

QUARTERLY REPORT

“Interregional Distribution
Grid Company of the South”,
Joint Stock Company
Issuer’s Code: 3 4 9 5 6 - E

For Quarter I, 2011

Issuer’s Location: 49 Bolshaya Sadovaya st, Rostov-on-Don,
Russian Federation, 344002

Information contained in this quarterly report is subject to disclosure in accordance with
the legislation of the Russian Federation on securities

CEO of “IDGC of the South”, JSC

Date: 12 May 2011

_____ Arkhipov S.A.
signature

Chief Accountant of “IDGC of the South”, JSC

Date: 12 May 2011

_____ Savin G. G.
signature

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TABLE OF CONTENT

TABLE OF CONTENT.....	2
Introduction.....	4
I. Brief Data on the Persons Forming Management Authorities of the Issuer, Data on Bank Accounts, Auditor, Appraiser and Financial Adviser of the Issuer, as well as on Other Individuals Who Signed the Quarterly Report.....	7
1.1. Persons Forming Management Authorities of the Issuer.....	7
1.2. Data on Bank Accounts of the Issuer.....	7
1.3. Data on Auditor (Auditors) of the Issuer.....	30
1.4. Data on Appraiser of the Issuer.....	33
1.5. Data on Advisors of the Issuer.....	33
1.6. Data on Other Individuals who Signed the Quarterly Report.....	33
II. Basic Information on Financial and Economic Condition of the Issuer.....	34
2.1. Financial and Economic Performance Indicators of the Issuer.....	34
Turnover of accounts receivable indicator shows how many times accounts receivable were sunken, their transformation into funds as of the reported period. The value of the indicator as of the first quarter 2011, quoted to be compared with the annual value is equal to the rate of 2010.....	35
Labor productivity quotient is shown as that calculated for a month to compare the data. 149.5 thous. rbs was the share of each person in the profit of the company at the average in the 1st quarter of 2011. Positive dynamics is a characteristic of labor productivity growth, improvement of labor force management efficiency.....	35
2.2. Market Capitalization of the Issuer.....	36
2.3. Obligations of the Issuer.....	41
2.3.1. Accounts Payable.....	41
If there are overdue accounts payable, including credit contracts or loan contracts, as well as Issuer's debt securities (bonds, notes and others), causes of non-fulfilment and consequences following or likely to follow as resulting from the abovementioned credit default, including sanctions imposed on the Issuer and terms (approximate terms) of overdue accounts payable satisfaction shall be specified as follows:.....	41
If there are overdue accounts payable including credit facility agreements or loan agreements, as well as Issuer's debt securities (bonds, notes, etc.), causes of non-fulfilment should be mentioned as well as consequences following or likely to follow the abovementioned outstanding commitments, including sanctions imposed on the Issuer and terms (approximate terms) of overdue accounts repayment.....	42
2.3.2. Credit History of the Issuer.....	43
2.3.3. The Issuer's Obligations from Collateral Furnished to Third Parties.....	44
Specified liabilities did not arise in this accounting period.....	44
2.3.4. Other Obligations of the Issuer.....	44
2.4. Purposes of Issue and Lines for Application of Finances Obtained as a Result of Issue Securities Placement.....	44
2.5. Risks Connected with Purchase of Equity Securities Placed or in the Process of Placement.....	44
2.5.1. Industry Risks.....	46
2.5.2. Country and Regional Risks.....	49
2.5.3. Financial Risks.....	50
A liquidity risk is a possibility of diseconomies over money shortage in terms demanded and as a result, inability of the Company to implement its commitment. Such a risky event occurrence may result in fines and penalty fee, detriment of business reputation of "IDGC of the South", JSC, etc.....	50
2.5.4. Legal Risks.....	51
2.5.5. Risks Connected with the Issuer' Activity.....	53
III. Detailed Information on the Issuer.....	56
3.1. Incorporation History and Development of the Issuer.....	56
3.1.1. Data on Company Name (Name) of the Issuer.....	56
3.1.3. Data on the Issuer's Incorporation and Development.....	56
3.1.4. Contact Information.....	61
3.1.5. Taxpayer Identification Number.....	62
3.1.6. Branches and Regional Offices of the Issuer.....	62
3.2. Ordinary Economic Activity of the Issuer.....	63
3.2.1. Company's Industry of the Issuer.....	63
3.2.2. Principal Economical Activity of the Issuer.....	64
New Essential Types of Products (Works, Services), Offered by the Issuer on its Principal Activity Market to the Extent Matching Common Information Concerning such Products (Works and Services).....	77
New essential types of products (works, services) are absent.....	77
3.2.3. Materials, Goods (Raw Materials) and Suppliers of the Issuer.....	77
3.2.4. Commodity Markets of Products (Works, Services) of the Issuer.....	79
3.2.5. Data on the Issuer' Licenses.....	80
3.2.6. Joint Activity of the Issuer.....	84

3.3. Plans for Future Activity of the Issuer.....	85
3.5. The Issuer's Subsidiaries and Affiliated Companies.....	89
3.6.1. Fixed Assets.....	115
In items of rbs.....	115
Data on Methods of Depreciation Charges Accounting for Fixed Assets Item Group:.....	115
In items of rbs.....	116
Data on Methods of Depreciation Charges Accounting for Fixed Assets Item Group:.....	116
Results of the last fixed assets revaluation and long-term leased fixed assets revaluation carried out for 5 completed financial years, followed by the accounting quarter or for each of completed financial years, followed by the accounting quarter, in case the Issuer has been carrying out its activity for less than 5 years, and for the accounting quarter:.....	116
For the period pointed out fixed assets revaluation was not carried out.....	116
IV. Data on Financial and Economic Activities of the Issuer.....	133
4.1. Results of Financial and Economic Activities of the Issuer.....	133
4.1.1. Profit and Loss.....	133
4.1.2. Factors that Had Impact on Change of the Issuer' Sales, Product, Work and Service Proceeding and on Change of the Issuer's Income (Loss) from Operations.....	135
4.2. Issuer's Liquidity, Capital and Current Assets Adequacy	136
4.3. Issuer's Capital and Current Assets Amount and Structure.....	137
4.3.1. Issuer's Capital and Current Assets Amount and Structure.....	137
4.3.2. Financial Investments of the Issuer.....	138
4.3.3. Intangible Assets of the Issuer.....	141
4.4. Data on Policy and Expenditures of the Issuer in the Field of Scientific and Technical Development, Concerning Licenses and Patents, New Development and Research.....	142
4.5. Analysis of Development Trends Related to the Issuer's Ordinary Activity	142
4.5.1. Analysis of Factors and Conditions Influencing the Issuer's Activity	143
4.5.2. Business Competitors of the Issuer.....	145
5.1. Data on Structure and Competence of the Issuer's Management Authorities.....	147
5.2. Data on Members of the Issuer's Management Authorities.....	157
5.2.1. Structure of the Board of Directors (Supervisory Body) of the Issuer.....	157
5.2.2. Information on Sole Executive Body of the Issuer.....	175
5.2.3. Structure of Collegiate Executive Body of the Issuer.....	176
5.4. Data on Structure and Competence of Authorities Undertaking Control over the Issuer's Financial and Economic Activities.....	189
5.8. Data on any Obligations of the Issuer to Employees (Staff Members) Concerning Possibility of their Participation in the Authorized (Share) Capital (Share Fund) of the Issuer.....	199
VI. Data on Participants (Shareholders) of the Issuer and	199
on the Issuer's Interested Parties Transactions.....	199
6.1. Data on the Total Amount of Shareholders (Participants) of the Issuer.....	199
Total number of nominee shareholders of the Issuer: 11.....	199
6.5. Data on Changes in Composition and Amount of Participation of Shareholders (Participants) of the Issuer Holding at least 5 percent of Authorized (Share) Capital (Share Fund) or at least 5 percent of Ordinary Shares..	204
6.6. Data on the Issuer's Interested parties Transactions.....	207
6.7. Data on the Amount of Accounts Receivable.....	209
as of 2010.....	209
VII. Accounting Reports of the Issuer and Other Financial Information.....	211
7.1. Annual Accounting Reports of the Issuer.....	211
7.2. Quarterly accounting reports of the Issuer for the last completed accounting quarter.....	281
7.3. Summary Accounting Reports of the Issuer for the Last Completed Financial Year.....	284
Is not included in the current accounting period.....	284
7.4. Data on the Issuer's Accounting Policy.....	284
Revenues are considered as revenues of the period during which the unauthorized energy consumption was detected and the necessary document was complied, i.e. revenues of the current period.	314
Other Company's expenditures for management accounting (tariff formation, etc) are distributed by geographical segment (territorial subjects where the tariffs are formed) in accordance with procedure set by the Company..	314
Undistributed profit is spent by the Company for:.....	318
Business trip expenses are determined by local document of the Company – Regulation of business trips.....	319
The Company makes provisions for doubtful accounts receivable. The provisions are made yearly on the basis of results of inventory of receivables, separately for each doubtful accounts receivable.....	319
If the accounts receivable meet the following conditions they are considered as doubtful:.....	319
Provisions are formed form total sum of the debt that was determined as doubtful.....	319
CONSOLIDATED ACCOUNTING REPORT	322

The Company does not draw up the consolidated accounting report, which includes data from branches of the Company, on the basis of immateriality of data on branches for making the image of financial statement and results of Group’s activity.....	322
Materiality of data of Company’s branches for consolidated accounting report is determined as 5% (stake of the capital of affiliated company in capital of the Group). The capital of affiliated Company is the balance of section IV “Capital and provisions” of the accounting balance as of the reporting date. The capital of the group is determined by simple summation of capital of all affiliates and “IDGC of the South”, JSC.....	322
The materiality is counted yearly by the end of the reporting year.....	322
8.1. Additional data on the Issuer.....	325
8.1.1. Data on amount and structure of the Issuer’s authorized (share) capital (share fund).....	325
8.1.2. Data on amount of the Issuer’s authorized (share) capital (share fund) change.....	325
8.1.3. Data on formation and use of reserve and other funds of the Issuer.....	326
8.1.6. Data on important transactions closed by the Issuer.....	332
8.1.7. Data on credit ratings of the Issuer.....	333
8.2. Data on each category (type) of the Issuer’s shares.....	333
8.3. Data on previous issues of securities of the Issuer except for shares.....	334
8.3.1. Data on issues all securities of which were repaid (cancelled)	334
Specified issues are absent	334
8.3.2. Data on issues securities on which are in circulation.....	334
State registering authority of the issue: FSEC of Russia.....	335
Issues specified are absent.....	347
8.5. Conditions of surety for fulfillment of obligations on issued bonds.....	348
8.5.1. Conditions of fulfillment of obligations on mortgage-backed bonds.....	348
8.6. Information on entities recording the rights to the issued securities of the Issuer.....	348
8.7. Data on the acts regulating issues of import and export of capital that can influence distribution of dividends, interest and other payments to nonresidents.....	350
8.8. Description of taxation scheme for the revenue on the Issuer’s securities that were placed and are in the process of placement.....	351
8.9. Data on the declared (accrued) and paid dividends under the Issuer’s shares and also on revenue under the Issuer’s bonds.....	355
8.9.1. Data on the declared (accrued) and paid dividends under the Issuer’s shares for 5 last completed financial years or for each complete financial year if the Issuer carries out the activity less than 5 years.	355
Type of securities: bonds.....	355
State registration number of the issue: 4-02-34956-E.....	356
8.10. Other data.....	356
8.11 Data on the securities placed and on the Issuer of the securities placed, the property right certified by Russian depository receipts.....	372
The Issuer is not the Issuer of the securities placed, the property right of which is certified with Russian depository receipts.....	372

Introduction

Basis for the Issuer's obligations to disclose information in the form of quarterly report:

The Issuer had the securities Prospectus registered;

State registration of the Issuer's securities issue (additional issue) was made along with the security Prospectus registration; therewith, such securities were placed by open subscription or by closed subscription in a group of persons not exceeding 500.

Full company name of the Issuer in Russian: Открытое акционерное общество "Межрегиональная распределительная сетевая компания Юра", in English: "Interregional

Distribution Grid Company of the South", Open Joint Stock Company.

Short company name of the Issuer in Russian: ОАО "МРСК Юра", in English: "IDGC of the South", JSC.

The Issuer's name is similar to those of other legal bodies – interregional distribution grid companies established in the reforming process of the electric power complex of Russia, including:

- Open Joint Stock Company "Interregional Distribution Grid Company of the Centre and Volga Region" ("IDGC of the Centre and Volga Region", JSC);
- Open Joint Stock Company "Interregional Distribution Grid Company of Urals" ("IDGC of Urals", JSC);
- Open Joint Stock Company "Interregional Distribution Grid Company of Volga" ("IDGC of Volga", JSC);
- Open Joint Stock Company "Interregional Distribution Grid Company of Centre" ("IDGC of Centre", JSC);
- Open Joint Stock Company "Interregional Distribution Grid Company of the Northern Caucasus" ("IDGC of the Northern Caucasus", JSC);
- Open Joint Stock Company "Interregional Distribution Grid Company of Siberia" ("IDGC of Siberia", JSC);
- Open Joint Stock Company "Interregional Distribution Grid Company of the Northwest" ("IDGC of the Northwest", JSC).

In order not to confuse the names, special attention must be given to the contents of the full and short names of these entities specifying the regions of their location – the Centre, the Centre and Volga region, Urals, Volga, the Northern Caucasus, Siberia, the Northwest.

The report contains additional information to be disclosed according to requirements of Regulations on Information Policy of Open Joint Stock Company "Interregional Distribution Grid Company of the South" approved by decision of Board of Directors of "IDGC of the South", JSC on 30.08.2007 (Minutes No.2/2007 dated 03.09.2007).

At the disclosing of information in the form of the quarterly report the company does not restrain itself to disclosing information about important events in the life of the company for the reported period, but it also provides analytical references concerning the events mentioned which provides any person interested in them with full picture of the company's opinion concerning the events and activities mentioned.

Complete text of Regulations on Information Policy of Open Joint Stock Company "Interregional Distribution Grid Company" can be reviewed at the Internet corporate website of "IDGC of the South", JSC at: <http://en.mrsk-yuga.ru/management/regulations/>

This quarterly report contains estimates and forecasts of the authorized management authorities of the Issuer concerning future events and/or actions, prospects of development of the economy sector in which the Issuer carries out the ordinary activity, and results of the Issuer's activity, including plans of the Issuer, probability of occurrence of certain events and fulfillment of certain actions. Investors should not fully rely on estimates and forecasts of management authorities of the Issuer as actual results of the Issuer's activity in future can differ from those predicted for many reasons. Acquisition of securities by the Issuer is connected with risks described in the present quarterly report.

I. Brief Data on the Persons Forming Management Authorities of the Issuer, Data on Bank Accounts, Auditor, Appraiser and Financial Adviser of the Issuer, as well as on Other Individuals Who Signed the Quarterly Report

1.1. Persons Forming Management Authorities of the Issuer

List of Board of Directors of the Issuer:

Surname, first name, patronymic	Year of birth
Shvets Nikolai Nikolayevich (Chairman of the Board of Directors)	1956
Binko Gennady Feliksovich	1958
Akhrimenko Dmitri Olegovich	1977
Zuikova Olga Valentinovna	1964
Ivanov Maxim Sergeevich	1976
Ilyenko Vladimir Vasilievich	1950
Kislyakov Anton Mikhailovich	1970
Kuznetsov Vladimir Vasilievich	1949
Mikhailov Sergey Anatolievich	1957
Okley Pavel Ivanovich	1970
Yurchuk Sergey Evgenievich	1966

Sole Executive Body of the Issuer

Surname, first name, patronymic	Year of birth
Arkhipov Sergey Aleksandrovich	1967

The Structure of the Issuer's Collegial Executive Body

Surname, first name, patronymic	Year of birth
Arkhipov Sergey Aleksandrovich (Chairman of the Management Board)	1967
Akilin Pavel Evgenievich	1975
Brizhan Vitaliy Vasilyevich	1974
Ivanov Vitaliy Valerievich	1970
Vosmirko Aleksandr Vladimirovich	1959
Kopanev Vladimir Nikolayevich	1954
Kushnarev Konstantin Fedorovich	1969
Savin Grigoriy Grigoryevich	1952

1.2. Data on Bank Accounts of the Issuer

Data on Credit Organization

Full company name of the credit institution: Joint Stock Company "Alpha-Bank", "Rostov" branch

Short company name of the credit institution: "Rostov" branch of "ALPHA-BANK", JSC

Location: 33 Voroshilovskiy prospect, Rostov-on-Don, 344002

TIN: 7728168971

RCBIC: 046015207

Number of the bank account: 40 702 810 100 180 001 123

Correspondent account number: 30 101 810 500 000 000 207

Type of the bank account: settlement

Data on Credit Organization

Full company name of the credit institution: "Povolzhskiy" bank of Sberbank of Russia, Joint Stock Company, "Kamyshinskiy" bank branch No.7125 of SB of RF

Short company name of the credit institution: "Kamyshinskiy" branch No.7125 of Sberbank of Russia

Location: 101 Bazarova st, Kamyshin, Volgograd Area, 403876

TIN: 7707083893

RCBIC: 041806647

Number of the bank account: 40 702 810 811 180 100 939

Correspondent account number: 30101810100000000647

Type of the bank account: settlement

Data on Credit Organization

Full company name of the credit institution: "Povolzhskiy" bank of Sberbank of Russia, Joint Stock Company, "Kamyshinskoe" bank branch No.7125 of SB of RF

Short company name of the credit institution: "Kamyshinskoe" bank branch No.7125 of Sberbank of Russia

Location: 101 Bazarova st, Kamyshinskoe, Volgograd Area, 403876

TIN: 7707083893

RCBIC: 041806647

Number of the bank account: 40 702 810 511 180 100 938

Correspondent account number: 30101810100000000647

Type of the bank account: settlement

Data on Credit Organization

Full company name of the credit institution: "Povolzhskiy" bank of Sberbank of Russia, Joint Stock Company, "Volzhskoe" bank branch No.8553 of SB of RF

Short company name of the credit institution: "Volzhskoe" bank branch No.8553 of Sberbank of Russia

Location: 71 Mira st, Volzhskiy, Volgograd Area, 404131

TIN: 7707083893

RCBIC: 041806647

Number of the bank account: 40 702 810 211 160 103 297

Correspondent account number: 30101810100000000647

Type of the bank account: settlement

Data on Credit Organization

Full company name of the credit institution: North-Caucasus bank of Sberbank of Russia, Joint Stock Company, "Kalmytskoe" bank branch No.8579 of SB of RF

Short company name of the credit institution: "Kalmytskoe" bank branch No.8579 of Sberbank of Russia Elista

Location: 29-A Alyokhins Br. st, Elista, Republic of Kalmykia

TIN: 7707083893

RCBIC: 040707644

Number of the bank account: 40 702 810 860 300 102 039

Correspondent account number: 30101810100000000644

Type of the bank account: settlement

Data on Credit Organization

Full company name of the credit institution: North-Caucasus bank of Sberbank of Russia, Joint Stock Company, "Kalmytskoe" bank branch No.8579 of SB of RF

Short company name of the credit institution: "Kalmytskoe" bank branch No.8579 of Sberbank of Russia Elista

Location: 29-A Alyokhins Br.st, Elista, Republic of Kalmykia

TIN: 7707083893

RCBIC: 040707644

Number of the bank account: 40 702 810 560 300 102 038

Correspondent account number: 30101810100000000644

Type of the bank account: settlement

Data on Credit Organization

Full company name of the credit institution: North-Caucasus bank of Sberbank of Russia, Joint Stock Company, "Kalmytskoe" bank branch No.8579 of SB of RF

Short company name of the credit institution: "Kalmytskoe" bank branch No.8579 of Sberbank of Russia Elista

Location: 29-A Alyokhins Br. st, Elista, Republic of Kalmykia

TIN: 7707083893

RCBIC: 040707644

Number of the bank account: 40 702 810 260 300 102 037

Correspondent account number: 30101810100000000644

Type of the bank account: settlement

Data on Credit Organization

Full company name of the credit institution: North-Caucasus bank of Sberbank of Russia, Joint Stock Company, "Kalmykia" bank branch No.8579 of SB of RF

Short company name of the credit institution: "Kalmytskoe" bank branch No.8579 of Sberbank of Russia Elista

Location: 29-A Alyokhins Br. str., Elista, Republic of Kalmykia

TIN: 7707083893

RCBIC: 040707644

Number of the bank account: 40 702 810 360 300 102 034

Correspondent account number: 30101810100000000644

Type of the bank account: settlement

Data on Credit Organization

Full company name of the credit institution: North-Caucasus bank of Sberbank of Russia, Joint Stock Company, "Kalmytskoe" bank branch No.8579 of SB of RF

Short company name of the credit institution: "Kalmytskoe" bank branch No.8579 of Sberbank of Russia Elista

Location: 29-A Alyokhins Br. str., Elista, Republic of Kalmykia

TIN: 7707083893

RCBIC: 040707644

Number of the bank account: 40 702 810 260 300 102 033

Correspondent account number: 30101810100000000644

Type of the bank account: settlement

Data on Credit Organization

Full company name of the credit institution: "Povolzhskiy" bank of Sberbank of Russia, Joint Stock Company, "Uryupinskoe" bank branch No.8579 of SB of RF

Short company name of the credit institution: "Uryupinskoe" bank branch No. 4012 of Sberbank of Russia

Location: 1-a L. haikina str., Uryupinsk, Volgograd region, 403110

TIN: 7707083893

RCBIC: 041806647

Number of the bank account: 40 702 810 711 100 100 886

Correspondent account number: 30101810100000000647

Type of the bank account: settlement

Data on Credit Organization

Full company name of the credit institution: Branch of Gazprombank, Joint Stock Company, Volgograd

Short company name of the credit institution: Branch of GPB, JSC, Volgograd

Location: 34-A Kozlovskaya str., Volgograd, 400074

TIN: 7744001497

RCBIC: 041806779

Number of the bank account: 40 702 810 700 100 101 311

Correspondent account number: 30101810900000000779

Type of the bank account: settlement

Data on Credit Organization

Full company name of the credit institution: Branch of Gazprombank, Joint Stock Company, Volgograd

Short company name of the credit institution: Branch of GPB, JSC, Volgograd

Location: 34-A Kozlovskaya st, Volgograd, 400074

TIN: 7744001497

RCBIC: 041806779

Number of the bank account: 40 702 810 400 100 501 311

Correspondent account number: 30101810900000000779

Type of the bank account: settlement

Data on Credit Organization

Full company name of the credit institution: Branch of Gazprombank Joint Stock Company, Volgograd

Short company name of the credit institution: Branch of GPB, JSC, Volgograd

Location: 34-A Kozlovskaya st, Volgograd, 400074

TIN: 7744001497

RCBIC: 041806779

Number of the bank account: 40 702 810 500 100 301 311

Correspondent account number: 30101810900000000779

Type of the bank account: settlement

Data on Credit Organization

Full company name of the credit institution: Branch of Gazprombank Joint Stock Company, Volgograd

Short company name of the credit institution: Branch of GPB, JSC, Volgograd

Location: 34-A Kozlovskaya st, Volgograd, 400074

TIN: 7744001497

RCBIC: 041806779

Number of the bank account: 40 702 810 400 100 401 311

Correspondent account number: 30101810900000000779

Type of the bank account: settlement

Data on Credit Organization

Full company name of the credit institution: Branch of Gazprombank Joint Stock Company, Volgograd

Short company name of the credit institution: Branch of GPB, JSC, Volgograd

Location: 34-A Kozlovskaya st, Volgograd, 400074

TIN: 7744001497

RCBIC: 041806779

Number of the bank account: 40 702 810 800 100 001 311

Correspondent account number: 30101810900000000779

Type of the bank account: settlement

Data on Credit Organization

Full company name of the credit institution: Branch of Gazprombank Joint Stock Company, Volgograd

Short company name of the credit institution: Branch of GPB, JSC, Volgograd

Location: 34-A Kozlovskaya str., Volgograd, 400074

TIN: 7744001497

RCBIC: 041806779

Number of the bank account: 40 702 810 800 100 001 311

Correspondent account number: 30101810900000000779

Type of the bank account: settlement

Data on Credit Organization

Full company name of the credit institution: Branch of Gazprombank Joint Stock Company, Volgograd

Short company name of the credit institution: Branch of GPB, JSC, Volgograd

Location: 34-A Kozlovskaya str., Volgograd, 400074

TIN: 7744001497

RCBIC: 041806779

Number of the bank account: 40 702 810 800 100 001 311

Correspondent account number: 30101810900000000779

Type of the bank account: settlement

Data on Credit Organization

Full company name of the credit institution: "Povolzhskiy" bank of Sberbank of Russia, Joint Stock Company, "Mikhaylovskoe" bank branch No.4006 of SB of RF

Short company name of the credit institution: "Mikhaylovskoe" Bank branch No 4006 of Sberbank of Russia

Location: 1 Poperechnaya st, Mikhaylovka, Volgograd region, 403300

TIN: 7707083893

RCBIC: 041806647

Number of the bank account: 40 702 810 711 050 100 910

Correspondent account number: 30101810100000000647

Type of the bank account: settlement

Data on Credit Organization

Full company name of the credit institution: "Povolzhskiy Bank" of Sberbank of Russia, Joint Stock Company, "Mikhailovskoe" bank branch No.4006 of SB of RF

Short company name of the credit institution: "Mikhailovskoe" Bank branch No 4006 of Sberbank of Russia

Location: 1 Poperechnaya str., Mikhaylovka, Volgograd region, 403300

TIN: 7707083893

RCBIC: 041806647

Number of the bank account: 40 702 810 011 050 100 911

Correspondent account number: 30101810100000000647

Type of the bank account: settlement

Data on Credit Organization

Full company name of the credit institution: "Povolzhskiy Bank" of Sberbank of Russia, Open Joint Stock Company, "Volzhskoe" bank branch No. 8553 of SB of RF

Short company name: "Volzhskoe" Bank branch No. 8553 of Sberbank of Russia

Location: 71 Mira str., Volzhsky, Volgograd region, 404131

TIN: 7707083893

RCBIC: 041806647

Number of the bank account: 40 702 810 911 160 103 296

Correspondent account number: 30101810100000000647

Type of the bank account: settlement

Data on Credit Organization

Full company name of the credit institution: "Kubanskiy" branch of "Raiffeisenbank" (Closed Joint Stock Company)

Short company name: "Kubanskiy" branch of "Raiffeisenbank" CJSC

Location: 311 Severnaya str., Krasnodar, 350015

TIN: 7744000302

RCBIC: 040349556

Number of the bank account: 40 702 810 126 100 411 402

Correspondent account number: 30101810900000000556

Type of the bank account: settlement

Data on Credit Organization

Full company name of the credit institution: Southwestern bank of Sberbank of Russia, Joint Stock Company, "Krasnodar" bank branch No.8619 of SB of RF

Short company name: Krasnodar bank branch No.8619, additional office No.8619/0134 of Sberbank of RF

Location: 23 Rashpilevskaya str., Krasnodar, 350000

TIN: 7707083893

RCBIC: 040349602

Number of the bank account: 40 702 810 130 000 101 073

Correspondent account number: 30101810100000000602

Type of the bank account: settlement

Data on Credit Organization

Full company name of the credit institution: "Volgogradsky" branch (Open Joint-Stock Company) of "Alfa-Bank"

Short company name: "Volgograsky" branch of "Alfa-Bank" JSC

Location: 71 Sovetskaya str., Volgograd, 400131

TIN: 7728168971

RCBIC: 041806857

Number of the bank account: 40 702 810 600 090 001 839

Correspondent account number: 30101810100000000857

Type of the bank account: settlement

Data on Credit Organization

Full company name of the credit institution: "Povolzhskiy" bank of Sberbank of Russia, Open Joint Stock Company, "Uryupinskoe" bank branch No.8579 of SB of RF

Short company name of the credit institution: "Uryupinskoe" bank branch No.4012 of Sberbank of Russia

Location: 1-a L. Chaikina str., Uryupinsk, Volgograd region, 403110

TIN: 7707083893

RCBIC: 041806647

Number of the bank account: 40 702 810 411 100 100 885

Correspondent account number: 30101810100000000647

Type of the bank account: settlement

Data on Credit Organization

Full company name of the credit institution: Southwestern bank of Sberbank of Russia, Joint Stock Company, Rostov-on-Don

Short company name of the credit institution: SWB of Sberbank of Russia, Rostov-on-Don

Location: 116 Pushkinskaya str., Rostov-on-Don, 344006

TIN: 7707083893

RCBIC: 046015602

Number of the bank account: 40 702 810 952 000 000 006

Correspondent account number: 30101810600000000602

Type of the bank account: settlement

Data on Credit Organization

Full company name of the credit institution: Southwestern bank of Sberbank of Russia, Joint Stock Company, Rostov-on-Don

Short company name of the credit institution: SWB of Sberbank of Russia, Rostov-on-Don

Location: 116 Pushkinskaya str., Rostov-on-Don, 344006

TIN: 7707083893

RCBIC: 046015602

Number of the bank account: 40 702 810 552 000 000 008

Correspondent account number: 30101810600000000602

Type of the bank account: settlement

Data on Credit Organization

Full company name of the credit institution: Southwestern bank of Sberbank of Russia, Joint Stock Company, Rostov-on-Don

Short company name of the credit institution: SWB of Sberbank of Russia, Rostov-on-Don

Location: 116 Pushkinskaya st, Rostov-on-Don, 344006

TIN: 7707083893

RCBIC: 046015602

Number of the bank account: 40 702 810 252 000 000 007

Correspondent account number: 30101810600000000602

Type of the bank account: settlement

Data on Credit Organization

Full company name of the credit institution: Southwestern bank of Sberbank of Russia, Joint Stock Company, Rostov-on-Don

Short company name of the credit institution: SWB of Sberbank of Russia, Rostov-on-Don

Location: 116 Pushkinskaya st, Rostov-on-Don, 344006

TIN: 7707083893

RCBIC: 046015602

Number of the bank account: 40 702 810 852 000 000 009

Correspondent account number: 30101810600000000602

Type of the bank account: settlement

Data on Credit Organization

Full company name of the credit institution: Southwestern bank of Sberbank of Russia, Joint Stock Company, Rostov-on-Don

Short company name of the credit institution: SWB of Sberbank of Russia, Rostov-on-Don

Location: 116 Pushkinskaya st, Rostov-on-Don, 344006

TIN: 7707083893

RCBIC: 046015602

Number of the bank account: 40 702 810 252 000 000 010

Correspondent account number: 30101810600000000602

Type of the bank account: settlement

Data on Credit Organization

Full company name of the credit institution: Southwestern bank of Sberbank of Russia, Joint Stock Company, Rostov-on-Don

Short company name of the credit institution: SWB of Sberbank of Russia, Rostov-on-Don

Location: 116 Pushkinskaya st, Rostov-on-Don, 344006

TIN: 7707083893

RCBIC: 046015602

Number of the bank account: 40 702 810 552 000 000 011

Correspondent account number: 30101810600000000602

Type of the bank account: settlement

Data on Credit Organization

Full company name of the credit institution: Southwestern bank of Sberbank of Russia, Joint Stock Company, Rostov-on-Don

Short company name of the credit institution: SWB of Sberbank of Russia, Rostov-on-Don

Location: 116 Pushkinskaya st, Rostov-on-Don, 344006

TIN: 7707083893

RCBIC: 046015602

Number of the bank account: 40 702 810 852 000 000 012

Correspondent account number: 30101810600000000602

Type of the bank account: settlement

Data on Credit Organization

Full company name of the credit institution: Southwestern bank of Sberbank of Russia, Joint Stock Company, Rostov-on-Don

Short company name of the credit institution: SWB of Sberbank of Russia, Rostov-on-Don

Location: 116 Pushkinskaya st, Rostov-on-Don, 344006

TIN: 7707083893

RCBIC: 046015602

Number of the bank account: 40 702 810 152 000 000 013

Correspondent account number: 30101810600000000602

Type of the bank account: settlement

Data on Credit Organization

Full company name of the credit institution: Southwestern bank of Sberbank of Russia, Joint Stock Company, Rostov-on-Don

Short company name of the credit institution: SWB of Sberbank of Russia, Rostov-on-Don

Location: 116 Pushkinskaya st, Rostov-on-Don, 344006

TIN: 7707083893

RCBIC: 046015602

Number of the bank account: 40 702 810 452 000 000 014

Correspondent account number: 30101810600000000602

Type of the bank account: settlement

Data on Credit Organization

Full company name of the credit institution: "Alfa-Bank", Joint Stock Company, "Rostovskiy" branch, "Krasnodarskiy" operational office

Short company name of the credit institution: "Krasnodarskiy" OO of "Rostovskiy" branch of JSC "Alfa-Bank"

Location: 124 Krasnaya st, Krasnodar, 350000

TIN: 7728168971

RCBIC: 040349570

Number of the bank account: 40 702 810 300 160 001 153

Correspondent account number: 30101810300000000570

Type of the bank account: settlement

Data on Credit Organization

Full company name of the credit institution: "Rostovskiy" branch of "Alfa-Bank", Open Joint Stock Company,

Short company name of the credit institution: "Rostovskiy" branch of "Alfa-Bank" JSC

Location: 33 Voroshilovskiy prospekt, Rostov-on-Don, 344002

TIN: 7728168971

RCBIC: 046015207

Number of the bank account: 40 702 810 200 180 001 146

Correspondent account number: 30101810300000000570

Type of the bank account: settlement

Data on Credit Organization

Full company name of the credit institution: Commercial bank "Center-Invest", Joint Stock Company

Short company name of the credit institution: CB "Center-Invest", JSC

Location: 62 Sokolov prospekt, Rostov-on-Don, 344010

TIN: 6163011391

RCBIC: 046015762

Number of the bank account: 40 702 810 500 000 012 605

Correspondent account number: 30101810100000000762

Type of the bank account: settlement

Data on Credit Organization

Full company name of the credit institution: Commercial bank "Center-Invest", Open Joint Stock Company

Short company name of the credit institution: CB "Center-Invest", JSC

Location: 62 Sokolov prospekt, Rostov-on-Don, 344010

TIN: 6163011391

RCBIC: 046015762

Number of the bank account: 40 702 810 600 000 012 604

Correspondent account number: 30101810100000000762

Type of the bank account: settlement

Data on Credit Organization

Full company name of the credit institution: Commercial bank "Center-Invest", Open Joint Stock Company

Short company name of the credit institution: CB "Center-Invest", JSC

Location: 62 Sokolov prospekt, Rostov-on-Don, 344010

TIN: 6163011391

RCBIC: 046015762

Number of the bank account: 40 702 810 600 000 012 603

Correspondent account number: 30101810100000000762

Type of the bank account: settlement

Data on Credit Organization

Full company name of the credit institution: Commercial bank "Center-Invest", Open Joint Stock Company

Short company name of the credit institution: CB "Center-Invest", JSC

Location: 62 Sokolov prospekt, Rostov-on-Don, 344010

TIN: 6163011391

RCBIC: 046015762

Number of the bank account: 40 702 810 600 000 012 602

Correspondent account number: 30101810100000000762

Type of the bank account: settlement

Data on Credit Organization

Full company name of the credit institution: "Povolzhskiy" bank of Sberbank of Russia, Open Joint Stock Company, Astrakhan bank branch No.8625 of SB of RF

Short company name of the credit institution: Astrakhan bank branch of Sberbank of Russia No.8625

Location: 41 Kirova st, Astrakhan, 414000

TIN: 7707083893

RCBIC: 041203602

Number of the bank account: 40 702 810 205 000 003 019

Correspondent account number: 30101810500000000602

Type of the bank account: settlement

Data on Credit Organization

Full company name of the credit institution: "Povolzhskiy" bank of Sberbank of Russia, Joint Stock Company, Astrakhan bank branch No.8625 of SB of RF

Short company name of the credit institution: Astrakhan bank branch of Sberbank of Russia No.8625

Location: 41 Kirova st, Astrakhan, 414000

TIN: 7707083893

RCBIC: 041203602

Number of the bank account: 40 702 810 605 000 003 020

Correspondent account number: 30101810500000000602

Type of the bank account: settlement

Data on Credit Organization

Full company name of the credit institution: "Povolzhskiy" bank of Sberbank of Russia, Joint Stock Company, Astrakhan bank branch No.8625 of SB of RF

Short company name of the credit institution: Astrakhan bank branch of Sberbank of Russia No.8625

Location: 41 Kirova st, Astrakhan, 414000

TIN: 7707083893

RCBIC: 041203602

Number of the bank account: 40 702 810 905 000 003 021

Correspondent account number: 30101810500000000602

Type of the bank account: settlement

Data on Credit Organization

Full company name of the credit institution: "Povolzhskiy" bank of Sberbank of Russia, Open Joint Stock Company, Astrakhan bank branch No.8625 of SB of RF

Short company name of the credit institution: Astrakhan bank branch of Sberbank of Russia No.8625

Location: 41 Kirova str., Astrakhan, 414000

TIN: 7707083893

RCBIC: 041203602

Number of the bank account: 40 702 810 905 000 003 515

Correspondent account number: 30101810500000000602

Type of the bank account: settlement

Data on Credit Organization

Full company name: Southwestern bank of Sberbank of Russia, Open Joint Stock Company, Salskoe bank branch No.625 of SB of RF”

Short company name of the credit institution: Salskoe bank branch No.625 of Sberbank of Russia.

Location: 5 Kirova st, Salsk, Rostov region, 347630

TIN: 7707083893

RCBIC: 046015602

Number of the bank account: 40 702 810 052 110 100 602

Correspondent account number: 30101810600000000602

Type of the bank account: settlement

Data on Credit Organization

Full company name: Branch No.6, Commercial bank “Center-Invest” Open Joint Stock Company

Short company name of the credit institution: Branch No.6 of JSC CB “Center-Invest”

Location: 57/66 Tolstoi str. - Leningradskaya st, Azov, Rostov region, 346780

TIN: 6163011391

RCBIC: 046015762

Number of the bank account: 40 702 810 800 600 000 526

Correspondent account number: 30101810100000000762

Type of the bank account: settlement

Data on Credit Organization

Full company name: Southwestern bank of Sberbank of Russia, Open Joint Stock Company, Taganrog bank branch No.1548 of SB of RF

Short company name: Taganrog bank branch No.1548 of Sberbank of Russia

Location: Petrovskaya str./pereulok, Taganrog, Rostov region, 347900

TIN: 7707083893

RCBIC: 046015602

Number of the bank account: 40 702 810 152 230 000 016

Correspondent account number: 30101810600000000602

Type of the bank account: settlement

Data on Credit Organization

Full company name of the credit institution: Southwestern bank of Sberbank of Russia, Joint Stock Company, Millerovskoe bank branch No.275 of SB of RF

Short company name of the credit institution: Millerovvskoe bank branch No.275 of Sberbank of Russia

Location: 5-a Gazetnyj lane, Millerovo settlement, Rostov region, 46130

TIN: 7707083893

RCBIC: 046015602

Number of the bank account: 40 702 810 852 350 100 662

Correspondent account number: 30101810600000000602

Type of the bank account: settlement

Data on Credit Organization

Full company name: Southwestern bank of Sberbank of Russia, Open Joint Stock Company, Oktyabrskoe bank branch No. 5410 of SB of RF

Short company name: Oktyabrskoe bank branch No. 5410 of Sberbank of Russia

Location: 121 Shevchenko str., Shakhty, Rostov region, 346500

TIN: 7707083893

RCBIC: 046015602

Number of the bank account: 40 702 810 652 060 144 082

Correspondent account number: 30101810600000000602

Type of the bank account: settlement

Data on Credit Organization

Full company name: Branch No.3 of Commercial bank "Center-Invest, Open Joint Stock Company

Short company name: Branch No.3 of CB "Center-Invest", JSC

Location: 44 Ermak spusk, Novocherkassk, Rostov region, 346429

TIN: 6163011391

RCBIC: 046043903

Number of the bank account: 40 702 810 701 900 001 378

Correspondent account number: 30101810700000000903

Type of the bank account: settlement

Data on Credit Organization

Full company name: Commercial bank "Center-Invest", Open Joint Stock Company

Short company name: CB "Center-Invest", JSC

Location: 62 Sokolov prospect, Rostov-on-Don, 344010

TIN: 6163011391

RCBIC: 046015762

Number of the bank account: 40 702 810 100 000 012 623

Correspondent account number: 30101810100000000762

Type of the bank account: settlement

Data on Credit Organization

Full company name: Southwestern bank of Sberbank of Russia, Open Joint Stock Company, Kamenskoye bank branch No.1801 of SB of RF

Short company name: Kamenskoye bank branch No.1801 of Sberbank of Russia

Location: 49 Lenin str., Kamensk-Shakhtinskiy, Rostov region, 347800

TIN: 7707083893

RCBIC: 046015602

Number of the bank account: 40 702 810 052 030 000 002

Correspondent account number: 30101810600000000602

Type of the bank account: settlement

Data on Credit Organization

Full company name: Krasnodar branch of Commercial bank "National Business Development Bank, Limited Liability Company"

Short company name: Krasnodar branch of CB "National Business Development Bank, LLC"

Location: 74/1 Suvorov str., Krasnodar, 350033

TIN: 7720035987

RCBIC: 040349564

Number of the bank account: 40 702 810 100 011 008 501

Correspondent account number: 30101810400000000564

Type of the bank account: settlement

Data on Credit Organization

Full company name: "Povolzhskiy" bank of Sberbank of Russia, Open Joint Stock Company, Astrakhan bank branch No.8625 of SB of RF

Short company name: Astrakhan bank branch of Sberbank of Russia No.8625

Location: 41 Kirov str., Astrakhan, 414000

TIN: 7707083893

RCBIC: 041203602

Number of the bank account: 40 702 810 105 000 003 326

Correspondent account number: 30101810500000000602

Type of the bank account: settlement

Data on Credit Organization

Full company name: "Povolzhskiy" bank of Sberbank of Russia, Open Joint Stock Company, Astrakhan bank branch No.8625 of SB of RF

Short company name: Astrakhan bank branch of Sberbank of Russia No.8625

Location: 41 Kirov str., Astrakhan, 414000

TIN: 7707083893

RCBIC: 041203602

Number of the bank account: 40 702 810 205 000 003 514

Correspondent account number: 30101810500000000602

Type of the bank account: settlement

Data on Credit Organization

Full company name: "Povolzhskiy" bank of Sberbank of Russia, Open Joint Stock Company, Astrakhan bank branch No.8625 of SB of RF

Short company name: Astrakhan bank branch of Sberbank of Russia No.8625

Location: 41 Kirov str., Astrakhan, 414000

TIN: 7707083893

RCBIC: 041203602

Number of the bank account: 40 702 810 205 000 003 516

Correspondent account number: 30101810500000000602

Type of the bank account: settlement

Data on Credit Organization

Full company name: "Povolzhskiy" bank of Sberbank of Russia, Open Joint Stock Company, Astrakhan bank branch No.8625 of SB of RF

Short company name: Astrakhan bank branch of Sberbank of Russia No.8625

Location: 41 Kirov str., Astrakhan, 414000

TIN: 7707083893

RCBIC: 041203602

Number of the bank account: 40 702 810 205 000 003 517

Correspondent account number: 30101810500000000602

Type of the bank account: settlement

Data on Credit Organization

Full company name: Commercial bank "Center-Invest", Open Joint Stock Company

Short company name: CB "Center-Invest", JSC

Location: 62 Sokolov prospect, Rostov-on-Don, 344010

TIN: 6163011391

RCBIC: 046015762

Number of the bank account: 40 702 810 100 000 013 068

Correspondent account number: 30101810100000000762

Type of the bank account: settlement

Data on Credit Organization

Full company name: "Rostovskiy" branch of "Alfa-Bank", Open Joint Stock Company,

Short company name: "Rostovskiy" branch of "Alfa-Bank" JSC

Location: 33 Voroshilovskiy prospekt, Rostov-on-Don, 344002

TIN: 7728168971

RCBIC: 046015207

Number of the bank account: 40 702 810 600 180 001 157

Correspondent account number: 30101810300000000570

Type of the bank account: settlement

Data on Credit Organization

Full company name: Southwestern bank of Sberbank of Russia, Open Joint Stock Company, Krasnodar branch No. 8619 of Sberbank of RF

Short company name: Krasnodar branch No. 8619, add. office No. 8619/0134 of Sberbank of Russia

Location: 23 Rashpilevskaya str., Krasnodar, 350000

TIN: 7707083893

RCBIC: 046015602

Number of the bank account: 40 702 430 000 001 116

Correspondent account number: 30101810600000000602

Type of the bank account: settlement

Data on Credit Organization

Full company name: "Povolzhskiy" bank of Sberbank of Russia, Open Joint Stock Company, Astrakhan bank branch No.8625 of SB of RF

Short company name: Astrakhan bank branch of Sberbank of Russia No.8625

Location: 41 Kirov str., Astrakhan, 414000

TIN: 7707083893

RCBIC: 041203602

Number of the bank account: 40 702 810 205 000 003 518

Correspondent account number: 30101810500000000602

Type of the bank account: settlement

Data on Credit Organization

Full company name: Branch of Joint Stock Commercial Bank "Bank Societe Generale Vostok", Closed Joint Stock Company, Krasnodar

Short company name: Branch of "BSGV", CJSC, in Krasnodar

Location: 8/135/1 Olimpiyskaya st / Turgenev/Olimpiyskaya str., Krasnodar, 350049

TIN: 7703023935

RCBIC: 040349744

Number of the bank account: 40 702 810 189 810 000 046

Correspondent account number: 30101810000000000744

Type of the bank account: settlement

Data on Credit Organization

Full company name: "Rostovskiy" branch of "Alfa-Bank", Open Joint Stock Company,

Short company name: "Rostovskiy" branch of "Alfa-Bank" JSC

Location: 33 Voroshilovskiy prospekt, Rostov-on-Don, 344002

TIN: 7728168971

RCBIC: 046015207

Number of the bank account: 40 702 810 600 180 001 157

Correspondent account number: 30101810300000000570

Type of the bank account: settlement

Data on Credit Organization

Full company name: Branch No. 5, Commercial bank "Center-Invest", Open Joint Stock Company, Taganrog

Short company name: Branch No. 5, CB "Center-Invest", JSC, Taganrog

Location: Taganrog, Rostov region

TIN: 6163011391

RCBIC: 046013993

Number of the bank account: 40 702 810 200 000 001 343

Correspondent account number: 30101810700000000993

Type of the bank account: settlement

Data on Credit Organization

Full company name: Branch of "Gazprombank", Open Joint Stock Company, Rostov-on-Don

Short company name: Branch of GPB, JSC, Rostov-on-Don

Location: Rostov-on-Don

TIN: 7744001497

RCBIC: 046015968

Number of the bank account: 40 702 810 000 210 001 483

Correspondent account number: 30101810700000000968

Type of the bank account: settlement

Data on Credit Organization

Full company name: Branch of "Gazprombank", Open Joint Stock Company, Krasnodar

Short company name: "Gazprombank" Branch, JSC, Krasnoar

Location: 36, Dzerzhinsky str., Krasnodar, 350051

TIN: 7744001497

RCBIC: 040349781

Number of the bank account: 40 702 810 100 070 000 983

Correspondent account number: 30101810500000000781

Type of the bank account: settlement

Data on Credit Organization

Full company name: Southwestern Bank, the Branch of "Sberbank of Russia", Open Joint-Stock Company, Volgodonsk branch No. 7931, Volgodonsk, Rostov Region

Short company name: The branch of "Sberbank of Russia", Open Joint-Stock Company, Volgodonsk branch No. 7931

Location: Volgodonsk, Rostov region

TIN: 7707083893

RCBIC: 041203602

Number of the bank account: 40 702 810 552 160 050 377

Correspondent account number: 30101810500000000602

Type of the bank account: settlement

Data on Credit Organization

Full company name: Southwestern Bank, Bataiskoe bank branch No. 5154, Add. office No. 5154/026, Azov, Rostov region, the Branch of "Sberbank of Russia", Open Joint-Stock Company

Short company name: The Branch of "Sberbank of Russia", Open Joint-Stock Company, Add. office No. 5154/026, Azov

Location: Azov, Rostov region

TIN: 7707083891

RCBIC: 046015602

Number of the bank account: 40 702 810 652 280 002 412

Correspondent account number: 30101810600000000602

Type of the bank account: settlement

Data on Credit Organization

Full company name: Commercial Bank "Cetrer-Invest", Open Joint-Stock Company, Additional office in Tsimlyansk

Short company name: Commercial Bank "Center-Invest", JSC, Add. Office, Tsimlyansk

Location: Rostov-on-Don

TIN: 6163011393

RCBIC: 046015762

Number of the bank account: 40 702 810 000 000 012 943

Correspondent account number: 30101810100000000762

Type of the bank account: settlement

Data on Credit Organization

Full company name: Rostov Branch of "NORDEA BANK", Open Joint-Stock Company

Short company name: Rostov Branch of "NORDEA BANK", JSC

Location: Rostov-on-Don

TIN: 7744000398

RCBIC: 047026269

Number of the bank account: 40 702 810 900 900 000 036

Correspondent account number: 30101810800000000269

Type of the bank account: settlement

Data on Credit Organization

Full company name: Volgo-Kaspiysky Joint-Stock Bank, Open Joint-Stock Company

Short company name: Volgo-Kaspiysky Joint-Stock Bank, JSC

Location: 20 Lenin str., Astrakhan

TIN: 3015011755

RCBIC: 041203729

Number of the bank account: 40 702 810 900 000 001 947

Correspondent account number: 30101810700000000729

Type of the bank account: settlement

Data on Credit Organization

Full company name: Branch of "Gazprombank", Open Joint Stock Company, Astrakhan

Short company name: "Gazprombank" Branch, JSC, Astrakhan

Location: 12/2 Vorobiev prospet, Astrakhan

TIN: 7744001497

RCBIC: 041203709

Number of the bank account: 40 702 810 400 130 000 129

Correspondent account number: 30101810500000000709

Type of the bank account: settlement

Data on Credit Organization

Full company name: Volgograd Branch of "NORDEA BANK", Open Joint-Stock Company

Short company name: Open Joint-Stock Company

Location: 46 Lenin prospect, Volgograd

TIN: 6164266561

RCBIC: 041806903

Number of the bank account: 40 702 810 200 010 000 540

Correspondent account number: 30101810200000000903

Type of the bank account: settlement

Data on Credit Organization

Full company name: Rostov Branch of "NORDEA BANK", Open Joint-Stock Company

Short company name: Rostov Branch of "NORDEA BANK", JSC

Location: Rostov-on-Don

TIN: 7744000398

RCBIC: 047026269

Number of the bank account: 40 702 810 900 900 000 010

Correspondent account number: 30101810800000000269

Type of the bank account: settlement

1.3. Data on Auditor (Auditors) of the Issuer

Auditor (auditors) who performs social audit of financial statements and financial (accounting) reports of the Issuer on contractual basis, and auditor (auditors) approved (selected) for auditing annual financial (accounting) reports of the Issuer following the results of the current or completed fiscal year are as follows:

Full company name: "Auditinform" Joint-Stock Audit Firm", Closed Joint-Stock Company

Short company name: "Auditinform" JSAF", CJSC

Location: 4 Yaroslavskaya street, Moscow, 129164

TIN: 7717025530

PSRN: 1027739185044

Telephone: (495) 933-8165

Fax: (495) 933-8165

E-mail address: auditinform@auditinform.ru

Data on the License for Audit Activity Performance

Name of the authority responsible for license issue: Ministry of Finance of Russian Federation

Number: No. E 003505

Date of issue: 04.03.2003

License validity period: 04.03.2013

Data on the Auditor's Membership in Self-regulatory Auditors' Entities:

Full entity name: Non-profit partnership "Moscow Audit Chamber"

Location

Building 2, 8 Petrovskii LA , Moscow, Russia, 107031

Additional information: The main registration record number in self-regulating organizations' register (SRO): 10303000773. Phone: + 7(495) 649 0108, 649 0156; fax: 609 0052

Data on the Auditor's Membership in Collegiate Bodies, Associations or other Professional Unions (Entities)

"Auditinform" JSAF", LLC, is a member of audit association of Russia by means of its active participation in the activity of Moscow Audit Chamber. Since 2001 Borisov V.M., Director General of "Auditinform" JSAF" CJSC, is a chairman of the Committee for Rules and Standards of Auditing attached to Moscow Audit Chamber.

"Auditinform" JSAF", CJSC, made an Agreement for Professional Liability Insurance with "ROSNO" Insurance Company, JSC, No. Г27-1138510/1/s7-111-00k dd. 03.06.2010; duration of insurance: from 01.07.2010 to 30.06.2011.

Financial year (years) the Auditor carried out independent audit of the Issuer's accounts and financial statements:

Year
2010

Factors that can influence the auditor's independence of the Issuer, including information about substantial interests connecting the auditor (the auditor's executives) with the Issuer (the Issuer's executives) are specified as follows:

Factors that can influence the auditor's independence of the Issuer, including information about substantial interests connecting the auditor (the auditor's executives) with the Issuer (the Issuer's executives) are absent

Procedure for Selecting Auditor for the Issuer

Tender procedure connected with auditor selection and the main terms:

The auditor company is chosen based on the results of open contest held by the Company according to Regulations on the procedure of scheduled purchases of goods, works and services to satisfy the needs of "IDGC of the South", JSC (p.1.1.1, p.7.1.1) or by the Company's authorized entity based on the Agreement concluded. The Company's Auditor is approved by General Shareholders Meeting of the Company according to p.11 cl.10.2 of the Charter of "IDGC of the South", JSC.

For participation in the Competition, auditor organizations should meet the following requirements:

- not to be in the process of liquidation;
- not to have the judgment concerning suspension of operations in accordance with the procedure stipulated by the Code of the Russian Federation on Administrative Offences as of the date of consideration of the Application Form for participation in the Competition;
- not to have debts under the accrued taxes, duties and other obligatory payments to the budgets of any level or the state unappropriated funds as of the last calendar year the amount of which exceeds twenty five percent of the balance sheet asset of the participant according to the accounting reports as of the last completed accounting period. Participant of the order placement is considered to meet the requirement in case it appeals against the debt in accordance with the legislation of the Russian Federation, and the decision on the appeal is not taken as for the date of application for the Competition is not taken
- not to fall under terms enlisted in clause 1 of article 12 of the Federal Law "On the Auditor's Activity".

Procedure of nomination of the auditor for probation by the shareholders' (participants') meeting, including the responsible management authority, is specified as follows:

According to articles No.No.47, 48, 54 and 88 of the Federal Law on Joint Stock Companies; according to subclause 11 of cl.10.2 of article 10; cl.11.1 of article 11;

cl.24.8 of article 24 of the Charter of "IDGC of the South", JSC General Shareholders Meeting annually approves the Auditor Company for audit and check of annual financial statements of the Company.

Federal Law "On Joint Stock Companies" does not fix any date or terms of nominating candidate auditors for entering them in the voting list on the issue of approbation as the Company's auditor. The given law also doesn't delegate shareholders the authority to nominate the candidate auditor.

The Company's Board of Directors Audit Committee's terms of reference cover the selection of candidate auditors for the Company estimation of their qualification level, their work efficiency and their observation of independence, introduction of the auditor candidates for the Board of Directors consideration as well a conclusion making concerning auditor candidates introduced by the third persons.

In this connection, the candidate auditor for approbation at the annual general shareholders meeting is selected by the Board of Directors of the Company within the framework of solution of the issues of preparing and holding of the annual general shareholders meeting.

For the purpose of auditing financial statements and financial (accounting) reports for the year 2010 the Board of Directors of "IDGC of the South" JSC has recommended (Minutes No. 45/2010 dd. 04.05.2010) and appointed "Auditinform" JSAF", CJSC as the auditor of the Company on June 15, 2010 by the decision of the Annual General Shareholders Meeting of the Company (Minutes No. 4 dd. June 16, 2010).

Information on the works conducted by the auditor with the frameworks of special auditor tasks:

such works were not conducted in the accounting period.

The procedure of Auditor remuneration estimation is described, including the actual remuneration amount paid to the Auditor by the Company according to the results of each of five last completed financial years ended with social audit of financial and accounting statements of the Issuer.

Amount of fee of the issuer's auditor is determined by the Issuer's Board of Directors according to clause 24.9 of the article 24 of the Charter of "IDGC of the South", JSC

Service cost and order of paying the auditor's fee are specified by the agreement concluded between the Company and the auditor.

The amount of payment for the auditor's services rendered to "IDGC of the South", JSC as audit of Its 2010 financial statements (accounts) by "Auditinform" JSAF" CJSC, is determined by the decision of Board of Directors of "IDGC of the South", JSC as amounting to 2 600 000 (two million and six hundred thousand) rubles, inclusive of 396 610 (three hundred and ninety six thousand six hundred and ten) rubles and 17 kopeks of (18%) VAT (Minutes No. 53/2010 dd. 01.09.2010).

Actual amount of the fee paid by the Issuer to the auditor for each accounting year when independent audit of the Issuer's financial statements and financial (accounting) reports was carried out by the auditor is as follows:

Auditor name	Financial year	Subject of Agreement	Remuneration amount (including VAT), rbs

"Fineart-Audit", LLC	2007	Carrying out audit of financial (accounting) reports of the Issuer	354 000
"Fineart-Audit", LLC	2008	Carrying out audit of financial (accounting) reports	9 763 910
"Nexia Pacioli" LLC	2009	Carrying out audit of financial (accounting) reports	2 973 600
"Auditinform" JSAF"	2010	Financial audit	2 600 000

Information on deferred and overdue payments for auditor's services: the Issuer does not have deferred and/or overdue payments regarding "Auditinform" JSAF", CJSC.

The auditor "Auditinform" JSAF", CJSC, and the Issuer are (were) not involved in any close business relations. The Issuer did not extend any borrowings to abovementioned audit company (executives of the audit company). "Auditinform" JSAF", CJSC (its executives), the auditor, does not have (did not have) any stakes in authorized capital of the Issuer. The Issuer's executives do not simultaneously occupy positions as executives of the abovementioned auditor and they are not relatives of the auditor.

1.4. Data on Appraiser of the Issuer

The Issuer did not engage any appraisers.

1.5. Data on Advisors of the Issuer

The Issuer did not engage any advisors.

1.6. Data on Other Individuals who Signed the Quarterly Report.

There are no other individuals who signed the quarterly report.

II. Basic Information on Financial and Economic Condition of the Issuer

2.1. Financial and Economic Performance Indicators of the Issuer

In items of ruble

Name of indicator	2007	2008	2009	2010	2011, 3 mo
Issuer's clear assets cost	16 883 000	21 397 210 000	20 276 223 000	16 675 372 000	16 406 959 000
The cost of assets used related to the cost of fund and provision, %	325.2	67.5	105.4	128.2	132.8
The cost of unfunded liabilities related to the cost of fund and provision, %	325.2	32.1	45.6	49.4	49.4
Payments covered as debts, %	0	94.86	7.46	42	110
The rate of overdue debts, %	0	5.66	39.48	48.16	54.3
Turnover of accounts receivable, times	8.9	1.9	1.7	2.5	0.7
The share of dividends in the profit, %	0	0	0	0	0
Labor productivity, rubles/person	261 450	109 150	115 224	119 968	149 531
Amortization related to the volume of revenue, %	0	10.3	10.8	9.9	8.3

The indicator of clear assets cost is used for appraisal of the Issuer's financial stability, the rate of its liability. Thus clear assets show the rate of company assets exceeding its liability (of both short-term and long term character), and therefore permit to appraise the company's business solvency.

Clear assets may be identified as the sum of company's equity as long as they show the rate of investment secured with the company assets.

The analysis of the financial state of the Issuer as of 31.03.2011 shows that the cost of clear assets got reduced at 268 413 thous. rbs in comparison with that in 2010. This is due to the detrimental company activity in the reported period.

The dynamics of clear assets cost is accidental for the company as far as the decline equals only 1.6%.

Ratio of the amount of assets involved to the amount of funds and provision defines the share of loan involved and thus illustrates the level of it as used in the total sum of assets invested.

In comparison with 2010 the abovementioned indicator got raised at 3.6% which can be accounted for by the growth of long-term liabilities share (in the part of loans).

Indicator "The cost of unfunded liabilities related to the cost of fund and provision" shows the percentage of short-term liabilities as a share of Issuer's funds. In the first quarter of 2011 the indicator's value did not change.

Payments covered as debts represent the share of assets in a ruble of liabilities liable to payment in the period reported.

The abovementioned indicator amounted 80% as of the 1st quarter 2011.

The rate of overdue debts shows the share of unpaid accounts in the total of liabilities which amounted 54.3% as of March 31, 2011.

Turnover of accounts receivable indicator shows how many times accounts receivable were sunken, their transformation into funds as of the reported period. The value of the indicator as of the first quarter 2011, quoted to be compared with the annual value is equal to the rate of 2010.

Labor productivity quotient is shown as that calculated for a month to compare the data. 149.5 thous. rbs was the share of each person in the profit of the company at the average in the 1st quarter of 2011. Positive dynamics is a characteristic of labor productivity growth, improvement of labor force management efficiency.

Amortization factor as related to the volume of revenue in the 1st quarter of 2011 has got reduced at 1.6% back from positive dynamics in revenue of 2011.

Indicators Additionally Exposed in Accordance with Regulation Concerning Information Policy of "IDGC of the South"

Dynamics of Indicators Forming Financial Result of the Company (in items of ruble):

indicators	2010	1st quarter 2011
Sales proceeds	22 014 387 000	6 697 459 000
Cost value	19 389 964 000	5 868 556 000
Gross profit	2 624 423 000	828 903 000
Pretax profit	-3 830 433 000	114 709 000
Clear profit	-3 589 842 000	-266 581 000

Expenditure Structure (in items of ruble):

Indicators	2010	1st quarter 2011
Tangible inputs	5 099 179 735	2 063 794 468
Power purchased	4 076 228 723	1 831 641 609
Power purchased for industrial and business needs	191 611 772	112 370 596
Raw materials	831 338 239	119 782 263
Industrial work and service	6 246 668 584	1 891 772 337
Labor cost expenditure	3 781 470 856	862 466 588
Single Social Tax	912 395 856	292 409 015
Non state pension insuring	16 169 919	0
Amortization	2 144 604 050	545 363 399
other including	1 189 475 000	212 750 193
Foreign organizations service pay	368 995 757	54 427 870
Insurance pay	165 747 919	39 706 714
Taxes- and-dues	118 155 288	21 694 105
Cost of production and product sale	19 389 964 000	5 868 556 000

Cost behavior:

Period	rbs	Growth rate, %
4 th quarter 2010	5 307 761 020	110.6
1st quarter 2010	5 868 556 000	

Cost escalation in the 1st quarter of 2011, compared with the 4th quarter of 2010 and amounting 10.6%, is explained mostly by the growth of costs beyond the control (purchasing losses, grid companies' services).

Income growth (decline) rate:

Period	rbs	Growth rate, %
4 th quarter 2010	5 879 780 608	113,9
1st quarter 2010	6 697 459 000	

13.9% income growth is mainly accounted for by the growth of tariffs for power supply in branches of the issuer.

Efficiency indicators, %:

indicators	2010	1 st quarter 2011
ROE, return on equity	-21.5	-1.6
ROA, return on assets	-9.5	-0.7
ROTA, return on total assets	-10.1	0.3

Structure of proceeds in business lines (in items of ruble):

Name	2010	1 st quarter 2011
Total product (service) sales proceeds	22 014 387 000	6 697 459 000
Principal activity output (service)	21 969 214 100	6 693 282 704
Network service	21 287 504 000	6 657 255 000
Grid power supply service	20 995 679 000	6 602 548 000
Technical connection service	291 825 000	54 707 000
Other output (service) of principal activity	681 710 100	36 027 704
Output (services) of auxiliary activity	45 172 900	4 176 296

2.2. Market Capitalization of the Issuer

Market capitalization is calculated by way of multiplying the corresponding category (class) shares amount by a share market price disclosed by Securities Market Maker and fixed in conformity with "Order of Issue Securities and Investment Units of Investment Funds Listed by Stock Market Organizers Market Price Valuation" admitted to circulation by the decision No.03-52/nc of FSEC (Federal Securities and Exchange Commission) as of December 24, 2003.

Indicator	2007	2008	2009	2010	1 st quarter 2011
Market capitalization, rbs	-	2988665763.84	8866375099.389999	8831507332.139999	6 928723462.5

Information on Securities Market Maker providing data for market capitalization calculation, and other additional information on securities public circulation at the Issuer's discretion:

The Issuer's shares were admitted to circulation by Securities Market Maker since 03.07.2008.

As of 31.03.2010, the Issuer's shares circulate at the following stock exchanges:

- “RTS”, JSC - without listing at two trading floors – “Exchange Market” (ticker MRKYG) and “Classical Market” (ticker MRKY);
- “FE MICEX”, CJSC – shares are included on the sector “Nonlisted stock” (ticker MRKA) since 16.07.2010.

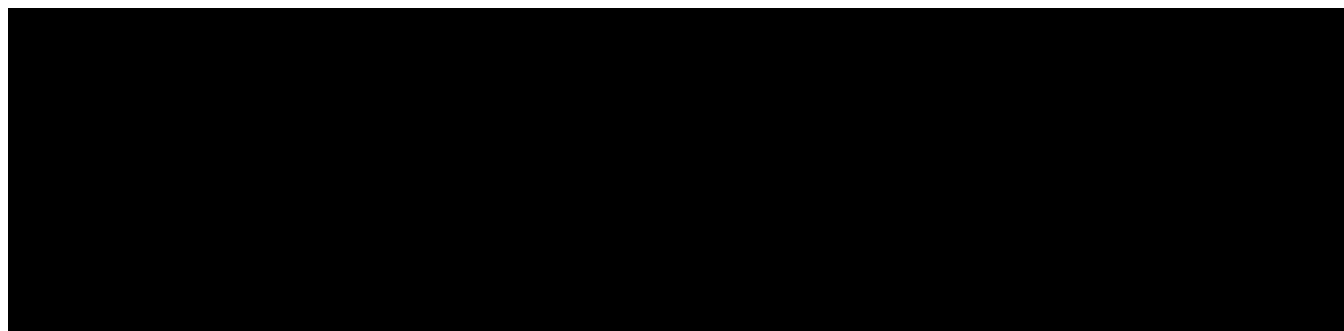
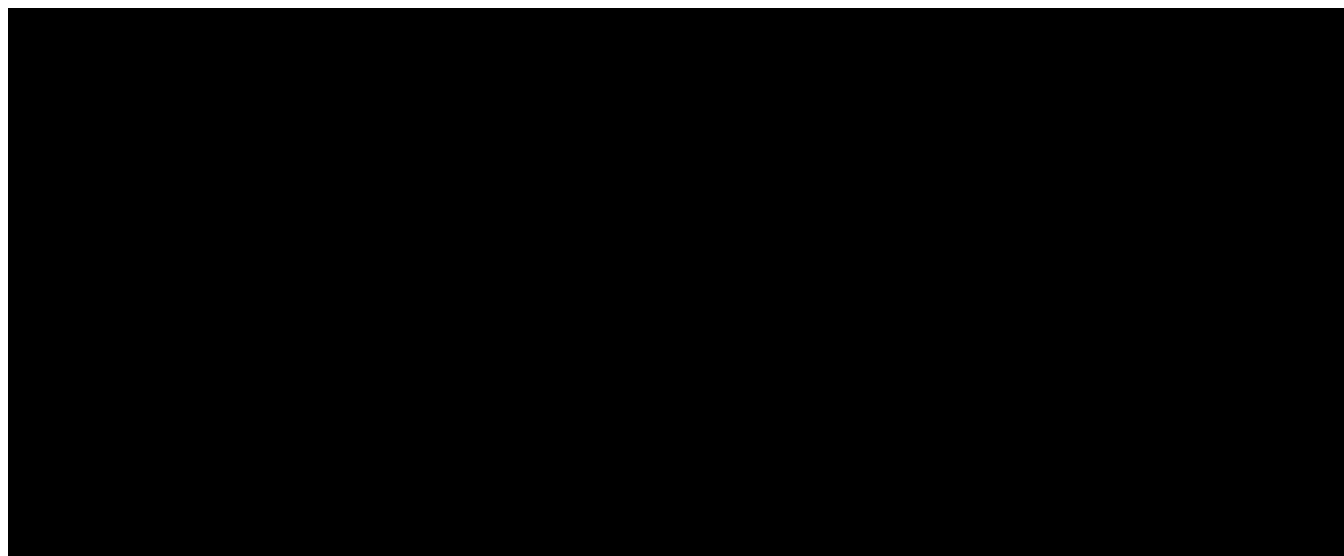
Information on Securities Market Makers and quotation list on which the Company’s securities are included:

1. Full company name:	Closed Joint Stock Company “Stock exchange MICEX”
Short company name:	“SE MICEX”, CJSC
Location:	13 Bolshoy Kislovskiy pereulok, Moscow, 125009
Website:	www.micex.ru .
Number of the stock market license:	No.077-10489-000001
Issuing date of the stock market license:	August 23, 2007.
Validity term of the stock market license:	Without limitation of validity term
Issuing authority of the stock market license:	Federal Financial Markets Service
2 Full company name:	Open Joint Stock Company “Stock Exchange RTS”
Short company name:	“RTS”, JSC
Location:	Building 1, 38 Dolgorukovskaya st., Moscow, 127006
Website:	www.rts.ru .
Number of the stock market license:	077-10519-000001
Issuing date of the stock market license:	06.09.2007
Validity term of the stock market license:	Without limitation of validity term
Issuing authority of the stock market license:	Federal Financial Markets Service of Russia

Market capitalization as of the end date of the corresponding period

Period		RTS (USD) (classical market)	RTS (rbs)stock market	MICEX (rbs)
Year	Quarter	Capitalization	Capitalization	Capitalization
2010	Quarter I	318 791 015.00	8 886 797 648.78	10 405 537 967.70
	Quarter II	273 961 028.00	8 866 375 099.39	7 949 850 931.81
	Quarter III	273 961 028.00	8 965 997 292.00	8 183 963 083.31
	Quarter IV	288 904 357.00	8 970 978 401.00	8 831 507 332.14

Dynamics of Price of a Share of "IDGC of the South", JSC, in the 1st Quarter of 2011
(According to "FE MICEX" CJSC)



Instrument	Currency	First close	Max.	Min.	Last close	Change	Change, %	Volume, mln items	Volume, mln
Ordinary shares (MICEX)	rbs	0.1769	0.1842	0.124	0.1398	-0.0396	-22.07	4 384.73	672.34

Share transactions of "IDGC of the South", JSC
2010

Total amount of transactions closed							
month				quarter			
Period	RTS (USD) classical market	RTS (rbs) T+0	MICEX	Period	RTS (USD) classical market	RTS (rbs) T+0	MICEX
January	3	7	3020	Q. I	7	9	30022
February	2	2	4159				
March	2	0	22843				
April	8	2	31999	Q. II	11	2	46162
May	2	0	9221				

June	1	0	4942	Q. III	0	0	17468
July	0	0	5996				
August	0	0	4637				
September	0	0	6835	Q. IV	3	3	33269
October	1	0	7871				
November	1	0	9428				
December	1	3	15970				
TOTAL	21	14	126921		21	14	126921

Total cost of transactions closed							
month				quarter			
Period	RTS (USD) classical market	RTS (rbs) T+0	MICEX	Period	RTS (USD) classical market	RTS (rbs) T+0	MICEX
January	119 790	718 586	160 173 288	Q. I	432 590	866 248	1 117 576 565
February	206 000	147 662	87 474 636				
March	106 800	0	869 919 641				
April	664 478	52	583 120 880	Q. II	783 598	52	815 357 830
May	64 120	0	156 825 899				
June	55 000	0	75 411 051				
July	0	0	97 256 716	Q. III	0	0	291 108 092
August	0	0	85 642 358				
September	0	0	108 209 018				
October	12 000	0	192 977 400	Q. IV	35 600	36 406	727 789 230
November	12 000	0	194 217 355				
December	11 600	36 406	340 594 476				
TOTAL	1 251 788	902 707	1 951 822 717		1 251 788	902 707	2 951 822 717

2011

Total amount of transactions closed							
month				quarter			
Period	RTS (USD) classical market	RTS (rbs) T+0	MICEX	Period	RTS (USD) classical market	RTS (rbs) T+0	MICEX
January	2	1	20128	Quarter I	4	1	41991
February	2	0	15922				
March	0	0	5941				

Total cost of transactions closed							
month				quarter			

Period	RTS (USD) classical market	RTS (rbs) T+0	MICEX	Period	RTS (USD) classical market	RTS (rbs) T+0	MICEX
January	16300	780	331659531	Quarter I	37 045	780	661 268 781
Feruary	20745	0	189286766				
March	0	0	140322484				

2.3. Obligations of the Issuer

2.3.1. Accounts Payable

Structure of Issuer's Accounts Payable

For 2010

In items of rbs

Name of accounts payable	Due date	
	Up to 1 year	Over 1 year
Accounts payable before suppliers and contractors	5 284 313	18 862 000
including overdue	2 575 201 000	x
Accounts payable before the staff	144 119 000	0
including overdue	0	x
Accounts payable before budget and state off-budget assets	125 164 000	0
including overdue	0	x
Loans	1 400 000 000	6 100 000 000
including overdue	0	x
Borrowings, total	0	6 666 736 000
including overdue total	0	x
including bonded	0	0
Including overdue bonded borrowing	0	x
Other accounts payable	1 166 583 000	0
including overdue	130 617 000	x
Total	8 120 179 000	12 785 598 000
overdue included	2 705 819 000	x

If there are overdue accounts payable, including credit contracts or loan contracts, as well as Issuer's debt securities (bonds, notes and others), causes of non-fulfilment and consequences following or likely to follow as resulting from the abovementioned credit default, including sanctions imposed on the Issuer and terms (approximate terms) of overdue accounts payable satisfaction shall be specified as follows:

At 2010 year-end there was reduction of the Company's liabilities. Positive results in the dynamics were possible to be achieved due to implementation of activities, provided by the Plan of Financial Recovery of the Company, which are cost cutting, work at receivables, etc.

Calling for overdue debts through the courts by creditors, according to the rules of Civil Code of RF, may be the main consequence of default on the part of the issuer.

Pre-court dispute resolution procedures and possible restructuring of existing debts are being carried out in order to minimize risks of demanding payables through the court. The Company discharges its obligations to lending agencies by the due date and in full.

Creditors Accounting for at Least 10 % of the Total Payables

Full company name: "Federal Grid Company of Unified Energy System" Open Joint-Stock Company

Short company name: "UES FGC" JSC

Location: Moscow

TIN: 4716016979

RCBIC: 1024701893336

Amount of accounts payable, rbs: 2 879 765 000

Amount and terms of overdue accounts payable (rate per cent, fines and penalty fees):
2 509 000 000

The creditor is not an affiliate of the Issuer.

Amount of Payables for 3 mo, 2011

In items of rbs

Name of accounts payable	Due date	
	Up to 1 year	Over 1 year
Accounts payable to suppliers and contractors	4 935 021 000	15 325 000
including overdue	2 436 556 000	x
Accounts payable to the staff	196 021 000	0
including overdue	0	x
Accounts payable to budget and State non-budgetary funds	421 590 000	0
including overdue	0	x
Credit accommodation	1 086 301 000	7 000 000 000
including overdue	0	x
Borrowings total	0	6 312 900 000
including overdue total	0	x
Including loans raised upon bonds	0	6 086 301 000
Including overdue loans raised upon bonds	0	x
Other accounts payable	1 358 346 000	0
including overdue	687 579 000	x
Total	7 997 279 000	13 328 225 000
overdue included	3 124 135 000	x

If there are overdue accounts payable including credit facility agreements or loan agreements, as well as Issuer's debt securities (bonds, notes, etc.), causes of non-fulfilment should be mentioned as well as consequences following or likely to follow

the abovementioned outstanding commitments, including sanctions imposed on the Issuer and terms (approximate terms) of overdue accounts repayment.

According to the results of the first quarter of 2011, there is reduction of the Company's liabilities, which is as well the result of implemented measures provided by the Plan of Financial Recovery of the Company.

Cardinal consequences of default in Issuer's overdue debts payment may be creditor's juridical debt reclaim performed in accordance with the norms of RF Civil Code. However, the Company fulfils its obligations before lending agencies in due terms. To minimize risks of debts reclaimed the Company is suing out pretrial litigation settlement and legal restructuring of liabilities existing.

The Company discharges Its obligations to lending agencies by the due date and in full.

Creditors Accounting for at Least 10 % of the Total Payables

Full company name: "Federal Grid Company of Unified Energy System" Open Joint-Stock Company

Short company name: "UES FGC" JSC

Location:

TIN: 4716016979

RCBIC: 1024701893336

Amount of accounts payable, rbs: 2 728 000 000

Amount and terms of overdue accounts payable (rate per cent, fines and penalty fees):
2 195 000 000

The creditor is not an affiliate of the Issuer.

2.3.2. Credit History of the Issuer.

Issuer's performance of obligations on credit and/ or loan agreements valid in the course of the last 5 completed financial years or for each completed financial year if the Issuer has been operating less than 5 years, and on current agreements as of the end date of the accounting quarter, with principal debt amount of at least 5 percent of the Issuer's balance sheet assets as of the last completed reporting quarter date preceding the corresponding agreement date, and on other credit and/ or loan agreements essential for the Issuer.

In case if the Issuer issued bonds, the Issuer's obligations performance on each bond issue is described, for bonds with total nominal value of at least 5 percent of the Issuer's balance sheet assets, as of the end date of the last completed quarter preceding state registration of report on bond issue results, in case if bond placement was not completed or if other factors prevented state registration of report on bond issue results – as of the end date of the last completed quarter preceding state registration of bond issue.

Liability name	Name of creditor (loaner)	Principal amount of the loan	Currency	Credit (loan) term / maturity	Overdue obligation performance on principal debt and/ or
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					fixed interest payment overdue time period, in days
Bonded loan	Floated via CJSC MICEX	6 000 000 000	RUB	5 years/26.08. 2014	no
Credit	SB of RF Astrakhan branch No. 8625	2 900 000 000	RUB	3 years/19.11 2012	no

2.3.3. The Issuer's Obligations from Collateral Furnished to Third Parties

In items of rbs

Name of indicator	2007	2008	2009	2010	2011, 3 mo
Total amount of the Issuer's liabilities from the securities provided	126 547 000	32 699 000	20 858 000	11 738 000	9 273 000
including total amount of third parties' liabilities secured by the Issuer (including pledge or surety)	126 547 000	32 699 000	20 858 000	11 738 000	9 273 000

The Issuer's obligations form collateral furnished to third parties for the period from the beginning date of the current financial year and to the end date of the accounting period (in the form of pledge or surety, among the others), making at least 5 percent of the Issuer's balance sheet assets as of the end date of the last completed accounting period prior to providing securities.

Specified liabilities did not arise in this accounting period

2.3.4. Other Obligations of the Issuer

Other obligations, which were not shown in the balance sheet and seriously influence financial status of the Issuer, its cash position sources of financing and terms of their use performance of the Issuer, are absent.

2.4. Purposes of Issue and Lines for Application of Finances Obtained as a Result of Issue Securities Placement

The Issuer did not place issue securities by force of subscription in the quarter reported.

2.5. Risks Connected with Purchase of Equity Securities Placed or in the Process of Placement.

Issuer's Policy in the Sphere of Risk Management:

Policy of "IDGC of the South", JSC in the sphere of risk management involves timely identification and preventing of possible risks with the purpose of financial and other loss reduction.

Risk management is an integral part of corporate management system of OJSC “IDGC of the South”. It makes it possible for the authorities of the Company to make economically efficient decisions it is closely connected with the process of strategy and operating planning and presupposes active participation of all the structures of the Company in risks revelation and evaluation.

The order of managerial decisions made in financial and economical activities of the Company and the system of executive powers accountability reduce the risks of discrepancy in managers’ and shareholders’ interests.

“IDGC of the South” JSC recognizes the importance of timely external menace revelation. The company regularly observes and analyses information, characteristic of external and inner risk factors capable of negative influence on stated goals achievement. Thus, the Company preceeds broadening its spheres of investigation.

In “IDGC of the South”, JSC, a number of domestic standardized documents are in force; the documents providing for prevention of risk incurrence and reduction include the following:

- Regulation about Procedures of Internal Control within “IDGC of the South”, JSC, determining internal control as that aimed at preventing risks in the Issuer’s activity and timely measures to minimize (terminate) the risks.
- The Conception of Corporate Security of “IDGC of the South”, JSC, determining unified algorithm for proving economical, personnel, industrial and technological, information, physical and environmental security of the Issuer for the sake of Its maximum protection against external and internal threats.

Activity on improving the system of internal control and risk management was carried out in the first quarter as a work of study group focused on introduction of system of integral risk management and internal control; the study group’s activity had two trends, which were as follows:

- forming a register of the Company’s key risks;
- standardization of control environment and business process risks.

To develop transparent and efficient system of internal control and risk management as a deliberate standardized system, the following has been performed:

1. Forming risk register, monitoring and updating of the the risk register.

Reassessment of the Issuer’s strategic risks has been made, risk passports have been filled in and the Issuer’s risk register following the results of the first quarter has been formed. Measurements regarding all the risks revealed have been scheduled risk owners being responsible for implementation of the measurements.

2. Work on standardization of control environment and key business process risks was carried out.

For the purposes of internal control system improvement, “as is” analysis of the Issuer’s business process has been carried out. “Planning and Budgeting” has been analyzed with a view to the 2nd and the 3rd level process risks as the business process, current control procedures covering the risks revealed have been tested and control environment efficiency has been estimated. Regulations about Control Environment and Risks of the Four Key Business Processes have been analyzed and adjusted. The four key business processes were considered as follows:

- Revenue for metering and selling energy transmission services;
- Selling technological connection services;

- Procurement management;
- Operational activities.

