



FGC UES Group Announces 1H 2013 IFRS Financial Results

Moscow, 28 August 2013 - Federal Grid Company of Unified Energy System ("Federal Grid Company" or "the Company") (Moscow Exchange, LSE: FEES), part of the Russian Grids Group of companies and operator of Russia's unified electricity transmission grid system, today announces its consolidated interim IFRS financial results for the six months ended 30 June 2013.

Key 1H 2013 financial and operational highlights:

Financial

- Revenues of RUB 75,826 million
- Adj. EBITDA* of RUB 40,448 million
- Adj. operating profit** of RUB 10,619 million
- Adj. profit for the period*** of RUB 7,878 million
- Adj. EPS**** of 0.006 RUB

* Adjusted EBITDA is calculated as EBITDA (profit for the period before income tax, finance income and costs, depreciation and amortisation), excluding non-specific impairment of property, plant and equipment, impairment of available-for-sale investments, impairment of promissory notes (1H 2013), reversal of impairment of investments in associates (1H 2012), and including finance income.

** Adjusted operating profit is calculated as operating profit, excluding non-specific impairment of property, plant and equipment.

*** Adjusted profit for the period is calculated as profit for the period, excluding non-specific impairment of property, plant and equipment, impairment of available-for-sale investments, impairment of promissory notes (1H 2013), reversal of impairment of investments in associates (1H 2012), and related deferred income tax effects.

**** Adjusted EPS is calculated as adjusted profit for the period divided by the weighted average number of the Company's shares outstanding during the reporting period.

Operational

- Electricity transmission volume: 257 billion kWh
- Total transformer capacity: 335 GVA
- Transmission grid length in operations: 132 thousands km
- Number of substations: 891 units

Key 1H 2013 corporate developments:

- On 14 June 2013 the Russian Government's stake in Federal Grid Company, previously held through the Federal Property Management Agency (Rosimushchestvo), was transferred to Russian Grids, OJSC ("Russian Grids"). As a result, Russian Grids now holds a 79.64% stake in Federal Grid Company.
- In order to finance its investment programme, Federal Grid Company floated its first RUB 30 billion tranche of infrastructure bonds on the Moscow Exchange in June 2013. The bonds have a 35-year maturity and an inflation-protected coupon rate linked to consumer price index (CPI) inflation for the previous year plus 1%.

Andrey Kazachenkov, First Deputy Chairman of the Management Board, commented on the Company's 1H 2013 IFRS results:

"Federal Grid Company's principal financial results for 1H 2013 are adjusted EBITDA of RUB 40,448 million and adjusted profit for the period of RUB 7,878 million.

"We continue to pursue our long-term development goals of improving efficiency while effectively implementing our large-scale investment programme. Federal Grid Company continues to adhere to balanced financial policies that support the long-term development of Russia's backbone electricity grid.

"In the first half of 2013, for example, we successfully placed our debut RUB 30 billion issue of 35-year infrastructure bonds with a coupon rate tied to CPI inflation. We plan to seek additional ways to secure further long-term financing in order to support the investments required to ensure reliable, efficient electricity transmission across Russia."

Operating expenses

<i>(in millions of roubles, except %)</i>	1H 2013	% of total operating expenses*	1H 2012 (restated**)	% of total operating expenses*	Y-o-Y Change %
D&A	27,844	-	20,464	-	36.1%
Personnel related expenses	14,656	42.2%	12,759	41.3%	14.9%
Purchased electricity	7,009	20.2%	6,432	20.8%	9.0%
Allowance for doubtful debtors	3,738	-	1,933	-	93.4%
Materials, repairs and maintenance expenses	2,189	6.3%	2,439	7.9%	(10.3)%
Other operating expenses	10,892	31.3%	9,283	30.0%	17.3%
Total operating expenses*	34,746	100,0%	30,913	100,0%	12.4%

* Excluding D&A and allowance for doubtful debtors.

** Comparative information has been restated due to the retrospective application of changes in accounting policy related to defined benefits obligations.

Federal Grid Company's operating expenses excluding D&A and allowance for doubtful debtors amounted to RUB 34,746 Bn in 1H2013, an increase of 12.4% y-o-y.

Due to the commissioning of new UNEG facilities as part of Federal Grid Company's investment programme, depreciation and amortisation increased by 36.1% year-on-year and amounted to RUB 27,844 million in 1H 2013.

