

JOINT STOCK COMPANY
“Moscow United Electric Grid Company”

Explanations to the bookkeeping balance sheet and financial results report for 2012

The given Explanations to the bookkeeping balance sheet and financial results report, as well as Appendices to Explanations 5.1 - 5.13 are an integral part of the annual accounting reports of JSC “MOESK” for 2012, prepared according to the current laws of the Russian Federation.

1. General information

Full name is – Joint Stock Company “Moscow United Electric Grid Company”.

Shortened name is – JSC “MOESK”, JSC “Moscow United Electric Grid Company”.

Legal address is - 115114, the Russian Federation, Moscow, the 2nd Paveletsky passageway, 3 building 2, which is confirmed by an extract # 3457 dd. 15.07.2011 from the Uniform State Register of Legal Entities.

Date and number of the state registration is - 01.04.2005 # 1057746555811.

JSC “MOESK” (hereinafter Company) was created as a reorganization result of JSC “Mosenergo” in form of spinning off, premised on a resolution of the annual General Shareholders’ Meeting of JSC “Mosenergo” (minutes # 1 dd. 29.06.2004).

Number of the personnel of JSC “MOESK” amounted to 15,498 people as of 31.12.2012, as of 31.12.2011 – 15,595 people.

Primary types of activities of JSC “MOESK” are as follows:

- services rendering in the electric power transmission and distribution in Moscow and Moscow Region,
- connection of new and increase of the existing capacities of consumers to the electric grid,
- other types of activities not prohibited by the RF laws.

As of 31.12.2012 the charter capital amounted to RUR 24,353,545,787 (Twenty four billion three hundred fifty three million five hundred forty five thousand seven hundred eighty seven), the quantity of shares was 48,707,091,574 (Forty eight billion seven hundred seven million ninety one thousand five hundred seventy four) pieces with the nominal of RUR 0,50.

Closed Joint Stock Company “KPMG” was approved as the Auditor by a resolution of the annual General Shareholders’ Meeting of JSC “Moscow United Electric Grid Company” on 25.06.2012 (minutes # 12 dd. 28.06.2011).

On 04.04.2005 the following branches of JSC “MOESK” were established by a resolution of the Board of Directors (dd. 04.05.2004 minutes #1): Southern Electric Grids, Eastern Electric Grids, Oktyabr’ Electric Grids, Northern Electric Grids, Noginsk Electric Grids, Podolsk Electric Grids, Kolomna Electric Grids, Shatura Electric Grids, Western Electric Grids, Mozhaysk Electric Grids, Dmitrov Electric Grids, Volokolamsk Electric Grids, JSC “Moskabel’energoremont” (MKER), JSC “Plant on repair of electrical machinery” (RETO), JSC “Moskabel’set’montazh” (MKSM), High-voltage cable grids, Bulk Electric Grids.

On 14.06.2007 branch of JSC “MOESK” Central Electric Grids was established by a resolution of the Board of Directors (minutes # 45 dd. 19.06.2007).

On 08.10.2007 at a meeting of the Company’s Management Board (minutes # 13 dd. 08.10.2007) they passed a resolution to enlarge the Company’s branches: Northern Electric Grids (on basis of branches Oktyabr’ Electric Grids and Dmitrov Electric Grids), Southern Electric Grids (on basis of branches Podolsk Electric Grids and Kashira Electric Grids), Western Electric Grids (on basis of branches Mozhaysk Electric Grids and Volokolamsk Electric Grids), Eastern Electric Grids (on basis of branches Noginsk Electric Grids, Kolomna Electric Grids, Shatura Electric Grids). According to a resolution of the Board of Directors of JSC “MOESK” dd. 02.11.2007 (Minutes # 51 dd. 07.11.2007) the branches of JSC “Moscow United Electric Grid Company”, on basis of which the Company’s branches are enlarged, have been liquidated. The amendments were introduced into the Charter by a Resolution of the Board of Directors of JSC “MOESK” dd. 26.02.2008 (Minutes # 56 dd. 27.02.2008); according to them the structure of the enlarged branches of JSC “MOESK” was consolidated.

On basis of a resolution of an extraordinary General Shareholders’ Meeting of JSC “MOESK” dd. 18.04.2008 (Minutes # 6 dd. 28.04.2008) the Company was reorganized by way of connection to it of Joint Stock Company “Moscow City Electric Grid Company” (hereinafter - JSC “MCEgC”). According to an act of transfer and acceptance, approved by an extraordinary General Shareholders’ Meeting of JSC “MCEgC” dd. 18.04.2008 (Minutes # 1 dd. 28.04.2008), after an entry making in the Uniform State Register of Legal Entities on the activities cessation of JSC “MCEgC”, the Company is its’ legal successor on its’ all rights and duties.

According to a resolution of the Board of Directors of JSC “MOESK”, on 29.04.2008 (Minutes # 61 dd. 04.05.2008) branch of JSC “Moscow United Electric Grid Company” – Moscow Cable Grids was established on basis of the Company connected to JSC “MOESK” (JSC “MCEgC”).

Owing to the changes, which took place in the structure of JSC “MOESK” in 2007-2008, JSC “MOESK” has 7 branches in its composition, as of 31.12.2012:

1. Southern Electric Grids
2. Eastern Electric Grids
3. Northern Electric Grids
4. Western Electric Grids

5. High-voltage cable grids
6. Central Electric Grids
7. Moscow Cable Grids.

According to the resolutions of the Company's Board of Directors dd. 07.12.2007 (Minutes # 53 dd. 07.12. 2007) and of Management Board of the Company dd. 07.12.2007 (Minutes # 19/1 dd. 07.12.2007), three subsidiary companies have been established on basis of the property of the Company's repair and service branches: JSC "MKSM", JSC "Plant RETO", JSC "MKER" with 100% ownership interest as a shareholder in the charter capital of each specified entity.

On 29.12.2007 Interregional Inspection of the Federal Tax Service # 46 in Moscow made an entry in the Uniform State Register of Legal Entities on foundation of Joint Stock Company "Moskabel'set'montazh", Joint Stock Company "Plant on repair of electrical machinery", Joint Stock Company "Moskabel'energoremont".

Dependent Joint Stock Company "Energocenter" was founded on 02.05.2006 according to the Moscow Region's Government Decree dd. 07.12.2005, aimed at an investment project implementing on construction of the electric grid facilities in the Moscow Region's territory.

Stake, belonging to JSC "MOESK", as of 31.12.2012 amounts to 74.9975% in the charter capital of JSC "Energocenter".

Due to the reorganization of JSC "MOESK" in form of connection to it of JSC "MCEgC", on 18.04.2008 the shareholders of JSC "MOESK" passed a resolution to increase the charter capital of JSC "MOESK" by the additional shares placement by way of the shares conversion into them of JSC "MCEgC", under connection.

