



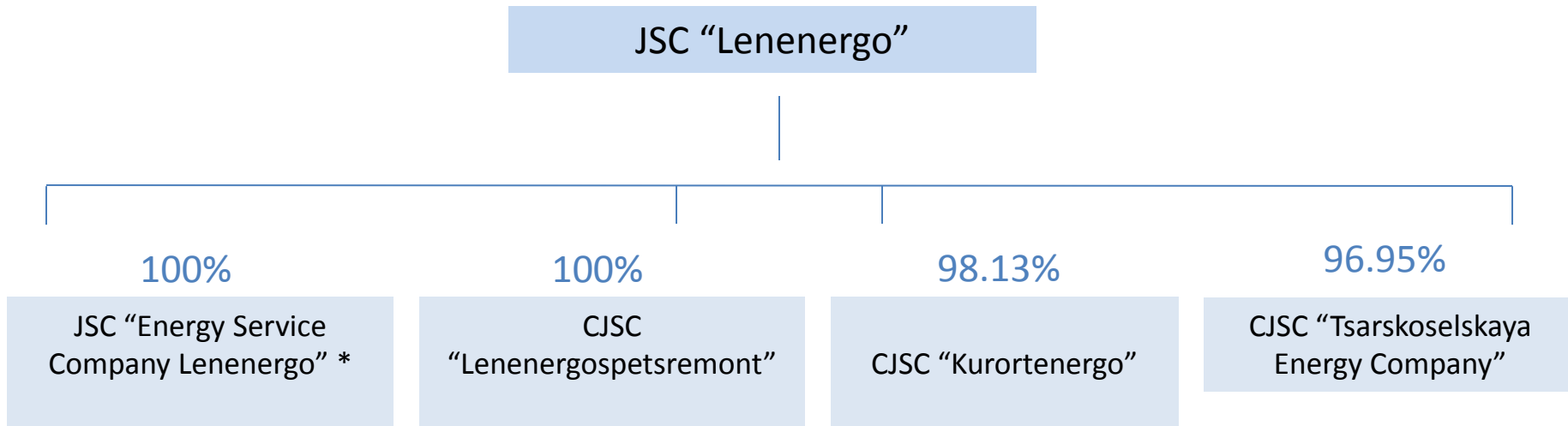
Key indices of consolidated  
financial reports of  
JSC “Lenenergo”,  
prepared under IFRS  
at 31 December 2011

The Company's financial reports for 2011, prepared under IFRS standards, were examined and taken into consideration by the Audit Committee of JSC "Lenenergo" at the absentee meeting of 23 April 2012.

Key indices of consolidated financial reports of JSC "Lenenergo",  
prepared under the international financial reporting standards  
at 31 December 2011  
**(IFRS FY2011)**

On 10 April 2011, the Company's independent auditor - LLC "Ernst and Young" signed the auditor's opinion, which says that the "consolidated financial reports show reliably in all material respects the financial position of the Group at 31 December 2011, as well as its financial results and cash flow for the year ended on the mentioned date, under the International Financial Reporting Standards."

## Structure of JSC “Lenenergo” Group of Companies at 31.12.2011



\* The company was established in December of 2011 and did not perform economic activities in 2011

### Main types of the Company’s activities:

- activity in the field of support of electric grids operability
- production of electric distribution and controlling equipment
- provision of services of installation, repairs and maintenance of electric distribution and controlling equipment

