



OGK-1 Publishes the Group Financial Statements According to RAS for 9 Months of 2009

Moscow. On November 2, 2009, the Financial Statements for 9 months of 2009 according to Russian Accounting Standards were issued by JSC OGK-1.

The statements for 9 months of 2009 do not reflect the results of financial and business operations of JSC Nizhneartovskaya GRES which has been conducting independent operations since August 1, 2008. Financial performance of JSC Nizhneartovskaya GRES is reflected in the consolidated financial statements of OGK-1 Group according to IFRS.

Profit and Loss Account for 9 months of 2009

Proceeds of OGK-1 for January-September 2009 amounted to RUR 30.1 billion which is RUR 6.6 billion (18%) less than proceeds for the similar period of 2008.

The main reason impacting the reduction of this figure is the optimization of OGK-1 power plant output schedule under the decrease in the power consumption in the regions of GRES presence and high-priority unloading of heat generation in addition to the reduction of competitive prices in the free sector of the electric power market. In addition, the financial statements for January-September 2009 do not reflect the performance of JSC Nizhneartovskaya GRES, while it was partially recognized for January-July 2008 in the similar period of the previous year.

The production cost of the products sold for 9 months of 2009 has reduced by RUR 7.0 billion (22%) and amounted to RUR 25.2 billion.

The priority rates of production cost reduction as compared to the proceeds reduction rates are resulting from the decrease in the variable and fixed costs. This was, in particular, a result of the comprehensive cost reduction program implemented by OGK-1 as well as of the step-by-step (quarterly) increase (rather than a single one as it took place in the previous years) in the gas rates with an immediate indexation (with effect from January 1, 2009) of electric power and heat rates.

A change in this figure is caused by both reduction in the commercial gas purchase costs, absence of expenses for purchase of stock exchange and above-limit gas, and optimization of the operating generating equipment in the context of power consumption reduction.

In addition, in the context of the decreasing demand for electric power, during the first months of the year, OGK-1 deliberately optimized its own electric power output in favor of purchasing electric power in the free market at lower cost to fulfill its obligation to consumers which led to the maximum increase in the marginal profit.

As a result, the gross margin of OGK-1 for 9 months has increased by RUR 0.4 billion (9%) and amounted to RUR 4.9 billion. Profit on sales has increased by RUR 0.8 billion (39%) amounting to RUR 2.8 billion; and income before tax has increased virtually twice as much reaching RUR 2.6 billion.

Net profit of OGK-1 for 9 months of 2009 has increased by 2 times reaching RUR 2 billion. In addition to the above indicated factors, such as the economic effect from implementation of the comprehensive program of anti-crisis measures, step-by-step increase in the gas rates with an immediate indexation of electric power and heat rates, the net profit growth is also resulting from the inclusion of the target

investment component into the implementation cost of the project for commissioning of the third power unit of Kashirskaya GRES and technical rearmament of Irikinskaya GRES.

Balance Sheet for 9 months of 2009

The aggregate assets of OGK-1 have increased by RUR 1.7 billion (4%) during 9 months of 2009, and amounted to RUR 43 billion as of September 30, 2009. Among them, the cost of non-current assets amounted to RUR 33.9 billion (growth by RUR 3.5 billion, or 12%).

The growth of non-current assets is associated with the large-scale investment program for construction of new generating facilities and technical rearmament of the existing ones implemented by OGK-1 in association with INTER RAO UES. In particular, the volume of construction in progress has increased by RUR 3.8 billion (40%) during 9 months of 2009 and amounted to RUR 13.4 billion. The largest share in the growth of construction in progress is associated with the implementation of the project for construction of the third power unit at Kashirskaya GRES and a new power unit at Urengoyskaya GRES.

The current assets have reduced by RUR 1.9 billion (17%) from January to September 2009 and amounted to RUR 9 billion. This was mainly caused by the reduction in the short-term accounts receivable to the extent of the advances made.

Short-term receivables amounted to RUR 5 billion as of September 30, 2009 which exceeds the beginning of the current year by RUR 1.3 billion (20%). At the same time, due to the deterioration in the payment discipline in the electric power and capacity market, the receivables from purchasers have increased by 66% reaching RUR 2.1 billion. OGK-1 is conducting an intensive claiming activity; following the results of 2009, the provision for doubtful debts is planned to be established subject to the requirements of the Company's accounting policies. As of the end of 2008, this provision amounted to RUR 0.3 billion.

In addition, the measures for loan portfolio optimization and the debt load reduction have been implemented during 9 months of 2009. Thus, the total amount of loans and borrowings was reduced by RUR 0.9 billion (9%) during 9 months of 2009 and amounted to RUR 9.4 billion.

The loan portfolio structured was also improved significantly during the indicated period. While at the beginning of the year, the long-term and short-term loan ratio of the portfolio was 40/60, the breakdown of loans as of September 30, 2009 is shifted to long-term loans making 57/43 (RUR 5.3 and 4.1 billion respectively). The increase of the long-term borrowings in the loan portfolio has mainly resulted from the disbursement of the target facility of Vnesheconombank Group allocated for financing of the final construction stage of the third power unit at Kashirskaya GRES and repayment of the existing loans previously applied for financing of the investment program.

The short-term accounts payable for the reporting period have decreased by 4% amounting to RUR 2.7 billion.