

Federal Grid Company publishes its RAS results for 1H 2010

August 2nd, 2010, Moscow – Open Joint Stock Company «Federal Grid Company of the Unified Energy System» (Federal Grid Company, ticker symbol: FEES) prepared its financial statements for 1H 2010, according to Russian Accounting Standards (RAS).

In the report, the financial results of Federal Grid Company subsidiaries and dependent companies, which operate as independent legal entities, are not consolidated.

Profit and loss account for 1H 2010

			RUR bln
	30.06.2009	30.06.2010	Change, %
Income	41.2	55.9	35.7
Cost of sales (including general business expenses)	31.7	37.8	19.2
Gross profit from sales	9.5	18.1	90.5
Income from operations	11.6	18.5	59.5
EBITDA*	24.8	35.3	42.3
Net profit	8.7	13.1	50.6

* Earnings before interest, taxes, depreciation and amortization

Federal Grid Company income for 1H 2010 increased RUR 14.7 bln, compared with the same period in the previous year (+35.7 %), and totaled RUR 55.9 bln. The principal driving factor behind the increase was the transition to the new tariff regulation system (RAB regulation) – effective January 1st, 2010.

Cost of sales (including general business expenses) for 1H 2010 increased RUR 6.2 bln year-on-year (+19.2 %) and reached RUR 37.8 bln. Higher costs were the result of: commissioning new facilities, growth in the standard conventional units of equipment and increased depreciation expenses.

Gross profit from sales, as of June 30th, 2010, was RUR 18.1 bln – an RUR 8.6 bln rise compared with the same period in 2009 (+90.5%).

Earnings before interest, taxes, depreciation and amortization (EBITDA) for 1H 2010 increased 42.3 % year-on-year and reached RUR 35.3 bln.

EBITDA growth can largely be explained by: higher income from operations and depreciation and amortization growth, due to the commissioning of new facilities, which is part of fulfilling the corporate investment program.

Based on the results of its financial and operational activities in 1H 2010, the Company received net profit of RUR 13.1 bln, which is RUR 4.4 bln (+50.6%) higher than 1H 2009 net profit.

Balance sheet, as of June 30th, 2010**RUR bln**

	01.01.2010	30.06.2010	Change, %
Assets	746.3	757.2	1.5
Non-current assets, including:	523.7	560.9	7.1
<i>Fixed assets</i>	237.4	235.6	(0.8)
<i>Long-term financial investments</i>	67.0	79.0	17.9
Current assets, including:	222.6	196.2	(11.9)
<i>Accounts receivable</i>	137.7	1357	(1.5)
<i>Short-term financial investments</i>	69.1	42.0	(39.2)
Equity and liabilities	746.3	757.2	1.5
Equity and reserves	665.3	718.6	8.0
<i>Equity</i>	576.8	616.8	6.9
Non-current liabilities	7.4	8.2	10.8
Current liabilities	73.6	30.4	(58.7)

Assets

During 1H 2010, the Company's total assets increased RUR 10.9 bln and amounted to RUR 757.2 bln as of the end of the reporting period, including RUR 560.9 bln in non-current assets and RUR 196.2 bln in current assets.

For 1H 2010, the increase in non-current assets was RUR 37.2 bln (+7.1%) due to growth in:

- construction-in-progress (+RUR 27.1 bln), as a result of the Company fulfilling its investment program;
- long-term financial investments (+RUR 12.1 bln), following the reclassification of some promissory notes from long-term accounts receivable into long-term financial investments.

The drop-off in the Company's current assets for 1H 2010 (-RUR 26.4 bln) can be attributed to the following factors:

- RUR 13.9 bln decrease in long-term accounts receivable, including a RUR 12.1 bln decline due to changes in book-keeping for some promissory notes that were reclassified from long-term accounts receivable into long-term financial investments;
- RUR 12 bln increase in short-term accounts receivable due to higher advance payments for investment program fulfillment and settlements with buyers and customers;
- RUR 27.1 bln decrease in short-term financial investments (-39.2 %), following a RUR 21 bln drop in the value of the Company's deposit accounts, as well as the retirement of promissory notes.

Equity and liabilities

During the reporting period, the Company's equity and reserves increased RUR 53.3 bln (+8%). The increase was caused by growth in the Company's charter capital, due to registration of the RUR 40.2 bln shares issue and net profit of RUR 13 bln earned in 1H 2010.

The growth in non-current liabilities for the reporting period was RUR 0.8 bln (+10.8%), which was primarily caused by an increase in deferred tax liabilities. Non-current liabilities on borrowings and bank loans for 1H 2010 remained unchanged.

As of June 30th, 2010, the Company's current liabilities fell by RUR 43.2 bln (-58.7 %), which is connected with writing off debts from the article «Other creditors» from funds received from shareholders for additional share issue and the RUR 7 bln bond redemption.

Commenting on 1H 2010 financial results, First Deputy Chairman of the Company's Management Board Dmitry Troshenkov noted:

“The key results of 1H 2010 are the RUR 13.1 bln in net profit and the 42.3% EBITDA growth year-on-year. The Company considers its financial and operational results under the new tariff regulation system to be positive; the Company was also able to maintain a high degree of liquidity and financial stability during the reporting period.”

The RAS financial statements for 1H 2010 have been placed on the Federal Grid Company's web site in the “Financial performance/RAS financial reports” section; these statements can also be accessed using the below link:

http://www.fsk-ees.ru/eng/investor_finance_ras.html

Federal Grid Company Profile

Open Joint Stock Company Federal Grid Company of the Unified Energy System (Federal Grid Company, ticker symbol: FEES) was created as a result of Russian power sector reform, as the monopoly operator of the Unified National (All-Russian) Electric Grid (UNEG) – with the aim of maintaining and developing the grid. The Company was founded June 25th, 2002.

The Company has grid facilities in 73 Russian regions, spanning an area of 13.6 million square km. The Company ensures the functioning of 121 thousand km of electric lines and 797 SSES, with a total transformer capacity of more than 305 thousand MVA under 35-750 kV voltage.

The Company's charter capital is RUR 616,780,666,776, which is divided into 1,233,561,333,552 ordinary shares with a par value of 50 kopecks per share. The Russian State is the Company's largest shareholder and holds 79.11% of shares, 20.89 % of the Company's outstanding shares are free-float.

According to RAS statements, in 1H 2010, the Company's total income equaled RUR 55.9 bln, with gross profit from sales of RUR 18.1 bln, EBITDA of RUR 35.3 bln and net profit of RUR 13.1 bln.

The Company's ordinary shares are traded on the B quotation list on RTS (under the ticker symbol: FEES on the classical market and under the ticker symbol: FEESG on the stock exchange market), as well as under the ticker symbol: FEES on the MICEX Stock Exchange.

The Company's web site is: www.fsk-ees.ru

Investor Relations Department

Alexander Duzhinov

ir@fsk-ees.ru

+7 (495) 710-9064

Nadezha Sukhova

+ 7 (495) 710 9341

sukhova-nv@fsk-ees.ru

Tatiana Mayba

+7 (495) 710 9333 (ext.. 2926)

mayba-tv@fsk-ees.ru