## Review of key indices of financial reports of JSC “Lenenergo” in 2011 under IFRS, RUR ths.

### Key induces of financial reports of JSC “Lenenergo” under IFRS, RUR ths.

Index title	Unit of measurement	31.12.2010	31.12.2011	Δ % 2011/ 2010
Assets	RUR ths.	93 382 344	96 951 021	3.82%
Equity	RUR ths.	49 960 983	42 535 138	-14.86%
Liabilities, including:	RUR ths.	43 421 361	54 415 883	25.32%
- long-term liabilities	RUR ths.	21 924 041	29 381 124	34.01%
- short-term liabilities	RUR ths.	21 497 320	25 034 759	16.46%
Revenue, including:	RUR ths.	28 573 575	32 256 795	12.89%
- electricity transmission	RUR ths.	17 691 876	22 895 281	29.41%
-connection	RUR ths.	10 299 774	8 629 336	-16.22%
-others	RUR ths.	581 925	732 178	25.82%
Operational expenses	RUR ths.	21 440 791	31 503 143	46.93%
Operational profit	RUR ths.	7 132 784	753 652	-89.43%
Net profit/ loss	RUR ths.	4 750 421	(943 276)	-119.86%
Earnings per ordinary share	RUR	4.66	(0.93)	-119.96%
Earnings per preferred share	RUR	4.66	(0.93)	-119.96%
<b>For reference:</b>				
EBITDA	RUR ths.	11 933 940	5 681 062	-52.40%
Net DEBT/EBITDA	-	1.26	3.57	-
<b>profitability indices</b>				
Return on EBITDA, %	%	41.8%	17.8%	-24 p.p.
Net profit margin, %	%	16.6%	-2.9%	-19.5 p.p.
<b>liquidity indices</b>				
acid test ratio	-	0.10	0.32	-
current liquidity ratio	-	0.30	0.48	-

# Key financial results of JSC “Lenenergo” for 2011 under IFRS

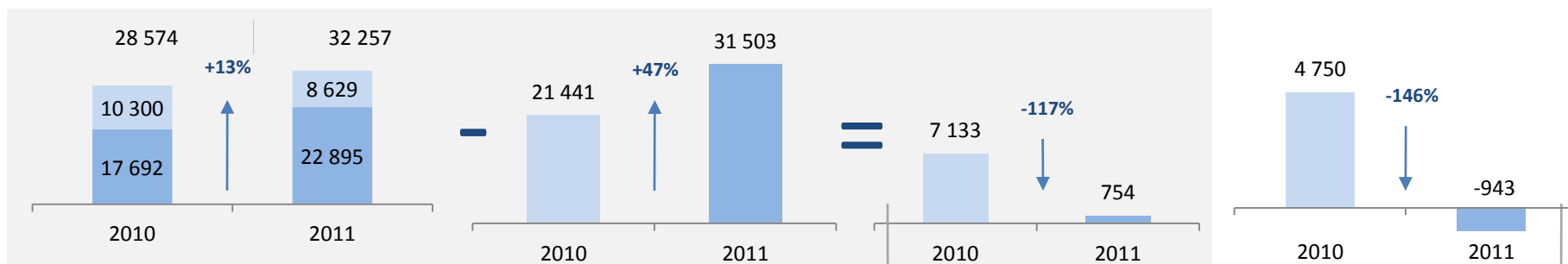
## Formation of revenue, operational and net profit

Revenue by types of activities\*, RUR mn

Operational expenses, RUR mn

Operational profit, RUR mn

Net profit, RUR mn

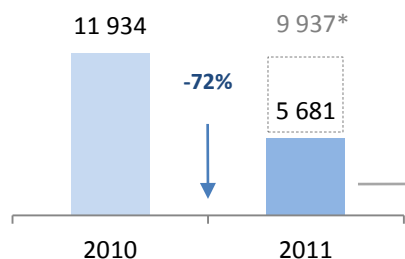


- electricity transmission
- technological connection

\*Including other types of activities, the revenue on which is less than 3 % in the total amount

## Index EBITDA and debt position

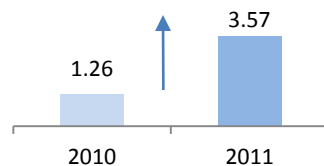
EBITDA, RUR mn



	RUR mn
Profit before taxes	-845
Dividends and interest received	61
interest paid	1660
<b>EBIT</b>	<b>754</b>
Fixed assets deterioration	4 813
Amortization of IA (intangible assets)	115
<b>EBITDA</b>	<b>5 681</b>
EBITDA margin*, %	17.8%

\* Without taking into account reassessment (EBITDA margin – 30.8%)