Global economy problems have impact on business activity results of “IDGC of the South” JSC. Some impact factors are of macroeconomic nature and the Issuer is unable to control them in full.

As the Company at present operates only at the internal market of the Russian Federation and does not plan to expand abroad, the risks specified further are characterized singularly from the point of view of the domestic market.

2.5.1. Industry Risks

Risk of Possible Situation Deterioration in the Issuer’s Industry as that Influencing on the Issuer’s Activity and Fulfillment of Its Obligations under Securities

“IDGC of the South” JSC is the largest interregional distribution grid company operating on territory of Astrakhan, Volgograd, Rostov regions and Kalmykia Republic. The Company does not export goods, works or services. In this connection industry risks of the Company are regarded for domestic market only.

The Issuer carries out its activity in power industry.

To boost the service sales the Company invests considerable funds in upgrading grids and creating new points of connection to power facilities under construction.

According to the Issuer there is a risk connected with decline in the efficiency of electric power industry management following distribution of regulatory functions and resulting from deregulation of wholesale and retail markets. There is increase in purchase of electric energy losses which results in increase of the Company’s costs not included in the tariff. The Company is exposed to this risk to the same extent as the rest of the participants of electric power industry market.

Operational Risks

Deterioration of the Company’s fixed assets may result in negative change in the industrial sector such as loss of power supply reliability. To reduce the risks mentioned the Company reconstructs operating and constructs new power grids as well as technical reequipment of fixed assets.

Technical Industrial Risks

From this group of risks the following ones can be distinguished:

- the risk of switching to operation with forced (emergency) power flow;
- the risk of sharp non-recurrent off-schedule load increase in connection with natural disasters;
- technical risks connected with equipment operation, caused by such factors as operation with limit deviations from normative technical requirements,
- operating employees’ mistakes;
- system loss of load resulted from breakdowns at substations and power stations;
- violation of dispatch schedule and misconduct.

The Company’s activities on risks reduction are as follows:

- analyzing probable risk situations with the purpose of risk prediction in the process of operation schedule fulfillment and taking protective actions against the risks impact;

- commercial insurance of property, dangerous industrial facilities, transportation facilities, civil responsibility, personnel accident and sickness insurance;
- carrying out measures on power system reliability improvement, which includes measures carried out for account of steady replenishment of fuel, spares and materials.

Risks Connected with Potential Change in Prices for Raw Materials, Services the Issuer Uses in Its Activity (Separately Domestically and in Foreign Markets) and Their Impact on the Issuer's Activity and Its Performance of Obligations under the Securities

Electricity transmission over grids, which do not belong to Unified Federal (All-Russian) Power System and line voltage of which does not exceed 220 kV, is among key activities of the Issuer.

Carrying out of the activity is connected with the necessity of materials and equipment purchasing, using outsourced services for repair works, running maintenance and construction of own grids.

Probability of price escalation is basically connected with inflationary development. Apparent escalation in prices for materials and equipment, outsourced services will require updating planned expenditure and alterations made to plans for investment programs implementation.

To reduce the specified risks, the Issuer purchases materials and equipment, selects service providers by means of competitive and regulated procurement of materials, equipment, input and other services.

Risks Connected with Potential Change in Prices for the Issuer's Output and/or Services (Separately Domestically and in Foreign Markets) and their Impact on the Issuer's Activity and Its Performance of Obligations under the Securities

The Issuer's principal income is connected with receipt of funds for electric power transmission services and technological connection.

The Company's activity as that of a natural monopoly holder is fraught with the risk of improper state tariff regulation. At the present time executive bodies responsible for tariff regulation (Regional Tariffs Service) do not enter some expenses into tariff designs of "IDGC of the South" JSC or enter them incompletely.

To minimize the risks specified the Issuer carries out constant work with regional tariff bodies in order to establish reasonable level of tariffs and to introduce advanced rate-making methods. Nevertheless, the Issuer's sphere of influence on decisions made by federal and regional executive authorities is limited, and the Issuer can not ensure the situation improvement owing to measures aimed at coping with the emerged negative changes.

Three branches of the Company except "Volgogradenergo" branch (switching to the return on invested capital method is scheduled for 2012) apply return on invested capital method (RAB). Application of RAB-regulation must contribute to attracting long-term investments to the industry, as well as aid to reducing subjective factor influence on tariff decision taking.

The risk of increased cost of commodities, works and services used by the Company in Its activity rises in the period of economic instability connected with the global economic crisis. To minimize influence of that risk, "IDGC of the South", JSC plans the following actions:

- to use its position of a large-scale consumer to get democratic costs;
- to use possibility of purchasing goods, works and services at the competitive market;
- to optimize consuming goods, works, and services of the external organizations

Influence of risks connected with possible change in prices for raw materials and services used by the Issuer in its internal market activity, on carrying out securities commitment is estimated as moderate, because the Issuer will take measures, mentioned in this point.

Risks of Increasing Accounts Receivable Connected with Payment Discipline

Having broken out in 2008, the economic crisis and following production recess and general deterioration in economic environment in RF, have conditioned reducing consumption of electric power and, as a consequence, increase of non-payment. In such situation, the Issuer is affected to the risk of accounts receivable increase. At the present time, the Issuer has a significant quantity of buyers who have overdue accounts receivable, which brings to necessity to attract significant credit funds. Risk of further increase of the accounts receivable is considered as significant and could bring to reducing of liquidity indices and financial stability of the Issuer.

In order to reduce a possibility of the given risk and minimize consequences of its realization, the Issuer effects financial management to control the accounts receivable aimed at optimization of its amount and debts return. Also the Issuer performs an active claim-related work to collect debts; policy is realized for conclusion of direct contracts with consumers of electric power.

Risks of Planning Volumes for Transmission Service Rendering

Impossibility of establishing limiting volumes of service rendering during planning are conditioned by the following factors:

- absence of plans for economic development with notification of electric power consumption dynamics for a certain period in some subjects of the Russian Federation and municipal entities;
- reducing electric power consumption by enterprises as the result of the economic crisis;
- presence of uncertainty in realization of mechanism of «the last mile»;
- reducing consumption in relation with adopting the Federal Law «On energy saving and on increasing energy effectiveness and on bringing changes in separate legislative acts of RF» (dated 23.11.2009 No 261-FL).

Specified conditions may lead to reduction of profit element of the Issuer in long-term perspective.

Minimization of the risk is achieved through the following measures:

- work with governmental bodies of the subjects of RF and organs of local government on forming plans of economic development of the region in medium-term and long-term perspective;
- protection in the governmental bodies on tariff regulation for transmission of electric power with consideration of investment component, aimed at development of capacity of the Issuer with consideration of regional economic development forecast;
- realization of strategy of integration of the grid assets, including grids in the regions including ownerless grids in the regions;

- participation of the Issuer in development of new normative acts and changes to the existing normative legal act, having priority value for organization of distribution grid complex, including introduced changes to the existing legislation of RF in a part of possibility of prolongation for “the last mile” contracts up to 2014 and approval of the rules for commercial control of electric power and capacity.

2.5.2. Country and Regional Risks

Risks Connected with Political and Economic Situation in the Country and the Region where the Issuer is Registered as a Taxpayer and/ or Carries out Its Ordinary Activity

Political and economic risks are considered principal country risks.

Russian economy stability definitely depends on current economic reforms development in legal, taxation and administrative infrastructure as well as on efficiency of measures taken by the Government of Russian Federation in the sphere of financial and money-and-credit policy.

Risk factors influencing “IDGC of the South”, JSC are the deterioration of economic situation in the country and regions of the Company and thus, negative impact of it on the Company’s purchase consumer power as resulting from negative effect of the world economic crisis.

The Company is registered in Rostov-on-Don and carries out Its operating activity on the territory of Astrakhan, Volgograd and Rostov region regions as well as in the Republic of Kalmykia. Specified regions are politically stable and risk of military conflicts and emergency situation is practically absent there. Nevertheless, there is a risk of terrorist attack and the Company makes security measures supporting industrial safety.

Social environment in the regions mentioned can be characterized as quiet, without pronounced ethnic conflicts, religious extremism. It enables to fulfill economic operations at minimum social and political risks.

Expected actions of the Issuer in case of negative impact of the changed situation in the country (countries) and region on the Company’s operation could be specified as follows:

In case political or economic situation in Russia or in a certain region destabilizes, the Company will take a number of measures of anti-crisis management with the purpose of maximum decrease of the negative impact of the situation on “IDGC of the South”, JSC including cutting costs and other expenditures, reducing investment plans.

Risks Connected with Possible Military Conflicts Imposing Emergency Rule and Strikes in the Country and the Region where the Issuer is Registered as a Taxpayer and/ or Carries out Its Primary Activity

Military conflicts and emergency rule imposing in the Issuer’s operating country and regions is highly improbable. If military conflicts occur, the Issuer bears the risks of the fixed assets deactivating.

Risks Connected with Geographic Features of the Country and the Region where the Issuer is Registered as a Taxpayer and/ or Carries out Its Primary Activity, Including the Heightened Danger of Natural Disasters, Possible Discontinuance of Transportation Owing to Remoteness and/ or Inaccessibility etc

Risk of losses subsequent to adverse weather conditions may be referred to risks resulted from geographical features of the region the Issuer carries out its activity in. The Issuer's actions on reducing the influence of these factors consist in designing electric power transmission lines with regard to regional climate peculiarities, as well as in insurance against corresponding risks.

There is a short risk probability related to danger of natural disasters and negative impact of nature-and-climatic conditions likely to result in damage to property of the population, objects of housing and communal services, social facilities, traffic, warm and power supply of consumers. In order to compensate potential loss resulted from emergency state connected with natural disasters, the Company has made property insurance treaties, takes preparatory measures, accumulates emergency reserve of material and equipment trains emergency response and restoration teams and develops special bailout programs.

The Issuer's operating regions have well developed transport infrastructure and are not exposed to risks connected with transportation discontinuance because of remoteness and/ or inaccessibility.

2.5.3. Financial Risks

Risks Caused by Interest Rates, Exchange Rate Variation in Connection with the Issuer's Operation or Hedging Practiced by the Issuer for Mitigation of Negative Consequences of the Specified Risks' Effects

In the course of carrying out its primary activity, the Issuer uses borrowed funds, which makes the Issuer subject to risks connected with credit and loan interest rate changes. But the Issuer, on account of constant analysis of the own financial condition, floating interest rate behavior, considers the risk to be insignificant.

To reduce debt portfolio service costs, the Company aims at using credits and loans with fixed interest rate, selecting financial institutions to render financial services through open single stage tender or open auction held in compliance with the procedures established by Russian Federation legislation, persistent monitoring of debt capital market and debt restructuring when applicable.

The Issuer does not resort to hedging as a tool of financial risk management in its activity.

The Issuer fulfills the ordinary activities on the territory of the Russian Federation, does not have investments to foreign companies the cost of whose net assets is at risk of exchange rate shift, has no receipts or expenditure expressed in foreign currency. Risks based on minor exchange rate variations do not have direct influence on the Issuer's financial and economic performance and are estimated by the Issuer as unimportant.

Susceptibility of the Issuer's Financial State, Liquidity, Sources of Finance, Performance Results etc to Shifts in Exchange Rate (Exchange Risks)

Assets and liabilities of the Issuer are expressed in national currency. In this connection the Issuer's financial state, sources of finance, performance results are almost independent on the exchange rate shift. Besides, the Issuer now carries out the activity only domestically and does not plan to operate on the foreign market that is why the effect of national currency exchange rate to foreign currencies (US dollar, euro) variations on the Issuer's financial state is estimated as inconspicuous.

A liquidity risk is a possibility of diseconomies over money shortage in terms demanded and as a result, inability of the Company to implement its commitment. Such a

risky event occurrence may result in fines and penalty fee, detriment of business reputation of “IDGC of the South”, JSC, etc.

Liquidity risk management is performed by OJSC “IDGC of the South” by way of cash flow planning, analysis of planned and factual cash flow of OJSC “IDGC of the South” as a whole as well as in its branch offices. Arising problems with ultimate liquidity are solved by means of credit and loans as well as by way of payments priority stating.

Expected Actions of the Issuer in Case of Negative Impact of Exchange and Interest Rate Shifts on the Issuer’s Activity

The Issuer is subject to risk of interest rate change. Along with interest rate growth, the commercial bank credit interest payments increase, and the Company’s profit falls.

If significant negative changes of interest rates take place, the Issuer will aim at making short term external borrowings, the Company’ investment program will be modified.

In case of negative influence of exchange rate shift on financial and economic activity, the Issuer plans to analyze risks and take proper decision in each separate case.

Influence of Inflation on Security Interest Payments. Inflation Levels Considered Critical by the Issuer, and the Issuer’s Expected Actions on the Specified Risk’s Mitigation

Present inflation rate does not bear significant influence on the Issuer’s condition. Inflation values as they are predicted must not have critical influence on the Issuer’s solvency, including security interest payments.

The risk of inflation influence is likely to arise in case when money income of “IDGC of the South”, JSC lose their real purchase power value faster then it grows nominally. Rise in inflation may result in the Company’s expenditure growth (for account of fixed assets, materials, works and services of foreign organizations cost rise), followed by Company profit fall, its profitability reduction as well as by rise in prices of loans resulting in shortage of floating assets.

In case of impetuous inflation rise the Company is intended to devote special attention to rise of working capital turnover, first at the account of supply, as well as to review current contractual relationship with consumers to shorten loan portfolio turnover.

Financial Reporting Indicators which Are Most of All Exposed to Change under the Influence of Specified Financial Risks. Risks, their Probability and Pattern of Change in the Report

Accounts receivable indicator of the Issuer’s reporting is most of all subject to the risks specified, it occurs as a result of contractors’ economic incapacity to pay for the Issuer’s services. Probability of occurrence of the risk is low and originates from overall situation in the country, inflation, exchange rate alterations, and the effect of these factors on Russia’s economy in general. Deterioration of the national operating environment can cause electric power transmission via the Issuer’s grid expense growth, which (on retention of the present schedule charge) will lead to reduction in profits.

2.5.4. Legal Risks

Legal Risks Connected with the Issuer’s Operations on Internal Market

Legal risks management is based on improving the process of legal documents implementation and the Company's operation legal support. To reduce legal risks, any business processes of the Company exposed to risk are subject to obligatory legal examination.

The Issuer (along with all the other Joint Stock companies operating on the territory of the Russian Federation) is at risk of changes to legislation (Federal Laws and subordinate legislation) on corporate relationship.

Risks Connected with Currency Legislation Changes

Risks connected with currency legislation changes will have but slight influence on the Issuer's activity, as the Issuer does not operate and does not intend to operate outside the Russian Federation.

Risks Connected with Tax Law Changes

Tax risks may have a number of manifestations like possibility of introducing new types of taxes and fees, probability of current tax rates increase, extending tax basis, change of terms and procedure of tax payment as well as of tax reporting.

Changing tax law in its part of tax rate increase or alteration of procedure and terms of tax (fees) calculation and payment may result in the Issuer's net profit decrease, which in its turn may lead to decrease in amount of dividends paid.

Alongside with that possibility of negative change in tax legislation of RF is estimated by the Issuer as a remote one, since Government of the Russian Federation plans to change the tax rates downward and in some cases – to abolish some taxes and fees, which, according to the Issuer, must have positive effect on the Company's activity results.

To minimize the risks of improper tax assessment and/ or payment caused by ambiguous treatment of tax legislation, the Company continuously works on optimizing the patterns of taxation base calculation in strict adherence to the current legislation of the Russian Federation.

Risks Connected with Changes in the Rules of Customs Control and Duties:

Changes in the rules of customs control and duties do not put the Issuer's operation at risk since the Issuer does not plan to export services outside the Russian Federation.

Risks Connected with Change of Requirements for the Issuer's Ordinary Activity Licensing or Licensing of Rights for Use of Facilities with Limited Recourse (Including Natural Resources)

Change of requirements on the Issuer's ordinary activity can lead to longer terms of document preparation for license renewal, as well as the necessity to conform to the given requirements. Nevertheless, the risk should in general be viewed as insignificant, except for the cases when license renewal or carrying out licensed activity will presuppose requirements that are inappropriate for the Company or will be connected with excess expenditure, which can incite termination of this kind of activity.

If the license regulation changes, the Company will conform to the principles of new legislation

Risks Connected with Changes in Judiciary Law on Matters that Concern the Issuer's Activity (Including License Regulation) which Can Have Negative Impact on the Issuer's Performance, as well as the Results of the Current Litigations of the Issuer

Although law of practice is not applied in Russian legislation, court practice is valid for the law enforcement. Any pleas not delegating law system in direct way, presuppose in specific cases, call for legal norm interpretation, subject to application. For judicial bodies obligatory for application are the following:

- Resolutions of the Supreme Court Plenum (art. 126 of RF Constitution, art. 56 of RSFSR Law "On RSFSR Judicial System", art. 19 of federal constitutional law dd. 31.12.1996 No. 1-ΦK3 "On Judicial System of Russian Federation");
 - Resolutions of the RF Highest Arbitration Court (art. 127 RF Constitution, art. 9,10 of FLS "About Arbitration Courts in RF");
 - Constitutional Court Decisions (art. 6 of FLS "About RF Constitutional Court").
- Peals are used for legal norms to be interpreted and applied in the correct way.

2.5.5. Risks Connected with the Issuer' Activity

Labour Protection Risks

Company's activity specific presupposes serious professional training of the staff including labour protection spheres.

Accidents at the manufacture endanger life and health of the staff and may cause suspension of work as well as property damage. To reduce the risk of staff injury the Company follows the principles of corporate "Policy in the sphere of labour protection and industrial safety" approved by the Board of Directors of OJSC "IDGC of the South".

The Company carries on work on its staff training and professional development as well as that of specialists in labour protection. Briefings and training on safe techniques and methods of work are carried on by the Company. Data and requirements on labour safety are constantly revised. Ant-damage and fire-prevention training as well as duplication and other forms of work with the staff are carried on as regulated by current legislation. Studies of advanced domestic and foreign experience in labour protection improvement, its implementation in the branches of OJSC "IDGC of the South" alongside with obligatory forms of work with the staff are carried on.

In order to implement obligations in the sphere of labour protection taken by the Company, it follows principals and requirements of international standard OHSAS-18001-2007 "Labour Protection Management" as well as the requirements of local standardized documents, which are in force at the OJSC "IDGC of the South":

- Policy in the sphere of health and labour protection;
- "Identification of Danger and Risk Assessment in the Sphere of Health and Labour Protection" standard of the Company;
- "Planning in the Sphere of Health and Labour Protection" standard of organization.

Yearly the Board of Directors approves the programme of staff traumatism risk reduction for the current year. The programme compiles principal measures including cost-based, aimed at staff traumatism prevention in the OJSC "IDGC of the South". One of the traumatism risks is that of direct contact of the technical staff with the conducting grid parts (high-voltage lines).

Risks Connected with the Current Litigations of the Issuer

At present, the Issuer takes part in a number of juridical disputes connected with contestation of the so called "last mile" lease contracts, among them contracts on the use of electric power grid facilities included on the Unified National (all-Russia) Electric Grid (UNEG). Unfavourable legal decisions taken are fraught for the Issuer with shortfall in income the amount of which can significantly affect the Issuer's financial and economic performance. Besides, rescission of grid facilities lease contract or recognition of the contract ceased to have its effect makes the consumers initiate proceeding to recover sums paid for services rendered in the relevant period as unjust enrichment. Unfavorable outcome of such proceedings bears a risk of further losses with the Issuer.

Risks Connected with Impossibility of the Issuer's License Renewal for a Certain Kind of Activity or Use of Facilities with Limited Recourse (Including Natural Resources)

On creating the joint operating company «IDGC of the South», JSC by affiliation of DGCs to it, necessity appeared to re-issue licenses for ordinary activity, with procedural succession.

Up to date the Issuer has fulfilled all the required procedures on obtaining licenses, for primary and for other activities practiced by the Issuer and subject to licensing In accordance with the procedure, provided for by Government of the Russian Federation Decree No.151 dated 20.03.2006.

Risks connected with impossibility to give further effect to the Issuer's license to carry out this or that type of activity or to use facilities of limited presence in circulation (including natural resources) are not traced now, except cases creating requirements the Issuer will not be able to meet although being in necessity of licence renewal or business activity subject to licensing.

Thus, risks connected with re-issuance of licenses are estimated as insignificant.

Risks Connected with Possible Responsibility of the Issuer under the Debts of Third Parties, Including the Issuer's Subsidiaries:

At present, the Issuer is not exposed to liability under debts of the third parties.

Liability for debts of subsidiary companies falls due in case the Issuer leads such companies to losses or bankruptcy through the Issuer's binding orders. But the Issuer makes all efforts to debar such a situation as long as this will go against the main aim of the Company which is profit earning.

Risks connected with possible responsibility of the Issuer under the debts of third parties are estimated by the Issuer's management as unimportant.

Liability for debts of "Kubanenergo" JSC, powers of the sole executive body of which were delegated to "IDGC of the South" JSC (agreement on transfer of sole executive functions of "Kubanenergo" JSC ceased to have effect in quarter IV, 2010), can occur only on the basis and in the order provided by the current legislation of the RF, namely Art. 71 of Federal Law "On Joint Stock Companies" No. 208-Ф3 dd 26.12.1995. Moreover, indispensable condition of prosecuting "IDGC of the South", JSC consists in presence of guilty actions (failure to act). Considering abovementioned probability of such risks occurrence is low.

Risks Connected with Possibility to Lose Customers Turnover with who Makes at least 10 percent of Total Product (Works, Services) Sales Revenue of the Issuer

Existing risk is connected with opportunity for at-large consumers to switch to service provided by “UES Federal Grid Company” JSC.

According to Federal Law “On Electric Power Industry” No.35-Φ3 dd. 26.03.2003 management organization for the unified national (All-Russian) electricity grid (“UES FGC” JSC) is entitled to lease power grid facilities to regional grid companies by agreement with federal authorized executive bodies. “IDGC of the South”, JSC is a holder of a number of grid facilities in the Unified National Electricity Grid by virtue of treaties for the use of transmission facilities concluded with “UES FGC” JSC.

In case of termination of the treaties specified there might be a risk of transmission volume decrease and regional tariff increase.

As long as third-party companies have neither alternative grid equipment nor craft labor (to maintain and repair the equipment), the specified risk may be estimated as an insignificant one.

Present item contains only the risks which are fundamental, according to the Issuer. There are likely other risks which have not been covered by the present section, those are risks the issuer has no conception of or the risks which are presently considered as nonessential and may exert negative influence onto the Issuer’s economic activity but implicitly.

III. Detailed Information on the Issuer

3.1. Incorporation History and Development of the Issuer

3.1.1. Data on Company Name (Name) of the Issuer

Full company name of the Issuer: Open Joint Stock Company "Interregional Distribution Grid Company of the South"

Short company name of the Issuer: "IDGC of the South", JSC

The Issuer's full or short company name (for a non-commercial entity - name) is similar to that of another juridical body

Name of such juridical bodies: "IDGC of the South" JSC

Explanations for preventing confusion of the specified company names:

In order not to confuse the Issuer's short company name with that of the other company, it is necessary to pay attention to the company's full name (Open Joint Stock Company "Interbank Regional Insurance Company")

All previous company names of the Issuer throughout the Company's lifetime

The Issuer's company name has not changed throughout the Company's lifetime.

3.1.2. Data on State Registration of the Issuer

Primary State Registration Number of juridical entity: 1076164009096

Date of registration: 28.06.2007

Name of registering authority: Federal Tax Service Office in Leninskiy district, Rostov-on-Don

3.1.3. Data on the Issuer's Incorporation and Development

The Issuer's lifetime from the date of state registration, and the term of the Issuer's existence in case it was established for a certain term and for certain purpose:

The Issuer's lifetime from state registration date till the end of the accounting period: 3 (two) years and 9 months.

The Issuer was established without restriction to a time-limit.

Brief establishment and development history of the Issuer. Goals of establishment mission (if any), and other information on the Issuer's activity which is important for taking decision on the Issuer's securities acquisition:

Reorganization process in the electric power industry began in 2000 with the elaboration of the strategy of reforming by RAO "UES of Russia", JSC.

Goals and objectives of reorganization in electric power industry were determined by Executive order of the Government of the Russian Federation No.526 dated 11.07.2001 "On Reforming Electric Power System of the Russian Federation". The goals and objectives with reference to subsequent changes in the regulatory environment were further specified in "Strategic Framework of JSC RAO "UES of Russia" for 2005-2008 "5+5" approved by Board of Directors of JSC RAO "UES of Russia" (Minutes No.143 dd 23.05.2003).

Strategic objective of Reorganization consists in turning electric power industry to steady growth on the basis of advanced technologies and market approach to

performance, and thus providing reliable, economically effective satisfaction of payable demand for electric and thermal power both in the short-term and long-term perspectives.

Electric power enterprises efficiency enhancement and creating conditions for the industry's development on the basis of private investment were considered to be key goals of industry's Reorganization.

In April of 2007 Board of Directors of RAO "UES of Russia" (Minutes No. 250 dd 27.04.2007) decided to approve the configuration of Interregional Distributive Grid Companies (IDGCs), determined structure of Distributive Grid Companies (DGCs) forming IDGC configuration and the contribution of RAO "UES of Russia", JSC in three newly established IDGCs, including "IDGC of the South", JSC.

On June 28, 2007 "IDGC of the South", JSC was registered on the basis of decision of sole founder –RAO "UES of Russia", JSC (Executive order of RAO "UES of Russia", JSC No.192p dd 22.06.2007).

Following the decision of Board of Directors of RAO "UES of Russia", JSC (Minutes No.250 dd 27.04.2007), RAO "UES of Russia", JSC and "FGC UES" ("Federal Grid Company Unified Energy Systems), JSC issued joint Executive order No.203p/217p dd 29.06.2007 on assignment of responsibility to CEOs of IDGCs for operation of subordinate juridical bodies.

In compliance with the decision specified, Gavrilov A.I., Chief Executive Officer of "IDGC of the South", JSC was assigned responsibility of operation of the following DGCs: JSC "Astrakhanenergo", JSC "Volgogradenergo", JSC "Kubanenergo", JSC "Rostovenergo", JSC "Kalmenergo".

In August and September of 2007, aiming at management efficiency improvement in the abovementioned DGCs, ensuing decisions of Extraordinary General Shareholders Meetings, "IDGC of the South", JSC was delegated functions of the DGCs' sole executive authorities.

On December 25, 2007 Management Board of RAO "UES of Russia", JSC delegated functions of Extraordinary General Shareholders Meeting of "IDGC of the South", JSC (Minutes No.1795np/6), made the following decision: to reorganize "IDGC of the South", JSC by affiliation of JSC "Astrakhanenergo", JSC "Volgogradenergo", JSC "Kubanenergo", JSC "Rostovenergo", JSC "Kalmenergo"; to approve the agreement on affiliating JSC "Astrakhanenergo", JSC "Volgogradenergo", JSC "Kubanenergo", JSC "Rostovenergo", JSC "Kalmenergo" to "IDGC of the South", JSC; to increase authorized capital of "IDGC of the South", JSC by placing supplement ordinary 80 789 200 000 shares with nominal value 10 kopecks each for total amount of 8 078 920 000 rubles at nominal value, placement method – conversion of DGC to shares of "IDGC of the South", JSC.

On January 18, 2008, Extraordinary General Shareholders Meetings of five stated DGCs approved reorganization of the companies in the form of affiliation to "IDGC of the South", JSC.

On March 31, 2008, reorganization of "IDGC of the South", JSC in the form of affiliation of JSC "Volgogradenergo", JSC "Kalmenergo", JSC "Rostovenergo", JSC "Astrakhanenergo" was completed; records were made in the Unified State Register of Legal Entities on termination of activities of affiliated Companies.

Since March 31, 2008, "IDGC of the South", JSC began to conduct the business as a united operating company.

Reorganization of JSC "Kubanenergo" was suspended.

On March 06, 2008, "Neft-Aktiv", LLC, a shareholder of "Kubanenergo" brought a lawsuit against JSC "Kubanenergo", the registrar "CMD" ("Central Moscow Depository"), JSC and "IDGC of the South", JSC.

By the decision of Moscow Arbitration Court as of 11.06.2008 approved by higher courts decisions, a number of documents were nullified, namely: the decision of the extraordinary General Shareholders Meeting of "IDGC of the South", JSC dated January 18, 2008, agreement dated December 03, 2007 regarding affiliation of "Kubanenergo", JSC to "IDGC of the South", JSC and transfer act on devolution of rights and obligations to "IDGC of the South", JSC by "Kubanenergo", JSC dated 03.12.2007.

From 14.09.2007 the Company was performing functions of a sole executive body of "Kubanenergo" JSC by virtue of the agreement.

By the decision of Board of Directors of "IDGC of the South" JSC (Minutes No. 55/2010 dd. 29.10.2010) termination of contract No. 407/30-1143/26 dd. 14.09.2007 about delegation of authorities of the sole executive body of "Kubanenergo" JSC to "IDGC of the South" JSC, the managing company was recognized as useful since 01.12.2010.

Since December 1, 2010 Astrakhan region, Volgograd region, Rostov region and Republic of Kalmykia are the Company's operation areas.

At the present time "IDGC of the South" JSC is in the group of companies, which are parts of "IDGC Holding" JSC, one of the biggest infrastructure companies of Russia controlling about 80% of distribution grid complex of the country, and takes dominant position in the transport service market of Southern Federal District.

"IDGC of the South" JSC aims at gaining leading positions in the industry, and for this purpose, the company has determined Its Mission, Values and Strategic Goals for the period preceding 2016.

The Mission of "IDGC of the South" JSC

- We are a fold, professionals, making a base for stable development of economy in regions of the South of Russia and basing ourselves upon consolidation of energetic assets and improvement of efficiency of power supply as well as upon successful experience of every employee of the Company and of our partners.
- We are taking care of faster growth of the grids and providing availability of electric power for the consumers while trying to make it possible for them to use electricity where, when and in the volume the consumers need.
- We endeavour to create favourable conditions for activity of each of ours employees doing for opportunity to unlock their potential and maintain their health.

Vision Statement of "IDGC of the South" JSC

- By 2016 "IDGC of the South" JSC will have become an up-to-date distribution grid company representing a team of professionals, sharing a common goal, managing unified high-tech grids with low depreciation percentage.
- "IDGC of the South" JSC is an attractive employer at high level of social responsibility. Efficient structure provides for optimal balance in sharing functions of structural subdivisions between the Company's management levels.
- Quality of our services makes it possible for us to take leading positions among distribution grid companies of Eastern Europe and expand our regular customers' base.

- The financial status provides for accumulation of assets for the further stable development of not only our company but Southern Federal District of Russia as well.

Values of “IDGC of the South” JSC

- Reliability (reducing time of shortfalls);
- Responsibility (such subjective attitude of the Company’s employees to their work, when they realize importance of the task and are responsible for their performance).
- Customer centricity (reflects the place of client interests in priority system of the Company as efforts of the Company’s executives to meet the customers’ requirements);
- Leadership (a character feature of a personality enabling board and mid-level managers of the Company to form a team and take up the running).
- Professionalism (an ability to achieve the best results in the professional field for the good of the Company at a minimum input).
- Social responsibility (board level managers realizing their responsibility to society, consumers, personnel, shareholders and future generations, recognizing their influence and endeavouring to minimize negative impact on the matters specified).
- Steadiness (ability of the Company to work for a long period without sharp negative changes within its internal environment developing and introducing up-to-date technologies at the same time).

Integrated management system has been developed, introduced and certified at “IDGC of the South” JSC. The system has been working effectively and in a worthwhile manner as a system meeting international standards ISO 9001:2008 “Quality Management Systems. Requirements”, ISO 14001:2004 “Environmental Management Systems. Requirements and Implementation Guidance”, OHSAS 18001:2007 “System of Occupational Safety and Health Management”. In December of 2010 the first compliance audit by SGS certification authorities was successfully gone through by “IDGC of the South” JSC, which confirms certificates of compliance with international standards for the period preceding 2012.

In present-day environment strategic goals of “IDGC of the South” JSC are as follows:

- improvement of reliability and quality of services provided by the Company, including reduction of depreciation of the Company’s electric grid facilities;
- improvement of operational efficiency, including:
 - reducing transaction costs and electricity loss level;
 - improving the Company’s rate of return;
 - increase of investment attractiveness of securities of “IDGC of the South” JSC, including increase of the Company’s capital authorization, and switching to RAB-regulation;
 - improvement of power efficiency of electric grid facilities, buildings and constructions as well as providing the Company’s upgrading;
 - improvement of availability of electric grid infrastructure, including:
 - satisfying demand and making electric power reserve in the volume outpacing economic growth for 3 – 5 years;

- growth of share of electricity service market within the territories supplied;
- human capital asset development.

To improve the level of customer satisfaction with the Company's services by way of enhancing the service, 35 Customer Service Centers and Offices work as of March 31, 2011 (18 Customer Service Centers and 17 Customer Service Offices), the following ones are among them:

2 Customer Service Centers and Customer Service Offices at "Astrakhanenergo" branch of "IDGC of the South" JSC:

- 1) Kernel Customer Service Center in Astrakhan;
- 2) Customer Service Center in Akhtubinsk;
- 3) Customer Service Office at Enotaevsky Distribution Zone, Enotaevka village;
- 4) Customer Service Office at Kharabalinsky Distribution Zone, Kharabali;
- 5) Customer Service Office at Ikryaninskiy Distribution Zone, Ikryanoe village;
- 6) Customer Service Office at Pravoberezhnyi Distribution Zone, Solyanka village;
- 7) Customer Service Office at Volodarskiy Distribution Zone, Volodarskiy settlement;
- 8) Customer Service Office at Chernoyarskiy Distribution Zone, Chernyi Yar village;
- 9) Customer Service Office at Krasnoyarskiy Distribution Zone, Krasnyi Yar village;
- 10) Customer Service Office at Limanskiy Distribution Zone, Liman worker's settlement;
- 11) Customer Service Office at Privolzhskiy Distribution Zone, Nachalovo village;
- 12) Customer Service Office at Kamyzyakskiy Distribution Zone, Kamyzyak,

6 Customer Service Centers and 8 Customer Service Offices at "Volgogradenergo" branch of "IDGC of the South" JSC:

- 13) Customer Service Center of "Volgograd Electric Grids", Operating Department, Volgograd;
- 14) Dubovskiy Customer Service Office at "Volgograd Electric Grids" Operating Department of the Distribution Zone, Dubovka;
- 15) Gorodischenskiy Customer Service Office at "Volgograd Electric Grids" Operating Department of the Distribution Zone, Gorodische worker's settlement;
- 16) Customer Service Center of "Pravoberezhnye Electric Grids" Operating Department, Volgograd;
- 17) Kotelnikovskiy Customer Service Office at "Pravoberezhnye Electric Grids" Operating Department of the Distribution Zone, Kotelnikovo;
- 18) Customer Service Center of "Levoberezhnye Electric Grids" Operating Department, Volzhsky;

- 19) Pallasovsky Customer Service Office at “Levoberezhnye Electric Grids” Operating Department of the Distribution Zone, Volzhsky;
 - 20) Sredneakhtubinskiy Customer Service Office at “Levoberezhnye Electric Grids” Operating Department of the Distribution Zone, Srednyaya Akhtuba worker’s settlement;
 - 21) Customer Service Center of “Uryupinskie Electric Grids” Operating Department, Uryupinsk;
 - 22) Customer Service Center of “Kamyshinskie Electric Grids” Operating Department, Kamyshin;
 - 23) Elansky Customer Service Office at “Kamyshinskie Electric Grids” Operating Department of the Distribution Zone, Elan worker’s settlement;
 - 24) Customer Service Center of “Mikhailovskie Electric Grids” Operating Department, Mikhailovka;
 - 25) Logovsky Customer Service Office at “Mikhailovskie Electric Grids” Operating Department of the Distribution Zone, Log urban village,
- 9 Customer Service Centers at “Rostovenergo” branch of “IDGC of the South” JSC:
- 26) Kernel Customer Service Center in Rostov-on-Don;
 - 27) Customer Service Center of “Central Electric Grids” Operating Department, Novochoerkassk;
 - 28) Customer Service Center of “Eastern Electric Grids” Operating Department, Volgodonsk;
 - 29) Customer Service Center of “Western Electric Grids” Operating Department, Shakhty;
 - 30) Customer Service Center of “North-Eastern Electric Grids” Operating Department, Kamensk-Shakhtinsk;
 - 31) Customer Service Center of “Northern Electric Grids” Operating Department, Millerovo;
 - 32) Customer Service Center of “South-Eastern Electric Grids” Operating Department, Salsk;
 - 33) Customer Service Center of “South-Western Electric Grids”, Taganrog;
 - 34) Customer Service Center of “Southern Electric Grids”, Azov,
- 1 Customer Service Center at “Kalmenergo” branch of “IDGC of the South” JSC:
- 35) Kernel Customer Service Center in Elista.

In the first quarter of 2011 “Customer-Centric Policy of “IDGC of the South” JSC was approved by Order of the Company’s CEO No. 56, dd. 07.02.2011.

Claiming Its responsibility to the society as a whole and all the parties interested (nonworking pensioners, personnel, shareholders, service consumers, contractors, public commercial and non-commercial organizations, state authorities and local authorities, the state, mass media, future generations) the Company’s top management is planning works on conformation of social responsibility system with the requirements of international standard “Social Responsibility” SA 8000.

3.1.4. Contact Information

Location: 49 Bolshaya Sadovaya st., Rostov-on-Don, Russia, 344002

Location of permanent executive body

49 Bolshaya Sadovaya st, Rostov-on-Don, Russia, 344002

Postal address

327 Severnaya st, Krasnodar, Russian Federation, 350015

Telephone: (861)279-88-08

Fax: (861)279-88-09

E-mail: office@mrsk-yuga.ru

Internet website address (addresses) for information disclosure on the Issuer, the securities issued and/ or in the process of issuance: www.mrsk-yuga.ru.

Name of the Issuer's specialized division for shareholders and investors: Securities and shareholders division of the Corporate Management Department of "IDGC of the South", JSC.

Location of the division: Room 627, 327 Severnaya st, Krasnodar, Russian Federation, 350015

Telephone: (861)279-85-38

Fax: (861)279-85-86

E-mail: yurchenkoai@mrsk-yuga.ru

Internet website address: www.mrsk-yuga.ru

3.1.5. Taxpayer Identification Number

6164266561

3.1.6. Branches and Regional Offices of the Issuer

Branches and regional offices of the Issuer according to Its Charter (constitutive documents):

Full branch name: "Volgogradenergo" branch of "IDGC of the South" JSC

Location: 15 Lenin prospect, Volgograd, 400066

Opening date: 31.03.2008

Branch (office) manager

Full name: Kalenyuk Egor Vladimirovich

Term of warrant: 31.12.2011

Full branch name: "Rostovenergo" branch of "IDGC of the South", JSC

Location: 49 Bolshaya Sadovaya st., Rostov-on-Don

Opening date: 31.03.2008

Branch (office) manager

Full name: Kushnarev Konstantin Fyodorovich

Term of warrant: 31.12.2011

Full branch name: "Astrakhanenergo" branch of "IDGC of the South", JSC

Location: 32 Krasnaya Naberezhnaya st., Astrakhan, 414000

Opening date: 31.03.2008

Branch (office) manager

Full name: Goncharov Pavel Viktorovich

Term of warrant: 31.12.2011

Full branch name: "Kalmenergo" branch of "IDGC of the South", JSC

Location: Northern industrial area, Elista, Republic of Kalmykia, 358007

Opening date: 31.03.2008

Branch (office) manager

Full name: Alayev Timur Ulumdzhievich

Term of warrant: 31.12.2011

Full branch name: "Kubanenergo" branch of "IDGC of the South", JSC

Location: 2 Stavropolskaya st., Krasnodar, 350033

Pestov Dmitry Vladimirovich

Opening date: 14.04.2008

Branch (office) manager

Full name: Brizhan Vitaly Vasilievich (pluralistically)

Term of warrant: 31.12.2011

3.2. Ordinary Economic Activity of the Issuer

3.2.1. Company's Industry of the Issuer

OKVED codes
40.10.2
40.10.3
40.10.5
74.14
74.15.2
64.20.11

3.2.2. Principal Economical Activity of the Issuer

Types of economical activity (types of activity, types of goods (works, services)), providing not less than 10% of the Issuer's proceeds (income) for the accounting period

In items of rbs

Name of the goods (works, services): Electricity transmission in grids

Name of indicator	2007	2008	2009	2010	2011, 3 mo
Volume of proceeds (income) of the type of economical activity	0	10 785 341 000	16 820 012 000	20 995 679 000	6 602 548 000
Share of proceeds volume in the type of activity related to the total volume of the proceeds (income) of the Issuer, %	0	82.2	88.4	95.4	98.6

Change of proceeds volume of the Issuer from its principal economical activity accounts for 10% in comparison with the correspondent reported period of the previous year which resulted from the following:

Indicators of 2007-2008 are quoted with glance at affiliation of DGC to "IDGC of the South" JSC as the Company's branches since 31.03.2008.

In the accounting period proceeds from electricity transmission in grids have increased by 18.5% in comparison with the first quarter of 2010, which is conditioned by tariffs growth.

Rated Power and Characteristic of Assets of "IDGC of the South" JSC
(Data on Substations and Transmission Lines) as of 31.03.2011.

Indicator	Measurement units	Total	"Astrakhan energo" branch of "IDGC of the South" JSC	"Volgograd energo" branch of "IDGC of the South" JSC	"Kalmener go" branch of "IDGC of the South" JSC	"Rostovenergo" branch of "IDGC of the South" JSC
Quantity and power of 35-220 kV Substations, total including 220 kV Substations	pcs	1 217	136	396	117	568
	MVA	18 336	2 079	6 550	1 111	8 596
	pcs	4	0	2	2	0
	MVA	516	0	126	390	0
110 kV Substations	pcs	636	90	260	46	240
	MVA	14 545	1715	5 629	512	6 689
35 kV Substations	pcs	577	46	134	69	328
	MVA	3 275	364	795	210	1 907
Length of HV lines	km	156 265	20 050	44 818	19 072	72 326
Length of	km	27 571	3 032	8 880	4 154	11 505

35-220 kV HV lines						
including 220 kV HV lines	km	386	0	141	245	
110 kV HV lines	km	15 724	2442	5 987	1 956	5 340
35 kV HV lines	km	11 461	590	2 752	1 954	6 165
Length of 0.38 – 10 kV HV lines	km	128 694	17 018	35 938	14 917	60 821
Including 10 kV HV lines	km	72 790	9 718	21 170	11 949	29 953
6 kV HV lines	km	3 874	1111	927	0	1 831
0.38 kV HV line	km	52 030	6189	13 841	2 968	29 031
Length of HV lines, total	km	1 693	843	396	1	453
including 110 – 35 kV cable lines	km	66	0	0	0	66
10 – 0.38 kV cable lines	km	1 627	843	396	1	387
Quantity and capacity of 6, 10/0.38 kV Transformer and Distribution Substations	pcs	30 860	3 688	10 180	3 118	13 874
	MVA	4 960	777	1 912	302	1 969

Data on Electricity Transmission Tariffs and Charge for Technical Connection to Distribution Grids

In 2011 uniform (“boiler”) method of making rate of transport services is in force in the territory of all RF entities within liability area of “IDGC of the South” JSC. A distinction of the method is in the fact that electricity is transmitted to absolutely all consumers of one and the same voltage class as per uniform tariff, irrespective of the type of company the grid of which they are connected to.

“Astrakhanenergo” Branch of “IDGC of the South” JSC

“Boiler” model acting in the region – “upper boiler”. The holder of the “boiler” is “Astrakhanenergo” branch “IDGC of the South” JSC. “Astrakhanenergo” branch of “IDGC of the South” JSC brings under control the whole grid Indispensable Gross Receipt of the four power selling companies (hereinafter – PSC) of the region as per “boiler” tariffs and pays traffic through local grid organizations’ grids (hereinafter – LGO) as per individual

tariffs. All the consumers of transport services pay “Astrakhanenergo” branch of “IDGC of the South” JSC as per flat-rate tariffs.

“Boiler” tariffs for 2011 are calculated by return on invested capital method (RAB method) and determined by the Decree of Tariff Service of Astrakhan region No. 201 dd. 22.12.2010.

Rate of payment for technological connection to grids of “Astrakhanenergo” branch of “IDGC of the South” JSC for 2011 was determined by the Decree of Tariff Service of Astrakhan region No.135, dd. 16.12.2009.

“Volgogradenergo” Branch of “IDGC of the South” JSC

In 2011 “mixed boiler” pattern of settling was introduced in the region, “Volgogradenergo” branch of “IDGC of the South” JSC being the boiler holder. “Volgogradenergo” branch of “IDGC of the South” JSC receives revenue from transport service consumers as per boiler and flat-rate tariffs (from “Volgogradoblelectro” JSC, “Volgograd Interdistrict Electric Grids” Municipal Unitary Manufacturing Enterprise, “Volzhskie Interdistrict Electric Grids” Municipal Fiscal Enterprise). Transport service consumers pay “Volgogradenergo” branch of “IDGC of the South” JSC as per two-part tariffs and flat-rate tariffs.

“Boiler” tariffs for 2011 are calculated by long-term indexation method and approved by Resolution of Regional Tariffs Service of Volgograd region No. 35/3 dd. 22.12.2010. Individual tariffs for mutual settlement of accounts between “Volgogradenergo” branch of “IDGC of the South” JSC and “Volgogradoblelectro” JSC, “Volgograd Inter-District Electric Grids” Municipal Unitary Manufacturing Enterprise, “Volzhskie Inter-District Electric Grids” Municipal Fiscal Enterprise are approved by Resolution of Regional Tariffs Service No.35/1 dd. 22.12.2010.

Rate of payment for technological connection to the grids of ‘Volgogradenergo’ branch of “IDGC of the South” JSC for 2011 is approved by Resolution of Regional Tariffs Service of Volgograd region No. 34/3 dd. 17.12.2010.

“Kalmenergo” Branch of “IDGC of the South” JSC

“Boiler from Below” pattern of settling is used in the region. “Kalmenergo” branch of “IDGC of the South” JSC makes up its revenue according to “boiler” tariffs for productive supply of consumers of “Kalmenergosbyt” JSC connected to grids of “Kalmenergo” branch of “IDGC of the South” JSC and at residential rates of output of the grid of “Kalmenergo” branch of “IDGC of the South” JSC to grids of Territorial Grid Companies. Transport service consumers settle with “Kalmenergo” branch of “IDGC of the South” JSC as per flat-rate tariffs.

“Boiler” tariffs and residential rates for 2011 have been calculated by return on invested capital method (RAB method) and are approved by Order of Regional Tariffs Service of Republic of Kalmykia No. 10-п/э dated 29.12.2010.

Rate of payment for technological connection to grids of “Kalmenergo” branch of “IDGC of the South” JSC for 2010 were set by Order of Regional Tariffs Service of Republic of Kalmykia No. 23-п/э dd. 17.02.2006 (renewed by Order No. 29-п/э dd. 08.04.2008) and by Order of Regional Tariffs Service of Republic of Kalmykia No. 56-п/э dd. 21.07.2009.

“Rostovenergo” branch of “IDGC of the South” JSC

“Two Boilers” pattern of settling is used in the region. There are two big grid companies in the region which are “boiler” holders: “Rostovenergo” branch of “IDGC of the South” JSC and “Donenergo” JSC. “Rostovenergo” branch of “IDGC of the South” JSC collects its share of the grid “boiler” from all Power Supply Companies as per “boiler” tariffs and at residential rates - from “Donenergo” JSC. The company shares part of its

grid receipt with its subordinate Territorial Grid Companies at residential rates. "Donenergo" JSC collects its share of the grid boiler from "Donenergosbyt" LLC, "Energosbyt Rostovenergo" JSC as per boiler tariffs and shares the revenue with "Rostovenergo" branch of "IDGC of the South" JSC and the subordinate Territorial Grid Companies at residential rates. Transport service consumers settle with "Rostovenergo" branch of "IDGC of the South" JSC as per two-part tariffs and flat-rate tariffs.

"Boiler" tariffs for 2010 were calculated by return on invested capital method (RAB method) and approved by Resolution of Regional Tariffs Service of Rostov region No. 23/1 dd. 31.12.2010. Residential rates for settling between "Rostovenergo" branch of "IDGC of the South" JSC and "Donenergo" JSC are approved by Resolution of Regional Tariffs Service of Rostov region No. 23/4 dated 31.12.2010.

Rate of payment for technological connection to grids of "Rostovenergo" branch of "IDGC of the South" JSC for 2011 have been set by Resolution of Regional Tariffs Service of Rostov region No. 20/13 dd. 28.12.2010.

Transmission Tariff Menu for 2011

Unified (Boiler) Transport Service Tariffs for 2011					
No., date of tariff design/consumer group		Two-part tariff			Flat-rate tariff (rbs/MW*h)
		Rate of electric grid maintenance (rbs/MWmo)	Rate of payment for electric energy losses in grids (rbs/MW*h)		
"IDGC of the South" JSC					
"Astrakhanenergo"					
1	Resolution of tariffs service of Astrakhan region No. 201 dd. 22.12.2010 (source publication: "Collection of Laws and Regulatory Legal Acts of Astrakhan Region", No. 57 dd. 28.12.2010)	HV	191 508.650	395.330	671.850
		MV1	267 971.420	450.880	1 000.420
		MV2	575 693.770	528.290	1 833.300
		LV	865 630.340	453.390	2 209.100
		LV for households and consumer categories equated	-	-	1 047.310
"Volgogradenergo"					
2	Annex 1 to Resolution of Regional Tariffs Department at Volgograd Region Administration No. 35/3 dd. 22.12.2010 (source	Other consumers			
		HV	623 028.420	65.390	886.850
		MV1	738 146.950	113.000	1 276.170
		MV2	988 244.450	239.270	1 994.900
		LV	988 784.810	793.650	2 948.330

	publication: "Volgogradskaya Pravda" No. 244, dd. 29.12.2010)	Households			
		HV	-	555.830	555.830
		MV1	-	555.830	555.830
		MV2	-	555.830	555.830
		LV	-	555.830	555.830
"Kalmenergo"					
3	Order of Regional Tariffs Service of Republic of Kalmykia No. 13-п/э dd. 01.02.2011 (published in "Khalmg Ynn" No. 26 (16134) dd. 16.02.2011)	Other consumers, including On-Budget consumers			
		HV	1 349 190.339	104.985	2 372.213
		MV1	1 758 317.412	207.473	3 162.213
		MV2	1 779 764.286	331.433	3 322.213
		LV	2 209 508.338	530.956	4 242.213
		Households			
		LV – urban households with gas-stoves (including VAT)	716 532.658	626.529	1 830.616
		LV – urban households with electric units (including VAT)	186 908.094	626.529	940.616
		LV – rural households (including VAT)	186 908.094	626.529	940.616
		LV – consumers equated to households (including VAT)	716 532.658	626.529	1 830.616
		"Rostovenergo"			
4	Resolution of Regional Tariffs Service of Rostov Region No. 23/1 dd. 31.12.2010 (source publication: "Our Time" newspaper, No. 25 – 26, 01.02.11)	Other consumers			
		HV	500 867.300	630.140	1 518.780
		MV1	617 571.700	692.140	2 193.750
		MV2	758 423.500	723.320	2 352.550
		LV	1 082 521.800	730.120	2 503.850
		Households			
		urban with gas-stoves			

		HV	-	-	1 510.820
		MV1	-	-	1 510.820
		MV2	-	-	1 510.820
		LV	-	-	1 510.820
	urban with heating units				
		HV	-	-	722.680
		MV1	-	-	722.680
		MV2	-	-	722.680
		LV	-	-	722.680
	rural households				
		HV	-	-	722.680
		MV1	-	-	722.680
		MV2	-	-	722.680
		LV	-	-	722.680

Residential Transport Service Rates for Mutual Settlements between Regional Distribution Companies and Allied Grid Companies for 2011

No.	No. and date of tariff design adoption	Name of entity	Two-part tariff		Flat-rate tariff
			Rate of maintenance	Rate of electric energy losses payment	
			rbs/MWmo	rbs/MWh	Rbs/MWh
"IDGC of the South" JSC					
"Volgogradenergo"					
1	Resolution of Regional Tariffs Department at Administration of Volgograd region No. 35/1 dd. 22.12.2010 (source publication: "Volgogradskaya Pravda", No. 244, 29.12.2010)	"Volgogradoblectro" JSC	11 407.950	101.420	126.220
		"Volgograd Interdistrict Electric Grids" Municipal Unitary Operational Enterprise	170 163.270	26.430	462.300
		"Volzhskie Interdistrict Electric Grids" Municipal Fiscal Enterprise	89 434.230	193.750	348.060
"Kalmenergo"					

2	Order of Regional Tariffs Service of Kalmykia Republic No. 13-п/э dd. 01.02.2011 (published in "Khalmg Ynn" newspaper No. 26 (16134) dd. 16.02.2011)	"KalmEnergoKom" JSC	845 653.507	193.094	1 614.160
		"Oktyabrsky Transenergo" Public LLC	609 953.823	197.350	1 222.338
		"Multy-Industry Production Association of Communal Services at Iki-Burulsky Rural Municipality of Republic of Kalmykia" Municipal Unitary Enterprise	551 131.050	325.385	1 251.525
		"Gazpromenergo" LLC	1 420 889.565	319.558	2 707.271
		"Russian Railways" JSC	1 010 154.862	283.780	1 981.280
"Rostovenergo"					
3	Resolution of Regional Tariffs Service of Rostov Region No. 23/4 dd. 31.12.2010 (Source publication: "Our Time" newspaper No. 25 – 26, dd. 01.02.2011)	"Donenergo" JSC	141 574.300	0.090	288.060

Technological Connection Tariff Menu for 2011

Date of tariff design adoption	Connection category		In items of	Payment rate
	Power range, kW	Connection point voltage level, kV		
"Volgogradenergo" branch of "IDGC of the South" JSC				
Resolution of Regional Tariffs Department of Volgograd Region No. 34/3 dd. 17.12.2010 (source publication: "Volgogradskaya Pravda" No. 244, dd. 29.12.2010)	For connecting consumer power receivers to the extent technically feasible			
	under 100 kW	0.4	rbs/kW	382.66
	above 100 kW	0.4	rbs/kW	72.92
	under 100 kW	6 – 10	rbs/kW	382.66
	above 100 kW	6 - 10	rbs/kW	72.92
	For connecting consumer power receivers in absence of feasibility over the need for the construction of new electric grid facilities connecting operating facilities and newly connected power receivers and (or) power facilities			
under 100 kW	0.4	rbs/kW	7 743.19	

	above 100 kW	0.4	rbs/kW	8 161.59
	under 100 kW	6 - 10	rbs/kW	7 743.19
	above 100 kW	6 - 10	rbs/kW	8 161.59
	For applicants with maximum connected power not exceeding 15 kW	-	for the connection	466.1
"Kalmenergo" branch of "IDGC of the South" JSC				
Order of Regional Tariffs Service of Republic of Kalmykia No. 23-п/э dd. 17.02.2006 (By Order of Regional Tariffs Service of Republic of Kalmykia No. 29-п/э, renewed)	Rate of payment for technological connection to electric grids for individuals with connected load exceeding 15 kW and legal entities connected to 0.4 – 10 kW	0.4 -10 kV	rbs/kW	126.96
Order of Regional Tariffs Service of Republic of Kalmykia No. 56-п/э dd. 21.07.2009.	For applicants with maximum power not exceeding 15 kW (with allowance for power previously connected to this connection point) and distance between the Applicant's lot lines and the electric grid facility of "Kalmenergo" branch of "IDGC of the South" JSC not exceeding 300 m in town and 500 m in rural environment	-	for the connection	466.1
"Rostovenergo" branch of "IDGC of the South" JSC				
Resolution of Regional Tariffs Service of Rostov Region No. 20/13 dd. 28.12.2010 (alterations being made to Resolution of Regional Tariffs Service of Rostov Region No. 3/7 dd. 28.02.2011),	Standardized tariff rates of payment for technological connection to distribution grids of the branch (prices of 2001)			
	Rate of covering expenses of technological connection exclusive of construction and overhaul of electric grid facilities, total, including:	-	rbs/MW	397 248.86
	preparing technical requirements by grid company and approving	-	rbs/MW	163 144.62

source publication of original version: "Our Time" newspaper, No. 490 – 491, 30.12.10.	them by system operator			
	grid company's verification of meeting technical requirements by the applicant.	-	rbs/MW	101 901.61
	Participation of the grid company in checking up devices under the connection by an official of federal executive body in charge of technological supervision, involving owner of the devices	-	rbs/MW	-
	Actual connection of the applicant's facilities to electric grids and switching device by the grid company	-	rbs/MW	132 202.63
	Rate of covering expenses of technological connection in the part of expenditures for construction and overhaul of OHTL	LV	rbs/km	282 513.00
		MV2		384 817.00
	Rate of covering expenses of technological connection in the part of expenditures for construction and overhaul of cable power lines	LV	rbs/km	291 225.00
		MV2		527 796.00
	Rate of covering expenses of technological connection in the part of expenditures for construction and overhaul of substations, including:	-	-	-
	Construction of main substations, 35 kV and above substations	-	rbs/line	-
	Construction of package transformer substations (PTSs), Distribution Transformer Substations of under 35 kV voltage class	LV	rbs/line	121 527.00
		MV2	rbs/line	-
	Construction and overhaul of sectioning switches, electrical distribution points, switchgears, switching equipment (cubicles, chutes, panels and circuit breakers)	LV	rbs/line	17 152.00
		MV2	rbs/line	161 609.00

	Setting up electricity metering	LV	rbs/line	-	
		MV2	rbs/line	26 015.00	
	Set up of telemetering (telecontrol)	LV	rbs/line	-	
		MV2	rbs/line	6 534.00	
	Setting up Relay protection and emergency control equipment, linkage, capacitance current compensation	LV	rbs/line	-	
		MV2	rbs/line	22 167.00	
	For legal entities and nonprofit organizations as applicants to supply electricity to citizens who are members of the organization and settle according to general exit charge register	-	for the connection	N*466.1	
	For individuals and legal entities in order to consume electric energy for public living needs, with connected power not exceeding 15 kW	-	for the connection	466.1	
	“Astrakhanenergo” branch of “IDGC of the South” JSC				
	Resolution of tariffs service of Astrakhan region No. 135 dd. 16.12.2009. Source publication: “Collection of Laws and Regulatory Legal Acts of Astrakhan Region”, No. 58 dd. 24.12.2009	above 15 and up to 100 kW	under 10 kV	rbs/kW	82.1
		from 100 kW up to 637.5 kW	under 10 kV	rbs/kW	16.3
		above 637.5 kW	under 10 kV	rbs/kW	7
Nonprofit organization, the legal entity, as an applicant, for supplying electric energy to citizens who are members of the organization and settle according to general exit charge register, providing that each member of the organization is connected to 15 kW maximum		-	for the connection	466.1*N	
Applicant for technological connection of power receivers of maximum connected power not exceeding 15 kW, providing that distance between the applicant’s lot lines and		-	for the	466.1	

	electric grid facilities of the required voltage class, owned by a grid company applied to, does not exceed 300 m in towns and settlements of urban type and does not exceed 500 m in rural environment.		connection	
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*N - number of members (subscribers) of the organization in case each member of the entity is connected to maximum 15 kW.

Data on Electrotransmission in Quarter I, 2011

Branch names of "IDGC of the South", JSC	Grid output	Productive supply	General power loss	
	kWh in thousands	kWh in mln	kWh in mln	%
"Astrakhanenergo"	1 091.289	781.411	309.878	28.40
"Volgogradenergo"	3 452.307	3 078.717	373.590	10,82
"Kalmenergo"	134.680	99.760	34.920	25,93
"Rostovenergo"	3 917.813	3 486.168	431.645	11.02
TOTAL in "IDGC of the South", JSC	8 596.090	7 446.056	1 150.033	13.38

Note: Grid output – electric power volume delivered to the electric grid of the grid company delivered from other grids or electric power producers; productive supply - electric power volume consumed by power receivers of the User connected to this grid along with electric power transmitted by other grid companies; power loss – difference between power grid output and productive supply.

As the result of activities of "IDGC of the South", JSC, productive output achieved 7 446.056 mln kWh in quarter I of 2010, grid output being 8 596.090 mln kWh. Actual loss in quarter I of 2010 equaled 1 150.033 mln kWh or 13.38% from the grid output.

Total of Services Performed in Quarter I, 2011:

Item No.	Indicator	Measurement units	Quarter I, 2011 plan	Quarter I, 2011, actual	Deviations, %
1	Services performed, including:	mln kWh	7 343.658	7 350.298	0.09
	"Astrakhanenergo"	mln kWh	819.718	777.556	-5.14
	"Volgogradenergo"	mln kWh	3 054.510	3 060.810	0.21
	"Kalmenergo"	mln kWh	108.283	99.760	-7.87
	"Rostovenergo"	mln kWh	3 361.147	3 412.172	1.52
2	Revenue, including:	mln rbs	6 609.226	6 602.548	-0.10

	“Astrakhanenergo”	mln rbs	1 083.406	1 007.048	-7.05
	“Volgogradenergo”	mln rbs	2 129.997	2 137.773	0.37
	“Kalmenergo”	mln rbs	190.946	182.248	-4.56
	“Rostovenergo”	mln rbs	3 204.877	3 275.479	2.20

In the first quarter of 2011 actual value of transport services amounted to 7 350.298 mln kWh, which is greater than the planned indicator by 6.64 mln kWh or 0.09%. Transport service revenue amounted to 6 602.548 mln rbs w/o VAT.

Data on Technological Connection of Consumers to Electric Grids (Inclusive of Generation)

For the first quarter of 2011, there were 4 279 applications for technological connection accepted. Consumers applied for technological connection to electric grids of branches of “IDGC of the South”, JSC: “Astrakhanenergo”, “Volgogradenergo”, “Rostovenergo” and “Kalmenergo”; total power applied for amounted to 367 572 kW. There were 2 315 contracts for technological connection concluded; total power of the contracts amounted to 73 383 kW.

There were 1 496 connections made; total power of them equaled 24 458 kW.

Branch names of “IDGC of the South”, JSC	Applications accepted, pcs.	Total power, kW	Contracts concluded, pcs	Total power, kW	Connections made	Total power, kW
“Astrakhanenergo”	1 237	63 730	748	25 416	204	2 908
“Volgogradenergo”	723	85 824	361	6 962	302	9 684
“Kalmenergo”	70	4 546	50	681	22	197
“Rostovenergo”	2 249	213 472	1 156	40 324	968	11 669
TOTAL in “IDGC of the South”, JSC	4 279	367 572	2 315	73 383	1 469	24 458

Structure of Applications in Terms of Business Types

Consumer category type	Amount of applications for technological connection (in process)									
	"Astrakhanenergo" branch of "IDGC of the South", JSC		"Volgogradenergo" branch of "IDGC of the South", JSC		"Kalmenergo" branch of "IDGC of the South", JSC		"Rostovenergo" branch of "IDGC of the South", JSC		"IDGC of the South", JSC	
	pcs	total power applied for (N), kW	pcs	total power applied for (N), kW	pcs	total power applied for (N), kW	pcs	total power applied for (N), kW	pcs	total power applied for (N), kW
Domestic household	772	4 596	338	2 985	22	90	659	5 600	1 791	13 271
Small and medium enterprises	465	59 134	384	76 839	48	4 456	1 587	143 972	2 484	284 401
Large scale business	0	0	1	6 000	0	0	3	63 900	4	69 900
TOTAL	1 237	63 730	723	85 824	70	4 546	2 249	213 472	4 279	367 572

Quarterly Operation and Financial Results Forecast

Repair-and-maintenance programmes of branches of "IDGC of the South", JSC shall be implemented according to approved work plans and schedules for the second quarter of 2011.

According to business-plan for the second quarter of 2011, the following costs are planned for repair activities:

Branches of "IDGC of the South", JSC	repair of own property, total, thous. rbs	Incl. overhaul, rubles in thousands	Including current repair, thous. rbs
"Astrakhanenergo"	41 437	33 613	7 824
"Volgogradenergo"	38 544	33 408	5 136
"Kalmenergo"	13 033	12 759	274
"Rostovenergo"	76 781	60 521	16 260
"IDGC of the South", JSC, total	169 795	140 300	29 494

Expected revenue volume from transmission, the basic activity, shall amount to 5 631 199 thous. rbs in the second quarter of 2011; expected cost is 4 810 468 thous. rbs.

Total amount of revenue expected in the second quarter is 5 742 296 thous. rbs, expected costs are 4 878 343 thous. rbs.

Seasonal Character of the Issuer's Principal Economic Activity

Principal economic activity of the Issuer is not regarded as seasonal.

General Structure of the Issuer's Expenses

Indicator	2010	2011, 3 mo
Store, %	3.28	1.33
Purchased components and intermediates, %	0	0
Works and production, maintenance and delivery services performed by external agencies, %	32.22	32.24
Fuel, %	1	0.71
Power, %	22.01	33.13
Labour costs, %	19.5	14.7
Interest on credits, %	0	0
Quasi rent, %	0.71	0.39
Fringe benefit expenses, %	4.71	4.98
Capital consumption, %	11.06	9.29
Taxes released to production costs, %	0.61	0.37
Miscellaneous expenses (to be accounted for)	4.9	2.87
Non-state pension provision	0.08	0
Payment for external agencies' services	1.9	0.93
Insurance expenses	0.85	0.68
Other miscellaneous expenses	2.06	1.27
Costs of production and selling (of works, services) (self-cost), %	100	100
For reference only: product (works, service) proceeding, %	113.53	114.12

New Essential Types of Products (Works, Services), Offered by the Issuer on its Principal Activity Market to the Extent Matching Common Information Concerning such Products (Works and Services)

New essential types of products (works, services) are absent.

Standards (Regulations) for the Financial Statements to Comply with and Settlements covered by this item of the quarterly report to be Performed

- Federal Law "On Accounting" No. 129-Φ3 dd. November 21, 1996 ;
- Regulation on Accounting Records and Preparation of Accounting Statements of Russian Federation, approved by Order of Russian Ministry of Finance No. 34H dated 29.07.1998;
- Tax Code of the Russian Federation;
- Chart of Accounts, approved by Order of Russian Ministry of Finance No. 94H dd. 31.10.2000 and Its Application Sheet as amended;
- Order of Russian Ministry of Finance "On Forms of Financial Statements in Organizations" No. 67H dated 22.07.2003;
- Accounting and Taxation Standard.

3.2.3. Materials, Goods (Raw Materials) and Suppliers of the Issuer

In 2010

Suppliers of the Issuer sharing not less than 10% of all the materials and goods (raw materials) supplied:

Suppliers of the Issuer sharing not less than 10% of all the materials and goods (raw materials) supplied are absent.

Data on Change in Prices for More than 10% of Basic Materials and Goods (Raw Materials) during the Accounting Period as Compared with Corresponding Accounting Period of the Previous Year:

Item No	Name of materials and equipment (material and equipment resource group)	Change in price (in % relation to the previous accounting period) in 2010/2009
1	Gasoline A-80	12.34
2	Gasoline Аи-92	12.79
3	Gasoline Аи-95	12.04
4	Motor fuel	13.74
5	Circuit breaker ВА-5735 100А	-16.25
6	Circuit breaker ВА-5735 160А	-16.0
7	Circuit breaker ВА-5735 200А	-16.66
8	Circuit breaker ВА-5735 250А	-16.66
9	Circuit breaker ВА-5735 40А	-16.25
10	Circuit breaker ВА-5735 50А	-16.25
11	Circuit breaker ВА-5735 63А	-16.25
12	Circuit breaker ВА-5735 80А	-16.25
13	Insulator ИО-10/3,75 ПУЗ	-39.41
14	Insulator ИОС-110/400М	-20.69
15	Insulator ИОС-35-500-01	-15.65
16	Insulator ИПУ-10/630 УХЛ1	-26.09
17	Insulator ИПУ-10/630-7.5 М УХЛ-1	-18.33
18	Adapter ПТ 2.2-4.25	-30.00
19	Disconnect switch РЛНД-1.1-10Б/400 НУХЛ1 driven by ПРНЗ-10 УХЛ1	-13.88
20	Compartment СВ-164	-14.7
21	Compartment СВ-95-3	20.8
22	Compartment СК 22.1.2.1	-42.92
23	Transformer ТМГсу-100/10/0.4	-21.0
24	Transformer ТМГсу-160/10/0.4	-29.63
25	Transformer ТМГсу-250/10/0.4	-30.00
26	Ttransformer ТМГсу-63/10/0.4	-11.8
27	Installation copper-conductor cable (ПВЗ 1*2.5 mm2)	22.1
28	ВНР-10\0 with ПР-10, ПР-17	12
29	Circuit breakers РПС-2-250 А	-22
30	Circuit breakers РПС-2-400 А	-25
31	Angle iron 63*63	16
32	Rod 6.5	16
33	Fuse with insulators ПН-2-100А	-37
34	Fuse with insulators ПН-2-250А	-43
35	Fuse with insulators ПН-2-400А	-28
36	Cartridge ПТ-1.1-10-10 А	-46
37	Cartridge ПТ-1.1-10-16 А	-46

Item No	Name of materials and equipment (material and equipment resource group)	Change in price (in % relation to the previous accounting period) in 2010/2009
38	Cartridge ПТ-1.1-10-20 А	-46
39	Cartridge ПТ-1.1-10-40 А	-42
40	Fittings of self-supporting insulated wire (fixing strap F207)	-25
41	Fittings of self-supporting insulated wire (fastener NS 20)	-25
42	Fittings of self-supporting insulated wire (industrial suspender package ES 1500 E)	-17
43	Fittings of self-supporting insulated wire (anchor clamp PA 1500)	-17
44	Fittings of self-supporting insulated wire (anchor pole bracket CS 10.3)	-16
45	Fittings of self-supporting insulated wire (anchor pole bracket CA 16)	-20
46	Cable АСБл-10-3*95	40
47	Cable АСБл-10-3*150	37
48	Cable АСБл-10-3*240	41
49	Cable АББШВ 4*185	16
50	Cable coupling sleeve СТП-10-150\0	-34
51	Cable coupling sleeve СТП-1-4*150\0	-34
52	Heat-shrinkable termination KB ТПН-1-4*150\0	-34

Share of import in materials and goods supply, import sources availability forecast and potential alternative sources:

There is no import supply.

For the Accounting Quarter

Issuer's suppliers sharing at least 10% of total materials and goods (stock):

Suppliers sharing at least 10% of all materials and goods (stock) are absent.

Data on change in prices for more than 10% of basic materials and goods (raw materials) during the accounting period as compared with corresponding accounting period of the previous year:

There was no change in prices for essential materials and goods (stock) observed during the accounting period

Share of import in materials and goods supply, import sources availability forecast and potential alternative sources:

There is no import supply.

3.2.4. Commodity Markets of Products (Works, Services) of the Issuer

Basic Markets of the Issuer's Operation:

"IDGC of the South" JSC brings together distribution grid complexes of 4 constituent entities of the Russian Federation: Republic of Kalmykia, Astrakhan region, Volgograd region and Rostov region.

Issuer's ordinary activity is rendering services of electric power transmission and technological connection of power receivers (electric power installations) owned by legal persons and individuals to electric power grids.

The Issuer carries out its ordinary activity in conditions of natural monopoly, state regulated as to setting tariffs for rendering services of electric power transmission and technological connection of the customers to the electric grid. With regard to growing demand for electric power in the configuration areas, the Issuer pays special attention to development, restructuring and enhancing transmission capacity of the electric grid facilities, expecting increase in electric power transmission service volumes.

Electric power transmission services provided by the branches of "IDGC of the South", JSC are consumed by participants of wholesale and retail electric power markets. According to accounting data of quarter I of 2011, seven guarantee suppliers, 21 independent power supply companies, 8 "direct" consumers and 9 associated grid entities were registered.

To ensure customer base expansion "IDGC of the South", JSC enters into direct contracts with customers for rendering transport services.

Factors of Possible Negative Impact on the Issuer's Product (Works, Services) Sales and Probable Actions of the Issuer on Mitigation of Such Impact:

General changes to legislation basis and absence of regional development programmes can possibly have a negative impact on the volume and quality of services on technological connection of power receivers (electric power plants).

To reduce the impact of these factors, the Issuer shall agree its development plans upon development plans in the regions of the service area.

3.2.5. Data on the Issuer' Licenses

License issuing authority: Subsurface Management Department in Volgograd region

Number: ВЛГ No. 01550 ВЭ

Name of activity (activities): Abstraction of underground water for domestic and industrial needs, watering planted land of "Danilovka" Substation

Date of issue: 26.05.2008

Valid until: 01.01.2034

License issuing authority: Federal Technical Regulation and Metrology Agency

Number: 004288-P

Name of activity (activities): License to repair instrumentation

Date of issue: 24.01.2008

Valid until: 24.01.2013

License issuing authority: Volgograd Area Office for Subsurface Use

Number: ВЛГ No. 01549 ВЭ

Name of activity (activities): Extraction of underground water for domestic and industrial needs, irrigation of green spaces at Kalinin substation in Sredne-akhtubinskiy district.

Date of issue: 26.05.2008

Valid until: 30.06.2011

License issuing authority: Volgograd Area Office for Subsurface Use

Number: БЛГ No. 01549 БЭ

Name of activity (activities): Extraction of underground water for domestic and industrial needs, irrigation of green spaces at Log worker's settlement, Ilovliipskiy district

Date of issue: 16.05.2008

Valid until: 01.01.2033

License issuing authority: Federal Agency for Subsoil Use, Department of Mineral Resources of the Southern Federal District

Number: PCT 01958

Name of activity (activities): Extraction of groundwater for process water supply of industrial facility from the hole in Novokuznetsov hamlet, Milyutinsky district of Rostov region

Date of issue: 29.12.2008

Valid until: 30.09.2012

License issuing authority: Federal Agency for Subsoil Use, Department of Mineral Resources of the Southern Federal District

Number: PCT 01952

Name of activity (activities): Extraction of underground drinking waters for process water supply of the industrial facility from the hole in Volgodonsk, Rostov region

Date of issue: 29.12.2008

Valid until: 28.12.2013

License issuing authority: Federal Agency for Subsoil Use, Department of Mineral Resources of the Southern Federal District

Number: PCT 01962

Name of activity (activities): Extraction of technical groundwater for process water supply of the industrial facility from the hole in Kalitvenskaya village, Kamenskiy district of Rostov region

Date of issue: 29.12.2008

Valid until: 31.10.2012

License issuing authority: Federal Agency for Subsoil Use, Department of Mineral Resources of the Southern Federal District

Number: PCT 01957

Name of activity (activities): Extraction of technical groundwater for process water supply of the industrial facility from the hole in Staraya Stanitsa hamlet, Kamenskiy district of Rostov region

Date of issue: 29.12.2008

Valid until: 30.09.2012

License issuing authority: Federal Agency for Subsoil Use, Department of Mineral Resources of the Southern Federal District

Number: PCT 01961

Name of activity (activities): Extraction of technical groundwater for process water supply of the industrial facility from the hole in Golubinka hamlet, Belokalitvinsky district of Rostov region

Date of issue: 29.12.2008

Valid until: 31.10.2012

License issuing authority: Federal Agency for Subsoil Use, Department of Mineral Resources of the Southern Federal District

Number: PCT 01960

Name of activity (activities): Extraction of technical groundwater for process water supply of the industrial facility from the hole in Kolushkino hamlet, Tarasovsky district of Rostov region

Date of issue: 29.12.2008

Valid until: 30.09.2012

License issuing authority: Federal Agency for Subsoil Use, Department of Mineral Resources of the Southern Federal District

Number: PCT 01959

Name of activity (activities): Extraction of technical groundwater for process water supply of the industrial facility from the hole in Tatsinskaya village, Tatsinsky district of Rostov region

Date of issue: 29.12.2008

Valid until: 30.09.2012

License issuing authority: Federal Service for Supervision in the Sphere of Communications, Information Technology and Mass Communications

Number: 68956

Name of activity (activities): Services of local telephone communication, except for services of local telephone communication via pay telephones and electronic-sharing capabilities

Date of issue: 06.08.2009

Valid until: 06.08.2014

License issuing authority: Federal Service for Supervision in the Sphere of Communications, Information Technology and Mass Communications

Number: 68957

Name of activity (activities): Providing services on communication channels lease in Volgograd region

Date of issue: 06.08.2009

Valid until: 06.08.2014

License issuing authority: Federal Service for Supervision in the Sphere of Communications, Information Technology and Mass Communications

Number: 68958

Name of activity (activities): Providing services on communication channels lease in Rostov Area

Date of issue: 06.08.2009

Valid until: 06.08.2014

License issuing authority: "Energostroy" NPO, Self-Regulatory Organization

Number: 0265.01-2010-6164266561-C-060

Name of activity (activities): Admission to a particular kind or kinds of works that have (has) an impact on the security of capital construction projects

Date of issue: 08.09.2010

Perpetual licence

License issuing authority: Federal Service for Environmental, Technological and Nuclear Supervision

Number: No. БП-29-001130

Name of activity (activities): Operation and maintenance of explosion and fire hazardous facilities

Date of issue: 15.01.2010

Valid until: 15.01.2015

License issuing authority: "Energoproekt" NPO, Self-Regulatory Organization

Number: П-0251-01-2010-0262

Name of activity (activities): Admission to works on front end engineering design of capital construction projects

Date of issue: 14.04.2010

Perpetual licence

At present, the Company is performing work to obtain licences for carrying out activities on collection, utilization, processing, transporting and disposal of waste products of the first - fourth classes of environmental hazard.

According to provisions listed in cl. 8 of The Regulations on Licensing of the Activities of Companies, Institutions and Organizations against Handling of Services Related to Information Classified as State Secret, approved by Russian Federation Government resolution No.33 dd. 15.04.1995; under supervision of Federal Security Service Directorate of Russian Federation (FSB of Russia) in Krasnodar Region “IDGS of the South”, JSC has obtained a temporary authorization against handling of services related to information classified as State Secret.

In the first quarter of 2011 the Company concluded contracts for acquisition of licenses for the following software:

License for DOCUMENTUM Software totaling 15 575 651.41 rbs;

License for SAP Software totaling 291 997 500.00 rbs.

Besides, contract for using licenses of Microsoft for Microsoft Enterprise Agreement Subscription according to Volume Licensing Program was concluded for 3 year term; contract amount is 90 824 013.90.

Total cost of software purchased in quarter I, 2011 made up 398 397 075.31 rbs exclusive of VAT according to item 2, article 149, Tax Code of RF.

The Issuer has all the licenses necessary for carrying out economic activity. The licenses mostly are subject to withdrawal in case of failure to fulfill license requirements, if taxes and duties are not paid in time, if regular failure to submit information takes place or any other obligations stipulated by the licenses are not observed.

The Issuer fulfills license requirements, takes all the necessary actions to obtain, keep in force and renew licenses, as well as minimize the probability of license suspension, change or withdrawal. Consequently, the Issuer does not expect any complications in license renewal related with the Issuer’s activities.

3.2.6. Joint Activity of the Issuer

As of 31.03.211, long-term investments to joint activity amounted 48 263 thous. rbs, including:

- according to contract No.28 dd 15.09.1993 with RAO “UES”, JSC – legal successor of “IDGC Holding”, JSC - (construction and maintenance of Elistinskaya Gas and Steam Turbine Power Station) – 40 425 thous. rbs;
- according to contract No.29 dd 15.09.1993 with “Irganayskaya Hydroelectric Power Station”, JSC – legal successor of “RusHydro”, JSC (construction and operation of Kalmytskaya Wind Power Station) – 7 838 thous. rbs.

Joint activity participant	Amount of investment as of 31.12.2008, thous. rbs	Amount of investment as of 31.12.2009, thous. rbs	Amount of investment as of 31.12.2010, thous. rbs	Amount of investment as of 31.12.2011, thous. rbs	Investment purpose (profit gaining, other purposes)	Financial result of the accounting quarter
“RusHydro”, JSC	6 748	7 348	7 838	7 838	Construction of generating capacities – experimental 22 MV Kalmytskaya Wind Power Station; Providing the Republic of Kalmykia with own power capacities;	Construction was not completed

					Using innovative renewable energy sources; Electric power energy production and gaining profit (income) from the sales.	
"IDGC Holding" JSC	38 941	39 673	40 425	40 425	Construction of generating capacities – experimental Elistinskaya Gas and Steam Turbine power station with 320 MW capacity; Electric power energy production and gaining profit (income) from the sales	Construction was not completed

Financial result gained: construction of Elistinskaya Gas and Steam Turbine Power Station and Kalmytskaya Wind Power Station was not completed, and therefore the Issuer gained no profit in the accounting period.

3.3. Plans for Future Activity of the Issuer

"IDGC of the South" JSC is one of the biggest energy companies and the "youngest" one within the territory of Southern Federal District of Russian Federation; the Company occupies a dominant position in transport services market.

Plans for the future activity of "IDGC of the South", JSC are determined by goals and objectives of reforming of the Russian Federation grid complex.

Strategic Aims of "IDGC of the South" JSC for the Period Preceding 2016

- To lower deterioration of equipment from 78.8% as of 01.01.2010 to 64% by 01.01.2016.
- To expand fund raising from 75% as of 01.01.2010 to 100 as of 01.01.2016.
- To come to net profit ratio complying with RAS, that is from negative profit amounted 1.1 bln rbs as of 01.01.2010 to 5 bln rbs profit by 01.01.2016.
- To increase the Company's capitalization from 8.9 bln rbs as of 01.01.2010 to 30 bln rbs by 01.01.2016.
- To extend regional grids (thorough integration with subordinate electric grid companies).
- To enhance earning level from 24000 rbs as of 01.01.2010 to 35000 rbs by 01.01.2016.