Shares of JSC "MOESK" are circulating at the organized market of securities of CJSC "Stock Exchange MICEX" and are included into Quotation list "A" of the first level of CJSC "Stock Exchange MICEX".

As of 31.12.2012 the market capitalization of JSC "MOESK" amounted to RUR 73,469 mln.

The following people form part of the Company's Board of Directors:

#	Full name	Position in the Board of Directors	Work place	Position as of 31.12.2012
1	Budargin Oleg Mikhailovich	Chairperson of the Board of Directors	JSC "UES FGC"	Chairperson of the Management Board
2	Gavrilenko Anatoly Anatolievich	Member of the Board of Directors	CJSC "Leader"	Director General
3	Golubev Pavel Vladilenovich	Member of the Board of Directors	CJSC "Technical Inspection of the Unified Energy System"	First Deputy Director General – Chief inspector
4	Goncharov Valery Anatolievich	Member of the Board of Directors	JSC "UES FGC" IDGC Holding, OJSC	Deputy Chairperson of the Management Board Deputy Executive Director for the Investment Activities
5	Kerber Sergey Mikhailovich	Member of the Board of Directors	CJSC "Leader"	Head of the directorate of the investment projects and programs – Managing Director

6	Murov Andrey Evgenievich	Deputy Chairperson of the Board of Directors	JSC "UES FGC" IDGC Holding, OJSC	First Deputy Chairperson of the Management Board Executive Director
7	Nazin Vladislav L'vovich	Member of the Board of Directors	-	-
8	Nuzhdov Alexey Victorovich	Member of the Board of Directors	CJSC "Leader" Non-State Pension Fund "Gazfund"	Deputy Director General for Security Head of the corporate protection management
9	Sedunov Valery Nicolaevich	Member of the Board of Directors	Branch of JSC "UES FGC" - Main Power Transmission Lines of Center	Director General
10	Sklyarov Evgeny Victorovich	Member of the Board of Directors	Department of the fuel and energy economy of Moscow	Department Head
11	Scribot Wolfgang	Member of the Board of Directors	"Gazprombank" (Open Joint Stock Company)	Managing Director, Head of the Management of the electric-power industry and infrastructural projects of the direct investments department
12	Tikhonova Maria Gennad'yevna	Member of the Board of Directors	-	-
13	Khvalin Igor Vladimirovich	Member of the Board of Directors	IDGC Holding, OJSC	Deputy Executive Director for Strategy

Company's Management Board:

#	Full name	Work place	Position as of 31.12.2012
1	Sinyutin Pyotr Alexeevich	JSC "MOESK"	Acting Director General, Chairperson of the Management Board
2	Budyko Mark Leonidovich	JSC "MOESK"	Deputy Director General for logistics and material and technical supply
3	Bulanova Olga Leonidovna	JSC "MOESK"	Counselor of the Director General
4	Voynov Roman Vladimirovich	JSC "MOESK"	Deputy Director General – Director of branch "Central Electric Grids"
5	Inozemtsev Alexander Valerievich	JSC "MOESK"	Deputy Director General for Economics and Finances
6	Kadatskiy Valery Leonidovich	JSC "MOESK"	Deputy Director General for Security
7	Kreneva Nadezhda Anatolievna	JSC "MOESK"	Deputy Director General for the personnel management
8	Romanovskiy Sergey Petrovich	JSC "MOESK"	Deputy Director General for Capital Construction
9	Starostin Alexey Sergeevich	JSC "MOESK"	Deputy Director General for Corporate Governance and Property
10	Panin Alexander Alexandrovich	JSC "MOESK"	Director for Legal Groundwork – Director of the legal groundwork Department
11	Khatskevich Stanislav Felixovich	JSC "MOESK"	Deputy Director General for Development and Sales of Services
12	Chegodayev Anatoly Vasil'yevich	JSC "MOESK"	Deputy Director General - Technical Director

Internal Audit Commission:

#	Full name	Position in the Internal Audit Commission	Work place	Position as of 31.12.2012
1	Alimuradova Izumrud	Chairperson of the Internal Audit	IDGC Holding, OJSC	Head of the internal audit and risks management Department, Director for the

	Aligadzhiyeva	Commission		internal audit and risks management (head of the internal audit and risks management Department)
2	Arkipov Valdimir Nicolaeovich	Member of the Internal Audit Commission	-	-
3	Kormushkina Lyudmila Dmitrievna	Member of the Internal Audit Commission	IDGC Holding, OJSC	Head of the division for audits and expert findings of the internal audit and risks management Department
4	Popova Olga Victorovna	Member of the Internal Audit Commission	IDGC Holding, OJSC	Head of the internal audit division of the internal audit and risks management Department
5	Roslyakova Ekaterina Sergeevna	Member of the Internal Audit Commission	IDGC Holding, OJSC	Chief expert of the internal audit division of the internal audit and risks management Department

2. Accounting policy

Accounting and tax accounting policy, approved by orders of the Director General # 1018 and # 1019 dd. 30.12.2011, was effective in the Company in the reporting period.

2.1. Change to accounting policy

In 2012 no amendments were introduced into the bookkeeping accounting policy of JSC “MOESK”.

2.2. Regulatory and legal framework

Company’s bookkeeping is formed, based on the rules of the bookkeeping and tax accounting and reporting rules, effective in the Russian Federation, in particular:

Federal law # 129-FL dd. 21.11.1996 “On bookkeeping”;

Regulation to maintain the bookkeeping and accounting reports in the Russian Federation, approved by order #34n dd. 29.07.1998 of the Ministry of Finance of Russia;

Russian Accounting Standard # 1/2008 “Accounting policy of an enterprise”, approved by order # 106n of the RF Ministry of Finance dd. 06.10.2008;

Russian Accounting Standard # 2/2008 “Accounting of construction contracts”, approved by order #116n of the RF Ministry of Finance dd. 24.11.2008;

Russian Accounting Standard # 3/2006 “Accounting of assets and liabilities, the cost of which is expressed in foreign currency”, approved by order # 154n of the RF Ministry of Finance dd. 27.11.2006;

Russian Accounting Standard # 4/99 “Accounting reports of an organization”, approved by order # 43n of the RF Ministry of Finance dd. 06.07.1999;

Russian Accounting Standard # 5/01 “Accounting of business inventories”, approved by order # 44n of the RF Ministry of Finance dd. 09.06.2001;

Russian Accounting Standard # 6/01 “Fixed assets accounting”, approved by order # 26n of the RF Ministry of Finance dd. 30.03.2001;

Russian Accounting Standard # 7/98 “Events occurring after a reporting date”, approved by order # 56n of the RF Ministry of Finance dd. 25.11.1998;