Net DEBT/EBITDA



	2010	2011	Δ %
Net debt*, RUR mn	15 038	20 275	34.8%
Net Debt/EBITDA	1.26	3.57	-

## Reason for loss formation

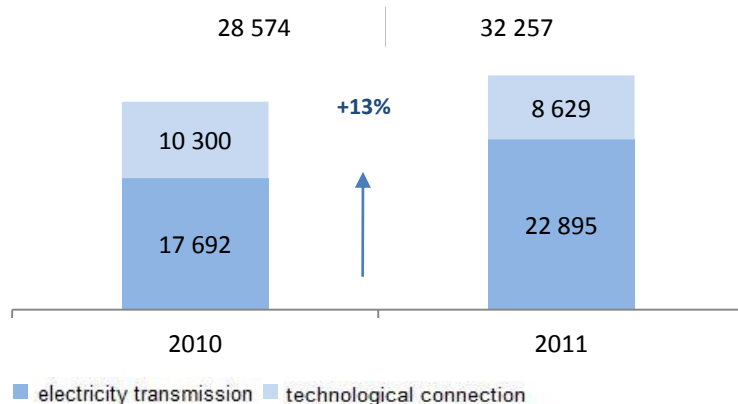
The main reason for formation of net loss in 2011 is **reassessment of fixed assets in the amount of RUR 11 880 mn**, due to restriction of the electricity tariff growth by the Russian Federation Government in 2011.

	RUR mn
Reduction in fair value, shown as impairment loss in the profit and loss statement	- 4 256
Reduction in fair value, included in capital	- 7 624
<b>Total</b>	<b>- 11 880</b>

The reassessment result represents the non-pecuniary adjustment of the company’s financial result and, in such a way, is not direct expenditure of money of JSC “Lenenergo”

## Group revenue. OPEX structure.

Revenue by types of activities, RUR ths.



•Including other types of activities, the revenue on which is less than 3 % in the total amount

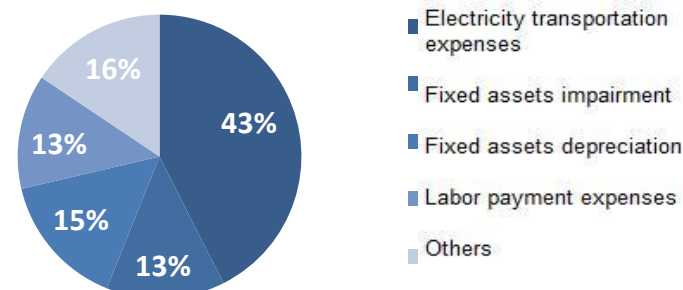
**Electricity transportation revenue for 2011** net of normative technological losses in the amount of RUR 5 532 mn (in 2010 – RUR 6 181 mn) was **RUR 32 257 mn**, which is by 29% more than for 2010.

	Unit of measurement	2010	2011	Δ % 2011/2010
Amount of transmitted electricity	mn kWh	29 095	29 294	0.7%
Average tariff for electricity transmission	kop./kWh	83.1	99.8	20.1%

**Technological connection services revenue** for 2011 reduced by – 16% against 2010, which is explained by the reduction in the amount (capacity) of connections and reduction in the number of new property agreements (in 2011 the TC services were paid in the form of transfer of fixed asset facilities in the amount of RUR 3 662 mn, in 2010 – in the amount of RUR 4 525 mn)

**Other activities revenue** for 2011 was RUR 732 mn.

Structure of operational expenses, RUR mn



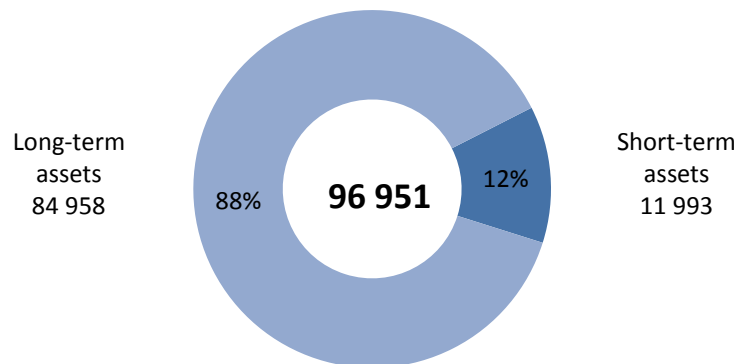
OPEX items	2011	2010	Δ % 2011/2010
Electricity transportation expenses	13 403	9 774	37%
Fixed assets impairment loss	4 256	-	-
Fixed assets depreciation	4 813	4 431	9%
Labor payment expenses	4 112	3 225	28%
Repairs and maintenance	1 041	937	11%
Accrual/(recovery) of the reserve for impairment of accounts receivable	505	261	93%
Lease	472	504	-6%
IA impairment loss	148	37	300%
Telecommunication and information services	348	266	31%
Financial lease impairment loss	123	94	31%
Raw and other materials	261	231	13%
Social sphere-related expenses	201	173	16%
Taxes, excluding profit tax	179	155	15%
Public utilities services	119	108	10%
Amortization of intangible assets	115	117	-2%
Other operational expenses	1 407	1 128	25%
<b>Total expenses on main types of activities</b>	<b>31 503</b>	<b>21441</b>	<b>47%</b>