Basic Goals in Improving the Company's Transport Service Quality

- Development and selection of up-to-date software product to form the volume of transport service with an opportunity for information exchange with retail companies.
- Development and application of unified procedure for forming volume of services rendered to residential users when the services are not paid for and check-out reading is not taken; elaboration of proposals on alterations to current legislation in order to fix univocal conditions for selecting the tariff and value of power applied for; negotiating conditions of the procedures in question when concluding contracts with retail companies.

- Arrangement and updating of instrumental metering according to Federal Law “On Energy Saving, Improving Power Efficiency and Alterations to Several Enactments of Russian Federation” No. 261-Ф3 dd. 23.11.2009, including:
 - provision of extra services (in installation, replacement and maintenance of consumer accounting devices and systems etc.);
 - disposal of the issue of appropriation of budgetary funds for equipping service connections with energy accounting meters, with the authorities in constituent entities of the Russian Federation and local authorities.
- Initiation of amendments to legislation of RF on the following issues:
 - contributing to approval of efficient methods for calculating energy consumption standards;
 - approving Rules on Electric Power Usage;
 - approving Rules on Revenue Metering.

Basic Goals in Improving Efficiency of Consumer Supply and Availability of Electric Grid Infrastructure

It is crucial to enhance grid performance indicators to provide smooth-running and secure operation of electric grid facilities of “IDGC of the South” JSC and opportunity of connecting new consumers to electric grids of the Company.

Enhancement of grids’ operating efficiency must be carried out through scaling-up reconstruction and retrofitting. In such a case, updating of electric grid facilities should comprise up-to-date engineering complying with requirements of Regulation on Engineering Policy of “IDGC of the South” JSC approved by Order of “IDGC of the South” JSC No. 53 dd. 06.03.2009.

Basic Goals in Improving Efficiency of Electric Grid Facilities, Buildings and Constructions and in Ensuring Innovative Development of the Company

For 2011 Energy audit of the Company’s electric grid facilities, office and industrial buildings and constructions is planned. The company shall proceed with its work on reducing electricity losses through regulation of pressure in 6 -110 kV grids, deactivation of unloaded transformers, shedding of overloaded Line segments, application of self-supporting insulated wire, detection and elimination of electricity imbalance, etc.; growth of capacity of the Company’s electric grids, which can be achieved by means of reactive power control.

For 2011 implementation of “Power Efficient Distribution Zone”, pilot projects, is planned at the Company’s branches in order to improve power efficiency and work on energy conservation.

Trusovsky Distribution Zone of “Astrakhanenergo”, Gorodischensky Distribution Zone of “Volgogradenergo”, Priyutnensky Distribution Zone of “Kalmenergo” and Kuybyshevsky Distribution Zone of “Rostovenergo” were defined as “Pilot” Distribution Zones.

“IDGC of the South” JSC plans to develop and launch Programme of Innovative Development of the Company, which comprises research and development works as well as integrating off-the-shelf technologies, in 2011.

Development and preparation for subsequent large-scale application of up-to-date equipment models as well as the most efficient high technologies to the distribution grid

complex shall result from activities carried out as the Programme of Innovative Development.

Data on Plans for the Delivery of Frontline Services of “IDGC of the South”, JSC

The Issuer does not plan to organize new production, develop new product types or change ordinary activity.

The Company’s electric power facilities develop pursuant to approved scheme of perspective development of power grids and specification requirements for technological connection of consumers to the Company’s power grids.

Data on Plans for Technological Connection of New Power Consumers

The aim of activities on the Issuer’s technological connection in the nearest future is to satisfy the needs of South of Russia’s growing economy in power capacities, to switch to the unified scheme of technological connection fee forming and implementing, and to achieve the common interests while fixing the fee for technological connection of consumers to electric grids.

“IDGC of the South” JSC discharges its obligations on technological connection of consumers’ facilities including not only big ones but socially important facilities as well.

“Volgogradenergo” branch of “IDGC of the South” JSC discharged obligations under the contract of technological connection of a metalwork plant of “Big Master” LLC, the applicant.

In the first quarter of 2011 “Rostovenergo” branch of “IDGC of the South” JSC organized a contract campaign aimed at concluding contractor agreement for a service to connect 110 kV Stroybaza-1 Substation to the branch’s electric grids in 2012 (“Rosenergoatom Corporate Group”, JSC, being the applicant for the connection); transformer capacity of the Substation is 2x16 MW.

Cooperation between “IDGC of the South” JSC and “Russian Railways” JSC in electric supply of railway substations within the territory of Rostov region is proved by the contracts concluded, one of which is meant for technological connection of 110 kV Repair Railway Substation (transformers’ capacity equals 2x40 MVA) to electric grids of “Rostovenergo” branch of “IDGC of the South” JSC.

This year “Rostovenergo” branch of “IDGC of the South” JSC plans to implement its two large-scale investment projects including construction of new 35/6 kV Dugino Substation and overhaul of operating 110 kV P-29 Substation. Total volume of capital spending on the projects exceeds 100 mln rbs.

Branches of “IDGC of the South”, JSC discharge their obligations under contracts for technological connection of such facilities as business centers, building estates, apartment blocks, store rooms, production centers, and pump houses.

“IDGC of the South” JSC contributes to the region economy development providing high-quality electric supply of enterprises; more specifically, connection of “Magnit” hypermarket was carried out by “Astrakhanenergo” branch of “IDGC of the South” JSC; the hypermarket is located in Astrakhan and the capacity of its power receivers amounts to 800 kW.

Besides, activities on performance of contract for technological connection of railway substation, capacity of which exceeds 3 MW, to electric grids of “Astrakhanenergo” branch of “IDGC of the South” JSC were carried out in order to power tram and trolleybus park of Astrakhan.

“IDGC of the South” JSC in cooperation with “CPC-R” CJSC commit new facilities by constructing new substations in Republic of Kalmykia; the facilities under commission are as follows:

- 110 kV OPS 3 Substation;
- 110 kV OPS 2 Substation.

Within the framework of investment program of “IDGC of the South” JSC, volumes of investments for the construction of substations, overhaul and development of operating substations, replacement of supply transformers, construction and overhaul of high voltage lines were approved as related to each of the branches of “IDGC of the South” JSC.

Scheduled investment volume of “IDGC of the South”, JSC for 2011 - 2015 is estimated follows:

Name of the branch of “IDGC of the South”, JSC	Investments, mln rbs					
	2011	2012	2013	2014	2015	2011-2015
Executive office	45.69	50.06	55.44	62.16	69.69	283.03
“Astrakhanenergo”	1 115.40	589.29	674.62	720.53	847.94	3 947.78
“Volgogradenergo”	616.22	922.56	698.67	736.56	874.62	3 848.63
“Kalmenergo”	80.42	120.18	94.78	97.15	78.33	470.85
“Rostovenergo”	3 630.75	3 750.00	3 818.24	2 371.82	2 547.61	16 118.43
“IDGC of the South”, JSC, total	5 488.47	5 432.08	5 341.75	3 988.22	4 418.19	24 668.71

The programmes should be carried out according to the technical policy adopted by “IDGC Holding”, JSC. Relating to power grids the policy is determined by key strategic development goals of the Unified National Energy System which are as follows:

- creating grid and technological infrastructures to enable efficient functioning of the competitive electric power market within the Russian Federation and ensuring international power market integration;
- overcoming deterioration of fixed assets and electric grids and grid facilities through scaling-up their overhaul and retrofitting (reequipment of substations, retrofitting of high-voltage power transmission lines, upgrade and development of information infrastructure).

Data on Investment Projects

Primary implementation areas of investment programme of “IDGC of the South” JSC (scheduled and actual indicators of 2011) are represented in the following table (in items of mln rbs):

Name of the branch of "IDGC of the South" JSC	Quarter I, 2011, scheduled				Quarter I, 2011, actual							
	Assimilation mln rbs	Introduction into service			Assimilation of CAPEX		Introduction into service					
		mln rbs	M VA	km	mln rbs	%	mln rbs	%	M VA	%	km	%
Executive office	0	0	0	0	7.079	100	3.839	100	0	100	0	100
"Astrakhanenergo"	53.356	70.725	0	0	56.764	106	80.058	113	0	100	0	100
"Volgogradenergo"	10.											
"Kalmenergo"												
"Rostovenergo"												
"IDGC of the South", JSC, total												

3.4. Participation of the Issuer in Industrial, Bank and Financial Groups, Holdings, Concerns and Associations

Name of group, holding, concern or association: The Issuer is part of the group of companies headed by "IDGC Holding", JSC.

Beginning of participation: 2008

Role (place) and functions of the Issuer in the organization:

Place of the Issuer in the structure of group of companies: subsidiary of "IDGC Holding", JSC.

Functions of the Issuer in the group of companies:

- implementation of unified energy policy on the regional level;
- providing performance reliability of power grid complex in responsibility area;
- fulfillment of long-term investment programmes in electric power industry.

Results of the Issuer's finance and economic activity depend considerably on other participants of industrial, bank, finance group, holding, concern, associations.

Detailed description of dependence type of the Issuer's finance and economic activity on other participants of industrial, bank, finance group, holding, concern, associations:

The Issuer's activity is considered to be naturally monopolistic, state-controlled; tariffs on services in electric power transmission through distribution grids, as well as fee amount for technological connection to electrical grids are regulated by state tariff bodies.

3.5. The Issuer's Subsidiaries and Affiliated Companies

Full company name:

in Russian: Открытое акционерное общество "Астраханьэлектросетьремонт";

in English: Open Joint Stock Company "Astrakhaneelektrosetremont"

Short Company name:

in Russian: ОАО "Астраханьэлектросетьремонт";

in English: "Astrakhaneelektrosetremont", JSC

Location

204 Kramatorskaya street, Astrakhan, Russia 414032

TIN: 3015003313

PSRN: 1043001301606

Subsidiary: Yes

Affiliate: Yes

Basis for the Company's recognition as the Issuer's subsidiary or affiliate: Due to its prevailing participation in the authorized capital of JSC "Astrakhanelektrosetremont", "IDGC of the South", JSC has opportunity to determine decisions made by "Astrakhanelektrosetremont", JSC.

Stake held by the Issuer in the authorized capital of the Company, %: 100

Percentage of ordinary shares of the Company owned by the Issuer, %: 100

Stake held by the subsidiary in the authorized capital of the Issuer, %: 0

Percentage of ordinary shares of the Issuer owned by the subsidiary, %: 0

Company's Main Activity Description

The company's importance for the Issuer's activity can be specified as follows: Equipment rebuilding and routine maintenance of the equipment, overhaul and maintenance of transfer devices, buildings and facilities, retrofitting, upgrade and grid maintenance.

The Company has a right to perform other activities not prohibited by the law.

Structure of the Company's Board of Directors (Supervision Board)

Surname, name, patronymics	Year of birth	Stake of the person's participation in the Issuer's authorized capital, %	Stake of the Issuer's ordinary shares held by the person, %
Ivanov Vitaly Valerievich (chairman)	1970	0	0
Goncharov Pavel Victorovich	1966	0	0
Stolyarov Victor Mikhailovich	1977	0	0
Yeryomina Yelena Petrovna	1985	0	0
Matveeva Svetlana Mikhailovna	1971	0	0

Sole Executive Authority of the Company

Surname, name, patronymics	Year of Birth	Stake of the person's participation in the Issuer's authorized capital, %	Stake of the Issuer's ordinary shares held by the person, %
Matveeva Svetlana Mikhailovna	1971	0	0

The Structure of the Company's Collegial Executive Body

Collegial executive body is not stipulated by the structure.

Data on Financial and Economic Activity of "Astrakhanelektrosetremont", JSC as of 31.03.2011

Performance of "Astrakhanelektrosetremont", JSC

Item No.	Indicator name	In items of	2010	Quarter I, 2011	
				plan	actual
1.	Revenues from sales	Thous. rbs	3322	22482	2331
2.	Production costs	Thous. rbs	8320	2320	1391
3.	Sales profit	Thous. rbs	-4998	162	939
4.	Balance of miscellaneous income and expenses	Thous. rbs	-1064	-159	167
5.	Current income tax and other similar payments	Thous. rbs	-331	32	227
6.	Net profit (loss)	Thous. rbs	-5731	-29	880

In accounting quarter the Company made gross profit (loss) amounting 0.939 mln. rbs, which is 0.777 mln rbs above the plan indicator. Net profit (loss) amounted 0.880 mln rbs while the plan one was 0.029 mln rbs.

Structure of Costs of "Astrakhanelektrosetremont" JSC

Cost item name	2010	Quarter I, 2011	
		plan	actual
Store, %	1.99	5.56	0.19
Fuel, (oil and lubricants) %	0.20	0	0
Energy, %	12.19	24.57	1.17
Labor costs, %	17.47	3.87	8.21
Rentals, %	0	6.85	3.57
Fringe benefit expenses, %	4.6	1.32	2.69
Capital consumption, %	40.16	36.16	55.57
Tax included in production costs, %	20.79	12.88	15.75
Miscellaneous expenditures, %	2.60	8.79	12.85
obligatory insurance, %	0.47	0.65	0.57
other expenditures, %	3.13	8.14	12.28

Production and sale costs (self-cost)	100	100	100
For reference only: ratio of revenues from sales to self-cost	29.85	93.47	167.48

Indicators of Financial and Economic Activity of "Astrakhanelektrosetremont" JSC

Indicator name	2010	2011, 3 mo
Issuer's net asset value, thous. rbs	38003	38883
Debt to equity ratio, %	48.57	35.07
Current-liabilities-to-equity ratio, %	48.57	35.07
Cover of debt service payments, %	-26.77	12.24
Overdue liabilities rate, %	0.00	0.00
Accounts receivable turnover,	0.30	0.30
Labour productivity, rbs/person	276830	388500
Amortization-to-proceeds ratio, %	23.75	33.16
Gearing, %	0.00	0.00

Indicator Characteristics of Profitability and Unprofitability

Indicator name	2010	2011, 3 mo
Proceeds, thous. rbs	3322	2331
Cost, thous. rbs	8320	1392
Net profit, thous. rbs	-5731	880
Gross profit, thous. rbs	-4998	939
ROE, return on equity, %	-15.08	2.26
Net profit ratio, %	-172.52	37.75
Product (sales) profitability, %	-150.5	40.28
Turnover of capital	0.09	0.06
Uncovered loss at the balance sheet date, thous. rbs	-33305	-32425
Ratio of uncovered loss at the balance sheet date to total balance	-0.10	-0.09

Indicator Characteristic of the Company Liquidity:

Indicator name	2010	2011, 3 mo
Working capital, thous. rbs	-6525	-4611
Net fixed assets index	1.17	1.12
Current ratio	0.65	0.66
Quick ratio	0.60	0.59
Equity-assets ratio	0.67	0.74

Data on Accounts due to Customers, thous. rbs

Payables name	Maturity
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	31.12.2010, reporting date		31.03.2011, reporting date	
	Up to one year	More than one year	Up to one year	More than one year
Accounts payable to suppliers and contractors	18 220	-	13325	-
- including overdue	18213	-	13318	-
Accounts payable to the staff	2	-	2	-
- including overdue	-	-	-	-
Accounts payable to budget and state non-budget funds	217	-	276	-
- including overdue	-	-	-	-
Credits	-	-	-	-
- including overdue	-	-	-	-
Loans total	-	-	-	-
- including overdue	-	-	-	-
- including bonded loans	-	-	-	-
- including overdue bonded loans	-	-	-	-
Other accounts payable	19	-	34	-
- including overdue	-	-	-	-
Total thous. rbs	18458	-	13637	-
- including overdue	18213	-	13318	-

Data on Receivables

Type of receivables	Maturity			
	31.12.2010, reporting date		31.03.2011, reporting date	
	Up to one year	More than one year	Up to one year	More than one year
Trade debtors	8044	-	5097	-
including overdue	5364	-	3870	-
Notes payable	-	-	-	-
including overdue	-	-	-	-
Accounts receivable as share capital payment	-	-	-	-
including overdue	-	-	-	-
Receivables on advance payment	-	-	-	-
including overdue	-	-	-	-
Other receivables	2613	-	2751	-
including overdue	2493	-	60	-
Total, thous. rbs	10657	-	7848	-
including overdue	7857	-	3 930	-

Income Growth (Falling) Dynamics

	Quarter I,	Quarter I,	Quarter I,	Quarter I,	Quarter I,	Quarter I,
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	2006	2007	2008	2009	2010	2011
Income, thous. rbs	6091	16310	2505	2954	411	2331
Growth (falling), %	X	167.8	-84.6	17.9	-86.1	467.2

Cost Behavior

	Quarter I, 2006	Quarter I, 2007	Quarter I, 2008	Quarter I, 2009	Quarter I, 2010	Quarter I, 2011
Costs, thous. rbs	10085	16373	4051	2454	2437	1392
Growth (falling) in percentage to the previous year	X	62.35	-75.26	-39.42	-0.69	-42.88

Revenue Mix

Item No.	Indicator	2010	Ratio, %	Quarter I, 2011	Ratio, %
1.	Real estate leasing, thous. rbs	2803	84.4	2216	95.1
1.1.	“Astrakhanenergo” branch of “IDGC of the South” JSC	2075	62.5	2108	90.4
1.2.	“Elektrosetservis” LLC	469	14.1	99	4.3
1.3.	“Gryphon” LLC	212	6.4	0	0
1.4.	Other 10.54	47	1.4	9	0.4
2.	Movable property leasing, thous. rbs	67	2.0	45	1.9
2.1.	“Elektrosetservis” LLC	39	1.2	28	1.2
2.2.	“RIO-FISH” LLC	28	0.8	17	0.7
3.	Vehicle leasing, thous. rbs	91	2.7	0	0
3.1.	“Astrakhanenergo” branch of “IDGC of the South” JSC	91	2.7	0	0
4.	Leasing of tower space for cellular service providers	361	10.9	70	3
4.1.	“Astrakhan GSM” CJSC	125	3.8	27	1.2
4.2.	“Vypelckom” JSC	132	4.0	26	1.1

4.3.	“MTS” JSC	104	3.1	17	0.7
5.	Total	3322	100	2331	100

Full company name: in Russian: Открытое акционерное общество “Волгоградсетремонт”; in English: Open Joint Stock Company “Volgogradsetremont”

Short company name: in Russian: ОАО “Волгоградсетремонт”; in English: “Volgogradsetremont”, JSC

Location

1a Granovitaya st, Volgograd, Russia, 400066

TIN: 3445067291

PSRN: 1043400418984

Subsidiary: Yes

Affiliated company: Yes

Basis for company’s recognition as the Issuer’s subsidiary or affiliated company: Due to prevailing participation in the authorized capital of JSC “Volgogradsetremont” “IDGC of the South”, JSC has a possibility to determine the decisions made by “Volgogradsetremont”, JSC

Stake held by the Issuer in the authorized capital of the company, %: 100

Percentage of ordinary shares of the company owned by the Issuer, %: 100

Stake held by the subsidiary in the authorized capital of the Issuer, %: 0

Percentage of ordinary shares of the Issuer owned by the subsidiary, %: 0

The Company’s Main Activity Description. The Company’s Importance for the Issuer’s Activity:

Activities on capital and routine maintenance of the equipment, transfer devices, buildings and facilities, modernization, reconstruction and power grids maintenance.

The company has a right to fulfill other activities not prohibited by law.

Structure of the Company’s (Supervision) Board

Surname, name, patronymics	Year of birth	Stake of the person’s participation in the Issuer’s authorized capital, %	Stake of the Issuer’s ordinary shares held by the person, %
Ivanov Vitaly Valerievich	1970	0	0
Kalenyuk Egor Vladimirovich	1970	0	0
Brizhan Vitaly Vasilievich	1974	0	0
Smirnov Sergey Ivanovich	1954	0	0

Serebryakov Konstantin Sergeevich	1981	0	0
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Sole Executive Authority of the Company

Surname, name, patronymics	Year of birth	Stake of the person's participation in the Issuer's authorized capital, %	Stake of the Issuer's ordinary shares held by the person, %
Musinov Oleg Valerievich, acting Director General since 01.03.2011	1972	0	0

Structure of collegial executive authority of the company

Structure of collegial executive authority is not stipulated

Data on Financial and Economic Activity of "Volgogradsetremont" JSC as of 03.31.2011

Performance of "Volgogradsetremont", JSC

Item No.	Indicator name	In items of	2010	Quarter I, 2011	
				plan	actual
1.	Revenues from sales	Thous. rbs	5951	1533	1537
2.	Production costs	Thous. rbs	7199	1707	1826
3.	Sales profit	Thous. rbs	-1248	-174	-289
4.	Balance of miscellaneous income and expenses	Thous. rbs	-669	-32	-183
5.	Current income tax and other similar payments	Thous. rbs	-228	288	74
6.	Net profit (loss)	Thous. rbs	-1689	-494	-546

In accounting quarter the Company made gross profit (loss) amounting -289 thous. rbs, which is 115 thous. rbs less than the plan indicator. Net profit (loss) amounted -546 thous. rbs, which is 52 thous. rbs less than the plan.

Structure of Costs of "Volgogradsetremont" JSC

Cost item name	2010	Quarter I, 2011	
		plan	actual
Store, %	0.28	0.18	0.11
Fuel, (oil and lubricants) %	0.56	0.70	0.38
Energy, %	4.36	4.69	9.36

Labor costs, %	34.06	36.04	30.34
Rentals, %	26.88	22.55	26.51
Fringe benefit expenses, %	7.58	12.24	10.19
Capital consumption, %	3.89	4.22	3.78
Tax included in production costs, %	12.29	12.94	12.38
Miscellaneous expenditures, %	9.83	6.44	6.96
obligatory insurance, %	1.22	0.00	1.42
other expenditures, %	8.61	6.44	5.53
Production and sale costs (self-cost)	100	100	100
For reference only: ratio of revenues from sales to self-cost	82.7	89.8	84.2

Indicators of Financial and Economic Activity of "Volgogradsetremont" JSC

Indicator name	Indicator value as of	
	31.12.2010	31.03.2011
Issuer's net asset value, thous. rbs	33150	32604
Debt to equity ratio, %	2.45	3.01
Current-liabilities-to-equity ratio, %	2.45	3.01
Cover of debt service payments, %	-208.26	-48.5
Overdue liabilities rate, %	-	-
Accounts receivable turnover,	0.63	0.19
Labour productivity, rbs/person	425.07	109.79
Amortization-to-proceeds ratio, %	4.82	4.49
Gearing, %	-	-

Indicators of Profitability and Unprofitability

Name of Indicator	Indicator value as of:	
	31.12.2010	31.03.2011
Proceeds, thous. rbs	5951	1537
Cost, thous. rbs	-7199	-1826
Net profit, thous. rbs	-1689	-546
Gross profit, thous. rbs	-1248	-289
ROE, return on equity, %	-5.09	-1.67
Net profit ratio, %	-28.38	-35.52
Product (sales) profitability, %	-20.97	-18.80
Turnover of capital	0.18	0.05
Uncovered loss at the balance sheet date, thous. rbs	19008	19 554
Ratio of uncovered loss at the balance sheet	0.6	0.6

date to total balance		
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Indicators of the Company's Liquidity:

Indicator name	31.12.2010	31.03.2011
Working capital, thous. rbs	13749	13221
Net fixed assets index	0.6	0.6
Current ratio	17.95	14.45
Quick ratio	17.69	14.25
Equity-assets ratio	0.98	0.97

Data on Accounts due to Customers, thous. rbs

Payables name	Maturity			
	31.12.2010, reporting date		31.03.2011, reporting date	
	Up to one year	More than one year	Up to one year	More than one year
Accounts payable to suppliers and contractors	345	-	474	-
- including overdue		-	-	-
Accounts payable to the staff	153	-	195	-
- including overdue		-	-	-
Accounts payable to budget ant state non-budget funds	303	-	304	-
- including overdue	-	-	-	-
Credits	-	-	-	-
- including overdue	-	-	-	-
Loans total	-	-	-	-
- including overdue	-	-	-	-
- including bonded loans	-	-	-	-
- including overdue bonded loans	-	-	-	-
Other accounts payable	10	-	10	-
- including overdue	-	-	-	-
Total thous. rbs	811	-	983	-
- including overdue	-	-	-	-

Data on Receivables

Type of receivables	Maturity			
	31.12.2010		31.03.2011	
	Up to one year	More than one year	Up to one year	More than one year
Trade debtors	7 412	5482	7318	6714
including overdue	-	5482	-	6714
Notes payable	-	-	-	-
including overdue	-	-	-	-

Accounts receivable as share capital payment including overdue	-	-	-	-
Receivables on advance payment including overdue	152	83	113	83
Other receivables including overdue	-	83	-	83
Total, thous. rbs including overdue	1945	1257	854	655
	-	-	-	655
Total, thous. rbs	9509	6822	8285	7452
including overdue	-	5565	-	7452

Income Growth (Falling) Dynamics

	Quarter I, 2006	Quarter I, 2007	Quarter I, 2008	Quarter I, 2009	Quarter I, 2010	Quarter I, 2011
Income, thous. rbs	-	-	-	2450	574	1537
Growth (falling), %	-	-	-	x	-76.6	167.8

Cost Behavior

	Quarter I, 2006	Quarter I, 2007	Quarter I, 2008	Quarter I, 2009	Quarter I, 2010	Quarter I, 2011
Costs, thous. rbs	-	-	-	3355	2332	1826
Growth (falling) in percentage to the previous year	-	-	-		-30.5	-21.7

Revenue Mix

Item No.	Indicator	2010	Ratio, %	Quarter I, 2011	Ratio, %
1	Real estate leasing, thous. rbs	5849	98.3	1512	98.4
2	Leasing of tower space for cellular service providers	102	1.7	25	1.6
3	Total	5951	100	1537	100

Full company name: "Agricultural Enterprise n.a. A.A. Grechko", Open Joint Stock Company

Short company name: "Grechko A.A. Agricultural Enterprise", JSC

Location

21 Teatralnaya st, village Kuibyshevo, Kuibyshevo district, Rostov region, Russia, 346940

TIN: 6117010611

PSRN: 1036117000798

Subsidiary: Yes

Affiliate: Yes

Basis for company's recognition as the Issuer's subsidiary or affiliated company: Due to its prevailing participation in the authorized capital of "Grechko A.A. Agricultural Enterprise", JSC, "IDGC of the South", JSC has an opportunity to determine the decisions made by "Grechko A.A. Agricultural Enterprise", JSC

Stake held by the Issuer in the authorized capital of the company, %: 100

Percentage of ordinary shares of the company owned by the Issuer, %: 100

Stake held by the subsidiary in the authorized capital of the Issuer, %: 0

Percentage of ordinary shares of the Issuer owned by the subsidiary, %: 0

Company's main activity description follows. Description of the Company's importance for the Issuer's activity:

Manufacturing, processing and selling of own agricultural products (crop production and livestock breeding).

The company has a right to fulfill other activities not prohibited by law.

Structure of the Company's Board of Directors (Supervision Board)

Surname, name, patronymics	Year of birth	Stake of the person's participation in the Issuer's authorized capital, %	Stake of the Issuer's ordinary shares held by the person, %
Brizhan Vitaliy Vasilievich (chairman)	1974	0	0
Tregubov Aleksandr Nikolaevich	1955	0	0
Kaplunov Nikolay Alekseevich	1959	0	0
Kuryshkin Konstantin Mikhailovich	1980	0	0
Fadeev Mikhail Yuryevich	1974	0	0

Sole Executive Authority of the Company

Surname, name, patronymics	Year of birth	Stake of the person's participation in the Issuer's authorized capital, %	Stake of the Issuer's ordinary shares held by the person, %
Kaplunov Nikolay Alekseevich	1959	0	0

The Structure of the Company's Collegial Executive Body
Collegial executive body is not stipulated by the structure.

**Data on Financial and Economic Activity of "Grechko A.A. Agricultural Enterprise",
JSC as of 03.31.2011**

Performance of "Grechko A.A. Agricultural Enterprise", JSC

Item No.	Indicator name	In items of	2010	Quarter I, 2011	
				plan	actual
1.	Revenues from sales	Thous. rbs	28032	1742	2139
2.	Production costs	Thous. rbs	27199	3606	4023
3.	Sales profit	Thous. rbs	833	-1864	-1884
4.	Balance of miscellaneous income and expenses	Thous. rbs	588	177	-281
5.	Current income tax and other similar payments	Thous. rbs	548	0	0
6.	Net profit (loss)	Thous. rbs	40	-1687	-2165

In accounting quarter the Company made gross profit (loss) amounting -1884 thous. rbs, which is 20 thous. rbs less than the plan indicator. Net profit (loss) amounted -2165 thous. rbs, which is 478 thous. rbs less than the plan.

Structure of Costs of "Grechko A.A. Agricultural Enterprise", JSC

Cost item name	2010	Quarter I, 2011	
		plan	actual
Store, %	20.2	2.8	2.03
Fuel, (oil and lubricants) %	9.0	4.9	6.67
Energy, %	3.9	7.7	7.89
Labor costs, %	31.5	37.4	32.47
Rentals, %	12.6	0	0
Fringe benefit expenses, %	8.6	11.4	10.43
Capital consumption, %	5.3	10	10.21
Tax included in production costs, %	3.5	8.5	9.56
Miscellaneous expenditures, %	5.4	17.3	20.74
obligatory insurance, %	0	0	0

other expenditures, %	0	0	0
Production and sale costs (self-cost)	100	100	100
For reference only: ratio of revenues from sales to self-cost	103.1	48.3	53.2

Indicators of Financial and Economic Activity of “Grechko A.A. Agricultural Enterprise”, JSC

Indicator name	Indicator value as of	
	31.12.2010	31.03.2011
Issuer’s net asset value, thous. rbs	81877	79712
Debt to equity ratio, %	19.0	22.1
Current-liabilities-to-equity ratio, %	19.0	22.1
Cover of debt service payments, %	4.2	16.2
Overdue liabilities rate, %	0	0
Accounts receivable turnover,	0.8	0.5
Labour productivity, rbs/person	252541	20971
Amortization-to-proceeds ratio , %	5.3	19.2
Gearing, %	526.4	452.1

Indicators of Profitability and Unprofitability

Name of Indicator	Indicator value as of:	
	31.12.2010	31.03.2011
Proceeds, thous. rbs	28032	2139
Cost, thous. rbs	27199	4023
Net profit, thous. rbs	40	-2165
Gross profit, thous. rbs	833	-1884
ROE, return on equity, %	0.05	-2.7
Net profit ratio, %	0.14	-101.21
Product (sales) profitability, %	-2.97	-88.07
Turnover of capital	0.34	0.03
Uncovered loss at the balance sheet date, thous. rbs	0	-2165
Ratio of uncovered loss at the balance sheet date to total balance	0	-0.02

Indicators of the Company’s Liquidity:

Indicator name	31.12.2010	31.03.2011
Working capital, thous. rbs	34030	33955
Net fixed assets index	0.58	0.57
Current ratio	3.2	2.9
Quick ratio	0.28	0.27
Equity-assets ratio	0.84	0.81

Data on Accounts due to Customers, thous. rbs

Payables name	Maturity			
	31.12.2010, reporting date		31.03.2011, reporting date	
	Up to one year	More than one year	Up to one year	More than one year
Accounts payable to suppliers and contractors	2636	-	3196	-
- including overdue	0	-	0	-
Accounts payable to the staff	2215	-	2874	-
- including overdue	0	-	0	-
Accounts payable to budget and state non-budget funds	2375	-	2529	-
- including overdue	0	-	0	-
Credits	0	-	0	-
- including overdue	0	-	0	-
Loans total	2680	-	2680	-
- including overdue	0	-	0	-
- including bonded loans	0	-	0	-
- including overdue bonded loans	0	-	0	-
Other accounts payable	5647	-	6354	-
- including overdue	0	-	0	-
Total thous. rbs	15553	-	17633	-
- including overdue	0	-	0	-

Data on Receivables

Type of receivables	Maturity			
	31.12.2010		31.03.2011	
	Up to one year	More than one year	Up to one year	More than one year
Trade debtors	4 053	-	4395	-
including overdue	2222	-	2222	-
Notes payable	0	-	0	-
including overdue	0	-	0	-
Accounts receivable as share capital payment	127	-	104	-
including overdue	0	-	0	-
Receivables on advance payment	139	-	166	-
including overdue	0	-	0	-
Other receivables	0	-	0	-
including overdue	0	-	0	-
Total, thous. rbs	4319	-	4665	-
including overdue	2222	-	2222	-

Income Growth (Falling) Dynamics

	Quarter I, 2006	Quarter I, 2007	Quarter I, 2008	Quarter I, 2009	Quarter I, 2010	Quarter I, 2011
Income, thous. rbs	3654	5127	3676	8920	3324	2139
Growth (falling), %	x	140.3	71.7	242.7	37.3	64.4

Cost Behavior

	Quarter I, 2006	Quarter I, 2007	Quarter I, 2008	Quarter I, 2009	Quarter I, 2010	Quarter I, 2011
Costs, thous. rbs	3523	7286	3350	7187	4821	4023
Growth (falling) in percentage to the previous year	x	206.8	46	214.5	67.1	83.4

Revenue Mix

Item No.	Indicator	2010	Ratio, %	Quarter I, 2011	Ratio, %
1	Animal production	8204.5	29.0	1575.6	73.6
2	Crop production	9954.9	69.5	533.0	25.0
3	Other	377.8	1.5	30.7	1.4
4	Total	28032.0	100.0	2139.3	100.0

Full company name: "Sokolovskoye Agricultural Enterprise", Open Joint Stock Company

Short company name: "Sokolovskoye Agricultural Enterprise", JSC

Location

32 Kurskaya street, Sokolvo-Kunduychenskiy settlement, Novoshakhtinsk, Russia
346930

TIN: 6151011887

PSRN: 1036151002667

Subsidiary: Yes

Affiliate: Yes

Basis for the company's recognition as the Issuer's subsidiary or affiliated company: Due to prevailing participation in the authorized capital of JSC "Sokolovskoye Agricultural

Enterprise” “IDGC of the South”, JSC has an opportunity to determine the decisions made by “Sokolovskoye Agricultural Enterprise”, JSC

Stake held by the Issuer in the authorized capital of the company, %: 100

Percentage of ordinary shares of the company owned by the Issuer, %: 100

Stake held by the subsidiary in the authorized capital of the Issuer, %: 0

Percentage of ordinary shares of the Issuer owned by the subsidiary, %: 0

Description the Company’s Main Activity

The company’s importance for the Issuer’s activity is specified as follows:

Manufacturing, processing and selling of own agricultural products.

The company has a right to fulfill other activities not prohibited by law.

Structure of the Company’s Board of Directors (Supervision Board)

Surname, name, patronymics	Year of birth	Stake of the person’s participation in the Issuer’s authorized capital, %	Stake of the Issuer’s ordinary shares held by the person, %
Brizhan Vitaliy Vasilievich (chairman)	1974	0	0
Romek Ekaterina Georgievna	1975	0	0
Belobokova Galina Igorevna	1960	0	0
Negryoba Denis Vladimirovich	1976	0	0
Serebryakov Konstantin Sergeevich	1981	0	0

Sole Executive Authority of the Company

Surname, name, patronymics	Year of birth	Stake of the person’s participation in the Issuer’s authorized capital, %	Stake of the Issuer’s ordinary shares held by the person, %
Vasiliev Vladimir Vasilievich	1957	0	0

The Structure of the Company’s Collegial Executive Body

Collegial executive body is not stipulated by the structure.

Data on Financial and Economic Activity of “Sokolovskoye Agricultural Enterprise”, JSC as of 03.31.2011

Performance of “Sokolovskoye Agricultural Enterprise”, JSC

Item No.	Indicator name	In items of	2010	Quarter I, 2011	
				plan	actual

1.	Revenues from sales	Thous. rbs	45 047	2 006	2 505
2.	Production costs	Thous. rbs	68 301	2 349	3 748
3.	Sales profit	Thous. rbs	-23 254	-343	-1 243
4.	Balance of miscellaneous income and expenses	Thous. rbs	-9 457	-201	-133
5.	Current income tax and other similar payments	Thous. rbs	17	-	-
6.	Net profit (loss)	Thous. rbs	-32 728	-544	-1376

In accounting quarter the Company made gross profit (loss) amounting -1243 thous. rbs, which is 900 thous. rbs less than the plan indicator. Net profit (loss) amounted -1376 thous. rbs, which is 832 thous. rbs less than the plan.

Structure of Costs of "Sokolovskoye Agricultural Enterprise", JSC

Cost item name	2010	Quarter I, 2011	
		plan	actual
Store, %	48	15	41
Fuel, (oil and lubricants) %	6	6	3
Energy, %	4	11	8
Labor costs, %	19	23	18
Rentals, %	-	-	-
Fringe benefit expenses, %	3	8	5
Capital consumption, %	9	17	11
Tax included in production costs, %	7	13	10
Miscellaneous expenditures, %	3	6	4
obligatory insurance, %	1	1	0
other expenditures, %	0	0	0
Production and sale costs (self-cost)	100	100	100
For reference only: ratio of revenues from sales to self-cost	88	85	67

Indicators of Financial and Economic Activity of "Sokolovskoye Agricultural Enterprise", JSC

Indicator name	Indicator value as of	
	31.12.2010	31.03.2011
Issuer's net asset value, thous. rbs	133510	132134
Debt to equity ratio, %	5.21	6.05
Current-liabilities-to-equity ratio, %	3.75	4.74
Cover of debt service payments, %	8.62	10.8
Overdue liabilities rate, %	0	0
Accounts receivable turnover,	98.35	5.52
Labour productivity, rbs/person	343870	23632
Amortization-to-proceeds ratio, %	9.39	16.77
Gearing, %	1920.2	1651.7

Indicators of Profitability and Unprofitability

Name of Indicator	Indicator value as of:	
	31.12.2010	31.03.2011
Proceeds, thous. rbs	45047	2505
Cost, thous. rbs	68301	3748
Net profit, thous. rbs	-32728	-1348
Gross profit, thous. rbs	-23254	-1243
ROE, return on equity, %	-24.5	-1.04
Net profit ratio, %	-72.65	-54.93
Product (sales) profitability, %	-51.62	-49.62
Turnover of capital	0.33	-0.02
Uncovered loss at the balance sheet date, thous. rbs	-32728	-29972
Ratio of uncovered loss at the balance sheet date to total balance	-0.23	-0.21

Indicators of the Company's Liquidity:

Indicator name	31.12.2010	31.03.2011
Working capital, thous. rbs	27412	27017
Net fixed assets index	0.8	0.8
Current ratio	6.87	5.59
Quick ratio	0.25	0.07
Equity-assets ratio	0.95	0.94

Data on Accounts due to Customers, thous. rbs

Payables name	Maturity	
	31.12.2010, reporting date	31.03.2011, reporting date

	Up to one year	More than one year	Up to one year	More than one year
Accounts payable to suppliers and contractors	4271	0	4736	0
- including overdue	0	0	0	0
Accounts payable to the staff	382	0	1119	0
- including overdue	0	0	0	0
Accounts payable to budget and state non-budget funds	329	0	248	0
- including overdue	0	0	0	0
Credits	0	1950	0	1733
- including overdue	0	0	0	0
Loans total	0	0	0	0
- including overdue	0	0	0	0
- including bonded loans	0	0	0	0
- including overdue bonded loans	0	0	0	0
Other accounts payable	21	0	164	0
- including overdue	0	0	0	0
Total thous. rbs	5003	1950	6267	1733
- including overdue	0	0	0	0

Data on Receivables

Type of receivables	Maturity			
	31.12.2010		31.03.2011	
	Up to one year	More than one year	Up to one year	More than one year
Trade debtors	3	-	3	-
including overdue	0	-	0	-
Notes payable	0	-	-	-
including overdue	0	-	0	-
Accounts receivable as share capital payment	0	-	0	-
including overdue	0	-	0	-
Receivables on advance payment	192	-	159	-
including overdue	0	-	0	-
Other receivables	263	-	292	-
including overdue	0	-	0	-
Total, thous. rbs	458	-	454	-
including overdue	0	-	0	-

Income Growth (Falling) Dynamics

	Quarter I, 2006	Quarter I, 2007	Quarter I, 2008	Quarter I, 2009	Quarter I, 2010	Quarter I, 2011
Income, thous. rbs	2350	1267	2864	3961	5243	2505

Growth (falling), %	x	54	226	138.3	132.3	48
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Cost Behavior

	Quarter I, 2006	Quarter I, 2007	Quarter I, 2008	Quarter I, 2009	Quarter I, 2010	Quarter I, 2011
Costs, thous. rbs	2288	1800	4174	3765	5927	3748
Growth (falling) in percentage to the previous year	x	78.6	231.8	90	157.4	53.2

Revenue Mix

Item No.	Indicator	2010	Ratio, %	Quarter I, 2011	Ratio, %
1	Animal production	20220	44.7	2368	94
2	Crop production	24695	55	72	3
3	Other	132	0.3	65	3
4	Total	45074	100	2505	100

Full company name: "Energetik" Recreation Centre", Open Joint Stock Company

Short company name: "Energetik" Recreation Centre", JSC

Location

3 Shkolnaya street, Shepsi village, Tuapsinskiy district, Krasnodar region, Russia, 352815

TIN: 2355016847

PSRN: 1032330762463

Subsidiary: Yes

Affiliate: Yes

Basis for company's recognition as the Issuer's subsidiary or affiliated company: Due to prevailing participation in the authorized capital of "Energetik" Recreation Centre" JSC, "IDGC of the South", JSC has an opportunity to determine the decisions made by "Energetik" Recreation Centre", JSC

Stake held by the Issuer in the authorized capital of the company, %: 100

Percentage of ordinary shares of the company owned by the Issuer, %: 100

Stake held by the subsidiary in the authorized capital of the Issuer, %: 0

Percentage of ordinary shares of the Issuer owned by the subsidiary, %: 0

Description the company's main activity. Description of the company's importance for the Issuer's activity:

Activities of the health resort on treatment and rehabilitation (recreation) of adults, parents with children (5 year old and upward) and groups of school-aged children, rendering of personal services, sightseeing and touring services, cultural and entertaining services of the health resort.

The company has a right to fulfill other activities not prohibited by law.

Structure of the Company's Board of Directors (Supervision Board)

Surname, name, patronymics	Year of birth	Stake of the person's participation in the Issuer's authorized capital, %	Stake of the Issuer's ordinary shares held by the person, %
Ren Elena Viktorovna	1982	0	0
Kopanev Vladimir Nikolaevich (chairman)	1954	0	0
Fadeev Mikhail Yuryevich	1974	0	0
Permyakov Dmitry Yurievich	1973	0	0
Laparev Vadim Igorevich	1980	0	0

Sole Executive Authority of the Company

Surname, name, patronymics	Year of birth	Stake of the person's participation in the Issuer's authorized capital, %	Stake of the Issuer's ordinary shares held by the person, %
Shafirov Aleksandr Aleksandrovich, acting Director General till 01.05.2011	1950	0	0

The Structure of the Company's Collegial Executive Body

Collegial executive body is not stipulated by the structure.

Data on Financial and Economic Activity of "Energetik" Recreation Centre", JSC as of 03.31.2011

Performance of "Energetik" Recreation Centre", JSC

Item No.	Indicator name	In items of	2010	Quarter I, 2011	
				plan	actual
1.	Revenues from sales	Thous. rbs	16 953	108	105
2.	Production costs	Thous. rbs	22 015	4 441	4 889
3.	Sales profit	Thous. rbs	-5 062	-4 333	-4 784

4.	Balance of miscellaneous income and expenses	Thous. rbs	-924	-210	-6390
5.	Current income tax and other similar payments	Thous. rbs	-1197	0	-2235
6.	Net profit (loss)	Thous. rbs	-4789	-4 534	-8 939

In accounting quarter the Company made gross profit (loss) amounting -4784 thous. rbs, which is 451 thous. rbs less than the plan indicator. Net profit (loss) amounted -8939 thous. rbs, which is 4396 thous. rbs less than the plan.

Structure of Costs of "Energetik" Recreation Centre", JSC

Cost item name	2010	Quarter I, 2011	
		plan	actual
Store, %	18.3	0.9	3.1
Fuel, (oil and lubricants) %	0.9	0.9	0.6
Energy, %	4.9	4.7	6.5
Labor costs, %	24.7	21.8	24.4
Rentals, %	1.7	9.4	1.8
Fringe benefit expenses, %	5.6	7.4	8.4
Capital consumption, %	17.6	28.4	25.8
Tax included in production costs, %	14.0	16.8	23.8
Miscellaneous expenditures, %	32.4	41.5	38.2
obligatory insurance, %	0.7	0.0	0.0
other expenditures, %	17.7	24.6	14.5
Production and sale costs (self-cost)	100	100	100
For reference only: ratio of revenues from sales to self-cost	77.0	2.4	2.1

Indicators of Financial and Economic Activity of "Energetik" Recreation Centre", JSC

Indicator name	Indicator value as of	
	31.12.2010	31.03.2011
Issuer's net asset value, thous. rbs	73966	65027
Debt to equity ratio, %	165.2	187.2
Current-liabilities-to-equity ratio, %	165.2	187.2

Cover of debt service payments, %	20.1	11.2
Overdue liabilities rate, %	0	0
Accounts receivable turnover,	0.95	0.05
Labour productivity, rbs/person	627889	4565
Amortization-to-proceeds ratio, %	22.8	1201.9
Gearing, %	60.5	53.4

Indicators of Profitability and Unprofitability

Name of Indicator	Indicator value as of:	
	31.12.2010	31.03.2011
Proceeds, thous. rbs	16953	105
Cost, thous. rbs	22015	4889
Net profit, thous. rbs	-4789	-8939
Gross profit, thous. rbs	-5062	-4784
ROE, return on equity, %	-6.48	-13.75
Net profit ratio, %	-28.25	-8513.33
Product (sales) profitability, %	-29.86	-4556.19
Turnover of capital	0.23	0.002
Uncovered loss at the balance sheet date, thous. rbs	-37407	-46346
Ratio of uncovered loss at the balance sheet date to total balance	-0.19	-0.25

Indicators of the Company's Liquidity:

Indicator name	31.12.2010	31.03.2011
Working capital, thous. rbs	-96008	-105661
Net fixed assets index	2.3	2.63
Current ratio	0.21	0.13
Quick ratio	0.15	0.06
Equity-assets ratio	0.38	0.35

Data on Accounts due to Customers, thous. rbs

Payables name	Maturity			
	31.12.2010, reporting date		31.03.2011, reporting date	
	Up to one year	More than one year	Up to one year	More than one year
Accounts payable to suppliers and contractors	10048	-	5077	-
- including overdue	0	-	0	-
Accounts payable to the staff	617	-	485	-
- including overdue	0	-	0	-
Accounts payable to budget and state non-budget funds	1951	-	1009	-
- including overdue	0	-	0	-
Credits	0	-	0	-
- including overdue	0	-	0	-

Loans total	200	-	0	-
- including overdue	0	-	0	-
- including bonded loans	0	-	0	-
- including overdue bonded loans	0	-	0	-
Other accounts payable	109339	-	115132	-
- including overdue	0	-	0	-
Total thous. rbs	122156	-	121704	-
- including overdue	0	-	0	-

Data on Receivables

Type of receivables	Maturity			
	31.12.2010		31.03.2011	
	Up to one year	More than one year	Up to one year	More than one year
Trade debtors	129	-	120	-
including overdue	0	-	0	-
Notes payable	0	-	0	-
including overdue	0	-	0	-
Accounts receivable as share capital payment	0	-	0	-
including overdue	0	-	0	-
Receivables on advance payment	615	-	1230	-
including overdue	0	-	0	-
Other receivables	17096	-	821	-
including overdue	0	-	0	-
Total, thous. rbs	17841	-	2171	-
including overdue	0	-	0	-

Income Growth (Falling) Dynamics

	Quarter I, 2006	Quarter I, 2007	Quarter I, 2008	Quarter I, 2009	Quarter I, 2010	Quarter I, 2011
Income, thous. rbs	159	125	89	476	95	105
Growth (falling), %	x	-21.4	-28.8	434.8	-80.0	10.5

Cost Behavior

	Quarter I, 2006	Quarter I, 2007	Quarter I, 2008	Quarter I, 2009	Quarter I, 2010	Quarter I, 2011
Costs, thous. rbs	1956	2599	2980	2368	2379	4889
Growth (falling) in percentage to the previous year	x	32.9	53.1	-40.5	0.5	105.5

Revenue Mix

Item No.	Indicator	2010	Ratio, %	Quarter I, 2011	Ratio, %
1	Hotel services	15499	91.4	2.2	2.1
2	Water supply intake	1423	8.4	103.1	98.2
3	Other services	31	0.2	-	-
4	Total	16953	100.0	105	100.0

Full company name in Russian: Открытое акционерное общество “Энергосервис Юга”, in English: “Energoservis Yuga” Joint-Stock Company.

Short company name in Russian: ОАО “Энергосервис Юга”, in English: “Energoservis Yuga” JSC.

Location

49 Bolshaya Sadovaya, Rostov-on-Don, Russian Federation, Russia 344002

TIN: 6164301167

PSRN: 1106164005750

Subsidiary: Yes

Affiliate: Yes

Basis for the company’s recognition as the Issuer’s subsidiary or affiliate are as follows: Due to its prevailing participation in the authorized capital of “Energoservis Yuga” JSC, “IDGC of the South”, JSC has an opportunity to determine the decisions made by “Energoservis Yuga” JSC.

Stake held by the Issuer in the authorized capital of the company, %: 100

Percentage of ordinary shares of the company owned by the Issuer, %: 100

Stake held by the subsidiary in the authorized capital of the Issuer, %: 0

Percentage of ordinary shares of the Issuer owned by the subsidiary, %: 0

Description the Company’s Main Activity

Description of the company’s importance for the Issuer’s activity is as follows:

Design, construction and installation operations at units of electricity metering, heat and cold water supply, as well as providing efficiency of electric and heat grids.

The company has a right to fulfill other activities not prohibited by law.

Structure of the Company’s Board of Directors (Supervision Board)

Surname, name, patronymics	Year of birth	Stake of the person's participation in the Issuer's authorized capital, %	Stake of the Issuer's ordinary shares held by the person, %
Negryoba Denis Vladimirovich (Chairman)	1976	0	0
Bulavintsev Aleksey Sergeevich	1976	0	0
Zhukov Fyodor Ivanovich	1961	0	0
Kostryukova Tatiyana Anatoliyevna	1973	0	0
Nischyuk Oleg Fyodorovich	1978	0	0
Samarchenko Olga Petrovna	1960	0	0
Trunin Vitaliy Nikolaevich	1976	0	0

Sole Executive Authority of the Company

Surname, name, patronymics	Year of birth	Stake of the person's participation in the Issuer's authorized capital, %	Stake of the Issuer's ordinary shares held by the person, %
Trunin Vitaliy Nikolaevich	1976	0	0

The Structure of the Company's Collegial Executive Body

Collegial executive body is not stipulated by the structure.

3.6. Composition, Structure and Value of the Issuer's Fixed Assets, Data on Plans for Acquisition, Replacement, Retirement of Fixed Assets, as well as all the Facts of Encumbrance of the Issuer's Fixed Assets.

3.6.1. Fixed Assets

For 2010

In items of rbs

Name of fixed assets item group	Basic (Replacement) cost	Depreciation Charge
Facilities	3 845 760 753.96	364 120 146.07
Network and harness	17 037 047 393.92	2 825 333 323.92
Machinery and equipment	9 253 330 051.08	2 270 739 650.58
Transportation equipment	491 197 857.41	342 062 010.72
Other Fixed assets	87 350 041.12	45 539 012.6
Total	30 714 686 097	5 847 794 143.89

Data on Methods of Depreciation Charges Accounting for Fixed Assets Item Group:

Depreciation for fixed assets items is accounted by straight-line method, issuing from terms of benefit period of the items. Accounting of depreciation for the facilities acquired by the Company on lease agreement and booked on its balance is carried out by method, stipulated by the agreement.

Accounting date: **12.31.2010**

For the date of the accounting quarter end

In items of rbs

Name of fixed assets item group	Baste (Replacement) cost	Depreciation Charge
Facilities	3 827 829 142	403 607 498
Network and harness	17 065 443 43	3 095 036 527
Machinery and equipment	9 368 087 047	2 500 776 965
Transportation equipment	515 691 072	358 980 721
Other Fixed assets	88 658 827	47 628 632
Total	30 865 709 561	6 406 030 343

Data on Methods of Depreciation Charges Accounting for Fixed Assets Item Group:

Depreciation for fixed assets items is accounted by straight-line method, issuing from terms of benefit period of the items. Accounting of depreciation for the facilities acquired by the Company on lease agreement and booked on its balance is carried out by method, stipulated by the agreement.

Accounting date: **12.31.2009**

Results of the last fixed assets revaluation and long-term leased fixed assets revaluation carried out for 5 completed financial years, followed by the accounting quarter or for each of completed financial years, followed by the accounting quarter, in case the Issuer has been carrying out its activity for less than 5 years, and for the accounting quarter:

For the period pointed out fixed assets revaluation was not carried out.

Data is pointed out referring to project on acquisition, replacement, and retirement of fixed asset, value of which amounts 10% and more of the Issuer's fixed assets value and other fixed assets at the Issuer's option. Data on all facts of fixed assets of the Issuer encumbrance (with indication of encumbrance character, moment of encumbrance its validity term and other conditions at the Issuer's opinion), which exist for the date of the last completed accounting period is indicated as well: **such projects do not exist.**

Data on Encumber Assets of "IDGC of the South", JSC as of 12.31.2010

Fixed Assets Leased						
Item No	Short characteristics of property		Encumbrance grounds (number and date of lease agreement)	Lessee	Starting and termination date of encumbrance	
	Name, address	Area, square m.			Original term of lease according to the agreement	Renewal of agreement
1	2	3	4	5	6	7
"Astrakhanenergo" branch of "IDGC of the South", JSC						
1	Non-residential Premises (Akhtubinsk Electric Grid District)	11	No. 49-12-150 dated 30.12.09	"Astrakhan GSM" CJSC	from 01.01.10 to	absent

					30.12.10	
2	Non-residential Premises ("Astrakhanenergo", JSC 19, 32 Sov Militzii Kr. Naberezhnaya st.)	3	No. 49-12-145 dated 30.12.10	"Astrakhan GSM" CJSC	from 01.01.10 to 30.12.10	absent
3	Non-residential Premises ("Astrakhanenergo", JSC 1 Energetikov high road	12.1	No. 49-12-156 dated 30.12.09	"Astrakhan GSM" CJSC	from 01.01.10 to 30.12.10	absent
4	Container Installation Place and Lamp Pole Place for Sky Hooks Setup ("Tsarevskaya" Substasion 2 B.Khmelnitskiy st.)	15.8 5	No. 49-12-146 dated 30.12.09	"Astrakhan GSM" CJSC	from 01.01.10 to 30.12.10	absent
5	Non-residential Premises (Ikryaninsk Distribution Zone)	6	No. 49-12-169 dated 27.04.10	"MegaFon", JSC	from 27.04.10 to 31.12.10	absent
6	Non-residential Premises (Ikryaninsky Distribution Zone)	6	No. 49-12-177 dated 28.04.10	"MegaFon", JSC	from 28.04.10 to 31.12.10	absent
7	Non-residential Premises (1 Energetikov high road Astrakhan)	6.5	No. 49-12-141 dated 30.12.09	"MegaFon", JSC	from 01.01.10 to 30.12.10	absent
8	Container Installation Pace and Place in Metal Lighting Tower for Antenna-feeder Arrangement (Volgograd Elecric Grid District)	10.8 1	No. 49-12-160 dated 30.12.10	"MegaFon", JSC	from 01.01.10 to 30.12.10	absent
9	Non-residential Premises (Chernoyarsky Distribution Zone)	7.6	No. 49-12-140 dated 30.12.09	"MegaFon", JSC	from 01.01.10 to 30.12.10	absent
10	Container Installation Pace and Place on Concrete Pole for Antenna-feeder Arrangement	2.3x3. 5	No. 49-12-162 dated 30.12.09	"MegaFon", JSC	from 01.01.10 to 30.12.10	absent
11	Non-residential Premises ("Tsarevskaya" Substasion 1 B.Khmelnitskiy st. Astrakhan)	15.8 5	No. 49-12-167 dated 30.12.09	"MegaFon", JSC	from 01.01.10 to 30.12.10	absent
12	Non-residential Premises (Enotaevsk Distribution Zone)	3.2	No. 49-12-170 dated 25.03.10	"VympelCom" JSC	from 01.01.10 to 30.12.10	absent
13	Non-residential Premises (Akhtubinsk Distribution Zone)	26.1	No. 49-12-158 dated 30.12.09	"VympelCom" JSC	from 01.01.10 to 30.12.10	absent
14	Container Installation Pace and Place on Concrete Tower for Antenna-feeder Arrangement (Ikryaninsk Elecric Grid District)	7	No. 49-12-172 dated 31.05.10	"VympelCom" JSC	from 31.05.10 to 30.05.10	absent
15	Antenna-feeder Arrangement Place ("Oktyabrskaya" Substation Trusov District)	6	No. 49-12-149 dated 30.12.09	"VympelCom" JSC	from 01.01.10 to 30.12.10	absent

16	Non-residential Premises (1 Energetikov high road Astrakhan)	6	No. 49-12-144 dated 30.12.09	"VypelCom" JSC	from 01.01.10 to 30.12.10	absent
17	Non-residential Premises "Neftebasa" Substation, Ilyinka village	15	No. 49-12-153 dated 31.12.09	"VypelCom" JSC	from 01.01.10 to 30.12.10	absent
18	Non-residential Premises (Akhtubinsk Electric Grid District)	10,1	No. 49-12-113 dated 04.28.10	"Astrakhan-Mobile" CJSC	from 04.28.10 to 04.26.10	absent
19	Non-residential Premises (1 Energetikov high road Astrakhan)	12.5	No. 49-12-116 dated 04.30.10	"Astrakhan-Mobile" CJSC	from 04.30.10 to 04.28.10	absent
20	Non-residential Premises (1 Energetikov high road Astrakhan)	229	No. 49-12-92 dated 11.30.08	"Electrosetservis" LLC	from 11.30.08 to 11.28.10	absent
21	Non-residential Premises (1 Energetikov high road Astrakhan)	42	No. 49-12-90 dated 11.30.08	"Electrosetservis" LLC	from 11.30.08 to 11.28.10	absent
22	Non-residential Premises (1 Energetikov high road Astrakhan)	69.8	No. 49-12-84 dated 10.31.08	"Electrosetservis" LLC	from 10.31.08 to 11.28.10	absent
23	Non-residential Premises ("Astrakhanenergo", JSC 32 Kr. Naberezhnaya st. Astrakhan)	565.4	No. 49-12-98 dated 01.01.10	"Construction Company - Central Despatch of Unified Energy System – Astrakhan Regional Dispatching Office", JSC	from 01.01.10 to 12.30.10	absent
24	Property (dispatch-control panel, power pack)	absent	No. 49-12-96 dated 01.01.10	"Construction Company - Central Despatch of Unified Energy System – Astrakhan Regional Dispatching Office", JSC	from 01.01.10 to 12.30.10	absent
25	Non-residential Premises (1 Energetikov high road Astrakhan)	189.1	No. 49-12-86 dated 10.31.08	Mikhailova Aleksandra Vladimirovna (business owner)	from 10.31.08 to 10.29.10	absent
26	Non-residential Premises (18 I.Franko st. Akhtubinsk)	11.1	No. 49-12-136 dated 09.29.10	"Zolotukhinsk District Hospital", Municipal Health Care Institution	from 09.29.10 to 12.31.10	absent
27	Non-residential Premises (38 Sovetskoy Militsii st. Akhtubinsk)	3.4	No. 49-12-104 dated 01.01.10	"Stroyelektromontazhnaladka", LLC	from 01.01.10 to 12.30.10	absent

28	Non-residential Premises (1 Energetikov high road Astrakhan)	25.7	No. 49-12-93 dated 01.01.10	"Construction Company - Central Despatch of Unified Energy Systems – Astrakhan Regional Dispatching Office", JSC	from 01.01.10 to 12.30.10	absent
29	Non-residential Premises (1 Energetikov high road Astrakhan)	13	No. 49-12-118 dated 06.25.10	"Real Medical Service", LLC	from 06.25.10 to 06.24.10	absent
30	Non-residential Premises (38 Sovetskoy Militsii st. Akhtubinsk)	7.5	No. 49-12-119 dated 06.25.10	"Real Medical Service", LLC	from 06.25.10 to 06.24.10	absent
31	Non-residential Premises (75/69 Sun-yat-Sen/Kulikov st.	12.9 5	No. 49-12-88 dated 12.15.08	"Real Medical Service", LLC	from 12.15.10 to 06.24.10	absent
32	Non-residential Premises (18 I.Franko st. Akhtubinsk)	10.1	No. 49-12-87 dated 12.08.08	"Real Medical Service", LLC	c 12.08.08 to 10.20.10	absent
"Volgogradenergo" Branch of "IDGC of the South" JSC						
33	Administration Building (room No. 614) (15 Lenin pr. Volgograd)	46.0	No. 141- 08 dated 05.12.08	"Victor" CJSC	from 05.01.08 to 04.01.10	Is in actual use
34	Administration Building (rooms), (15 Lenin pr. Volgograd)	745. 1	No. 98 dated 12.12.2008	"Construction Company of Unified Energy Systems" JSC	from 11.01.08 to 10.01.10	Is in actual use
35	Administration Building (catering utility space)	33.2	No. 160 dated 03.15.08	Belanova, individual entrepreneur	from 03.15.08 to 02.14.10	Is in actual use
36	Administration Building (room), (15 Lenin pr. Volgograd)	6.4	No. 11A/09/3470 091387 dated 09.30.10	"Airport – Service" Agency of the air traffic, LLC	from 08.01.97	absent
37	Administration Building (room No. 201), (15 Lenin pr. Volgograd)	21.5 1	No. 3470091286 dated 09.15.10	"Cobalt – S" Private Security Firm, LLC	from 03.01.10	absent
38	Base Department Building of Kotelnikovo Electric Grid District, (32 Remisov st. Kotelnikovo Volgograd region)	20	No. 1192 dated 12.19.2007	"Volgogradenergo sbyit" JSC	from 11.01.07 to 10.01.08	Is in actual use
39	Base Garage Building of Kotelnikovo Electric Grid District (32 Remisov st. Kotelnikovo Volgograd region)	42	No. 1192 dated 12.19.2007	"Volgogradenergo sbyit" JSC	from 11.01.07 to 10.01.08	Is in actual use
40	Industrial Building (4 Energeticheskaya st. Oktyabrskiy dc Volgograd region)	92.9 1	No. 1192 dated 12.19.2007	"Volgogradenergo sbyit" JSC	from 11.01.07 to	Is in actual use

						10.01.08	
41	Dubrovsk Electric Grid District, garage, (109 Shishlyannikov st. Dubrovka Volgograd region)	124.7	No. 1192 dated 12.19.2007	"Volgogradenergo sbyt" JSC		from 11.01.07 to 10.01.08	Is in actual use
42	Operations Base of Serafimovich Electric Grid District (50 Bolshevistskaya st. Serafimovich Volgograd region)	9	No. 1192 dated 12.19.2007	"Volgogradenergo sbyt" JSC		from 11.01.07 to 10.01.08	Is in actual use
43	Maintanance Department – 1 Building of Serafimovich Electric Grid District, II floor (50 Bolshevistskaya st. Serafimovich Volgograd region)	50	No. 1192 dated 12.19.2007	"Volgogradenergo sbyt" JSC		from 11.01.07 to 10.01.08	Is in actual use
44	Industrial Building of Repair and Maintanance Department at Kletskaya Repair and Maintanance Department, III floor (48 Dymchenko st. Kletskaya Cossack village Volgograd region)	53	No. 1192 dated 12.19.2007	"Volgogradenergo sbyt" JSC		from 11.01.07 to 10.01.08	Is in actual use
45	Garage (48 Dymchenko st. Kletskaya Cossack village Volgograd region)	30	No. 1192 dated 12.19.2007	"Volgogradenergo sbyt" JSC		from 11.01.07 to 10.01.08	Is in actual use
46	Administrative and Domestic Building, inventory number 3456010019 (139 lenin pr. Uryupinsk Volgograd region)	212.70	No. 1192 dated 12.19.2007	"Volgogradenergo sbyt" JSC		from 11.01.07 to 10.01.08	Is in actual use
47	Repair and Maintanance Base, inventory number 345010019 (30 Volgogradskaya st Uryupinsk Volgograd region)	59.6	No. 1192 dated 12.19.2007	"Volgogradenergo sbyt" JSC		from 11.01.07 to 10.01.08	Is in actual use
48	Administrative Building, inventory number 3455014662 (2a Volzhskiy pr. Volgograd)	367,7	Agreement dated 10.04.2007 No. 492	"Volgogradsetremont" JSC		from 03.28.08	Is in actual use
49	Industrial Building, inventory number 3455014664 (2a Volzhskiy pr. Volgograd)	1152	No. 492 dated 10.04.2007	"Volgogradsetremont" JSC		from 03.28.08	Is in actual use
50	Storage building No. 3455014666 (2a Volzhskiy pr. Volgograd)	406.5	No. 492 dated 10.04.2007	"Volgogradsetremont" JSC		from 03.28.08	Is in actual use
51	Garage No. 3455014668 (2a Volzhskiy pr. Volgograd)	136	No. 492 dated 10.04.2007	"Volgogradsetremont" JSC		from 03.28.08	Is in actual use
52	Garage No. 3455014669 (2a Volzhskiy pr. Volgograd)	62.3	No. 492 dated 10.04.2007	"Volgogradsetremont" JSC		from 03.28.08	Is in actual use
"Kalmenergo" Branch of "IDGC of the South" JSC							
53	Non-residential Premises of Administrative Building in "Kalmenergo" branch, V floor	9	No. 135 dated 05.01.2009	"Transmission System Operator of Unified Energy System represented by Rostov Regional Dispatching Office		from 05.01.10 to 04.30.10	absent

54	Movable Assets: office automation – 1 item (computer)		No. 04-197 dated 10.06.2008	“Transmission System Operator of Unified Energy System represented by Rostov Regional Dispatching Office	from 09.03.08 to 08.02.10	Is in actual use
55	Non-residential Premises (271 Lenin st. Elista), including garage	702.07	No. Ф-04-262 dated 12.08.2007	“Kalmenergosbyt” JSC	from 12.01.07 to 10.31.08	Is in actual use
56	Non-residential Premises Type (group)of Capital Asset: buildings: 1)Ketchenerovsk Electric Grid District; 2)Iki-burulsk Electric Grid District; 3)Yashkulsk Electric Grid District; 4)Preytensk Electric Grid District; 5)Gorodovikovsk Electric Grids; 6)Kaspiysk Electric Grids; 7)Chernosemelsk Electric Grids; 8)Sarpin Tidal Electric Station; 9)Elista (car park boxes, Garages); Movable Assets: 1)Type (group)of Capital Asset: machinery and equipment: refrigerator, fax machine, switchboard etc. (18 items in all) 2) Type (group)of Capital Asset: industrial and household equipment: safe, storage wall etc (13 items in all)	72.26 88.6 57.3 66.5 79.9 56.0 76.0 157.4 172.0	No. Ф-04-262 dated 12.08.2007	“Kalmenergosbyt” JSC	from 12.01.07 to 10.31.08	Is in actual use
“Rostovenergo” Branch of “IDGC of the South” JSC						
57	Non-residential Premises of the Building at the address: 48 – 50 Semashko pr. Lenin dc Rostov on Don, Rostov Region (Letter A, Letter B)	2504.6	67322/08 10.01.2008	“Energy” LLC	from 01.10.2008 to 31.08.2009	Renewal of Agreement is in process
58	Non-residential Premises of total area 13.62 sq.m. located at the address: 49 Bolshaya Sadovaya st. Rostov on Don, ground floor, location of cash machine	13.62	68895/08 12.12.2008	“Centre-Invest” Commercial Bank, JSC	from 01.01.2009 to 30.11.2009	For 11 months if there is no failure of the parties. если нет
59	One-roomed Flat, 21.3 sq.m. total area including 12.4 sq.m. of living area located: 69, 85/5 Eremenko st. Rostov on Don	21.3	9474/07 dated 12.29.2006.	Apanasova G.A.	from 29.12.2006 to 29.12.2006	-
60	Appartment. Area: 83 sq.m. total. Floor: 3. Letter A (1, 35 Krepostnoy byst. Kirov dc, Rostov on Don)	83.0	295 dated 01.05.2004. 298 dated 01.05.2004.	Lapteva A.V. Nichaev A.A.	Not defined Not	New agreement project is on the

					defined	harmonization
61	Appartment. Area: 68.5 sq.m. total. Floor: 3. Letter A (2, 35 Krepostnoy byst. Kirov dc, Rostov on Don)	68.5	296 dated 01.05.2004 297 dated 01.05.2004.	Starchenko N.Y. Leyko A.A.	Not defined Not defined	New agreement project is on the harmonization
62	Appartment. Area: 32.2 sq.m. total. Floor: 5. Letter A (23, 23/5 Kommunisticheskiy pr. Sovetskiy dc, Rostov on Don)	32.2	Housing Order No. 347 dated 07.13.1995 issued by Sovetskiy dc Administration	Dolgikh N.Y. (Raykova V.Y.)		Commercial contract hire is issued
63	Dwelling House. Area: 71.6 sq.m. total. Inventory number: 10471. Letter A. Number of Storeys: 1 (Kolodezny byst. Krasny Sulin, Krasnosulinskiy dc, Rostov region)	71.6	Commorancy of Pugachev S.A. family (5 persons in all) domiciled by authority of Nesvetay SDPP director in 1991 (previously – an item of Nesvetay SDPP balance; presently – “Experimental TPP			Corporate activities for the sale of the object are implemented in accordance with register of non-core assets proved by Board of Directors 09.04.2009.
	Central Power Plant					
64	Premise at Substation BT – 1 (8 Pervoy Pyatiletki st. Bataysk)	58.0	9996/07/350/01/07 dated 04.18.2007	“Energosbyt Rostovenergo” JSC	01.12.2006 - 01.11.2007	In actual use
65	Premise of 5 type Circuit Breaker RPB of Distribution Electric Grid System (10 Energetikov st. Ssemikarakorsk)	54.9	9996/07/350/01/07 dated 04.18.2007.	“Energosbyt Rostovenergo” JSC	01.12.2006. - 01.11.2007	In actual use
66	Non-residential Premises of 15 sq.m. total area and tower area on 50 metre above grade high, located: 54 Narodnaya st. Novocherkassk	15.0	63635/9/08/AP–12–H/97 dated 10.28.1997	“Rostov Cellular Communications” CJSC	28.10.1997 - 31.12.2012	Terms are not defined if there is no failure of the parties
67	Movable Assets (communication equipment)	-	8350/06 dated 06.27.2006.	“Elsiko” LLC	01.07.2006. - 01.06.2007.	For a year if there is no failure of the parties
68	Non-residential Premise (Substation R-6, 128/1 Taganrogsкая st. Oktyabrskiy dc Rostov on Don)	34.0	72276/09/09 dated 12.30.2008	“Istok-don” LLC	20.01.2009. - 30.11.2009	-
69	Part of Non-residential Premise, room 303 in Administration and Living Quarters of Central Power Plant, located: 9 Football st. Rostov on Don	2.0	62022/9/08 dated 03.25.2008	“Rosenergoservis” LLC	25.03.2008 - 25.02.2009	For 11 months
70	Flat. Area: 53.4 sq.m. total. Floor: 10. Letter: A (79, 66/9	53.4	61538/08 dated 30.03.2008	Pogorely I.N.	30.03.2008-	-

	Eremenko st. Rostov on Don)					30.03.2018.	
71	Flat. Area: 46.8 sq.m. total. Floor: 2 (18, 119 Komsomolskaya st. Bataysk Rostov Region)	46.8	66125/9/08 dated 09.01.2008.	Kolesnikov Y.V.		01.10.2008-01.08.2009.	New lease agreement is executed
	Northeast Electric Grids						
72	Substation House (124 Lunacharskiy st. Morosovsk, Rostov Region)	99.60	9996/07/350/01/07 dated 04.18.2007	"Energosbyt Rostoveneg o" JSC		01.12.2006. - 01.11.2007.	In actual use
73	Service Men Post at Oblievskaya-1 Substation (162 Gagarin st. Oblievskaya Cossack Village, Oblievskaya dc, Rostov Region)	38.01	9996/07/350/01/07 dated 04.18.2007	"Energosbyt Rostoveneg o" JSC		01.12.2006. - 01.11.2007.	In actual use
74	Garage Building (4 Garazhnaya st. Kamensk-shakhtinskiy, Rostov Region)	2580	9996/07/350/01/07 dated 04.18.2007	"Energosbyt Rostoveneg o" JSC		01.12.2006. - 01.11.2007.	In actual use
75	Garage for 5 automobiles at Repair and Maintenance Base (2-a Zavodskaya st. Bolshaya Kalitva, Rostov Region)	38.50	9996/07/350/01/07 dated 04.18.2007	"Energosbyt Rostoveneg o" JSC		01.12.2006. - 01.11.2007.	In actual use
76	Storage marquee (20 Sosnovaya st. Tatsynskaya Cossack village Rostov Region)	29.40	9996/07/350/01/07 18.04.2007	"Energosbyt Rostoveneg o" JSC		01.12.2006. - 01.11.2007.	In actual use
77	Garage (162 Gagarin st. Oblievskaya Cossack village Oblievskaya dc, Rostov region)	22.30	9996/07/350/01/07 dated 18.04.2007	"Energosbyt Rostoveneg o" JSC		01.12.2006. - 01.11.2007.	In actual use
78	Metal Hangar (34 70 Let oktyabrya st. Sovetskaya Cossack village, Sovetskaya dc, Rostov region)	23.50	9996/07/350/01/07 dated 18.04.2007	"Energosbyt Rostoveneg o" JSC		01.12.2006. - 01.11.2007.	In actual use
79	Warehouse Premise (20 Sosnovaya st. Tatsinskaya Cossack village, Rostov region)	11.05	9996/07/350/01/07 dated 18.04.2007	"Energosbyt Rostoveneg o" JSC		01.12.2006. - 01.11.2007.	In actual use
80	Part of a Premise of 39.1 sq.m. total area. within the facility: Service Men Post at "Chebotovskaya" Substation. Area: total area of 100.7sq.m. Inventory number: 5722. Letter: A. (3 Centralnaya st., Khutor Chebotovka, Tarasovskiy dc, Rostov region).	39.1	-	Since 1978 - domicile of Baidakova N.I., a pensioner		"Gratuitous Transfer" strategy is applied to the indicated part of the object with total area of 39.1 sq.m. in accord with roster of non-core assets proved by Board of Directors 09.04.2009.	
81	Part of a Premise of 50.9 sq.m. total area. within the facility: Service Men Post. Area: total area of 102.3 sq.m. Inventory number: 6721. Letter: A. Number of storeys: 1	50.9	-	Domicile of Shurov M.P. family, 2 persons in all		"Gratuitous Transfer" strategy is applied to the indicated part of the object with total area of 50.9 sq.m. in accord with roster of	

	57 Sadovaya st. Voikovo settlement, Tarasovskiy dc, Rostov Region				non-core assets proved by Board of Directors 09.04.2009.
82	Apartment house. Area: total area of 307.4 sq.m. Inventory number: 5229. Letter: Aaa1a2a3a4a5. Number of storeys: 2 79 a Pobedy st., Tarasovskiy settlement, Tarasovskiy dc, Rostov region	307.4	-	Domicile of 4 families: of Zarubin Y.A. – 3 persons, Ponomarev N.M. – 2 persons, Chebotov V.A. – 5 persons, Pekarikhina T.E. – 3 persons	“Gratuitous Transfer” strategy is applied to the entire object in accord with roster of non-core assets proved by Board of Directors 09.04.2009.
83	Building of Electric Grid Item at “Tatsinskaya Agrarian Partnership” Substation, function: non-residential. Area: 150 sq.m. total Inventory number: 1/1819. Letter: A,A1,A2,A4,A3,a,a1. Number of storeys: 1 (61 Mayakovskiy st., Cossack village Tatsinskaya, Tatsinskaya dc, Rostov region).	150	-	Domicile of families: Tkachev N.F. – 3 persons in area of 62.7 sq.m. since 2001, Dorofeev V.V. – 3 persons in area of 73.6 sq.m. since 2003	“Gratuitous Transfer” strategy is applied to the entire object in accord with roster of non-core assets proved by Board of Directors 09.04.2009.
84	Building of Electric Grid Item at “Б – 12 Ulegorskaya” Substation. Area: 172.7 sq.m. total Inventory number: 9/237. Letter: A,A1,A2,a. Number of storeys: 1 31 Gagarin st., Ulegorskiy settlement, Tatsinskaya dc, Rostov Region.	172.7	-	Domicile of families: Tsvikalova N.A. – 3 persons since 1988 and Shepelev V.L. – 3 persons	“Gratuitous Transfer” strategy is applied to the entire object in accord with roster of non-core assets proved by Board of Directors 09.04.2009.
85	Building of Electric Grid Item at Tatsinskaya Distribution Zone. Area: 171.7 sq.m. total Inventory number: 1/3426. Letter: A. Number of storeys: 1 20-a Sosnovaya st., Cossack village Tatsinskaya, Rostov region.	171.7	-	Domicile of families: Abramov V.A. – 3 persons, Zakharov A.V. – 3 persons	“Gratuitous Transfer” strategy is applied to the indicated part of the object with total area of 171.7 sq.m. in accord with roster of non-core assets proved by Board of Directors 09.04.2009.
86	Premises with total area of 42.5 sq.m. within the facility: Service Men Post Building at “Verkhnekoltsov” Substation. Area: 89.3 sq.m. total Inventory	42.5	-	Domicile of Zadavin R.V., the pensioner, family	“Gratuitous Transfer” strategy is applied to the indicated part of the object with total area of 42.5 sq.m. in

	number: 5/629. Letter: A, a, a1. Number of storeys: 1. 23 Zarechnaya st., Khutor Verkhnekoltsov, Tatsinskaya dc, Rostov Region			since1986	accord with roster of non-core assets proved by Board of Directors 09.04.2009.
87	Premises with area of 48.7sq.m. within the facility: Motor housing. Area: 95.9 sq.m. total Inventory number: 8/580. Letter: A, a, a1. Number of storeys: 1. 12 Lenin st., Khutor Aliphanov, Tatsinskaya dc, Rostov Region.	48.7	-	Domicile of Bezrodnay a N.M., the pensioner, family since1980	"Gratuitous Transfer" strategy is applied to the indicated part of the object with total area of 48.7 sq.m. in accord with roster of non-core assets proved by Board of Directors 09.04.2009.
88	Premise with total area of 38.1 sq.m. within the facility: Motor housing. Area: 95.9 sq.m. total Inventory number: 199. Letter: A, a, a1. Number of storeys: 1. (13 Stepnaya st., Khutor Novonikolaevskiy, Tatsinskaya dc, Rostov Region)	38.1	-	Domicile of family of Tupeko N.I., Electric Grid Item foreman	"Gratuitous Transfer" strategy is applied to the indicated part of the object with total area of 38.1 sq.m. in accord with roster of non-core assets proved by Board of Directors 09.04.2009.
89	Service Men Post at Oblievskaya-1 Substation. Area: 129.3 sq.m. total Inventory number: 5202. Letter: A2, A3.	129,3	-	Domicile of families of: Ivanov F.I. – 52.45 sq.m. (since 1987); Malyshkin A.T.(since 1977), area – 42.2 sq.m.; Chuchalin V.A.(since 1979) area – 34.6 sq.m.	"Gratuitous Transfer" strategy is applied to the entire object in accord with roster of non-core assets proved by Board of Directors 09.04.2009.
90	Service Men Post. Area: 105.3sq.m. total Inventory number: 5102. Letter: A, a, a1. Number of storeys: 1. (13 Vostochnaya st. Kashtanovskiy settlement, Oblievskaya dc, Rostov Region).	105.3	-	Domicile of Tkachenko N.V., an electrician, family, 4 persons since 1990	"Gratuitous Transfer" strategy is applied to the entire object in accord with roster of non-core assets proved by Board of Directors 09.04.2009.
91	Premise with total area of 122 sq.m. within the facility: Service Men Post. Area: 144 sq.m. total inventory number: 5102. Letter: A, a, a1. Number of storeys: 1. (6 Dachnaya st., Sosnovy settlement, Olievskaya dc, Rostov Region).	122	-	Domicile of Motorkin F.A., an electrician, family,since 1981	"Gratuitous Transfer" strategy is applied to the entire object (144 sq.m.) in accord with roster of non-core assets proved by Board of Directors 09.04.2009.
	Southern Electric Grids				