Russian Accounting Standard # 8/10 “Estimated liabilities, Contingent Liabilities and Contingent Assets”, approved by order # 167n of the RF Ministry of Finance dd. 13.12.2010;

Russian Accounting Standard # 9/99 “Revenues of an organization”, approved by order # 32n of the RF Ministry of Finance dd. 06.05.1999;

Russian Accounting Standard # 10/99 “Expenses of an organization”, approved by order # 33n of the RF Ministry of Finance dd. 06.05.1999;

Russian Accounting Standard #11/2008 “Information on related parties”, approved by order # 48n of the RF Ministry of Finance dd.29.04.2008;

Russian Accounting Standard # 12/2010 “Segment information”, approved by order # 143n of the RF Ministry of Finance dd.08.11.2010;

Russian Accounting Standard # 13/2000 “Government aid accounting”, approved by order # 92n of the RF Ministry of Finance dd.16.10.2000;

Russian Accounting Standard # 14/2007 “Intangible assets accounting”, approved by order # 153n of the RF Ministry of Finance dd.27.12.2007;

Russian Accounting Standard # 15/2008 “Accounting of expenditure on loans and credits”, approved by order #107n of the RF Ministry of Finance dd.06.10.2008;

Russian Accounting Standard # 16/02 “Information on discontinuing activities”, approved by order # 66n of the RF Ministry of Finance dd.02.07.2002;

Russian Accounting Standard # 17/02 “Accounting of expenditures for scientific and research, design and experimental and technological work”, approved by order # 115n of the RF Ministry of Finance dd. 19.11.2002;

Russian Accounting Standard # 18/02 “Settlements accounting concerning profit tax”, approved by order # 114n of the RF Ministry of Finance dd. 19.11.2002;

Russian Accounting Standard # 19/02 “Financial investments accounting”, approved by order # 126n # of the RF Ministry of Finance dd.10.12.2002;

Russian Accounting Standard # 20/03 “Information on participation in joint activities”, approved by order #105n of the RF Ministry of Finance dd. 24.11.2003;

Russian Accounting Standard # 21/2008 “Estimated values’ change”, approved by order # 106n of the RF Ministry of Finance dd. 06.10.2008;

Russian Accounting Standard # 22/2010 “Elimination of errors in bookkeeping and reporting”, approved by order #63n of the RF Ministry of Finance dd. 28.06.2010;

Russian Accounting Standard # 23/11 “Cash flow statement”, approved by order # 11n of the RF Ministry of Finance dd.02.02.2011;

Russian Accounting Standard # 24/2011 “Expenditures accounting for natural resources development”, approved by order # 125n dd. 06.10.2011;

Order # 66n dd. 02.07.2010 “On forms of accounting reports of organizations”;

Other effective Russian rules (standards) of the bookkeeping.

Tax, labor, land and other codes of the Russian Federation.

2.3. Short-term and long-term assets

In the reports the assets and liabilities are posted to short-term ones, if their circulation/repayment period doesn't exceed 12 months after a reporting date, the rest assets and liabilities are represented in the reports as long-term ones.

2.4. Intangible assets

Bookkeeping of the intangible assets is made according to RAS 14/2007, approved by order # 153n of the RF Ministry of Finance dd.27.12.2007 (as amended and revised).

Depreciation of the intangible assets is made by straight-line method, premised on a useful life of the intangible assets. The useful life is determined by a Committee of the Company, which is approved by an order of the Company's Director General.

As of 31.12.2012 an intangible asset of JSC "MOESK" was composed of a trade mark of JSC "MOESK". The more detailed information is given in the Appendix to explanations # 5.1.1.

2.5. Fixed assets

Bookkeeping of the fixed assets is made according to RAS 6/01, approved by order by the RF Ministry of Finance #26n dd. 30.03.2001 (as amended and revised).

Assets, in relation to which the conditions are fulfilled, stipulated in item 4 of RAS 6/01 and with the cost of no more than RUR 40,000 per unit, are reflected in the bookkeeping and accounting reports as part of business inventories.

Depreciation on the fixed assets' facilities is made by a straight-line method, premised on these facilities' useful life, according to Decree of the Russian Federation's Government # 1 dd. 01.01.2002 "On classification of the fixed assets, included into amortization groups".

Fixed assets, the rights whereto belong to the state registration, according to the Russian Federation's laws, and the capital investments on which are completed, the respective primary accounting documents on delivery - take-over are drawn up, the documents on which are transferred to the state registration and used actually, are included for accounting purposes as the fixed assets with an appropriation at a separate sub-account in relation to the financial account of the fixed assets. Depreciation on such facilities is accrued according to a standard procedure, from the first date of a month, following a month of the facility's putting into operation.

As of 31.12.2012 the fixed assets reflect land plots, buildings, machinery, equipment, means of transportation and other respective facilities with the service life of over 12 months. The more detailed information on the fixed assets' flow is stated in the Appendix to Explanations # 5.3.1

Facilities of the fixed assets are entered in the accounting records on the actual expenditures for acquisition, construction and manufacture. The Property, received by the Company under contracts, stipulating the obligations fulfillment (payment) with non-monetary assets (in particular under contracts of exchange), is estimated on the cost of valuables, which have been transferred or subject to a transfer to the Company. The cost of valuables, which have been transferred or subject to a transfer to the Company, is established from a price, at which the Company determined usually the similar valuables' cost, under comparable circumstances.

If it's impossible to establish a cost of the valuables, transferred or subject to a transfer, the cost of the fixed assets, got by an organization under the contracts, stipulating the obligations fulfillment (payment) with non-monetary assets, is determined

premised on the cost, at which the similar facilities of the fixed assets are acquired under comparable circumstances.

Initial cost of the fixed assets, got instead of the retired property within the framework of the losses indemnification agreements, is acknowledged the cost of the actual expenditures for the facility construction of the transmitting party, stated in the acceptance-transfer report of the property.

Under estimating of the property, acquired by virtue of any grounds, its' actual cost is formed with an addition of expenditures, incurred by the Company to bring the property to a state, suitable for use (for carrying out expert findings, consultations and estimates, for the services payment of agents and other intermediaries, for delivery, installation and trial runs, registration of transactions, payment of duties etc.)¹.

Advances, paid for the capital investments, are reflected as part of the noncurrent assets, since they represent payments for the capital investments implementation into assets, which will be included subsequently for accounting purposes as part of the fixed assets, results of researches and developments. Such procedure, in the opinion of the Company's Executive Board, provides an authentic reflection of the Company's proprietary standing. The depreciation was accrued by a straight-line method specified by types of the fixed assets, premised on the useful life. The useful life is stated in the Appendix to Explanations # 5.3.2.