### Main reasons for growth of operational expenses in 2011:

- annual increase in tariffs for services of grid organizations, increase in electricity transportation volume
- recognition of FA impairment loss
- indexation of wages
- accrual of reserve for advance payments granted to construction organizations

## Group's assets structure

Structure of assets at 31.12.2011, RUR mn



	31.12.2011	31.12.2010	Δ %
Long-term assets, RUR mn	84 958	87 010	-2.4%
Short-term assets, RUR mn	11 993	6 372	88.2%

At 31 December 2011 the Group's assets were RUR **96 951 mn**, which is by +3.8% more than at 31 December 2010.

The prevailing share in the structure of the Group's assets is long-term assets in the amount of RUR **84 958 mn** (88%). A **-2.4 %** reduction was registered in the reporting period.

At 31 December 2011 the short-term assets were RUR 11 993 mn (12%). A **88.2%** increase was registered in the reporting period.

Structure of current assets, RUR mn

Group's current assets	Specific weight at 31.12.2011	31.12.2011	31.12.2010	Δ % 2011/2010
Money and its equivalents	59%	7 109*	653	989%
Accounts receivable	8%	991	1 494	-34%
Stocks	2%	290	453	-36%
Advance payment on profit tax	1%	100	16	525%
Other short-term assets	29%	3 504	3 757	-7%
<b>Total current assets</b>	100%	11 993	6 372	88%

\* **Growth of item "money"** is explained by drawdown of credit resources at the end of the reporting year within the framework of signed credit limits at the moment, which is most comfortable for this – on the threshold of the worsening situation in the financial market. The drawdown was performed to form liquidity for the purpose of repayment of the bonded loan of series 02 in January of 2012.

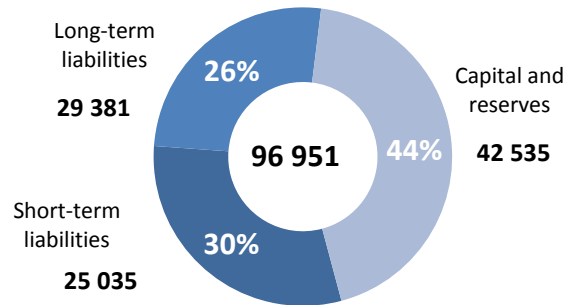
Structure of long-term assets, RUR mn

Group's long-term assets	Specific weight at 31.12.2010	31.12.2011	31.12.2010	Δ % 2010/2009
Intangible assets	0.84%	715	601	19%
Fixed assets	97.13%	82 519	83 622	-1%
Advance payments granted to construction organizations	1%	854*	2 317	-63%
Investments available for sale	0.03%	27	30	-10%
Other long-term assets	0.99%	843	440	92%
<b>Total non-current assets</b>	100%	84 958	87 010	-2%

\* **Reduction in item "advance payments granted"** is explained by a reduction in the amount of advance payments, paid to suppliers and contractors, as well as by offsetting counter claims of the same kind: repayment of accounts receivable, which occurred as a result of contracting parties' failure to repay debt within the period, established by the agreement, for the performed works (rendered services), in consideration for the Company's accounts payable to these contracting parties.

## Group's liabilities structure. Credit portfolio

Liabilities structure at 31.12.2011, RUR mn



At 31 December 2011 the Group's liabilities were RUR **96 951 mn**, which is by **4%** more than at 31 December 2010 .

The prevailing share in the structure of the Group's liabilities – capital and reserves (**44%**).

At the end of the reporting period, the Group's assets are secured by long-term and short-term borrowed funds almost equally (**26% and 30% accordingly**).