92	Maintenance Company (administrative) Building of Zernograd Distribution Zone, production base of Zernograd Distribution Zone, 1 Gagarin st., Zernograd	132.0	9996/07/350/01/07 dated 18.04.2007	"Energosbyt Rostovenergo" JSC	01.12.2006	Is in actual use
93	Repair and Production Plant Building (administrative), 5 Liteyny pr. Azov	302.6	9996/07/350/01/07 dated 18.04.2007	"Energosbyt Rostovenergo" JSC	01.12.2006	Is in actual use
94	Garage Building – 4, (5 liteyny pr. Azov)	27.7	9996/07/350/01/07 dated 18.04.2007	"Energosbyt Rostovenergo" JSC	01.12.2006	Is in actual use
95	Garage Building - 5, (5 liteyny pr. Azov)	188.1	9996/07/350/01/07 dated 18.04.2007	"Energosbyt Rostovenergo" JSC	01.12.2006	Is in actual use
96	Storehouse Building - 1, 5 Liteyny pr. Azov	24.0	9996/07/350/01/07 18.04.2007	"Energosbyt Rostovenergo" JSC	01.12.2006	Is in actual use
97	Garage Building of Zernograd Distribution Zone, Production Base of Zernograd Electric Grid District, 1 Gagarin st. Zernograd	30.7	9996/07/350/01/07 dated 18.04.2007	"Energosbyt Rostovenergo" JSC	01.12.2006	Is in actual use
98	Part of Garage Building (garage box No. 5), Egorlykская Distribution Zone, 46 Gagarin st. Egorlykская Cossack village	67.7	9996/07/350/01/07 dated 18.04.2007	"Energosbyt Rostovenergo" JSC	01.12.2006	Is in actual use
99	Dwelling House, 24a Kooperativnaya st. Azov	54.1	69153/08 dated 29.11.2008	Peshkov A.I., an employee of "Rostovenergo Southern Electric Grids", Industrial Association	To 29.11.2013	-
100	Dwelling House, 24a Kooperativnaya st. Azov	27.17	69152/08 dated 04.10.2008	Anferov A.V., an employee of "Rostovenergo Southern Electric Grids", Industrial Association	To 04.10.2013	Is in actual use
101	Dwelling House, 246 Kooperativnaya st. Azov	29.9	69154/08 dated 04.10.2008	Moryakov A.V., employee of "Rostovenergo Southern Electric Grids", Industrial Association	To 04.10.2013	-

102	Dwelling House, 246 Kooperativnaya st. Azov	33.3	8781/06 dated 13.10.2006	Skripchenko V.N., Individual	To 13.10.2026	-
103	Dwelling House, 246 Kooperativnaya st. Azov	27.17		Mishustina E.V., Individual	Mishustina E.A. lost her right to use living quarters in flat No. 3, 24-B Kooperativnaya st. Azov and was evicted from the abovementioned dwelling 27.08.2009 in according to the Azov City Court's Decision in Rostov Region	
Western Electric Grids						
104	Non-residential Premise in Area Maintenance Building. 22 Grishin st. Tsimlyansk	312.3	9996/07/350/01/07 dated 18.04.2007.	"Energosbyt Rostovenergo" JSC	01.12.2006 - 01.11.2007.	In actual use
105	Office Premise, 10 Tsimlyansk highroad , Volgodonsk	90.5	9996/07/350/01/07 dated 18.04.2007.	"Energosbyt Rostovenergo" JSC	01.12.2006 - 01.11.2007.	In actual use
106	Office Premise, 18 Pervomayskaya st., Dubrovskoe village	75.4	9996/07/350/01/07 dated 18.04.2007.	"Energosbyt Rostovenergo" JSC	01.12.2006 - 01.11.2007.	In actual use
107	Office Premise, 7 Gvardeyskaya st., Zavetnoe vilage	61.0	9996/07/350/01/07 dated 18.04.2007.	"Energosbyt Rostovenergo" JSC	01.12.2006 - 01.11.2007.	In actual use
108	Office Premise, 9 Sosnovy bystreet, Big Martynovka village	59.2	9996/07/350/01/07 dated 18.04.2007.	"Energosbyt Rostovenergo" JSC	01.12.2006 - 01.11.2007.	In actual use
109						
110	Part of Non-residential Premise with area of 3 sq.m., located: 22 Grishin st. Tsimlyansk	3	2-Л/55079/07 dated 29.12.2006.	"Centre-Invest" Commercial Bank, JSC	29.12.2006. -31.10.2007.	For 11 months
111	Non-residential Premise, located: 39 Sovetskaya st., Progress settlement, Volgodonsk region	68.7	389/08/64660/08 dated 01.01.2008.	"Southern Telecommunications Company" JSC	01.01.2008. -30.11.2008.	For 11 months
112	Premise with total area of 147.2 sq.m., located: 10 Tsimlyansk high road, Volgodonsk, Rostov Region. Premise with total area of 32.2 sq.m., located: 22 Grishin st., Tsimlyansk, Rostov Region	179.4	54574/07 dated 27.08.2007.	Cherednyakova S.L., an individual entrepreneur	01.10.2007.- 31.12.2007.	Agreement is prolonged for the same terms
113	Premise with total area of 31.9 sq.m. located: 22 Grishin st. Tsimlyansk	31.9	0-11/73619 dated 01.04.2006.	Mengel V.T.	01.04.2006. -30.04.2007.	Prolonged on the basis of an

						additional agreement
114	Premise with total area of 22.9 sq.m. located: 22 Grishin st. Tsimlyansk	22.9	0-10/73618 dated 01.04.2006.	Turichenko A.A.	01.04.2006. -30.04.2007.	Prolonged on the basis of an additional agreement
115	Premise with total area of 19.7 sq.m. located: 22 Grishin st. Tsimlyansk	19.7	0-7/73615 dated 01.04.2006.	Savintseva S.V.	01.04.2006. -30.04.2007.	Prolonged on the basis of an additional agreement
116	Premise with total area of 30.3 sq.m. located: 22 Grishin st. Tsimlyansk	30.3	0-6/73613 dated 01.04.2006.	Shlyakhtin O.N.	01.04.2006. -30.04.2007.	Prolonged on the basis of an additional agreement
117	Premise with total area of 21.8 sq.m. located: 22 Grishin st. Tsimlyansk	21.8	0-4/73612 dated 01.12.2008.	Losev A.I. Лоцев А.И.	01.12.2008. -31.12.2009.	Prolonged on the basis of an additional agreement
118	Premise with total area of 30.5 sq.m. located: 22 Grishin st. Tsimlyansk	30.5	0-3/73611 dated 01.04.2006.	Bezverkova M.A.	01.04.2006. -30.04.2007.	Prolonged on the basis of an additional agreement
119	Premise with total area of 31.5 sq.m. located: 22 Grishin st. Tsimlyansk	31.5	0-2/73610 dated 01.04.2006.	Kalmykov S.I.	01.04.2006. -30.04.2007.	Prolonged on the basis of an additional agreement
120	Premise with total area of 37 sq.m. located: 22 Grishin st. Tsimlyansk	37	0-9/73616 dated 05.05.2006.	Ladygin S.V.	05.05.2006. -31.05.2007.	Prolonged on the basis of an additional

						agreement
121	Premise with total area of 23 sq.m. located: 22 Grishin st. Tsimlyansk	23	0-1/73576 dated 01.04.2006	Veresova E.G.	01.04.2006 - 30.04.2007.	Prolonged on the basis of an additional agreement
South-eastern Electric Grids						
122	Administrative and Production Building of Southeastern Electric Grids (Letter П) 18 Skirda st. Salsk	110.8	9996/07/350/01/07 dated 18.04.2007.	"Energosbyt Rostovenergo" JSC	01.12.2006 - 01.11.2007.	In actual use
123	Administrative and Production Building of Southeastern Electric Grids (Letter П2) 18 Skirda st. Salsk	26.8	9996/07/350/01/07 dated 18.04.2007.	"Energosbyt Rostovenergo" JSC	01.12.2006 - 01.11.2007.	In actual use
124	Main Building of Tselinskaya Electric Grids District (letter A), 3 Prodolnaya st., Tselina settlement	84.1	9996/07/350/01/07 dated 18.04.2007.	"Energosbyt Rostovenergo" JSC	01.12.2006 - 01.11.2007.	In actual use
125	Main Building of Tselinskaya Electric Grids District (Letter A), 3 Prodolnaya, Tselina settlement	49.3	9996/07/350/01/07 dated 18.04.2007.	"Energosbyt Rostovenergo" JSC	01.12.2006 - 01.11.2007.	In actual use
126	Main Building of Peschanokopskoe Electric Grids District, 2 Energetikov st., Peschanokopskoe settlement	81.67	9996/07/350/01/07 dated 18.04.2007.	"Energosbyt Rostovenergo" JSC	01.12.2006 - 01.11.2007.	In actual use
127	Garage of Peschanokopskoe Distribution Zone (Letter Г1), 2 Energetikov st. Peschanokopskoe settlement	57.5	9996/07/350/01/07 dated 18.04.2007.	"Energosbyt Rostovenergo" JSC	01.12.2006 - 01.11.2007.	In actual use
128	Office of Orlovskiy Electric Grids District, 249 Yuzhnaya st., Orlovskiy settlement	71.8	9996/07/350/01/07 dated 18.04.2007.	"Energosbyt Rostovenergo" JSC	01.12.2006 - 01.11.2007.	In actual use
129	Garage of Orlovskiy Electric Grids District (Letter Г2), 249 Yuzhnaya st., Orlovskiy settlement	45.2	9996/07/350/01/07 dated 18.04.2007.	"Energosbyt Rostovenergo" JSC	01.12.2006 - 01.11.2007.	In actual use
130	Non-residential Premise (2-storeyed building of Salsk Electric Grids District), 28 Zheleztonodorozhnaya st., Salsk	113.4	9996/07/350/01/07 dated 18.04.2007.	"Energosbyt Rostovenergo" JSC	01.12.2006 - 01.11.2007.	In actual use
131	Administrative and Production Buildings of Salsk Electric Grids District, 28 Zheleznodorozhnaya st. Salsk	43.1	9996/07/350/01/07 dated 18.04.2007.	"Energosbyt Rostovenergo" JSC	01.12.2006 - 01.11.2007.	In actual use
132	Administrative and Production Building of Salsk Distribution Zone, one –storeyed building, 28 Zheleznodorozhnaya st. Salsk	59.3	9996/07/350/01/07 dated 18.04.2007.	"Energosbyt Rostovenergo" JSC	01.12.2006 - 01.11.2007.	In actual use
133	Main Building of Tselinsk Electric Grids District (Letter A), 3 Prodolnaya st., Tselina	0.5	67794 dated 23.10.2008	"Soglasie" LLC	23.10.2008 - 01.07.2007.	Number of

	settlement				009.	renewals is not limited
134	Flat with total area of 79.2 sq.m. Floor: 2. (27, 15 Beregovaya st. Salsk, Salsk dc, Rostov Region)	79.2	-	Director of "Rostovenergo" Production Association of Southeastern Electric Grids District Lisovoy A.N.	Corporate activities for the sale of the object are implemented in accordance with register of non-core assets proved by Board of Directors 09.04.2009.	
	Northern Electric Grids					
135	Administrative and amenity building of 3-storeyed Repair and Production Base at Northern Electric Grids District (34 Artileriyskaya st. Millerovo)	288.1	9996/07/350/01/07 dated 18.04.2007.	"Energosbyt Rostovenergo" JSC	01.12.2006 - 01.11.2007	In actual use
136	Premise (34 Artileriyskaya st., Millerovo)	49.67	58988/28 dated 01.01.2008.	"Berezhnova", Individual Entrepreneur	01.01.2008 - 15.04.2008	With subsequent prolongation
137	Premise (Floor No. 1 room 2, 34 Artileriyskaya st. Millerovo, Rostov Region)	11.8	37/433/09-H dated 01.01.2009.	Insurance Company "Russia", JSC	01.12.2008 - 31.10.2009	-
	Southwest Electric Grids					
138	Administrative Building of Repair and Production Base-3, type of Southwest Electric Grids Production Association (rooms of the first floor), Letter A, 144 Dzerzhinskiy st. Taganrog	740.9	9996/07/350/01/07 dated 18.04.2007	"Energosbyt Rostovenergo" JSC	18.04.2007 - 01.11.2007	In actual use
139	Boiler Building, Letter M, 144 Dzerzhinskiy st. Taganrog	43.5	9996/07/350/01/07 dated 18.04.2007	"Energosbyt Rostovenergo" JSC	18.04.2007 - 01.11.2007	In actual use
140	Asphalt-concrete area, (garage parking), 144 Dzerzhinskiy st. Taganrog	72	9996/07/350/01/07 dated 18.04.2007	"Energosbyt Rostovenergo" JSC	18.04.2007 - 01.11.2007	In actual use
141	Maintenance Company-1 Building, type of Chaltyr Distribution Zone, 18a Proletarskaya st., Myasnikovskiy dc, Chaltyr village	80.9	9996/07/350/01/07 dated 18.04.2007	"Energosbyt Rostovenergo" JSC	18.04.2007 - 01.11.2007	In actual use
142	Garage Building, 18a Proletarskaya st., Myasnikovskiy dc, Chaltyr village	34.9	9996/07/350/01/07 dated 18.04.2007	"Energosbyt Rostovenergo" JSC	18.04.2007 - 01.11.2007	In actual use
143	Canteen Building, 144 Dzerzhinskiy st. Taganrog	179.6	No. 70099 dated 01.08.2008	"Salen" LLC	01.08.2008 - 01.08.2009	In actual use
144	Administrative Building of Repair and Production Base-3, type of	22.4	No. 2809/03 dated 05.01.2003	"Russia" IJSC	05.01.2003 -	In actual use

	Southwest Electric Grids Production Association, Letter A, room 109, 144 Dzerzhinskiy st. Taganrog				11.12.2003	
145	Administrative Building of Repair and Production Base-3, type of Southwest Electric Grids Production Association, Letter A, ATM, 144 Dzerzhinskiy st. Taganrog	8	5767/04 dated 01.10.2004	"Centre-Invest" Commercial Bank, JSC	01.10.2004 - 15.08.2005	Prolonged for the same period
117	Checkpoint Building, 144 Dzerzhinskiy st. Taganrog	24.8	5767/04 dated 01.10.2004	"Centre-Invest" Commercial Bank, JSC	01.10.2004 - 15.08.2005	Prolonged for the same period

Fixed Assets under Arrest			
	Brief Description of the Property	Basis of Encumbrances	Start Date and End Encumbrances
	Name		
1	1) Monitor-4 pc, 2) Processor-4 pc, 3) Key board-4 pc, 4) Computer Mouse-4 pc, 5) Printer-1 pc.	Order of Seizure dated 27.12.2007 in accord with consolidated enforcement proceeding Execution No. 47/07 dated 11.01.2007	Seized since 27.12.2007
2	1) 10 kv HV Branch line from 5/250 Package Transformer Substation with length of 0.8 km laid by Service Team-1, 12 electricity pylons of wood on ferro-concrete, 2.4 km of AC-35 wire 10/0.4-250 kVA PTS; 2) 10 kv HV Branch line from 1/250 kVA "Zernotok" PTS with length of 0.75 km laid by Service Team-1, 4 electricity pylons of wood on ferro-concrete; 3) 10 kv HV Branch line from 1/250 kVA PTS with length of 3/6 km laid by Service Team-1, 4 electricity pylons of wood on ferro-concrete;	Order of Seizure dated 06.12.2007 in accord with consolidated enforcement proceeding Execution No. 47/07 dated 11.01.2007	Seized since 27.12.2007
3	1) 35/10 kv Pump Electric Grid Company; 2) 35 kv HV Tavn-Gashunskaya Pump Line; 3) 35/10 kv HV Chernozemelskaya-Zulturganskaya Line; 4) 35/10 kv Kirovskaya Electric Grid Company; 5) 35/10 kv "Improver" Electric Grid Company;	Order of Seizure dated 21.10.2007 in accord with enforcement proceeding Execution No. 934/74 dated 06.02.2007	Seized since 27.12.2007

Fixed Assets Transferred to the Operational Management				
Item No	Brief Description of the Property	Basis of Encumbrances (Rulings had been made by management body before the moment "Rostovenergo" JSC was affiliated to "IDGC of the South" JSC)	Start Date and End Encumbrances	
	Name	Area, sq.m.		
1	Building, Letter A, located: 147 2-aya Krasnodarskaya st., Svetskiy dc, Rostov on Don, Rostov region	7354	Basis: Ruling of Board of Directors of "Rostovenergo" JSC dated 26.04.2004, Minutes No. 22 (as to the agenda item No. 14 "Regarding Property Settled on "Training Centre "Energetik", Non-state Non-commercial Educational Institution	Since 26.08.2008 – without time

			on the basis of operational management) (Certificate of State Registration of Rights 61 AF No. 981624 dated 26.08.2008)	restrictions
2	Building, Letter A, location: 147/2 2-aya Krasnodarskaya st., Sovetskiy dc, Rostov on Don, Rostov Region	4789.1	Basis: Ruling of Board of Directors of "Rostovenergo" JSC dated 26.04.2004, Minutes No. 22 (as to the agenda item No. 14 "Regarding Property Settled on "Training Centre "Energetik", Non-state Non-commercial Educational Institution on the basis of operational management) (Certificate of State Registration of Rights 61 AF No. 981623 dated 26.08.2008)	Since 26.08.2008 – without time restrictions
3	Movable Assets to the number of 9531 ea amounting to 2133 048.67 rub	-	Basis: Ruling of Board of Directors of "Rostovenergo" JSC dated 26.04.2004, Minutes No. 22 (as to the agenda item No. 14 "Regarding Property Settled on "Training Centre "Energetik", Non-state Non-commercial Educational Institution on the basis of operational management)	Since 01.07.2004 – without time restrictions
4	Production Base Building of Training Centre totaling to 12052190.08 rub, Letter of Building No. 65, location: Industrial hub at Thermoelectric Plant-2, Privolzhskiy dc, Astrakhan Region	1158.5	Basis: Ruling of Board of Directors of "Astrakhanenergo" JSC dated 29.04.2003, Minutes No. 100 (as to the agenda item "Regarding Participation of "Astrakhanenergo" JSC in "Astrakhan Training Complex" Non-state Non-commercial Educational Institution by means of property transferred under the operational management), Treaty on the Right of Operational Asset Management No. 01-25-24/37 dated 05.01.2004, Additional Agreement No. 1 dated 24.03.2008 to treaty No. 01-25-24/37 dated 05.01.2004, Certificate of State Registration of Rights 30 CP No. 009108 dated 12.05.2004.	Since 12.05.2004 - without time restrictions
5	Movable Assets to the number of 100 ea amounting to 36500.47 rub.	-----	Basis: Ruling of Board of Directors of "Astrakhanenergo" JSC dated 29.04.2003, Minutes No. 100 (as to the agenda item "Regarding Participation of "Astrakhanenergo" JSC in "Astrakhan Training Complex" Non-state Non-commercial Educational Institution by means of property transferred under the operational management), Treaty on the Right of Operational Asset Management No. 01-25-24/35 dated 05.01.2004, Additional Agreement dated 20.12.2006 to treaty No. 01-25-24/35 dated 05.01.2004, Additional Agreement No. 2 dated 24.03.2008 to treaty No. 01-25-24/35 dated 05.01.2004.	Since 05.01.2004 - without time restrictions
6	Movable Assets to the number of 4 ea amounting to 12988.10 rub.	----- -	Basis: Ruling of Board of Directors of "Astrakhanenergo" JSC dated 29.04.2003, Minutes No. 100 (as to the agenda item "Regarding Participation of "Astrakhanenergo" JSC in "Astrakhan Training Complex" Non-state Non-commercial Educational Institution by means of property transferred under the operational management), Treaty on the Right of Operational Asset Management No. 01-11/03-Д117-1P dated 29.06.2004, Additional Agreement No. 3 dated 24.03.2008 to treaty No. 01-11/03-Д117-1P dated 29.06.2004.	Since 29.06.2004 - without time restrictions

7	Movable Assets to the number of 2 ea amounting to 21310.43 rub.	-----	Basis: Ruling of Board of Directors of "Astrakhanenergo" JSC dated 29.04.2003, Minutes No. 100 (as to the agenda item "Regarding Participation of "Astrakhanenergo" JSC in "Astrakhan Training Complex" Non-state Non-commercial Educational Institution by means of property transferred under the operational management), Treaty on the Right of Operational Asset Management No. 01-11/03-Д117-1P dated 13.08.2004, Additional Agreement No. 4 dated 24.03.2008 to treaty No. 01-11/03-Д117-1P dated 13.08.2004.	Since 13.08.2004 - without time restrictions
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IV. Data on Financial and Economic Activities of the Issuer

4.1. Results of Financial and Economic Activities of the Issuer

4.1.1. Profit and Loss

In items of rub.

Name of Indicator	2007	2008	2009	2010	2011, 3 mo
Revenue	125 496 000	13 126 816 000	19 027 439 000	22 014 387 000	6 697 459 000
Gross profit	59 479 000	2 205 610 000	2 459 611 000	2 624 423 000	828 903 000

Net profit (undistributed profit/ outstanding loss)	6 883 000	486 049 000	-1 108 879 000	-3 589 842 000	-266 581 000
Return on equity, %	40.8	2.3	-5.5	-21.5	-1.6
Return on assets, %	9.6	1.4	-2.7	-9.5	-0.7
Ratio of net profit, %	5.5	3.7	-5.8	-16.3	-4
Profitability of production (sales), %	24.3	13.8	9.4	9.3	9.7
Capital turnover	7.4	0.5	0.6	0.7	0.2
Uncovered loss amount as of the reported date	0	0	0	3 589 842 000	3 618 044 000
Ratio of uncovered loss rate as of the reported date to balance sheet	0	0	0	0.09	0.1

Economic analysis of the Issuer's profitability/unprofitability results from the quoted indicators' dynamics. Data on reasons, which (according to Issuer's management) led to the Issuer's losses/profit shown in the accounts as of the moment of accounting quarter end in comparison with corresponding period of the previous year (years), is disclosed inter alia:

Revenue in the first quarter of 2011 amounted 6 697 459 000 rub which is 16% more than the indicator of the first quarter of 2010. Revenue growth is mainly accounted by increase in transmission tariffs (average tariff increase amounted 27%).

Gross profit in the reported period rose by 166 100 000 rub or 25% in comparison with the corresponding period of the previous year.

Net loss in the first quarter of 2011 is 46 980 000 rubs more than that of the first quarter of the previous year, which is a consequence of uncontrollable expense growth.

Return on equity shows the ratio of net profits to net profit and characterizes efficient use of own funds invested in the Company. In comparison with the first quarter of the previous year the indicator's value has reduced from minus 1.1% to minus 1.6% which reflects net profit dynamics as it is.

Return on assets characterizes efficient use of own funds that is Issuer's asset management efficiency expressed in return on each ruble invested in the assets, and characterizes the Company's revenue generation. Indicator's value has reduced from minus 0.5% to minus 0.7% in comparison with the first quarter of the previous year.

Ratio of net profit shows share of net profits, remaining at the disposal of the Company, percentage of total sales revenue. In comparison with the first quarter of the previous year the indicator's value has reduced by 0.2%, which is to minus 4% in the accounting period.

Net profit ratio of sales characterizes efficiency of industrial and commercial activities, estimates the fraction of the cost of sales, shows operating profit in sales of the Company. Main and most frequently mentioned indicator of profitability. In other words, this coefficient shows how much profit is retained by the Company after covering the cost of production. In the first quarter of 2011 it amounted 9.7%, which is 2.2% more than the corresponding indicator of the previous year.

Asset turnover ratio reflects the Issuer's rate of capital turnover, and for the reported date it equals 0.2, there have not been any changes in the indicator value in comparison with the corresponding period of the previous year.

Views of Issuer's management on the abovementioned reasons and/or on the degree of their influence on the indicators of financial and economic activities of the Issuer coincide.

None of the members of Board of Directors has dissenting opinion as to the abovementioned reasons and/or to the degree of their influence on the indicators of financial and economic activities of the Issuer.

4.1.2. Factors that Had Impact on Change of the Issuer's Sales, Product, Work and Service Proceeding and on Change of the Issuer's Income (Loss) from Operations

Name of indicators	2007 2008	2009 1st quarter of 2010
Revenues (net) from sales of products (services), total, rub	5 759 469 000	6 697 459 000
Cost of products (services), total, rub	5 096 666 000	5 868 556 000
Gross profit, total, rub	662 803 000	828 903 000
Net profit (loss)	-219 601 000	-266 581 000
ROE (Return on equity, cumulative), %	-1.1	-1.6

Structure of the Issuer's revenue in the accounting period has developed as follows:

-revenue from the transfer and transit of electricity – 6 602 548 000 rbs or 98.6%;

-revenue from technological connection of consumers - 54 707 000 rbs or 0.8%;

-revenue from other activities – 40 204 000 rbs or 0.6%.

In comparison with the first quarter of 2010 revenue volume has increased by 16.3% or by 937 990 000 rub, including revenue from transfer and transit of electricity increased by 1 031 138 000 rub. The main cause of that increase is growth of tariffs for power transmission. Revenue from technological connection of consumers has decreased by 1 623 000 rbs, revenue from other activities has reduced by 94 771 000 rub due to termination of a contract between the CEO and "Kubanenergo" JSC.

Increase in the cost amounted 771 890 000 rbs or 15% in comparison with the corresponding period of the previous year. Main causes of the cost increase are growth of tariffs for power transmission services, the Issuer is provided with by "Federal Grid Company of the Unified Energy System" JSC and third-party grid organizations, and growth of cost of energy purchased as power loss restoring. Diseconomy results from inflation as well.

Self-cost gain was made up by revenue growth in the result of which gross profit increased by 166 100 000 rbs or 25%.

Views of Issuer's management on the abovementioned reasons and/or on the degree of their influence on the indicators of financial and economic activities of the Issuer coincide.

None of the members of Board of Directors has dissenting opinion as to the abovementioned reasons and/or to the degree of their influence on the indicators of financial and economic activities of the Issuer.

4.2. Issuer's Liquidity, Capital and Current Assets Adequacy

In items of rbs

Name of Indicator	2007	2008	2009	2010	2011, 3 mo
Working capital	15 274 000	-5 385 212 000	-7 230 590 000	-10 686 660 000	-10 378 733 000
Net fixed assets index	0.1	1.27	1.4	1.68	1.67
Current ratio	1.28	1.26	1.43	1.21	1.32
Quick ratio	1.17	1.05	1.27	1.03	1.12
Equity-assets ratio	0.24	0.6	0.49	0.44	0.43

Economic analysis of the Issuer's liquidity and solvency results from economic analysis of the quoted indicators' dynamics:

Indicators of 2007 – 2008 quoted iro affiliated Regional Grid Companies as branches of "IDGC of the South" JSC since 31.03.2008.

"Working Capital" indicator allows to define the value of current assets, which remain at the Company in case of a lump-sum repayment of the Company, that is, the supplies of financial stability, which allows commercial activities without fear for the Company's financial status, even in the most critical situation (in case all the creditors require debt payment simultaneously).

Value of working capital of the Issuer as of 31.03.2011 amounted minus 10 378 733 thousand rubles; negative values of the indicator due to industry-specific Issuer. Thus, Companies the main activity of which is based on use of linear cable structures and transmission devices, have similar shift in asset structure towards fixed assets. The indicator is not applicable to describe the financial sustainability of the Issuer.

Net fixed assets index describes the proportion of non-current assets in the shareholders' equity. The closer the index to 1, the larger is value of fixed assets created at the Company's expense. As of 31.03.2011 index value was 1.67. The reduction in comparison with the previous accounting period amounted 0.6%.

Current ratio describes the extent to which current assets cover current liabilities of the organization, and allows to estimate how much of current assets are accounted for one ruble in current liabilities. As of 31.03.2011 the ratio was 1.32. Recommended setting for current liquidity ratio is not less than 0.6.

Quick ratio shows how the most liquid assets cover current liabilities of the organization. As of 31.03.2011 the ratio was 1.12. Recommended setting for quick ratio is not less than 0.5.

Liquidity ratios are within the recommended values.

Equity-assets ratio (Equity to Total Assets) describes the amount of assets that are covered by equity. As of 31.03.2011 the ratio was 0.43. Recommended limit for equity-assets ratio is not less than 0.1.

According to the data of the accounting period, all of the abovementioned rates are within the recommended values.

4.3. Issuer's Capital and Current Assets Amount and Structure

4.3.1. Issuer's Capital and Current Assets Amount and Structure

In items of rbs

Name of Indicator	2007	2008	2009	2010	2011, 3 mo
Authorized capital	10 000 000	4 981 109 606	4 981 109 606	4 981 109 606	4 981 109 606
The total value of the Issuer's shares, purchased for resale (transfer)		0	0	0	0
Percentage of shares repurchased by the Issuer for resale (transfer), of outstanding shares (authorized capital) of the Issuer		0	0	0	0
The amount of reserve capital of the Issuer, which is formed by contributions from profit of the Issuer		118 565 437	142 867 437	142 867 437	142 867 437
The amount of Issuer's added capital, reflecting capital gain, resulted from assets revaluation, as well as the sum of difference between the sales price (offer price) and share denomination of the Company resulted from shares sale at a price exceeding their nominal value		14 857 284 359	14 847 987 444	14 829 754 866	14 826 362 187
The amount of undistributed net profits of the Issuer	6 882 464	1 340 638 305	216 754 050	-3 354 856 107	-3 618 043 976
Total capital of the Issuer	16 882 464	21 297 597 707	20 188 718 537	16 598 875 802	16 332 295 254

The amount of authorized capital quoted in the current item of the report, corresponds to constituting documents of the Issuer.

Issuer's Current Assets Structure and Amount in Accordance with the Accounting Statements of the Issuer

Name of Indicator	2007	2008	2009	2010	2011, 3 mo
Total Current Assets	70 169 557	8 898 100 850	13 958 248 096	10 508 521 732	11 235 488 287
Inventory	6 138 691	1385012888	1372321795	1394 399 308	1 597 145 294
Value added tax on acquired assets	10 673	44 006 702	25 182 074	17 751 206	12 447 233
Noncurrent nondelinquent accounts receivable (that are due beyond 12 months)		378 252 580	970 487 803	704 964 323	662 652 259
Current nondelinquent accounts receivable (that are due in the next 12 months)	14 072 057	6 597 422 497	10 190 530 655	8 033 274 130	8 652 605 494
Financial receivables		2 680 000		20 000 000	20 000 000
Monetary assets	49 948 136	490 726 183	1 399 725	338 132 765	290 638 007

			769		
Other current assets					

Sources of the Issuer's current assets financing (shareholder's equity, borrowings, and credits): **Issuer's funds, outside funds (bank loans).**

Current assets financing policy of the Issuer as well as factors which may lead to changes in Issuer's current assets financing policy, and analysis of their occurrence probability:

maintenance of liquidity level, level of payables and receivables turnover, level of Issuer' Company financial solvency as level securing timely satisfaction of creditors.

Factors, which may lead to change in current assets financing policy, and analysis of their occurrence probability,: **growth rate of accounts receivable, which is outstripping in comparison with that of accounts payable to suppliers and is connected with violation of contractual obligations by contractors, may result in need of additional borrowing to finance current assets.**

Authorized capital in amount of 4981109606.4 rub coincides with the amount of authorized capital quoted in constituting documents of the Issuer ((redrafted) Charter of "IDGC of the South" JSC registered by Federal tax agency's inspectorate of Leninsky dc in Rostov, dated 02.07.2010).

The full text of redrafted Charter of "IDGC of the South" JSC is made available at Internet website address http://www.mrsk-yuga.ru/corporate_management/structure/.

4.3.2. Financial Investments of the Issuer

In 2010

List of the Issuer's Financial Investments which Amount at Least 10% of Its Total Financial Investments as of the Closing Date of the Accounting Period

Investments in equity securities

Types of securities: **shares.**

Full Company name of the Issuer: **in Russian - Открытое акционерное общество "Астраханьэлектросетьремонт"; in English - "Astrakhanelektrosetremont" Joint Stock Company.**

Short Company name of the Issuer: **in Russian - ОАО**

"Астраханьэлектросетьремонт"; in English -

"Astrakhanelektrosetremont" JSC

Location of the Issuer: **204 Kramatorskaya st. Astrakhan Russian Federation.**

Date of state registration of the issue (issues)	Register number	Registrating authority
14.05.2004	1-01-33954-E	Regional Department of Russian FCSM in Southern Federal District

Number of securities owned by the Issuer: **71 308.**

Total nominal value of the securities owned by the Issuer: **71 308 000**

Currency: **RUR**

Total book value of securities owned by the Issuer, rub: **60 416 668.33**

Dividends were not declared previously.

Type of securities: **shares**.

Full Company name of Issuer: in Russian **Открытое акционерное общество “Волгоградсетремонт”**; in English **“Volgogradsetremont” Joint Stock Company**.

Short Company name of the Issuer: in Russian - **ОАО “Волгоградсетремонт”**; in English- **“Volgogradsetremont” JSC**.

Location of the Issuer: **1a Granatovaya st. Volgograd Russia**.

Date of state registration of the issue (issues)	Register number	Registration authority
17.05.2004	1-01-33955-E	Regional Department of Russian FCSM in Southern Federal District

Number of securities owned by the Issuer: **40 648 000**

Total nominal value of the securities owned by the Issuer: **40 648 000**

Currency: **RUR**

Total book value of securities owned by the Issuer, rub: **14 902 153.84**

Decision to pay dividends was made previously: 0,008857 rub per one ordinary registered share, in monetary form, within 60 days from the date of the decision on Payment.

Type of securities: **shares**.

Full Company name of Issuer: **“Sokolovskoe Agricultural Enterprise”, Open Joint Stock Company**

Short Company name of the Issuer: **“Sokolovskoe Agricultural Enterprise”, JSC**

Location of the Issuer: **32 Kurskaya st. Sokolovo-Kundruchinskiy settlement, Novoshakhtinsk Russia**

Date of state registration of the issue (issues)	Register number	Registrating authority
15.01.2004	1-01-33837-E	Regional Department of Russian FCSM in Southern Federal District

Number of securities owned by the Issuer: **161 713 447**

Total nominal value of the securities owned by the Issuer: **161 713 447**

Currency: **RUR**

Total book value of securities owned by the Issuer, rub: **178 640 453.77**

Dividends were not declared previously.

Type of securities: **shares**.

Full Company name of Issuer: **“Grechko A.A. Agricultural Enterprise” Open Joint Stock Company**

Short Company name of the Issuer: **“Grechko A.A. Agricultural Enterprise” JSC**

Location of the Issuer: **21 Teatralnaya st. Kuibyshevo village, Kuibyshev dc, Rostov Region, Russia**

Date of state registration of the issue (issues)	Register number	Registrating authority
15.01.2004	1-01-33837-E	Regional Department of Russian FCSM in Southern Federal District

Number of securities owned by the Issuer: **77 686 000**
 Total nominal value of the securities owned by the Issuer: **77 686 000**
 Currency: **RUR**
 Total book value of securities owned by the Issuer, rub: **79 972 216.44**
Dividends were not declared previously.

Type of securities: **shares.**

Full Company name of Issuer: **“Energetik” Recreation Base” Open Joint Stock Company**

Short Company name of the Issuer **“Energetik” Recreation Base” JSC**

Location of the Issuer: **3 Shkolnaya st. Shepsy village, Tuapse dc, Krasnodar Region, Russian Federation**

Date of state registration of the issue (issues)	Register number	Registrating authority
15.01.2004	1-01-33856-E	Regional Department of Russian FCSM in Southern Federal District

Number of securities owned by the Issuer: **111 279 355**
 Total nominal value of the securities owned by the Issuer **111 279 355**
 Currency: **RUR**
 Total book value of securities owned by the Issuer, rub: **65 417 247.18**
Dividends were not declared previously.

Type of securities: **shares.**

Full Company name of Issuer: **in Russian: Открытое акционерное общество “Энергосервис Юга”, in English: “Energoservis of the South” Open Joint Stock Company**

Short Company name of the Issuer in Russian: **ОАО «Энергосервис Юга», in English: “Energoservis of the South” JSC**

Location of the Issuer: **49 Bolshaya Sadovaya st., Tuapse dc, Rstov-on-Don, Russian Federation, 344002**

Date of state registration of the issue (issues)	Register number	Registrating authority

Number of securities owned by the Issuer: **2 500**
 Total nominal value of the securities owned by the Issuer **2 500 000**
 Currency: **RUR**

Total book value of securities owned by the Issuer, rbs: **2 500 000**

Investments in non-equity securities

Investments in non-equity securities, which account for 10 % and more of the entire financial investment, are absent

Other Financial Investment

Financial investment project: **Construction and maintenance of Elista Gas and Steam Turbine Power Plant**

Investment monetary value: **40 425 000**

Currency: **RUR**

level of income from financial investment project or the order of its determination, terms of payment: **Construction work is not completed which resulted in absence of income.**

Financial investment project: **Construction and maintenance of Kalmykiya Wind-power Plant**

Investment monetary value: **7 838 000**

Currency: **RUR**

Level of income from financial investment project or the order of its determination, terms of payment:

Construction work is not completed which resulted in absence of income.

Data on value of potential losses connected with bankruptcy of the Companies (enterprises) as investment projects in reference of every type of the abovementioned investments:

Data on losses is disclosed along with the Issuer's assessment of financial investments posted by the Issuer for the period from the beginning of the accounting year to closing date of the last accounting quarter.

Standards (regulations) of accounting reporting, in accordance with which the Issuer performed settlements, exposed in the present paragraph of the quarterly report:

- **Federal Law dated November 21, 1996 N129-Φ3 "Concerning Accounting";**
- **Regulations on Accounting and Preparation of Financial Statements in RF, approved by the Order of Ministry of Finance of the Russian Federation No.34H dated 29.07.1998;**
- **Internal Revenue Code of Russian Federation;**
- **Order of Ministry of Finance of the Russian Federation No. 126H "On Approval of Accounting Regulations "Accounting for Investments" ПБУ 19/02".**

4.3.3. Intangible Assets of the Issuer

In 2011

In items of rbs

Name of intangible assets group	Undepreciated (replacement) value	Amortization charge
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Research and Development Results	5 507 364	2 203 945
Trademark	24 100	3 511

Accounting Standards (regulations) in accordance with which the Issuer exposes data on its intangible assets are as follows:

Accounting Regulation “Intangible Assets Accounting” (ПБУ 14/2007), approved by Order of Ministry of Finance of the Russian Federation No. 153H dated 27.12.2007.

As on closing date of the accounting quarter

In items of rbs

Name of intangible assets group	Undepreciated (replacement) value	Amortization charge
Research and Development Results	5 507 364	2 203 945
Trademark	24 100	4 254

Accounting Standards (regulations) in accordance with which the Issuer exposes data on its intangible assets are as follows:

Accounting Regulation “Intangible Assets Accounting” (ПБУ 14/2007), approved by Order of Ministry of Finance of the Russian Federation No. 153H dated 27.12.2007.

Intangible Assets are not reassessed. Amortization expenses for all types of Intangible Assets are charged by straight-line method.

4.4. Data on Policy and Expenditures of the Issuer in the Field of Scientific and Technical Development, Concerning Licenses and Patents, New Development and Research

Research-and-development, experimental designing activities were neither scheduled nor carried out by “IDGC of the South”, JSC in quarter I of 2011.

Inventions, useful models, production patterns were not made in the accounting period, patents (certificates) were not issued, invention applications were not submitted, state registration of trade and service marks was not carried out.

As the Company is not involved in patent works, the Issuer is not subject to risks based on probable expiration of basic patents or trademark operating licenses.

4.5. Analysis of Development Trends Related to the Issuer’s Ordinary Activity

At the present time there are three operating levels of grid companies in electric power industry of Russia, generated by technological and administrative-territorial grounds:

Level 1. Federal Grid Company (“FGC UES” JSC) is the organization managing Unified National (Russian) Electric Grid (UNEG), owning 220 kV and above Grids operating on the territory of Russian Federation (having branches in all regions of Russia).

Level 2. Interregional Distribution Grid Companies (IDGC), formed in the result of AO-energo reorganization as distinguished on the basis of their activity types and subsequent association of Regional Grid Companies.

IDGC own 110-0.4 kV grids, provide services for the transmission and distribution of electric energy on the territory of Russian Federation Subdivisions the Regional Grid Companies of which are their constituents.

Level 3. Local Grid Companies formed as municipal enterprises (serving customers of one and the same municipal entity) owning mostly 10-0.4 kV grids.

The process of reorganization resulted in association of enterprises of this level: local Grid Companies serve consumers of several municipal districts and some of the Companies serve consumers of the entire Russian Federation subdivision territory.

Presently, "IDGC of the South" JSC is an Interregional Distribution Grid Company of the second Level, technologically connected to UNEG and dominating in transmission service market of Southern Federal District of the Russian Federation.

Meanwhile any other grid company located on the territory of "IDGC of the South" service is considered subordinate and to operate in 2008 was to conclude a service contract for the transfer of electricity with "IDGC of the South (this concerns organizations of the third level, having technological connection to electric grids of "IDGC of the South").

The consumers of the Company's service are mostly power supply companies, consumers are participants in the wholesale- and retail electricity markets as well as local grid organizations.

Considerable portion of electricity, supplied to the consumers on the service territory of "IDGC of the South", is transmitted by electric grids of the Company.

Providing direct technological connection of electricity consumers to UNEG, "IDGC of the South" JSC made lease agreements with the owner of grid equipment, UNEG ("Federal Grid Company of the Unified Energy System" JSC), called "last mile agreement", and thus acquired right to provide such consumers with electricity transmission services.

Key factors of influence on the industry condition can be specified as follows:

1. Terms of preparing and carrying out of stage programs of the industry reforming;
2. Cooperation with federal and regional government authorities, including the issues of preparing, approving and execution of legal and normative base of the industry reforming;
3. Level and adequacy of state regulation of the industry (concerning implemented taxation policy, along with other issues);
4. Business environment on internal and world markets of energy commodities;
5. Financial sources availability for the basic industrial funds of the industry's enterprises renewal and development;
6. Solvency level of key consumers.

Abovementioned information is quoted in accordance with views expressed by Issuer's management body.

Members of Board of Directors and Management Board of the Issuer have no special opinion related to the data represented.

4.5.1. Analysis of Factors and Conditions Influencing the Issuer's Activity

As of 31.12.2010, "IDGC of the South", JSC is a large power company of the Southern Federal District.

Development of infrastructure in regions of the Company's service area and construction of various facilities are followed by electricity consumption growth.

Situation arises when substantial risks of consumers reliability supply emerge; safe and stable operation of the power system is endangered by transmission lines and transformers overload in normal and post emergency conditions. Power equipment deterioration makes the situation more complicated as well.

In the framework of performing the state regulated activity, state regulation of tariff becomes the basic Issuer's operation influencing factor.

The most significant factors influencing the Issuer's activity and the results are as follows: changes in the industry legal basis and in the RF in general, and plans for regional economic development of Russia worked out by the Government of the RF and the Ministry of economic development and trade of the RF for the accounting year, the following years and the perspective of 3, 5 and 10 years.

Forecast Concerning the Mentioned Factors and Conditions' Duration

In response to of the Issuer's monopolistic business activity (rendering the services in electric power transmission), in the nearest future no changes are expected as concerns to authority for electric power transmission tariff regulation. Regarding the index of limit levels of power transmission tariff, the Issuer does not predict acute fluctuations of this index to either side in the next while.

Significant events/ factors which can improve the results of the Issuers' performance:

- Electric energy consumption increase in the Company's service areas;
- Switching to RAB-regulation of tariffs at "Volgogradenergo" branch of "IDGC of the South" JSC;
- Investment program assimilation that enables operational efficiency enhancement.
- Renewal of current and terminated "last mile" agreements at the legislative level as well as assistance in this problem solution on the part of regional authorities.

Significant events/ factors which can have the utmost negative effect on the Issuer's future possibility to show similar or better results compared to the last accounting period can be described as follows:

- Decrease in electric power consumption because of production recession and, correspondingly, incurrance of Issuer's income deficiency;
- Power equipment deterioration;
- Increase of inflation rate (when actual growth exceeds the predicted level);
- Change of tariffs for rendering the services in electric power transmission;
- Opportunity of consumers connection to sources of power supply through higher voltage transmission lines (for example, from MV-1 to HV), which will cause the change of productive output structure and decrease in transmission proceeds;
- Rival power grid companies emerging, disaggregating electric grid utility (emerging of a great number of small grid companies instead of several large ones);
- Occurrence of uncovered expenditures for translation of electric power purchase or loss price;

- Risk of cancelling of “FGC UES”, JSC equipment sublease agreements (“last mile” agreements);
- Risk of subjective tariff-rating decisions taken by Ministry of Energy, Federal Tariff Service of Russia, Regional Tariffs Service of Russia, including decisions on electric power losses norm;
- Rise in price of credit resources in case of the global “second wave” financial crisis.

Methods implemented by the Issuer and methods the Issuer plans to implement in the future in order to reduce the negative impact of factors and conditions influencing the Issuer’s activity can be specified as follows:

- Optimization of the structure of operational expenditures;
- Reconstruction the existing power grids and construction of new grids;
- Technical re-equipment of fixed assets;
- Elaboration and implementation of medium-term investment program;
- Implementation of medium-term leasing programs;
- Elaboration and implementation of medium-term programs to decrease technological loss in the Company’s grid
- Adoption of new management methods based on IT technologies’ development
- Initiating the process of forming tariff decisions on the basis of parity ratio of federal and regional parameters
- Switching to tariff regulation based on invested capital profitability estimate (RAB management).

It’s also worth mentioning that in the period of technological connection of new applicants the power deficiency in supplying stations that leads to the necessity of their reconstruction or new construction; in case of incompetence of tariff approved by Regulatory Body, the grid Company is forced to use banks’ borrowed funds for technological connection of the Applicants’ facilities.

Economic climate in the region is significant issue as well. Economic crisis and increasing interest on credit are followed by risk of default on contract obligations on the part of Applicants, and thus, in investment targets’ funding shortfall. The Grid Company has to raise additional borrowed funds in order to fulfill its obligations.

Summarizing it may be added that the investment program implementation would have a positive impact on perspectives of infrastructure development of regional power grids, make it possible to increase reliability of power supply of consumers.

In perspective power grids branches development will offer the opportunity to connect a number of investment and socially important facilities that will be the opportunity to receive some extra branch revenues from energy sales for future projects fulfillment.

4.5.2. Business Competitors of the Issuer.

The Company performs its principal activity in the natural monopoly regulated by the State in terms of setting of transmission tariffs and taxes on technological connection fixing as well as ensuring non-discriminatory access of consumers to the grids.

“IDGC of the South” JSC is the biggest power subject providing transmission services to consumers located on the territory of the Southern Federal District of Russia.

Basic factors providing the competitive market position of the Company are as follows:

- regional market configuration defining the pattern of contract relations and settling between the participants of power market (is defined by Regional Tariff Service, the state regulation authority);
- price (tariff) for power transmission services and electricity purchase in order to compensate power losses in distribution companies (is defined by Regional Tariff Service, the state regulation authority,);
- distribution of cross-subsidies in the tariff (is defined by Regional Tariff Service, the state regulation authority,);
- the degree of the electricity market liberalization as defining the portion of electricity (including losses) which is bought at free and regulated prices.

There is no competition in the abovementioned type of activity over impossibility of selecting a service provider for electricity consumer as long as connection to the grid organization is conditioned only by geographical location of the power facility.

Strategy of “IDGC of the South” JSC is aimed at further integration of the grid complex through acquisitions of allied grid organizations based on priority of stability in transmission service payment, of reduction of excessive losses and improve of reliability of electric power transmission to the final consumer.

Competitive ability of the Company is based on the following factors:

- many years of experience in cooperation with regional supply and generating enterprises;
- qualified personnel;
- well-known brand of the Company supported by guarantee of reliable and high-quality consumer power supply.

In order to support the Company’s positive development trend and strengthen competitive abilities, the Company carries out the following activities:

- persistent monitoring of the regional electric power and capacity markets which consists in forecasting and analyzing the factors influencing the Company’s operation, as well as working out procedures for mitigation of negative impact on the Company’s performance results;
- cooperation with FTS (Federal Tariff Service) of Russia, Ministry of Energy of Russia, local administrations of the Russian Federation, RTS (Regional Tariffs Service), “SO UES”, JSC (System operator UES), “FGC UES”, JSC (Federal Grid Company of Unified Energy Systems), “IDGC Holding”, JSC, territorial grid organizations, power selling and power supply organizations on issues of tariff balance regulation and regional power and capacity markets’ operation.

To minimize financial and other types of losses “IDGC of the South” JSC timely identifies and prevents risks. In the sphere of electricity transmission to such risks refer the following ones:

risks of power supply companies insolvency to pay electricity transmission services. The Company takes measures to normalize settlements with power supply companies: that is transition to direct transmission service contract with consumers, settlement of differences in the contracting, invitation of administrative and regulatory bodies to collaboration.

V. Detailed Data on Members of Management Authorities of the Issuer, Authorities of the Issuer Undertaking Control over Financial and Economic Activities, and Brief Data on the Staff (Employees) of the Issuer

5.1. Data on Structure and Competence of the Issuer's Management Authorities

Full description of structure and competence of the Issuer's management authorities in conformance with the Charter (constituent documents) of the Issuer:

The Issuer's management authorities include:

1. General Shareholders Meeting;
2. Board of Directors;
3. Management Board;
4. CEO.

General Meeting of Shareholders is the supreme management body of the Company.

According to point 10.2. of clause 10 of the Charter of JSC "IDGC of the South, the following items are within the scope of the General Shareholders Meeting competence:

1. introducing alterations and amendments to the Charter or approving the revised Charter;
2. reorganization of the Company;
3. liquidation of the Company; appointing liquidation commission and the approving the interim and final liquidation balances;
4. determining the quantity, nominal value, category (type) of the declared shares and the rights provided on them;
5. increase in the authorized capital of the Company by way of increasing nominal value of the shares or through additional placements;
6. decrease in the authorized capital of the Company by way of decreasing nominal value of the shares, through acquiring part of shares with the purpose to reduce their total amount, and by retirement of acquired or bought shares;
7. fractioning and consolidation of the Company's shares;
8. taking decision on the Company's placing bonds convertible to shares, other issue securities convertible to shares;
9. determining quantitative structure of the Board of Directors, electing members and early termination of their powers;
10. electing members of Auditing Committee of the Company and early termination of their powers;
11. approving Auditor of the Company;
12. taking decision on transfer of powers of sole executive body of the Company to the managing organization (managing director) and on early termination of his powers;
13. approval of annual reports, annual accounting balances, including the reports on profit and loss (accounts of profit and loss) of the Company, and distribution of its profits (including payment (statement) of dividends, except for the profit distributed as dividends at the end of quarter I, year half, nine months of financial year) and loss of the Company at the end of financial year;
14. payment (statement) of dividends at the end of quarter I, year half, nine months of the financial year;
15. determination of the procedure of General Shareholders Meeting of the of the Company;
16. taking decision on approval of deals in cases envisaged by Article 83 of Federal Law "On Joint Stock Companies";

17. taking decision on approval of large deals in cases envisaged by Article 79 of Federal Law “On Joint Stock Companies”;
18. taking decision on participation in financial and industrial groups, associations and other unions of commercial organizations;
19. approving internal documents regulating activity of the bodies of the Company;
20. taking decision to pay remunerations and (or) compensations to the members of the Auditing committee of the Company;
21. taking decision to pay remunerations and (or) compensations to the members of the Board of Directors of the Company;
22. solving other problems envisaged by Federal Law “On Joint Stock Companies”.

Issues of General Shareholders Meeting’s competence cannot be delegated to Board of Directors, Management Board or CEO of the Company.

General Shareholders Meeting has no right to discuss items or take decisions on the items outside its competence as stated by Federal Law “On Joint Stock Companies”.

General management of the Company’s activities is carried out by the Board of Directors.

In conformance with item 15.1. of article 15 of the Charter of JSC “IDGC of the South”, the following items are included on the competence of the Company:

1. singling out priority areas of the Company’s activity;
2. convocation of the annual and extraordinary General Shareholders Meetings of the Company, except for the cases stipulated by item 14.8 of clause 14 of JSC “IDGC of the South” Charter, and announcing the date of the next shareholders meeting instead of a meeting that was called off on the reason of absence of quorum;
3. approving the Company General Shareholders Meeting agenda;
4. electing of the Secretary of the Company General Shareholders Meeting;
5. determining the date of drawing up the list of persons entitled to participate in the Company General Shareholders Meeting, and solving other issues connected with preparation and carrying out of the Company General Shareholders Meeting;
6. introducing issues envisaged by subpoint 2,5,7,8,12-20 of point 10.2 of Clause 10 of the Charter for the decision of General Shareholders Meeting of the of the Company, as well as on the reduction of the authorized capital of the Company through the decrease in nominal value of shares;
7. placement of bonds and other issue securities by the Company, except for cases stipulated by the legislation of the Russian Federation and the Charter;
8. approving decision on the issue of securities, prospect of securities and the report on the results of the securities issue, approving reports on the results of acquisition of the Company’s shares from the shareholders, reports on retirement of shares, reports on the results of demands by the shareholders of the Company on retirement of the shares owned by them;
9. determining the price (monetary value) of property, price of placement and acquisition of issue securities in cases envisaged by Federal Law “On Joint Stock Companies”, as well as while solving issues stipulated in subpoints 11, 21, 22, 38 of point 15.1 of clause 15 of JSC “IDGC of the South” Charter;
10. acquisition of shares, bonds and other securities placed by the Company in cases envisaged by Federal Law “On Joint-Stock Companies”;

11. alienation (sale) of the shares of the Company acquired by the Company as a result of their purchase or retirement from the shareholders of the Company, as well as in other cases envisaged by Federal Law "On Joint Stock Companies";
12. election of CEO of the Company and early termination of his/her powers (including decisions on early termination of the labour contract with him/her);
13. determining quantitative structure of Management Board of the Company, election of members of Management Board, setting remunerations and compensations paid to them, early termination of their powers (including early termination of labour contracts with them);
14. recommendations to General Shareholders Meeting of the Company on the amount of remunerations and compensations paid to the members of Auditing Committee and determination the fee size for Auditor's services;
15. recommendations on the amount of dividend on the shares and payment order;
16. approving internal documents of the Company determining the procedure for the formation and use of the Company's funds;
17. taking decision on the use of the Company's funds, approving cost estimates for the use of special purpose funds and consideration of cost estimates implementation results for the use of special purpose funds;
18. approving internal documents of the Company, with the exception of internal documents which are to be approved by General Shareholders Meeting, and other internal documents approval of which is the competence of the Company's executive authorities;
19. approving business-plan (revised business plan), including the investment programme and report on results of its execution, as well as approving (revising) key indicators of the Company's cash flows;
20. creating branches and opening representative offices of the Company, liquidating them, as well as amending the Charter of the Company in connection with creating branches, opening representative offices of the Company (including change of the data on names and locations of branches and representative offices of the Company) and their liquidation;
21. taking decision on participation of the Company in other entities (on incorporation to an operating entity or creation of a new entity, including coordination of the foundation documents), as well as (in view of provisions of subpoint 22 of point 15.1 of clause 15 of the Charter) on purchase, alienation and encumbrance of shares and stakes in the authorized capitals of organizations in which the Company participates, change of the stake of participation in the authorized capital of the corresponding entity, and termination of participation of the Company in other entities;
22. taking decision on one or several associated deals of the Company on alienation, pledging or other encumbrance of shares and stakes of SACs (subsidiaries and affiliated companies) which are not engaged in production, transmission, dispatching, distribution and sales of electric and thermal power in case if the market value of shares or stakes under the transaction determined according to the report of the independent appraiser, exceeds 30 million Rubles and in other cases (amounts) determined by separate decisions of the Company's Board of Directors;
23. determination of the credit policy of the Company as to providing loans by the Company, making credit and loan contracts, issuing guarantees, acquisition of liabilities on bills (issuing ordinary and transfer bill), pledging property and making decisions on the above mentioned transactions of the Company in cases when the procedure is not determined by the credit policy of the Company as well as decision making in the order envisaged by the credit policy of the Company on bringing the debt situation of the

Company to the limits determined by the credit policy of the Company;

24. approving large deals in cases envisaged by Chapter X of Federal Law "On Joint Stock Companies";
25. approving transactions envisaged by Chapter XI of Federal Law "On Joint Stock Companies";
26. approving the Company's Registrar, terms of the agreement with him, as well as termination of the agreement;
27. electing Chairman of Board of Directors and early termination of his powers;
28. electing Deputy Chairman of Board of Directors and early termination of his powers;
29. electing Corporate secretary of the Company and early termination of his powers;
30. preliminary approval of decisions on the Company's transactions connected with the gratuitous transfer of property of the Company or property rights (requirements) to itself or the third party, transactions connected with liberation from property liabilities to itself or the third party, transactions connected with the gratuitous provision of services by the Company (carrying out works) for the third party, in cases (amounts) determined by separate decisions of Board of Directors of the Company, and decision-making on the stated transactions by the Company in cases when the above-mentioned cases (amounts) are not determined;
31. taking decision on suspension of powers of the managing entity (manager);
32. taking decision on appointing Acting Chief Executive Officer of the Company, as well as calling him to disciplinary responsibility;
33. calling General Director and members of Board of Directors to disciplinary responsibility and their remuneration according to the labour legislation of the Russian Federation;
34. considering the reports of CEO on the activity of the Company (including the report on carrying out of his/her functions), on the implementation of the decisions of the General meeting of the Company and its Board of Directors;
35. approving of the procedure for interaction of the Company with entities in which the Company participates;
36. determining the Company's position (position of the Company's representatives), including the assignment to take or not to take part in voting on the agenda items, to vote under draft decisions "for", "against" or "abstained", on the following items of the agenda of General Shareholders (participants) Meetings of subsidiaries and affiliated companies (further on referred to as SACs) (except for cases when functions of the SACs of General Shareholders Meetings are carried out by Board of Directors of the Company), and meetings of SACs' Board of Directors (except for the item on approval of agenda of General Shareholders Meetings of SACs when functions of SACs' General Shareholders Meetings are carried out by Board of Directors of the Company):
 - a) on determining agenda of the General Shareholders (participants) Meeting of SAC;
 - b) on reorganizing, liquidation of SAC;
 - c) on determination of quantitative structure of SAC's Board of Directors, nominating and electing its members and early termination of their powers, on nomination and election of sole executive body of SAC and early termination of its powers;

- d) on determination of amount, nominal value, category (type) of announced shares of SAC and rights on the shares;
 - e) on increasing the SAC's authorized capital by increasing nominal value of shares or additional share placements;
 - f) on placement of SAC's securities convertible to ordinary shares;
 - g) on fractioning, consolidating SAC shares;
 - h) on approving large transactions of SAC;
 - i) on participation of SAC in other entities (on incorporating to an existing entity or creating a new entity), and on acquiring, alienating and charging shares and authorized capital stakes of entities where the SAC participates, change of stake in the authorized capital of the corresponding entity;
 - j) on making transactions by SAC (including several associated transactions) connected with alienation or possibility of alienation of property which is part of fixed assets, intangible assets, construction-in-process objects used for the purpose of electric and thermal power production, transmission, dispatching, distribution in cases (amounts) determined by the procedure of the Company's cooperation with entities it participates in and approved by the Company's Board of Directors;
 - k) on amending and revising SAC's constituent documents;
 - l) on determining the procedure of paying remuneration to Board of Directors and Auditing committee of the SAC;
 - m) on determining target values of key efficiency indicators (revised target values of key efficiency indicators);
 - n) on approving report on implementation of planned values of annual and quarter key efficiency indicators;
 - o) on approving business-plan (revised business-plan) including investment program and on approving of quarterly report on the results of implementation of business plan and investment program;
 - p) on approval (consideration) of report on business-plan implementation;
 - q) on approval of profit and loss distribution at financial year end;
 - r) on recommendations concerning amount of share dividend and payment order;
 - s) on payment (declaration) of dividends at the end of quarter I, year half, nine months of financial year, and at financial year end;
 - t) on consideration of investment program including amendments made to it;
 - u) on approving (considering) the report on implementation of investment program;
1. determining the Company's position (position of the Company's representatives) on the following items of agenda of SAC's Board of Directors meetings (including the assignment to take or not to take part in voting on the agenda items, to vote under draft decisions "for", "against" or "abstained"):
- a) on determining position of SAC's representatives on the agenda items of General Shareholders (participants) Meetings and meetings of Board of Directors of subsidiary and affiliated companies of SAC concerning making (approving) transactions (including several associated transactions) connected with alienation or possibility of alienation of property which is part of fixed assets, intangible assets, construction-in-process-objects used with the purpose of electric and thermal

energy production, transmission, dispatching and distribution in cases (amounts) determined by the procedures of the Company's cooperation with entities the Company participates in and approved by the Company's Board of Directors;

b) on determining position of SAC representatives on issues of agendas of General Shareholders (participants) Meetings and meetings of Board of Directors of subsidiary and affiliated companies of SAC carrying out production, transmission, dispatching, distribution and sales of electric and thermal energy, on reorganizing, liquidation, increasing authorized capital of such companies by way of increasing nominal value of shares or through additional share placement, placement of securities convertible to ordinary shares;

2. preliminary approval of the following Company's transactions:

a) transactions with the Company's noncurrent assets in the amount exceeding 10 percent of the balance sheet value of the Company's assets according to the accounts as of the last accounting date;

b) transactions (including several associated transactions) connected with alienation or possibility of alienation of property which is part of fixed assets, intangible assets, construction-in-process objects for the purpose of electric or thermal power production, transmission, dispatching, distribution in cases (amounts) determined by special decisions of the Company's Board of Directors;

c) transactions (including several associated transactions) connected with alienation or possibility of alienation of property which is part of fixed assets, intangible assets, construction-in-process objects not for the purpose of electric or thermal power production, transmission, dispatching, distribution in cases (amounts) determined by special decisions of the Company's Board of Directors;

d) preliminary approval of transactions with the Company's immovable assets, including land plots and objects of construction-in-process in cases determined by special decisions of the Company's Board of Directors (for example, by stating the size and/or listing), and any of the specified transactions with immovable assets, including land plots and construction-in-process objects if such cases (sizes, list) are not determined;

3. nominating candidates by the Company for election to the position of sole executive authority, other management authorities, auditing authorities, and candidates of auditor for entities where the Company participates, performing production, transmission, dispatching, distribution and sales of electric and heat power, as well as repairs and service;
4. singling out activity sectors for providing insurance protection of the Company, including approval of the Company's Insurer;
5. approving structure of the Company's executive office and introduction of alterations into it;
6. approval of candidates for certain positions in the executive office of the Company as those determined by the Company's Board of Directors;
7. approval of regulation concerning material encouragement of the Chief Executive Officer, regulation on material encouragement of top managers of the Company, approval of top managers list;
8. preliminary approval of the collective agreement and contracts concluded by the Company as part of regulation of social and labor relations, as well as approval of documents related to non-state pension provision of the Company's employees;
9. creating committees of the Company's Board of Directors, electing members of

- Committees of the Board of Directors and early termination of their powers, election and early termination of powers of Chairmen of the Board of Directors Committees;
10. approving candidacy for the role of independent appraiser (appraisers) for pricing shares, property and other assets of the Company in cases envisaged by Federal Law “On Joint Stock Companies”, the Charter, and special decisions of the Company’s Board of Directors;
 11. approving the candidacy for the role of financial adviser involved for cooperation in conformance with Federal Law “On Securities Market”, and candidates for the positions of securities issue organizers and advisers on transactions closely related to attraction of funds in the form of public loans;
 12. preliminary approval of transactions which can cause occurrence of liabilities expressed in foreign currency (or liabilities with value related to foreign currencies) in cases and in amount determined by special decisions of the Company’s Board of Directors, and if the mentioned cases (amounts) are not specified by the Board of Directors;
 13. determination of the Company’s purchasing policy, including approval of Regulations on the Procedure for Carrying out Specified Purchases of Goods, Works and Services, approving the head of the Central Purchasing Unit of the Company and its members, and approving annual comprehensive program of purchases as well as taking other decisions on other items in accordance with approved documents on regulating the purchasing activity of the Company;
 14. taking decision on nominating CEO of the Company for granting state decorations;
 15. approving target values of key indicators of the Company’s efficiency (KIE) and reports on their implementation;
 16. determining the Company’s policy aimed at efficiency growth of electric distribution complex and that of other electric grid facilities, including approval of the Company’s strategic programs for increase of electric grid complex efficiency, electric grid complex development and safety;
 17. determining the Company’s housing policy in part of granting corporate support to the employees in improving their dwelling conditions in the form of subsidies, expense compensation, interest free loans and taking decision on granting the specified support by the Company in cases when the order of granting support is not determined by the Company;
 18. other items referring to the competence of Board of Directors by Federal Law “On Joint Stock Companies” and the Charter of JSC “IDGC of the South”.

Items referring to the competence of the Board of Directors can not be delegated for decision-taking to CEO or Management Board.

Management of the Company’s current activity is performed by sole executive authority – CEO and the Collegial authority - Management Board of the Company.

In accordance with item 22.2 of clause 20 of JSC “IDGC of the South” Charter, the following issues refer to the competence of Management Board:

1. working out the Company’s development strategy and submitting it for consideration of Board of Directors;
2. preparing annual (quarterly) business-plan, including investment programme and report on the results of their implementation, and approving (revision) of cash flows (budget) of the Company;

3. preparing annual report on financial and economic activity of the Company, on fulfilling the decisions of the General Shareholders Meeting by Management Board;
4. considering reports of Deputy CEOs, heads of separate structural subdivisions of the Company on the results of implementing the approved plans, programmes, instructions, considering reports, documents and other information about activity of the Company and its subsidiary and affiliated units;
5. taking decisions on issues included on the competence of top management of economic entities with 100 (one hundred) percent of the authorized capital owned by the Company (with regard to subpoints 36,37 of point 15.1 (clause 15)) of the Charter of JSC "IDGC of the South";
6. preparing reports on financial and economic activity of economic entities with 100 (one hundred) percent of the authorized capital owned by the Company and submitting the reports to consideration of Board of Directors;
7. making decisions on transactions with property, works and services the cost of which is from 1 to 25 percent of the balance sheet assets of the Company as of the date of taking decision about concluding the transaction (except for the cases envisaged by subpoint 38 of point 15.1 of JSC "IDGC of the South" Charter);
8. solving other current management issues in accordance with decisions of General Shareholders Meeting submitted for consideration of Management Board by the Company's CEO.

Competence of CEO of the Company includes all the issues of managing the Company's current activity, except for the items of competence of the General Shareholders Meeting, Board of Directors and Management Board of the Company.

In accordance with items 23.2, 23.3 of clause 20 of JSC "IDGC of the South" Charter, the Company's CEO:

- ensures accomplishment of the Company's performance plan necessary for meeting the objectives;
- organizes accounting and accounting in the Company;
- disposes of the Company's property, closes transactions on behalf of the Company, issues powers of attorney, opens the Company's settlement and other accounts in banks, other credit organizations (and, where the law permits, in entities who are professional participant of securities market);
- issues orders, approves (adopts) instruction, local regulative acts and other internal documents of the Company within the scope of his competence, gives binding directions to all employees of the Company;
- approves regulation on branches and representative offices of the Company;
- in accordance with organizational structure of the executive office, approves staff schedule and position salaries of the Company's employees;
- exercises in respect to the Company's employees the rights and responsibilities of the employer envisaged by the labour legislation;
- fulfills functions of the Chairman of the Company's Management Board;
- distributes responsibilities among Deputy CEOs;
- submits reports on financial and economic activity of subsidiary and affiliated

entities whose shares (stakes) the Company holds for consideration of Board of Directors, as well as information on other entities in which the Company participates, except for the cases envisaged by subpoint 6 of point 22.2 of JSC "IDGC of the South" Charter;

- not later than 45 (forty-five) days prior to the date of the annual General Shareholders Meeting, submits annual report, annual accounting, the Company's profit and loss account, the Company's profit and loss distribution for consideration of Board of Directors;
- resolves other issues of the current activity of the Company, except for the items included on the competence of General Shareholders Meeting and Management Board.

The Issuer approved corporate code of conduct or other similar document.

Data on corporate conduct code or similar document are as follows:

Corporate Management Code of Open Joint Stock Company "Interregional Distribution Grid Company of the South" (a new edition), approved by the decision of the Board of Directors of "IDGC of the South" JSC, 19.08.2009 (Minutes No. 32/2009 dated 21.08.2009).

Full text of the document is made available on the Company's website in the Internet at: <http://www.mrsk-yuga.ru/rus/management/documents/index.shtml>.

Internet website address where full text of the current edition of the Issuer's Charter and internal documents regulating activity of the Issuer's units is made available for free access: <http://www.mrsk-yuga.ru/rus/management/structure/index.shtml>.

5.2. Data on Members of the Issuer's Management Authorities

5.2.1. Structure of the Board of Directors (Supervisory Body) of the Issuer

Surname, name, patronymic: **Shvets Nicolay Nikolayevich**

Year of Birth: 1956

Education:

All-Union Corresponding Polytechnic Institute, specialization in "Electric Supply of Industrial Enterprises, Cities and Agriculture Facilities", qualification – "Electrical Engineer",

Military Commanding Red Banner Academy for Air Defense n. a. Zhukov G.K., Marshall of Soviet Union, occupation: "Command and Staff Prestrategic Practice of Air Defense Forces";

Military Academy at the General Staff of the Armed Forces of the Russian Federation, occupation: Military History and Strategy.

Degree conferred: Ph.D. in Economics;

Corresponding member of the Academy of Military Science

All positions held by the person in the Issuing Company and other entities within the last 5 years and now, including holding of more than one position

Period		Name of entity	Position
from	Up to		
2004	2007	"Rosoboroneksport", Federal State Unitary Enterprise	Assistant General Director
2006	2008	"Sarapulskiy Electric Generator Plant", JSC	Member of the Board of Directors
2006	2008	"Start" Research and Development Enterprise", JSC	Member of the Board of Directors
2007	2008	Administration of Amur Region	First Deputy Head of Regional Administration
2007	now	"Engineering Workers Guild of Russia" Russian Social Organization	Member of the Central Council, Member of the Central Council bureau
2007	now	"Engineering Workers Guild of Russia" All-Russian Trade Association of Employers	Vice-president
2008	2009	Legislative Assembly of Amur Region	Chairman of the Legislative Assembly
2008	2009	Far East State Agrarian University	Professor of the Department of Management, Marketing and Law (pluralistically)
2008	now	"Scientific and Technical Council of Unified	Member of Supervisory

		Energy System” Non-Commercial Partnership	Council
2009	2010	“IDGC of the Northwest”, JSC	Chairman of the Board of Directors
2009	2010	“IDGC of the Center and Volga Region”, JSC	Chairman of the Board of Directors
2009	2010	“IDGC of Ural Region”, JSC	Chairman of the Board of Directors
2009	now	“Moscow United Electric Grid Company”, JSC	Chairman of the Board of Directors
2009	now	“Lenenergo”, JSC	Chairman of the Board of Directors
2009	now	“Tyumenenergo”, JSC	Chairman of the Board of Directors
2009	now	“Tyumenenergo”, JSC	Member of the Board of Directors
2009	now	“Yantarenergo”, JSC	Chairman of the Board of Directors
2009	now	“IDGC of the Center”, JSC	Chairman of the Board of Directors
2010	now	“Kubanenergo”, JSC	Chairman of the Board of Directors
2010	now	“All-Russian Bank of Regions Development”, JSC	Member of Supervisory Council
2010	now	“Agency for Power Engineering Balance Forecasting”, CJSC	Member of the Board of Directors
2010	now	“IDGC of the South”, JSC	Chairman of the Board of Directors

The person has no participation shares/ordinary shares in authorized capital of the Issuer

Number of shares of the Issuer of each category (class) that may be purchased by the person as a result of exercise of rights for owned options of the issuer: the issue did not issue options

Participation shares of the person in authorized (share) capital (unit investment fund) of subsidiaries and associated companies of the issuer

The person does not own the specified shares

Data on character of any family relations with other persons who are members of the management authorities of the issuer and/or authorities auditing the financial and economic activity of the issuer:

No specified family relations

Data on bringing the person to administrative responsibility for breaches of law related to finance, taxes and charges, securities market or to criminal responsibility (previous conviction) for crimes referring to economy or crimes against the state power:

The person was not brought to the specified kinds of responsibility

Data on positions held by the person in management authorities of commercial entities in periods when stated entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the legislation of the Russian Federation on Insolvency (Bankruptcy):

The person did not hold the specified positions

Surname, name, patronymic: **Binko Gennady Feliksovich**

Year of birth: 1958

Education:

Moscow Engineering and Physics Institute, specialty: “Experimental Nuclear Physics”;
Russian Distance-Learning finance& economics institute

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity	Position
from	up to		
2005	2009	“OGK – 6”, JSC	Deputy Director General in charge of Marketing and Sales
2008	now	“Power Systems of the East”, JSC	Member of the Board of Directors
2009	now	“IDGC Holding”, JSC	Member of Management Board, Deputy CEO
2009	now	“United Power Supply Company” JSC	Chairman of the Board of Directors
2009	now	“Residential Development”, JSC	Member of the Board of Guardians
2010	now	“IDGC of North Caucasus”, JSC	Member of the Board of Directors
2010	now	“IDGC of the Center”, JSC	Member of the Committee for Technological Connection to Electric Grids at the Board of Directors
2010	now	“Lenenergo”, JSC	Member of Strategy and Development Committee, member of Technological Connection Committee at the Board of Directors
2010	now	“Tyumenenergo”, JSC	Member of the Board of Directors
2010	now	“Scientific-Research Institute of Energy Economy”, JSC	Chairman of the Board of Directors
2010	now	“IDGC of Volga Region”, JSC	Chairman of the Board of Directors
2010	now	“MUEGC” JSC	Member of the Board Committee for Strategy and Development
2010	now	“IDGC of the South” JSC	Member of the Board of Directors

2010	now	"IDGC of the South" JSC	Member of the Audit Committee, Member of the Committee for Technological Connection to the Grids at the Board of Directors
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The person has no participation shares/ordinary shares in authorized capital of the Issuer

Number of shares of the Issuer of each category (class) that may be purchased by the person as a result of exercise of rights for owned options of the issuer: the issue did not issue options

Participation shares of the person in authorized (share) capital (unit investment fund) of subsidiaries and associated companies of the issuer

The person does not own the specified shares

Data on character of any family relations with other persons who are members of the management authorities of the issuer and/or authorities auditing the financial and economic activity of the issuer:

No specified family relations

Data on bringing the person to administrative responsibility for breaches of law related to finance, taxes and charges, securities market or to criminal responsibility (previous conviction) for crimes referring to economy or crimes against the state power:

The person was not brought to the specified kinds of responsibility

Data on positions held by the person in management authorities of commercial entities in periods when stated entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the legislation of the Russian Federation on Insolvency (Bankruptcy):

The person did not hold the specified positions

Surname, name, patronymic: **Akhrimenko Dmitriy Olegovich**

Year of birth: 1977

Education:

Kiev National University of Economics, specialty: "Legal Science";

Russian Law Academy, specialty: "Legal Studies"

Diplomatic Academy at the Ministry of Foreign Affairs of the Russian Federation, specialty: International Policy Studies

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity	Position
from	up to		
2005	2008	"UES of Russia" RAO, JSC	Head of Department
2008	now	"IDGC Holding" JSC	Deputy Head of Corporate Management and Shareholders Interaction
2009	now	"North-western Energetic Managing Company", JSC	Member of the Board of Directors
2009	now	"Power Supply Company of	Member of the Board of Directors

		Dagestan”, JSC	
2009	now	“Special Design Bureau of Russian Heat Engineering Institute”, JSC	Member of the Board of Directors
2009	now	“Central Unified Register of UES”, JSC	Member of the Board of Directors
2010	now	“Arial Distribution Company”, JSC	Member of the Board of Directors
2010	now	“Tyvaenergo” JSC	Member of the Board of Directors
2010	now	“Multi-Purpose Utility Construction Machines”, JSC	Member of the Board of Directors
2010	now	“IDGC of the Center and Volga Region”, JSC	Member of Strategy and Development Committee at the Board of Directors
2010	now	“IDGC of the South”, JSC	Member of the Board of Directors
2010	now	“IDGC of the South”, JSC	Member of the Audit Committee, Remuneration and Personnel Committee at the Board of Directors

The person has no participation shares/ordinary shares in authorized capital of the Issuer

Number of shares of the Issuer of each category (class) that may be purchased by the person as a result of exercise of rights for owned options of the issuer: the issue did not issue options

Participation shares of the person in authorized (share) capital (unit investment fund) of subsidiaries and associated companies of the issuer

The person does not own the specified shares

Data on character of any family relations with other persons who are members of the management authorities of the issuer and/or authorities auditing the financial and economic activity of the issuer:

No specified family relations

Data on bringing the person to administrative responsibility for breaches of law related to finance, taxes and charges, securities market or to criminal responsibility (previous conviction) for crimes referring to economy or crimes against the state power:

The person was not brought to the specified kinds of responsibility

Data on positions held by the person in management authorities of commercial entities in periods when stated entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the legislation of the Russian Federation on Insolvency (Bankruptcy):

The person did not hold the specified positions

Surname, name, patronymic: **Zuykova Olga Valentinovna**

Year of birth: 1964

Education:

Ivanovo Power Institute n. a. V.I. Lenin, specialty: “Electric Systems”.