In 2012 no depreciation was accrued:

On land plots. Seven land plots with the total area of 52,6 ha for the sum of RUR 88 mln were owned by the Company as of 31.12.2012.

As regards the housing stock, a flat and two residential houses, with the area of 1,037 m² and the cost of RUR 1,3 mln are owned by the Company.

¹Order of the RF Ministry of Finance # 26n dd. 30.03.2001 "On approval of the Russian Accounting Standard "Accounting of the fixed assets" RAS 6/01", item 8.

Revenues and expenses from retirement and writing off of the fixed assets are reflected in the profit and loss Statement as part of other revenues and expenses.

Fixed assets are accounted on the replacement value. In 2012 no reassessment of the fixed assets was made.

2.6. Construction-in-process

JSC "MOESK" carries out a new construction, reconstruction, renovation, re-equipment of the existing facilities. The information disclosure on the construction-in-process is outlined in the Appendix to Explanations # 5.3.5.

2.7. Business inventories

Bookkeeping of the business inventories is made according to RAS 5/01, approved by order #44n dd. 09.06.2001 of the RF Ministry of Finance (as amended and revised).

Business inventories are estimated in the sum of the actual expenditures for acquisition.

Estimation of the business inventories was made in 2012 at an average prime cost, under their release to production and another retirement.

Contractual prices are accepted as accounting prices.

Nomenclature number is accepted as a unit of the business inventories

Shipping and handling expenses are included in the material's actual prime cost.

Availability and flow of the business inventories is outlined in the Appendix to Explanations # 5.5.1.

2.8. Long-term and short-term financial investments

Bookkeeping of the financial investments is made according to RAS 19/02, approved by order #126n dd. 10.12.2002 of the RF Ministry of Finance (as amended and revised).

Depending on a nature, order of acquiring and use, a unit of the bookkeeping of the financial investments is the state registration code, series or other homogeneous totality of the financial investments.

Under the financial investments retirement, on which no current market value is determined, their cost is determined by the following way:

- contributions into the charter capitals of other organizations (except for shares of joint stock companies), loans granted to other companies, deposits in credit institutions, accounts receivable, acquired on basis of an assignment of right of demand, are estimated at the initial cost of each retiring unit of the financial investments;

- securities (shares and bonds) are estimated at an average initial cost, under retirement.

Under the assets retirement, included for accounting purposes as financial investments, on which the current market value is determined, their cost is determined premised on the last estimate.

Adjustment of the financial investments' estimate is made annually, as of a reporting year's end.

Company forms a reserves for possible losses of the financial investments, on which their market value is not determined, in the event of a stable essential reduction of their cost as of a reporting year's end.

Interest (coupon yield, discount) on securities is charged for each expired reporting period, according to the contract's clauses and are written off to other revenues (expenditures).

All the expenditures, associated directly with the assets acquisition as the financial investments, regardless of the amount, are included in the financial investments' initial cost.

Availability and flow on the financial investments is outlined in the Appendix to Explanations # 5.4.1, 5.4.2.

2.9. Indebtedness of buyers and customers

Indebtedness of buyers and customers is determined premised on the prices, established by the contracts between the Company and buyers and customers. Availability and flow on the accounts receivable and accounts payable is stated in the Appendix to Explanations # 5.6.1, 5.6.3, 5.6.5. 5.6.6,

2.10. Revenues recognition

Proceeds from sales of production and goods, services rendering was recognized for the bookkeeping goals as far as the production was shipped to the buyers (or services were rendered to them) and settlement documents were shown them. Proceeds are reflected in the profit and loss Statement net of a value added tax. For the taxation goals JSC "MOESK" calculates revenues according an accrual method. According to this method, the revenues are recognized in that reporting period, in which they took actually place, regardless of the actual receipt of the monetary assets.

Revenues from the ordinary types of activities:

- revenues from electric power transportation;
- revenues from the services rendering in the capacity connection;
- revenues from leasing out of the property;
- revenues from the industrial services provision;

More detailed information on the revenues on the ordinary types of activities is given in the Financial Results Report for 2012.

2.11. Expenditures recognition

Expenditures were included for accounting purposes in the sum, which had been calculated in monetary terms, equal to the payment amount in the monetary form.

Expenditures on the ordinary types of activities:

- expenditures related to electric power transportation;
- expenditures from the services rendering in the capacity connection;
- expenditures from leasing out of the property;
- expenditures related the production services provision;

More detailed information on the expenditures on the ordinary types of activities is given in the Financial Results Report for 2012 and in the Appendix to Explanations # 2.1.

2.12. Other revenues and expenditures

More detailed information on other revenues and expenditures is given in the Appendix to Explanations # 5.11.

2.13. Charter, added, reserve capitals

Information on the charter and added, reserve is given in the Appendix to Explanations #3.1.

JSC “MOESK” formed a reserve capital meant to cover losses, which though are not determined in a concrete way, but can take place in an economic turnover. Reserve capital is formed due to the net profit of JSC “MOESK”.

2.14. Loans and credits

In 2012, in order to refinance the current indebtedness and to replenish the current assets, as well as to finance the investment activities and arrangements to repair the energy and electrical equipment, the Company attracted RUR 21,316,640 ths., including:

- on nonrevolving credit lines to refinance the indebtedness – RUR 6,000,000 ths.

- on nonrevolving credit lines to finance the current activities, including to finance capital investments – RUR 3,000,000 ths.

- on nonrevolving credit lines to finance the Company’s investment activities – RUR 2,007,880 ths.

- on nonrevolving credit lines to finance arrangements to repair the energy and electrical equipment – RUR 308,760 ths.

- on the bonded debt – RUR 10,000,000 ths.

During 2012 the obligations on the Company’s presented bills were repaid in the sum of RUR 946,834 ths., on the credits – in the sum of RUR 8,121,836 ths.

Long-term loans and credits (line 1410 of the bookkeeping balance sheet)

RUR ths.

