

November 24, 2009

OAO “IDGC of Urals”: 2008 Results under IAS

Ekaterinburg (Ural Federal District, Russia) – OAO “IDGC of Urals” (RTS and MICEX: MRKU) reports on the 2008 results under International Accounting Standards (IAS)

Revenues from services in 2008 totaled US\$ 1 670.4* mln. (+12.5% on 2007). The Company’s expenses in 2008 reached US\$ 1 616.1 mln. (+16.3%).

Operating profit amounted to US\$ 54.5 mln. (-43.2% on 2007), operating margin – 3.3%. Pre-tax profit totaled US\$ 33.7 mln. (-62.3%).

Net profit reached US\$ 40.3 mln. (-23.4%), net margin – 2.4%.

Table 1. Consolidated financial result of the Company in 2007-2008, US\$ thous.

Item	2008	2007	Change, %
Revenues from services, US\$	1 670 419.1	1 485 283.0	+12.5%
Expenses, US\$	1 616 054.3	1 389 637.5	+16.3%
Operating profit, US\$	54 466.9	95 887.8	-43.2%
<i>Operating margin</i>	3.3%	6.5%	
Pre-tax profit	33 713.3	89 318.4	-62.3%
Net profit	40 309.5	52 602.9	-23.4%
<i>Net margin</i>	2.4%	3.5%	

* Here and henceforth currency conversions are based on average exchange rates: 2008 – RUR 24.9, 2007 – RUR 25.6.

For 2008 accounting statements prepared under International Accounting Standards (IAS), please, visit our corporate web-site at “Financial Statements” section (or follow the link: www.mrsk-ural.ru/en/673).

OAO “IDGC of Urals” (est. in February 2005) is the main service provider responsible for energy transportation and technological connection of consumers to electric networks in Sverdlovsk, Chelyabinsk and Perm regions.

Electric network reform process in the Urals came to an end in April, 2008, and since May 1, 2008 OAO “IDGC of Urals” is a united operating company exercising control over 3 regional subsidiaries (Sverdlovenergo, Chelyabenergo and Permenergo) as well as 3 core-asset affiliated companies (OAO “Ekaterinburg Electric Grid Company”, OAO “Kurganenergo”, OAO “Ekaterinburgenergosbyt”).

As of 2008 the revenues from services totaled RUR 36.0 bln., net profit reached RUR 862.1 mln (under RAS). Overall energy supply in 2008 amounted to 86.3 bln. kWh, productive supply totaled 79.9 bln. kWh, energy losses reached 6.5 bln. kWh.

Common shares are traded on MICEX and in RTS in quotation lists “B”. Free float is about 20%. In October, 2008 Consortium “RID-Expert RA” assigned us Corporate Governance rating at level “6”.

For additional information on the Company, please, visit our corporate web-site at www.mrsk-ural.ru, as well as Complex Information Disclosure System (www.skin.ru), Interfax (www.interfax.ru), AKM (www.akm.ru).

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Our Revenues

On the whole, 2008 overall revenues amounted to US\$ 1 670.4 mln. (+12.5% on 2007). Table 2 discloses general revenues structure of OAO "IDGC of Urals":

Table 2. Revenues structure in 2007-2008, US\$ thous:

Item	2008	Share, %	2007	Share, %	Change, %
Electricity transmission	1 235 859.0	74.0%	1 151 463.1	77.5%	+7.3%
Electricity sales	333 894.1	20.0%	227 065.1	15.3%	+47.0%
Connection services	69 988.5	4.2%	56 798.4	3.8%	+23.2%
Other services	30 677.5	1.8%	49 956.4	3.4%	-38.6%
TOTAL REVENUES	1 670 419.1	100.0%	1 485 283.0	100.0%	+12.5%

Our Expenses

2008 expenses totaled US\$ 1 616.1 mln. (+16.3% on 2007). Table 3 discloses general expenses structure:

Table 3. Expenses in 2007-2008, US\$ thous..

Item	2008	Share, %	2007	Share, %	Change, %
Electricity transmission paid to local distribution grids	781 708.2	48.4%	725 581.0	52.2%	+7.7%
Purchased energy	215 278.3	13.3%	147 361.3	10.6%	+46.1%
Personnel costs	186 220.8	11.5%	172 832.7	12.4%	+7.7%
Depreciation and amortization	117 772.4	7.3%	94 751.6	6.8%	+24.3%
Repair and maintenance	65 049.9	4.0%	53 239.7	3.8%	+22.2%
Transportation	48 873.1	3.0%	28 432.3	2.0%	+71.9%
Electricity metering services	31 708.9	2.0%	27 966.4	2.0%	+13.4%
Allowance for impairment of accounts receivable	22 797.7	1.4%	9 573.0	0.7%	+138.1%
Consulting, legal and audit services	21 844.6	1.4%	22 929.0	1.7%	-4.7%
Loss on the disposal of property, plant and equipment	21 326.9	1.3%	11 515.3	0.8%	+85.2%
Materials	21 051.0	1.3%	20 700.1	1.5%	+1.7%
Rent	20 625.5	1.3%	12 992.1	0.9%	+58.8%
Security	9 441.1	0.6%	8 425.1	0.6%	+12.1%
Taxes other than income tax	6 102.1	0.4%	6 139.9	0.4%	-0.6%
Other expenses (insurance, telco services, etc.)	46 253.8	2.9%	47 197.9	3.4%	-2.0%
TOTAL EXPENSES	1 616 054.3	100.0%	1 389 637.5	100.0%	+16.3%