

FGC UES Group publishes its 2009 IFRS audit statements

Moscow, July 21st, 2010 – FGC UES Group (hereafter FGC UES or the Group) publishes its 2009 financial statements, prepared in accordance with IFRS standards.

Combined and consolidated statement on the Group's financial position as of 31.12.2009

RUR mln

	31.12.2008	31.12.2009	Change, %
Assets	697,741	976,424	40
Non-current assets, including:	584,914	850,303	45
<i>Property, plant and equipment</i>	<i>467,349</i>	<i>740,320</i>	<i>58</i>
<i>Financial investments</i>	<i>107,416</i>	<i>102,632</i>	<i>(4)</i>
Current assets	112,827	126,121	12
Equity and liabilities	697,741	976,424	40
Equity	592,063	801,548	35
<i>Equity attributable to the shareholders</i>	<i>590,717</i>	<i>799,978</i>	<i>35</i>
Non-current liabilities	57,030	93,079	63
Current liabilities	48,648	81,797	68

Assets

In 2009, assets increased by 40% and reached RUR 976,424 mln. The Group's non-current assets, as of 31.12.2009, were RUR 850,303 mln compared with RUR 584,914 mln as of 31.12.2008. This represents a 45% increase.

As of December 31st, 2009, property, plant and equipment stood at RUR 740,320 mln compared with RUR 467,349 mln as of 31.12.2008 (+58%). The increase occurred due to property, plant and equipment acquisition and capital expenditure growth of RUR 91,394 mln depreciation expenses growth of RUR 16,740 mln., property, plant and equipment retirement (RUR 1,673 mln) and a growth in property, plant and equipment value of RUR 199,990 mln (due to revaluation).

The Group's financial investments include: investments in associated companies (RUR 44,632 mln as of 31.12.2008 and RUR 58,451 mln as of 31.12.2009), investments in other companies (RUR 11,774 mln as of 31.12.2008 and RUR 35,229 mln as of 31.12.2009) and long-term promissory notes (RUR 51,010 mln as of 31.12.2008 and RUR 8,952 mln as of 31.12.2009).

As of December 31st, 2009, financial investments amounted to RUR 102,632 mln compared with RUR 107,416 mln as of December 31st, 2008, a drop of 4%. This change was the result of a RUR 13,8 bln increase in FGC UES' share in investments in associated companies, an increase of RUR 23,5 bln of fair value investments in other companies, and a RUR 42 bln reclassification of promissory notes from long-term to short-term.

As of 31.12.2009, the Group's current assets totaled RUR 126,121 mln, an increase of RUR 13,294 mln compared with the same period in the previous year (12%). The primary growth driver was a cash increase on the Company's operating accounts and a growth in short-term bank deposits.

Equity and liabilities

The Group's equity attributable to the shareholders as of 12.31.2009 was RUR 799,978 mln, an increase of RUR 209,261 mln (35%). This change occurred due to a RUR 248,465 mln growth in reserves of FGC UES' property, plant and equipment and associated companies' revaluation, the increase in reserves for the revaluation of investments in other companies at RUR 21,919, the increase in reserves for transferring foreign currency investments into the national currency and a RUR 61,132 decrease in retained earnings.

As of 31.12.2009, the Group's non-current liabilities were RUR 93,079 mln, an increase of RUR 36,049 mln (63%). The increase was principally the result of growth in deferred tax liabilities connected with property, plant and equipment revaluation.

The Group's current liabilities, as of 31.12.2009, was RUR 81,797 mln, an increase of RUR 33,149 mln (68%), due to the recognition as a portion of current liabilities the debts to the shareholders on the additional issue of shares.

Combined and consolidated statement of comprehensive income for the year 2009

RUR mln

	31.12.2008	31.12.2009	Change, %
Revenues	69,251	87,580	26.5
Other operating income	6,587	4,287	(35)
Operating expenses	(68,175)	(78,216)	15
Operating profit*	7,663	13,651	78
Profit (loss) from current activity*	10,035	12,868	28
EBITDA**	33,508	43,788	31
Net profit (loss)*	(23,837)	16,101	-

*excluding property, plant and equipment revaluation

**excluding one-off items and property, plant and equipment revaluation

The Group's 2009 revenues increased by 26.5 %, compared with 2008 and reached RUR 87,580 mln. This growth is primarily connected with the RUR 14,003 mln increase in income from electric power transmission services caused by a 20.7% higher tariff on electric power transmission compared with the previous year, as well as a RUR 3,004 mln increase in income from providing technical connections to grid services.

The Group's other operating income, which primarily includes income from non-core activities, as of 31.12.2009, was RUR 4,287 mln – which represents a RUR 2,300 mln (35%) fall off from 2008. The reduction was affected by a drop of rental income and the lack of turbo-power unit installations income in 2009.

Operating expenses for 2009 compared with 2008 increased by RUR 10,041 mln (15%) to reach RUR 78,216 mln. This increase was caused by a rise of RUR 6,386 mln in expenses connected with commissioning new grid facilities and an increase of RUR 3,655 mln. in expenses on accrued reserves on doubtful accounts receivable.

In the Group's 2009 combined and consolidated 2009 IRFS statements, the reflected net loss of RUR 61,445 mln is connected with the Company's revaluation of property, plant and equipment according to accounting policy, based on which property, plant and equipment are subject to regular revaluation to avoid essential differences from fair value as of the accounting date.

Without property, plant and equipment revaluation, the 2009 operating profit totaled RUR 12,868 mln, EBITDA increased by 31% compared with 2008 and reached RUR 43,788 mln. FGC UES' 2009 net profit without revaluation was RUR 16,101 mln.

Key performance indicators

1. Profitability	31.12.2008	31.12.2009	Change
On operating profit before revaluation (EBIT margin)*, %	11.1	15.6	4.5
On EBITDA (EBITDA margin)*, %	48.4	50	1.6
Return on assets (ROA)**, %	-1.06	0.48	1.54
Return on equity (ROE)**, %	-1.36	0.58	1.94
2. Liquidity ratios			
Current liquidity	2.32	3.03	0.71
Cash liquidity	1.90	2.22	0.32
3. Financial stability indices			
Equity ratio	0.85	0.82	(0.03)
4. Operational efficiency			
Revenue***/Grid length, RUR/ km	586,873	742,203	26.5%
Revenue***/Transformer capacity, RUR/ MVA	241,980	293,442	21.3%
Free cash flow (FCF), RUR mln	(55)	18,014	-
Net Debt, RUR mln	(41,793)	(79,022)	-
Ernings per share (EPS), RUR	(0.031)	0.014	-

* excluding one-off items and property, plant and equipment revaluation

** the 2008 loss is connected with financial investments impairment

*** used the indicator "revenues from current activities"

2009 FY IFRS combined and consolidated statements for the Group (ending 31.12.2009) are placed on the Company's corporate web site in the section «Financial performance/IFRS financial reports».

Federal Grid Company's Profile

Open Joint Stock Company Federal Grid Company of the Unified Energy System (Federal Grid Company) was created based on the power industry reform program, as a 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, covering an area of 13.6 square km. The company ensures the functioning of 118 thousand km electric lines and 761 SSES, with a total transformer capacity of more than 298 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 2009, the Company's total revenue amounted to RUR 85 bln, with a sales profit of RUR 15.9 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 on the MICEX Stock Exchange under the ticker symbol: FEES.

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

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