#	Name	Contract number	31.12.2011	31.12.2012	Repayment date
1	Credit of JSC “Sberbank of Russia”	5275	3,000,000	0	29.06.2012
2	Credit of JSC “Sberbank of Russia”	5276	3,000,000	0	21.06.2012
3	Credit of JSC “Sberbank of Russia”	5277	3,000,000	0	15.07.2013
4	Credit of JSC “Sberbank of Russia”	5349	2,000,000	2,000,000	27.09.2014
5	Credit of JSC “Sberbank of Russia”	5350	2,000,000	2,000,000	27.09.2014
6	Credit of JSC “Sberbank of Russia”	5448	1,047,450	1,356,210	18.08.2014
7	Credit of JSC “Sberbank of Russia”	5449	2,500,000	2,500,000	18.08.2016
8	Credit of JSC “Sberbank of Russia”	5460	3,000,000	3,000,000	16.09.2015
9	Credit of JSC “Sberbank of Russia”	5461	2,321,836	3,200,000	16.09.2015
10	Credit of JSC “Sberbank of Russia”	5462	1,500,000	1,500,000	16.09.2015
11	Credit of JSC “ALFA-BANK”	00CS2L	1,500,000	1,500,000	23.07.2015
12	Credit of JSC “ALFA-BANK”	00CS3L	3,000,000	3,000,000	21.08.2015
13	Credit of JSC “ALFA-BANK”	00CS4L	3,000,000	3,000,000	23.09.2015
14	Credit of JSC “ALFA-BANK”	00CS5L	3,000,000	3,000,000	21.07.2017
15	Credit of JSC “ALFA-BANK”	00CS6L	3,000,000	3,000,000	23.08.2017
16	Credit of JSC “ALFA-BANK”	00CS7L	623,000	623,000	22.09.2017
17	Credit of JSC Gazprombank, OJSC	151/11-R	1,500,000	1,500,000	20.08.2016
18	Credit of Vnesheconombank	110/100/1223	113,437	2,121,317	16.11.2019
19	Credit of JSC VTB	2995	0	3,000,000	21.06.2014
20	Credit of JSC VTB	3006	0	3,000,000	04.07.2014
21	Bonded debt	#1	0	5,000,000	18.09.2015
22	Bonded debt	#1	0	5,000,000	26.10.2015
	Totally		39,105,723	49,300,527	

Short-term loans and credits (line 1510 of the bookkeeping balance sheet)

RUR ths.

#	Name	Contract number	31.12.2011	31.12.2012	Repayment date
1	Bills of JSC "Bank of Moscow"	22-335-32/10-07	252,176	-	28.02.2012
2	Bills of JSC "Bank of Moscow"	22-335-32/10-07	241,327	-	28.05.2012
3	Bills of JSC "Bank of Moscow"	22-335-32/10-07	231,587	-	28.08.2012
4	Bills of JSC "Bank of Moscow"	22-335-32/10-07	221,744	-	28.11.2012
5	Bills of JSC "Bank of Moscow" (interest)	22-335-32/10-07	348,798	-	
6	Credit of JSC "Sberbank" (interest)	5275	2,548	-	
7	Credit of JSC "Sberbank" (interest)	5276	2,571	-	
8	Credit of JSC "Sberbank"	5277	-	3,000,000	15.07.2013
9	Credit of JSC "Sberbank" (interest)	5277	2,574	2,567	
10	Credit of JSC "Sberbank" (interest)	5349	2,564	2,557	
11	Credit of JSC "Sberbank" (interest)	5350	2,564	2,557	
12	Credit of JSC "Sberbank" (interest)	5448	4,335	5,597	
13	Credit of JSC "Sberbank" (interest)	5449	2,044	2,039	
14	Credit of JSC "Sberbank" (interest)	5460	2,539	2,532	
15	Credit of JSC "Sberbank" (interest)	5461	1,965	2,700	
16	Credit of JSC "Sberbank" (interest)	5462	1,269	1,266	
17	Credit of Vnesheconombank (interest)	110/100/1223	63	6,567	
18	Credit of JSC VTB (interest)	2995	-	1,458	
19	Credit of JSC VTB (interest)	3006	-	1,458	
20	Coupon yield on a bonded debt		-	121,754	
21	Coupon yield on a bonded debt		-	75,947	
	Totally		1,320,668	3,228,999	

2.15. Estimated liabilities

According to RAS 8/2010, approved by order #167 dd.13.12.2010 of the RF Ministry of Finance, the estimated liabilities are reflected in the bookkeeping and reporting.

Estimated liabilities are reflected on the financial account of provisions for future expenses (account 96). Under an estimated liability recognition, depending on its nature, the estimated liability's amount is posted to expenditures, related to the ordinary types of activities or to other expenditures, or are included in a cost of an asset.

The following costs to be incurred are reserves for the estimated liabilities:

- Reserve of the costs to be incurred for vacation payment of the employees;
- Reserve of the costs to be incurred for the remunerations payout by the work results for a year;
- Estimated liabilities on legal proceedings;
- Other estimated liabilities.

Reserve of the costs to be incurred for vacation payment of the employees is formed on each employee. Under a reserve formation the following indicators are taken into consideration: the actual salary of employees and other payouts for a settling period, stipulated by the labor payment system and taken into account under an average wage calculation, according to article 139 of the Labor Code of the Russian Federation, a total number of the unused calendar days of a vacation as of a reporting date, accruals of the insurance premiums' sums. The reserve is accrued on a monthly basis.

Sum of the reserve which is accrued but not used as of a month's end, is accounted as a balance carried forward of the reserves for future expenses.

Reserve of the costs to be incurred to pay the employees' vacations is specified as of the 31st of December, premised on the actual number of days of the unused vacation. Under excess of the reserve's accrued sum a reversal is made. In the event of insufficiency of the accumulated reserve, a nonrecurrent supplementing of reserve is made for a forthcoming payment of vacations. The results are drawn up by an act of the inventory taking of the reserve's balance.

Reserve of the costs to be incurred for the remunerations payout following the work results for a year, for the fourth quarter, for December of 2012 is determined on each employee as the remuneration sum, the right to receive which is acquired by the organization's employees for a reporting period. The sum of the reserve includes all the sums of the insurance premiums and contributions for the social insurance against accidents, calculated from the allocations' sum into the reserve. The reserve is created as at a date, when a surety appears that a remuneration will be paid out, premised on the labor payment system, stipulated by the Company's internal normative documents.

In 2012 JSC "MOESK" created a reserve for costs to be incurred, on the vacations not used as of 31.12.2012, annual premium, accruals in non-budgetary funds and legal actions, case on which will be lost with a high probability degree. The more detailed information on the reserves is given in the Appendix to Explanations # 5.7.1

2.16. Assets and liabilities in foreign currencies

Recalculation of the revenues and expenditures expressed in a foreign currency, forming the financial results, is made into rubles using a rate if the Central Bank of the Russian Federation, being effective as of a date of an operation completion. The cost of the monetary assets on accounts in the credit organizations, expressed in a foreign currency, is recalculated as of a date of an operation completion and as of a date of the accounting reports preparation.

Currency differences, occurring during a year on the operations on assets and liabilities, as well as under their recalculation as of 31.12.2012, are posted to the financial result with a reflection as part of other revenues and expenditures.

As of 31.12.2012 the assets in a foreign currency amounted to RUR 105 ths. at the rate of 30.3727 of Russia's Central Bank for 1 US dollar.