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity	Position
from	up to		
2005	2006	"IDGC of the Center and Northern Caucasus" JSC	Head of Reliability and Safety Technique Department
2006	2008	"IDGC of the Center" JSC	Head of Technical Supervision Department
2006	now	"IDGC of the Center" JSC	Member of Reliability Committee at the Board of Directors
2008	now	"IDGC Holding" JSC	Managing Director of Operational Control and Labor Protection
2010	now	"MUEGC" JSC	Chairperson of Reliability Committee
2010	now	"IDGC of the South" JSC	Member of the Board of Directors

The person has no participation shares/ordinary shares in authorized capital of the Issuer

Number of shares of the Issuer of each category (class) that may be purchased by the person as a result of exercise of rights for owned options of the issuer: the issuer did not issue options

Participation shares of the person in authorized (share) capital (unit investment fund) of subsidiaries and associated companies of the issuer

The person does not own the specified shares

Data on character of any family relations with other persons who are members of the management authorities of the issuer and/or authorities auditing the financial and economic activity of the issuer:

No specified family relations

Data on bringing the person to administrative responsibility for breaches of law related to finance, taxes and charges, securities market or to criminal responsibility (previous conviction) for crimes referring to economy or crimes against the state power:

The person was not brought to the specified kinds of responsibility

Data on positions held by the person in management authorities of commercial entities in periods when stated entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the legislation of the Russian Federation on Insolvency (Bankruptcy):

The person did not hold the specified positions

Surname, name, patronymics: **Ivanov Maxim Sergeevich**

Year of birth: 1976

Education:

Sergo Ordzhonikidze State Academy, specialty: "Economist, Power Engineer"

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity Name	Position
from	Up to		
2004	2006	"Moscow Distillery "Cristall", JSC	Adviser of CEO
2006	2007	"Southern Generating Company – TGK-8", JSC	Adviser of CEO, Director for Internal Audit Department
2006	2009	"Industrial Region Holding", CJSC	Adviser of CEO
2009	2010	"Management Consulting" LLC	Adviser of CEO
2009	now	"IDGC of the South", JSC	Member of Personnel and Remuneration Committee of the Board of Directors
2009	now	"IDGC of the South", JSC	Member of Committee for Strategy, Development, Investments and Reform attached to Board of Directors
2009	now	"Holding Company" LLC	Adviser of CEO
2009	now	"IDGC of the Company" JSC	Member of the Board of Directors
2010	now	"IDGC of the South" JSC	Chairman of the Committee for Technological Connection to Electric Grids at the Board of Directors, member of Personnel and Remuneration Committee, Board Audit Committee

The person has no participation shares/ordinary shares in authorized capital of the Issuer

Number of shares of the Issuer of each category (class) that may be purchased by the person as a result of exercise of rights for owned options of the issuer: the issuer did not issue options

Participation shares of the person in authorized (share) capital (unit investment fund) of subsidiaries and associated companies of the issuer

The person does not own the specified shares

Data on character of any family relations with other persons who are members of the management authorities of the issuer and/or authorities auditing the financial and economic activity of the issuer:

No specified family relations

Data on bringing the person to administrative responsibility for breaches of law related to finance, taxes and charges, securities market or to criminal responsibility (previous conviction) for crimes referring to economy or crimes against the state power:

The person was not brought to the specified kinds of responsibility

Data on positions held by the person in management authorities of commercial entities in periods when stated entities were prosecuted for insolvency and/or insolvency

proceedings were started in conformity with the legislation of the Russian Federation on Insolvency (Bankruptcy):

The person did not hold the specified positions

Surname, name, patronymics: **Ilyenko Vladimir Vasilyevich**

Year of birth: 1950

Education:

Krasnodar Polytechnic Institute, specialty: "Heating Engineer"

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
from	up to		
2002	now	"System Operator of Unified Energy System", JSC branch of Unified Dispatch Control of the South	CEO
2008	now	"IDGC of the South", JSC	Member of Board of Directors

The person has no participation shares/ordinary shares in authorized capital of the Issuer

Number of shares of the Issuer of each category (class) that may be purchased by the person as a result of exercise of rights for owned options of the issuer: the issuer did not issue options

Participation shares of the person in authorized (share) capital (unit investment fund) of subsidiaries and associated companies of the issuer

The person does not own the specified shares

Data on character of any family relations with other persons who are members of the management authorities of the issuer and/or authorities auditing the financial and economic activity of the issuer:

No specified family relations

Data on bringing the person to administrative responsibility for breaches of law related to finance, taxes and charges, securities market or to criminal responsibility (previous conviction) for crimes referring to economy or crimes against the state power:

The person was not brought to the specified kinds of responsibility

Data on positions held by the person in management authorities of commercial entities in periods when stated entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the legislation of the Russian Federation on Insolvency (Bankruptcy):

The person did not hold the specified positions

Surname, name, patronymic: **Kislyakov Anton Mikhailovich**

Year of birth: 1970

Education:

Moscow State Law Academy, specialty: "Jurisprudence"

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity	Position
from	up to		
2002	2008	"UES of Russia" JSC	Deputy Head of the Legal Department
2008	now	"IDGC Holding" JSC	Deputy Head of Enforceability Department
2010	now	"R&D Center of the South" JSC	Member of the Board of Directors
2010	now	"Real Estate of All Russian Scientific Research and Design Institute for Power Industry Technology" JSC	Member of the Board of Directors
2010	now	"IDGC of the South" JSC	Member of the Board of Directors

The person has no participation shares/ordinary shares in authorized capital of the Issuer

Number of shares of the Issuer of each category (class) that may be purchased by the person as a result of exercise of rights for owned options of the issuer: the issuer did not issue options

Participation shares of the person in authorized (share) capital (unit investment fund) of subsidiaries and associated companies of the issuer

The person does not own the specified shares

Data on character of any family relations with other persons who are members of the management authorities of the issuer and/or authorities auditing the financial and economic activity of the issuer:

No specified family relations

Data on bringing the person to administrative responsibility for breaches of law related to finance, taxes and charges, securities market or to criminal responsibility (previous conviction) for crimes referring to economy or crimes against the state power:

The person was not brought to the specified kinds of responsibility

Data on positions held by the person in management authorities of commercial entities in periods when stated entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the legislation of the Russian Federation on Insolvency (Bankruptcy):

The person did not hold the specified positions

Surname, name, patronymic: **Kuznetsov Vladimir Vasilievich**

Year of birth: 1949

Education:

Moscow State University n. a. Lomonosov

Degree conferred: Ph.D. in Economics

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity	Position
from	up to		
2004	2006	Compulsory Medical Insurance Fund of Tver	Executive Manager
2006	2008	Tver Region Administration	Governor's Adviser, Head of Industrial Department
2008	2009	State University – Higher School of Economics under the Government of the Russian Federation, All Russian Scientific Research Institute of External Economic Relations	Director of Institute
2009	2010	"IDGC of the South" JSC	Member of Committee for Strategy, Development, Investments and Reform attached to Board of Directors
2009	now	"IDGC Holding" JSC	Head of Strategy and Development Center
2009	now	"IDGC of the Center" JSC	Member of Strategy and Development Committee
2010	now	"IDGC of the South" JSC	Member of the Board of Directors

The person has no participation shares/ordinary shares in authorized capital of the Issuer

Number of shares of the Issuer of each category (class) that may be purchased by the person as a result of exercise of rights for owned options of the issuer: the issue did not issue options

Participation shares of the person in authorized (share) capital (unit investment fund) of subsidiaries and associated companies of the issuer

The person does not own the specified shares

Data on character of any family relations with other persons who are members of the management authorities of the issuer and/or authorities auditing the financial and economic activity of the issuer:

No specified family relations

Data on bringing the person to administrative responsibility for breaches of law related to finance, taxes and charges, securities market or to criminal responsibility (previous conviction) for crimes referring to economy or crimes against the state power:

The person was not brought to the specified kinds of responsibility

Data on positions held by the person in management authorities of commercial entities in periods when stated entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the legislation of the Russian Federation on Insolvency (Bankruptcy):

The person did not hold the specified positions

Surname, name, patronymics: **Mikhailov Sergey Anatolyevich**

Year of birth: 1957

Education:

Dzerzhinsky Military Academy, specialty: "Aircraft";
 Leninsk branch of Moscow Aviation Institute, specialty: "Information Handling"
 Post graduate military course of Dzerzhinsky Military Academy, specialty: "Weapons and Military Equipment"
 Degree conferred: Candidate of Science (Engineering)/ Ph.D. in Technical Sciences.
 Additional Professional Education: Interindustry Institution of Advanced Training and Development for Executives and Experts of Plekhanov Russian Academy of Economics, specialty: "Finance and Credits"

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
from	up to		
2001	now	"Management-Consulting" Limited Liability Company	CEO
2002	now	"Consulting Group", Close Joint Stock Company	CEO
2003	2007	Non-State pension fund "First Pension Fund", non-profit partnership "Non-State Pension Fund " Pension Capital"	Chairman of the Fund
2003	2008	"RosT.S" Close Joint Stock Company	Member of Board of Directors
2003	2008	"Management Group" CJSC	Chairman of Board of Directors
2003	2009	"Managing company "Management Centre", CJSC	Chairman of Board of Directors
2003	now	"Management Group" CJSC; "ASVT" JSC, Oil Company "LUKOIL" JSC	Member of Board of Directors
2003	now	"National League of Managers" Non-profit Partnership	Chairman of Board of Directors
2004	2005	"TV-express" . JSC	Member of Board of Directors
2004	2006	"IFD Kapital Unified Sales System", Limited Liability Company ("IFD Kapital USS", LLC)	Member of Board of Directors
2004	2009	"Oil Fund of Industrial Reconstruction and Development" Joint Stock Company	Member of Supervisory Board
2004	now	"Football Club "Spartak-Moscow" JSC, Bank "Petrocommerce", JSC	Member of Board of Directors
2004	now	"Russian Mediagroup" CJSC, "Kapital" Managing Company, Unit Investment Funds", LLC	Member of Board of Directors
2005	2006	"Southern Generating Company – TGK-8", JSC ("SGC TGK-8", JSC)	Chairman of Board of Directors
2005	2008	"Promregion Holding", Close Joint Stock Company	Member of Board of Directors
2005	now	"IFD Kapital" CJSC, "Izvestiya" Newspaper Office", JSC	Executive Director

2006	2009	Reserve Invest Holding (Cyprus) Limited	Chairman of Board of Directors
2008	2009	"Kapital" Investment group", CJSC	Chairman of Board of Directors
2008	now	"Globalstroy-Engineering" JSC, "GSE" JSC, "Oktyabr" Training Sport and Health-Improving Complex" JSC, "Kapital" Managing Company", LLC"	Member of Board of Directors
2008	now	Formation Fund of Specific Capital for Social Programs Support.	Member of Board of the Fund
2008	now	"Kapital" Asset Management", CJSC	Chairman of Board of Directors
2009	now	"Russian Research, Design-and-Engineering Institute of Economy, Information and Automated Systems Control for Fishing Industry", Open Joint Stock Company"	Independent Director
2009	now	"Finpol" Publishing-and-Polygraphic Centre" JSC, "Prosvescheniye Publishing Office" LLC, Interregional Public Entity "The Russian Managers Association"	Member of the Board of Directors
2009	now	"Radio Alliance" Limited Liability Company	Chairman of the Board of Directors
2009	now	"IDGC of the South", JSC	Member of Board of Directors
2009	now	"IDGC of the South", JSC	Member of Audit Committee at the Board of Directors
2010	now	"IDGC of the South" JSC	Member of Committee for Strategy, Development, Investments and Reform attached to the Board of Directors

The person has no participation shares/ordinary shares in authorized capital of the Issuer

Number of shares of the Issuer of each category (class) that may be purchased by the person as a result of exercise of rights for owned options of the issuer: the issue did not issue options

Participation shares of the person in authorized (share) capital (unit investment fund) of subsidiaries and associated companies of the issuer

The person does not own the specified shares

Data on character of any family relations with other persons who are members of the management authorities of the issuer and/or authorities auditing the financial and economic activity of the issuer:

No specified family relations

Data on bringing the person to administrative responsibility for breaches of law related to finance, taxes and charges, securities market or to criminal responsibility (previous conviction) for crimes referring to economy or crimes against the state power:

The person was not brought to the specified kinds of responsibility

Data on positions held by the person in management authorities of commercial entities in periods when stated entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the legislation of the Russian Federation on Insolvency (Bankruptcy):

The person did not hold the specified positions

Surname, name, patronymic: **Okley Pavel Ivanovich**

Year of birth: 1970

Education:

Omsk Engineering Institute of Railroad Transportation, specialty: "Automatic Equipment, Teleautomatic and Communication at Rail Transport";

Academy of National Economy under the Government of the Russian Federation, specialty: "Company development management";

Moscow Power Engineering Institute, post-graduate course.

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity	Position
from	up to		
2005	2008	"FGC UES", JSC	Deputy Director of Management Center of IDGC, Director of Management Center of IDGC
2007	now	"IDGC of the South", JSC	Member of Board of Directors
2007	now	"Tyumenenergo", JSC	Member of Board of Directors
2008	2010	"IDGC Holding" JSC	Deputy CEO, Technical Director
2009	now	"IDGC of Volga" JSC	Member of the Board of Directors, Member of Strategy and Development Committee, Chairman of Reliability Committee
2009	now	"IDGC of the Center and Volga Region" JSC	Member of the Board of Directors, Member of the Board Audit Committee
2009	2010	"Energy Forecasting Agency" CJSC	Member of the Board of Directors
2009	now	"Moscow Unified Electric Grid Company", JSC	Chairman of Reliability Committee under the Board of Directors
2009	now	"INVEL" Non-profit Partnership	Member of Supervisory Board
2009	now	"Lenenergo", JSC	Member of Board of Directors, Member of Audit Committee,

			Member of Reliability Committee, Member of Personnel and Remuneration Committee attached to Board of Directors
2009	now	"Tyumenenergo" JSC	Member of Reliability Committee of the Board of Directors
2009	2010	"IDGC Holding", JSC	Member of the Management Board
2009	2010	"IDGC of the South", JSC	Chairman of the Board Reliability Committee
2010	now	"Lenenergo" JSC	Member of Reliability Committee of the Board of Directors
2010	now	"Scientific Research and Engineering Center of IDGC of the South" JSC	Member of the Board of Directors
2010	now	"INTER RAO UES" JSC	Member of the Management Board, Head of Industrial Activity Sector
2010	now	"WGC-1" JSC	Member of the Management Board, Executive Director (pluralistically)
2010	now	"Kubanenergo" JSC	Chairman of Reliability Committee

The person has no participation shares/ordinary shares in authorized capital of the Issuer

Number of shares of the Issuer of each category (class) that may be purchased by the person as a result of exercise of rights for owned options of the issuer: the issue did not issue options

Participation shares of the person in authorized (share) capital (unit investment fund) of subsidiaries and associated companies of the issuer

The person does not own the specified shares

Data on character of any family relations with other persons who are members of the management authorities of the issuer and/or authorities auditing the financial and economic activity of the issuer:

No specified family relations

Data on bringing the person to administrative responsibility for breaches of law related to finance, taxes and charges, securities market or to criminal responsibility (previous conviction) for crimes referring to economy or crimes against the state power:

The person was not brought to the specified kinds of responsibility

Data on positions held by the person in management authorities of commercial entities in periods when stated entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the legislation of the Russian Federation on Insolvency (Bankruptcy):

The person did not hold the specified positions

Surname, name, patronymic: **Yurchuk Sergey Evgenievich**

Year of birth: 1966

Education:

Moscow State University n. a. M. V. Lomonosov, specialty: "Economist"

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity	Position
from	up to		
2005	2008	"Northern Dockyard" Ship-Building Plant", JSC	Director in charge of Economy and Finance
2008	2009	"Diamond Press" CJSC	Deputy Director General in charge of Economy and Finance"
2009	now	"Lenenergo" JSC	Member of the Board of Directors
2009	now	"Moscow Unified Electric Grid Company", JSC	Member of the Board of Directors
2009	now	"IDGC of the Northwest" JSC	Member of the Board of Directors, Member of Strategy and Development Committee of the Board of Directors
2009	now	"IDGC Holding" JSC	Finance Director
2010	now	"Lenenergo" JSC	Member of Audit Committee of the Board of Directors, Staff and Remuneration Committee of the Board of Directors
2010	now	"IDGC of the South" JSC	Member of the Board of Directors
2010	now	"IDGC of the South" JSC	Member of Audit Committee, Member of Committee for Strategy, Development, Investments and Reform attached to the Board of Directors

The person has no participation shares/ordinary shares in authorized capital of the Issuer

Number of shares of the Issuer of each category (class) that may be purchased by the person as a result of exercise of rights for owned options of the issuer: the issue did not issue options

Participation shares of the person in authorized (share) capital (unit investment fund) of subsidiaries and associated companies of the issuer

The person does not own the specified shares

Data on character of any family relations with other persons who are members of the management authorities of the issuer and/or authorities auditing the financial and economic activity of the issuer:

No specified family relations

Data on bringing the person to administrative responsibility for breaches of law related to finance, taxes and charges, securities market or to criminal responsibility (previous conviction) for crimes referring to economy or crimes against the state power:

The person was not brought to the specified kinds of responsibility

Data on positions held by the person in management authorities of commercial entities in periods when stated entities were prosecuted for insolvency and/or insolvency

proceedings were started in conformity with the legislation of the Russian Federation on Insolvency (Bankruptcy):

The person did not hold the specified positions

Data on transactions closed by the Issuer and persons- members of Management bodies of the Issuer: such transactions were not closed in the accounting period.

Data on Education of Members of the Issuer's Board at the Company's expense: there was no educational service provided to the Members of the Board at the Company's expense in quarter IV of 2010.

Additional Data Disclosed in Accordance with Regulation on Information Policy of "IDGC of the South", JSC

Data on the Company's Board of Directors Nominating Process, Procedure of Items Submission to the Company's Board of Directors

The Board of Directors elected in June 15 2010 by the decision of Annual General Meeting of Shareholders of "IDGC of the South" JSC (Minutes No. 4 of 16.06.2010) is acting at the present time.

Procedures of Nominating Candidates to the Board of Directors of the Company

Shareholders (shareholder) of the Company owning at least 2 (two) percents of the Company's voting shares in total are entitled to contribute issues to the agenda of Annual General Meeting of Shareholders and to nominate candidates to the Board of Directors and Audit Committee of the Company within 60 (sixty) days after the end of fiscal year. Number of candidates should not exceed quantity of the corresponding body.

Proposal to contribute issues to the agenda of General Meeting of Shareholders as well as proposal to nominate candidates are accepted in the written form with names of shareholders (shareholder) contributing; quantity and categories (types) of shares owned should be indicated by the shareholders (shareholder).

Proposal to contribute items to the agenda of General Meeting of Shareholders should contain wording of each of the item contributed, and proposal to nominate candidates should contain name and data of the identity document (series and (or) number, date and place of issue, the authority which issued the document) of each of the nominated candidates, name of the body the candidate is nominated to be elected in.

Board of directors of the Company should consider contributed proposals and take decision either on their inclusion in the agenda of General Meeting of Shareholders or on refusal to include them in this agenda within 5 (five) days after the end of the terms, indicated in point 13.1 of article 13 of the Company Charter.

Board of Directors of the Company may refuse to include items contributed to the agenda by shareholder (shareholders) as well as to enlist nominees for election to the

appropriate body of the Company on the grounds provided by the Federal Law “On Joint Stock Companies” and other legal acts of the Russian Federation.

Reasoned Decision of the Board of Directors on the Company’s refusal to include the item in the agenda of the General Meeting of Shareholders of the Company or to include a candidate in the list of nominees for election to the appropriate body of the Company should be sent to the shareholder (shareholders) contributed the item or nominating the candidate within the next 3 days after the moment of the contribution.

The Board of Directors of the Company does not have the right to make any changes in the wording of items proposed for inclusion in the agenda of General Meeting of Shareholders and (in case there are such) in wording of decisions on such issues.

Apart from the questions proposed by shareholders for inclusion in the agenda of General Meeting of Shareholders as well as in case of absence of such proposals, absence or lack of candidates, nominated by shareholders to form the proper unit, the Board of Directors of the Company has right to include items into the agenda of General Meeting of Shareholders or names of candidates into the list of nominees as they see fit.

Procedures of Items Submitting to the Board of Directors of the Company

Order of items submitting to the Board of Directors of “IDGC of the South”, JSC is defined by the Regulation “On the Procedure for Convening and Holding Meetings of the Board of Directors of “IDGC of the South”, new edition approved by the Ruling of the Board of “RAO UES of Russia” JSC (Minutes No. 1829 np.7 dated 20.02.2008).

In accordance with sub point No.5.3.3 point 5.3 of article 5 in regulation “On the Procedure for Convening and Holding Meetings of the Board of Directors of “IDGC of the South”, schedule of the Board of Directors is formed on the basis of proposals of the Chairman and Members of the Board of Directors, Audit Commission, Chief Executive Officer of the Company and Company Auditor.

Indicated proposals are submitted to the Chairman of Board of Directors in written form and their copies are simultaneously sent by fax to Corporate Secretary.

Summary of Decisions Taken at Meetings of the Board of Directors of “IDGC of the South”, JSC

In the first quarter of 2011 there were 2 Meetings held by the Board of Directors of “IDGC of the South”, all the meetings were held in absentia form.

Board of Directors of “IDGC of the South”, JSC dated 08.02.2011, in absentia form (Minutes No. 59/2011 dated 11.02.2011):

- Report on results of the Company’s business plan implementation for the nine months period of 2010 was approved (including investment program);
- Report of CEO of “IDGC of the South” JSC on Implementation of Annual Comprehensive Purchasing Program of “IDGC of the South” JSC within the nine months period of 2010 was taken into consideration;

- Report of CEO of “IDGC of the South” JSC on Implementation of Time-Phased Plan of the Company’s Activities on reducing overdue receivables for transport services and on settle of differences as of 01.10.2010 was taken into consideration;
- Item “On Nominating Candidates for Executive and Controlling Bodies within Repair and Maintenance Organizations the Company Participates in by “IDGC of the South” JSC”, was considered;
- Property lease contract between “IDGC of the South” JSC and “Kubanenergo” JSC was approved as an interested party transaction;
- Organizational structure of executive office of “IDGC of the South” JSC was approved;
- “Fikon” LLC, Independent appraisal agency, was approved for determining market value of non-certificated registered ordinary shares for the sale;

Board of Directors of “IDGC of the South” JSC dated 05.03.2011, in absentia form (Minutes No. 60/2011 dated 09.03.2011):

- Decision “To Make Alterations to the List of Top Managers’ Positions of “IDGC of the South” JSC, Approved by Resolution of the Company’s Board of Directors dd. 05.08.2010, (Minutes No. 52/2010 dd. 06.08.2010), Position of Deputy CEO Having Been Added to the First Category of Top Managers’ Positions”, was adopted;
- Candidacy of Trunin Vitaly Nikolaevich for the position of deputy CEO of “IDGC of the South” JSC was approved;
- Report of CEO of the Company on adherence to Corporate Governance Code of “IDGC of the South” JSC in the second half-year period of 2010 was approved;
- Report of CEO of the Company on adherence to Regulation on Communications Policy of “IDGC of the South” in Quarter IV of 2010, was taken note of;
- Report of CEO of “IDGC of the South” JSC on implementation of decision of the Company’s Board of Directors (Minutes No. 57/2010 dd. 24.12.2010) concerning agenda item “On Approving Program for Advanced Development of Energy Accounting in Energy Retail Market as Applied to Grids of “IDGC of the South” JSC”, dd. 22.12.2010;
- Contracts between “IDGC of the South” JSC and “Energoservis of the South” JSC, “MUEGC” JSC, “IDGC of Volga Region” JSC, “IDGC of the Center and Privolzhie” JSC, “IDGC Holding” JSC were approved as interested party transactions;
- Proposals of shareholders on contributing items to agenda of annual General Meeting of Shareholders of the Company and on nominating candidacies for the Company’s executive and controlling offices were considered;
- Agreement of Residence Account of legal entity concluded by “IDGC of the South” JSC and “Petrokommerz” Bank JSC was approved as an interested party transaction;
- Overlapping positions of Adviser Director General on Security of “Kubanenergo” JSC and member of Management Board of “IDGC of the South” JSC by Vosmirko Aleksandr Vladimirovich was approved;

- Laying down Programme of the Company's Innovation-Based Development was determined as the Company's business priority;
- Date of the Company's Board of Directors Meeting held for the purpose of considering issues connected with preparation and holding annual General Meeting of Shareholders of the Company was determined as April 28, 2011;
- Time-phased plan of actions aimed at reduction of overdue receivables for transport services and settle of differences, which came about as on 01.01.2011, was approved;

Minutes of Meetings of Board of Directors of "IDGC of the South" JSC are available on the Company's website in the Internet at: <http://en.mrsk-yuga.ru/>

5.2.2. Information on Sole Executive Body of the Issuer

Surname, name, patronymics: **Arkhipov Sergey Aleksandrovich**

Year of birth: 1967

Education:

Alma-Ata Power Engineering Institute with a specialization in "Electric Systems and Power Grids"

Extended education: Occupational retraining at the Academy of National Economy under the Government of the Russian Federation, after the training program "Company's Development Control"

"Institution of Further Training for Executives and Specialists of Fuel and Energy Complex" Federal state educational institution for continuing professional education, related subject: "Protection of State Secrets".

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
From	up to		
2003	2006	"Khabarovskenergo" JSC	Deputy Director General in charge of Heat and Electric Energy Sales
2006	2007	"Energosbyt Rostovenergo" JSC	Executive Director, General Director
2006	2007	"IDGC of Center and North Caucasus" JSC	Managing Director of "Rostovenergo" JSC, Deputy General Director, Managing Director of "Rostovenergo" JSC
2007	2007	"IDGC of the South", JSC	Deputy CEO, Managing Director of "Rostovenergo" JSC
2007	2007	"Territorial Generating Company	Acting First Deputy Director

		(ТГК-8) Southern Generating Company" JSC	General in charge of Economy and Finance, First Deputy Director General
2008	2010	"IDGC of the Center" JSC	Executive Director of "Smolenskenergo" JSC; Deputy CEO, Director of "Smolenskenergo" branch of "IDGC of the Center" JSC, First Deputy CEO
2010	30.11.2010	"Kubanenergo" JSC	Chairman of the Management Board
2010	now	"IDGC of the South" JSC	CEO, Chairman of the Management Board

The person has no participation shares/ordinary shares in authorized capital of the Issuer

Number of shares of the Issuer of each category (class) that may be purchased by the person as a result of exercise of rights for owned options of the issuer: the issue did not issue options

Participation shares of the person in authorized (share) capital (unit investment fund) of subsidiaries and associated companies of the issuer

The person does not own the specified shares

Data on character of any family relations with other persons who are members of the management authorities of the issuer and/or authorities auditing the financial and economic activity of the issuer:

No specified family relations

Data on bringing the person to administrative responsibility for breaches of law related to finance, taxes and charges, securities market or to criminal responsibility (previous conviction) for crimes referring to economy or crimes against the state power:

The person was not brought to the specified kinds of responsibility

Data on positions held by the person in management authorities of commercial entities in periods when stated entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the legislation of the Russian Federation on Insolvency (Bankruptcy):

The person did not hold the specified positions

5.2.3. Structure of Collegiate Executive Body of the Issuer

Surname, name, patronymics: **Arkhipov Sergey Aleksandrovich**
(Chairman)

Year of birth: 1967

Education:

Alma-ata Institute for Energetics; qualifications: Electric-power Systems and Grids.

Extended education: Occupational retraining at the Academy of National Economy under the Government of the Russian Federation, after the training program “Company’s Development Control”

“Institution of Further Training for Executives and Specialists of Fuel and Energy Complex” Federal state educational institution for continuing professional education, related subject: “Protection of State Secrets”.

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
from	up to		
2003	2006	“Khabarovskenergo”, JSC	Deputy director general on heat and electric energy selling
2006	2006	“Energosbyt Rostovenergo”, JSC	Executive director, director general
2006	2006	“IDGC of Center and North Caucasus”, JSC	Managing director of “Rostovenergo”, JSC, Deputy director general – Managing director of “Rostovenergo”, JSC
2007	2007	“IDGC of the South”, JSC	Deputy director general – Managing director of “Rostovenergo”, JSC
2007	2007	“TGK-8 - Southern Generating Company”	Acting First Deputy Chief Executive Officer for Economy and Finance
2008	2010	“IDGC of the Center” JSC	Executive Director of “Smolenskenergo” JSC; Deputy CEO, Director of “Smolenskenergo” branch of “IDGC of the Center” JSC, First Deputy CEO
2010	30.11.2010	“Kubanenergo” JSC	Chairman of the Management Board
2010	now	“IDGC of the South” JSC	CEO, Chairman of the Management Board

The person has no participation shares/ordinary shares in authorized capital of the Issuer

Number of shares of the Issuer of each category (class) that may be purchased by the person as a result of exercise of rights for owned options of the issuer: the issue did not issue options

Participation shares of the person in authorized (share) capital (unit investment fund) of subsidiaries and associated companies of the issuer

The person does not own the specified shares

Data on character of any family relations with other persons who are members of the management authorities of the issuer and/or authorities auditing the financial and economic activity of the issuer:

No specified family relations

Data on bringing the person to administrative responsibility for breaches of law related to finance, taxes and charges, securities market or to criminal responsibility (previous conviction) for crimes referring to economy or crimes against the state power:

The person was not brought to the specified kinds of responsibility

Data on positions held by the person in management authorities of commercial entities in periods when stated entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the legislation of the Russian Federation on Insolvency (Bankruptcy):

The person did not hold the specified positions

Surname, name, patronymics: **Akilin Pavel Evgenievich**

Year of birth: 1975

Education:

Higher education, Izhevsk State Technical University, with specialization in “Economics and Company Management”

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
From	up to		
2005	2005	“Udmurtenergo” JSC	Deputy CEO in charge of Economics
2005	2005	Verkhnevolzhsk branch of “IDGC of the Center and North Caucasus” JSC	Deputy Director in charge of Economics
2005	2006	Verkhnevolzhsk branch of “IDGC of the Center and North Caucasus” JSC	Deputy Director in charge of Economics and Finance
2006	2008	“Lenenergo” JSC in Power and Electrification	Deputy Director General in charge of Economics
2008	2009	“Pavlovoenergo” LLC	Deputy Director General in charge of Economics
2009	2010	“Tverenergo” branch of “IDGC of the Center” JSC	Deputy Director in charge of Economics and Finance
2010	2010	“IDGC of the Center” JSC	Director of Economic Affairs
2010	now	“IDGC of the South” JSC	Deputy CEO in charge of Economics and Finance”
2010	now	“IDGC of the South” JSC	Member of the Management Board

The person has no participation shares/ordinary shares in authorized capital of the Issuer

Number of shares of the Issuer of each category (class) that may be purchased by the person as a result of exercise of rights for owned options of the issuer: the issuer did not issue options

Participation shares of the person in authorized (share) capital (unit investment fund) of subsidiaries and associated companies of the issuer

The person does not own the specified shares

Data on character of any family relations with other persons who are members of the management authorities of the issuer and/or authorities auditing the financial and economic activity of the issuer:

No specified family relations

Data on bringing the person to administrative responsibility for breaches of law related to finance, taxes and charges, securities market or to criminal responsibility (previous conviction) for crimes referring to economy or crimes against the state power:

The person was not brought to the specified kinds of responsibility

Data on positions held by the person in management authorities of commercial entities in periods when stated entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the legislation of the Russian Federation on Insolvency (Bankruptcy):

The person did not hold the specified positions

Surname, name, patronymics: **Brizhan Vitaliy Vasilyevich**

Year of birth: 1974

Education:

Kuban State University: Department of Law and Department of Economics

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
From	Up to		
2006	2007	"Kubanenergo", JSC	Deputy Director General in charge of Enforceability and Corporate Affairs
2006	2008	"Kubanenergo", JSC	Member of the Management Board
2007	2008	"Rostovenergo", JSC	Member of the Board of Directors
2007	now	"IDGC of the South", JSC	Deputy CEO in charge of Corporate Management
2008	2009	"Kubanenergo", JSC	Member of the Board of Directors
2008	now	"IDGC of the South", JSC	Member of the Management Board
2009	now	"IDGC of the South", JSC	Member of the Committee for Technological Connection to the Grids at the Board of Directors
2009	now	"Volgogradsetremont", JSC	Member of the Board of Directors

28.06.2010	08.07.2010	"IDGC of the South", JSC	Acting CEO, Chairman of the Management Board
28.06.2010	08.07.2010	"Kubanenergo", JSC	Chairman of the Management Board
Since 01.10.2010	now	"Kubanenergo" branch of "IDGC of the South" JSC	Deputy CEO of "IDGC of the South" JSC, Director of the branch (as a part-time job)
2010	now	"Agricultural Enterprise n. a. Grechko A.A." JSC, "Sokolovskoe Agricultural Enterprise" JSC	Chairman of the Board of Directors

The person has no participation shares/ordinary shares in authorized capital of the Issuer

Number of shares of the Issuer of each category (class) that may be purchased by the person as a result of exercise of rights for owned options of the issuer: the issue did not issue options

Participation shares of the person in authorized (share) capital (unit investment fund) of subsidiaries and associated companies of the issuer

The person does not own the specified shares

Data on character of any family relations with other persons who are members of the management authorities of the issuer and/or authorities auditing the financial and economic activity of the issuer:

No specified family relations

Data on bringing the person to administrative responsibility for breaches of law related to finance, taxes and charges, securities market or to criminal responsibility (previous conviction) for crimes referring to economy or crimes against the state power:

The person was not brought to the specified kinds of responsibility

Data on positions held by the person in management authorities of commercial entities in periods when stated entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the legislation of the Russian Federation on Insolvency (Bankruptcy):

The person did not hold the specified positions

Surname, name, patronymics: **Ivanov Vitaliy Valerievich**

Year of birth: 1970

Education:

Higher education, Omsk Institute of Railway Engineers, with specialization in "Railway Automation, Telemechanics and Communications";

The Academy of National Economy of the Russian Federation Government, with specialization in "Corporate Development Management"

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
From	Up to		
2004	2005	“Northern Electric Grids” structural subdivision of “Grid Enterprise” branch of “Omskenergo” JSC Inc.	Technical Director
2005	2006	“Omskenergo” JSC Inc.	Deputy Technical Director
2006	2010	“IDGC of Siberia” JSC	Deputy CEO in charge of Engineering, Engineering Manager
2010	2010	“IDGC Holding” JSC	Advisor of the CEO Executive Office
2010	now	“IDGC of the South” JSC	Deputy CEO in charge of Engineering, Engineering Manager
2010	now	“IDGC of the South” JSC	Member of the Management Board
2010	now	“Astrakhanelektrosetremont”, JSC, “Volgogradsetremont”, JSC	Board of Directors Member

The person has no participation shares/ordinary shares in authorized capital of the Issuer

Number of shares of the Issuer of each category (class) that may be purchased by the person as a result of exercise of rights for owned options of the issuer: the issue did not issue options

Participation shares of the person in authorized (share) capital (unit investment fund) of subsidiaries and associated companies of the issuer

The person does not own the specified shares

Data on character of any family relations with other persons who are members of the management authorities of the issuer and/or authorities auditing the financial and economic activity of the issuer:

No specified family relations

Data on bringing the person to administrative responsibility for breaches of law related to finance, taxes and charges, securities market or to criminal responsibility (previous conviction) for crimes referring to economy or crimes against the state power:

The person was not brought to the specified kinds of responsibility

Data on positions held by the person in management authorities of commercial entities in periods when stated entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the legislation of the Russian Federation on Insolvency (Bankruptcy):

The person did not hold the specified positions

Surname, name, patronymics: **Vosmirko Aleksandr Vladimirovich**

Year of birth: 1959

Education:

Military Policy Institution for Border Officers under KGB of the USSR n. a. Voroshilov K.E. with specialization in “Military Policy, General Forces”; qualification “Military Officer of Higher Military and Political Education”;

Military Policy Academy n. a. Lenin V.I., awarded Lenin and October Revolution Orders, Red Banner, with specialization in “Military Policy”, qualification “Military Officer of Higher Military Education, Teacher of History”;

“North Caucasus Academy of State Service” (CKAFC) State Educational Institution of Military Law Education with specialization in “Jurisprudence”; qualification: lawyer.

Extended Education: Occupational retraining at “North Caucasus Academy of State Service” with specialization in “Jurisprudence with Right to Perform Professional Activity in the Sphere of Criminal Law Relations”

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
From	Up to		
2005	2009	“Rosoboroneksport” Representative Office of the Federal State Unitary Enterprise in Krasnodar region	Chief Expert, Representative
2009	2010	“Rostekhnologii” State Corporation in Krasnodar Region	Head of the Representative Office
2010	2010	“IDGC of the South” JSC	Acting Deputy CEO in charge of Security and Controlling
2010	now	“IDGC of the South” JSC	Deputy CEO in charge of Security and Controlling
2010	now	“IDGC of the South” JSC	Member of the Management Board

The person has no participation shares/ordinary shares in authorized capital of the Issuer

Number of shares of the Issuer of each category (class) that may be purchased by the person as a result of exercise of rights for owned options of the issuer: the issuer did not issue options

Participation shares of the person in authorized (share) capital (unit investment fund) of subsidiaries and associated companies of the issuer

The person does not own the specified shares

Data on character of any family relations with other persons who are members of the management authorities of the issuer and/or authorities auditing the financial and economic activity of the issuer:

No specified family relations

Data on bringing the person to administrative responsibility for breaches of law related to finance, taxes and charges, securities market or to criminal responsibility (previous conviction) for crimes referring to economy or crimes against the state power:

The person was not brought to the specified kinds of responsibility

Data on positions held by the person in management authorities of commercial entities in periods when stated entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the legislation of the Russian Federation on Insolvency (Bankruptcy):

The person did not hold the specified positions

Surname, name, patronymics: **Kopanov Vladimir Nikolayevich**

Year of birth: 1954

Education:

Kuban State University, specialty: "Industry Planning"

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity Name	Position
form	up to		
2005	2007	"Kubanenergo", JSC	Adviser of CEO - Deputy CEO for Human Resources, Authorities and Mass Media Relations
2006	2008	"Kubanenergo", JSC	Member of the Management Board
2007	2008	"Kalmenergo" JSC, "Kalmenergosbyt", JSC	Chairman of the Board of Directors
2007	2010	"IDGC of the South", JSC	Deputy CEO for Security and Controlling
2008	now	"IDGC of the South", JSC	Member of the Management Board
2009	2010	"IDGC of the South", JSC	Member of Staff and Remuneration Committee of the Board of Directors
2010	now	"Recreation Centre "Energetik", JSC	Member of the Board of Directors
2010	now	"IDGC of the South", JSC	Head of the Executive Office

The person has no participation shares/ordinary shares in authorized capital of the Issuer

Number of shares of the Issuer of each category (class) that may be purchased by the person as a result of exercise of rights for owned options of the issuer: the issuer did not issue options

Participation shares of the person in authorized (share) capital (unit investment fund) of subsidiaries and associated companies of the issuer

The person does not own the specified shares

Data on character of any family relations with other persons who are members of the management authorities of the issuer and/or authorities auditing the financial and economic activity of the issuer:

No specified family relations

Data on bringing the person to administrative responsibility for breaches of law related to finance, taxes and charges, securities market or to criminal responsibility (previous conviction) for crimes referring to economy or crimes against the state power:

The person was not brought to the specified kinds of responsibility

Data on positions held by the person in management authorities of commercial entities in periods when stated entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the legislation of the Russian Federation on Insolvency (Bankruptcy):

The person did not hold the specified positions

Surname, name, patronymics: **Kushnarev Konstantin Fyodorovich**

Year of birth: 1969

Education:

Don State Technical University, "Technology of Mechanical Engineering" specialty;

North-Caucasian Academy of Civil Service, "International Economics" specialty;

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity Name	Position
From	Up to		
2005	2005	"Energosbyt Rostovenergo" JSC	Executive Director
2005	2006	Southern branch of "IDGC of Central and Northern Caucasus Region" JSC	Deputy Director of Economy and Finance
2006	2006	"Rostovenergo" JSC	Deputy Director General of Technological Connection
2006	2007	"Yugenergoinvest" LLC	Director
2007	2009	"Pokrovskiy" Group Company" LLC	Investment and Development Director
2009	2009	"Pokrovskiy" Group Company" LLC	Executive Director
2009	now	"Yugenergoservis" LLC	Member of the Board of Directors
2009	now	"Inprom" JSC	Member of the Board of Directors
2009	now	"IDGC of the South" JSC	Deputy CEO, Director of "Rostovenergo" branch of "IDGC of the South" JSC
2010	now	"IDGC of the South" JSC	Member of the Management Board

The person has no participation shares/ordinary shares in authorized capital of the Issuer

Number of shares of the Issuer of each category (class) that may be purchased by the person as a result of exercise of rights for owned options of the issuer: the issue did not issue options

Participation shares of the person in authorized (share) capital (unit investment fund) of subsidiaries and associated companies of the issuer

The person does not own the specified shares

Data on character of any family relations with other persons who are members of the management authorities of the issuer and/or authorities auditing the financial and economic activity of the issuer:

No specified family relations

Data on bringing the person to administrative responsibility for breaches of law related to finance, taxes and charges, securities market or to criminal responsibility (previous conviction) for crimes referring to economy or crimes against the state power:

The person was not brought to the specified kinds of responsibility

Data on positions held by the person in management authorities of commercial entities in periods when stated entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the legislation of the Russian Federation on Insolvency (Bankruptcy):

The person did not hold the specified positions

Surname, name, patronymics: **Savin Grigoriy Grigoryevich**

Year of birth: 1952

Education:

All-Union Distance Learning Institute of Finance and Economics of Moscow, specialty: "Labour Economics".

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Name of Entity	Position
From	Up to		
2003	2006	Department of Fuel and Energy Complex Matters in Krasnodar Region	Head of the Department for Economic Analysis, Accounting and Data Support, Class III State Advisor in Krasnodar Region
2006	2006	Department of Fuel and Energy Complex Matters in Krasnodar Region	Head of Department for Economics and Development of Fuel and Energy Complex Branches, Head of Economic Analysis and Accounting Department
2006	now	"Kubanenergo" JSC	Chief Accountants
2006	now	"Kubanenergo" JSC	Member of the Management Board
2007	2008	"Recreation centre" Energetik" JSC, "Health Resort "Plamya" JSC	Member of the Board of Directors
2007	2008	"IDGC of the South" JSC	Chief Accountants
2008	now	"IDGC of the South" JSC	Chief Accountants, Head of the Department of Accounting, Taxation and Accounting

2008	now	"IDGC of the South" JSC	Member of the Management Board
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The person has no participation shares/ordinary shares in authorized capital of the Issuer

Number of shares of the Issuer of each category (class) that may be purchased by the person as a result of exercise of rights for owned options of the issuer: the issue did not issue options

Participation shares of the person in authorized (share) capital (unit investment fund) of subsidiaries and associated companies of the issuer

The person does not own the specified shares

Data on character of any family relations with other persons who are members of the management authorities of the issuer and/or authorities auditing the financial and economic activity of the issuer:

No specified family relations

Data on bringing the person to administrative responsibility for breaches of law related to finance, taxes and charges, securities market or to criminal responsibility (previous conviction) for crimes referring to economy or crimes against the state power:

The person was not brought to the specified kinds of responsibility

Data on positions held by the person in management authorities of commercial entities in periods when stated entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the legislation of the Russian Federation on Insolvency (Bankruptcy):

The person did not hold the specified positions

Members of Management Board of "IDGC of the South", JSC were elected by the decision of Board of Directors of "IDGC of the South", JSC on May 19, 2008 (Minutes of Meeting No.13/2008 dd. 22.05.2008) with changes as of November 28, 2008 (Minutes of Meeting No.20/2008 dd. 01.12.2008), February 9, 2009 (Minutes of Meeting No.22/2009 dd. 11.02.2009), May 8, 2009 (Minutes of Meeting No.26/2009 dd. 08.05.2009), December 23 (Minutes of Meeting No.38/2009 dd. 25.12.2009), February 03, 2010 (Minutes No. 39/2010 dd. 05.02.2010), 26.04.2010 (Minutes No. 44/2010 dd. 28.04.2010), 25.06.2010 (Minutes No. 49/2010 dd. 28.06.2010), 08.07.2010 (Minutes No.50/2010 dd. 08.07.2010), 31.08.2010 (Minutes No. 53 dd. 01.09.2010) and 22.12.2010 (minutes of meeting No. 57/2010 dd. 24.12.2010).

5.3. Data on Amount of Remuneration, Benefits and/ or Reimbursement of Expenses of Each Management Authority of the Issuer

Data on the amount of remuneration to each management authority of the Issuer (except for the physical person functioning as sole executive authority of the Issuer): All kinds of remuneration are specified, including wages, bonuses, awards, benefits and (or) reimbursement of expenses and other property advancements discharged by the Issuer for the last completed financial year:

Unit of measurement: rub

Board of Directors

Remuneration,	6 815 049
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Wages	0
Bonuses	0
Awards	0
Benefits	0
Reimbursement for expenses	0
Other property advancements	0
Other	0
TOTAL	6 815 049

Data on current agreements about such payments in the financial year:

Payment of remunerations and compensations to members of Board of Directors is made in accordance with Regulations on Payments to Members of Board of Directors of Open Joint Stock Company "Interregional Distribution Grid Company of the South" of Remunerations and Compensations (new revision) approved by decision of Annual General Shareholders Meeting of "IDGC of the South", JSC (Minutes No.1 dd. 04.06.2008).

According to p. 4.1 of the Regulations, for participation in meeting by correspondence (by way of filling in a questionnaire), a member of Board of Directors is paid the remuneration equivalent to eight minimum tariff rates of 1st category worker established by the sectoral tariff agreement of the RF electric energy complex (further referred to as Agreement) as of the date of Board of Directors meeting, indexed in conformity with the Agreement, within one month from the date of Board of Directors meeting.

For participating in Board of Directors meeting in the form of joint presence, a member of the Company's Board of Directors is paid the remuneration equivalent to ten minimum tariff rates of 1st category worker fixed in the sectoral tariff agreement of the RF electric energy complex (further referred to as Agreement) as of the date of Board of Directors meeting, indexed in conformity with the Agreement, within one month from the date of Board of Directors meeting.

Amount of remuneration paid in accordance with p. 4.1 of the Regulations to the Chairman (Deputy Chairman) for each meeting where he fulfilled functions of Chairman of Board of Directors is increased by 50%.

According to p. 4.2 of the Regulations, members of Board of Directors of "IDGC of the South", JSC are paid extra remunerations for net profit indicator of the Company on the annual balance sheet approved by the Company's General Shareholders Meeting.

The total amount of remunerations paid to members of Board of Directors in the 1st quarter of 2011 amounts 307 450 rubles.

The amount of remuneration to hereinabove body following performance results for the last completed financial year, set (approved) by the Issuer's authorized management body but not actually paid as of the end of the accounting period:

Facts specified are absent

Collegiate executive authority:

Remuneration	2 349 550
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Wages	0
Bonuses	0
Awards	0
Benefits	0
Reimbursement for expenses	0
Other property advancements	0
Other	0
TOTAL	2 349 550

Data on current agreements about such payments in the financial year:

Members of Management Board belong to the category of top managers of the Company.

According to labour contracts concluded between the Company and members of Management Board, remuneration to a member of Management Board is paid in amount and in order specified by Regulations "On Material Motivation of Top Managers of "IDGC of the South", JSC (new revision) approved by decision of Company's Board of Directors on 19.05.2008 (Minutes No.13/2008 dd 22.05.2008) with changes to Regulations of material incentives of top managers of "IDGC of the South", JSC approved by decision of Company's Board of Directors on 10.11.2009 (Minutes of Meeting No.36/2009 dd. 10.11.2009).

Members of Management Board are motivated through:

- paying monthly remuneration equal to 5 (five) monthly wages of 1st category worker established by the sectoral tariff agreement of the Russian Federation electric energy complex;
- paying quarterly and annual remuneration to members of Management Board as top managers for achieving target values of key performance indicators.

Based on the decisions of Board of Directors of "IDGC of the South", JSC (Minutes No.13/2008 dd. 19.05.2008, Minutes No.20/2008 dd. 28.11.2008, Minutes No.22/2009 dd. 09.02.2009, Minutes No.38/2009 dd. 25.12.2009) on determining quantitative structure of Management Board of the Company and electing members of the Company's Management Board, and in accordance with clause 21 of the Charter of "IDGC of the South", JSC and articles 15 and 57 of the Labour Code of the RF, additional agreements to the labour contracts are concluded with members of Management Board of the Company on exercising powers of members of Collegial executive body of the Company - Management Board.

From the date of establishing "IDGC of the South", JSC Management Board (19.05.2008), members of Management Board are paid monthly remunerations in the amount of 5 (five) minimum tariff rates of first category worker fixed in the sectoral tariff agreement of the RF electric energy complex.

The total amount of remuneration paid to members of Management Board in the 1st quarter of 2011 amounts 357 962 rubles.

Amount of remuneration to the body following performance results for the last completed financial year, set (approved) by the Issuer's authorized management body but not actually paid as of the end of the accounting period:

Facts specified are absent

Additional Information:

Remuneration of the Issuer's Chief Executive Officer:

Material incentives issues of the Issuer's Chief Executive Officer are determined according to conditions of his labour contract, also according to Regulations on Material Incentives of Chief Executive Officer of "IDGC of the South", JSC approved by decision of Company's Board of Directors (Minutes of Meeting No.1/2007 dd.17.07.2007) as amended in accordance with the provisions (Minutes of Meeting No.36/2009 dd. 10.11.2009) and changes in Appendix 1 following the hereinabove Regulations approved by Company's Board of Directors (Minutes of Meeting No.20/2008 dd. 28.11.2008).

5.4. Data on Structure and Competence of Authorities Undertaking Control over the Issuer's Financial and Economic Activities

Full description of structure and competence of authorities undertaking control over the Issuer's business activity is provided according to the Charter (constituent documents) of the Issuer:

For auditing financial and economic activity of the Company, Auditing Committee of the Company is elected by General Shareholders Meeting of "IDGC of the South", JSC for the period until the following Annual General Shareholders Meeting.

Should Auditing Committee is elected by Extraordinary General Shareholders Meeting, members of Auditing Committee are considered to be elected for the period until the date of Annual General Shareholders Meeting of the Company.

Quantitative structure of Auditing Committee of the Company includes 5 (five) persons.

By decision of General Shareholders Meeting, powers of all or several members of Auditing Committee of the Company can be subject to early termination.

According to p.24.3 of clause 24 of the Company's Charter, Auditing Committee's competence includes the following:

- confirmation of reliability of data contained in the annual report, annual accounting statements, profit-and-loss account of the Company;
- analysis of financial condition of the Company, revelation of reserves improving the financial condition of the Company and working-out of recommendations for the Company's management bodies;
- development and implementation of a check (audit) of financial and economic activity of the Company, namely:
- check (audit) of the financial, accounting, payment-and-calculation and other documents of the Company related to execution of the Company's finance and business activities concerning the compliance to the legislation of the Russian Federation, the Charter, internal and other documents of the Company;
- control over safety and handling of fixed assets;
- control over observing of the established order of writing-off debts of insolvent debtors on the Company's losses;
- control over expenditure of monetary assets of the Company, according to the approved business plan and the Company's budget;

- control over developing and utilizing reserve and other special funds of the Company;
- check of accuracy and timeliness of distribution and payments of dividends on Company's equity issues, percentage on bonds and income under other securities;
- check of existing instructions fulfillment on elimination of violations and drawbacks revealed during previous checks (audits);
- other actions (activities) regarding check of the Company's financial and economic activities.

Order of the Auditing Committee proceedings is determined by Regulations on the Audit Committee of Open Joint Stock Company "Interregional Distribution Grid Company of the South" approved by decision of General Shareholders Meeting of "IDGC of the South", JSC – Management Board of RAO "UES of Russia", JSC (Minutes No.1751np/4 dd. 05.10.2007).

Auditing Committee according to the check (audit) decision has a right to involve specialists of the corresponding branches of legislation, economy, finance, accounting, management, economic security and others, including specialized entities.

Check (audit) of the Issuer's financial and economic activity is divided into scheduled and unscheduled. Scheduled check of the Company's financial and economic activity is held according to approved Annual Activity plan of Auditing Committee. Unscheduled check of the Company's financial and economic activity may be performed at any time following the initiative of Auditing Committee of the Issuer, decision of General Shareholders Meeting, Board of Directors of the Issuer or upon demand of a shareholder (shareholders) of the Issuer owning in aggregate at least ten percent of the Issuer's voting shares.

Text of Regulations on Auditing Committee of "IDGC of the South", JSC is available on website at: <http://en.mrsk-yuga.ru/management/regulations/>.

On the basis of check results of the Company's financial and economic activity, Auditing Committee is making a report that shall include:

- confirmation of reliability of the information contained in reports and other financial documents of the Company;
- information on facts of the Company's violation of accounting order and financial reporting stated in the legal acts of the Russian Federation, and also violation of legal acts of the Russian Federation on performing the Company's financial and economic activity.

Order and terms of drawing up of conclusion based on Company's financial and economic activity check results are defined by legal acts of the Russian Federation and internal documents of the Company.

The Issuer has established Internal Audit Service

Operation term of internal audit/ internal control service and the key specialists:

For the purpose of effective functioning of the internal control system in 2008 the Department of Internal Control and Audit has been established in the Company which consists of Internal Audit Service, the Internal Control Section and Methodology and Risks Section.

According to the decision of "IDGC of the South", JSC Board of Directors dated 05.08.2010 (minutes No.52/2010 dd 06.08.2010) in the third quarter of 2010 the

structure of Department of internal control and audit has changed: the Department was given as new name (Department of internal control and risks management), also instead of three sectors two sectors were formed (sector for internal audit and sector for internal control and risks management).

According to new structure the Department of internal control and risks management is directly subordinated to Company's Director general.

Head of Department of internal control and risks management – Shmakov Igor Vladimirovich,

Deputy head of Department of internal control and risks management -head of sector for internal audit – Romanenko Anna Vladimirovna.

The specialists of the Department fulfill their duties in accordance with job description. The specialists of the department are independent from executive authorities of the issuer and management of the branches they are inspecting.

Basic functions of Internal Audit Service; subordination of Internal Audit Service, cooperation with the Issuer's executive management authorities and Board of Directors (supervisory board) of the Issuer:

Basic functions of Internal Audit Service:

- planning, arrangement and conducting checks (full-scope, audit, limited scope audit, etc) with the purpose of conformance control of financial and economic operations to the Company's interests;
- analysis of certain business processes as for conformance to the current Company policies and regulations, requirements of regulatory documents;
- selective checks of validity, completeness and timeliness of economic and financial facts' representation in financial statements and reports, as well as the reliability of disclosing financial and management information to users;
- control and efficiency estimate of the existing internal control system, processes and procedures of internal control;
- auditing security and effective use of assets, cash flows
- independent estimation and analysis of financial situation of the Company and the subsidiaries and dependent entities;
- carrying out of special investigations of certain cases of malversation, authority abuse etc;
- participation in the working process of the Company's Auditing Committees, subsidiaries and dependent entities as committee members and involved specialists
- monitoring and effective control over activities schedule on eliminating the violations following the audit check results;
- cooperation with outside auditors, representatives of tax and other controlling authorities
- consulting the corresponding services and sections on the issues of legislation conformance regarding accounting and reporting regulation, taxation and other issues of DICA competence

Cooperation with executive bodies of the Issuer's management and Board of Directors (supervisory board) of the Issuer: cooperation is carried out according to current Issuer's Regulations on Department of Internal Control and Audit and Regulation on Internal Control Procedures in "IDGC of the South" JSC. Apart from that, Internal

Control Policy of "IDGC of the South" JSC and Risk Management Policy of "IDGC of the South" JSC (Minutes No. 47/2010 dated 11.06.2010) were approved by decisions of Board of Directors of "IDGC of the South" JSC in the accounting quarter.

Since December 1, 2009 Audit Committee at the Board of Directors of "IDGC of the South" JSC is acting in the Company. Main goal of the Committee is to provide efficient work of the Board of Directors solving problems regarded to its competence. Working out and submission of recommendations (decisions) to the Board of Directors of the Company in the sphere of Audit and Accounts of the Company are objectives of the Company.

Coordination of Internal Audit Service and outside Auditor of the Issuer: not stipulated by the Issuer's internal documents.

The Issuer has adopted (approved) internal document regulating rules of preventing service (insider's) information use.

Data on documents preventing service (insider's) information use:

Control of insider information use is fulfilled in the Company on the basis of Regulations of Insider's Information of "IDGC of the South", JSC approved by decision of Board of Directors of "IDGC of the South", JSC (Minutes No.2/2007 dd. 03.09.2007).

Internet website where full text of Regulations on Insider's Information of Open Joint Stock Company "Interregional Distribution Grid Company" (current revision) is available in free access: <http://en.mrsk-yuga.ru/management/regulations/>

5.5. Data on Members of Authorities Undertaking Control over the Issuer's Financial and Economic Activities

Name of authority controlling Issuer's financial and economic activities: Auditing Committee of "IDGC of the South", JSC elected by decision of Annual General Shareholders Meeting of "IDGC of the South", JSC on 15.06.2010 (minutes No.4 dd. 16.06.2010).

Surname, name, patronymics: **Alimuradova Izumrud Aligadzhievna** (chairman)

Year of birth: 1971

Education: Lenin State University of Dagestan, specialty: "Economics", qualification: "Economist".

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
form	up to		
2003	2009	"Energokonsalting" JSC	Development Director
2009	now	"IDGC Holding", JSC	Head of Internal Audit Department

The person has no participation shares/ordinary shares in authorized capital of the Issuer

Number of shares of the Issuer of each category (class) that may be purchased by the person as a result of exercise of rights for owned options of the issuer: the issue did not issue options

Participation shares of the person in authorized (share) capital (unit investment fund) of subsidiaries and associated companies of the issuer

The person does not own the specified shares

Data on character of any family relations with other persons who are members of the management authorities of the issuer and/or authorities auditing the financial and economic activity of the issuer:

No specified family relations

Data on bringing the person to administrative responsibility for breaches of law related to finance, taxes and charges, securities market or to criminal responsibility (previous conviction) for crimes referring to economy or crimes against the state power:

The person was not brought to the specified kinds of responsibility

Data on positions held by the person in management authorities of commercial entities in periods when stated entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the legislation of the Russian Federation on Insolvency (Bankruptcy):

The person did not hold the specified positions

Surname, name, patronymics: **Arkhipov Vladimir Nikolaevich**

Year of birth: 1956

Education:

Novosibirsk Electronic Technical Institute of Communication, Telecommunications Engineer

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
from	up to		
2006	2009	“Rustel” CJSC	Director General
2009	now	“IDGC Holding”, JSC	First Deputy Head of Security Department

The person has no participation shares/ordinary shares in authorized capital of the Issuer

Number of shares of the Issuer of each category (class) that may be purchased by the person as a result of exercise of rights for owned options of the issuer: the issue did not issue options

Participation shares of the person in authorized (share) capital (unit investment fund) of subsidiaries and associated companies of the issuer

The person does not own the specified shares

Data on character of any family relations with other persons who are members of the management authorities of the issuer and/or authorities auditing the financial and economic activity of the issuer:

No specified family relations

Data on bringing the person to administrative responsibility for breaches of law related to finance, taxes and charges, securities market or to criminal responsibility (previous conviction) for crimes referring to economy or crimes against the state power:

The person was not brought to the specified kinds of responsibility

Data on positions held by the person in management authorities of commercial entities in periods when stated entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the legislation of the Russian Federation on Insolvency (Bankruptcy):

The person did not hold the specified positions

Surname, name, patronymics: **Stepanova Maria Dmitrievna**

Year of birth: 1982

Education:

Moscow State University named after Lomonosov M.V.

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
from	up to		
2006	2008	RAO "UES of Russia", JSC	Chief Expert of Department for Shareholders Relations and Liquidity Support Arrangement
2008	now	"IDGC Holding", JSC	Head of Shareholders Relations Section at the Department for Corporate Management and Shareholders Relations
2009	2010	"Kalmenergosbyt" JSC, "Special Design Bureau of Heat and Power Equipment at Russian Heat Engineering Institute" JSC, "Estate Property of All-Russian Scientific Research and Design Institute for Power Industry" JSC	Member of the Board of Directors

The person has no participation shares/ordinary shares in authorized capital of the Issuer

Number of shares of the Issuer of each category (class) that may be purchased by the person as a result of exercise of rights for owned options of the issuer: the issuer did not issue options

Participation shares of the person in authorized (share) capital (unit investment fund) of subsidiaries and associated companies of the issuer

The person does not own the specified shares

Data on character of any family relations with other persons who are members of the management authorities of the issuer and/or authorities auditing the financial and economic activity of the issuer:

No specified family relations

Data on bringing the person to administrative responsibility for breaches of law related to finance, taxes and charges, securities market or to criminal responsibility (previous conviction) for crimes referring to economy or crimes against the state power:

The person was not brought to the specified kinds of responsibility

Data on positions held by the person in management authorities of commercial entities in periods when stated entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the legislation of the Russian Federation on Insolvency (Bankruptcy):

The person did not hold the specified positions

Surname, name, patronymics: **Meshalova Galina Ivanovna**

Year of birth: 1957

Education: North Ossetian State University of Vladikavkaz, Faculty of Economics, specialty: "Industry Planning"

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity name	Position
from	up to		
2004	2009	"Energokonsalting" JSC	Main Specialist of the Department for Management Consulting
2009	now	"IDGC Holding" JSC	Examiner-in-Chief of the Section for Internal Audit, Audit and Arbitration at the Department of Internal Audit and Risk Management

The person has no participation shares/ordinary shares in authorized capital of the Issuer

Number of shares of the Issuer of each category (class) that may be purchased by the person as a result of exercise of rights for owned options of the issuer: the issuer did not issue options

Participation shares of the person in authorized (share) capital (unit investment fund) of subsidiaries and associated companies of the issuer

The person does not own the specified shares

Data on character of any family relations with other persons who are members of the management authorities of the issuer and/or authorities auditing the financial and economic activity of the issuer:

No specified family relations

Data on bringing the person to administrative responsibility for breaches of law related to finance, taxes and charges, securities market or to criminal responsibility (previous conviction) for crimes referring to economy or crimes against the state power:

The person was not brought to the specified kinds of responsibility

Data on positions held by the person in management authorities of commercial entities in periods when stated entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the legislation of the Russian Federation on Insolvency (Bankruptcy):

The person did not hold the specified positions

Surname, name, patronymics: **Philippova Irina Aleksandrovna**

Year of birth: 1958

Education: Ryazan Agricultural Institute named after professor Kostychev, specialty: "Accounting".

All positions held by the person at the Issuer Company and other entities within the last five years and now, including part-time job

Period		Entity	Position
from	up to		
2006	2009	"Energokonsalting" JSC	Examiner-in-Chief, Main Specialist
2009	now	"IDGC Holding" JSC	Examiner-in-Chief of the Section for Audit Conducting at the Department of Internal Audit

The person has no participation shares/ordinary shares in authorized capital of the Issuer

Number of shares of the Issuer of each category (class) that may be purchased by the person as a result of exercise of rights for owned options of the issuer: the issuer did not issue options

Participation shares of the person in authorized (share) capital (unit investment fund) of subsidiaries and associated companies of the issuer

The person does not own the specified shares

Data on character of any family relations with other persons who are members of the management authorities of the issuer and/or authorities auditing the financial and economic activity of the issuer:

No specified family relations

Data on bringing the person to administrative responsibility for breaches of law related to finance, taxes and charges, securities market or to criminal responsibility (previous conviction) for crimes referring to economy or crimes against the state power:

The person was not brought to the specified kinds of responsibility

Data on positions held by the person in management authorities of commercial entities in periods when stated entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the legislation of the Russian Federation on Insolvency (Bankruptcy):

The person did not hold the specified positions

5.6. Data on Amount of Remuneration, Benefits and/ or Reimbursement of Expenses of Authority Undertaking Control over the Issuer's Financial and Economic Activities

All kinds of remuneration are specified, including wages, bonuses, awards, benefits and (or) reimbursement of expenses, and other property advancements discharged by the Issuer for the last completed financial year:

Unit of measurement: rub

Name of the authority undertaking control over the Issuer's financial and economic activity:

Auditing Committee of "IDGC of the South", JSC elected by decision of Annual General Shareholders Meeting of the Issuer on 15.06.2010 (Minutes No.4 dd. 16.06.2010)

Remuneration	49 888
Wages	0
Bonuses	0
Awards	0
Benefits	0
Reimbursement for expenses	675 418.42
Other property advancements	0
Other	0
TOTAL	725 306.42

Data on current agreements about such payments in the financial year:

Payment of remuneration to members of Auditing Committee of the Issuer is carried out according to the revised Regulations on Payment of Remuneration and Compensation to Members of Auditing Committee of Open Joint Stock Company "IDGC of the South" approved by decision of Annual General Shareholders Meeting of "IDGC of the South", JSC (Minutes No.1 dd. 4.06.2008).

According to cl. 3.1 of the Regulations, for participation in financial and economic activity check (audit), a member of Auditing Committee of the Company receives lump sum remuneration in the amount equivalent to five minimum monthly tariff rates of the first category worker established by the sectoral tariff agreement in electric energy complex of the Russian Federation (further on referred to as Agreement) for the period of carrying out the check (audit), indexed in conformity with the Agreement. Payment of the compensation specified in cl. 3.1 of the Regulations should be made within one week term after drawing up the report following the results of the check (audit) held. According to clause 3.3 of the Regulations, the amount of remunerations paid to Chairman of Audit Committee increases by 50 %.

According to clause 3.2 of the Regulations, extra fee can to be paid for each financial and economic activity check in amount not exceeding twenty minimum monthly tariff rates of the first category worker, indexed in conformity with the Agreement. The procedure and terms of such payment are defined by Board of Directors of the Company.

According to clause 2.1 of the Regulations, charges related to participation in the Company's Auditing Committee meeting and carrying out of a check are compensated to members of the Company's Audit Committee according to norms of compensation of

travelling and living expenses of the Company actual by the moment of carrying out the meeting or the check,.

In accord with the Charter of “IDGC of the South” JSC, decisions on payment of remuneration and (or) reimbursement are taken by the General Shareholders Meeting of “IDGC of the South” JSC taking into account recommendations of the Board of Directors concerning the amount of such remunerations and (or) reimbursement. Volume and order of the payment are determined by the abovementioned Regulation.

Besides, members of Auditing Committee of “IDGC of the South”, JSC holding staff positions in the Company at the same time are paid wages according to their positions in the staff schedule and Regulations on Payment for Labour.

Remuneration payment to the employees of Internal Control and Audit Department of “IDGC of the South”, JSC was made in 2010 according to the terms of their labour contracts.

No additional agreements were made with members of Auditing Committee as well as with employees of Internal Control and Audit Department of “IDGC of the South”, JSC concerning payments by the Issuer.

Members of the Company’s auditing Committee were not paid remuneration in the 1st quarter of 2011.

Amount of remuneration to hereinabove mentioned authority following performance indicators for the last completed financial year stated (approved) by the authorized management body of the Issuer but not actually paid as of the end of the accounting period:

Facts specified are absent

Additional information

Short review of “IDGC of the South”, JSC Auditing Committee activity

In the 1st quarter of 2011 the Committee did not hold the meetings.

Minutes of meetings of the Audit Committee for the whole period of its activity are available at corporate website at: <http://en.mrsk-yuga.ru/management/auditing/>

5.7. Data on Headcount and Generalized Data on Education and Structure of the Issuer’s Employees (Staff Members), and also on Headcount Change of the Issuer

Indicator	2010	1st quarter 2011
Average number of employees	15 123	14 791
Employees with higher education, %	35.6	36.2
Volume of money transferred for remuneration of labour	4 284 374	1 019 847.2
Volume of money transferred for social benefits	43 827.4	10 636
Total amount of money	4 328 201.4	1 030 483.2

No significant changes in amount of employees occurred. Other employees that may have significant impact (specified in clause 5.2 of the present quarterly report) on issuer's business activity are absent. The labour unit was not established.

5.8. Data on any Obligations of the Issuer to Employees (Staff Members) Concerning Possibility of their Participation in the Authorized (Share) Capital (Share Fund) of the Issuer

The Issuer has no obligations to employees (staff members) concerning possibility of their participation in the authorized (share) capital (share fund) of the Issuer

VI. Data on Participants (Shareholders) of the Issuer and on the Issuer's Interested Parties Transactions

6.1. Data on the Total Amount of Shareholders (Participants) of the Issuer

Total number of persons indicated in the register of shareholders of the Issuer as of the expiration date of the last accounting quarter: 9 307

Total number of nominee shareholders of the Issuer: 11

6.2. Data on Participants (Shareholders) of the Issuer Holding at least 5 percent of Authorized (Share) Capital (Share Fund) or at least 5 percent of Ordinary Shares, as well as Data on Participants (Shareholders) of the Bodies Holding at least 20 percent of Authorized (Share) Capital (Share Fund) or at least 20 percent of Ordinary Shares

Participants (shareholders) of the Issuer holding at least 5 percent of the Issuer's authorized (share) capital (share fund) or at least 5 percent of ordinary shares

Full company name: **Open Joint Stock Company "Interregional Distribution Grid Companies Holding"** (as of 07.05.2010, holder of record date)

Short company name: **"IDGC Holding", JSC**

Location:

5A Academician Chelomey St., Moscow, 117630

TIN: 7728662669

PSRN: 1087760000019

Stake in the Issuer's authorized capital, %: 51.66

Stake of the Issuer's ordinary shares held, %: 51.66

Shareholders (participants) of the hereinabove mentioned person holding at least 20 percent of the authorized (share) capital or at least 20 percent of ordinary shares

Full company name: the Russian Federation represented by the Federal Agency for Management of Federal Property.

Short company name: Rosimuschestvo

Location:

9 Nikolskiy alley, Moscow, Russia, 103685

TIN: 7710723134

PSRN: 1087746829994

Stake in the authorized capital of the participant (shareholder), %: 52.68

Stake of the ordinary shares of the participant (shareholder) held, %: 54.99

Stake in the authorized capital of the Issuer, %: 0.139

Stake of the ordinary shares of the participant (shareholder) held, %: 0.139

Full company name: **Limited Liability Company “Management - Consulting” (“Trust Management”)** (performing trust management of mutual investment fund “**Closed Mutual Investment Fund of “Resource” Shares**) (20.04.2011 the issuer received information about selling by the shareholder its shares on 21.03.2011)

Short company name: **“Management - Consulting”, LLC**

Location:

6 Krasnopresnenskaya Naberezhnaya, Moscow, 123100

TIN: 7702203678

PSRN: 1027700050168

Stake in the Issuer’s authorized capital, %: 21.36

Stake of the Issuer’s ordinary shares held, %: 21.36

Shareholders (participants) of this person holding at least 20 percent of the authorized (share) capital or at least 20 percent of ordinary shares:

Full company name: **“Consulting Group” Closed Joint Stock Company**

Short company name: **“Consulting Group” CJSC**

Location:

6 Krasnopresnenskaya Naberezhnaya, Moscow, 123100

TIN: 7703337402

PSRN: 1027739211610

Stake in the authorized capital of the participant (shareholder), %: 100

Stake of the ordinary shares of the participant (shareholder) held, %: 0

Stake of the Issuer’s ordinary shares held, %: 0

Nominee holder

Information on nominee holder:

Full company name: **“Depositary and Corporate Technologies” Limited Liability Company**

Short company name: **“DCT”, LLC**

Location

Building 1, 17 Ramenki St., Moscow, 119607

TIN: 7729520219

PSRN: 1057746181272

Telephone: (495) 641-3031

Fax: (495) 641-3031

E-mail address: dkt@depotech.ru

Data on license of professional participant of the securities market

Number: 177-11151-000100

Date of issue: 03.04.2008

Valid until:

Without limitation of validity period

License issuing authority: FSEC (FFMS) of Russia

Number of ordinary shares of the Issuer registered in the Issuer's list of shareholders under the name of the nominal holder: 25 730 843 051

Number of preferred shares of the Issuer registered in the Issuer's list of shareholders under the name of the nominal holder: 0

Nominee holder

Information on nominee holder:

Full company name: **"ING BANK (EURASIA) ZAO" (Closed joint Stock Company)**

Short company name: **"ING BANK (EURASIA) ZAO"**

Location

36 Krasnoproletarskaya St., Moscow, Russia, 127473

TIN: 77120114310

PSRN: 1027739329375

Telephone: (495) 755-5400

Fax: (495) 755-5499

E-mail address: mail.russia@ingbank.com

Data on license of professional participant of the securities market

Number: 177-03728-000100

Date of issue: 07.12.2000

Valid until:

Without limitation of validity period

License issuing authority: FSEC (FFMS) of Russia

Number of ordinary shares of the Issuer registered in the Issuer's list of shareholders under the name of the nominal holder: 11 885 452 498

Number of preferred shares of the Issuer registered in the Issuer's list of shareholders under the name of the nominal holder: 0

Nominee holder

Information on nominee holder:

Full company name: **Closed Joint Stock Company "Depository and Clearing Company"**

Short company name: **"DCC", CJSC**

Location

Building Б, 31 Shabolovka st, Moscow, 115162

TIN: 7710021150

PSRN: 1027739143497

Telephone: (495) 956-0999

Fax: (495) 232-6804

E-mail: dcc@dcc.ru

Data on license of professional participant of the securities market

Number: 177-06236-000100

Date of issue: 09.10.2002

Valid until:

Without limitation of validity period

License issuing authority: FSEC (FFMS) of Russia

Number of ordinary shares of the Issuer registered in the Issuer's list of shareholders under the name of the nominal holder: 3 373 660 452

Nominee holder

Information on nominee holder:

Full company name: **Non-profit Partnership "National Depository Centre"**

Short company name: **"NDC", CJSC**

Location

Building 4, 1/13 Sredniy Kislovskiy per, Moscow, Russia, 125009

TIN: 7706131216

PSRN: 1027739097011

Telephone: (495) 234-4865

Fax: (495) 956-0938

E-mail address: dc@ndc.ru

Data on license of professional participant of the securities market

Number: 177-03431-000100

Date of issue: 04.12.2000

Valid until:

Without limitation of validity period

License issuing authority: FSEC (FFMS) of Russia

Number of ordinary shares of the Issuer registered in the Issuer's list of shareholders under the name of the nominal holder: 7 067 742 857

Full company name: **Lancrenan Investments Limited Company**

Short company name: no

Location

Office 210, 9 Giannu Kranidioti, Nicosia, Cyprus 1065

Stake in the Issuer's authorized capital, %: 8.51

Stake of the Issuer's ordinary shares held, %: 8.51

Shareholders (participants) of the hereinabove mentioned person holding at least 20 percent of the authorized (share) capital or at least 20 percent of ordinary shares

The information on the mentioned entities is not provided (absent)

Full company name: **Protsvetaniye Holdings Limited**

Short company name: no

Location

Office 210, 9 Giannu Kranidioti, Nicosia, Cyprus 1065

Stake in the Issuer's authorized capital, %: 8.91

Stake of the Issuer's ordinary shares held, %: 8.91

Shareholders (participants) of the hereinabove mentioned person holding at least 20 percent of the authorized (share) capital or at least 20 percent of ordinary shares

The information on the mentioned entities is not provided (absent)

6.3. Data on State or Municipal Unit Stake in Authorized (Share) Capital (Share Fund) of the Issuer, Availability of Special Right ("golden share")

Stake of the Issuer's authorized (share) capital (fund) in federal ownership, %: 0.139

Person managing the stake

Full company name: Federal Agency for Management of Federal Property

Stake of the Issuer's authorized (share) capital (fund) owned by subjects of the Russian Federation:

Specified stake is absent

Stake of the Issuer's authorized (share) capital (fund) in municipal ownership:

Specified stake is absent

Special right for participation of the Russian Federation, subjects of the Russian Federation, municipal units in management of the Issuer (Joint Stock Company) (“golden share”):

Specified right is not stipulated

6.4. Data on Restrictions to Participation in the Authorized (Share) Capital (Share Fund) of the Issuer

There are restrictions to participation in authorized (share) capital (share fund) of the Issuer.

6.5. Data on Changes in Composition and Amount of Participation of Shareholders (Participants) of the Issuer Holding at least 5 percent of Authorized (Share) Capital (Share Fund) or at least 5 percent of Ordinary Shares

Structure of the Issuer’s shareholders (participants) who held at least 5 percent of the Issuer’s authorized (share) capital (at least 5 percent of the Issuer’s ordinary shares – for Issuers representing joint stock companies) as of the date of drawing up the list of the persons entitled to participate in each General Shareholders Meeting for the 5 latest completed financial years prior to the termination date of the accounting period, or for each completed financial year preceding the termination date of the accounting period in case the Issuer has been functioning less than 5 years; and for the last quarter according to the list of the persons who had a right to participate in each of such meetings.

Date of drawing up the list of persons who are entitled to participate in the Issuer’s Shareholders (participants) Meeting: 05.10.2007

List of shareholders (participants)

Full company name: **Russian Joint Stock Company of power and electrification “UES of Russia”**

Short company name: **RAO “UES of Russia”, JSC**

Stake of the person in the Issuer’s authorized capital, %: 100

Stake of the Issuer’s ordinary shares held by the person, %: 100

Date of drawing up the list of persons who are entitled to participate in the Issuer’s Shareholders (participants) Meeting: 25.12.2007

List of shareholders (participants)

Full company name: **Russian Joint Stock Company of power and electrification “UES of Russia”**

Short company name: **RAO “UES of Russia”, JSC**

Stake of the person in the Issuer’s authorized capital, %: 100

Stake of the Issuer’s ordinary shares held by the person, %: 100

Date of drawing up the list of persons who are entitled to participate in the Issuer's Shareholders (participants) Meeting: 28.02.2008

List of shareholders (participants)

Full company name: **Russian Joint Stock Company of power and electrification "UES of Russia"**

Short company name: **RAO "UES of Russia", JSC**

Stake of the person in the Issuer's authorized capital, %: 100

Stake of the Issuer's ordinary shares held by the person, %: 100

Date of drawing up the list of persons who are entitled to participate in the Issuer's Shareholders (participants) Meeting: 18.04.2008

List of shareholders (participants)

Full company name: **Russian Joint Stock Company of power and electrification "UES of Russia"**

Short company name: **RAO "UES of Russia", JSC**

Stake of the person in the Issuer's authorized capital, %: 51.66

Stake of the Issuer's ordinary shares held by the person, %: 51.66

Full company name: **Closed Joint Stock Company "Promregion Holding"**

Short company name: **"Promregion Holding", CJSC**

Stake of the person in the Issuer's authorized capital, %: 16.21

Stake of the Issuer's ordinary shares held by the person, %: 16.21

Full company name: **Renaissance Securities (Cyprus) Limited**

Short company name: the Issuer does not have information

Stake of the person in the Issuer's authorized capital, %: 5.22

Stake of the Issuer's ordinary shares held by the person, %: 5.22

Date of drawing up the list of persons who are entitled to participate in the Issuer's Shareholders (participants) Meeting: 08.05.2009

List of shareholders (participants)

Full company name: **Open Joint Stock Company "Holding of Interregional Distribution Grid Companies"**

Short company name: **"IDGC Holding", JSC**

Stake of the person in the Issuer's authorized capital, %: 51.66

Stake of the Issuer's ordinary shares held by the person, %: 51.66

Full company name: **Oflamenta Trading Limited**

Short company name: the Issuer does not have information

Stake of the person in the Issuer's authorized capital, %: 21.15

Stake of the Issuer's ordinary shares held by the person, %: 21.15

Full company name: **Renaissance Securities (Cyprus) Limited**

Short company name: the Issuer does not have information

Stake of the person in the Issuer's authorized capital, %: 5.05

Stake of the Issuer's ordinary shares held by the person, %: 5.05

Date of drawing up the list of persons who are entitled to participate in the Issuer's Shareholders (participants) Meeting: 03.07.2009

List of shareholders (participants)

Full company name: **Open Joint Stock Company "Holding of Interregional Distribution Grid Companies"**

Short company name: **"IDGC Holding", JSC**

Stake of the person in the Issuer's authorized capital, %: 51.66

Stake of the Issuer's ordinary shares held by the person, %: 51.66

Full company name: **Limited liability company "Management - Consulting" ("Trust Management") (performing trust management of mutual investment fund "Closed Mutual Investment Fund of Shares "Resource")**

Short company name: **"Management - Consulting", LLC**

Stake of the person in the Issuer's authorized capital, %: 21.15

Stake of the Issuer's ordinary shares held by the person, %: 21.15

Full company name: **Limited Liability Company "Managing Company "AGANA" Trust management. Closed blend share fund "Strategic assets" managed by LLC "Managing Company "AGANA"**

Short company name: **"Managing Company "AGANA", LLC**

Stake of the person in the Issuer's authorized capital, %: 5.15

Stake of the Issuer's ordinary shares held by the person, %: 5.12

Full company name: **Renaissance Securities (Cyprus) Limited**

Short company name: the Issuer does not have information

Stake of the person in the Issuer's authorized capital, %: 5.08

Stake of the Issuer's ordinary shares held by the person, %: 5.08

Date of drawing up the list of persons who are entitled to participate in the Issuer's Shareholders (participants) Meeting: 07.05.2010

List of shareholders (participants)

Full company name: **Open Joint Stock Company "Holding of Interregional Distribution Grid Companies"**

Short company name: **"IDGC Holding", JSC**

Stake of the person in the Issuer's authorized capital, %: 51.66

Stake of the Issuer's ordinary shares held by the person, %: 51.66

Full company name: **Limited liability company "Management - Consulting" ("Trust Management") (performing trust management of mutual investment fund "Closed Mutual Investment Fund of Shares "Resource")**

Short company name: **"Management - Consulting", LLC**

Stake of the person in the Issuer's authorized capital, %: 21.36

Stake of the Issuer's ordinary shares held by the person, %: 21.36

6.6. Data on the Issuer's Interested parties Transactions

Data on number and monetary volume of the Issuer's transactions considered to be transactions of interest which required approval by the authorized management body of the Issuer according to legislation of the Russian Federation and concluded in the last accounting period.

Unit of measurement: rub

Item description	Total number	Total volume in monetary terms
Interested parties transactions which required approval by the authorized management body of the Issuer	8	161 347 508
Interested parties transactions concluded in the accounting period and approved by General Meeting of participants (shareholders)	0	0
Interested parties transactions concluded for the accounting period and approved by Board of Directors (supervisory board) of the Issuer	8	161 347 508
Interested parties transactions for the accounting period which required approval yet were not approved by the authorized management body of the Issuer	0	0

Data on transactions (groups of associated transactions) concluded by the Issuer in the accounting period making of at least 5 (five) percent of the balance sheet cost of the Issuer's funds as of the last accounting date before the transaction

No such transactions were made.

Total amount (in money terms) of transactions of interest in the last accounting quarter, rub: 161 347 507.98

Data on interested parties transactions (a group of associated transactions) decision on approval of which was not taken by Board of Directors (supervisory board) or the Issuer's General Shareholders (participants) Meeting if such approval is obligatory according to the legislation of the Russian Federation

No such transactions were made.

Additional Information

Quarterly Review of Interested Party Transactions Closed by "IDGC of the South", JSC

No.	Requisite elements of documents	Contractor	Amount of transaction, rbs	Content
1	Contract No. 2 dd 11.02.2011	"Energoservis Yuga", JSC	120 835	Transfer for temporary possession and usage of non-residential premises No. 36a with total area 16.9 square km, located on 4 th floor of administrative building at: 49 Bolshaya Sadovaya St., Rostov-on-Don.
2	Agreement No. СДУ - 2/2010/49 dd 01.02.2011	"System Operator of Unified Electric Grids" (SO UES)	0	Centralized dispatcher control of unified energy system of Russia for reliable operation of the system.
3	Contract No. 0037-2011 dd 28.02.2011	"System Operator of Unified Electric Grids" (SO UES)	34 572.23	Transfer for temporary possession and usage of non-residential premises with total area 9 square kilometers located at: Northern industrial zone, Elista, Kalmykia Republic 358007.
4	Contract No. 3470110063 dd 21.01.2011	"System Operator of Unified Electric Grids" (SO UES)	75 855.12	Transfer for temporary possession and usage of personal property
5	Contract No.100 dd 16.03.2011	"Kubanenergobyt", JSC	At most 2% of balance sheet asset of the Company	Sale of electric energy
6	Agreement No. 86 dated 16.03.2011	"Astrakhanelektrosetremont", JSC	167 179.59	Costs compensation for land rent
7	Contract No. 136 dd 10.03.2011	"IDGC Holding", JSC	158 883 840	Rendering the Company services on organization of operation and development of distribution grid complex
8	Contract No. 141 dd 28.03.2011	"IDGC of Centre and Volga region"	2 065 226.04	Repair and emergency works on recovery of accidents

				consequences at facilities of “Nizhnovenergo” – branch of “IDGC of Centre and Volga region”
			Total	161 347 507.98

Information on transactions

In the reported quarter the Issuer has made **582** transactions with state-owned companies; total transaction amount inclusive of VAT equals **100 998 130.54** rubles. Subjects of transactions closed with state-owned companies in the reported quarter are as follows:

- Rendering technological connection services;
- Rendering electricity transmission services;
- Opening of revolving credit line;
- Rendering general and new postage services;
- Rendering services for periodic medical examinations;
- Rendering services for hard domestic waste removal;
- Land and estate property renting;
- Provision of services for a fee;
- Rendering services for training and professional development of personnel;
- Real estate leasing and other

The following transactions have not been closed in the reported quarter: Issuer's transactions with its shareholders, holding at least 5% of the voting shares.

6.7. Data on the Amount of Accounts Receivable

as of 2010

Unit of measurement: rub.

