Expenses	(6,991,707)	(1,570,034)
Profit (Loss) before Tax	10,344,567	5,045,330
Deferred Tax Asset	14,779	3,036
Deferred Tax Liability	(187,185)	(287,534)
Current Profit Tax	(2,970,834)	(1,422,729)
Other Similar Mandatory Payments	(52,521)	(409)
Profit Tax and Other Similar Mandatory Payments	(3,195,761)	(1,707,636)
Profit (Loss) from Ordinary Operations	7,148,806	3,337,694
Net Profit (Retained Earning (Loss) of the Reporting Period	7,148,806	3,337,694



Thank You for attention!