2.17. State assistance

JSC “MOESK” got no subvention from the federal budget.

2.18. Settlements accounting on profit tax (RAS 18/02)

RUR mln.

	Qualified expenditure (qualified revenue) on the profit tax	4,186
	Permanent tax liability (PTL)	
1	Assessed reserve on court cases	563
2	Fixed assets depreciation	1,163
3	Past years' loss	28
4	Expenditures to activate one-stop shop	166
5	Payouts to employees and cultural and sports events	192
6	Payouts to the Holding	101
7	Other expenditures	455
	Totally PTL	2,668
	DTA (deferred tax assets)	
1	Provision for doubtful debts	578
2	Reserves for labor payment	(22)
3	Expenditures to conclude land lease contracts	137
4	Other expenditures	8
	Totally DTA	701
	DTL (deferred tax liabilities)	
1	Fixed assets depreciation, depreciation bonus	(386)
2	R&D	-11
3	Other expenditures	16
	Totally DTL	(381)
	Revised declarations on profit tax for past periods	(3,108)

DTA and DTL are shown extensively in the balance sheet.

2.19. Profit per share

Base profit (loss) per share is calculated according to the Methodological Recommendations to disclose the information on the profit, falling on one share; they are approved by order of the Ministry of Finance #29n dd. 21.03.2000.

Base profit (loss) per 1 share:

#	Name	2012	2011	2010
1.	Base profit (loss) for reporting period, RUR ths.	17,183,981	17,052,970	15,621,525
2.	Average weighted number of ordinary shares circulating during a reporting period, ths. shares	48,707,092	48,707,092	48,707,092
3.	Base profit (loss) per share, RUR ths.	0.3528	0.3501	0.3207

Information on the profit per one share is represented in the Appendix to Explanations # 2.2.

2.20. Discontinuing operation

In 2012, JSC “MOESK” didn’t discontinue the operation.

2.21. Related parties

As of 31.12.2012 the list of the related parties of JSC “MOESK” included:

- Members of the Board of Directors of JSC “MOESK” (section 1 of the Elucidatory Note);
- Members of the Management Board of JSC “MOESK” (section 1 of the Elucidatory Note);
- Sole Executive Body of JSC “MOESK”;
- IDGC Holding, OJSC (owns by 50.9047% of the ordinary shares of JSC “MOESK”);
- CJSC “Leader” (owns by 22.44 % of the ordinary shares of JSC “MOESK”);
- OJSC “Energocenter” (74.9975% of shares is owned by JSC “MOESK”);
- JSC “Moskabel’set’montazh” (100% of shares is owned by JSC “MOESK”);
- JSC “Plant on repair of electrical machinery” (100% of shares is owned by JSC “MOESK”);
- JSC “Moskabel’energoremont” (100% of shares is owned by JSC “MOESK”);
- Persons included in a group of persons IDGC Holding, OJSC.

List of the Company’s affiliated persons is placed on the website in net Internet at the address: http://www.moesk.ru/invest_news/raskritie/aff_lica/

Company performed the economic operations in the auditable period:

- with dependent and subsidiary entities, associated with the production activities (acquisition of goods, works, services):

							RUR ths.
#	Company reflecting revenue	Company reflecting expenditure	Type of services	Net balance as of 31.12.2011	Sum of revenue	Sum of expenditure	Net balance as of 31.12.2012
1	JSC “MOESK”	JSC “Plant on repair of	production services, lease	54,126	10,716	0	64,842

		electrical machinery” (RETO)					
2	JSC “MOESK”	JSC “Moskabel’set’montazh” (MKSM)	production services, lease	91,416	188	57,425	34,180
3	JSC “MOESK”	OJSC “Energocenter”	production services, lease	10,396	6,811	609	16,598
4	JSC “Plant on repair of electrical machinery” (RETO)	JSC “MOESK”	production services	42,682	485,765	450,575	77,873
5	JSC “Moskabel’set’montazh” (MKSM)	JSC “MOESK”	production services	37,970	1,160,576	1,065,984	132,563
6	JSC “Moskabel’energo-remont” (MKER)	JSC “MOESK”	production services	13,281	198,617	161,431	50,466
7	OJSC “Energocenter”	JSC “MOESK”	production services	52,685	0	52,685	0

- with a controlling organization IDGC Holding, associated with the services rendering to the Company in organization of functioning and development of the unified energy system at the sum of RUR 507 mln subject to VAT (RUR 430 mln net of VAT).

RUR ths.

#	Company reflecting revenue	Company reflecting expenditure	Type of services	Net balance as of 31.12.2011	Sum of revenue	Sum of expenditure	Net balance as of 31.12.2012
1	IDGC Holding, OJSC	JSC “MOESK”	services in organization of functioning and development of UES	25,373	507,455	507,455	25,373

- with an organization, which belongs to that group of persons, to which the joint stock company belongs, JSC “UES FGC”:

#	Company reflecting revenue	Company reflecting expenditure	Type of services	Net balance as of 01.07.2012	Sum of revenue	Sum of expenditure	Net balance as of 31.12.2012
1	JSC “UES FGC”	JSC “MOESK”	settlements with suppliers of electric power	900,585	7,721,214	7,670,166	951,633

Remuneration of members of the Board of Directors and members of the Company’s Committees

In 2012 the total amount of the remuneration, accrued to members of the Board of Directors and to members of the Company’s Committees amounted to:

- for participation in meetings of the Board of Directors – RUR 12,543,702.
- for participation in Committees under the Board of Directors – RUR 2,329,774.
- for indicator of the Company’s net profit according to the data of the annual accounting reports for 2011, approved by a General Shareholders’ Meeting of the Company, in the amount of RUR 19,721,030.
- For the market capitalization - RUR 14,309,310.

Since 01.09.2008 the amount and order of the remunerations and compensations payout to the members of the Board of Directors is established by the “Regulation on the remunerations and compensations payout to the members of the Board of Directors”, approved by an annual General Shareholders’ Meeting of the Company on 28.05.2008.

Remuneration to members of the Company’s Internal audit Commission

In 2012 the total amount of the remuneration, accrued to members of the Company’s Internal Audit Commission for auditing of the Company’s financial and economic activities, amounted to RUR 613,800.

Remuneration to top managers

For 2012, the accruals to the Company’s top managerial personnel amounted to RUR 374,215,820.

2.22. Segment information

Under the segment information forming in the accounting reports of JSC “Moscow United Electric Grid Company”, the procedure and rules of the segment information representation of the accounting reports, are determined by RAS 12/2010 “Segment information”. A basis for the reporting segments distinguishing is a geographical region, where the Company’s activities are carried out.