Type of accounts receivable	Maturity	
	up to 1 year	more than 1 year
Accounts receivable from buyers and customers	6 781 836 000	33 875 000
including overdue	3 734 711 000	x
Accounts receivable from bills	0	0
including overdue	0	x
Accounts receivable from participants (founders) on payments to share capital	0	0
including overdue	0	x
Accounts receivable from advances paid	266 437 000	12 990 000
including overdue	149 966 000	x
Other accounts receivable	985 002 000	658 100 000
including overdue	433 291 000	x
Total	8 033 275 000	704 965 000
including overdue	4 317 968 000	x

Debtors with less 10% of debt from total amount of accounts receivable for the specified period:

Full company name: Open Joint Stock Company "Energosbyt Rostovenergo"
Short name: "Energosbyt Rostovenergo", JSC
Location: Rostov-on-Don
Sum of accounts receivable, rub.: 1 106 386 000
Amount and terms of overdue receivables (interest rate, penalties, fines): 1 066 251 000
Debtor is an affiliated person of the issuer: no

Full company name: Open Joint Stock Company "Volgogradenergosbyt"
Short name: "Volgogradenergosbyt", JSC
Location: Volgograd
Sum of accounts receivable, rub.: 1 564 924 000
Amount and terms of overdue receivables (interest rate, penalties, fines): 293 565 000
Debtor is an affiliated person of the issuer: no

Full company name: Municipal Unitary Production Enterprise "Inter-district electric grids of Volgograd"
Short name: MUPP VMES of Volgograd
Location: Volgograd
Sum of accounts receivable, rub.: 1 094 662 000
Amount and terms of overdue receivables (interest rate, penalties, fines): 580 752 000
Debtor is an affiliated person of the issuer: no

as of the end of the reporting quarter

Unit of measurement: rub.

Type of accounts receivable	Maturity	
	up to 1 year	more than 1 year
Accounts receivable from buyers and customers	7 504 312 000	32 770 000
including overdue	4 406 827 000	x
Accounts receivable from bills	0	0
including overdue	0	x
Accounts receivable from participants (founders) on payments to share capital	0	0
including overdue	0	x
Accounts receivable from advances paid	404 394 000	0
including overdue	193 520 000	x
Other accounts receivable	743 900 000	629 882 000
including overdue	85 410 000	x
Total	8 652 606 000	662 652 000
including overdue	5 053 718	x

Debtors with less 10% of debt from total amount of accounts receivable for the specified period

Full company name: Open Joint Stock Company "Volgogradenergosbyt"
Short name: "Volgogradenergosbyt", JSC
Location: Volgograd

Sum of accounts receivable, rub.: 1 702 154 000
 Amount and terms of overdue receivables (interest rate, penalties, fines):
 874 541 000.00
 Debtor is an affiliated person of the issuer: no

Full company name: Municipal Unitary Production Enterprise “Inter-district electric grids of Volgograd”
 Short name: MUPP VMES of Volgograd
 Location: Volgograd
 Sum of accounts receivable, rub.: 1 208 187 000
 Amount and terms of overdue receivables (interest rate, penalties, fines): 833 179 000
 Debtor is an affiliated person of the issuer: no

Full company name: Open Joint Stock Company “Energosbyt Rostovenergo”
 Short name: “Energosbyt Rostovenergo”, JSC
 Location: Rostov-on-Don
 Sum of accounts receivable, rub.: 1 180 054
 Amount and terms of overdue receivables (interest rate, penalties, fines): 779 981 000
 Debtor is an affiliated person of the issuer: no

VII. Accounting Reports of the Issuer and Other Financial Information

7.1. Annual Accounting Reports of the Issuer

2010

Accounting balance for December 31, 2010

		Code
Form No. 1 as per Russian National Classification of Management Documentation (RNCMD)		0710001
	Date	31.12.2010
Organization: “ IDGC of the South ”, JSC	as per Russian National Classifier of Business Organizations (RNCBO)	80380011
Taxpayer Identification Number	TIN	6164266561
Type of activity: electric energy transmission	as per Russian National Classifier of Economic Activities (RNCEA)	40.10.2
Legal form of organization / form of ownership: open joint stock company	as per Russian National Classifier of Forms of Incorporation (RNCFI)/ Russian National Classifier of Forms of Ownership (RNCFO)	47 16
Unit of measurement: ths.rub.	as per Russian National Classifier of Measurement Units (RNCMU)	384
Location (address)	49 Bolshaya Sadovaya St., Rostov-on-Don, Russia 344002	

ASSETS	Line	as of the beginning of the accounting year	as of the end of the accounting year
1	2	3	4
I. NON-CURRENT ASSETS			
Intangible assets	110	4 426	3 324
Fixed assets	120	25 472 480	24 866 892
Construction-in-process	130	1 493 351	1 706 538
Interest-bearing investments in the tangible assets	135	-	-
Long-term financial investments	140	453 503	461 702
Deferred tax assets	145	75 598	232 576
other non-current assets	150	7 455	0
TOTAL section I	190	27 506 813	27 362 032
II. CURRENT ASSETS			
Inventories	210	1 372 322	1 394 400
raw materials, materials and other similar assets	211	733 382	778 919
animals for breeding and fattening	212	-	-
expenses for goods-in-process (distribution cost)	213	-	-
finished products and goods for resale	214	3 353	7 675
Goods loaded	215	-	-
expenses for future periods	216	635 587	607 806
other inventories and expenditures			
Value Added Tax for acquired assets	220	25 182	17 751
Accounts receivable (that are due to pay beyond 12 months)	230	970 488	704 965
buyers and customers	231	905 368	33 875
Accounts receivable (that are due to pay in the next 12 months)	240	10 190 530	8 033 275
buyers and customers	241	7 154 550	6 781 836
Short-term financial investments	250		20 000
Cash assets	260	1 399 725	338 132
Other current assets	270	-	-
TOTAL section II	290	13 958 247	10 508 523
BALANCE	300	41 465 060	37 870 555

LIABILITIES	Line	as of the beginning of the accounting year	as of the end of the accounting year
1	2	3	4
III. CAPITAL AND RESERVES			

Authorized capital	410	4 981 110	4 981 110
Share payback	411	-	-
Additional fund	420	14 847 987	14 829 755
Reserve capital	430	142 867	142 867
Including:			
provisions formed according to legislative	431	142 867	142 867
provisions formed according to constituent documents	432	-	-
Undistributed profit (uncovered loss)	470	216 754	- 3 354 856
TOTAL section III	490	20 188 718	16 598 876
IV. LONG-TERM LIABILITIES			
Loans and credits	510	11 719 958	12 766 736
Deferred tax liabilities	515	284 330	287 512
Other long-term liabilities	520	72 322	18 162
TOTAL section IV	590	12 076 610	13 073 110
V. SHORT-TERM LIABILITIES			
Loans and credits	610	1 463 900	1 400 000
Accounts payable	620	7 635 835	6 720 179
Including:			
suppliers and contractors	621	5 761 241	5 284 313
amounts owed to the company staff	622	202 548	144 119
amounts owed to non-budget funds	623	53 844	66 507
tax and dues debts	624	219 871	58 657
other creditors	625	1 398 331	1 116 583
Amounts owed to participants (founders) as dividends	630	12 492	1 894
Profit for future periods	640	87 505	76 496
Reserves for future expenses	650	-	-
Other short-term liabilities	660	-	-
TOTAL section V	690	9 199 732	8 198 569
BALANCE	700	41 465 060	37 870 555

Statement of assets charged on off-balance accounts			
Item	Line	as of the beginning of the accounting year	as of the end of the accounting year
1	2	3	4
Rented fixed assets	910	4 846 647	5 135 237
including leasing	911	225 365	90 590
Inventory holdings received for responsible storage	920	169 493	66 958
Goods for commission	930	-	533
Declared as loss liabilities of insolvent debtors	940	427 599	364 284
Securities for obligations and payments received	950	6 000 000	6 000 000
Securities for obligations and payments given	960	850 858	11 738

Housing facilities deterioration	970	927	973
Deterioration of objects of beautification and other similar objects	980	-	-
Intangible assets, received for usage	990	269 024	303 264

**Profit and loss statement
for 2010**

		Code
Form No. 2 as per Russian National Classification of Management Documentation (RNCMD)		0710002
	Date	31.12.2009
Organization: "IDGC of the South", JSC	as per Russian National Classifier of Business Organizations (RNCBO)	80380011
Taxpayer Identification Number	TIN	6164266561
Type of activity: electric energy transmission	as per Russian National Classifier of Economic Activities (RNCEA)	40.10.2
Legal form of organization / form of ownership: open joint stock company	as per Russian National Classifier of Forms of Incorporation (RNCFI)/ Russian National Classifier of Forms of Ownership (RNCFO)	
Unit of measurement: ths.rub./mln.rub (delete as applicable)	as per Russian National Classifier of Measurement Units (RNCMU)	384

Indicator	Line	For the accountin g period	For the same previous period
1	2	3	4
Profits and expenditures for principal types of activities			
Revenue (net) from sale of goods, products, works, services (exclusive VAT, excise and similar obligatory payments)	010	22 014 387	19 027 439
Production cost of goods, products, works, services	020	-19 389 964	-16 567 828
Gross profit	029	2 624 423	2 459 611
Business expenses	030	-	-
Management expenses	040	-587 324	-665 057
Profit (loss) from sale	050	2 037 099	1 794 554
Other revenues and expenses			
Interest receivable	060	7 216	9
Interest payable	070	-1 732 641	-1 749 589
Profit from sharing in other companies	080	232	8
Other profits	090	772 590	391 837
Other expenses	100	-4 914 929	-1 395 922
Profit (loss) before tax	140	-3 830 433	-959 103
Deferred tax assets	141	248 063	11 030
Deferred tax liabilities	142	-3 451	-18 433
Current profit tax	143	-	-143 632

Other similar compulsory payments	144	-4 021	1 259
Profit (loss) before tax	150	240 591	149 776
Net profit (loss) of the reporting period	190	-3 589 842	-1 108 879
REFERENCE			
Constant tax liabilities (assets)	200	521	342 855
Base profit (loss) per share	201	-0.072	-0.0223
Diluted profit (loss) per share	202	-0.073	-0.0223

Indicator	Line	For the beginning of the accounting period		For the end of the accounting period	
		profit	loss	profit	loss
1	2	3	4	5	6
Fines, penalties, forfeits admitted or payable according to court (Arbitrage) decision	210	154 062	77 883	37378	76669
Profit (loss) of previous years	220	294 953	2 523 918	47041	543394
Compensation of damages for non-fulfillment of improper fulfillment of obligations	230	-	-	-	-
Foreign currency transactions differences	240	-	-	-	-
Deductions to valuated reserves	250	-	1 503 517	-	-
Writing-off receivables and payables with exceeded limitation period	260	73 421	227 925	349	64

Capital statement

		Code
Form No. 3 as per Russian National Classification of Management Documentation (RNCMD)		0710001
	Date	31.12.2010
Organization: "IDGC of the South", JSC	as per Russian National Classifier of Business Organizations (RNCBO)	80380011
Taxpayer Identification Number	TIN	6164266561
Type of activity: electric energy transmission	as per Russian National Classifier of Economic Activities (RNCEA)	40.10.2
Legal form of organization / form of ownership:	as per Russian National	

open joint stock company	Classifier of Forms of Incorporation (RNCFI)/ Russian National Classifier of Forms of Ownership (RNCFO)	
Unit of measurement: ths.rub.	as per Russian National Classifier of Measurement Units (RNCMU)	384
Location (address)	49 Bolshaya Sadovaya St., Rostov-on-Don, Russia 344002	

I. Capital statement

Indicator	Code	Charter capital	Additional capital	Reserve funds	Undistributed profit (uncovered loss)	Total
1	2	3	4	5	6	7
Balance as of December 31 of the year proceeding the previous year	010	4 981 110	14 857 284	118 565	1 300 363	21 257 322
Changes in accounting policy	020	-	-	-	-	-
Result of fixed assets revaluation	012	-	-	-	40 275	40 275
Changes in rules of accounting	013	-	-	-	-	-
Balance as of January 1 of the previous year	020	4 981 110	14 854	118 565	1 340 638	21 297 597
Balance for foreign currency translation	023	-	-	-	-	-
Net profit	025	-	-	-	-1 108 879	-1 108 879
Dividends	026	-	-	-	-	-
Deductions to the reserve fund	030	-	-	24 302	-24 302	-
Increase of capital value by:	040	-	-	-	-	-
additional issue of shares	041	-	-	-	-	-
increase of nominal value of shares	042	-	-	-	-	-
reorganization of legal entity	043	-	-	-	-	-
other	044	-	-	-	-	-
Decrease of capital value by:	050	-	-9 297	-	9 297	-
decrease of shares stated value	051	-	-	-	-	-
decrease of amount of shares	052	-	-	-	-	-
reorganization of legal entity	053	-	-	-	-	-
other	054	-	-9 297	-	9 297	-
Balance as of December 31 of the previous year	060	4 981 110	14 847 987	142 867	216 754	20 188 718
2010 (the reporting year)						
Changes in accounting policy	061	-	-	-	-	-
Result of fixed assets revaluation	062	-	-	-	-	-
Changes in rules of accounting	063	-	-	-	-	-

Balance as of January 1 of the reporting year	100	4 981 110	14 847 987	142 867	216 754	20 188 718
Balance for foreign currency translation	103	-	0	-	-	-
Net profit	105	-	-	-	-3 589 842	-3 589 842
Dividends	106	-	-	-	-	-
Deductions to the reserve fund	110	-	-	-	-	-
Increase of capital value by:	120	-	-	-	-	-
additional issue of shares	121	-	-	-	-	-
increase of nominal value of shares	122	-	-	-	-	-
reorganization of legal entity	123	-	-	-	-	-
other	124	-	-	-	-	-
Decrease of capital value by:	130	-	-18 232	-	18 232	-
decrease of shares stated value	131	-	-	-	-	-
decrease of amount of shares	132	-	-	-	-	-
reorganization of legal entity	133	-	-	-	-	-
other	134	-	-18 232	-	18 232	-
Balance as of December 31 of the previous year	140	4 981 110	14 829 755	142 867	-3 354 856	16 598 876

II. Provisions

Indicator		Balance	Received	Used	Balance
	code				
1	2	3	4	5	6
Provisions formed according to the legislation					
data of the previous year	150	118 565	24 302	-	142 867
data of the reporting year	151	142 867	-	-	142 867
Valuation provisions					
provision for doubtful debts					
data of the previous year	160	-	-	-	-
data of the reporting year	161	-	1 503 517	-	1 503 517

Notes

Indicator	Code	Balance as of the beginning of the year		Balance as of the end of the year	
1	2	3		4	
1) Net assets	200	20 276 223	16 675 372	20 276 223	16 675 372
		From budget		From non-budgetary funds	
		reporting year	previous year	reporting year	previous year
		3	4	5	6
2) Received for expenses on	210	4	9	-	-

primary activity, total					
including					
for payments to veterans of Chernobyl	211	-	-	-	-
Other	212	4	9	-	-
investments to noncurrent assets	220	-	-	-	-
including					

**Cash flow statement
for 2010**

		Code
Form No. 4 as per Russian National Classification of Management Documentation (RNCMD)		0710004
	Date	31.12.2010
Organization: "IDGC of the South", JSC	as per Russian National Classifier of Business Organizations (RNCBO)	80380011
Taxpayer Identification Number	TIN	6164266561
Type of activity	as per Russian National Classifier of Economic Activities (RNCEA)	40.10.2
Legal form of organization / form of ownership: open joint stock company	as per Russian National Classifier of Forms of Incorporation (RNCFI)/ Russian National Classifier of Forms of Ownership (RNCFO)	
Unit of measurement: ths.rub	as per Russian National Classifier of Measurement Units (RNCMU)	384

Indicator	Line	as of the reporting period	as of the same period of the previous year
1	2	3	4
Cash balance as of the beginning of the reporting year	010	1 399 659	490 724
Cash flow from ordinary activities			
Receipts from customers, consumers	020	23 146 691	19 095 525
Receipt of purchased foreign currency	030	-	-
Other revenues (receipts)	050	829 225	639 286
Cash allocated at:			
payment for goods, works, services, raw materials and other current assets	150	-13 636 296	-11 776 830
payment for labour	160	-3 828 685	-3 039 518
payment of dividends, interest	170	-1 729 811	-1 402 780
settlements in respect of taxes and levies	180	-2 971 025	-2 520 933
other expenses (payments)	190	-1 749 763	-617 932
Net cash from ordinary activities	200	60 336	376 818
Cash flow in investment activity			

Revenue from sale of facilities of fixed assets and other non-current assets	210	240	3 929
Revenue from security sales and other financial investments	220	-	-
Dividends received	230	232	8
Interest received	230	-	-
Receipts from discharged loans provided for other entities	250	-	-
Other receipts	260	10 748	20 313
Acquisition of subsidiaries	280	-	-
Purchased of fixed assets facilities, interest-bearing investments and intangible assets	290	-41 638	-40 948
Purchase of securities and other financial investments	300	-	-
Loans to other entities	310	-	-
Other expenses	320	-2 013 747	-2 885 311
Net cash from investment activity	340	-2 044 165	-2 902 009
Cash flow in financial activity			
Receipts from issue of shares or other equity securities	350	-	-
Receipts from loans and credits provide to other entities	360	9 200 000	14 542 810
Receipts for target financing	370	4	-
Other revenues	380	-	9
Discharge of loans and credits (interest excluded)	390	-8 220 000	-11 011 794
Payment of finance lease liabilities	400	-57 702	-95 899
Other expenses	405	-	-
Net cash from financial activity	410	922 302	3 434 126
Net increase (decrease) of cash assets and their equivalents	420	-1 061 527	908 935
Balance of cash assets as of the end of the reporting period	430	338 132	1 399 659
Influence of foreign currency change against ruble	440	-	-

Notes to the accounting balance for 2010

	Code
Form No. 5 as per Russian National Classification of Management Documentation (RNCMD)	0710005
	Date
	2010/12/31
Organization: "IDGC of the South", JSC	as per Russian National Classifier of
	80380011

	Business Organizations (RNCBO)	
Taxpayer Identification Number	TIN	6164266561
Type of activity	as per Russian National Classifier of Economic Activities (RNCEA)	40.10.2
Legal form of organization / form of ownership	as per Russian National Classifier of Forms of Incorporation (RNCFI)/ Russian National Classifier of Forms of Ownership (RNCFO)	47 16
Unit of measurement: ths.rub	as per Russian National Classifier of Measurement Units (RNCMU)	384

Intangible assets

Indicator		as of the beginning of the accounting period	Received	Withdraw	as of the end of the accounting period
	Line				
1	2	3	4	5	6
Intellectual capital (exclusive right for products of intellectual capital)	010	21	3	-	24
including:					
right of patent holder for invention, industrial design, utility model	011	-	-	-	-
right of copyright holder for software, database	012	-	-	-	-
right of owner for trademark and service mark, geographical indication	014	21	3	-	24
Goodwill	030	-	-	-	-
Other	040	5 507	-	-	5 507
Total	045	5 528	3	-	5 531

Indicator		as of the beginning of the accounting period	as of the end of the accounting period
	Line		
1	2	3	4
Depreciation on intangible assets, total	050	1 102	2 207

Fixed assets

Indicator		as of the beginning of the accounting period	Received	Withdraw	as of the end of the accounting period
	Line				
1	2	3	4	5	6
Buildings	110	3 789 280	61 237	(4 760)	3 845 757
Constructions and transfer mechanisms	111	16 384 479	849 207	(196 637)	17 037 049
Machines and equipment	112	8 418 385	987 415	(152 469)	9 253 331
Transport	113	336 185	155 019	(7)	491 197
Production and household stock	114	82 176			
Draft cattle	115	-	-	-	-
Productive livestock	116	-	-	-	-
Perennial plantings	117	328	-	-	328

Other types of fixed assets	118	2 091	25	(583)	1 533
Land plots and environmental facility	119	1 240	-	(10)	1 230
Capital investments in lands improvement	120	-	-	-	-
Total	130	29 014 164	2 058 146	(357 622)	30 714 688

Indicator		as of the beginning of the accounting period	as of the end of the accounting period
1	Line	3	4
Depreciation on fixed assets, total	140	3 541 684	5 847 796
including:	141	1 964 535	3 189 452
buildings and constructions			
machines, equipment, transport	142	1 542 965	2 612 802
other	143	34 184	45 542
Fixed assets leased-out, total	150	80 378	159 362
including:	151	71 859	139 925
buildings			
constructions	156	6 449	18 650
machines, equipment, transport	152	1 020	301
other	153	1 050	486
Fixed assets for laid-up	155	-	795
Leased fixed assets, total	160	4 846 647	5 135 237
including:	161	79 415	277 821
buildings and constructions			
machines, equipment, transport	162	501 173	223 487
other	163	4 266 059	4 633 929
Immovable property accepted for operation and being in the process of state registration	165	388 653	411 917
	Line	as of the beginning of the accounting period	as of the end of the accounting period
Reference.	2	3	4
Result of revaluation of fixed assets:	170	-	-
initial (replacement)	171	-	-
depreciation	172	-	-
	Line	as of the beginning of the accounting period	as of the end of the accounting period
	2	3	4
Changes in values of fixed assets caused by extension, further equipping, reconstruction, partial dismantlement	180	-	514 580

Income-bearing investments in tangible assets

Indicator		as of the beginning of the accounting period	Received	Withdraw	as of the end of the accounting period
	Line				
1	2	3	4	5	6
Property for lease	210	-	-	-	-
Property provided according to the lease contract	220	-	-	-	-
Other	230	-	-	-	-
Total	240	-	-	-	-

		as of the beginning of the accounting period	as of the end of the accounting period
	Line		
1	2	3	4
Depreciation of income-bearing investments on tangible assets	250	-	-

Expenses for research and development activity, technological works

Types of work		as of the beginning of the accounting period	Received	Withdraw	as of the end of the accounting period
	Line				
1	2	3	4	5	6
Total	310	7 455	-	(7 455)	-
including					
	311	-	-	-	-
	312	-	-	-	-
Other	313	7 455	-	(7 455)	-
Reference. Expenses for unfinished research and development works and technological works	Line	as of the beginning of the accounting period		as of the end of the accounting period	
	2	3		4	
	320	7 455		-	
Expenses for research and development works and technological works that did not bring to positive results, referred to other expenses	Line	as of the beginning of the accounting period		as of the end of the accounting period	
	2	3		4	
	330	-		-	

Expenses for resource development

Indicator		as of the beginning of the accounting period	Received	Withdraw	as of the end of the accounting period
	Line				
1	2	3	4	5	6
Total	410	-	-	-	-
including					

	411	-	-	-	-
	412	-	-	-	-
Other	413	-	-	-	-
Reference. Expenses for subsurface site, unfinished development and evaluation of deposits, exploration and/or hydrogeological exploring and other similar works	Line	as of the beginning of the accounting period		as of the end of the accounting period	
	2	3		4	
	420	-		-	
Expenses for sources development referred during the accounting period to other expenses as ineffective	Line	as of the beginning of the accounting period		as of the end of the accounting period	
	2	3		4	
	430	-		-	

Financial investments

Indicator	Line	Long-term		Short-term	
		as of the beginning of the accounting period	as of the end of the accounting period	as of the beginning of the accounting period	as of the end of the accounting period
1	2	3	4	5	6
Investments in charter (share) capitals of other organizations, total	510	406 482	413 439	-	-
including affiliated and subsidiary companies	511	399 349	401 849	-	-
State and municipal securities	515	-	-	-	-
Securities of other organizations, total	520	-	-	-	-
including debt securities (bonds, bills)	521	-	-	-	-
Loans granted	525	-	-	-	-
Other	535	47 021	48 263	-	20 000
Total	540	453 503	461 702	-	20 000
From financial investments which have current market value: investments in charter (share) capitals of other organizations, total	550	-	-	-	-
including affiliated and subsidiary companies	551	-	-	-	-
State and municipal securities	555	-	-	-	-
Securities of other organizations, total	560	-	-	-	-
including debt securities (bonds, bills)	561	-	-	-	-

Other	565	-	-	-	-
Total	570	-	-	-	-
Reference. On financial investments which have current market value, changes in value caused by correcting of estimates	580	4 964	4 632	-	-
On debt securities difference between initial cost and nominal value is registered as financial results of the accounting period	590	-	-	-	-

Receivables and payables

Indicator		as of the beginning of the accounting period	as of the end of the accounting period
	line		
1	2	3	4
Accounts receivable:			
short-term, total	610	10 190 530	9 536 792
including:			
settlements with purchasers and clients	611	7 154 550	8 188 791
advances paid	612	339 252	266 437
other	613	2 696 728	1 081 564
Long-term, total	620	970 488	704 965
including:			
settlements with purchasers and clients	621	905 368	33 875
advances paid	622	62 040	12 990
other	623	3 080	658 100
Accounts receivable:			
short-term, total	640	9 112 227	8 122 073
including:			
settlements with purchasers and clients	641	5 761 241	5 284 313
advanced received	642	372 309	927 029
settlements in respect of taxes and levies	643	219 871	58 657
credits	644	1 463 900	1 400 000
loans	645	-	-
other	646	1 294 906	452 074
long-term, total	650	11 792 280	12 785 598
including:			
settlements with purchasers and clients	651	72 322	18 862
settlements in respect of taxes and levies	652	-	-
credits	653	5 369 000	6 100 000
loans	654	6 350 958	6 666 736
other	660	20 904 507	20 907 671

General expenses

Indicator		as of the beginning of the accounting period	as of the end of the accounting period
	line		

1	2	3	4
Material costs	710	11 433 373	9 472 572
Labour costs	720	4 017 902	3 365 930
Fringe benefit expenses	730	921 778	760 210
Depreciation	740	2 170 958	2 052 391
Other expenses	750	1 433 277	1 581 782
Total for elements of costs	760	19 977 288	17 232 885
Changes in balance (increase [+], decrease [-]):			
construction-in-progress	765	-	-
future expenses	766	(27 781)	12 589
reserve for future expenses	767	-	-

Securities

Indicator	line	Balance as of the beginning of the accounting period	Balance as of the end of the accounting period
1	2	3	4
Received, total	810	6 000 000	6 000 000
including bills	811	-	-
Property under pledge	820	-	-
among which:			
facilities of fixed assets	821	-	-
securities and financial investments	822	-	-
other	823	-	-
Issued, total	830	850 585	11 738
including:			
bills	831	-	-
Collateral	840	-	-
among which:			
facilities of fixed assets	841	-	-
securities and financial investments	842	-	-
other	843	-	-

Government assistance

Indicator	line	Balance as of the beginning of the accounting period	Balance as of the end of the accounting period
1	2	3	4
Budget funds received in the accounting year, total	910	4	9
including:	911	-	-
Other	912	4	9

	line	as of the beginning of the accounting period	as of the end of the accounting period	as of the beginning of the accounting period	as of the end of the accounting period
	2	3	4	5	6
Public budget loan, total	920	-	-	-	-
including:	921	-	-	-	-
Other	922	-	-	-	-

Explanatory note

EXPLANATORY NOTE

“IDGC of the South”, JSC

**to accounting balance on profits and loss
for 2010**

1. General data

Open Joint Stock Company "Interregional Distribution Grid Company of the South" was established by the decision of the founder RAO "UES of Russia" (Order of Chairman of RAO "UES of Russia" Management Board No.192p dated 22.06.2007) in accordance with Civil Code of Russian Federation, Federal law "On Joint Stock Companies", other legal documents.

Full company name:

in Russian: Открытое акционерное общество «Межрегиональная распределительная сетевая компания Юга»

in English: Open Joint Stock Company "Interregional Distribution Grid Company of the South"

Abbreviated name:

in Russian: ОАО «МРСК Юга»

in English: "IDGC of the South", JSC

Location: 49 Bolshaya Sadovaya Str., Rostov-on-Don, Russian Federation, 344002.

Postal address: 327 Severnaya St., Krasnodar, Krasnodar region 350015

Ordinary activities of the Company are as follows:

- transmission of electric energy;
- distribution electric energy;
- activity on providing electric grid operation ability;
- activity in the sphere of telecommunication;
- consulting on commercial activity and management issues;
- activity on holding companies' management.

The Company has 5 affiliates:

No.	Branch	Location
1	"Astrakhanenergo", · branch of "IDGC of the South"	32 Krasnaya Naberezhnaya St., Astrakhan, 414000
2	"Volgogradenergo", · branch of "IDGC of the South"	15 Pr. Lenina, Volgograd, 400066
3	"Kalmenergo", · branch of "IDGC of the South"	Northern Industrial Zone, Elista, Republic of Kalmykia
4	"Kubanenergo", · branch of "IDGC of the South"	2 Stavropolskaya St., Krasnodar, Russian Federation, 3500333
5	"Rostovenergo", · branch of "IDGC of the South"	49 Bolshaya Sadovaya St., Rostov-on-Don, 344002

The Company's headcount as of December 31, 2009 was a equal to 15109 persons.

“IDGC of the South”, JSC has 5 joint stock company affiliates.

“IDGC of the South”, JSC has the following management authorities:

- 1 Supreme management authority – General Shareholders Meeting;
- 2 Board of Directors;
- 3 Collegiate Executive Authority – Management Board;
- 4 Sole executive authority – Chief Executive Officer.

Structure of Board of Directors of “IDGC of the South”, JSC elected by General Shareholders meeting of “IDGC of the South”, JSC 15.06.2010 (Minutes No.4 dated 16.06.2010):

No.	Surname, name, patronymic, year of birth	Place of work and position
1.	Shvets Nikolay Nikolaevich, 1956, Chairman of the Board of Directors	Director general of “IDGC Holding”, JSC
2.	Binko Gennady Feliksovich, 1958 Deputy Chairman of the Board of Directors	Deputy director general of “IDGC Holding”, JSC
3.	Akhrimenko Dmitry Olegovich, 1977	Deputy head of department for corporate management and interaction with shareholders of “IDGC Holding”, JSC
4.	Zuikova Olga Valentinovna, 1964	Head of Directorate for production supervision and labour safety at “IDGC Holding”, JSC
5.	Ivanov Maxim Sergeevich, 1976	Advisor of director general of “IDGC Holding”, JSC
6.	Ilyenko Vladimir Vasilievich, .1950	Director general of “Unified Dispatcher Management of Energy System of the South” - branch of “System Operator of Unified Energy System”, JSC
7.	Kislyakov Anton Mikhailovich, 1970	Deputy head of legal department at “IDGC Holding”, JSC
8.	Kuznetsov Vladimir Vasilievich, 1949	Head of Centre for strategy and development at ‘IDGC Holding”, JSC
9.	Mikhailov Sergey Anatolievich, 1957	Director general of “Management-Consulting”, LLC
10	Okley Pavel Ivanovich, 1970	Head of sector of production activity “INTER RAO UES”, JSC
11	Yurchuk Sergey Evgenievich, 1966	Financial director at “IDGC Holding”, JSC

Structure of Management Board of “IDGC of the South”, JSC elected by Board of Directors’ decisions of “IDGC of the South”, JSC 19.05.2008 (Minutes No.13/2008 dated 22.05.2008) including changes dated 28.11.2008 (Minutes No. 20/2008 dated 01.12.2008), 09.02.2009 (Minutes No. 22/2009 dated 11.02.2009), 08.05.2009 (Minutes No. 26/2009 dated 08.05.2009), 23.12.2009 (Minutes No. 38/2009 dated 25.12.2009), 03.02.2010 (Minutes No. 39/2010 dated 05.02.2010), 26.04.2010 (Minutes No.44/2010 dated 28.04.2010),25.06.2010 (Minutes No.49/2010 dated 28.06.2010), 08.07.2010 (Minutes No.50/2010 dated 08.07.2010), 31.08.2010 (Minutes No.53/2010 dated 01.09.2010) and 22.12.2010 (Minutes No.57/2010 dated 24.12.2010):

No.	Surname, name, patronymic, year of birth	Place of work and position
1.	Arkhipov Sergey Aleksandrovich, 1967, Chairman of Management Board	Director general of “IDGC of the South”, JSC
2.	Brizhan Vitaliy Vasilievich, 1974, Deputy	Deputy director general on corporate

	Chairman of Management Board	management at "IDGC of the South", JSC
3.	Akilin Pavel Evgenievich, 1975	Deputy director general on economy and finances at "IDGC of the South", JSC
4.	Vosmirko Aleksandr Vladimirovich, 1959	Deputy director general on safety and controlling at "IDGC of the South", JSC
5.	Ivanov Vitaliy Valerievich, 1970	Deputy director general on technical issues – chief engineer at "IDGC of the South", JSC
6.	Kopanev Vladimir Nikolaevich, 1954	Chief of Staff of JSC "IDGC of the South"
7.	Kushnaryov Konstantin Fyodorovich, 1969	Deputy director general – head of "Rostovenergo", branch of "IDGC of the South", JSC
8.	Savin Grigoriy Grigoryevich, 1952	Chief Accountant – Head Accounts and Taxation Department of "IDGC of the South", JSC

Members of Audit Committee of "IDGC of the South", JSC elected by General Shareholders meeting of "IDGC of the South", JSC 15.06.2010 (Minutes No.4 dated 16.06.2010):

No.	Surname, name, patronymic, year of birth	Place of work and position
1.	Alimuradova Izumrud Aligadjievna, 1971, Chairwoman of Audit Committee	Head of Department of Internal Audit, "IDGC Holding", JSC
2.	Arkhipov Vladimir Nikolaevich	First Deputy Head of Security Department, "IDGC Holding", JSC
3.	Meshalova Galina Ivanovna	Chief Expert of Control over Investment Activity Sector attached to Department of Internal Audit, "IDGC Holding", JSC
4.	Stepanova Maria Dmitrievna	Head of Interaction with Shareholders Sector attached to Department of Corporate Management and Interaction with Shareholders, "IDGC Holding", JSC
5.	Filippova Irina Aleksandrovna	Chief Expert of Reorganization and Audit Sector attached to department of Internal Audit, "IDGC Holding", JSC

Authorized capital of "IDGC of the South", JSC (hereafter referred to as Company) makes up 4 981 109 606 (four milliard nine hundred and eighty-one million one hundred and nine thousand six hundred and six) rubles 40 kopecks as of 31.12.2010.

The Company's authorized capital is divided into 49 811 096 064 ordinary registered non-certified shares with nominal value of 10 kopecks per unit. The Company did not issue preferred shares.

The Company's authorized capital is fully paid as of 31.12.2010. In 2010 decision of additional issue of shares was not adopted.

The Company did not place its own shares on balance sheet.

Subsidiaries do not hold the Company's shares.

For purposes of improving the effectiveness of management of distribution grid companies "IDGC of the South", JSC was delegated functions of sole executive body in relation to JSC "Kubanenergo" (Agreement on delegation of sole executive body powers No.407/30-1143/26 dated 14.09.2007).

The agreement on delegation of functions of sole executive body between “IDGC of the South”, JSC and “Kubanenergo”, JSC was terminated on 01.12.2010 on the basis of decision adopted by “IDGC of the South”, JSC Board of Directors (minutes No.55/2010 dated 29.10.2010).

Company’s financial standing

millions of rubles

No.	Indicators	2010
1	Goods loaded out, rendering services (excluding VAT)	22 014
2	Accounts receivable as of the year end	8 738
3	Accounts payable as of the year end	6739
4	Expenditure for 1 ruble of products sold (kopecks)	88
5	Sales profit	2 037
6	Profitability of sales, %	9
7	Interest receivable	7
8	Interest payable	- 1733
9	Other income and expenditure	- 4 142
10	Profit (loss) before tax	- 3 830
11	Income tax and other similar payments (“minus” – overpay)	- 241
12	Net profit (loss)	- 3 590

In 2010 the Company sold products for 22 014 millions rubles. Profitability of sales made up 9% in the accounting period.

Sales profit was gained in the amount of 2 037 mln. rubles, net loss equaled – 3 590 mln. rubles.

Accounts receivable as of the year end totaled 8 738 mln. rubles, accounts payable made up 6739 mln. rubles.

Indicator	
Absolute liquidity ratio	0.04
Quick ratio	1.03
Current ratio	1.29
Equity ratio	- 1.02
Equity to total assets	0.44

Grid companies’ activity refers to electric power industry monopoly sector, state regulated in accordance with Federal Law No.41FZ (Federal Law) dated April 14, 1995 “On State Regulation of Power and Heat Tariffs in the Russian Federation” and other legal acts.

Electric power transmission and technological connection service tariffs are fixed by state regulatory bodies of the Russian Federation subjects.

In 2009 at the territory of Astrakhan and Rostov regions were applied long-term tariffs for rendering services of electric energy transmission that are based on RAB method (return on invested capital method).

JSC "IDGC of the South" incorporates distributive grid complexes of 6 Russian Federation subjects: the Republic of Kalmykia, the Krasnodar region and the Republic of Adygeya (till 01.12.2010), the Astrakhan, the Volgograd and the Rostov areas.

Information on approved tariffs for electric energy transmission:

Tariffs		High Voltage	Medium Voltage -1	Medium Voltage -2	Low Voltage
Unified "boiler" tariffs approved by decision of RTS ¹ No.16/3 dd. 29.12.2009. (Published in "Collection of legal acts of Rostov region" No.1 dd. 25.02.2010, article 63)	Rate (tariff) for maintenance of electric grids (rub/MW/month)	275 34.81	313 23.33	541 12.93	542 08.40
	Rate (tariff) for technological losses of electric energy during its transmission via grids (rub/MW*h)	689.72	624.13	139.07	442.09
	Flat-rate tariff, rub/MW*h	1 159.13	1 392.41	1 407.11	1 470.89

Unified "boiler" tariffs approved by decision of RTS at Administration of Volgograd region No.42/1 dd. 24.12.2009. (Published in "Volgogradskaya Pravda" dd. 30.12.2009)	Rate (tariff) for maintenance of electric grids (rub/MW/month)	578 240.76	757 813	945 365.96	1 021679.47
	Rate (tariff) for technological losses of electric energy during its transmission via grids (rub/MW*h)	44.13	70.16	153.53	497.42
	Flat-rate tariff, rub/MW*h	921.61	1 265.63	2561.50	2 602.93
	Population, rub./MW*h	514.36	514.36	514.36	514.36

Unified "boiler" tariffs approved by decision of RTS of Astrakhan region No.79 dd. 16.10.2008. (Published in "Collection of Legal acts in Astrakhan region" No.56 dd. 30.10.2008)	Rate (tariff) for maintenance of electric grids (rub/MW/month)	142 139.62	193 217.48	411 085.82	616 542.41
	Rate (tariff) for technological losses of electric energy during its transmission via grids (rub/MW*h)	268.30	314.44	376.53	104.00
	Flat-rate tariff, rub/MW*h	532.80	691.76	1 113.46	1 263.58

Tariffs		High Voltage	Medium Voltage -1	Medium Voltage -2	Low Voltage	Low Voltage-urban, VAT inclusive	Low Voltage-rural, VAT inclusive
Unified "boiler" tariffs approved by decision of RTS No.80-п/э dd. 16.12.2009. (Published in "Pravitelstvennaya Gazeta" No.121	Rate (tariff) for maintenance of electric grids (rub/MW/month)	879 254.186	1128658.962	1 143 534.062	1 408 717.891	773 890.388	300 717.488
	Rate (tariff) for technological losses of electric energy during its	55.24	108.30	172.84	278.88	329.08	239.08

¹ RTS Regional Tariffs Service

(797) dd. 19.12.2009)	transmission via grids (rub/MW*h)						
	Flat-rate tariff, rub/MW*h	1 560.39	2040.39	2 130.39	2 690.39	1 653.86	329.08

Key consumers of Company's services of electric energy transmission are:

- energy selling companies – participants of wholesale and retail market that sell electric energy to end users connected to electric grids of Company's branches and grids of other organizations;
- end users of electric energy;
- territorial and grid organizations – participants of retail market of electric energy that transmit the electric energy to end user via its own grids.

The Company's services receivers could be any legal or natural persons interested in technological connection to grids of Company's branches that filed an application for technological connection.

Payment for technological connection is fixed by decisions of executive authorities of territorial subjects of Russian Federation. In particular cases stipulated by the legislation the executive authorities of RF territorial subjects may fix the tariff rate for the customer by individual project.

2. Accounting policy

Accounting basis

The Company's accounting policy was developed in accordance with Federal law No.129- FZ (Federal Law) dated November 21, 1996 "On Accounting", Regulations on bookkeeping "Accounting Policy of Organization" approved by order of the RF Ministry of Finance No.60H dated December 09, 1998, Chart of accounts of business accounting approved by order of the RF Ministry of Finance No.94H dated 31.10.2000 and other standard acts on accounting.

The Company's accounting policy was fixed on the basis of the following assumptions:

- material detachment of the enterprise;
- continuous activity of the enterprise;
- consistent application of accounting policies;
- time determination of economic events.

Procedure for making inventory of property and obligations

Inventory of property and obligations shall be carried out by the Company in accordance with art.12 of Federal Law No.129-FZ (Federal Law) dated 21.11.1996 "On Accounting" and Methodological Instructions on Making inventory of Property and Liabilities approved by order of the RF Ministry of Finance No.49 dated 13.06.1995.

Procedure for taking inventories (number of inventories in the reporting year, dates, list of property and obligations subject to check) shall be stipulated by orders of the Company.

Inventory of fixed assets in the Company shall be carried out annually, library stocks – once in 5 years.

For the purpose of taking inventory, working inventory commissions shall be set up, their structure shall be approved by the Company's order, for branches and local units – by branch order (local unit) of the Company.

Recording of fixed assets

The Company considers assets satisfying all of the following conditions simultaneously to be fixed assets:

- the assets are expected to be used in production, in the course of operations performance or rendering services or for administrative needs over a useful life period of more than 12 months;
- the assets are capable of providing economic benefits in the future, the entity does not plan to resell the assets later.

Assets fulfilling the above conditions that cost not more than 20000 rubles per unit shall be recorded as a part of inventories, with the exception of electric grid equipment, mobile and pack sets, sources of backup power supply. For the purposes of safekeeping of these items in the process of production or operation, quantitative record shall be kept.

Inventory item shall be regarded as an accounting unit of fixed assets (FA-6). For the purpose of inventory record of fixed assets, stock cards (FA-6) shall be used.

For fixed assets received by the Company in the process of restructuring by distributive grid companies' in JSC "IDGC of the South" responsibility zone affiliation, original cost of their placement on the balance sheet shall equal the depreciated cost of FA pursuant to the accounting data of affiliated companies as of the date of affiliation. Fixed assets with original cost according to accounting data of affiliated company is equal to 0 (zero) as of the date of affiliation shall be included on the balance sheet of affiliating company at evaluated cost equal to 1 (one) ruble.

Costs of all types of fixed assets repairs (current and capital) shall be included in the expenses on ordinary activities in the period when repair operations were completed and accepted. Neither reserves for fixed assets repairs or repair stock shall be accumulated.

Change of fixed assets original cost (cost of placement on the balance sheet) shall be allowed in cases of construction completion, providing with additional equipment, reconstruction, renovation, partial liquidation and revaluation of fixed assets items.

Useful life of fixed assets items shall be determined in consideration of expected physical depreciation depending on operation conditions, natural surrounding and corrosive medium influence, maintenance system. Useful life of fixed assets items shall be determined within the limits stipulated by Decree of the Government of the Russian Federation No.1 dated 01.01.2002 according to the list approved by the head of the Company or by an authorized person.

Useful life of FA received by the Company as a result of reorganization in the form of affiliation shall be fixed as difference between useful life period of FA determined by the affiliated company and the amount of months of actual FA operation until the moment of affiliation.

Expected useful life period of fixed assets on the basis of the value documentary confirmation shall be fixed by the commission and approved by the head of the Company, the branch or the branch production division in which the item will be in operation after placing the item on the balance sheet as fixed assets.

The Company shall use linear rate depreciation of fixed assets.

Recording of intangible assets

Recording of intangible assets of the Company shall be kept in accordance with Regulations on accounting "Recording of Intangible Assets" (RA 14/2007) approved by Order of the RF Ministry of Finance No.153H dated 27.12.2007.

Intangible assets revaluation is not performed.

Depreciation deductions on all intangible assets are at linear rate.

Recording of financial investments

The Company's financial recording of investments is centralized. Analytical recording of financial investments shall be performed with regard to short-term and long-term financial investments. Investments made with the intention gaining profit within a period over one year shall be referred to long-term financial investments. Other financial investments shall be regarded as short-term investments.

All costs directly connected with acquisition of assets as financial investments irrespective of their amount shall be included on original cost of financial investments if they were made before the moment or at the moment of recording, and shall be written off as miscellaneous expenses in case they were made after the moment of recording financial investments.

Financial investments with current market value determinable according to established procedure shall be presented in accounting at the end of the reporting year at the current market value by adjusting their estimate related to the previous reporting date. The specified adjustment shall be made quarterly.

Financial investments with undeterminable current market value shall be recorded at the original cost.

In case of retirement of financial investments with undeterminable current market value their cost is to be estimated as follows:

- investments in authorized capitals of other entities (with the exception of joint stock companies' shares), loans to other entities, deposits in credit organizations, accounts receivable acquired by assignment of claims shall be estimated at the original cost of each retired item of financial investments specified;
- securities (shares and bonds) to be retired shall be evaluated at the average original cost determined for each type of securities;
- purchased bills to be retired (payment for operation performed (goods, works, services)) shall be evaluated at production cost;
 - other financial investments – at the original production cost of each item to be retired

Recording of inventories methods

Classification number or homogeneous group (depending on the type of inventories) is considered to be accounting unit of inventories.

The Company considers interests on loans and credits attracted for inventories acquisition to be miscellaneous expenses.

Purchased specialized clothing and footwear, irrespective of cost and useful life, shall be recorded by the Company as part of active assets.

Materials shall be registered (recorded) in the account 10 "Materials" at actual production cost of their acquisition (provision).

Amount of the Company's actual expenditure on acquisition, with the exception of value-added tax and other repaid taxes shall be regarded as the actual production cost of materials acquired for payment.

Inventories that do not belong to the Company by property right received under the contract of commission agency, storage contract etc shall be recorded off balance in the account 002 "Inventory Holdings Received for Responsible Storage" according to the valuation stipulated by corresponding contracts and transfer and acceptance documents (certificates, bills of lading etc.).

Cost of specialized clothing with service life over 12 months shall be repaid with application of linear method taking into account the useful life period defined in conformity with norms specified.

Writing off shall start from the month when specialized clothing was brought into use.

Inventories written off to production, sold to outside parties, retiring because of some other grounds shall be evaluated at the average production cost of each stock category.

Average estimate of actual production cost of materials shall be carried out by determining actual production cost of the material at the moment of requisition (rolling valuation). In 2008, inventories writing off to production was made at production unit – average prime cost for each category of inventories.

Spare parts recorded on retirement from fixed assets under restoration shall be regarded as other revenues and evaluated at book value of similar spare parts acquired latest, percentage of actual depreciation of credited items shall be taken into consideration (no less than cost of scrap metal) in case information is absent on current market value.

Inventories (including the spare parts) left after retirement of fixed assets or any other retirement shall be evaluated depending on the current market value as of the date of placement on the balance sheet. Current market value shall be understood as the amount of cash assets that can be received as a result of selling the specified assets.

Recording revenues and expenditure

The Company subdivides revenues into ordinary activity revenues and other revenues.

The following revenues are considered to be ordinary activity revenues:

- revenues from electric-power transmission services;
- revenues from services on technological connection grids;
- revenues from sales of other works and services;
- industrial revenues;
- non- industrial revenues.

All revenues not connected with selling of works and services on ordinary kinds of activity shall be referred to other revenues, as well as revenues on contracts of property lease for less than 1 year not subject to state registration.

Company's revenues (in accordance with the accrual basis of accounting) shall be recorded in the reporting period when they were gained irrespective of the actual time of corresponding cash assets receipt.

Expenses on service rendering, operations performance, products manufacturing and sale, purchase and sale of goods are considered to be expenses on ordinary activities.

All current expenses of the Company's executive bodies shall be recognized in full as administrative expenses from the beginning date of the Company's restructuring (from the moment of the first affiliation of a distributive grid company). The expenses shall be distributed according to kinds of activity (electric power transmission services, services on technological connection to power grids) and geographic segment (federation subjects of tariff setting) for the purposes of administrative accounting (tariff making etc.) in conformance with procedure developed in the Company.

Process of electric power transmission is characterized by the absence of production-in-progress. Costs incurred in the course of the activity performance is to be recognized in full as expenses.

Expenses on the service of technological connection to the grid are also full recognized as expenses in the accounting period.

Distribution of indirect expenses to other (auxiliary) activity shall be carried out in the amount of general production and general economic expenses in the structure of contract cost calculation of these kinds of activities.

The Company recognizes revenues on independent economic transactions not connected with its ordinary activity but conducted with the aim of receiving the revenues, such as:

- revenues related to the sale of Company's assets different from cash assets, products, goods;
- revenues collected according to the terms of some independent contracts;
- revenues from holding securities;
- revenues from participation in authorized capitals of other entities;
- revenues gained as a result of joint activity;
- interests for using the Company's cash assets;
- other revenues.

The Company shall recognize the revenue from selling the products or other property at the moment of transfer of possessory right to this property to the buyer. The moment of possessory right transfer shall be determined in accordance with the terms of contracts concluded.

Receipts of fines and late fee, recovery of the Company's loss, unpaid property acquisition, writing off unclaimed accounts payable, exchange premium accumulation, insurance benefit, emergency (fires, accidents etc) damage settlement, disposal value of inapplicable property etc. are also considered to be other revenues.

Gratuitous assets receipts, inadequacy debts receivable for previous years, difference between amounts to be collected from guilty persons and balance sheet assets shortage etc are considered to be deferred revenues.

Deferred expenditure is subject to monthly writing off at flat rate in the course of the period they refer to. Calculation of monthly insurance expenditure is made in days.

Commercial expenditure is only recognized by the Company in financial statements if it makes significant amount.

Methods of recording equity assets

Capital reserves shall be accumulated from the Company's income on the basis of constituent documents and founders' (shareholders') decision. Capital reserve shall be used for recovery of all kinds of losses, and for the Company's shares' redemption in case other funds are unavailable.

The Company's additional capital consists of revaluation surplus and paid-in capital.

Surplus expending shall be carried out separately. Revaluation surplus shall be used to write down those property items which were written up earlier, and only within the sums accumulated on each separate inventory item. At the moment of taking the item off the books (for any reasons) the writing up sums accumulated on the item shall be attached to the account of Company's undistributed income. Additional paid-in capital shall be used by shareholders' meeting decision (at the year end).

For reasons of efficiency, recording of additional capital revaluation surplus shall be carried out by the Company's branch in keeping the property specified on the balance sheet.

Recording of other assets and liabilities

Accounts due to suppliers of products, works, services shall be entered in the sum of accounts accepted and the amount of accrued liabilities according to the settlement documents.

Accounts payable on non-invoiced deliveries shall be recorded in the sum of received values calculated proceeding from the price and conditions stipulated by the contracts.

Long-term debts payable on loans and credits shall not be transferred into short-term debts, even if 365 days remain until principal debt repayment in conformance with loan and (or) credit contract.

Expenditure connected with loans and credits receipt and use (interest on loans and credits received, interest and discounts on bills and bonds, exchange premium on loan and credit interest to pay) is considered to be other expenditure of the corresponding accounting period.

Expenditure on loans and credits to be included on invested assets cost are the exception form the rule presented above.

In case if extra expenditure in the structure of expenditure connected with loan and credit receipt and use do not increase invested assets cost, the Company includes extra expenditure specified on the list of other expenditure of the reporting period when they were incurred (without preliminary recording as accounts receivable and straight-line write-off to other expenditure during the period of loan obligations repayment).

Information on geographical segments shall be recognized as source information for the purposes of data generation on reportable segments since the Company's main risks and profits depend on the activity variability in different geographical regions. Information on operational divisions is of secondary importance.

Events after the accounting date

In accordance with RA 7/98 "Events After the Reporting Date", events after the reporting date which influenced or can influence financial condition, cash flow or the results of the Company's performance and which took place in the period between the reporting date and the date of signing financial statements for the reporting year shall be registered in the accounting records of the Company.

Events after the reporting date shall be recorded in accounting statements through qualification of data on the Company's corresponding assets, liabilities, capital, receipts

and expenditure, and corresponding information shall be disclosed in the explanatory note.

Information on related parties

In accordance with RA 11/2008 “Information on Related Parties”, the Company shall include information on related parties as a separate section in the explanatory note as part of accounting statements. At that, data specified shall not be taken into account when preparing accounts for internal purposes as well as accounts drawn up for the state statistical observations, for credit organization or for other special purposes.

The list of related parties information on which is disclosed in the accounting statements shall be determined by the Company independently proceeding from the substance of relations between the Company and the related party, substance must be over form.

Information disclosure according to the standard is made for the first time in 2008 explanatory note. Due to replacement of the previous RA standard 11/2000 “Information on Affiliated Persons”.

The Company accrues and pays taxes and levies in conformance with legislation of the Russian Federation on taxes and levies, legislation of subjects of the Russian Federation on taxes and levies, legislation of local authorities on taxes and levies.

Taxes and levies

Taxes and levies calculated and paid by the Company’s Executive office in the centralized way:

value added tax (in the exercise of tax agent functions as well);

profit tax (including profit tax on revenues in the form of dividends).

Tax record registers are kept with the use of special forms and certificates approved by the Company, on paper and in electronic format of software applied in the Company.

Tax recording is kept with the use of tax ledgers and bills.

Value added tax

The following operations are considered to be value added tax objects:

1. sale of products (works, services) on the territory of the Russian Federation, including sale of pledged items and transfer of goods (results of operations performed, services) on accord and satisfaction agreement or on novation, and property right transfer. Gratuitous transfer of property right for goods, results of operations performed, services is considered to be sale of goods (works, services);
2. transfer of goods (results of operations performed, services) on the territory of the Russian Federation for own needs if expenditure is not written off (including the way of depreciation deductions) on calculation of profit tax;
3. performing construction and installation operations for own use (using one’s own resources);
4. entry of merchandise to the customs area of the Russian Federation.

Thus, operations on goods (works, services) transfer for the purposes of advertisement, expenditure on purchase (creation) of items that cost over 100 rubles each are considered to be tax objects.

In the course of tax assessment, revenue on goods (works, services) sales, property right transfer is determined on the basis of all revenues connected with settlements on

specified goods (works, services) payment, property rights received in cash and (or) natural forms, including payment by securities.

Taxable income on operations of goods transfer (performance of operations, rendering services) for own needs, expenditure not written off in calculation of profit tax is determined as cost of goods (works, services) transferred on the basis of sales prices for similar (at least, homogeneous) goods (similar works, services) in the previous fiscal period. If the latter are absent, market prices after excise tax and without VAT shall be taken into consideration.

In case information on market prices is not available, cost of goods, works, services transferred for own needs is assessed on the basis of their cost on the balance sheet.

Amount of tax accrued is not included on expenditure structure for the purpose of profit taxation.

If construction and installation operations are performed for own needs, tax base is defined as cost of operations fulfilled calculated on the basis of all taxpayer's actual expenditures in this connection, including expenses of the restructured entity (entity under restructuring).

Construction and installation operations for own consumption include, among the rest, operations on construction and renovation of buildings and structures carried out with the use of one's own resources.

For tax base computation, only accounting record data of construction and installation operations for the quarter are used.

Income tax

For profit taxation purposes, recognition of income and expenses is made by the method of accrual.

For taxation purposes, separate records are made for service sector (public utilities, social and cultural sphere), as per Art. 275.1 of the RF Tax Code.

Cost of inventories included on cost of materials is determined on the basis of purchase prices (before tax amounts subject to deduction or included on the expenditure according to the RF Tax Code), including commission fee to facilitating agencies, import customs duties and fees, expenditure on transporting and other expenses connected with acquisition.

When stock and raw materials are written off, average cost estimation method is used for each kind of supplies.

When goods are written off, method of estimation according to value of commodity unit is used.

Expenditure on acquisition of specialized clothing and other individual and collective protective means stipulated by the RF legislation, which are not considered to be amortizable assets are fully included on cost of materials on entry into service.

Expenditure connected with acquisition of publications (books, brochures, magazines and other similar objects) for production use is fully included on other expenditure connected with production and sale on the moment of acquisition.

Future expenses reserve for vacation pays and remuneration for performance results of the year is not formed.

Direct method of depreciation is used for all objects of fixed assets and intangible assets.

For depreciated objects of fixed assets used for operations in aggressive environments, direct method of depreciation is used. Basic depreciation norm is applied with the specialized coefficient 2. In case of depreciated objects of fixed assets with high interchangeability, basic depreciation norm is applied with the specialized coefficient 2.

For depreciated objects of fixed assets under financial rent (lease) contracts, basic depreciation norm is applied with the specialized coefficient 3. The coefficient is not applied to fixed assets of depreciation groups from 1 to 3.

When fixed assets are acquired and when an object of fixed assets increases in value if completion, further equipment, renovation, technical re-equipment takes place, 10% of fixed assets original value and (or) loss suffered are not included on the accounting period records at a time as “expenditure on capital investments”, but are depreciated in a usual way.

Neither reserves for fixed assets repairs or repair stock shall be accumulated.

Profit on sale of products (works, services) is recorded for taxation purposes less taxes paid by the buyers.

For taxation purposes, expenditure in the form of interest on credit and other similar agreements is recorded on the basis of accounting data. Margin of interest rate recognized as expenditure is set at the level of refinance rate of the Central Bank of the RF multiplied by 1,5 (for ruble debt liabilities) and increased by 22% (for foreign currency liabilities).

In case of restructuring, legal successor paying tax has a right to decrease tax base by the loss of the entities under restructuring up to the moment of restructuring.

The Company does not distribute income between separate divisions located on the territory of each subject of the Russian Federation, but pays entity profit tax to the budget of the RF subject for all separate divisions through the specialized separate division registered in tax offices of the RF subject.

Property tax

Property tax base is defined in conformance with requirements of Chapter 30 of the RF Tax Code and laws of areas, regions, and republics “On Property Tax”.

Valuation of property is performed on the basis of book value (written down value estimated according to requirements of accounting). For objects depreciated according to requirements of RA 6/01, book value for tax base calculation is determined as original (replacement) cost less depreciation. In order to calculate replacement cost of the objects, depreciation accrual and deduction are performed each month.

Transport tax

Transport tax base is determined according to requirements of Chapter 28 of the RF Tax Code and laws of the RF subjects. Tax is paid in the area of vehicles’ location. Place of state registration is considered to be area of location.

Unified social tax (UST)

UST base is determined as per requirements of Chapter 24 of the RF Tax Code. Individual UST cards are kept in electronic form in the software used for the Company’s accounting.

Personal income tax

Tax base on income of physical persons in relation to whom the Company functions as tax agent are determined in conformance with requirements of Chapter 23 of the RF Tax Code.

Calculation and payment of land tax, water tax, state duty, and other taxes and levies is made in accordance with legislation on taxes and levies regulating order of calculation and payment of corresponding taxes and levies.

Changes in accounting policy

Changes in the Company's accounting policy of 2011 were caused by changes to the normative acts of the RF in the sphere of accounting regulation. More specifically, the following documents came into force:

Order of RF Ministry of Finances No.66H dd 02.07.2010 "On forms of accounting report of organizations", Order of RF Ministry of Energy No.167 dated December 13, 2010 "On approving Regulation on accounting report".

3. Changes in accounting estimate

According to article 70 of "Regulation on keeping the accounting and accounting reporting in RF" approved by the order of RF Ministry of Finances No. 34 dd. 29.07.1998 article 266 of Tax Code of RF on the basis of the results of inventory carried out in accordance with order of "IDGC of the South", JSC No.345 dd 01.10.2010 "On carrying out inventory of property and financial obligations", the Company made a provision for doubtful debt in amount of 1503517 thousand rubles.

The provision includes overdue accounts receivable from buyers for the delivered goods, fulfilled works and rendered services. The amount of provision is determined separately for each doubtful debt depending on financial condition of the debtor and evaluation of possibility to discharge the debt.

The purpose of forming the provision in accounting is the presenting in the report a real sum of accounts receivable. The sum of allocations to reserve is included in financial statement of the Company in other expenses. The Company's accounting report presents the accounts receivable in total minus provision for doubtful debt.

4. Disclosure of essential reporting indicators

4.1. Intangible assets (line 110 of the accounting balance)

Decoding of intangible assets of the Company as of 31.12.2010:

ths. rub.

Intangible assets	Current value as of 31.12.2010	Depreciation 31.12.2009	Depreciated value 31.12.2009
Trademark right	24	3	21
Results of Research and Development activity	5507	2204	3303
Total	5531	2207	3324

In 2010 was introduced an object of intangible assets – trademark of "Rostovenergo" branch with initial cost 3.6 thousand rubles.

The accrued depreciation of intangible assets in the reporting period – 1105 thousand rubles

4.2 Fixed assets (Line 120 of the accounting balance)

Decoding of fixed assets of the Company as of 31.12.2010:

No	Fixed assets group	Current value as of 31.12.2010	Depreciation value 31.12.2010	Balance as of 31.12.2010, %
1.	Buildings	3845858	3481637	14.0
2.	Structures and transmission equipment	17037049	14211717	57.15
3.	Machinery and equipment	9253331	6982588	28.08
4.	Transport	491197	149138	0.6
5.	Inventory	84263	39467	0.16
6.	Other fixed assets	3091	2345	0.01
	TOTAL:	307144688	2466892	100%

Acquisition of fixed assets was carried out due to (ths. rub):

- putting new objects into operation – 1400712 thousand rubles;
- purchase of fixed assets – 175547 thousand rubles;
- redemption of property under lease – 144231 thousand rubles;
- other acquisition – 337656 thousand rubles

total – 2058146 thousand rubles

Retirement of fixed assets objects at original value took place in the following cases (rubles in thousands):

- sale – 112 thousand rubles;
- retirement due to obsolescence and wear – 21260 thousand rubles;
- gratuitous transfer – 59 thousand rubles
- other ways of assets retirement – 336191 thousand rubles

total – 357622 thousand rubles

In the accounting year, fixed assets depreciation was accrued in the amount of 2174972 thousand rubles.

The depreciation for key groups of fixed assets equaled (thousand rubles):

Buildings	160931
Structures and transmission equipment	1066222
Cars and equipment	879418
Vehicles	53977
Other fixed assets	14424

Depreciation accumulated for the whole period of operations made up 5847796 thousand rubles or 19.04% of fixed assets.

The Company provided lease of fixed assets to different entities for the amount of 159362 thousand rubles or 0.5% of total fixed assets value, including buildings, structures, cars and equipment, vehicles and other fixed assets.

Depreciation of leased fixed assets is accrued by the lessor.

The Company received fixed assets facilities for lease for the amount of 5135237 thousand rubles, including amount of lease contract 90590 thousand rubles.

Surplus detected after the inventory – 1677 thousand rubles.

Inventory shortage – 3 thousand rubles

4.3 Construction-in-progress

In accordance with investment programme, capital construction expenditure for the accounting period made up 1 806 988 thousand rubles, of which the sum of 1 576 259 thousand rubles was assimilated. Construction-in-progress cost as of 31.12.2010 made up 1 706 538 thousand rubles, including amount of 489519 thousand rubles on objects with construction completed, accepted for operation according to transfer acts, but not provided with documents confirming state registration for the amount of 411917 thousand rubles.

CIP projects as of 31.12.2010

Facility	Net value as of the end of reporting period (thousand rubles)
Industrial facilities	
Construction of 110/10/6kV substation P-27 (Tsentralnaya) with 110kV cable lines and 110kV switchgear bay at P1 and P22 substations	353 851
110/10-10kV Kirovskaya (Yubileinaya) substation with 110kV overhead power lines	131 277
Construction of 110kV Gorodskaya-4 substation with overhangs of 110kV HVL	98 646
Modernization of 110kV Sysievo-Chertkovo HVL with removal of HVL right-of-way from the territory of Ukraine	42 912
Modernization of 35kV HVL Bolshevik at line segment from 110/10kV Vyazovka substation to 35/10kV Bolshevik substation and modernization of 110/10kV Vyazovka substation	34 883
Acquisition of non-core assets (collection of receivables)	35 747
Transport means (2010)	28 778
Modernization of 110/35/10kV Martynovskaya substation, replacement of 110kV SF6 circuit-breaker (9 items), 35kV vacuum circuit breakers (3 items), 10kV switchgear, 10kV vacuum circuit breakers (14 items), replacement of Transformer 1 and Transformer 2 of 5.6MVA for 10MVA, highway	28086
Modernization of 35-110kV grids for application of scheme of power distribution of CCP 110kV	26 264
Transport means	22 777
Electric power metering system	22 440
110kV HVL at Kolobovka-Kapustin Yar (No.297)	19 509
Kurgannaya substation	15 854
10kV VHL at pig farm "Danilovskiy"	15 008
Installation of automatic voltage regulator at Northern and North-Eastern districts of Rostov region	12979
Distribution Centre (Thermal Power Plant) – 10kV	8 742
110/35/10kV Dolgino substation with 110kV HVL (2*25.0MVA, HVL 2*23.6 km)	7 961
Construction of electric grids for energy supply to residential houses at Peschanokopaskaya and Timeryazev streets	7 292

0.4kV HVL from transformer substation No.984, 983, 985, 993 from farm Rossiya, district 56031148-149 with installation of 5 transformer units (2*40.1-63.2-100) (7 018
Eterevszkaya substation (second stage)	6 712
Construction of 12 km of 6kV lines from 110kV BT-3 substation for energy supply to "Bataiskoye", JSC (1 st stage)	6 283
Modernization of 110/10/6kV P-26 substation, replacement of power transformer from 25MVA to 40MVA (1 st stage)	6 245
Modernization of 110kV Karginzkaya-V.Svechikovskaya substation	6 235
Digital data channel at "Rostovenergo"	6 182
Installation of reactive power source at CM1, P1, P8 substations	5 800
Cargo ship at "Kolonok"	5 678
Modernization of 10kV Line No.1 from Gorodskaya substation to administrative building (10kV Line with 1.53km length, installation of two vacuum breakers)	5 670
Modernization of 35/10kV HF-7 substation with replacement of power transformers for 10MVA and modernization of 35kV overhead line of NG7-NZPM (1 st stage)	4 129
Transformers repair shop	4 067
Construction of 10kV cable lines and 10kV distribution centre from 110/10/10AC-15 substation for connection of industrial centre of glass processing	3 518
Equipment not included in the construction estimate	3 492
Technical reequipment of radio-relay link at substation Tikhovskaya – HC1 substation-V.Donskoy distribution zone- Sholokhovskiy distribution zone	3 324
Modernization of battery storage room, replacement of storage batteries for new ones at 110kV Kapustin Yar substation	3 265
Modernization of oil facilities	3 226
Modernization of 110/10kV P-29 substation for energy supply to Administration of water and waste water services of Rostov-on-Don	3 197
Modernization of 0.4kV overhead line from transformer unit No.157 and replacement of 10/0.4kV transformer unit No.157, 10kV overhead line No.1101 at Kagalnik village of Azov district, Rostov region	2 972
Enlargement of 110/6/6kV P-16 substation and connection of generating sources. Modernization of distribution unit-60, 5 vacuum circuit breakers	2 972
Establishment of Center of Grids Management at Astrakhanenergo (including utility network for branch of Astrakhanenergo Center of Grids Management)	2 915
Modernization of transmission facilities of branch of "IDGC of the South", JSC – "Rostovenergo"	2 730
Modernization of 0.4kV overhead line feeding schools of Aleksandrovskiy and Margaritovskiy districts	2 673
Digital data channel between Production offices – Distribution zone	2 648
Design and survey works	551 073
Other facilities	8 161
Total for production facilities	1 576 191
Equipment for installation	130 347
Construction-in-progress total	1 706 538

4.4 Long-term financial investments (line 140 of the accounting balance)

As of the end of the accounting period, long-term financial investments made up 461 702 thousand rubles, including 401 849 thousand rubles or 87% of investments in subsidiaries and affiliates.

In 2010 due to termination of activity of “Gazenergo”, JSC as well as in accordance with minutes of meeting No.1 of Inventory commission of “IDGC of the South”, JSC dated 25.11.2010, the Company wrote off the balance the following long-term financial investments:

- ordinary registered shares of “Gazenergo”, JSC with reported value 55.5 thousand rubles/\$;
- ordinary registered shares of open joint stock company “Joint Stock Electric Grid Company” with reported value 3 thousand rubles;
- ordinary registered shares of closed joint stock company “Sphera-Income” with reported value 116 thousand rubles;
- ordinary registered shares of closed joint stock company “FPI-Group” with reported value 1 thousand rubles

According to decision of “IDGC of the South”, JSC Board of Directors (minutes No.57/2010 dd 24.12.2010) an affiliated company “Energoservis Yuga”, JSC was founded and registered on 30.12.2010 at Unified State Register of Legal Entities, the authorized capital 2500 thousand rubles. The stake of participation of the Company in authorized capital of “Energoservis Yuga”, JSC – 100%.

Thus, during the 2010 the growth of long-term financial investments made up 8 199 thousand rubles, including the participation at “Energoservis Yuga” – 2500 thousand rubles and corrections in valuation of shares of “Volgogradenergosbyt”, JSC and “FGC UES”, JSC – 4632 thousand rubles.

Long-term financial investments as if 31.12.2010:

1. Investments to subsidiaries and affiliates

Issuer	Number of shares	Register entry of the stake, ths rub	Stake in the authorized capital
“Astrakhanelektrosetremont”, JSC	71 308	60 417	100
“Volgogradsetremont”, JSC	40 648 000	14 902	100
“Grechko A.A. PSKh”, JSC	77 686 000	79 972	100
“Sokolovskoye PSKh”, JSC	161 713 447	178 641	100
“Recreation Centre “Energetik”, JSC	111 279 355	65 417	100
“Energoservis Yuga”, JSC	2 500 000	2 500	100
TOTAL:		1) 849	

2. Investments to other entities

Issuer (name)	Number of shares	Register entry of the stake, ths rub	Stake in the authorized capital
“Volgogradenergosbyt”, JSC	2 245 820	5 997	0,56%

"Federal Grid Company of Unified Energy Systems", JSC	10 872 380	3 914	0.0008%
Insurance Joint Stock Company "Energogarant", JSC	19 175	192	0.02%
Football Club "Rostov"	1 000	1 000	0.49%
"Chaginskoye", CJSC	487	487	2.32%
TOTAL:		11 590	

Financial investments of "IDGC of the South", JSC – listed stock of "FGC UES", JSC and "Volgogradenergosbyt", JSC are specified in report as of the end of the reporting year by current market cost with corrections of their valuation as of the previous reporting date. The Company carries out quarterly the mentioned corrections. The market cost of shares is calculated according to Regulation of Federal Securities Market Commission No.03-52rc dated 24.12.2003.

3. Investments to joint activity

Participant and subject of joint activity	Investments as of the end of year (ths.rub)
"RusHydro", JSC – construction and operation of Kalmytskaya WPS (wind power station), contract No.29 dated 15.09.1993	7 838
"IDGC Holding", JSC (legal successor of RAO "UES of Russia", JSC), construction and operation of Elistinskaya GSTPS (gas and steam turbine power station), contract No.28 dated 15.09.1993	40 425
TOTAL	48 263

4.5 Other non-current assets (Line 150 of the accounting balance)

As of 01.01.2010 the non-current assets included the sum of expenditures for incomplete research and development, construction and technological works accounted at 08 account.

As of the beginning of the reporting period the sum of expenditures for incomplete research and development, construction and technological works made up 7 455 thousand rubles.

In 2010 were presented acts on introduction of research and development, construction and technological works according to contracts with "State Technological University of South of Russia", "Southern engineering Centre", JSC, "Southern Heat Engineering Institute", "Scientific Institute for Energy Technologies", "Scientific and Technical Union of Electricians and Power Engineers of Yekaterinburg", LLC, "Southern Russian Technical and Agricultural Centre".

As of the end of the reporting period the sum of other non-core assets on expenditures for incomplete research and development, construction and technological works is absent.

4.6. Inventories (Line 210 of the accounting balance)

Inventories were estimated according to actual expenditure amount for acquisition. Their value as of the year end is 778919 thousand rubles, 2.06 % of all Company's assets.

Inventories flow for the accounting period is represented in the following table:

in thousand rubles

Item	Balance as of 31.12.2009	Acquired		Written off		Balance as of 31.12.2010
		Total	Including internal transfer	Total	Including internal transfer	
Spare parts	109731	193723	238	179111	238	124343
Raw materials and materials	623651	829146	4729	798221	4729	654576
TOTAL:	733382	1022869	4967	977332	4967	778919
Work in process	-	-	-	-	-	-
Finished products and goods for resale	3353	19575	-	15253	-	7675

In the current year the retirement of inventories made up 972365 thousand rubles, including:

from selling	4948 thousand rubles
for core operations	507932 thousand rubles
for repairs	170675 thousand rubles
for construction and modernization	211130 thousand rubles
other write-off	77680 thousand rubles

Surplus inventory was recorded as inventory in amount of 979 thousand rubles.

Inadequacy discovered in the result of inventory – 18 thousand rubles.

4.7 Cash assets (line 260 of the accounting balance)

As of beginning of the year, cash balance on settlement and special accounts, and cash on hand made up 1399659 thousand rubles.

Cash funds structure is represented in the following table:

thousand rubles

Indicator	2010
1	2
Cash funds received, total	33187140
Including	
- revenue on sale of electric power transmission services	
- revenue on sale of technological connection to power grid services	17189731
- revenue on sale of other products, works, services	
- revenue on sale of fixed assets	243192

and other property	240
- advances received from buyers	6153
- budget. Fund allocations and other special-purpose financing	4868673
- credits received	274734
- revenue on sale of securities and other financial investments	4
- dividends	9200000
- loans repaid	232
- other receipts	14044181
Cash funds allocated, total	342248667
Including:	
- payment for purchased products, works, services, raw materials and other current assets	
- labour compensation	
- acquisition of fixed assets, income-bearing investments and intangible assets, construction and installation operations, design and development, etc	13636296
- budget settlements	
- dividends and interest payment	41638
- repayment of credits and loans	3828685
- repayment on lease contracts	2971025
- other expenditure	1735886
	8220000
	57702
	2010501
	1746934

Cash assets balance as of the year end made up 338132 thousand rubles.

4.8 Debt of buyers and customers (lines 230 and 240 of the accounting balance)

Accounts receivable as of 31.12.2010 made up 8 738240 thousand rubles, including accounts receivable over more than 12 months upon the accounting date in amount of 704 965 thousand rubles.

Breakdown of accounts receivable according to line 230 of the accounting balance (only contractors with debt over 500 thousand rubles are listed):

		in thousand rubles
No.	Name	Sum
1.	Buyers, customers, Including	33 875
	Sole trader Chekanov A.A.	1 399
	“Stud farm named after 28 th Army”, JSC	1 011
	Agricultural cooperative “Kharakhusovskiy”	1 278
	“Cattle station Chernozemelskaya”, JSC	1 485
	State unitary enterprise “Sarpa”	2 971

	Stud farm named after Chapayev	1 168
	Agricultural cooperative "Yergeninskiy"	1 454
	State unitary enterprise "Shatta"	3 691
	State unitary enterprise "Volzhskiy"	949
	Agricultural cooperative "Erdnievskiy"	1 977
	Agricultural cooperative "Arshan-Zelmenskiy"	829
	Agricultural cooperative "Gigant"	723
	Agricultural cooperative "Obilnoye"	1 183
	Agricultural cooperative "Novaya Pobeda"	1 748
	Agricultural cooperative "Tsekerta"	576
	State unitary enterprise named after Budyonniy	1 371
	Russian state unitary enterprise "Stavropolskiy"	1 218
	Federal state unitary enterprise "Chernozemelskiy"	1 407
	State unitary enterprise "Ulan-Tug"	895
	Russian state unitary enterprise named after Gorodovikov	1 666
	"Astrstroyinvest", LLC	2 000
	Other	2 876
2.	Bills receivable	-
3.	Advances paid out, including "FGC UES", JSC	12 990 12 990
4.	Other debtors including "Kristall", CJSC	658 100 653 003

Breakdown of accounts receivable according to line 240 of the balance as of 31.12.2010(only contractors with debt over 500 thousand rubles are listed):

No.	Name	Sum
1.	Buyers, customers, including	6 781 836
	“Energosbyt Rostovenergo”, JSC	1 106 386
	“Vostok”, JSC	51 235
	“NOREM”, CJSC	13 993
	“Nizhnovatomenergobyт”, JSC	11 884
	“Donenergo”, JSC	81 497
	“Transneftenergo”, LLC	11 806
	“RostDonInvest”, JSC	156 917
	“RostStroyInvest”, CJSC	107 912
	“Coca-Cola HBC Eurasia”, LLC	29 167
	“Golf-Invest”, LLC	17 922
	“Komstroy”, LLC	14 603
	“Southern Development Company”, JSC	12 249
	“Tander”, CJSC	11 762
	“Grand City Taganrog”, LLC	11 104
	“Belovodie”, LLC	4 989
	“Stroymaster”, LLC	5 500
	”Russkiy kirpich”, LLC	4 528
	“Realstroy estate”, LLC	4 479
	“Khomyajkov D.V.”	2 952
	“Vostochniy” road service station	2 686
	“Development company “Avangard”, LLC	1 221
	Municipal unitary enterprise “Housing Department”	6 818
	“Energiya”, LLC	2 126
	“Rostovskiy Repair plant”, JSC	1 308
	“Transenergo Oktyabrskiy”, LLC	6 680
	“Iki-Burulskoye SMO”	4 308
	“Klamenergobyт”, JSC	28 456
	“Energy company of Kalmykia”, JSC	257 097
	State Institution “Kalmykia Water system management”	17 932
	“Airport-Elista”, JSC	7 329
	KhREU-4	1 979
	“FGC UES”, JSC	702
	State unitary enterprise Sarpa	674
	State unitary enterprise Shatta	807
	Agricultural cooperative “Erdnievskiy”	500
	Municipal unitary production enterprise “Inter-district electric grids of Volgograd”	20 781
	Municipal public enterprise “Inter-district electric grids of Volgograd”	
	“Volgogradoblelektro”, JSC	28 197
	“Volgogradenergobyт”, JSC	
	“Volzhskiy Pipe plant”, JSC	3 075
	“Kaustik”, JSC	245 236
	“Volgograd metallurgical plant Krasniy Oktyabr”, CJSC	433 776
	“Nizhnovatomenergobyт”, JSC	256 100
	“Wholesale electrical supply company”, JSC	7 927
	“Rusenergobyт”, JSC Moscow	12 621
	“Siburenergomanagement”, JSC	6 052
	“Energoservis”, LLC	4 323
	“Volzhskiy Orgsintez”, JSC	940
	“Amoko Group”, LLC	40 622
	“Investment and insurance group “Nagorie”, LLC	24 760
	“Priboy”, LLC	2 384

	“Engine Constructing plant of Volgograd”	634
	“Volgogradproectstroy”, CJSC	576
	“Energy selling company of Astrakhan”	384 941
	“Mezhregionenergosbyt”, JSC	21 378
	“Investments and Technologies”, LLC	13 157
	“VKS-Energo”, JSC	3 526
	“Aksarayzhilkommunkhoz”, municipal entity	3 526
	Capital construction directorate at Administration of Astrakhan	2 637
	“Astsymprom”, LLC	2 075
	Others	176 196
3	Advances paid out	266 437
	including	
	To suppliers of materials	28 555
	“Lukoil-InterKard”, JSC	3 494
	“Orgtekhresurs”, LLC	1 000
	“Komplekt-Servis”, LLC	5 408
	“OptTorgServis”	8 937
	“KBS”, LLC	2 650
	Others	7 066
	To building organizations	125 943
	“Investstroy”, LLC	62 040
	“Zempromproekt”, LLC	28 580
	“Donenergoremont”, CJSC	30 370
	“EnTerra”, CJSC	1 659
	Others	2 016
	To repair organizations	1 951
	Service providers	44 852
	“FGC UES”, JSC	5 091
	“Taganrogenergo”, municipal entity	5 739
	“INTEX”, CJSC	2 799
	“Fineart-Audit”, LLC	6 550
	“PMSOFT”, CJSC	1 974
	“Portal-Yug”, LLC	963
	“Orbita”, CJSC	592
	“Energy selling company of Astrakhan”	11 103
	Others	10 041
	Other advances paid out	65 136

	"SMU-21", LLC	48 496
	"Power Group", CJSC	4 047
	"Kubanenergo", JSC	11 447
	Other	1 146
4	Other debtors	985 002
	Including	
	Taxes overpay	288612
	Overpay to non-budgetary funds	4 387
	"Astrkommunenergo", municipal entity	76 161
	"Caspian Pipeline consortium", CJSC	10 888
	"OptTorgServis", LLC	2 659
	"Lukoil-Astrakhanenergo", LLC	2 687
	"Gazprom invset Yug", JSC	3 244
	"AlfaStrakhovanie", JSC	2 048
	"Fuel and energy leasing company", CJSC	42 306
	"Recreation centre "Energetik", JSC	108 808
	"Energosbyt Rostovenergo", JSC	47 229
	"Donbaavodosnabzhenie", JSC	43 587
	"Informsvyaz", JSC	10 125
	"Rosgazleasing", LLC	4 109
	"Donenergoremont", LLC	7 165
	"Energiya", LLC	2 190
	"Donenergo", JSC	1 507
	"Energobalans Centre", LLC	1 490
	"Energoleasing", CJSC	39 718
	"Institute for computerization of communication systems"	1 000
	"Repair organization of Rostov"	5 918
	State enterprise "KUV"	1 061
	State enterprise Ulan Tug	711
	"Airport Elista", JSC	837
	"Power engineering company of Kalmykia", JSC	3 085
	"Chernozemelskaya MSZh", JSC	666
	Administration of Komsomolskiy CMO RK	7 000
	Administration of Maloderbentovskiy CMO RK	9 995
	Administration of Tsagan-Amanskiy CMO RK	6 994
	Administration of Kislowskiy settlement	1 649
	"Volgogradoblelectro", JSC	723
	"Geostar", JSC	646

	“Evrobild”, LLC	917
	“EvroKhim-VolgaKaliy”, LLC	751
	“Monolitstal”, LLC	836
	Federal treasury department in Volgograd region	860
	“Nizhnovatomenergobyt”, JSC	16 219
	“Sebryakovtsement”, JSC	1 077
	“Siberia-Ural aluminium company”, JSC	3 481
	“SpetsTrans”, LLC	507
	“Energosvyaz”, LC	1 725
	Administration of Kletskiy settlement	1 322
	“Rakhinskoe” municipal unity	2 612
	“Rassvet”, LLC	706
	“Water and sewage utilities of Zhirnovsk” municipal unity	819
	“Water service company” municipal unity	1 364
	“Rosinterbusiness corporation”, LLC	685
	Public services of Dzerzhinsky district of Volgograd	1 209
	VAT for advances received	111 797
	Other	98 910
	Total	8 033 275

In 2010 the impossible for collection debt with overdue was 227 925 thousand rubles. In 2010 a provision for doubtful debts was made – 1 503 517 thousand rubles.