Personnel related expenses increased by 14.9% year-on-year to RUB 14,656 million primarily due to growth in the average number of employees and higher average salaries due to the indexation.

Purchased electricity costs came to RUB 7,009 million in 1H 2013, up 9.0% year-on-year, due to lower amount of deductible load loss.

The accrual of allowance for doubtful debtors in 1H 2013 amounted to RUB 3,738 million, compared to RUB 1,933 million in 1H 2012. This increase was primarily due to recognition of allowances for receivables from OJSC "Far East Distribution Grid Company" and OJSC "IDGC of the South".

Materials, repairs and maintenance expenses accounted for 6.3% of total costs, and declined by 10.3% to RUB 2,189 million.

Other operating expenses, which accounted for 31.3% of total operating expenses in 1H 2013, increased by 17.3% year-on-year to RUB 10,892 million for the reporting period. This was primarily due to a 188.8% increase of property tax expense and 43.5% increase in expenses for electricity transit via foreign countries.

Select Balance Sheet Items

(in millions of roubles)	30 June 2013	31 December 2012 (restated*)
ASSETS		
Non-current assets	1,159,564	1,163,829
<i>Property, plant and equipment</i>	1,118,301	1,096,535
<i>Investments in associates</i>	1,491	1,403
Total current assets	98,579	96,412
Total assets	1,258,143	1,260,241
LIABILITIES AND EQUITY		
Non-current liabilities	272,236	280,983
<i>Long-term debt</i>	186,158	193,200
Current liabilities	87,793	73,466
Total liabilities	360,029	354,449
Equity attributable to shareholders	897,769	905,059
Non-controlling interest	345	733
Total equity	898,114	905,792
Total liabilities and equity	1,258,143	1,260,241

* Comparative information has been restated due to the retrospective application of changes in accounting policy related to defined benefits obligations.

Federal Grid Company's condensed consolidated interim IFRS financial statements for 1H 2013 and the 1H 2013 Management Report are available on the Company's website at the following link: http://www.fsk-ees.ru/eng/investors/financial_disclosure/ifrs_financial_reports/.

Conference Call

The Company will host an investor and analyst conference call on Wednesday 28 August 2013 at 10:00 UK time (13:00 Moscow time).

Dial in details are as follows:

UK Standard Dial In	+44 (0) 1452 567 025
Russia Dial In (from a landline)	8108 002 267 2044
USA Free Call Dial In	1877 256 1273
Germany Free Call Dial In	0800 664 8508
Switzerland Free Call Dial In	0800 900 110
Sweden Free Call Dial In	0200 892 579

All participants must register for this conference using the URL below

<http://emea.directeventreg.com/registration/35226073>

If you have not registered, you must press *0 when prompted to enter your passcode

Not registering for the call may lead to additional waiting times

A replay of the call will be available until 3 September 2013 using the following details:

UK Free Call Dial In	0800 953 1533
International Dial In	+44 (0) 1452 55 00 00

A transcript of the conference call will be made available on the Federal Grid Company website www.federal-grid.com

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About Federal Grid Company

Federal Grid Company is part of OJSC Russian Grids is the operator and manager of Russia's unified electricity transmission grid system. The company operates over 131,000 km of transmission lines and has over 334.8 GVA of installed transformer capacity. Based on the length of transmission lines and transformer capacity in place, Federal Grid is the largest publicly traded electricity transmission company in the world.

Federal Grid's business is to provide electricity transmission and technological connection services. It maintains and develops the grid system and supervises grid facilities and infrastructure in 75 regions of Russia, covering a territory of 14.8 million square kilometres. Its customers are regional distribution companies, electricity suppliers and large industrial enterprises. The Company is a natural monopoly with 79.64% stake controlled by Russian Grids.

Federal Grid Company was incorporated in June 2002 as part of reorganisation of Russia's electrical power industry.

Federal Grid Company's common shares are included on Moscow Exchange under the ticker FEES and the Company's GDRs are listed on the London Stock Exchange and traded under the same FEES symbol.

In 2012 the Company's IFRS consolidated revenue was RUB 140,313 million, while adjusted EBITDA was RUB 82,133 million, and adjusted profit for the period was RUB 29,956 million.

Further information can be found at www.federal-grid.com

Further information about Russian Grids can be found at <http://www.rugrids.ru/eng>.