Separate accounting maintenance is made using the data of the Company’s bookkeeping, operational and technical and statistic accounting, according to the methods of the separate accounting maintenance of revenues, expenditures, financial results, on a territorial characteristic of JSC “MOESK”.

Accounting of expenditures is organized by places of origination. A place of the expenditures origination in the managerial accounting system is taken to mean a structural subdivision of the company’s executive apparatus (branch), located in the territory of the selected segments.

Other revenues and expenditures related to 91 balance account are posted to type of activities “Transmission and distribution of electric power”.

Allocation of the current profit tax specified by the activity types is made at the Company’s level according to the accounting reports’ data.

Profit tax on activity type “Grid connections to the network” is calculated premised on the pretax profit of the given activity type and the profit tax’s rate.

Profit tax on activity type “Transmission and distribution of electric power” is calculated as a difference between the profit tax on all the activity types and profit tax on activity types “Grid connections to the network” and “Industrial and non-industrial services”.

Revenues on all the activity types are allocated on a territorial belonging on constituent entities of the Russian Federation by way of a direct allocation of the

revenues, depending on the fact, in the territory of what constituent entity the services were rendered;

Expenditures of the Company on activity type “Transmission and distribution of electric power” are distributed on a territorial belonging between the Russian Federation’s constituent entities;

Expenditures of the Company’s branches, located in the territory of one constituent entity of the Russian Federation, are allocated on a territorial belonging of a branch to a constituent entity of the Russian Federation;

Expenditures of the Company’s branches, located in the territory of more than one constituent entity of the Russian Federation, are allocated in proportion to natural index “Volume of the primary equipment, being on the branches’ balance sheet in conditional units” for a reporting period, except for cost items, which are allocated on a territorial belonging between the constituent entities of the Russian Federation on basis of the primary documents;

Expenditures related to activity type “Grid connections to the network” are allocated by a territorial belonging between constituent entities “Grid connections to the network”;

Expenditures of the Company’s branches, located in the territory of one constituent entity of the Russian Federation, are allocated on a territorial belonging of the branch to the constituent entity of the Russian Federation;

Expenditures of the Company’s branches, located in the territory of more than one constituent entity of the Russian Federation, are allocated in proportion to the proceeds from the grid connections, on constituent entities of the Russian Federation for a reporting period, except for cost items, which are allocated by a territorial belonging between constituent entities of the Russian Federation, on basis of the primary documents;

Expenditures of the executive apparatus are in proportion to the proceeds from the grid connections, on the constituent entities of the Russian Federation for a reporting period, except for items, enumerated in item 4.4. of the methodology.

Revenues and expenditures of the executive apparatus on the 91st balance account are allocated by a territorial belonging between constituent entities of the Russian Federation in proportion to natural index “Volume of the primary equipment, being on the branches’ balance sheet in conditional units”.

Sum of the profit tax, payable in the budget of the RF constituent entity, is determined premised on a profit share, calculated from a totality of the indicators of the standalone subdivisions, located in the territory of the given constituent entity of RF.

Profit share, falling on the responsible subdivisions, is determined as an arithmetic middling of the ratio of the average staffing number of the employees and ratio of the average residual value of the depreciable assets, accordingly on the RF constituent entities in the average staffing number of the employees and average residual value of the depreciable assets.

Cashflow on segments is given in the table below:

Reporting segment	Moscow	Moscow Region	Totally on line
	Totally	Totally	

Cash flow from current operations	20,676,107	9,118,478	29,794,585
Cash flow from investment operations	(20,528,792)	(12,188,982)	(32,717,774)
Cash flow from financial operations	4,368,877	3,038,343	7,407,220
Net balance of cash flow for reporting period	4,516,192	(32,161)	4,484,031
Cash balance and cash equivalent items as of reporting period's beginning	3,075,276	68,684	3,143,960
Cash balance and cash equivalent items as of reporting period's end	7,591,468	36,523	7,627,991

Segment information is outlined in the Appendix to Explanations #5.13. The total sum of the indicators, given on each reporting segment in the Appendix to Explanations #5.13, is equal to the sum of the indicators of the respective data of the Company's accounting reports.

2.23. Information according to Federal law # 261 dd. 23.11.09 "On energy saving and energy efficiency increase and on amendments introduction into separate legislative acts of RF"

As of 31.12.2012 the following energy resources were used under carrying out of the Company's economic activities:

Name	Measurement unit	Quantity	Sum, RUR ths.
Electric power: totally including:	ths. kWh	8,417,417.8	11,660,399
for the economic needs to compensate losses in the grids	ths. kWh	47,871.7	174,028
		8,369,546.1	11,486,371
Thermal power	Gcal	54,614	64,079

2.24. Valuables booked on off-balance-sheet accounts

Off-balance accounts are meant to consolidate the information on availability and flow of valuables, which are in a temporary use or disposal of an organization (leased fixed assets, material valuables under custody, in processing etc.), contingent right and liabilities, as well as to exercise control of separate economic operations.

Property taken on lease has the greatest importance at off-balance accounts in JSC "MOESK".

According to the contract's clauses, the leasing property is in the books of the lessor, and at the lessee – off balance.

Information on valuable, accounted at off-balance accounts, is given in the Appendix to Explanations # 5.12.

2.25. Events occurring after reporting date

On 05.02.2013 the Board of Directors of JSC “MOESK” elected Sinyutin Pyotr Alexeevich to be the Director General of JSC “MOESK”.

On 28.01.2013 the Company paid off prior to maturity the credit line in the sum of RUR 1,500,000,000 under contract with GPB (OJSC) #151/11-R dd. 20.05.2011.

According to a Resolution, passed by the Company’s Board of Directors to implement public borrowings by way of the commercial papers issue with the total volume of RUR 15 bln (minutes # 165 dd. 13.04.2012 of the meeting of the Board of Directors), on 22.05.2012 the Company’s commercial papers of series BO-01 and BO-02 in the total volume of RUR 10 bln were placed. In terms of a favorable market conjuncture, in 2013 the bonds of series BO-03 in the sum of RUR 5 bln were placed.

On opened credit limits as of 31.12.2012.

As of 31.12.2012 the Company could get the monetary assets under current credit Contract # 02-2-2/8/012/2012 dd. 27.12.2012 in form of overdraft, in the sum of RUR 1 bln, concluded with JSC “Joint Stock Bank “Russia”.

On limitations absence to use monetary assets.

As of 31.12.2012 the Company didn’t have any sums of the monetary assets not available to be used, including letters of credit opened in favor of other companies. It didn’t have either any funds in the letters of credit, opened in the Company’s favor.

Besides that, the public borrowing implementation by the Company by way of the bonds issue with the volume of RUR 30 bln and commercial papers with the volume of RUR 20 bln, was approved by a Resolution of the Company’s Board of Directors (minutes # 189 of the Board of Directors’ meeting dd. 29.12.2012).