4.9. Revenue from contract presupposing implementation of liabilities in non-monetary assets

	2010
Total amount of organizations with which the contract presupposing implementation of liabilities in non-monetary assets was concluded	39
Revenue from such contracts, total in %	2.5
Revenue from such contracts with affiliated companies, total in %	No
Revenue from contract presupposing implementation of liabilities in non-monetary assets was concluded, thousand rubles	660196
including:	
“Kalmenergobyt”, JSC	217117
Laganskoe RMO RK	30915
Municipal enterprise “Elektroseti”	6397
“Energy selling company of Astrakhan”, JSC	1566
Municipal enterprise “Aksaraiskzhilkommunkhoz”	1874
“Nizhnovatomenergobyt”, JSC	23600

“Wholesale electric energy company”, JSC	44000
“Orgsintez Volzhsk”, JSC	4784
“Siburenergomanagement”, JSC	29982
“Rusenergobyt”, LLC	94136
“Energoservis”, LLC	138208
“DonMASloProdukt”, LLC	12038
“Pokrovskiy” Concern”, CJSC	5540
“Komstroy”, LLC	18812
“Servis Ltd”, LLC	4055
“Center of legal services”, LLC	3658
“Rosinvest”, LLC	2320
“Synthetic product factory of Novocherkassk”, JSC	4176

Way of determining the cost of products (services) provided for the Company:

- by electric energy transmission services according to the Rules of fixing the cost of electric energy provided at retail market;

By service of technological connection to Company’s grids according to the rules of technological connection of energy receiving devices

4.10 Long-term obligations and short term accounts payable (lines 520, 620 of Accounting balance)

	Thousand rubles
Long-term liabilities amount: including:	18 862
Suppliers and contractors: “OGK-6” CJSC	18 862
Other long-term liabilities	-
TOTAL:	18 862

Short-term accounts payable as of 31.12.2010 (debt for more than 500 thousand rubles):

	thousand rubles
Short-term liabilities amounts: including:	6 720 179
Suppliers and contractors among them:	5 284 313
-building organizations	1 148 106
“Rdius-Avtomatika” CJSC	624
“ETP-systems of power” CJSC	881
“Complect-service” LLC	1005
“Montazhnik” LLC	850
“Expert company of industrial security of Nizhnevolzhsk” LLC	488
“Energy of the South” LLC	4792
“Donelektromontazh” CJSC	133 523
“Assembly and maintenance directorate of Shakhty” LLC (ShMNU)	95 708
State autonomous enterprise of Rostov region	95 708
“Rostovoblstroyzakazchik”	58 230
“Energosoyuz-Don” LLC	58 230

"TaktikaEnergoSvyazStroy" LLC	
"Dorpromservice" LLC	49 803
"Energokomplekt" LLC	46 278
"High-Voltage Union" CJSC	37 852
"Electrosetstroy" LLC	26 128
"Industrial commercial firm "Energosvyaz" LLC	22 894
"Industrial technical firm "Donenergoremont" CJSC	18 881
"Transenergomash" LLC	16 905
"Viktoriya-2002" LLC	16 011
"Tander" CJSC	12 980
"Research and technology company Rosstroyontazh" LLC	12 036
"Kavkazelektrosetstroy" CJCS	11 762
"Mechanical division #7" LLC	10 505
"ZLATA" LLC	7 715
"Rosspetsproektmontazh" LLC	7 475
"Building company "Don" LLC	6 028
"Rosenergосervice" LLC	5 952
"Rostovenergonakadka" JSC	4 603
"Energostroysvyz" JSC	4 602
"Transenergomash" LLC	3 643
"Komstroy" LLC	3 592
"Kaskad-Energo" LLC	3 157
"Yugenergосervice" LLC	2 927
"Elektrogaz" Branch JSC of "Gazprom" JSC	2 711
"Project-building company "Center of engineering technologies" LLC	2 617
Shakhty branch of "Kavelektromontazh" JSC	2 642
"EISIKO" LLC	2 440
"The Electroshield" group CJSC of TM Samara	
Branch of "South engineering center of energetics	1 724
Rostovsetenergoprojekt" JSC	1 652
"TEL Rostov-Don" LLC	1 593
"Energon" company" LLC	1 542
"ETP-Systems" CJSC	
"Electrospetsmontazh" LLC	1 319
"Energovolt" CJSC	1 267
"PELS group" JSC	1 114
"Stroyelectromontazhnaladka" LLC	132 610
"Taktika-Energosvyazstroy" LLC	93 383
"Electrosetservice" LLC	49 727
"Energy of South" LLC	27 012
Industrial-technical Enterprise "Donenergoremont" CJSC	13 392
"Complect Energo" LLC	13 042
"Astrakhanelectrosetremont" JSC	8 779
Multi-industry company "Global-City" LLC	7 938
"South engineering center of energetics" JSC	5 656
"Vitkor" CJSC	5 356
"Volgogradsetremont" JSC	5 355
"Volgogradspetsstroy" LLC	5 016
"Volzhstroy" LLC	646
"Donelectromontazh" CJSC	3 118
"PSC "Cobalt-S" LLC	3 467
"Kotelnikovspetsstroy" JSC	950
"Taktika-EnergoSvyazStroy" LLC	17 897
"Electromontazh-Volga" LLC	805
"Energy of South" LLC	6 188
"Yug Energo Stroy Montazh" LLC	31 966
"Svetproject" LLC	3 808

"Research and Production company "Rosstroyontazh" LLC	7 780
"Region Stroy Montazh" CJSC	10 040
"VolgoPromObespechenie" LLC	6 999
All-Russian Scientific Research and Design Institute for Industrial Technology n.a. F.B. Yakubovskiy, JSC	723
Others	1 881
	1 123
	584
- repair contractors	
"Electroservice" LLC	34 414
"Anticorrosionschik" LLC	
"Taktika-EnergoSvyazStroy" LLC	72 690
"RosRemStroy" LLC	8 049
"Minstroy" LLC	2 471
"SpetsStroyPodyom" LLC	5 728
"ElectroRepair Plant of Taganrog" JSC	5 174
"Energosoyuz-Don" LLC	3 909
"Energotekhmontazh" LLC	3 770
Research and Production Enterprise "Rostekhkran" LLC	3 409
"Donelectromontazh" CJSC	3 604
"Volgogradpromstroy" LLC	3 052
"Electromontazh-Volga" LLC	2 970
"Bass" LLC	1 654
"Svetproject" LLC	1 141
"Art Mobili GROUP" LLC	1 178
"Chemical Protection" LLC	536
"Stroy-VGS" LLC	2 697
"Road-building administration" LLC	583
"StroyServicePlus" LLC	589
others	590
	589
-other suppliers and contractors	580
among them :	20 417
- for electricity transportation service	
"FGC UES" JSC	4 063 517
"Central power-grid company" CJSC	
Municipal unitary enterprise Electric Power Systems of Votkinsk	2 979 853
Municipal unitary enterprise "Taganrogenergo"	2 879 766
"Neoton" LLC	20 384
"Kommunalschik of Don" JSC	13 986
"Energy" JSC	
"Synthetic products factory of Novochoerkassk" JSC	10 649
"Donetsk excavator" JSC	6 461
"Russian Railways" JSC	5 792
"Donenergotranzit" LLC	4 704
"Tenth ball bearing plant" JSC	4 386
"Energotrans" LLC	4 228
"Rostselmashenergo" LLC	5 698
"Gazprom" LLC	3 823
"Gorizont-Energo" LLC	2 548
"Gazpromenergo" LLC	2 470
Others	2 257
	1 535
- suppliers of goods and materials and OS	1 551
"Innovations and business in energetic" CJSC	1 535
"Electric appliance" LLC	8 080
"Aizovets" CJSC	
"VL-Steel construction" LLC	520 329

"ETM" LLC	521
Management Company "Stavropolenergiyainvest" LLC	2 299
"Biser" LLC	518
"PromSvyaz" LLC	557
"Energotekhsoyuz" LLC	1 181
"South Metal" LLC	2 990
"Erra" LLC	1 894
"Aizovets" CJSC	1 242
"Alliance Group" LLC	573
"Biser" LLC	548
"VolgoAllianceAvto" LLC	792
"Fiber-optic equipment - South" LLC	10 775
"Integrated communication systems" LLC	2 977
"Innovations and business in energetic" CJSC	4 610
Industrial commercial firm "Sevkavkabel" LLC	515
"Electroengineering" LLC	850
"Electric appliance" LLC	1 062
"Energocomplex" LLC	5 668
Financial and industrial group "Energcontact" CJSC	1 824
"Yug-Promtekhenergo" CJSC	1 278
"ACCU-FERTRIB" CJSC	13 751
"Grid Service Company" LLC	2 612
"Electroengineering" LLC	26 893
"Energovolt" CJSC	1 086
"NPK Rosstroyontazh" LLC	590
"Forenergo-Yug" CJSC	1 091
"EleCtraT" CJSC	589
"Complex" LLC	2 080
"Trading company AgroMashTEK" LLC	3 057
"Universal firm "Volgaservice" LLC	1 931
"Trading company "Electroinsulating materials" LLC	526
"Kama-South" LLC	1 213
Financial and industrial group "Energcontact" CJSC	568
Management company "Stavropolenergiyainvest" LLC	2 256
"ElectroLab" LLC	644
"ETM" LLC	3 663
"Aizovets" CJSC	20 123
"Innovations and business in energetic" CJSC	25 012
Industrial commercial firm "Sevkabel" LLC	21 970
"Truck – group GAZ" LLC	7 483
"Truck - group GAZ" LLC	5 380
"ElectroLab" LLC	3 799
"Analitmarketing" CJSC	3 028
"ElectroLab" LLC	4 102
"TopS Business Integrator" LLC	3 071
Others	3 600
	992
- service renderers	4 120
Autonomous institution "Center of work conditions and job safety" JC	6 812
"Asteros" CJSC	305 613
"Vitkor" CJSC	
"Volgograd factory of reinforced concrete products #1" JSC	187 655
"Volgograd wholesale distributing complex" LLC	935
"Volgogradenergobyt" JSC	
"Volga azotic-oxygen factory" JSC	4 940
"Gazprom energo" LLC	13 872
"Concrete goods factory #2" CJSC	662

"Kaustik" JSC	1 461
"CHOP "Cobalt-S" LLC	12 401
"Utility technologies of Volgograd" JSC	3 342
"Lukoil-grids" LLC	1 372
FSAEI FVE Petersburg Energy Institute	686
"Russian Railways" JSC	24 673
"Siberian-Ural Aluminum company" JSC	7 620
"Techservice" LLC	2 536
"Gramophone" LLC	10 413
"KorSys" JSC	522
"PMSOFT" CJSC	16 013
"CHOP "Rus" LLC	1 113
"SGS East Limited" CJSC	936
"Tekhnoserv AS" LLC	1 601
"TopS Business Integrator" LLC	23 163
"PKF" LLC	4 250
Others	579
	827
- other suppliers and contractors	2 891
"Southern Centre of Power Engineering" JSC	1 325
"Esset Management Company" LLC	1 075
"Calmenenergosbyt" JSC	48 447
"OGK-6" JSC	
"Astrakhan energy sales company" JSC	375 680
"INTEH" CJSC	1 300
"Energosvyaz" LLC	147 864
"South Software Company" LLC	16 894
"PortalSouth" LLC	24 293
Private non-commercial educational institution "Training centre Kubanenergo"	1 116
"Grand Soft" LLC	10 389
"Energococontact" CJSC FIG	2 242
"Innovations and business in energetic" CJSC	1 268
"Energocomplex" LLC	1 223
"Aizovets" CJSC	1 095
"Dorpromservice" LLC	1 059
"Holding IDGC" JSC	56 871
"Construction and Installation Administration - 21" LLC	40 676
others	24 112
	11 714
	3 073
	11 031
	19 344
	116
Bills payable	-
Salaries payable	144 119
Debt to government and non-budgetary funds	66 507
Among them:	
-Pension fund of Russian Federation	54 899
-compulsory medical insurance fund	8 468
-social insurance fund	2 987
-penalties and fines in state non-budgetary funds	153
Tax liabilities	58 657
Among them:	
-federal budget	241
-budgets of territorial subjects of Russian Federation	54 673
-local budgets	3 743

Advances received	927 029
"Caspian Pipeline Syndicate - Russia" CJSC	362 781
"Tander" CJSC	600
"Gazprom transgaz Volgograd" LLC	1 045
"Serebryakovtsement" JSC	7 062
"Siberian-Ural Aluminum company" JSC	22 822
"Volgogradoblelectro" JSC	1 136
FSI "Volgograd asylum"	3 190
"Vympel" LLC	2 189
"Geostar" LLC	4 239
"Eurobuild" LLC	6 010
"EuroKhim-VolgaKaliy" LLC	4 921
"Norbi" LLC	1 030
"Pig complex "Lebyazhie" LLC	816
"Construction Department-99" LLC	2 920
"Volgograd factory of concrete products #1" JSC	2 559
Dyakov Igor Aleksandrovich	793
"Tander" CJSC	1 415
"Luch" JSC	1 945
"Caspian Pipeline Syndicate" CJSC	71 378
"Gazprom investYug" CJSC	21 257
"GC-4" CJSC	9 519
"Lukoil – Astrakhanenergo" LLC	4 473
Administration of major construction works of Astrakhan	2 938
"Russian Railways" JSC	48 832
"Guardian Steklo Rostov" LLC	37 772
"Bol Pekidzhing Europe Rostov" LLC	34 028
"Mercury" LLC	29 934
"Administration of water and sewage utilities" MI	19 575
"Megapolis" CJSC	19 318
"Bataiskoe" LLC	14 340
"Rostov port" JSC	12 663
"Aston" JSC	7 624
Agricultural production co-operative - kolkhoz named by S.G. Shaumyan	6 923
MI "Department of building coordination and future development"	6 693
Administration of major construction work of Taganrog	
"GalereyaYug" LLC	6 341
Youth house, Taganrog	5 218
"Nika MotorsYug" LLC	4 839
Branch of "Concern Energoatom" JSC Administration of major construction work of Rostov nuclear power station	4 535
Production commercial firm "Classic" LLC	4 463
"Aksai & Istanbul" LLC	3 793
Production commercial firm "Atlantic-Pak" LLC	3 671
Individual entrepreneur Mkrtychyan Samvel Georgievich	3 604
"Citylife Ross" LLC	3 474
"Gedon-Service" LLC	3 400
"PAK Express" LLCООО «ПАК Экспресс»	3 285
"Emerlinc" CJSC	3 000
"Primery-Don" LLC	2 919
"L-Terra" LLC	2 452
"Klyuchi mining authority" LLC	2 371
Branch of "Donenergo" JSC – "RGES"	2 249
Branch of "Donenergo" JSC – "BMES"	2 238
"Aktis" JSC	2 100
"MKC-RosEvroDevelopment" LLC	2 087

“Taganrog yacht-club” JSC	2 047
Individual entrepreneur Kalinka Svetlana Vasilievna	1 962
“Donenergo” JSC	1 847
others	1 838
	78 556
Other creditors	239 554
“Astrakhan energy sale company” JSC	1 251
“Calmenergosbyt” JSC	2 055
“FGC UES” JSC	1 725
“Omega” LLC	17 565
Administration of Federal Bailiff Service of RK	13 145
“AlfaInsurance” JSC	31 147
Production technical enterprise “Donenergoremont” CJSC	1 087
Non-state pension fund of power industry	57 930
Trade committee FJSC Left Electric Systems	638
Trade committee FJSC Right Electric Systems	513
VOOV Electroprofsoyuz FJSC “Volgogradenergo”	915
“Ingosstrakh” OJSIC	2 886
“Institute of communication systems automation” LLC	980
“Maks” CJSC	19 603
“Rosgosstrakh” LLC	21 797
“ROSNO” JSC	10 875
“Sogaz” JSC	11 140
“EnergoserviceYuga” JSC	2 500
“Astrakhanelectrosetremont” JSC	2 499
VAT on advances	10 262
Others	29 041
TOTAL:	6 720 179

In 2010 accounts payable with expiry of the period of limitation were written off for the total amount 73 421 thousand rubles.

4.11. Additional and reserve capital (lines 420, 430 of the accounting balance)

The Company’s additional capital in amount of 14 857 284 thousand rubles was formed in 2008 by way of summing up additional capitals of companies affiliated in the process of restructuring as of 31.03.2009.

The Company’s reserve fund as of 31.12.2009 is equal to 142867 thousand rubles. It was formed by way of summing up reserve capitals of companies affiliated in the process of restructuring as of 31.03.2008 (118 221 thousand rubles) and distributing the Company’s income following the results of 2007 financial year (344 thousand rubles). Assets of the fund were not spent. In conformance with the Charter, the Company establishes reserve fund in amount of 5 (five) of the authorized capital. Obligatory annual deductions to the Company’s reserve fund make up 5 (five) percent of the Company’s net profit until the fund is accumulated in the fixed amount. Reserve fund shall be used for the Company’s loss coverage and bonds redemption, as well as shares re-acquisition in case other funds are absent.

4.12. Loans and credits (lines 510, 610 of the accounting balance)

Since 31.03.2008, “IDGC of the South”, JSC has been functioning as full legal successor on credit liabilities of credit agreements completed by the restructured grid companies.

In 2009 “IDGC of the South”, JSC placed bonded loan in amount 6 000 000 thousand rubles.

In 2010 the Company took out short and long-term loans in order to replenish working capital for covering cash deficiency and refinancing previously taken credits.

In the structure of credit loan as of 31.12.2010 the most part is referred to long-term credits and loans – 89.9%.

Attraction and repayment of short-term credits for 2010

thousand rubles

Bank name	2010			
	Balance for the beginning	Attracted	Repaid	Balance as of the end of the period
credits				
Astrakhan branch of the SB of the RF No.8625	1 151 000	1 649 000	1 400 000	1 400 000
loans				
Mezhtopenergobank, JSC	312 900		312 900	
Total	1 463 900	1 649 000	1 712 900	1 400 000

Attraction and repayment of long-term credits for 2010

Thousand rubles.

Bank name	2010			
	Balance as of the beginning	Attracted	Repaid	Balance as of the end of the period
Credits				
Gazprombank, Volgograd branch	200 000		200 000	
Gazprombank, Krasnodar branch	1 000 000		700 000	300 000
Nordea Bank JSC, Rostov branch	1 000 000	1 900 000	1 000 000	1 900 000
Astrakhan branch Sberbank of RF No. 8625	1 819 000	5 481 000	3 400 000	3 900 000
Center-Invest	1 350 000	170 000	1 520 000	
Loans				
Bonded debt	6 000 000			6 000 000
IDGC Holding		312 900		312 900
TOTAL	11 369 000	7 863 900	6 820 000	12 412 900

Accrued and paid interest in 2010

Bank name	2010			
	Balance as of	Accrued	Repaid	Balance as of the

	the beginning			end of the period
Short-term credits				
Astrakhan branch Sberbank of RF No. 8625		107 303.5	107 303.5	
Total		107 303.5	107 303.5	
Long-term credits				
Gazprombank, Volgograd branch		8 838.4	8 838.4	
Gazprombank, Krasnodar branch		103 705.2	103 705.2	
Nordea Bank JSC, Rostov branch		164 916.5	164 916.5	
Astrakhan branch Sberbank of RF No. 8625		267 678.8	267 678.8	
Center-Invest		33 447	33 447	
Total		578 585.9	578 585.9	
Bonded loan				
Alfa-Bank	350 957.8	1 049 998.1	1 047 120	353 835.9
Total	350 957.8	1 049 998.1	1 047 120	353 835.9
Total for all credits	350 957.8	1 735 887.5	1 733 009.4	353 835.9

4.13. Provision of obligations and payments received (issued) (line 950,960 of the accounting balance)

While placing the loan of "IDGC of the South", JSC in amount of 6 000 000 thousands rubles a guarantee of "Grechko A.A. Enterprise of Agriculture", JSC (as per the minutes of Board of Directors meeting No.18/2008 dd. 26.09.2008), such guarantee has 5 year validity, i.e. till the moment of bonded loan discharge.

The amount of provided securities received as of December 31 2009 is 6 000 000 thousands rubles.

In 2009 the Company provided two guarantee to "Kubanenergo", JSC:

- for credit contract No.K-13/09-RND dd. 26.05.2009 concluded with "ORGHESBANK" Rostov branch in amount of 420 000 thousands rubles, on this basis was concluded a guarantee agreement No. DPK-13/09-RND dd. 20.08.2009.

- for credit contract No.6310/1-KRD dd. 22.06.2009 concluded with "Raiffeisenbank", CJSC in amount of 410 000 thousand rubles, on this basis was concluded a guarantee agreement №6310/1-KRD dd. 06.08.2009.

Also the Company is a guarantee for "Energolising", JSC "Voronezhskiy" branch as per the additional agreement on opening a credit line 11/P dd. 06.03.2007 in amount of 20 858 thousands rubles.

The Company gave in 2010 guarantee sum as per article 4.5 of contract of rent of residential premises No.491 dd 16.11.10 in amount of 155 thousand rubles.

The amount of provisions given as of 31.12.2010 amounts 11738 thousand rubles

4.14. Settlements with budget and extra-budgetary funds

According to the accounting policy, JSC "IDGC of the South" calculates and pays taxes and levies in conformance with the RF legislation on taxes and levies, legislation of the RF subjects on taxes and levies, local regulatory acts on taxes and levies.

Budget settlements have the following structure

thousands rubles.

INDICATOR	Debt as of 01.01.2010		Accrued for 2010	Paid for 2010	Debt as of 31.12.2010	
	debit	credit			debit	credit
Value added tax		165 668	1 111 101	1 317 439	40 706	36
Property tax	5 626	11 775	89 675	80 471	3 876	19 229
Income tax	166 710	0	2 187	62 195	226 718	0
Land tax	833	3 597	15 190	14 967	735	3 722
Personal income tax	514	37 130	547 853	552 216	930	33 183
Transport tax	221	1 326	9 410	8 501	219	2 233
Other taxes and levies	3 357	326	16 226	16 132	3 142	205
Total on taxes:	177 261	219 822	1 791 642	2 051 921	276 326	58 608
Fine on taxes	3 883	0	-609	31	4 523	0
Late fees on taxes	65 536	49	1 833	4 060	7 763	49
Total:	186 680	219 871	1 792 866	2 056 012	288 612	58 657

Accounts receivable were formed mainly due to the income tax that makes almost 82% of the debt structure.

Receivable on income tax was formed mainly due to peculiarities of calculating and paying the tax during the tax period:

- in comparison with the reporting period of 9 months of 2010, profit in reporting period of 2009 has reduced for 163 971 thousand rubles.
- monthly advances paid in 4th quarter of 2010 made up 61 940 thousand rubles

During 2010 a work on reducing (repaying, writing off) accounts receivable received by the Company from reorganization of legal entities.

Accounts receivable on VAT as of the end of the reporting period was formed due to including in accounting of 2010 corrections of business transactions. Revised tax declarations will be sent to Inter-district Inspectorate of the Federal Tax Service in February 2011.

Accounts payable are to be discharged according to terms of tax payment which are fixed by legislation of RR.

The accounting report presents the sum of deferred tax asset and deferred tax liability.

In 2010 income tax is not accrued because of tax loss. The accounting report presents the tax loss as follows:

- qualified income – 766 087 thousand rubles;
- permanent tax liability – 521 475 thousand rubles;
- deferred tax asset – 248 063 thousand rubles;
- deferred tax liability – 3 451 thousand rubles.

The total for tax loss – 1 145 555 thousand rubles was used for covering income of future tax periods.

Sum of deferred tax loss and deferred tax liability written off made up 85 thousand rubles and 269 thousand rubles in 2010 respectively.

Contributions to obligatory insurance funds

thousand rubles

INDICATOR	Debt as of 01.01.2010		Accrued for 2010	Paid for 2010	Debt as of 31.12.2010	
	debit	credit			debit	credit
Social insurance	20	1 266	109 884	11 097	2 869	2 902
Pension provision	0	0	740 292	685 734	0	54 558
Medical insurance	0	0	114 431	105 999	0	8 432
Total	20	1 266	964 607	902 830	2 869	65 892
Fine	0	0	11	11	0	0
Penalty	0	0	0	0	0	0
Total contributions to non-budgetary funds	20	1 266	964 618	902 618	2 869	65 892
Unified social tax	8 079	52 426	2713	47 150	552	462
Tax penalties	1 162	152	703	506	966	153
Total for unifies social tax with tax penalties	9 241	52 578	3 146	47 656	1 518	615
Total for the account 69	9 261	53 844	968 034	950 497	4 387	66 507

According to RF Federal law No.212 dated 24.07.2009, the article 24 of RF Tax Code (on unified social tax) has ceased into force since 01.01.2010. Calculation and payment of insurance contributions is made to pension fund of RF, social insurance fund of RF, federal fund of obligatory medical insurance and territorial funds of obligatory medical insurance.

4.15. Company's Shares

As of 31.12.2010 the Company's authorized capital was fully paid and amounts 4 981 109 606 (four billion nine hundred eighty one millions one hundred and nine thousand sixty six) rubles 40 kopecks. The authorized capital is divided into:

	Total amount, pieces	Nominal value, rubles	Nominal value of shares in Company's property
Ordinary shares	49 811 096 064	0.1	-
Preferred shares	-	-	-
Total	49 811 096 064	0.1	-

From the total amount of Company's ordinary shares:

1. "IDGC Holding", JSC possesses 51.66%;
2. "Management - consulting", LLC – 21.36%;
3. Quorum Fund Limited – 2.79%;
4. State – 0.14%;
5. Other legal and private persons – 24.05%.

The Company did not purchase its own shares.

4.16. Affiliated and depended companies.

As of 31.12.2010 "IDGC of the South", JSC has 6 affiliated Companies and owns 100% of their shares constituting 100% of their authorized capital.

No.	Affiliated company	Stake in authorized capital	Location	Activity
1.	Open joint stock company "Astrakhanelektrosetremont"	100%	204 Kramatorskaya St., Astrakhan	Overhaul of power transformers; maintenance of electric grids; Earthworks; Design and estimate documentation; installation of equipment; Manufacturing of steel constructions; House wiring; main contractor. Other types of activities permitted by legislation of RF.
2.	Open joint stock company "Volgogradsetremont"	100%	1a Granovitaya St., Volgograd, Russia	Repair of 35-220kV overhead lines; Overhaul and repair of equipment at 35-220kV substations; repair and replacement of metering devices at switchgear; Repair of earthing systems; Repair of busbar and contact connections; Overhaul of 0.4-20kV (0.38-10kV) overhead lines; External economic activity. Other types of activities permitted by legislation of RF.
3.	Open joint stock company "Agriculture enterprise named after Grechko A.A."	100%	21 Teatralnaya St., Kuibyshevo settlement, Rostov region, Russia	Corn farming; Oil crop production, potato and vegetable growing; seed production; wine and fruits growing; Pig farming; Beekeeping; Fish farming; Poultry; Retail and wholesale trade; Projects on increasing efficiency of agricultural activity. Other types of activities permitted by legislation of RF.
4.	Open joint stock company "Agriculture enterprise Sokolovskoe"	100%	32 Kurskaya St., Sokolovo-Kundryuchenskiy village, Novoshakhtinsk, Russia	Corn farming; Oil crop production, potato and vegetable growing; seed production; wine and fruits growing; Pig farming; Beekeeping; Fish farming; Poultry; Retail and wholesale trade; Projects on increasing efficiency of agricultural activity. Other types of activities permitted by legislation of RF.
5.	Open joint stock company "Recreation Centre "Energetik"	100%	3 Shkolnaya St., Shepsi village, Tuapse district,	Medical activity, treatment and health improvement for children (from 5 years-old)

			Krasnodar region, Russia	and adults. Accommodation services. Touristic services. Other types of activities permitted by legislation of RF.
6.	Open joint stock company "Energoservis Yuga"	100%	49 Bolshaya Sadovaya St., Rostov-on-Don, Russia	Design and construction works, maintenance of electric and heat grids. The Company has a right to fulfill other activities permitted by legislation of RF.

14.17. Company's revenues and expenses

Company's revenues and expenses in reporting period are included in profit and loss statement separately for ordinary activities and for other revenues and expenses with item-by-item disclosure.

Revenues and expenses from ordinary activity for 2010:

Indicator	Revenue from sales	Cost of goods sales	Gross profit (loss)
Revenue from energy transmission	20 995 679	(18 665 327)	2 330 352
Revenue from technological connection	291 825	(133 847)	157 987
Rental income	55 842	(18 584)	37 258
Revenue from CEO services	357 156	(357 156)	-
Revenue from unauthorized energy consumption by large consumers	208 011	(127 993)	80 018
Other activities	105 874	(87 057)	18 817

Other revenues and expenses

	thousand rubles 2010
Other revenues	772 590
Including	
Revenue from sales of securities	44 000
Revenue from sale of fixed assets	64
Revenues from sale of inventories	5 765
Revenues from sale of non-core assets	567
Profit from previous years revealed in the reporting period	294 953
Fines, penalties, forfeits	154 062
Accounts payable (more than 3 years)	73 421
Surplus inventory by the results of inventory survey	2 656
Revenue from fixed assets received free of charge	6 389
Revenue from posting inventories	12 809
Revenue from detected unauthorized energy consumption	
Compensation of stamp duty	54 951
Revenue from writing off fixed assets of production character	5 598
Insurance indemnity	13 302
Compensation for damage	59 186
Debt recovery	19 066
Revenue from payout	4 837
Revenue from amicable agreement	6 205
Revenue from shares evaluation	3 035
Revenue from public services	4 632

Revenue from writing off the costs for R&D for costs of capital construction	1 829
Other revenues	
	1 101
	4 162
Other expenses	4 914 929
Including	
Expenses from sales of securities	44 000
Expenses from sale of fixed assets	8
Expenses from sale of inventories	4 948
Expenses from sale of non-core assets	567
Bank services	47 625
Provision for doubtful debts	1 503 517
Retirement of assets without revenue	56
VAT on donated commodities	16
Losses from previous years revealed in the reporting period	2 523 918
Fines, penalties, forfeit	77 883
Stamp duties	14 605
Accounts payable (more than 3 years)	227 925
Legal costs	1 488
Costs for execution proceedings	1 488
Expenses for sport events	1 381
Expenses for social activities	4 159
Payments for nonworking pensioners	15 486
Payments to non-budgetary funds	38 650
Payments to labour units	12 276
Expenses for holidays and anniversaries	5 840
Expenses for seminars, meetings, competitions	5 328
Non-refundable VAT	6 577
Medical centres	4 121
Recovery of damages	2 596
Write off of inventory for non-productive services	7 587
Expenses for public services (reimbursement)	1 859
Payments to BoD, auditing committee and committees attached to BoD	7 768
Expenses for maintenance of non-production facilities	4 271
Stamp duties	1 526
Expenses for shareholders meetings	2 407
Services of keeping the registry of shareholders	1 037
Salaries to workers of non-production sectors	5 811
Other bonuses	2 645
Bonuses	38 210
Welfare	117 254
Other bonuses and compensations	66 125
Mass media services	1 163
Service of VIP halls	1 681
Preparation of documents on securities for exchange houses	1 580
Balance from written off fixed assets	9 218
Insurance expenses	36 728
Target and membership payments	2 621
Expenses for detected unauthorized consumption of electric energy	29 853
Other	24 883

Emergency situations

During 2010 on the territory of Rostov, Volgograd regions and Republic of Kalmykia a number of natural disasters took place that has led to damages to energy facilities of “IDGC of the South”, JSC.

In January, February, July, December of 2010 on the territory of electric grids of Kalmykia Republic, production department Sarpinskiy, production department Caspian electric grids the weather stations recorded: freezing precipitations, storm wind, thunder. These unfavourable weather conditions resulted in power lines break down, damages in supports. The sum of damage caused amounted 35408.36 thousand rubles.

The sum of damages caused by third-party activities to facilities of “Rostovenergo” in 2010 amounted 23127 thousand rubles.

“IDGC of the South”, JSC property (overhead lines, cable lines, communication lines, other equipment meant for transfer of information as well as power equipment) was insured by property insurance contract.

In 2010 “IDGC of the South”, JSC notified the insurance company on 93 cases of property damage for the total amount of 74646.94 thousand rubles.

In 2010 The Company received 62305 thousand rubles from property insurance contracts.

4.18. Profit (loss) per share

Net profit (loss) per share depicts the part of profit (loss) of the reporting period that may potentially be distributed among shareholders. It is calculated as ratio of net profit (loss) for the reporting period to average amount of ordinary shares in circulation during the reporting year. The average amount of shares in circulation is equal to the amount as of the end of the reporting year, as the issue, placement and purchase were not carried out.

Indicator	2010
Net profit (loss)	- 3 589 842
Average amount of ordinary shares in circulation during the reporting year, in thousands	49 811 096
Net profit (loss) per share, rubles	- 0.072

“IDGC of the South”, JSC did not issue the convertible bonds, the diluted profit of the reporting is equal to net profit of the reporting year. The diluted profit depicts possible reduce of the level of net profit per share in the following periods.

In 2010 the result from emergency situations – 2 795 thousand rubles

Indicator	2010
Net profit (loss), thousand rubles	- 3 589 842
Corrections for the sum of expenses for interest payment (regarding taxes), thousand rubles	0
Diluted profit (loss), thousand rubles	- 3 589 842
Average amount of ordinary shares in circulation during the reporting year, in thousands	49 811 096
Diluted profit (loss) per share, rubles	-0.072
Additional information on profit (loss) per share before the calculation of emergency situations	
Net profit (loss), thousand rubles	- 3 589 842
Result of emergencies, thousand rubles	22530
Net profit (loss) before the emergencies, thousand rubles	- 3612372
Net profit (loss) per share before the emergencies, thousand rubles	-0.073
Diluted profit (loss), thousand rubles	-3589842

Result of emergencies, thousand rubles	22530
Diluted profit (loss) before the emergencies, thousand rubles	- 3612372
Diluted profit (loss) per share before the emergencies, rubles	-0.073

4.19 Related parties

The information is provided in accordance with Accounting Standards 11/2008 "Information on related parties"

1. Affiliated entities of "IDGC of the South", JSC - legal entities

No.	Full company name (the name for the non-profit organizations) or surname, name of affiliated persons	Legal entity's address or a residence of the private person (is mentioned only with consent of the private person)	Basis recognition the person as affiliated	Date of recognition)	Partnership share of affiliated person in the Company authorized capital %	Share of joint stock company ordinary shares possessed by affiliated person, %
1	2	3	4	5	6	7
1.	Open joint stock company "Holding of Interregional distribution grid companies"	5A Akademika Chelomeya St., Moscow, 117630	Person has a right to manage more than 20% of general number of votes by voting shares or contributions, the legal entity's stakes comprising authorized or joint stock capital; Person belongs to the same group of persons as the Company.	19.08.2008 19.08.2008	51.66	51.66
2.	Limited Liability Company "Management-Consulting" (trust management) ("Resource", closed-end unit investment Fund for Shares)	6 Krasnopresnenskaya Naberezhnaya, Moscow, 123100	Person has a right to manage more than 20% of general number of votes by voting shares or contributions, the legal entity's stakes comprising authorized or joint stock capital	18.02.2010	21,36	21,36
3.	Open joint stock company of power industry and electrification of Kuban	2 Stavropolskaya St., Krasnodar 350033	Person belongs to the same group of persons as the Company.	14.09.2007	0	0
4.	Open joint stock company "Recreation centre "Energetik"	3 Shkolnaya St., Shepsi settlement. Tuapse district, Krasnodar region	Person has a right to manage more than 20% of general number of votes by voting shares or contributions, the legal entity's stakes comprising authorized or joint stock capital; Person belongs to the same group of persons as the Company.	31.03.2008 31.03.2008	0	0
5.	Open Joint Stock Company "Agricultural Enterprise in the name of Grechko A.A."	21 Teatralnaya St., Kuybyshevo village, Kuybyshevskiy	Person has a right to manage more than 20% of general number of	31.03.2008	0	0

		district, Rostov Region, Russia	votes by voting shares or contributions, the legal entity's stakes comprising authorized or joint stock capital; Person belongs to the same group of persons as the Company.			
6.	Open Joint Stock Company "Agricultural Enterprise Sokolovskoye A.A."	50 Kurskya St., Sokolovo-Kundryuchenskiy settlement, Novoshakhtinsk, Rostov Region, Russia	Person has a right to manage more than 20% of general number of votes by voting shares or contributions, the legal entity's stakes comprising authorized or joint stock capital; Person belongs to the same group of persons as the Company.	31.03.2008	0	0
7.	Open Joint Stock Company "Astrakhanelektrosetremont"	204 Kramatorskaya St., Astrakhan, the Russian Federation, 414032	Person has a right to manage more than 20% of general number of votes by voting shares or contributions, the legal entity's stakes comprising authorized or joint stock capital; Person belongs to the same group of persons as the Company.	31.08.2008 31.03.2008	0	0
8.	Open Joint Stock Company "Volgogradsetremont"	1a Granovitaya St., Volgograd, 400066	Person has a right to manage more than 20% of general number of votes by voting shares or contributions, the legal entity's stakes comprising authorized or joint stock capital; Person belongs to the same group of persons as the Company.	31.03.2008 31.03.2008	0	0
9.	Open Joint Stock Company "Energoservis Yuga"	49 Bolshaya Sadovaya St., Rostov-on-Don 344002	Person has a right to manage more than 20% of general number of votes by voting shares or contributions, the legal entity's stakes comprising authorized or joint stock capital; Person belongs to the same group of persons as the Company.	30.12.2010		

- members of Company's BoD
- members of Management Board
- CEO
- Directors of branches

2. Participants of joint activity

Participants of joint activity	Activity	Investments as of 31.12.2010,
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		thousand rubles
“RusHydro”, JSC	Construction and operation of Kalmytskaya wind-power station, contract No. 29 dd 15.09.1993	7838
“IDGC Holding”, JSC	Construction and operation of Elistinskaya combined cycle power plant, contract No. 28 dd 15.09.1993	40425
Total		48236

3. Non-state pension fund

Relations of non-state pension fund of power industry and the Company are regulated by contracts on non-state pension provision of employees

Purchases of related parties

in thousand rubles

Name of the related party	2010
Services rendered to the Company	
“Astrakhanelektrosetremont” (rent)	2191
Total	2191
Services rendered by the Company	
“Volgogradsetremont” (rent)	1347
“Agriculture Enterprise Sokolovskoe” (telecommunication services)	4
Total	1351

In the reporting period “IDGC of the South”, JSC did not sell its production to related parties

As of December 31, 2008 the accounts receivable and payable for settlements with related parties are:

in thousand rubles

Name of the related party	2010
Accounts receivable	
“Astrakhanelektrosetremont”	-
“Agriculture Enterprise named after Grechko”	2680
“Recreation centre “Energetik”	108809
Total	111489
Accounts payable	
“Volgogradsetremont”	3285
“Astrakhanelektrosetremont”	7864
Non-state pension fund of power industry	58513
“Energoservis Yuga”	2500
Total	

Loans provided by related parties

In 2010 the Company was not provided with loans.

Information on amount of remunerations paid to key management staff

Payment of remunerations and compensations to members of Board of Directors in carried out in accordance with Regulation on payments to members of Board of Directors of Open Joint Stock Company “Interregional Distribution grid company of the

South” in restated version approved by the decision of general meeting of shareholders (minutes No.1 dd 04.06.2008)

According to the labour contracts concluded between the Company and members of Management Board, the remuneration to a members of Management Board is paid in amount and order set by “Regulation on payments to top-managers of “IDGC of the South”, JSC” in restated version approved by the decision of general meeting of shareholders on 19.05.2008 (minutes No.13/2008 dd 22.05.2008).

On the basis of decisions adopted BoD of “IDGC of the South”, JSC (minutes: No.13/2008 dd 22.05.2008, No.20/2008 dd01.12.2008, No.22/2009 dd 11.02.2009, No.38/2009 dd 25.12.2009, No.39/2010 dd 05.02.2010, 44/2010 dd28.04.2010, No.49/2010 dd 28.06.2010, No. 50/2010 dd 08.07.2010, No.53/2010 dd 01.09.2010, No.55/2010 dd 29.10.2010, No.57/2010 dd 24.12.2010) on determining the amount of members of Management Board and election of members of Management Board as well as in accordance with article 21 of Company’s Charter and articles 15, 17 of labour Code of RF additional agreements were concluded with members of executive authorities on executing authorities of a member of collegiate body.

From the date of establishing the Management Board of “IDGC of the South”, JSC (19.05.2008) members of Management Board of the Company are paid monthly remuneration in amount of 5 (five) minimal tariff rate of the 1st category employee.

Remunerations to Company’s director general are regulated according to terms of the labour contract as well as in accordance with Regulation on payments to “IDGC of the South”, JSC Director general approved by decision of Company’s BoD (minutes No.1/2007 dd 17.07.2007).

4.20 Information on segments

In conformance with RA 12/2000 “Information on Segments”, based on analysis of the Company’s operation risks’ sources and character, based on the Company’s profit analysis (organizational and management structure, system of internal reporting), information on geographical segments is considered to be primary for the purpose of segment data formation, and information on operational segments is considered to be secondary.

Primary information – geographical segments

The Company operates in five regions of the Russian Federation. The following segments can be singled out in the Company’s activity:

- region A – the Rostov area of the RF,
- region B – the Astrakhan area of the RF,
- region C – the Volgograd area of the RF,
- region D – the Krasnodar region of the RF,
- region E – the Republic of Kalmykia of the RF.

Name	Revenue for 2010	Assets as of 31.12.2010	Capital investments
region A – the Rostov region of the RF	10072665	19088618	616548
region B – the Astrakhan	3091000	4552176	323199

region of the RF			
region C – the Volgograd region of the RF	8342055	11912739	294054
region D – the Krasnodar region of the RF		13310	24783
region E – the Republic of Kalmykia of the RF	508666	1489459	242404
TOTAL:	22014386	37056302	1803988

Revenue is represented according to geographical segments of supply markets' location. Assets and capital investments are represented according to geographical segments of assets' location.

Secondary information – operational segments

The following operational segments can be singled out in the company's operation:

- segment A – electric power transmission;
- segment B – service on technological connection to the Company's grid;
- segment C – other products.

Other kinds of the Company's economic activity include maintenance and operational servicing, utilizing UNEG objects and other production services. Not a single of them conforms to conditions of singling out reporting segments specified in RA 12/2000 "Information on Segments".

On this reason, information on the segments is not disclosed specifically.

Rubles in thousands

	Segment A	Segment B	Segment C	Total for the Company
2010				
Segment revenue	20995679	291825	726882	22014386
Segment profit (loss)	2330352	157978	136092	2037096
Expenditure not distributed among the segments				587326
Capital investments	1595151	208837		1803988
Depreciation deduction on fixed assets for the accounting year	2116544	6779	51649	2174972
As of 31 December, 2010				
Segment's assets	35341536	491222	1223544	37056302
Assets not distributed among the segments				823029
Assets, total				37879331
Segment's liabilities	6411010	89108	221953	6722071
Liabilities not distributed				31157260

among the segments				
Liabilities, total				37879331

Segment revenue (profit) is formed as a result of operations with outside buyers. Balanced financial result on segments differs from the entity's sales profit represented in line "Total for the Company", line "Segment profit (loss)" by the amount of general economic and other Company's overall expenditure not distributed among the segments. Other profit and loss was not distributed among the segments, for it does not make economic sense and has no basis required.

4.21 Information on expenditures on energy resources

Information is presented in accordance with Federal law No.261 dd November 23, 2009 "On energy saving and energy efficiency and introducing changes to particular legislative acts of RF".

In 2010 expenses for energy sources were as follows:

- 1) expenses for purchase of electric energy to compensate losses in electric grids of "IDGC of the South", JSC – 4 076 230.7 thousand rubles.
- 2) for purchase of electric and heat energy for household needs for buildings and constructions of production departments of "IDGC of the South", JSC – 194 194 thousand rubles, including:
 - electric energy – 182 578 thousand rubles
 - heat energy – 11 615.1 thousand rubles

Expense for purchase of electric and heat energy for household needs in 2010 were calculated according to data on metering devices on the basis of concluded contracts for energy supply with energy selling companies by the tariffs approved by executive body in the sphere of state regulation of tariffs in the region and according to non-regulated prices approved by article 109 of Government Regulation No.530 dd August 31, 2006 "On approving rules of functioning retail markets of electric energy during the transitional period of reforming power industry".

4.21 Claim-related work

The claim-related work provides timely and effective protection of Company's interests both before the court procedures and during the court procedures. The effectiveness of this activity is provided by proper regulation of local acts adopted by the Company, activities of all services and subdivisions in cases of disputes and disagreements with contractors, state bodies, and municipal authorities.

Claims of "IDGC of the South", JSC

For the accounting period, 441 claims were made by JSC "IDGC of the South" for the total amount of 11 596 689 thousand rubles, specifically:

- 262 claims were satisfied for the amount of 4 398 038 thousand rubles;
- actual charge following court decision for the amount of 2 536 245 thousand rubles;
- 29 claims were rejected and suspended without review for the amount of 3 331 709 thousand rubles (basic reason, reasons - different);
- 150 claims are under consideration for the amount of 3 866 941 thousand rubles.

Claims to “IDGC of the South”, JSC

For the accounting period, 257 claims were made against JSC “IDGC of the South” for the total amount of 5 174 735 thousand rubles, specifically:

- 126 claims were satisfied for the amount of 345 639 thousand rubles;
- actual charge following court decision for the amount of 310 880 thousand rubles;
- 70 claims were rejected and suspended without review for the amount of 241 136 thousand rubles;
- 61 claims are under consideration for the amount of 4 587 959 thousand rubles.

Demands held by “IDGC of the South”, JSC

For 2010, 74 demands were held by JSC “IDGC of the South” for the amount of 84 028 thousand rubles, specifically:

- 10 demands were satisfied for the amount of 24 154 thousand rubles;
- 64 demands were rejected and suspended without review for the amount of 59 874 thousand rubles;
- 0 demands are under consideration for the amount of 0 thousand rubles.

Demands held against “IDGC of the South”, JSC

For 2010, 188 demand was held against “IDGC of the South”, JSC for the amount of 1 146 478 thousand rubles in connection with non-execution of liabilities on settlement for goods loaded or services rendered, specifically:

- 47 demands were actually satisfied for the amount of 372995 rubles;
- 84 demand was rejected and suspended without review for the amount of 188041 thousand rubles;
- 57 demands are under consideration for the amount of 585442 rubles.

In the framework of executive process, total amount of 772020 thousand rubles was paid.

4.23 Internal audit

Internal audit activities involve internal control implementation including information accumulation and analysis for providing management decisions aimed at the Company’s activity efficiency.

In order to ensure the Company’s internal control system functioning, the Company established Internal Check and Audit Department consisting of internal audit service and methodology and risks division.

Major direction of activity of Internal Check and Audit Department is carrying out comprehensive and audit checks, check results’ monitoring and analysis with the purpose of controlling conformance with internal standards, providing control of economic efficiency of the Company’s activity, ensuring control over property, material, cash and labour resources, their targeted use and safety, forming information base for

taking decisions on the basis of valid information, discovering and preventing negative tendencies and essential risks of the Company's financial and economic, and production activity.

Internal Check and Audit Department fulfills procedures of preventive control over the system of transaction terms agreement, carrying out tenders, trades, panels on assets writing off, standards and other internal regulatory documents coordination.

In 2008, Internal Check and Audit Department performed the following checks:

- limited scope audits in the executive office of JSC "Kubanenergo", JSC "Kubanenergo" branch Leningradskiy Electric Grids, "Volgogradenergo" branch of "IDGC of the South", JSC;
- control check of previously discovered deficiencies elimination in Labinsk Electric Grids branch of "Kubanenergo", JSC;
- participation in auditory check of "IDGC of the South", JSC, participation in auditory checks of DGCs subordinate to "IDGC of the South", JSC:
 - "Rostovenergo", JSC;
 - "Astrakhanenergo", JSC;
 - "Kubanenergo", JSC.
- participation in auditory check of SACs of "IDGC of the South", JSC:
 - "Recreation Centre "Energetik", JSC;
 - "Markinskoye PSKh", JSC;
 - "Grechko A.A. PSKh", JSC;
 - "Sokolovskoye PSKh", JSC.
- participation in auditory check of SACs of "Kubanenergo", JSC:
 - "Recreation Centre "Energetik", JSC;
 - OK "Plamya", JSC;
 - "Krasnodarenergosetremont", JSC;

4.24 Events after the accounting date

Facts of economic activity which influence or can influence financial condition and results of the Company's activity in the future, and which take place within the period between the accounting date (December 31) and the date of financial reports signing are absent.

4.25 Contingent obligations

"IDGC of the South", JSC made a claim against "Volszhskiy Abrasive Factory", JSC on collection debt for energy transmission services for the total amount of 269432.539 thousand rubles. By the decision of Arbitrage of Volgograd region dated 08.07.2010 the claim was not satisfied. By the decision of 12th court of appeal dated 19.11.2010 the decision was left without changes, claim without satisfaction. The cassation appeal was made. As of the current date the decision is not provided.

Taking into account terms for consideration of claims the decision on cassation appeal will be provided no sooner than March 2011.

Thus, as of the reporting period these exists indefiniteness in arising of grounds for receiving the mentioned sum.

At the present moment the possibility of adopting negative for the Company decision is evaluated as 75%.

“IDGC of the South”, JSC (Volgogradenergo) made a claim against “Mezhregionsbyt”, JSC on collection of debt for energy transmission services for the total amount of 114 721.523 thousand rubles. By the decision of Arbitrage of Moscow dated 27.10.2010 the claim was not satisfied. By the decision of 9th court of appeal dated 27.01.2011 the decision was left without changes, claim without satisfaction. The cassation appeal is being prepared.

Taking into account terms for consideration of claims the decision on cassation appeal will be provided no sooner than April 2011.

Thus, as of the reporting period these exists indefiniteness in arising of grounds for receiving the mentioned sum.

At the present moment the possibility of adopting negative for the Company decision is evaluated as 75%.

“IDGC of the South”, JSC (Rostovenergo) made a claim against “EK “Vostok”, JSC on collection of debt for energy transmission services for the total amount of 10 064.76 thousand rubles. By the decision of Arbitrage of Moscow dated 12.11.2010 the claim was satisfied. The defendant applied to the court of appeal, by the decision of 9th court of appeal dated 09.02.2011 the decision was left without changes, claim without satisfaction. The cassation appeal is being prepared.

Taking into account terms for consideration of claims the decision on cassation appeal will be provided no sooner than April 2011.

Thus, as of the reporting period these exists indefiniteness in arising of grounds for receiving the mentioned sum.

At the present moment the possibility of adopting negative for the Company decision is evaluated as 50%.

“IDGC of the South”, JSC (Rostovenergo) made a claim against “EPM-Energo”, JSC on collection of debt for energy transmission services for the total amount of 29014.936 thousand rubles and penalties – 231.112 thousand rubles. By the decision of Arbitrage of Rostov region dated 22.11.2010 the claim was not satisfied. By the decision of 15th court of appeal dated 04.02.2011 the decision was left without changes. The cassation appeal is being prepared.

Taking into account terms for consideration of claims the decision on cassation appeal will be provided no sooner than April 2011.

Thus, as of the reporting period these exists indefiniteness in arising of grounds for receiving the mentioned sum.

At the present moment the possibility of adopting negative for the Company decision is evaluated as 75%.

To “Volgogradenergosbyt”, JSC was made a claim on collection of cost of losses of electric energy in grids possessed by “IDGC of the South”, JSC in amount of 1 060 486 thousand rubles. By the decision of Arbitrage of Volgograd region dated 05.11.20009 the claim was not satisfied. At the present moment the case is under consideration of 12th court of appeal.

Taking into account terms for consideration of claims the decision on cassation appeal will be provided no sooner than May 2011.

Thus, as of the reporting period these exists indefiniteness in arising of grounds for receiving the mentioned sum.

At the present moment the possibility of adopting negative for the Company decision is evaluated as 50%.

To “Volgogradenergosbyt”, JSC was made a claim on collection of cost of losses of electric energy in grids possessed by “IDGC of the South”, JSC in amount of 173 804.854 thousand rubles and 10 127.524 thousand rubles of interest. At the present moment the case is under consideration of court of original jurisdiction.

Thus, as of the reporting period these exists indefiniteness in arising of grounds for receiving the mentioned sum.

At the present moment the possibility of adopting negative for the Company decision is evaluated as 50%.

“Khimprom”, JSC brought a suit to “Volgogradenergosbyt”, JSC on collection of cost of electric energy consumed during the period of absence of restrictions in regime of energy supply, the amount of collection – 43 189.628 rubles. At the present moment the case is under consideration of court of original jurisdiction.

Thus, as of the reporting period these exists indefiniteness in arising of grounds for receiving the mentioned sum.

At the present moment the possibility of adopting negative for the Company decision is evaluated as 50%.

“Energy selling company of Astrakhan”, JSC brought a suit to “Astrakhanenergo”, JSC on collection of disputable debt in amount of 14 239.69 thousand rubles. The case is under consideration of court of original jurisdiction.

Thus, as of the reporting period these exists indefiniteness in arising of grounds for receiving the mentioned sum.

At the present moment the possibility of adopting negative for the Company decision is evaluated as 50%.

To “Lukoil-Astrakhanenergo”, JSC was made a claim on collection of unjust enrichment in amount of 15 009.99 thousand rubles. The case is under consideration of court of original jurisdiction.

Thus, as of the reporting period these exists indefiniteness in arising of grounds for receiving the mentioned sum.

At the present moment the possibility of adopting negative for the Company decision is evaluated as 25%.

Deputy director general
on economy and finances

_____ Akilin P.E.

Chief accountant

_____ Savin G.G.

**Auditor’s Opinion on Accounting Report
of “IDGC of the South”, JSC
for January 1, 2010 –December 31, 2010**

addressed to users of the accounting report in accordance with Russian legislation

Audited entity

Full name: Open Joint Stock Company "Interregional Distribution Grid Company of the South"

Abbreviated name: "IDGC of the South", JSC

Location: 49 Bolshaya Sadovaya St., Rostov-on-Don, RF, 344002

Postal address: 327 Severnaya St., Krasnodar, RF, 350015

State registration: Certificate of state registration serial number 61 No. 005700952 dated June 28, 2007 issued by Inspectorate of Federate Tax Service Leninskiy district of Rostov-on-Don.

Is included in Uniform State Register of legal entities with state register number 1076164009096

Auditor

Full name: Joint-Stock Auditing Firm "AUDITINFORM"

Abbreviated name: "AF AUDITINFORM", JSC

State registration number: 1027739185044

Location: 4 Yaroslavskaya St., Moscow, 129164

Postal address: PO Box 150 Moscow, Russia 107078

Is member of Non-Profit Partnership "Moscow Audit Chamber"

Principal Number of Registration Entry 10303000773

We have carried out the audit of the accounting statement of "IDGC of the South", JSC composed of the following documents: Accounting Balance as of 31st of December 2010, Profit and Loss Statement, Capital Statement and Cash Flow Statement for 2010, other notes to the accounting balance and report on profit and loss and explanation note.

**Responsibility of the auditing entity
for accounting report**

Management of "IDGC of the South", JSC bears responsibility for preparation and credibility of the accounting report in accordance with Russian rules of preparing the accounting report and for system of internal audit necessary for preparation of accounting report without material misstatements that can be caused by fraud or faults.

Responsibility of the auditor

The responsibility of the auditor consists in providing the opinion on credibility of the accounting report on the basis of the carried out audit. We have carried out the audit in accordance of federal standards of audit activities. These standards require the observance of code of ethics as well as planning and performing the audit the way to make sure that the accounting report does not content material misstatements.

The audit presupposed the audit procedures aimed to find the audit evidences proving the figures in accounting report and the disclosed information. The choice of the procedures is the subject-matter of our estimations that are based on the risk assessment of the material misstatements caused by fraud or faults. During the risk assessment we checked the system of internal audit (which provides preparation and credibility of accounting report) in order to choose the appropriate audit procedures, but not for evaluation of the effectiveness of internal audit system.

The audit also presupposed the appraisal of the accounting policy and validity of estimated figures, as well as the appraisal of performance of accounting report in general.

We consider the proofs found during the audit to be enough to give positive opinion on the credibility of the accounting report.

Auditor's opinion

The auditor considers that the accounting report gives a true and fair view of the financial situation of "IDGC of the South", JSC as of December 31, 2010 and the results of company's business activity and cash flow for 2010 as per Russian accounting standard (RAS).

Enclosure: Accounting report of "IDGC of the South", JSC in 97 pages.

General director of
"AF AUDITINFORM", JSC

Borisov Vyacheslav Mikhailovich

February 25, 2011

7.2. Quarterly accounting reports of the Issuer for the last completed accounting quarter

Accounting balance for three months of 2011

		Code
Form No. 1 as per Russian National Classification of Management Documentation (RNCMD)		0710002
	Date	31.03.2011
Organization: "IDGC of the South", JSC	as per Russian National Classifier of Business Organizations (RNCBO)	80380011
Taxpayer Identification Number	TIN	6164266561
Type of activity: electric energy transmission	as per Russian National Classifier of Economic Activities (RNCEA)	40.10.2
Legal form of organization / form of ownership: open joint stock company	as per Russian National Classifier of Forms of Incorporation (RNCFI)/ Russian National Classifier of Forms of Ownership (RNCFO)	47 16
Unit of measurement: ths.rub.	as per Russian National Classifier of Measurement Units (RNCMU)	384

Location (address)	49 Bolshaya Sadovaya St., Rostov-on-Don, Russia 344002
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Notes	Indicator	Line	March 31, 2011	December 31, 2010	December 31, 2009
	ASSETS				
	I. Non-current assets				
	Intangible assets	1110	20	20	20
	Results of researches and projects	1120	3 029	3 304	4 406
	Fixed assets	1130	26 224 715	26 573 430	26 965 831
	Income-bearing investments in tangible assets	1140			
	Financial investments	1150	462 832	461 702	453 503
	Deferred tax assets	1160	95 096	323 576	75 598
	Other non-current assets	1170			7 455
	Total for section I	1100	26 785 692	27 362 032	27 506 813
	II. Current assets				
	Stock	1210	1 597 145	1 394 400	1 372 322
	Input VAT	1220	12 447	17 571	25 182
	Accounts receivable	1230	9 315 258	8 738 240	11 161 018
	Financial investments	1240	20 000	20 000	0
	Monetary assets	1250	290 638	338 132	1 399 725
	Other current assets	1260			
	Total for section II	1200	11 235 488	10 508 523	13 958 247
	Balance	1600	38 021 180	37 870 555	441 465 060

Form 0710001 page 2

Notes	Indicator	Line	March 31, 2011	December 31, 2010	December 31, 2009
	Liabilities				
	III. Shareholders fund				
	Authorized capital (share capital, authorized fund, partners' investments)	1310	4 981 110	4 981 110	4 981 110
	Reacquired stock	1320			
	Reappraisal of fixed assets	1340	14 826 362	14 829 755	14 847 987
	Capital surplus (without reappraisal)	1350			
	Reserve funds	1360	142 867	142 867	142 867
	Undistributed profit (uncovered loss)	1370	(3 618 044)	(3 354 856)	216 754
	Total for section III	1300	16 332 295	16 598 876	20 188 718
	IV. Long-term liabilities				
	Borrowed funds	1410	13 312 9000	12 766 736	11 719 958

	Deferred tax	1420	288 717	287 512	284 330
	Provisions for indirect liabilities	1430			
	Other liabilities	1450	15 325	18 862	72 322
	Total for section IV	1400	13 616 942	13 073 110	12 076 610
	V. Short –term liabilities				
	Borrowed funds	1510	1 086 301	1 400 000	1 463 900
	Accounts payable	1520	6 910 978	6 722 073	7 648 327
	Deferred income	1530	74 664	76 496	87 505
	Provisions for future expenses	1540			
	Other liabilities	1550			
	Total for section IV	1500	8 071 943	8 198 569	9 199 732
	BALANCE	1700	38 021 180	37 870 555	41 465 060

**Profit and loss statement
for three months 2011**

		Code
Form No. 2 as per Russian National Classification of Management Documentation (RNCMD)		0710002
	Date	31.03.2011
Organization: “IDGC of the South”, JSC	as per Russian National Classifier of Business Organizations (RNCBO)	80380011
Taxpayer Identification Number	TIN	6164266561
Type of activity: electric energy transmission	as per Russian National Classifier of Economic Activities (RNCEA)	40.10.2
Legal form of organization / form of ownership: open joint stock company	as per Russian National Classifier of Forms of Incorporation (RNCFI)/ Russian National Classifier of Forms of Ownership (RNCFO)	
Unit of measurement: ths.rub./mln.rub (delete as applicable)	as per Russian National Classifier of Measurement Units (RNCMU)	384

Notes	Indicator	Line	1 st quarter of 2011	1 st quarter of 2010
	Profit	2110	6 697 459	5 759 469
	including from transport of electric energy	2111	6 602 548	5 571 410

	from technological connection	2112	54 707	53 084
	Cost of goods sold	2110	-5 868 556	-5 096 666
	including			
	from transport of electric energy	2121	-5 812 235	-4 983 124
	from technological connection	2122	-27 724	-29 774
	Gross profit (loss)	2100	828 903	662 803
	Business expenses	2210	-	-
	Management expenses	2220	-176 962	-228 318
	Profit (loss) from sales	2200	651 941	434 485
	Participation capital	2310		
	Interest receivable	2320	1 465	2 999
	Interest payable	2330	-403 728	-458 455
	Other revenues	2340	72 287	79 945
	Other expenses	2350	-207 256	-236 401
	Profit (loss) before the taxation	2300	114 709	-177 417
	Current income tax	2410	-1 508 29	-41 181
	Including tax liabilities (assets)	2421	357 574	74 564
	Changes in deferred tax liabilities	2430	-1 207	1 513
	Changes in tax asset	2450	-228 480	587
	Other	2460	-774	-3 103
	Net profit (loss)	2400	-266 581	-219 601
	for reference:			
	Balance from revaluation of non-current assets, that is not included in net profit (loss) of the period	2510		
	Balance from other activities that is not included in net profit (loss) of the period	2520		
	Total financial result of the period	2500	-266 581	-219 601
	Basic profit (loss) per share	2900	-0.000005	-0.000004
	Diluted profit (loss) per share	2910		

7.3. Summary Accounting Reports of the Issuer for the Last Completed Financial Year

Is not included in the current accounting period

7.4. Data on the Issuer's Accounting Policy

Regulations on accounting policy for the purposes of accounting of "IDGC of the South", JSC (further referred to as Regulations) are approved by order of CEO of "IDGC of the South", JSC No.487 dd 30.12.2010.

The present Regulations have been developed in accordance with requirements of accounting standard acts and also in consideration of requirements of tax and legal legislation in the Russian Federation.

“IDGC of the South”, JSC (hereinafter referred to as “Company”) arranges and keeps the books, prepares accounting statements in accordance with the Federal law No.129-Φ3 dated November 21, 1996 “On Accounting”, Regulations on bookkeeping and financial reporting procedure in the RF, approved by the order of the Ministry of Finance of the RF dated 29.07.98 No. 34H; Chart of accounts of business accounting approved by the order of the Ministry of Finance No.94H dated 31.10.2000 or other standard acts in the field of accounting.

The present Regulations have been formulated on the basis of assumptions of:

- separate entity of an enterprise;
- continuity of an enterprise operation;
- successive employing of accounting policy;
- temporal determination of economical activity factors.

All associated joint stock companies of “IDGC of the South”, JSC shall keep separate accounts, prepare complete accounting reports and tax accounts, be taxpayers, respond for timely and complete settling with the budget in relation to all types of taxes, dues and fees.

The present Regulations shall be applied to the Company, hereof branches and other territorially separate structural subdivisions. These Regulations shall be the guide for:

- heads and employees of all structural subdivisions of the Company – branches and operating developments, departments, services and sections of the Company’s Executive bodies, responsible for timely submission of basic documents and other accounting information to accounting services;
- heads and employees of all departments, services and sections, responsible for timely and reasonable development, review and bringing of reference data to subdivisions-executives (including Accounting and Tax Department);
- employees of Accounting and Tax Department of the Executive Bodies, branches, accounting departments of operating developments, responsible for timely and qualitative performance of all types of accounting activities and preparation of accurate accounting statements of all types.

Other order documents of the Company shall not contradict the present Regulations.

ORGANIZATIONAL AND TECHNICAL ASPECTS OF ACCOUNTING POLICY PRINCIPLES OF ACCOUNTING ORGANIZATION AND ACCOUNTING OBJECTIVES

Accounting and tax records in the Company shall be maintained by the structural subdivision – Accounting and Tax Department led by the head of department – the Chief Accountant.

The Chief Accountant shall report directly to the head of the Company and respond for accounting policy determination, bookkeeping and timely accounts reporting. The requirements of the Chief Accountant in relation to documenting of business transactions and submission of necessary documents and data to the Accounting and Tax Department shall be obligatory for all employees of the Company.

The structure of “IDGC of the South”, JSC includes executive body, branches and operating developments subordinate to branches.

The segregation of branches and operating developments has been caused by territorial location and peculiarities of production process hereof. Branches and operating developments hereof shall not be regarded as artificial persons, shall act on the basis of regulations, speak in the name of an artificial person, and their heads shall act by proxy.

Branches shall have internal accounting services (Accounting and Tax Departments) headed by chief accountants of branches, who shall make up a separate balance with incomplete financial result and other accounting statements according to forms established by the Company.

Branch shall prepare accounting and tax reports including the indices on all subordinate operating developments (geographically situated within one constituent region of the Russian Federation with the branch). The indices of operating developments situated in the territory of two constituent regions of the RF – the Krasnodar region and Adygeya shall be included in the reports of a branch of Kubanenergo.

Operating developments shall have accounting departments headed by chief accountants and shall have indices of the balance made up in the form of a turnover balance sheet, general ledger and preparation of accounting statements according to forms approved inside the system.

The functions of central accounting department shall be performed by the Accounting and Tax Department of the Company’s Executive Bodies that shall prepare accounting statements concerning the Company including the indices of all branches.

The composition and hierarchy, division of powers and responsibility, structure, functions and tasks of the Accounting and Tax Department of “IDGC of the South”, JSC performing the functions related to primary accounting and information processing for further registration hereof in accounting shall be stipulated by the Regulations “On Accounting and Tax Department”.

The degree of responsibility for completeness and accuracy of bookkeeping and tax records maintenance and also the completeness of authorities of branches` chief accountants and chief (senior) accountants of operating developments shall be stipulated by the Regulations “On a Branch”.

The head of the Company as well as directors of branches shall respond for accounting organization in the Company, compliance with the legislation in the course of business transactions effecting pursuant to “Regulations on Branches”.

Taking into account the functions performed Chief Accountants of branches shall report to the Chief Accountant of the Company and from the position of organization to the heads of branches.

Taking into account the functions performed Chief (senior) accountants of operating developments shall report to the Chief Accountant of the Company and from the position of immediacy to the chief accountant of the branch, whose reports contain indices of balance sheet of an operating development.

The Chief Accountant of the Company, Chief Accountants of branches and chief (senior) accountants of operating developments shall be appointed to the post and dismissed by the order of the General Accountant of the Company.

Branches and executive bodies proceeding from the specific character of the activity, legislation of the RF constituent region, having a branch in the territory, and used software suite (till the moment of introduction of integrated software in the Company), may have peculiarities of accounting policy that shall be approved by the order of the General Director of the Company and shall be regarded as addition to the present accounting policy.

Branches and their operating developments shall be financed in accordance with the centralized order in compliance with the indices approved by the planned budget of cash flows and "Procedure rules of executing and producing of reports on the Company's consolidated budget implementation".

PROCEDURE FOR ACCOUNTING POLICY DETERMINATION, APPROVAL AND CHANGE

Means of bookkeeping elected in the course of the present accounting policy determination shall be applied from the first of January of the year following the year when the document was approved.

Any change in accounting policy shall be approved by organizational-order documentation of the Company.

The changes shall be disclosed by the Company in an explanatory note attached to accounting statements for the year preceding the year when they were made.

In case of revealing in Company's economic activity of new facts of economic activity for which the means of accounting have not been determined by the accounting policy, addition to the accounting policy shall be made up.

STANDARD WORKING CHART OF ACCOUNTS, TECHNOLOGY OF ACCOUNTING INFORMATION PROCESSING, FORMS OF SOURCE ACCOUNTING DOCUMENTS AND RULES OF DOCUMENT CIRCULATION

The documents of the Company's accounting policy shall include the present regulations, the regulations on accounting policy for taxation purposes, standard working chart of accounts of business accounting, the schedule (rules) of document circulation, the list of forms of source accounting documents in relation to which standard forms of source accounting documents have not been specified, the main registers, document forms of internal accounting, peculiarities of accounting policy of branches (executive bodies). The procedure of revenues and expenses generation in respect of controlled activities, the procedure of allocation of indirect, selling and administrative costs shall be approved by relevant order documents of the Company.

Working chart of accounts of the Company shall be a target one and shall be drawn up in accordance with the Chart of Accounts of business accounting approved by the order of the Ministry of Finance of the Russian Federation No.94H dated October 31, 2000 in

consideration of functionality of integrated configuration of software suite to be introduced, used for keeping the records of “IDGC of the South”, JSC.

Working chart of accounts of the Company’s business accounting shall be applied to in the process of bookkeeping in the Company’s Executive Bodies, in branches and operating developments from the moment of transfer to the software integrated configuration.

Up to the moment of introduction of the software integrated configuration on the basis of 1C Enterprise 8.1 the branches (executive bodies) of the Company shall use working chart of accounts, developed in consideration of specific character of the software used and having variations from the composition of the Company’s target Working chart of accounts. In this case each branch (executive bodies) shall provide the submission of necessary analytical findings on management, business and tax accounting pursuant to Company’s formats.

Compositional variations of the working chart of accounts of branches (executive bodies) from the working chart of accounts of the Company stipulated by the present Regulations are allowed with the view of preservation of completeness, adequacy and immediacy of reported statements and also rational use of the Company’s manpower resources. This assumption shall be treated as an objective transitional arrangement.

Accounting of property, liabilities and business transactions of the Company shall be carried out on the basis of natural measures in money terms (in rubles and kopecks) by their detailed, continuous, documentary and interrelated representation using double-entry bookkeeping.

Processing of source accounting documents irrespective of areas of business accounting shall be carried out with the use of computer technology means.

Registers of the Company shall be prepared in format maintained by the software suite on the basis of which bookkeeping is carried out in the Company.

Accounting records shall be made on the basis of source documents recording the fact of business transactions performance and also on the basis of calculations (certificates, sheets) of the Accounting and Tax Department.

Source accounting documents shall be taken on discount if they are drawn up:

- according to the form that enters the album of unified forms of source accounting documentation;
- according to the form that enters the album of unified forms of source accounting documentation with the introduction of additional details herein;
- according to the form elaborated by the Company itself (for drawing financial and business transactions for which standard unified forms are not provided).

The forms elaborated by the Company itself and unified forms with the introduction herein of additional details shall be applied to when drawing business transactions after hereof approval by the Order (Directive) of the General Director of the Company or of persons authorized by him/her. The forms of source accounting documents elaborated by the Company shall contain all obligatory details in accordance with itm.2 art.9 of the Federal law of the RF “On Accounting” No.129-Φ3 dated 21.11.1996.

The source accounting documents submitted to the Accounting and Tax Department shall be checked in relation to form (completeness and correctness of drawing up the documents, filling in the details), content (validity of documented transactions, logical concurrence of separate indices), the control over the authorization of persons who have signed them shall be exercised. The list of persons entitled to sign the basic accounting documents shall be approved by the head of the Company by agreement with the Chief Accountant.

Heads of branches and operating developments shall be entitled to sign the basic accounting documents on the basis of the power of attorney given by the Company, or on the basis of Company's order documents, shall have authority to sign internal documentation of the Company if it results from the performance of their official duties.

Source accounting documents drawn up with the use of foreign languages shall have line-by-line translation into the Russian language.

The flow of basic documents in the Company (drawing up or receipt from other enterprises, institutions or organizations, the flow between structural subdivisions of the Company, including for business and tax purposes, processing, transfer to the archives) shall be regulated by the Regulations on the Accounting and Tax Department and by a schedule of document circulation.

The Company shall keep the basic accounting documents, accounting certificate containing information on the corrections made in accounting and reporting, registers and tax ledgers, accounting and tax statements within the terms specified in internal organizational and order documents of the Company but no less than within the time limits stipulated by the legislation.

The responsibility for organization of the custody of accounting documents and registers shall be imposed on the head of the Company.

Administrative documents of the branch (executive office) are setting the list of persons entitled to sign accounting source documents, invoices and are fixing the schedule document flow at the branch.

PROCEDURE AND TERMS OF ACCOUNTING STATEMENTS PREPARATION

Accounting statements preparation shall be based on the data of registers. For the purpose of ensuring individual responsibility of the Accounting and Tax Department personnel the registers shall be monthly unsealed and signed by the persons who have prepared them. The persons shall respond for adequate recording of business transactions in storage registers.

Branches shall submit accounting and other financial statements concerning the internal forms of accounting to the executive bodies to produce reports on the Company in tota. The responsibility for completeness and adequacy of figures of a branch's reported statements shall be imposed on the head and chief accountant who have signed the statement. Control over the correctness of accounting statement preparation shall be exercised by the Accounting and Tax Department, by the Finance Department of the executive bodies.

Internal calculations shall not be presented in Company's reporting prepared for external persons concerned.

The accounts of the Company shall be drawn up for a month, a quarter and a year with accrual character from the beginning of reporting year, if the diverse procedure is not stipulated by the RF legislation, in the amount and pursuant to forms specified in the Order of the Ministry of Finance of Russia No.67H dated 22.07.2003. The Company's accounts shall be signed by the head and the chief accountant. Monthly and quarterly accounts shall be regarded as interim statement.

The accounts of the Company intended for external persons concerned shall be drawn up in thousands of rubles without decimal digits.

The accounts shall include:

- Balance Sheet (form No.1);
- Profit and Loss Account (form No.2);
- Statement of Changes in Equity (form No.3);
- Cash Flow Statement (form No.4);
- Appendix to Balance Sheet (form No.5);
- Auditor's Report;
- Explanatory Note.

An explanatory note shall disclose information, which has exerted substantial influence on the results of financial and economic activity of the Company, useful for a wide circle of persons concerned. The part of general items that amounts to 5% or more shall be recognized as the materiality guideline when estimating the accounts figures to draw up the accounts and disclose the information.

Annual accounts shall be submitted in corpore by the Company, as for interim statements the Balance Sheet and the Profit and Loss Account shall be submitted.

Annual accounts of the Company shall be examined and approved by the decision of the annual General meeting of shareholders of the Company and be submitted within the time limits and to addresses specified in art.15 of the Federal law No. 129-Φ3 dated November 21, 1996 "On Accounting".

The concluding part of the Auditor's report, produced on the results of obligatory audit of accounts, shall be enclosed with the accounts submitted for the approval of shareholders' meeting.

Annual Company's accounts shall be published no later than June 1 of the year following the reporting one.

Decision adopted by the annual meeting of shareholders of the Company about the distribution of earnings of the reporting year shall be recorded in the accounts in the period when the meeting was held, i.e. in the year following the reporting one.

PROCEDURE FOR TAKING INVENTORY OF PROPERTY AND OBLIGATIONS

Inventory of property and obligations shall be carried out by the Company in accordance with art.12 of the Federal law dated No.129-Φ3 21.11.1996 "On Accounting" and Methodological instructions on taking inventory of property and liabilities approved by the order of the Ministry of Finance of the RF No.49 dated 13.06.1995 for the purpose of ensuring the adequacy of accounting and reporting data.

All types of assets and obligations of the Company, including the property (irrespective of location), possessed by the Company pursuant to the right of property, amounts of work in progress, investments in progress in current and non-current assets, accounts payable and asset items, property that is not owned by the Company but recorded in books on off-balance accounts (being on responsible storage, obtained for selling by contract of commission agency, rented etc.).

The procedure for taking inventories (number of inventories in the reporting year, dates of taking hereof, list of property and obligations subject to check during each of them) shall be stipulated by orders of the Company.

Inventory of fixed assets shall be carried out annually by the Company, library stocks – once in 5 years.

For the purpose of taking inventory working inventory commissions shall be set up, the composition of which shall be approved by the Company's Order, and for the branches and operating developments – by the order covering the branch (operating development) of the Company.

The discrepancy between the factual presence of property and accounting data revealed in the course of taking inventory shall be recorded in the accounts in accordance with itm.28 of the Regulations on Accounting and Reporting of the RF approved by the order of the Ministry of Finance of the RF No.34H dated 29.07.1998.

The results of property and obligations inventory (minutes of meetings of branches' central inventory commissions) shall be submitted by the branches to the Company's executive bodies for consideration of the Central Inventory Commission of the Company. The Central Inventory Commission of the Company shall be set up by the order of the General Director of the Company.

MISTAKES. MATERIALITY AND THE CORRECTIVE ACTION

Mistake made while the accounting record keeping and preparation of the accounting report of the Company should be corrected in accordance with Regulation on accounting 22/2020 "Corrections in accounting keeping and reporting".

Corrections to the accounting balance should be specified in memorandum on corrections entry, if necessary the source documents or proving calculations could be attached.

The material misstatement is the error that wrenches the calculations and data for more than 10% and changing the data in Profit and loss statement for more than 2%.

Any misstatements in items of accounting balance "Authorized capital" and "Reserved funds" are considered as material.

METHODOLOGICAL ASPECTES OF ACCOUNTING POLICY

The present section sets forth the adopted manners of bookkeeping, exerting substantial influence on the assessment and decision-making of the users of Company's accounting.

GENERAL APPROACHES TO QUALIFICATION OF ACCOUNTING ENTITIES

Company's assets are divided into the assets proper and costs (non-complete investments in the formation of assets).

Costs are divided into capital (non-current) and current (circulating) costs.

The Company recognizes those costs capital which aim at the formation of non-current assets, including the costs on the purchase of new entities, development, expansion, reconstruction, modernization and technical retooling. All other costs shall be recognized by the Company as current costs.

The cost estimate of used recourses – costs – shall be preliminarily calculated on calculation accounts:

- the costs on output of products, works, services (current) – account 20, 25;
- the costs of auxiliary production facilities – account 23;
- general economic costs – account 26;
- the costs of service production facilities and sectors – account 29;
- the costs on purchase (formation) of non-current assets (capital investments) - account 08.

In the accounts recording the costs on the purchase (formation) of non-current assets cost accounting shall be carried out in relation to items.

In the accounts recording the purchased current assets cost-accounting shall be carried out in relation to nomenclature numbers, lots, homogeneous groups of inventories.

At the termination of the cost accrual period the Company states that carrying out of costs entails the formation of assets if the item of property has been formed, the usage or retirement of which is to provide a future economic benefit. Only the items of property owned on the basis of the right of ownership (assumption of separate entity) shall be recognized as assets by the Company.

To take an item of property on discount, hereof value shall be measured with sufficient degree of reliability. The Company recognizes the valuation reliable enough when the item of property is ready to be used according to the planned targets, and all the costs related to bringing hereof in this condition are accepted in the accounting statement and are evaluated on the basis of accounting documents, contractual or market quotations and tariffs.

If the cost performance has not led to asset formation, at the termination of the cost accrual period the Company shall recognize the costs. Decreasing of economic benefits being the result of retirement of assets (cash assets, other property) and (or) assumed obligations causing capital decrease (except for the decrease in investments of participants) shall be also recognized as expenses.

GENERAL APPROACHES TO VALUATION OF ACCOUNTING ENTITIES

For the purpose of taking the property and obligations on discount the Company shall carry out the valuation in money terms. The valuation of property shall be performed as follows:

- property, purchased for payment shall be evaluated according to the sum of actually incurred charges on hereof acquisition;
- property produced by the subdivisions of the Company shall be evaluated according to the manufacturing costs (actual costs connected with the production of property item);
- tangibles left after the write-off of fixed assets that are impossible to be restored or be used at a later date, spare parts coming out of restoring (reconstruction, modernization,

repairing) of the fixed assets shall be evaluated according to current market value on the date of fixed assets write-off or on the date of taking the spare parts on discount;
- property received without return or property revealed in the course of inventory of assets and obligations shall be evaluated according to current market value on the date of taking the property on discount.

Current market value shall be regarded as the sum of cash assets which can be received as a result of purchase of specified asset on the date of hereof including for accounting purposes.

Current market value shall be calculated in consideration of prices established for this or similar type of property. At the same time the data on the established price shall be documented or confirmed by the expert's report. The report of an independent expert or an authorized specialist (specialists) of the Company possessing special knowledge and skills shall be understood as the expert's report. These specialists shall be appointed by the order of the head of the Company or by persons authorized by the head as the members of the permanently operating commission that deals with including for accounting purposes or writing-off the property.