An increase in long-term borrowed funds by **34%** and increase in short-term borrowed funds by **16%** is observed in the reporting period.

Structure of long-term liabilities, RUR mn

Long-term liabilities	Specific weight at 31.12.2011	31.12.2011	31.12.2010	Δ % 2011/2010
Long-term part of credits, loans and liabilities on financial lease	72%	21 028	14 125	49%
Deferred tax liabilities	10%	3 059	5 332	-43%
Liabilities on pension coverage of employees	1%	410	351	17%
Other long-term liabilities	17%	4 884	2 116	131%
<b>Total long-term liabilities</b>	<b>100%</b>	<b>29 381</b>	<b>21 924</b>	<b>34%</b>

Structure of short-term liabilities, RUR mn

Short-term liabilities	Specific weight at 31.12.2011	31.12.2011	31.12.2010	Δ % 2011/2010
Current part of credits, loans and liabilities on financial lease	25%	6 356*	1 566	306%
Trade and other accounts payable	29%	7 288	4 217	73%
Reserves	0.49%	122	37	230%
Debt on profit tax	0.04%	9	102	-91%
Advance payment obtained from customers	45%	11 260	15 575	-28%
<b>Total short-term liabilities</b>	<b>100%</b>	<b>25 035</b>	<b>21 497</b>	<b>16%</b>

### Total credits and loans at 31.12.2011 – RUR 26 993 mn

Borrowed funds	Effective rate%	Period	31.12.2011	31.12.2010
Bonds				
Series 02	8.54%	2012	2 999	2 994
Series 03	8.02%	2012	2 999	2 992
Bank credits (RUR)	7.01% - 8.19%	2013-2016	20 800	8 562
Liabilities on financial lease	14.86%-34.45%	2012-2015	<b>587</b>	1 143

Increase in credit portfolio in 2011 is explained by attraction of borrowed funds to finance the investment program.

\*In 2011 the bonded loans of series 02 and series 03 were reclassified into short-term ones, since less than a year was left before their repayment. In the 1<sup>st</sup> quarter of 2012 the Group repaid the bonded loans of series 02 and 03 completely.

#### Main partner banks of JSC "Lenenergo":

JSC "Sberbank of Russia"  
JSC "VTB Bank"  
JSC JSCB "Svyaz-bank"  
JSC JSB "ROSSIA"

Average weighted rate of borrowing for 2011  
**7.8%**



## Main historical indices of the Company's financial reports under IFRS, RUR mln

### Balance sheet

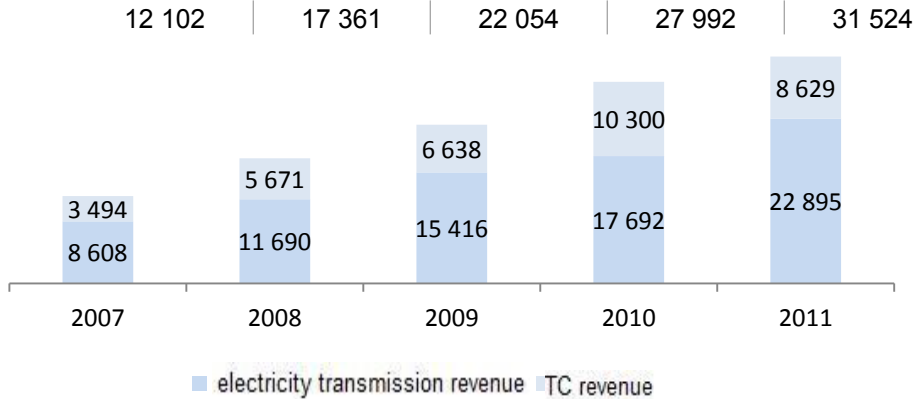
Index	2008	2009	2010	2011
Long-term assets	73.023	78.962	87.010	84.958
Money and its equivalents	2.499	2.949	653	7.109
Short-term assets	10.331	9.363	6.372	11.993
<b>Assets</b>	<b>83.355</b>	<b>88.325</b>	<b>93.382</b>	<b>96.951</b>
Long-term debt	12.946	10.074	14.125	21.028
Long-term liabilities	24.496	16.926	21.924	29.381
Short-term debt	436	6.611	1.566	6.356
Short-term liabilities	15.618	25.565	21.497	25.035
<b>Liabilities</b>	<b>40.114</b>	<b>42.492</b>	<b>43.421</b>	<b>54.416</b>
<b>Capital</b>	<b>43.241</b>	<b>45.834</b>	<b>49.961</b>	<b>42.535</b>