2.26. Cashflow statement

According to RAS 23/2011, approved by order of the Ministry of Finance #11n dd. 02.02.2011, the Company defines approaches to separate cash-equivalent items from other financial investments.

Cash-equivalent items – are highly liquid financial investments, which can be easily converted into known beforehand sum of the monetary assets and which are exposed to an insignificant risk of the cost change. They include bills with the maturity of three months or less, short-term state securities and bank deposits with the maturity up to three months.

Information on the cash flow is represented in the “Cash flow statement” to the annual bookkeeping balance sheet for 2012. A clarification of receipts and payments, specified in the report as “Others”, is given below:

	RUR ths.	
Year	2012	2011
Other payments – totally:	6,799,575	7,152,872

including		
-VAT	602,987	884,066
-insurance premiums	2,574,295	2,231,181
- Personal Income Tax	1,558,150	1,442,860
-property tax	321,724	241,732
-paid under insurance contracts	483,287	419,952
-paid on claims, penalties, forfeits	682,704	602,860
-deductions from salary	342,658	259,835
-land lease	185,579	157,514
-other payments	409,458	912,872

	RUR ths.	
Year	2012	2011
Other receipts – totally:	1,120,199	1,139,883
receipt under non-contractual consumption	338,790	344,617
receipt on losses compensation	439,456	76,687
Receipt of % for cash balance in bank	230,671	106,496
Other receipts	111,282	67,532
Receipt from insurance company	-	544,551

2.27. Other liabilities

In 201, the losses indemnification Agreement was concluded with JSC “UES FGC” (an affiliated person of IDGC Holding, OJSC since 01.07.212) (an interested party transaction), associated with the property liquidation of JSC “MOESK” for the total sum of RUR 962.69 mln. subject to VAT (RUR 815.84 mln net of VAT); now it’s on the execution stage (in 2012 the main part of the compensation was received in the amount of RUR 913.44 mln. subject to VAT, the liquidation act signing and the mutual settlements completion are expected).

Uncertainty as regards a term of the liabilities performance from the date of the Agreement signing was tied with the absence of sufficient permission documentation at the disposal of JSC “UES FGC”, necessary to complete the works in the Company’s property demolition, subjected to liquidation under the Agreement’s clauses. According to the information from JSC “UES FGC”, got on 25.02.2013, all the necessary permits have been received at the present time, they expect a confirmation of the demolition completion with a subsequent drawing up of a liquidation act. The final amount of liabilities will be determined after assessing the property, left after the demolition and transferred to the Company (the term for assessing – is 70 days after a liquidation Act signing (the term for the liquidation Act signing – is 10 working days after the demolition).

Possible reduction of the economic benefits in form of a money compensation received earlier owing to the counter claims of JSC “UES FGC”, shall be compensated by way of the property, which came to the Company’s balance following the results of the liquidated property’s demolition.

2.28. Financial coefficients analysis

Company’s financial standing is characterized by the following way as far as the indicators of liquidity, financial stability, profitability, business activity, are concerned:

		31.12.2010	31.12.2011	31.12.2012
Absolute liquidity ratio	0.15-0.5	0.02	0.06	0.14
Quick liquidity ratio	0.3-0.7	0.3	0.5	0.5
Current liquidity ratio	≥ 2	0.4	0.6	0.6
Equity-assets ratio (norm is not lower than 0.5-0.6)	$\geq 0,5$	0.6	0.6	0.6
Profitability of sales (%)	>0	22.95	20.11	21.78
Profitability of capital (%)	>0	11.12	10.99	10.04
Profitability of assets (%)	>0	6.26	6.42	5.99
Dynamics of Accounts Receivable (increment rate), %	<0	-5	0.02	-9
Dynamics of Accounts Payable (increment rate), %	<0	-4	-12	-5
Ratio Accounts Receivable/ Accounts Payable	>1	0.76	0.87	0.83

Assessment of the Company's liquidity:

Absolute liquidity ratio characterizes a Company's ability to repay short-term liabilities owing to the monetary assets and short-term financial investments and amounted to 0.14 as of 31.12.2012.

Quick liquidity ratio reflects a ratio of the most liquid part of the current assets to the short-term liabilities and amounted to 0.5 as of 31.12.2012.

Current liquidity ratio shows adequacy of the Company's funds, which can be used to repay short-term liabilities, the given ratio's value amounted to 0.6 as of 31.12.12.

Assessment of the Company's financial stability:

Equity-assets ratio characterizes a stake of ownership of an enterprise's owners in the assets' total sum. The more the ratio's value, the more financial stability an enterprise has and the less it's dependent on the third party creditors. In the reporting period the given ratio's value is 0.6.

Assessment of the activities' profitability:

For a reporting period the profitability of sales was achieved in the amount of 21.78%, i.e. for RUR 1 of the proceeds, the profit from sales was received in the amount of RUR 0.22.

Profitability ratio of equity capital characterizes an efficiency of the capital use and amounted to 10.04% following the results of 2012.

Profitability ratio of assets characterizes an efficiency of the Company's assets use aimed at a profit receiving and amounted to 5.99 % following the results of 2012.

On the whole, the Company's activities are profitable, following the results of 2012.

Business activity assessment:

For 2012 the increment rates of the accounts receivable and accounts payable amounted to (-) 9 % and (-) 5% accordingly, which proves a reduction of the accounts receivable and short-term accounts payable. The ratio of the accounts receivable and accounts payable amounted to 0.83 as of 31.12.2012.

If the short-term accounts payable on advances, got for the grid connection, is excluded from the calculation of the liquidity indicators, the financial coefficients analysis will be the following as of 31.12.2012:

		31.12.2010	31.12.2011	31.12.2012
Absolute liquidity ratio	0.15-0.5	0.1	0.2	0.5
Quick liquidity ratio	0.3-0.7	1.1	1.5	1.5
Current liquidity ratio	≥ 2	1.3	1.8	1.8

*Short-term accounts payable on advances, received for the grid connection, is excluded from the denominator.

Company's liquidity assessment:

Absolute liquidity ratio characterizes a Company's ability to repay the short-term obligations owing to the monetary assets and short-term financial investments and amounted to 0.5 as of 31.12.2012.

Quick liquidity ratio reflects a ratio of the most liquid part of the current assets to the short-term liabilities and amounted to 1.5 as of 31.12.2012.

Current liquidity ratio shows a sufficiency of the Company's funds, which can be used to repay the short-term liabilities, the given coefficient's value amounted to 1.8 as of as of 31.12.12.

Director General**[signed]****P.A. Sinyutin****Chief accountant****[signed]****V.V. Vitinskiy**

Stamp:

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