### Profit and loss statement

Index	2008	2009	2010	2011
<b>Revenue</b>	<b>17.914</b>	<b>22.800</b>	<b>28.574</b>	<b>32.257</b>
Operational expenses	(14.608)	(18.489)	(21.441)	(31.503)
<b>Operational profit</b>	<b>3.306</b>	<b>4.311</b>	<b>7.133</b>	<b>754</b>
Financial incomes	2.292	78	774	61
Financial expenses	(1.372)	(2.084)	(1.580)	(1.660)
Other non-operational incomes (expenses)	(1.178)	(173)	(70)	-
<b>Profit before taxes</b>	<b>3.048</b>	<b>2.132</b>	<b>6.257</b>	<b>(845)</b>
profit tax expense	(1.210)	455	(1.507)	(99)
<b>Net profit</b>	<b>1.838</b>	<b>2.587</b>	<b>4.750</b>	<b>(943)</b>

# Key historical financial indices of the Company under IFRS

Revenue by types of activities (RUR mn)\*

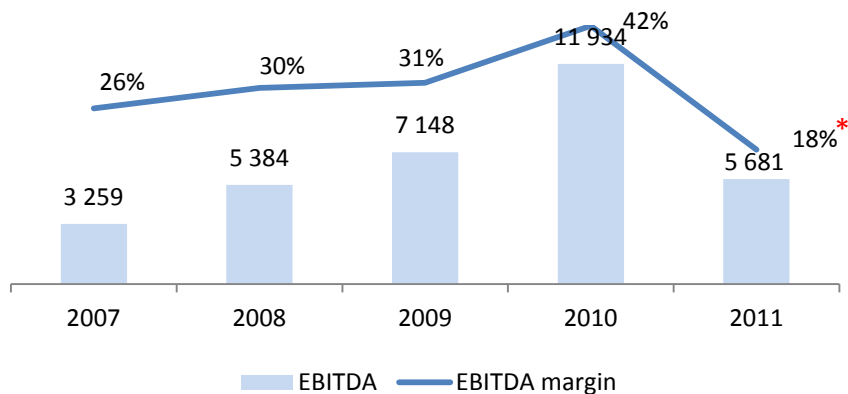


Operational expenses (RUR mn)

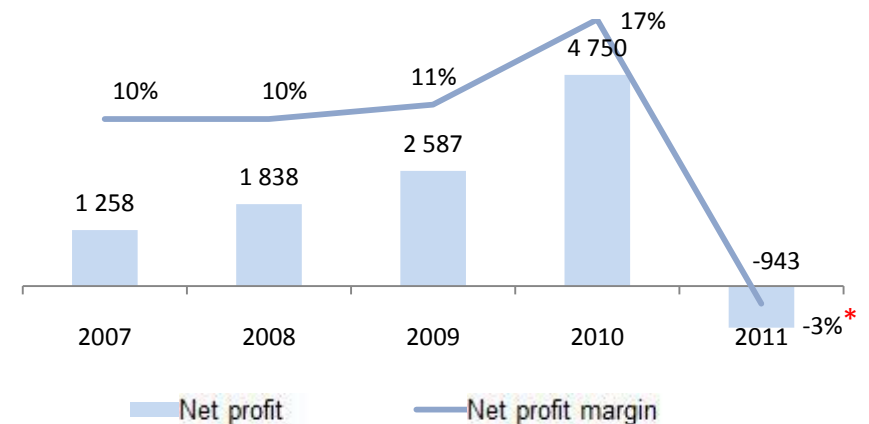


\* Including other types of activities, which provide no more than 4% of the total revenue

EBITDA (RUR mn) and EBITDA margin (%)



Net profit (RUR mn) and net profit margin (%)



31% - margin without taking into account the result of reassessment of fixed assets, shown in the operational expenses

10% - margin without taking into account the result of reassessment of fixed assets, shown in the operational expenses



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