The property received by the Company under the contract prescribing the fulfillment of obligations (payment) carried out by non-monetary assets (exchange contract in particular), shall be estimated according to the cost of values transferred or subject to transfer by the Company. The cost of values transferred or subject to transfer by the Company shall be calculated in consideration of the price according to which the Company usually calculates the cost of similar values under comparable circumstances.

In the course of estimation of property acquired by any reason, the actual cost hereof shall be calculated with the addition of costs incurred by the Company in relation to bringing the property in condition suitable for usage. State registration expenses of purchased property items and transportation facilities shall be included in the actual cost of property item if they have been carried out prior to the moment of taking the item on discount as a fixed asset, they shall be regarded by the Company as sundry expenses of the current term.

Fixed assets evaluation the cost of which when purchased has been expressed in foreign currency shall be carried out in rubles by means of conversion of sums in foreign currency at the Central Bank of Russia rate on the date of including the item for accounting purposes as investments in non-current assets.

The value of property, in which they are included for accounting purposes, shall be no subject to alternation with the exception of cases stipulated by the Russian Federation legislation.

It is allowed for non-current assets (except for intangible assets) in case of completion, providing with additional equipment, reconstruction, modernization, partial liquidation and revaluation of items of fixed assets.

It is allowed for current assets in the event that inventories have been obsolescent, have lost completely or partially their initial quality.

The adjustment of book value to market one shall be made for financial investments on the basis of which it is possible to determine current market value pursuant to the established procedure.

If the documents representing the cost of received items are not available by the moment of property receipt (fixed assets, inventories etc.) they shall be taken on discount in a conditional judgment in consideration of agreed cost, delivery expenses determined according to the data of motor waybills and railway bills of lading and other transport documents.

RECORDING OF CAPITAL INVESTMENTS IN NON-CURRENT ASSETS

Capital costs are connected with:

- capital construction carried out in the form of development as well as reconstruction, expansion and technical retooling (hereinafter referred to as construction);
- acquisition of buildings, developments, equipment, transport facilities and other separate items (or the parts) of fixed assets;
- acquisition of plots of land and facilities of nature management;
- acquisition and formation of assets having non-physical nature.

ENGAGEMENT OF EXTERNAL CONTRACTORS IN CAPITAL CONSTRUCTION AND IN-HOUSE CAPITAL CONSTRUCTION

In the course of taking an item of immovable property on discount as an item of fixed assets the sum of actual expenses on the formation hereof recorded as capital investments in this item shall determine the initial value of a fixed assets item for:

- the items of immovable property purchased from previous owners by the sale contract, exchange contract, lease contract and others, – upon the registration of ownership to the item transfer at the body for the state registration of real estate activities;
- the items of immovable property constructed by the Company and the subdivisions hereof using non-contractual or contractual construction forms, - upon the submission of the package of documents necessary for ownership to the item registration;
- fixed assets included in the construction estimates (to be used in projects under construction), - upon setting the building project in operation;
- fixed assets that need assembly, - upon the assembly termination;
- fixed assets that do not need assembly, - upon the arrival of the item from the supplying subdivision into the exploiting subdivision. At the same time if the exploiting subdivision puts the received item in storage, it shall be recorded in accounting as the fixed assets item in stock (in reserve).

Recording of investments in non-current assets shall be kept regarding the construction in general, separate investment items, technological structure of costs on the building project.

Recording of costs connected with the building project shall be kept with accrual character from the item construction commencement on the data of reporting periods till the setting of items in operation or complete performance of corresponding works. The developer (client) of the construction shall maintain the records of costs in the account “Investments in Non-Current Assets”.

Capital investments made in the form of construction (reconstruction, modernization) of items carried out on non-contractual basis shall be recorded monthly in an accounting statement, as far as they have been formed. At the same time the subdivision (branch,

operating development), that carries out capital investments, shall record them monthly in the account "Investments in Non-Current Assets".

Current expenses connected with maintenance of branches' subdivisions and operating developments, exercising supervision over the construction of items (hereinafter referred to as CCM), in contractual and non-contractual manner, shall be included monthly in the value of items being subject to capital investments in proportion to the amount of planned capital expenses related to this item in the reporting year according to the plan of investments (investment programme). In case the adjustment to the plan of investments has been made during the year, redistribution of costs of previous months shall not be carried out.

Distribution of current costs shall be carried out only between the open items of capital investments in new construction, expansion, reconstruction and modernization.

Item-by-item distribution in percentage terms shall be carried out monthly between the operating development and a branch, shall be signed by the Deputy Director for capital construction of the branch (operating development) and be submitted to the accounting service of branch (operating development). Item-by-item distribution, in sum terms, of current costs of the CCM of a branch shall be carried out by the branch's accounting service and after that shall be advised to the operating development. Item-by-item distribution, in sum terms, of current costs of the CCM of the operating development shall be executed by the accounting service of the operating development.

The following shall be meant by the current costs specified in itm.3.3.7: salary including all types of bonuses, emoluments, remunerations; salary UST; voluntary insurance and staff training costs; traveling expenses. The list of costs shall be exhaustive. The costs on maintenance of the afore-specified subdivisions that have not been included in the list shall make the list of sundry expenses of the reporting period.

The costs of structural subdivisions of the Company's executive bodies performing the functions of monitoring the capital investment projects and construction shall not be included in the cost of capital investments, but shall be regarded by the Company as administrative costs of the current period.

RECORDING OF LOAN CHARGES AND INTERESTS ON CREDITS OBTAINED TO PURCHASE AND/OR FORM NON-CURRENT ASSETS

For the purpose of establishment of the procedure for capitalizable cost accounting concerning the charges on obtained loans and credits the Company shall assign investment assets among the investment items. Investment assets are defined as investment items the preparation of which for the intended use requires a great amount of time as well as great costs on acquisition and (or) construction (property complexes and other similar assets).

Interests that are due to the loaner (creditors) on received loans and credits directly connected with the acquisition, construction and (or) manufacturing of the investment asset shall be regularly included in the asset cost on the following conditions:

- expenses on the acquisition, construction and (or) manufacturing of the investment asset shall be recognized in business accounting;
- expenses on loans connected with acquisition, construction and (or) manufacturing of the investment asset shall be recognized in business accounting;

- the works on the acquisition, construction and (or) manufacturing of the investment asset have been commenced.

The costs connected with the received loans and credits incurred before the commencement of works on the investment asset formation shall not be included in the cost of investments in non-current assets but shall be referred to sundry expenses.

RECORDING OF FIXED ASSETS

Recording of Company's fixed assets shall be maintained in accordance with the Regulations on accounting "Recording of Fixed Assets" (RAS 6/01) approved by the Order of the Ministry of Finance of Russia No.26H dated 30.03.2001 with the ensuing changes and additions.

The Company shall recognize as fixed assets the assets in connection of which the following conditions shall be satisfied at a time:

- it is expected to use the output in the production, in the course of works performance or rendering the services or for administrative needs over a long period of time (useful life of more than 12 months duration or usual operating cycle if it exceeds 12 months);
- the capacity to provide economic benefits (profit) at a later date, and also the on-selling of these assets is not planned by the organization hereafter.

If in the moment of asset qualification the decision about hereof retirement for benefit of other persons has been taken – on-selling, exchange etc. is planned, the item shall be qualified as a commodity.

The assets in relation to which the aforementioned conditions are applied to, at the cost of no more than 20000 rubles for one unit, shall be recorded as a part of inventories, with the exception of electric grid equipment, mobile and radio stations, the sources of backup power supply. For the purposes of safekeeping of these items when they are produced or in operation the quantitative record shall be kept.

By degree of utilization the Company divides the kept in reserve fixed assets on:

- fixed assets in reserve meant for uninterrupted technological process for the cases when the main equipment is out of order;

Fixed assets that do not require assembly, purchased in reserve for future operation.

An inventory item shall be regarded as an accounting unit of fixed assets. An inventory item of fixed assets shall be understood as an item with all attachments and accessories or a structurally separate item meant for the performance of certain functions of its own. For the purpose of accession record of fixed assets the ledger card (FA-6) shall be used. Records in ledger cards shall be kept in electronic form and be printed out on paper as of the date of taking the item on discount.

Inventory numbers given to the items of Company's fixed assets shall consist of 12 signs and have the following structure: the first four signs shall be the prefix of inventory number and determine the original location (place of giving) the inventory number to a FA item. Two signs of them represent a regional code (of the RF constituent territory) where the branch of "IDGC of the South", JSC has been registered, the second two signs represent the number of the branch's operating development that actually uses a fixed asset, the next following 8 signs represent the serial number in a group. The given

inventory number shall be unique inside the Company and shall not be changed in case of transfer between the branches (branches` operating developments).

With the aim of keeping up the uniqueness of inventory numbers inside the Company it is not allowed to give one inventory number to a group of similar fixed assets items, even if they have been acquired from one supplier in the scope of one delivery.

If one or several objects used for the same or different purposes represent a separate complex of contractually linked objects having common implements and accessories, general management, assembled on the same foundation and as a result each object can perform the functions only being the part of the complex, the whole complex as a single entity shall be taken on discount as an inventory item.

In the event that one inventory item has several parts having substantially different useful life period, each such part shall be recorded as an independent inventory item irrespective of the fact whether the specified part of the item can or cannot fulfill an independent function.

The following shall be accepted as independent inventory items:

- capital investments in rented items of fixed assets;
- capital investments intended for radical improvement of lands (drainage, irrigation and other reclamation works);
- shares of fixed assets items, being in shared ownership of the Company and other owners.

Fixed assets shall be included for accounting purposes in consideration of original cost determined depending on the way of receipt – acquisition for payment, in-house asset formation (construction), gratis receipt etc.

Concerning the fixed assets purchased from leasing, their initial cost is formed from the sum of all payments on leasing contract (total cost of leasing payments and redemption value). The sum leasing payments taken into account during the validity of leasing contract is recorded on debit 01 and credit 02.

As concerns the fixed assets received by the Company in the process of company reorganization in the form of affiliation, the original cost according to which they are included for accounting purposes shall equal the depreciated cost of FA pursuant to the accounting data of the affiliated company as of the date of affiliation. Fixed assets, the original cost of which according to the accounting data of the affiliated company as of the date of affiliation equal 0 (zero), shall be included for accounting purposes of an affiliated company at the evaluated cost equal to 1 (one) ruble.

The transfer of fixed assets items between the branches of the Company and between the operating developments inside the branch of the Company shall be recorded in subaccounts of account 79 “In-House Settlements”. In this case accounting entries representing the replacement cost of fixed assets and the sum of cumulative amortization shall be made.

The expenses related to internal transfer of fixed assets items between the subdivisions of the Company shall not be included in the original cost but shall be reckoned towards current costs.

The notice (aviso), the statement of transfer and acceptance of fixed assets between the branches, the plan-record card (f.FA-6) is considered to be the ground for taking the fixed assets received from branches (operating developments) on discount.

Fixed assets items taken for materially responsible storage shall be recorded in the off-balance account 002 "Inventory Holdings Taken for Responsible Storage" at prices specified in the acceptance statement.

If the Company takes decision to discontinue completely the operation of separate items of basic funds, the accounting statement shall reflect proceeding from the situation:

- laying-up of specified items – in this case the items shall be separated in analytical accounting;
- write-off of items that are not used permanently (functional and/or physical depreciation) - in this case the Company shall recognize sundry expenses.

The costs related to the fulfillment of all types of repairs of fixed assets (current and capital) shall be included in the expenses on ordinary types of activities in the period in which repair works (stages of repair works) have been completed and accepted. Provision for basic funds repairing or repair fund shall not be made.

CHANGE OF FIXED ASSETS VALUE

In case of partial liquidation of fixed assets items the amortization accumulated on them shall be written off in the same ratio.

The acceptance of fixed assets after reconstruction and modernization shall be formalized by the statement of acceptance of reconstructed and modernized items (form FA-3) on the basis of act of provided repair works (form CA-2), on the basis of which the certificate of the cost of performed works and other expenses (form CA-3). When performing the works related to reconstruction and modernization using non-contractual manner, forms CA-2 and CA-3 shall not be applied to, the Company shall elaborate a separate statement form.

USEFUL LIFE OF FIXED ASSETS ITEMS

Useful life of fixed assets items shall be determined with consideration of expected physical depreciation, proceeding from operation conditions, natural conditions and corrosive medium influence, the system of carrying out repairs. Useful life of fixed assets items shall be determined within the limits stipulated by the decree of the Russian Federation Government No. 1 dated 01.01.2002, according to the list approved by the head of the Company or by a person authorized by him/her.

Useful life of fixed assets items shall be determined when taking them on discount on the basis of item certificate, other technical documents or on the basis of appraisal made by Company's technical services by a decision of permanently active commission. Useful life period shall be recorded in the inventory card (Fixed Assets-6).

Useful life of fixed assets items shall be reconsidered in case of improvement (increase) of primarily accepted standard indices of item functioning as a result of completion, providing with additional equipment, reconstruction or modernization. In this case the

increase of useful life period is allowed to be carried out within the terms stipulated for amortization group in which this fixed asset has been included.

Useful life period of a modernized item shall be calculated as a difference between the re-determined useful life period of an item after the restoration and the operation life by the moment of modernization completion.

Useful life of fixed assets, received by the Company as a result of reorganization in the form of affiliation shall be fixed as the difference between the useful life period of fixed assets determined by an affiliated company and the amount of months of actual fixed assets operation till the moment of affiliation.

Useful life period of a fixed assets item previously used by some other organization shall be determined proceeding from the remaining service life period of fixed assets or any other supposed useful life period in the Company which shall be determined taking into account:

- expected useful life period of the item being in operation in accordance with expected productivity and power;
- expected physical depreciation depending on operation conditions; natural conditions of corrosive medium influence, system of carrying out repairs
- legal and other restrictions in using the facility.

Expected useful life period of fixed assets on the basis of documentary confirmation of hereof importance shall be fixed by a commission and be approved by the head of the Company, a corresponding branch or an operating development of the branch in which the item will be in operation when taking the item on discount as fixed assets.

AMORTIZATION OF FIXED ASSETS

The Company shall use a straight-line method of accrual of fixed assets amortization. Amortization in connection with each inventory item shall be accrued monthly by means of appliance of established norms fixed depending on useful life period of the item.

Regarding the fixed assets, received by "IDGC of the South", JSC in consequence of reorganization and included by an affiliated distributive grid company for accounting purposes prior to 01.01.2002, accrual of amortization on which have been carried out according to standards in conformity with the Decree of the Council of Ministers of the USSR No.1072 dated 22.10.1990 "On Standard Norms of Amortized Deductions for Complete Restoration of Basic Funds of National Economy of the USSR" after the transfer to "IDGC of the South", JSC shall be amortized according to the established procedure. The useful life period for these items shall be determined by calculation on the basis of the accepted amortization norm when bringing the item into operation according to the formula:

$$N = \frac{F}{F * K} * 12, \text{ where}$$

N – useful life period of FA taken in months,
F – original cost of FA (in consideration of revaluation),
K – annual amortization norm of FA.

The accrual of amortization of the property received by the Company under a lease contract and entered in hereof balance sheet shall be carried out using the method stipulated by the contract.

Monthly amount of amortized deductions shall be calculated according to the formula:

$$C_i = (DCost + C_m) / C^*$$

Where C_i – monthly amount of amortization,

$DCost$ - depreciated cost of a fixed asset,

C_m – modernization costs,

C^* - remaining useful life period after the increase hereof.

This formula shall be applied in calculation of the amount of the modernized item amortization starting from the 1-st date of the month following the month when the works related to modernization are completed.

Utility (guard) dogs shall be referred to the third group of fixed assets in accordance with the Decree of the RF Government No. 1 dated 01.01.2002 “On Classification of Fixed Assets Included in Amortization Groups”.

In the process of amortization accrual on gratuitously received fixed assets as well as on fixed assets acquired with the attraction of funds of goal-oriented financing, simultaneously with the amortization write-off the part of deferred revenues of the same amount shall be regarded as other revenues of the Company.

Amortization shall not be accrued:

- in relation to used for realization of the Russian Federation legislation concerning the preparedness activity and mobilization fixed assets items which are not used in output production, in works performance and rendering of services, for administrative needs of an organization or for provision by an organization for a fee in temporary possession and use or in temporary use,
- in relation to units of housing facilities acquired during the period from 01.01.2002 till 01.01.2006 (that do not make profit);
- in relation to fixed assets items the consumer properties of which do not change in the course of time (plots of land; nature management facilities; objects related to museum pieces and museum collections etc.).

The accrual of amortization shall be suspended:

- in relation to the fixed assets transferred for laying-up. The Company shall recognize the temporary discontinuance of item operation for the period of more than three months as laying-up. Expenses connected with laying-up of items (check-up, lubrication, booting, enclosing etc.) as well as concerning the temporary discontinuance of item operation for the period of less than three months shall be regarded as sundry expenses;
- for the period of reconstruction and modernization, capital repairs of fixed assets items if the duration of works exceeds 12 months.

In relation to the specified items the accrual of amortization shall be discontinued from the month following the month when they were transferred and shall start from the month following the month when these items were brought into operation.

Amortization of reserved fixed assets (meant for uninterrupted technological process in cases if the main equipment is out of order) is recorded in accounting

Amortization of fixed assets not requiring assembly, purchased in reserve for future operation is mentioned in expenditures on basic activities that do not reduce the taxable income.

RECORDING OF RENTAL OF FIXED ASSETS

Leased fixed assets shall be recorded in the account 01 "Fixed Assets", but be separated in analytical accounting.

Fixed assets received on lease shall be recorded in the off-balance account 001 "Rented Fixed Assets" according to inventory numbers of the lessor.

Obligations related to carrying out of current, capital repairs of the property rented by the Company or let on lease to third-party organizations by the Company shall be stipulated by the terms of lease contract.

RECORDING OF EQUIPMENT THAT NEEDS ASSEMBLY

Equipment that is brought into operation only after the assembly of the parts and attachment to the foundation or bearings, to the floor, to the inserted floors and other supporting structures of buildings and constructions and also sets of spare parts of this equipment shall be referred to installation equipment. This equipment shall include control instrumentation and other instruments intended for being mounted in the installed equipment.

Installation equipment shall be taken on discount in the account 07 according to the actual cost of acquisition which is made up of the cost at the acquisition prices and the expenses on acquisition and delivery of this equipment to the Company's storehouses. The account 15 "Preparation and Procurement of Material Values" shall not be used in case of equipment receipt.

INTANGIBLE ASSETS AND THEIR AMORTIZATION

The recording of intangible assets of the Company shall be kept in accordance with the Regulations on accounting "Recording of Intangible Assets" (RA 14/2007) approved by the Order of the Ministry of Finance of the RF No.153H dated 27.12.2007.

An accounting unit of intangible assets is considered to be an inventory item. An inventory item of intangible assets shall be recognized as a collection of rights arising from a patent, certificate, contract on the forfeiture of the exclusive right to intellectual activity result or to the individualization means, or according to the diverse procedure stipulated by the law, intended for the performance of certain functions of their own.

An intangible asset shall be included for accounting purposes according to actual (original) cost determined as of the date of including hereof for accounting purposes.

The actual (original) cost of an intangible asset acquired by the contract specifying the execution of obligations (payment) by non-monetary funds, shall be determined on the basis of assets value, transferred or being subject to transfer by the Company. Assets value, transferred or being subject to transfer by the Company, shall be fixed

proceeding from the price at which under comparable conditions the organization usually determines the value of similar assets.

In the event it is impossible to determine the value of assets, transferred or being subject to transfer by an organization according to such contracts, the value of intangible asset, received by the organization shall be stipulated on the basis of the price at which under comparable conditions similar intangible assets are acquired.

The actual (original) cost of an intangible asset at which it has been included for accounting purposes shall not be changed.

The revaluation of intangible assets shall not be performed.

The useful life period of intangible assets shall be determined by the commission of experts and be approved by the head of the Company (or by a person specially authorized by him/her) when taking the item on discount proceeding from the following regulations:

- regarding the rights granted on the basis of patents, certificates and other similar protection documents containing the information on their duration, or having the duration stipulated by the law – proceeding from the period specified in the document;
- regarding the rights acquired on the basis of author's contracts, assignment contracts and other similar contracts containing concrete terms for which intangible assets are purchased – proceeding from the terms stipulated by the contracts;
- regarding other items of intangible assets – proceeding from the expected useful life period of the item during which the Company will derive economic profits from the usage of the assets;
- items of intangible assets for which it is impossible to determine the useful life period shall be regarded as intangible assets with indeterminate useful life period;
- useful life of business reputation shall be fixed at 20 years (but no more than the duration of an organization).

The Company annually within the framework of inventory shall check the useful life period of an intangible asset with a view to decide whether it needs being specified. In case of a substantial change in the duration of the period during which the Company intends to use the asset the useful life period hereof shall be subject to specification. All the adjustments made shall be reflected in accounting statements at the beginning of the reporting year as changes in estimated values.

As for the items of intangible assets that have indeterminate useful life period, the Company within the framework of inventory shall consider annually the presence of factors indicating the impossibility to determine accurately the useful life period of the item. In case the specified factors have ceased to exist the Company shall determine the useful life period of the intangible asset, hereof amortization method. All the adjustments made shall be reflected in accounting statements at the beginning of the reporting year as changes in estimated values.

Amortized deductions related to all types of intangible assets shall be made based on the straight-line method.

The Company annually within the framework of inventory shall check the method of amortization determination with the aim of deciding whether it needs being specified. If the calculation of expected receipt of future economic benefits from the usage of an

intangible asset has been substantially changed, the method of amortization determination of such asset shall be subject to alternation. All the adjustments made shall be reflected in accounting statements at the beginning of the reporting year as changes in estimated values.

During the useful life period of intangible assets the accrual of amortized deductions shall not be suspended.

The amortized deductions related to intangible assets shall be recorded in accounting statements of the reporting year that they refer to and shall be accrued irrespective of the results of organization's activities in the reporting period. The accrual of amortization shall be carried out monthly in a special account 05 "Amortization of Intangible Assets".

The value of an intangible asset which retires or is not capable to provide an organization with economic benefits at a later date shall be written off. The sum of cumulated amortized deductions on the intangible assets shall be written off simultaneously with the intangible value write off.

Revenues and expenses received from the intangible assets write-off shall be recorded in accounting in the reporting period that they refer to. Revenues and expenses received from the intangible assets write-off shall be referred to the financial results of an organization as other revenues and expenses.

Intangibles received in use shall be recorded by the Company in the off-balance account "ITA received in use" having the valuation determined proceeding from the amount of emolument specified in the contract. The Company regards nonexclusive rights to software usage granted on the basis of license agreements etc. as such assets.

RECORDING OF FINANCIL INVESTMENTS

The Company regards as financial investments the assets that do not have a physical nature and are capable to provide economic benefits (return) in the period ahead as interests, dividends or increment of value (as difference between the selling price (paying off) and the cost) as a result of their exchange, usage in repayment of obligations, increase of current market value.

Bills issued by the buyers of goods, works and services of the Company, received by a Company from a drawer when settling for these goods, works and services shall not be regarded as financial investments and shall be reflected in accounting and reporting as accounts receivable of buyers and customers ensured by the bills received.

Financial investments are divided into individually determinate and indeterminate. Investments, the unit of which has its own individual distinctive features: security series and number; organization details in the authorized capital of which investments have been made, details of special partnership contract, contract of loan, of deposit, of chose in action accrual etc. shall be regarded as individually determinate investments. Investments the unit of which does not have individual features but has generic distinctive features – details of undocumented share issue etc. shall be regarded as individually indeterminate investments.

An accounting unit of financial investments shall be:

- for individually determinate financial investments – a separate investment (a security, investment in the authorized capital of a separate organization, a separate special partnership contract, a loan or a deposit, settled as a separate contract, rights of claim received by a separate contract etc.);
- for individually indeterminate financial investments – a round lot. The round lot is considered to be a set of securities of the same issue (of the same Issuer, of the same type, of the same life, of the same face value etc.), acquired by the Company as a result of one transaction.

Recording of financial investments shall be carried out based on centralized direction in the Company, by the accounting and tax department of the Company's executive bodies. Analytical recording of financial investments shall be performed in relation to short-term and long-term financial investments. Investments made with the intention to earn revenue from them in the period of more than a year shall be referred to long-term financial investments. Other financial investments shall be regarded as short-term ones.

The transfer of long-term investments into short-term ones shall not be executed even in case there remain 365 days before the redemption of securities or repayment of a loan provided with by the Company in accordance with the terms of contract.

All the costs directly connected with the acquisition of assets as financial investments irrespective of their amount shall be included in the original cost of financial investments if they have been made before the moment or at the moment of taking on discount and shall be written off being referred to sundry expenses in case they have been made after the moment of taking the financial investments on discount.

For the purpose of ensuing evaluation the financial investments are subdivided into:

- investments which make it possible to determine the current market value;
- investments which do not make it possible to determine the current market value.

Financial investments in the securities circulating at the share market (stock exchange, auction) the quotations of which are regularly published shall be referred to financial investments which make it possible to determine the current market value. All the rest shall be referred to financial investments which do not make it possible to determine the current market value.

Financial investments which according to the established procedure make it possible to determine the current market value shall be reflected in accounting at the end of the reporting year at the current market value by adjusting their appraisal related to the previous reporting date. The specified adjustment shall be made every three months.

The difference between the valuation of financial investments based on the current market value on the reporting date and previous valuation of financial investments shall be regarded as other revenues and expenses.

If the current market value on the reporting date shall not be determined in relation to the item of financial investments, evaluated earlier in accordance with the current market value, such item of financial investments shall be recorded in accounting statement at the cost of hereof last valuation.

Financial investments which do not make it possible to determine the current market value shall be recorded in the accounting statement at the original cost.

In case of retirement of assets taken on discount as financial investments, on the basis of which the current market value is defined, their cost shall be defined proceeding from the last valuation.

In case of retirement of financial investments, on the basis of which the current market value is not defined, their cost shall be defined as follows:

- investments in authorized capitals of other organizations (with the exception of shares of joint stock companies), loans granted to other organizations, deposits in lending agencies, accounts receivable, acquired on the basis of assignment of the right of claim, shall be evaluated at the original cost of each retired item from the items of financial investments specified herein;
- securities (shares and bonds) to be retired shall be evaluated at the average original cost which is defined for each type of securities;
- purchased bills to be retired (payment for the works performance (goods, works, services)) shall be evaluated at the prime cost;
- other financial investments – at the original prime cost of each item to be retired.

Returns received from financial investments shall be regarded as other revenues.

Interests (coupon yield, discount) on securities shall be accrued for each last reporting period in accordance with the terms of contracts.

Expenses connected with granting loans to other organizations, servicing of financial investments, payment for services of a bank and/or depository for keeping the financial investments, statement of a custody account etc. shall be referred to other expenses.

ADOPTED MANNERS OF INVENTORY RECORDING RECOGNITION OF ASSETS AS INVENTORIES AND THEIR VALUATION

The following assets shall be recognized as inventories:

- used as materials for rendering the services of transfer and transit of electric power, technological support for the works performance (production of outputs aimed at selling) including special instrument, special implements, special equipment, working clothes;
- intended for selling – goods;
- used for administrative needs of the Company.

Nomenclature number or affinity group (depending on the type of inventories) is considered to be an accounting unit of inventories.

The valuation of inventories for the purpose of taking them on discount shall depend on the reasons for receipt: acquisition for payment, in-house production, gratuitous receipt etc.

The sum of the Company's actual costs on acquisition, with the exception of value-added tax or other repaid taxes shall be regarded as the actual prime cost of materials acquired for payment.

The actual prime cost of materials acquired for payment shall include:

- the cost of materials according to contractual prices;
- expenses related to agency contracts concluded with the aim of carrying out the procedures of inventory purchase;

- transportation and procurement costs;
- expenses related to bringing the materials in such condition that they can be used to satisfy the Company's goals;
- other expenses directly related to the purchase of materials.

Inventories that do not belong to the Company by a possessory right, received hereby under the contract of commission agency, storage contract etc, shall be recorded off the balance in the account 002 "Inventory Holdings Received for Responsible Storage" according to the valuation stipulated by the corresponding contracts and transfer and acceptance documents (certificates, bills of lading etc.).

The purchased working clothes and working footwear irrespective of the cost and lifetime shall be recorded by the Company as part of assets being in circulation.

The cost of working clothes having service life of more than 12 months shall be repaid with the use of the straight-line method taking into account the useful life period defined in conformity with the standards. Writing off shall be carried out starting with the month when working clothes were brought into operation.

The cost of working clothes the service life of which do not exceed 12 months according to the allocation norm shall be written off at a time at the moment of bringing into operation (operation start).

The cost of seasonal busbar subject to write-off at the moment of transferring it into operation. For safekeeping of property the off-balance recording should be provided.

RECORDING OF INVENTORY RECEIPT

Expenses directly connected with the process of provision and delivery of materials in the Company shall be recognized as ordering costs. The ordering costs shall include:

- expenses related to loading of materials in a transport facility and their transportation subject to payment made by the buyer above the price of these materials according to the contract;
- materials storage fee paid in places where they have been purchased, at the railway stations, ports, wharfs;
- business traveling expenses connected with the provision of materials;
- other expenses.

Materials shall be taken on discount (be recorded) in the account 10 "Materials" at the actual prime cost of their acquisition (provision).

The stock of materials received by the Company that are not supported by accounting documents are considered to be non-invoiced deliveries. Non-invoiced deliveries shall be recorded as received and entered in analytical and synthetic accounting at the accounting prices.

Contractual prices shall be used as accounting ones.

Expenses related to internal transfer of inventories (between the subdivisions of the Company or storehouses hereof) shall not be included in the cost of purchased stocks of materials and capital equipment but shall be referred to the prime cost of services, works or outputs.

RECORDING OF INVENTORY RETIREMENT

Inventories written off to production, sold to outside parties, retiring because of some other grounds shall be evaluated at the average prime cost of each stock category of an operating development.

The average evaluation of actual prime cost of materials shall be carried out by defining the actual prime cost of the material at the moment of hereof issue (rolling valuation).

The procedure of materials allocation from the stock of a branch (operating development) to the stations, teams, workplaces shall be stipulated by the Head of the material procurement subdivision of the branch (operating development) by agreement with the Chief Accountant of the branch (operating development).

In basic accounting documents for material allocation from the stock of a branch (operating development) to the stations, teams, workplaces the following information shall be stated:

- name of material;
- number;
- price as of the date of allocation;
- sum and target application – number (reference number) and (or) name of services (technical service, repairs, balancing and commissioning works etc.) for the performance of which the materials are allocated or number (reference number) and (or) name of costs.

In respect of the actually used materials a subdivision – recipient of materials – shall draw up a Statement of expended material values write-off in which the name, number, price and sum in relation to each item, name of types of works (technical service, repairs, balancing and commissioning works etc.) for the performance of which the materials are allocated, and the code (reference number) of the item of costs, the amount and sum according to the consumption norms and actually the amount and sum of the expense above the norms and the reasons shall be specified (Form of report No. MPIO-3). The expended stationery and expandable materials write-off shall be carried out on demand – by a bill of lading (f. No.M-11).

Materials write-off carried out in relation to the corresponding subdivision of an organization and referring of their cost to the manufacturing expenses (depending on the purposes the materials have been expended for) shall be carried out on the basis of the afore-specified Report.

RECORDING OF INVENTORIES (INCLUDING THE SPARE PARTS) RECORDED AS RECEIVED AS A RESULT OF RETIREMENT FROM FIXED ASSETS UNDER RESTORATION (RECONSTRUCTION, MODERNIZATION, REPAIRS)

Inventories (including the spare parts) recorded as received as a result of retirement from fixed assets under restoration shall be regarded as other revenues and be evaluated at the book value of similar spare parts being the latest according to the time of purchase taking into account the percent of actual depreciation of credited items (no less than the cost of scrap metal) in case of lack of this information on current market value.

Inventories (including the spare parts) recorded as received as a result of retirement from fixed assets under restoration shall be recorded separately from new spare parts as individual nomenclature numbers.

When the spare parts, recorded as received as a result of retirement from fixed assets under restoration, need the repair the following order of keeping accounting records shall be observed. When repairing the spare parts they shall be written off credit accounts of stock-taking (account 10 "Materials") to debit accounts of repair cost accounting. All costs related to repairing of specified spare parts shall be written off debit accounts of repair cost accounting. At repair termination the restored spare parts shall be written off a credit account of repair cost accounting to a debit account of stock-taking (account 10 "Materials") at the cost that includes repair expenses.

Inventories (including the spare parts) which are left after retirement of fixed assets or any other retirement shall be evaluated proceeding from the current market value at the date of including for accounting purposes. The current market value shall be understood as the sum of cash assets that can be received as a result of selling the specified assets.

INVENTORY ACCOUNTING

When carrying out the commercial activities the expenses related to manufacturing and delivery of products from the storehouses (depot) made prior to the moment of putting them on the market shall be included in sale expenses.

Goods acquired for selling shall be evaluated at their purchase cost.

When carrying out retail trade inventory accounting shall be kept in consideration of sale price with the usage of account 42 "Trade Margin".

RECORDING OF REVENUES, CURRENT COSTS AND EXPENSES. GENERAL APPROACHES TO RECORDING OF REVENUES AND EXPENDITURES

The Company divides the revenues into the ones collected from usual kinds of activity and other revenues.

The Company recognizes the following types of revenues as revenues from basic activity:

- revenues from electric-power transmission services;
- revenues from services related to technological connection to electricity networks;
- revenues from sales of other works and services;
- of industrial character;
- of non- industrial character.

Revenues from electric-power transmission services include all revenues from transmission of energy consumed by market entities in regions of Company's servicing. The electric-power transmission is considered to be a regulated kind of activity.

Revenues from services related to technological connection to grids include the Company's revenues earned hereby in consequence of performance of a set of operations (events) of organizational and technical character aimed at ensuring the possibility of electric-power transmission to power receivers of artificial and natural

persons in accordance with the parameters stated by them as well as at ensuring the power provided by electric substations. Revenues from technological connection shall be classified into groups according to voltage level, power to be connected and power stated by the applicant.

Proceeds from sales of other works and services include all revenues related to selling of works and services (except for the electric-power transmission services, services related to technological connection to electricity networks) regarded as other revenues by the Company.

These revenues are subdivided according to types of works and services:

- into revenues from selling of other works and services of "industrial" character: transportation services; communication services; other works and services of "industrial" character, of granting the property on lease;
- into revenues from selling of other works and services of "non-industrial" character: catering services; services of medical health-improving institutions; other works and services of "non-industrial" character.

Revenues from rendering other services and fulfilling works of "industrial" character are regarded as revenues from unauthorized consumption of electric energy that meet the following conditions:

- regular consumption of electric energy (4 consecutive months and more);
- payment for the consumed energy per month exceeds 1 million rubles;
- full disconnection of consumer from grids of energy supply is impossible without violation of the current legislation.

Acceptance of the revenue specified in clause 3.15.7 is of exceptional character and is applied in case the Company cannot influence the process of concluding the contracts on energy supply between consumer and energy selling company.

All the revenues that are not related to selling of works and services on usual kinds of activity shall be referred to other revenues.

Company's revenues in accordance with the accrual basis of accounting shall be recorded in the reporting period in which they took place irrespective of the actual time of receipt of cash assets connected with these facts.

Revenues earned (accrued) in the reporting period but related to future reporting periods as well as coming receipts of expenditures related to shortages revealed in a reporting period of previous years, and the difference between the sum callable from the culpable persons and the cost of values included for accounting purposes when revealing the shortage and damage shall be referred to deferred revenues.

The Company subdivides the expenses into expenses related to usual kinds of activities and other expenses.

Expenses related to usual kinds of activities are considered to be expenses caused by service rendering, works performance, manufacturing work and sale of products, purchase and sale of goods.

Expenses related to usual kinds of activities include expenses distributed to:

- costs on electric-power transmission;

- costs on technological connection to electricity networks that does not entail Company's additional capital investments;
- costs on property leasing;
- costs on other works and services:
- of industrial character;
- of non-industrial character.

The prime cost of electric-power transmission services shall be treated as cumulative expenses caused by maintenance and operation of:

- power lines, switchgears, substations and other plants and equipment meant for electric-power transmission and distribution;
- energy metering and control devices.

The prime cost of services on technological connection to electricity networks shall be understood as cumulative expenses caused by the performance of a set of works (events) of organizational and technical character aimed at ensuring the possibility of electric-power transmission to power receivers of artificial and natural persons in accordance with the parameters stated by them as well as at ensuring the power provision made by electrical substations.

The prime cost of other works and services is considered to be cumulative expenses caused by selling other works and services that are regarded as sundry expenses for the Company. These expenses are classified according to kinds of works and services:

- into expenses on other works and services of "industrial" character;
- into expenses on other works and services of "non-industrial" character.

Expenses shall be accepted by the Company in the following cases:

- when there is assurance that making expenditures results in income drawing. The costs shall be recognized as an expenditure directly (when rendering services, performing works, making selling expenses) or through retirement of assets for the formation of which the Company has earlier made expenditures (fixed assets, inventories, Company's own output etc.). Then expenses on usual kinds of activities or sundry expenses (retirement of assets, variant from products) shall be recognized in accounting;
- when making expenditures cannot be directly referred to any receipts or it is evident that the revenue expected according to corresponding expenses will not be earned. Then sundry expenses (payment of interests on payment, expenses related to laying-up of fixed assets etc) or losses shall be recognized in accounting. Expenses shall also be recognized in case of an obligation occurrence when the fact of property receipt was not established.

Branches' general economic expenses shall be included in full in the prime cost of rendered services, performed works in its entirety in the reporting year when they were recognized as expenses on usual kinds of activities. In accounting these expenses shall be included in line 020 of form 2 "Profit and Loss Statement".

All current expenses of the Company's executive bodies shall be recognized in full as administrative expenses. These expenses for the purposes of administrative accounting (tariff making etc.) shall be allocated to kinds of activities (electric-power transmission services, services on technological connection to electricity networks) and a geographic segment (regions of the federation in the territory of which the tariffs have been formed) in accordance with the methods elaborated by the Company. These expenses shall be

written off a credit account 26 "General Economic Expenses" to a debit account 90. In accounting statements these expenses shall be included in line 040 of form 2 of "Profit and Loss Statement".

Selling expenses shall be included in full in the prime cost of rendered services, performed works in its entirety in the reporting year when they were recognized as expenses on usual kinds of activities.

INCOME AND EXPENDITURE RELATED TO USUAL KINDS OF ACTIVITIES

Income from electric-power transmission services shall be recognized on the basis of Act of provided services specifying the volume of rendered services on electric-power transmission according to contracts concluded with Retail, Grid companies and customers of WEEM. The Act shall be drawn up on the basis of monthly documents: bill of transmitted electric-power volume; acts of net power flow of electric power; acts of productive supply drawn up in natural measures. The form and name of acts to be drawn up in natural measures shall be defined by the terms of contract for electric power transmission services. Revenues from electric power transmission shall be recognized in accounting on the date of provision of calculations given in the Act of provided services specifying the volume of rendered services on electric-power transmission and the Act of mutual flows accounting approved by the parties.

Revenues from services on technological connection to electricity networks and from other services provided by the Company shall be recognized on the basis of Act for works performed (rendered services) on the date of signing the Act by the parties.

Accounting of revenues from electric-power transmission services and revenues from services on technological connection to electricity networks shall be carried out by account department of Company's branches that determine the results of Company's activities within one constituent territory of the Russian Federation (for a branch of Kubanenergo within two constituent territories of the RF).

Accounting of expenses on rendering of electric power transmission services and services on technological connection to electricity networks based on the data on subdivisions and heads of expenditure shall be carried out by account departments of operating developments and by branches which incur expenses connected with maintenance and operation of power transmission lines, switchgears, substations and other plants and equipment meant for transmission and distribution of electric power and performing the services of technological connection to electricity networks. At the reporting period (month) termination information about the incurred expenses recorded by account department of operating development shall be passed to the account department of the branch where accounting of a financial result from rendering of electric power transmission service and service on technological connection to electricity network shall be carried out.

The process of electric power transmission and rendering of services on technological connection to electricity network shall be characterized by the absence of work-in-progress. Costs incurred in the course of performance of these activity types shall be recognized in full as expenses.

Expenses on usual kinds of activities shall be recorded in accounts "Mainline Production", "Auxiliary Production", "Manufacturing Overhead", "General Economic Expenses", "Servicing Productions and Sectors".

Direct expenses related to provision of services on electric power transmission, technological connection to electricity network and other expenses, indirect costs connected with maintenance of mainline production as well as expenses of auxiliary production shall be accumulated in the account "Mainline Production". Expenses of auxiliary production shall be written off the account "Auxiliary Production" to the account "Mainline Production". General economic expenses shall be distributed to the kinds of activities proportional to proceeds and be written off the account 26 "General economic expenses" to a debit account "Mainline Production". When determining the proportion the proceeds received from performance of services on electric power transmission and technological connection to electricity network shall be reckoned. The distribution of indirect expenses to other (non-core activities) shall be carried out in accordance with itm.3.15.36 and itm.3.15.39 of the present regulations.

Expenses connected with the processes which are auxiliary to the main technological processes of electric power transmission shall be accumulated in the account "Auxiliary Production".

Repair shops, mechanization and transport services, owner`s boiler house and other kinds of activities shall be referred to auxiliary production. Direct expenses (materials and spare parts, salary of production workers, services of third-party organizations etc.), directly related to the provision of necessary products, works, services shall be recorded in subaccounts of account 23 "Auxiliary Production" according to kinds of activities.

Indirect expenses related to management and maintenance of auxiliary production: staff costs that do not refer to operative personnel, the upkeep of buildings, facilities, equipment, stock, amortization of fixed assets, expenses on labour protection etc. – shall be accumulated directly in the subaccount "Indirect Expenses of Auxiliary Production" of the account "Auxiliary Production" without preliminary accumulation in the account "General economic expenses".

The distribution of indirect expenses of auxiliary production shall be carried out between the uses of indirect expenses (to mainline production, general production expenses, general economic expenses etc.) proportional to the volume of works and services performed by the workshop of auxiliary production in accounting conventional units.

The expenses of auxiliary production shall be included in the prime cost of the products (works, services) in the production process of which the products (works, services) of structural subdivisions under consideration have been used.

The account "General production expenses" shall be used to record information on expenses related to management and maintenance of subdivisions of mainline production.

Information about the general production expenses shall be formed based on the data on subdivisions and heads of expenditure.

Structural subdivisions of the mainline production, the number of which has been calculated according to norms stipulated for a core activity type, apart from services of

electric power transmission and transit shall perform other services, works, that is why, expenses recorded in the account "General production expenses" shall be distributed according to types of rendered works (services) in the amount of the general production expenses included in the calculation of the cost agreed in relation to these types of works.

The account "General economic expenses" shall be used for accounting of administrative expenses ensuring Company's functioning as an integral business entity.

Information about the general economic expenses shall be formed based on the data on subdivisions and heads of expenditure.

General economic expenses shall be distributed to the prime cost in respect of non-core activity types in the sum of general economic expenses included in the calculation of the cost agreed in relation to these types of works.

Revenues and expenses related to the sale of other works, services shall be recorded by account departments of branches and operating developments of Company's branches (places of their occurrence) based on the data on subdivisions and heads of expenditure.

OTHER REVENUES AND EXPENSES

As other revenues the Company shall recognize the revenues made owing to independent economic transactions which are not object of its activity but are conducted with the aim of earning these revenues, such as:

- revenues related to the sale of Company's assets different from cash assets, products, goods:
- revenues from the sale of fixed assets;
- revenues from the sale of intangible assets;
- revenues from the sale of materials and stock;
- revenues from the sale of other assets;
- revenues from revealed facts of unauthorized consumption of electric energy;
- revenues collected according to the terms of separate independent contracts:
- revenues from the owned securities;
- revenues earned in consequence of having a part in authorized capitals of other organizations;
- profit made as a result of collaboration;
- interests for using Company's cash assets;
- other revenues.

The Company shall recognize the revenue from selling the products or other property at the moment of transfer of the possessory right to this property to the buyer. The moment of possessory right transfer shall be determined in accordance with the terms of concluded contracts, as a rule, at the moment of products shipment.

The revenues from revealed facts of unauthorized consumption of electric energy are acknowledged as other revenues except cases specified in clause 3.15.7 of the present Regulation.

Revenues are considered as revenues of the period during which the unauthorized energy consumption was detected and the necessary document was compiled, i.e. revenues of the current period.

Revenues that are not related to the manufacturing process and circuit shall also be recognized as other revenues. These revenues include revenues from received fines and penalty interest, reimbursement of damages suffered by the Company, gratuitous receipt of property, uncalled accounts payable write-off, determination of rate differences etc.

Earnings obtained in consequence of force-majeure circumstances of economic activity (act of God, fire, breakdown, nationalization etc) shall be recognized as other revenues:

- insurance indemnity;
- covering losses caused by force-majeure events (fires, breakdowns etc.);
- liquidation value of inapplicable property.

The cost of surplus property shall be calculated as the cost of similar property that has been recently purchased taking into account the actual depreciation of items revealed as surplus ones. In case there are no facts of similar property acquisition and it is impossible to substantiate the computation of their cost the current cost of the surplus property shall be determined by means of method of quotation of prices set by the suppliers.

The norms of natural loss for accounting purposes shall be approved by the regulation of the Head of the Company or by a person authorized by him/her within the figures stipulated by the normative documents of the Federal executive body.

Other Company's expenditures for management accounting (tariff formation, etc) are distributed by geographical segment (territorial subjects where the tariffs are formed) in accordance with procedure set by the Company.

DEFERRED REVENUES AND EXPENSES

Records of deferred revenues shall be kept on the basis of the following items:

- gratuitously received fixed assets;
- other gratuitously received material values;
- expected inpayments of liabilities related to shortages revealed for previous years;
- difference between the sum callable from defaulters and the book value on shortages of assets;
- other deferred revenues.

Deferred revenues from gratuitously received property shall be attached to the account of other revenues in proportion to the cost of gratuitously received property recognized as expense: with respect to fixed assets – at the rate of accrued amortization, in relation to current assets – at a time, at the moment of writing off to the costs connected with the cost of materials or attachment to the account of sales record of the cost of goods.

In case of writing off the gratuitously received items of fixed assets based on any reasons before the term of their complete amortization the unamortized part of deferred revenues shall be recognized as other revenues by the Company at the moment of writing off the fixed assets items.

The cost of gratuitously received items of fixed assets, on which in accordance with the established procedure the amortization is not accrued, shall not be recognized as deferred revenues. For such items at the moment of their inclusion for accounting purposes the entries of the record account of investments in non-current assets (account 08 "Investments in non-current assets") shall be made and other revenues (account 91 "Other revenues and expenses") shall be recognized.

In case of gratuitous receipt of incomplete construction objects by the Company the deferred income writing off to the accounts of other revenues shall start simultaneously with the amortization of specified projects, i.e. upon their taking on discount as fixed assets. If these objects are not taken on discount as fixed assets items, the deferred income shall be recognized as other revenues at the moment of the incomplete construction objects writing off based on any grounds.

The Company shall recognize the deferrals and allocate these costs to the ensuing periods in case the amount of expenditure is substantial and expenses make for the collection of revenues within several accounting periods or the connection between the revenues and expenses cannot be well-defined or can be defined mediately.

The Company shall recognize the production payments and (or) the transfer of other property as deferrals if the transfer of property and (or) these payments are carried out based on unconditional procedure. If the transferred cash assets and (or) other property can be returned to the Company on the assumption of refusal of employing the works and services paid for by the specified monetary and non-monetary funds, accounts receivable shall be recognized instead of deferrals in an accounting statement. If it is deemed that the amount of monetary and non-monetary funds can be reduced according to the terms of contract, the amount of difference between the paid (conveyed) and returned funds shall be regarded as sanctions for refusal to execute the contract by the Company and shall be included in sundry expenses.

If the transfer of monetary funds and (or) other property has been performed based on unconditional procedure but the Company has refused to employ the works and services paid for by the specified monetary and non-monetary funds, or the Company is assured that these works and services will not be employed because of other reasons, deferrals recognized earlier shall be recognized in full as incurred expenses (sundry expenses) at the moment of making decision on termination of employing the works and services .

When the period, characterized by the fact that incurred expenses have brought in corresponding returns, came the deferrals shall be recognized as current ones.

Deferrals shall be written off to the current expenses of the accounting period proportional to the past period. In this case one-off payments related to the purchase of (payment for) items of DE: works, services, licences, programmes etc. shall be recognized as deferrals. Periodical payments effected in accordance with the terms of contract and connected with the usage of DE items shall be included in current costs (when effecting monthly payments) or shall be separated as an independent DE item (when effecting payments for the period of more than a month – quarter, year etc.). Cost accounting according to insurance contracts stipulating periodical payments during the currency of the insurance contract shall be carried out without appliance to account 97 "Deferred expenses".

The term of deferrals write off shall be confirmed by the head on the basis of the Statement of deferrals recognition (form No.MPIO-2), drawn up by services and departments of executive bodies and branches (operating developments) of the Company or any other documentary evidence. The term specified in the contract (for works, services, software) or on the document (for licences and permits) shall serve as the documentary evidence of the term of the cost of DE item write off. Deferrals shall be written off monthly, evenly during the period to which they refer. In this case the computation of monthly insurance expenses write off shall be performed in "days".

The term of writing off the expenditures for preparatory measures to conclusion of contract of land plots rent (land survey, inventory, consultations, etc) is set during the validity contracts concluded for the term up to 10 years. For the contracts concluded for the term more than 10 years the term of writing off the expenditures is set during ten years after the conclusion of the contract.

COMMERCIAL EXPENSES

Commercial expenses – costs connected with the sale of products, goods, works and services (selling costs).

Commercial expenses include:

- upkeep of personnel of commercial services (commercial services – structural subdivisions of an enterprise performing the following functions: market analysis, marketing and promotion of products, goods, works and services);
- advertising and promotion of services;
- maintenance and use of buildings and stock related to commercial activity;
- stationery and expandable materials for commercial activity;
- entertainment expenses for commercial activity;
- travel expenses connected with commercial activity;
- other commercial expenses.

In case of substantiality of commercial expenses they shall be recognized by the Company in accounting statements.

PECULIARITIES OF IN-HOUSE SETTLEMENTS RECORDING

Making entries of accounting transactions concerning the settlements with separate subdivisions entered on a separate balance sheet shall be carried out in account "In-house Expenses" based on the information about the analytic groups. In this case the primary allotment of a branch with balance indices shall be presented in a separate subaccount "Calculations Related to Assigned Property" of account 79 "In-House Calculations".

The allotment of some balance indices to branches` operating subdivisions shall also be performed with appliance to account 79 "In-House Expenses" in a special subaccount "Settlements with Operating Developments of a Branch".

The reconciliation of data on in-house settlements reflected in accounting records shall be carried out monthly between the branches` account departments and accounting department of the Company's executive bodies. The Statement of reciprocal payments reconciliation shall be drawn up on the last date of reporting period. Accounting records related to subaccount "Settlements with a Branch's Operating Developments" shall not

be taken into account in the reciprocal payments reconciliation between a branch and the Company's executive bodies.

Accounting statements prepared according to the results of recorded business transactions as well as that related to internal forms of accounting shall be submitted monthly, quarterly, annually by the branches to the accounting departments of the Company's executive bodies within the terms stipulated for presenting the accounts. In this case the data on in-house settlements with operating developments shall be excluded from the branch's balance indices and other forms of accounting.

Responsibility for the presented accounts accuracy shall be entrusted to the branch's chief accountant.

All types of in-house settlements between the Company's branches shall be shown in books of the Company's executive bodies. The notice of reciprocal payments changes of account 79 shall be regarded as an internal document – aviso.

Aviso shall be submitted by the party transferring the assets (liabilities) in triplicate with enclosed copies of accounting documents (bills, statements etc.) confirming the transaction when the settlement is carried out between two branches through executive bodies and in duplicate when the in-house settlements are performed between a branch and executive bodies.

Aviso submission concerning all transactions of cash assets receipts and expenditure in settlement and special accounts of the Company's executive bodies on behalf of branches shall be carried out by the Treasury of the Company's executive bodies.

ADOPTED MANNERS OF INTERNAL FUNDS (CAPITAL) RECORDING

The Company shall not reduce the amount of authorized capital recorded in hereof accounting statements, by the unpaid capital amount: the authorized capital and founders' actual liabilities related to investments in the authorized capital shall be recorded in accounting statements separately.

All changes of the authorized capital amount (including the forwarding of surplus funds to increase the authorized capital) shall be recorded in the Company's accounting statements only after making the corresponding adjustments to hereof articles of association.

Capital reserves shall be made by the Company from hereof income on the basis of constituent documents and founders' (shareholders') decision.

Company's surplus shall consist of the increment of value of hereof property received from hereof revaluation and from additional paid-in capital.

Surplus expending shall be carried out separately. The increment of property value received from revaluation shall be used to write down those property items which have been earlier written up and only within the sums accumulated on each separate inventory item. At the moment of taking the item off the books (for any reasons) the writing up sums accumulated on the item shall be attached to the account of Company's retained income. Additional paid-in capital shall be used by a shareholders' meeting decision (at the year termination).

Being governed by a rationality principle, recording of the surplus part made from the increment of property value shall be carried out by the Company's branch in the balance of which this property is included.

Undistributed profit is spent by the Company for:

- write down of non-current assets in excess of sums of additional capital (cumulated from the particular inventory facility write up);
- correction of material errors of the previous reporting year;
- goals defined by the Company's founders (shareholders) including the payment of dividends, financial provision of production development and other analogous activities aimed at acquisition (producing) of new property etc

ADOPTED MANNERS OF LIABILITIES RECORDING

Accounts due to suppliers of products, works, services shall be entered in the sum of accepted accounts and the amount of accrued liabilities according to the settlement documents.

Accounts payable in relation to non-invoiced deliveries shall be entered in the sum of received values calculated proceeding from the price and conditions stipulated by the contracts.

As a separate type of liabilities recorded in independent accounts the liability related to received borrowed current assets (loans and credits) shall be recognized. Recording of interest and borrowing charges shall be kept in accordance with RA 15/2008.

Interest and borrowing charges shall be recognized as other expenses of the corresponding reporting period. Loan charges and interests on credit that are subject to being included in the investment assets cost shall be treated as the exception to this procedure.

Charges on loans and credits attracted to purchase the items of fixed assets and intangible assets which cannot be recognized as investment assets shall be recorded along with other Company's expenses according to the general procedure.

Extra interest and borrowing charges shall be included in other expenses in the reporting period in which they have been incurred (without preliminary recording as deferrals and straight-line write-off to other expenses during the period of repaying a loan obligation).

Accounts payable when attracting the borrowed current assets by issuing the Company's own bill or bond placement shall be made up in the following way:

- when attracting borrowed current assets by issuing the Company's own bill (bond), at par value of a security. The interests accrued afterwards are entered separately as accounts payable till the moment of their payment to a lender;
- when attracting an interest-free loan by issuing the Company's own bill - at par value of a security. During the life of a loan the amount of accounts payable does not change;
- when attracting borrowed current assets by issuing the Company's own discount bond – in the sum of discount and owing sum that equals the par value of a security. During the life of a loan the amount of accounts payable does not change as well.

When issuing the bonds to make cash loan the sum of interests due to be paid to a bondholder or a discount shall be included in sundry expenses. These sundry expenses shall be recognized by the Company at the moment of their accrual. The total sum of interests due to be paid shall be charged for the past month on the last working day of each month. The Company shall not recognize these expenses as deferrals.

Business trip expenses are determined by local document of the Company – Regulation of business trips.

The Company makes provisions for doubtful accounts receivable. The provisions are made yearly on the basis of results of inventory of receivables, separately for each doubtful accounts receivable.

If the accounts receivable meet the following conditions they are considered as doubtful:

- debt formed in the result of recognition of revenue from Company's core activity;
- the debt is overdue for more than 3 months;
- the possibility of debt repayment is determined as low.

Provisions are formed form total sum of the debt that was determined as doubtful.

RECORDING OF PROFIT TAX ACCOUNTS

Producing of information about profit tax accounts in accounting statements and the procedure for disclosure of information about profit tax accounts in accounting statements shall be specified in accordance with RA 18//02 "Recording of Profit Tax Accounts".

The difference between accounting profit (loss) and taxable income (loss) of reporting year made as a result of applying different rules of profit and loss recognition which are stipulated by regulatory legal acts on accounting and by the RF legislation on taxes-and-duties shall consist of permanent and temporary differences.

Information on permanent and temporary differences subject to being entered in the accounts shall be produced on the basis of basic accounting documents and tax ledgers. In analytical accounting temporary differences shall be recorded differentially according to the types of assets and liabilities in the evaluation of which temporary difference has occurred.

Permanent differences shall be regarded as receipts and expenditures that:

- generate accounting profit (loss) of the reporting year and are excluded from the tax base computation of the reporting period as well as of the following period and lead to occurrence of permanent tax liability which is calculated as the product of permanent difference that has occurred in the reporting period and profit tax rate of the reporting period;
- are recorded when calculating the tax base on tax profit of the reporting period, but are not recognized for accounting purposes of reporting period as well as of ensuing reporting periods and result in formation of permanent tax asset (PTA) which is calculated as the product of permanent difference that has occurred in the reporting period and profit tax rate of the reporting period.

Recording of permanent tax differences shall be kept from above, by an accounting department of the Company's executive bodies on the basis of data of tax ledgers that are submitted by the Company's branches quarterly.

Temporary differences - receipts and expenditures generating accounting profit (loss) in one reporting period and the profit tax base – in the other or some other tax periods.

Temporary differences depending on the character of their influence on taxable profit shall be subdivided into:

- deductible temporary differences which lead to the formation of deferred tax asset reducing the tax profit that is to be paid at the budget during the ensuing reporting periods;
- taxable temporary differences which lead to the formation of deferred tax liability increasing the tax profit that is to be paid during the ensuing reporting periods.

Accounting of deferred tax liabilities and deferred tax assets shall be carried out by the executive bodies and Company's branches in relation to each accounting item. Temporary differences formed during the reporting period shall be accrued and recorded in the Company's branches in the accounts 09 "Deferred Tax Assets" and 77 "Deferred Tax Liabilities" in a developed form in correspondence with the account 68 "Profit Tax Calculation". At the end of each reporting period the data on the occurred temporary differences shall be submitted by the branches through the subaccount of account 79 "In-House Settlements" in correspondence with the account 68 "Profit Tax Calculation" to the Company's executive bodies to compile the summary data on the Company and compute the profit tax of the Company in general, as well as in hard-copy form, signed by the chief accountant of a branch and an executive according to the form approved by the Company. The date of submitting the specified documents to the accounting department of the Company's executive bodies shall be considered to be the date of record of receipt made by a corresponding specialist of an accounting department.

A detailed sum of a deferred tax asset and deferred tax liability shall be recorded in accounting statements.

Records of tax profit calculations in accordance with RA 18/02 shall be maintained on the base of a software suite 1C: Enterprise and that is the reason why the Company has elaborated the chart of accounts of tax accounting and set up hereof correspondence to the chart of accounts of business accounting. Business transactions included for accounting purposes shall be simultaneously recorded as tax accounting entries. Monthly reconciliation of data of account and tax ledgers shall be carried out to confirm the equality:

BA data = data of TA + PD + TD

Till the moment of inclusion of the software 1C: Enterprise 8.1 by the Company's branches, the branches shall ensure the calculation recording in accordance with RA 18/02 by means of used software and prepare the tax ledgers according to forms, developed by the Company.

EVENTS AFTER THE REPORTING DATE

In accordance with RA 7/98 "Events After the Reporting Date" the Company shall record in the accounting statements the events after the reporting date which have exerted or can exert influence on the financial condition, cash flow or on the results of Company's functioning and which took place in the period between the reporting date and the date of signing the accounts of a reporting year.

Events after the reporting date shall be recorded in accounting statements by means of ascertainment of data on corresponding assets, liabilities, capital, receipts and expenditures of the Company and the corresponding information shall be disclosed in the explanatory note.

To evaluate in money terms the consequences of an event after the reporting date the corresponding computation shall be carried out and the evidence of such computation shall be ensured. The calculation shall be executed by a structural subdivision (department, service, section) to which, in accordance with the functions performed, this event refers.

CONTINGENT FACTS OF BUSINESS ACTIVITIES

The Company's accounting statements shall represent contingent facts of business activities in relation to the consequences and future probability of which uncertainty occurs.

The following facts shall be referred to the contingent facts:

- proceedings not completed on the reporting date in which an enterprise is a plaintiff and decisions on which can be taken only in the ensuing reporting periods;
- disagreements with tax authorities concerning payments in budget not resolved on the reporting date;
- issued before the reporting date guarantees, warranties and other means of liability confirmation issued for benefit of third parties the date of performance according to which has not come;
- recorded (discounted) before the reporting date bills the payment date according to which has come before the reporting date;
- other analogous facts according to RA 8/01 "Contingent Facts of Business Activities" approved by the order of the RF Ministry of Finance No.96H dated 28.11.2001

Contingent liabilities (losses) shall be recorded in synthetic and analytic accounting as summary turnovers of the reporting period prior to the approval of the annual accounting report by building up the reserves. Contingent assets shall not be recorded in accounting but the information about them shall be disclosed in the explanatory note. Disclosure in the accounts of information on contingent facts shall be carried out on the basis of computation made by a structural subdivision (department, service, section) to which in accordance with the performed functions this event refers.

INFORMATION ON DISCONTINUED OPERATION

The procedure for disclosure of information on discontinued operation including the information produced in consequence of Company's reorganization shall be carried out in accounting statements in accordance with RA 16/02 "Information on Discontinued Operation", approved by the order of the RF Ministry of Finance No.66H dated 02.07.2002.

INFORMATION ON RELATED PARTIES

In accordance with RA 11/2008 "Information on Related Parties" the Company shall include information on related parties as a separate section in the explanatory note which is a part of accounting statements. In this case the specified data shall not be taken into account when preparing the accounts for internal purposes as well as accounts drawn up for the state statistical observation and for a lending agency or for other special purposes.

The list of related parties the information on which is disclosed in the accounting statements shall be determined by the Company on an independent basis proceeding from the substance of relations between the Company and a related party in consideration of the substance over form requirement.

INFORMATION ON SEGMENTS

Information on geographical segments shall be recognized as source information for the purposes of generation of data on reportable segments since Company's main risks and profits depend on the activity differences in different geographical regions. As secondary one – information on operational segments

CONSOLIDATED ACCOUNTING REPORT

The Company does not draw up the consolidated accounting report, which includes data from branches of the Company, on the basis of immateriality of data on branches for making the image of financial statement and results of Group's activity.

Materiality of data of Company's branches for consolidated accounting report is determined as 5% (stake of the capital of affiliated company in capital of the Group). The capital of affiliated Company is the balance of section IV "Capital and provisions" of the accounting balance as of the reporting date. The capital of the group is determined by **simple summation** of capital of all affiliates and "IDGC of the South", JSC.

The materiality is counted yearly by the end of the reporting year.

Regulation on accounting policy of "IDGC of the South", JSC for 2011 is placed at website of the Company at <http://www.mrsk-yuga.ru>.

7.5. Data on total export amount and on export share in total amount of sales

Is not included in the current accounting period

7.6. Data on cost of real estate of the Issuer and essential changes which occurred in structure of property of the Issuer following the end date of the last completed financial year

Total cost of real estate as of termination date of the accounting period, rub:
12 303 310 527

Value of deterioration accrued as of termination date of the accounting period, rub:
1 851 728 404

Data on significant changes in the structure of the Issuer's real estate within 12 months prior to termination date of the accounting period

There were no significant changes in the structure of the Issuer's real estate within 12 months prior to termination date of the accounting period

Data on any acquisitions or retirements on any basis of any Issuer's property with balance sheet cost exceeding 5 percent of balance sheet cost of the Issuer's assets, as well as any other changes (which are significant for the Issuer) in the structure of other property of the Issuer for 12 months prior to termination of the accounting quarter:

Specified changes are absent

7.7. Data on participation of the Issuer in litigations if such participation can have significant effect on the Issuer's financial and economic activities

1) On 06.03.2008 "**Neft-Aktiv**", LLC shareholder of "Kubanenergo", JSC brought an action against "Kubanenergo" JSC, the registrar "CMD", JSC and to "IDGC of the South", JSC concerning:

- nullification Minutes dd. 21.01.2008 of the Tabulation Commission on the results of voting at General Shareholders Meeting made up by "CMD"; JSC;
- nullification the decision of an Extraordinary General Shareholders Meeting of "Kubanenergo", JSC dd. 18.01.2008 on the restructuring "Kubanenergo", JSC in the form of affiliation to "IDGC of the South", JSC in the order and on terms stipulated in the affiliation agreement, on approving the agreement and the act of transfer and acceptance;
- nullification the affiliation agreement dd. 03.12.2007 in part of affiliation of "Kubanenergo", JSC to "IDGC of the South", JSC and the act of transfer and acceptance dd. 03.12.2007 on transferring rights and responsibilities of "Kubanenergo", JSC to "IDGC of the South", JSC

By decision of Moscow Arbitration Court dd. 11.06.2008 approved by Courts of Appeal and Cassation instances, the claims are satisfied partly, namely: the decision of the Extraordinary General Shareholders Meeting of "Kubanenergo", JSC dd January 18.2008, adhesion agreement dd 03 December, 2007 on accession of "Kubanenergo", JSC to "IDGC of the South", JSC and the act of transfer and acceptance dd 03.12.2007 on transferring rights of "Kubanenergo", JSC to "IGC of the South", JSC were nullified.

"IDGC of the South", JSC applied to the Supreme Court of the Russian Federation for supervisory review of the specified juridical acts. By determination of the Supreme Court of the RF No.BAC-6648/09 dd 03.06.2009, the application of "IDGC of the South", JSC regarding case referral to the Presidium of the Supreme Arbitration Court of the Russian Federation was declined.

The Company fulfills functions of the Sole Executive Body with respect to "Kubanenergo", JSC.

2) In May, 19 2008 the Third Party Court under RAO "EUS of Russia" took the decision regarding case No.204/207-516 to recover from "IDGC of the South", JCS to "Southern Generating Company "TGK-8", JSC the amount of 137 244 163 rubles 57 kopecks considering as unjust enrichment and the amount of 491 092 rubles 62 kopecks on account for compensation of expenses on Third Party fee

On 05.02.2009 Moscow Arbitration Court determined a case No.A40-47188/08-63-503 followed by issuing an order of judgment enforcement of the Third Party Court under RAO "EUS of Russia" decision dd 19.05.2008 relating to case No.204/2007-516.

On 30.03.2009 the Federal Arbitration Court of Moscow District cancelled the decision of Moscow Arbitration Court dd 05.02.2009 regarding the case No.A40-47188/08-63-503, the issuing of order of judgment enforcement of the Third Party Court under RAO "EUS of Russia" decision dd 19.05.2008 relating to case No.204/2007-516

On 24.08.09 the Supreme Arbitration Court of RF issued the decree No.8879/09 regarding referral the case No.A40-47188/08-63-503 to the Presidium of the Supreme Arbitration Court for supervisory review of Federal Arbitration Court of Moscow District determination dd 30.03.2009. The warrants for case referral served the existence of two different approaches in the course of universal succession norms application in law-enforcement judicial practice. The first approach regards the Third Part Agreement as a strictly procedural one, that excludes the application of norms of civil legislation; under the second approach the Third Party Agreement is the means of defence determination of violated rights; regards as the element of civil liability and is subject to regulation according to norms of substantive civil law, including legal succession norms.

In November 03, 2009 the Meeting of Presidium of the Supreme Arbitration Court of the Russian Federation was held. Further to the results of consideration of case No.A40-47188/08-63-503 the resolute part of the decision was announced which implied cancellation of Federal Arbitration Court of Moscow District determination dd 30.03.2009; Moscow Arbitration Court determination dd 05.02.2009 was affirmed.

According to p. 1, 2 of cl. 307 of Arbitration Procedure Code of the Russian Federation the Determination of Presidium of the Supreme Arbitration Court of the Russian Federation enter into effect on the day of the adoption. The copies of the Determination are sent to the persons involved and other interested persons within five days starting from determination adoption day. The existing legislation does not provide the possibility of appeal of Presidium of the Supreme Arbitration Court of the Russian Federation Determinations.

At present time "IDGC of the South", JSC has received the order of judgment enforcement from "Southern Generating Company "TGK-8", JSC on recovering the amount of 137 244 163 rubles 57 kopecks considering as unjust enrichment and the amount of 491 092 rubles 62 kopecks on account for compensation of expenses on Third Party fee. The stated order of judgment is now charged to sanction. The fulfillment of the hereinabove mentioned Court Decision may significantly influence the financial and economic activity of the Issuer.

3) **Siberian-Urals Aluminium Company** brought an action on recovery of 149 748 306.08 rubles of unjust enrichment

Arbitrage of Volgograd region made a decision (15.02.2010) to fulfill a demand. The decision was left without changes by the order of 12th Court of Appeal at 24.05.2009 and the appeal of "IDGC of the South", JSC was not granted, the decision took a legal effect. By the decision of Federal arbitrage of Povolzhsky district the determined juridical acts were left without changes. The juridical act is executed.

4) **"Volgogradenergosbyt", JSC** made a claim against "IDGC of the South" for recovering losses of electric energy from grids of the Issuer: 1 060 486 008. 21 rub. The claim was not settled by the decision of Arbitrage of Volgograd dated 05.11.2009. At the present moment the case is still under consideration of 12th Court of Appeal.

Several tests were organized related to the case. In case the decision of the court admits the claim and orders to “IDGC of the South”, JSC to recover the loss, the Company’s business activity would be seriously affected.

5) “**Khimprom**”, JSC brought a suit to “Volgogradenergosbyt”, JSC on collection of cost of electric energy consumed during the period of absence of restrictions in regime of energy supply, the amount of collection - 264 453 445.61 rubles.

By the decision of Arbitrage court of Volgograd region dated 24.01.2011 the claim was satisfied without changes by the resolution of Twelfth arbitration court of appeal dated 12.04.2011. The fulfillment of the mentioned judicial action may have significant impact on issuer’s business activity.

VIII. Additional data on the Issuer and on the Issuer’s equity securities placed

8.1. Additional data on the Issuer

8.1.1. Data on amount and structure of the Issuer’s authorized (share) capital (share fund)

Amount of the Issuer’s authorized (share) capital (share fund) as of termination date of the last accounting period, rub: 4 981 109 606.4

Ordinary shares

Total nominal value: 4 981 109 606.4

Stake in authorized capital, %: 100

Preferred

Total nominal value: 0

Stake in authorized capital, %: 0

8.1.2. Data on amount of the Issuer’s authorized (share) capital (share fund) change

Data on amount of the Issuer’s authorized (share) capital (share fund) change for the last 5 completed financial years prior to termination date of the last accounting quarter, and for the current accounting quarter

Date of authorized capital amount change: 22.05.2008

Authorized capital amount before change, rub: 10 000 000

Authorized capital structure before change

Ordinary shares

Total nominal value: 10 000 000

Stake in authorized capital, %: 100

Preferred

Total nominal value: 0

Stake in authorized capital, %: 0

Stake in authorized capital after change, rub: 4 981 109 606.4

Name of the Issuer's management authority responsible for decision on the Issuer's authorized (share) capital (share fund) amount change: Management Board of RAO "UES of Russia", JSC fulfilling functions of General Shareholders meeting until 31.03.2008.

Date of drawing up minutes of meeting (proceedings) of the Issuer's management authority where decision was taken on the Issuer's authorized (share) capital (share fund) amount change: 25.12.2007

Minutes of Meeting number: No.1795 np/6

8.1.3. Data on formation and use of reserve and other funds of the Issuer

For 2007

The specified funds are absent

For 2008

Data on formation and use of reserve fund and other funds of the Issuer accumulated from net profit

Name of the fund: Reserve Fund

Amount of the fund according to constituent documents: 5 (five) percent of the Company's authorized capital (item 8.1 of clause 8 of the Charter of "IDGC of the South", JSC).

Amount of the fund in monetary terms as of termination date of the accounting period, rub: 118 565 437

Amount of the fund in percent from the authorized (share) capital (share fund): 2.38

Amount of deductions to the Fund within the accounting period: 344 000

Amount of fund assets used within the accounting period: 0

Directions of utilizing the assets:

fund assets were not used during the corresponding accounting period

For 2009

Data on formation and use of reserve fund and other funds of the Issuer accumulated from net profit

Name of the fund: Reserve Fund

Amount of the fund according to constituent documents: 5 (five) percent of the Company's authorized capital (item 8.1 of clause 8 of the Charter of "IDGC of the South", JSC).

Amount of the fund in monetary terms as of termination date of the accounting period, rub:142 867 437

Amount of the fund in percent from the authorized (share) capital (share fund): 2.87

Amount of deductions to the Fund within the accounting period: 24 302 000

Amount of fund assets used within the accounting period: 0

Directions of utilizing the assets:

fund assets were not used during the corresponding accounting period

For 2010

Data on formation and use of reserve fund and other funds of the Issuer accumulated from net profit

Name of the fund: Reserve Fund

Amount of the fund according to constituent documents: 5 (five) percent of the Company's authorized capital (item 8.1 of clause 8 of the Charter of "IDGC of the South", JSC).

Amount of the fund in monetary terms as of termination date of the accounting period, rub: 142 867 437

Amount of the fund in percent from the authorized (share) capital (share fund): 2.87

Amount of deductions to the Fund within the accounting period: 0

Amount of fund assets used within the accounting period: 0

Directions of utilizing the assets:

fund assets were not used during the corresponding accounting period

For the accounting period

Data on formation and use of reserve fund and other funds of the Issuer accumulated from net profit

Name of the fund: Reserve Fund

Amount of the fund according to constituent documents: 5 (five) percent of the Company's authorized capital (item 8.1 of clause 8 of the Charter of "IDGC of the South", JSC).

Amount of the fund in monetary terms as of termination date of the accounting period, rub: 142 867 437

Amount of the fund in percent from the authorized (share) capital (share fund): 2.87

Amount of deductions to the Fund within the accounting period: 0

Amount of fund assets used within the accounting period: 0

Directions of utilizing the assets:

fund assets were not used during the corresponding accounting period

8.1.4. Data on order of convocation and holding of meeting (proceedings) of the Supreme Management Authority of the Issuer

Name of the Issuer's supreme management authority: General Shareholders Meeting.

Order of informing the Issuer's shareholders (participants) about the upcoming General Shareholders Meeting

According to p. 11.5 of clause 11 of the Charter of "IDGC of the South", JSC the message on the upcoming General Shareholders Meeting is published by the Company in the newspaper "Novye Izvestiya" and placed on the corporate Internet website no later than 30 (thirty) days prior to the date of the shareholders meeting.

According to p. 11.6 of item 11 of the Charter of "IDGC of the South", JSC the voting ballots on the agenda of the meeting are sent via registered letter to the addresses from

the list of persons entitled for participating in General Shareholders Meeting not later than 20 (twenty) days prior to the date of holding the General Shareholders Meeting.

Persons (authorities) authorized to convene (demand) the Extraordinary General Shareholders Meeting, and the order of submitting such applications

According to pp. 14.2, 14.3, 14.4, 14.5 of clause 14 of the Charter of "IDGC of the South", JSC the Extraordinary General Shareholders Meeting shall be held on decision of Board of Directors (by the own initiative), by demand of the Company's Auditing Committee, the Company's Auditor, and a shareholder (shareholders) of the Company who holds at least 10 (ten) percent of the voting shares as of the date of the application.

Such General Shareholders Meeting shall be held within 40 (forty) days from the date of claim for holding Extraordinary General Shareholders Meeting of the Company, except for the case specified in p. 14.9 of clause 14 of the Company's Charter.

Items subject to including on the agenda of the meeting must be presented in the claim for holding Extraordinary General Shareholders Meeting.

Persons (person) claiming for Extraordinary General Shareholders Meeting are entitled to introduce a project of the decision of Extraordinary General Shareholders Meeting, a suggestion on the form of holding the General Shareholders Meeting. Should the convocation proposal of Extraordinary General Shareholders Meeting contain a suggestion of candidates nomination, such a proposal is subject to the regulations of clause 13 of the Charter "IDGC of the South" JSC.

The Company's Board of Directors is not entitled to change the wording of agenda items, decisions on the items, to alter the suggested form of holding the Extraordinary General Shareholders Meeting convened on the proposal of the Company's Audit Committee, the Company's Auditor or a shareholder (shareholders) owning at least 10 (ten) percent of the Company's voting shares.

Should the demand about convocation of the Company's Extraordinary General Shareholders Meeting come from a shareholder (shareholders), it must contain the name of the shareholder (shareholders) demanding convocation of the Meeting and indication of quantity, category (type) of the Company shares belonging to them.

The demand on convocation of the Company's Extraordinary General Shareholders Meeting shall be signed by the person (persons) demanding convocation of Extraordinary General Shareholders Meeting of the Company.

On June 24, 2009 "Management – Consulting", LLC ("TM") ("CMIC of shares "Resource") submitted a demand for convocation of Extraordinary General Shareholders Meeting (EGShM) of "IDGC of the South" JSC, for including the following issues on the agenda of the meeting: early termination of powers of "IDGC of the South", JSC Board of Directors and electing Board of Directors from candidates nominated by "Management - Consulting", LLC as prospective members of Board of Directors.

"Management – Consulting", LLC ("TM") ("CMIC of shares "Resource") holds more than 10 % of the Company's voting shares.

According to p. 1 of clause 55 of Law "On Joint Stock Companies" and p. 14.2 of clause 14 of the Charter of "IDGC of the South" JSC, on the basis of initiative from shareholder owning at least 10 % (ten) of the Company's shares as of the date of claim submission, Board of Directors of "IDGC of the South", JSC (minutes No.30/2009 dd 02.07.2009) took decision on convocation of EGShM on 14.09.2009 in the form of a meeting (joint presence). Thus, in quarter III of 2009, Extraordinary General Shareholders Meeting of «IDGC of the South», JSC took place and the decisions were adopted on early

termination of powers of all members of “IDGC of the South”, JSC and on electing Board of Directors of “IDGC of the South”, JSC.

Procedure of fixing the date for holding the meeting (proceedings) of the Supreme Management Body of the Issuer:

According to clauses 11 and 14 of “IDGC of the South”, JSC Charter, Annual General Shareholders Meeting of the Company shall be held not earlier than two months prior to and not later than six months after the end of the financial year.

Extraordinary General Shareholders Meeting is conveyed upon demand of the Company’s Auditing Committee, the Company’s Auditor or shareholder(s) who own at least 10 (ten) percent of the Company’s shares shall be held within 40 (forty) days from the moment of submitting demand on carrying out the Extraordinary General Shareholders Meeting of the Company.

According to p.2 of clause 55 of Federal Law “On Joint Stock Companies”, should the proposed agenda of Extraordinary General Shareholders Meeting contains item on election of members of the Company’s Board of Directors, General Shareholders Meeting shall be held within 70 (seventy) days from the moment of submitting demand for carrying out the Extraordinary General Shareholders Meeting.

Persons entitled to submit proposals to the agenda of the Issuer’s Supreme Management Body Meeting (proceedings), and submission procedure for such proposals:

According to clause 13 of the Charter of “IDGC of the South”, JSC shareholders (shareholder) of the Company owing in aggregate at least 2 (two) percent of the Company’s voting shares in the term not later than 60 (sixty) days after termination of the financial year are entitled to propose items for the agenda of Annual General Shareholders Meeting and to nominate candidates for Board of Directors and Auditing Committee of the Company, whereas the number of candidates must not exceed the quantitative structure of the corresponding authority.

The Company’s Board of Directors is obliged to consider the received proposals and to make the decision on their inclusion on the agenda of General Shareholders Meeting of the Company or on refusal to include them on the specified agenda not later than 5 (five) days after termination of the term specified in p. 13.1 of clause 13 of the Company’s Charter.

Board of Directors of the Company is entitled to refuse including the items proposed by the shareholder (shareholders) on the agenda of General Shareholders Meeting and also to refuse including the proposed candidates on the list of nominees for voting at election to the corresponding body of the Company on the bases stipulated by Federal Law “On Joint Stock Companies” and other legal statements of the Russian Federation.

The motivated decision of Board of Directors of the Company on refusal to include an item on the agenda of General Shareholders Meeting of the Company or to include a candidate on the list of nominees for voting at election to the corresponding body of the Company shall be sent to the shareholder (shareholders) who proposed the item or the nominee not later than 3 (three) days from the moment the decision was adopted.

The Company’s Board of Directors is not be entitled to change the wording of the items proposed for inclusion in the agenda of General Shareholders Meeting, and the wording of decisions on such items (if available).

In addition to items proposed for inclusion to the agenda of General Shareholders Meeting by shareholders, and also in case of absence of such proposals, absence or insufficient quantity of the candidates proposed by shareholders for forming the respective body, Board of Directors of the Company is entitled to include items or candidates for the list of nominees on the agenda of General Shareholders Meeting at their own discretion.

Persons entitled to examine information (materials) provided for preparation and carrying out the meeting (proceedings) of the Supreme Management Body of the Issuer, and also the procedure of examination of such information (materials):

According to p. 11.7 of clause 11 of Charter of "IDGC of the South" JSC, the information (materials) on the agenda items of General Shareholders Meeting should be available to the persons entitled to participate in General Shareholders Meeting within 20 (twenty) days prior to, and in case of carrying out General Shareholders Meeting with agenda on reorganization of the Company – within 30 (thirty) days prior to carrying out General Shareholders Meeting, for examination in the office of the Company's Executive Body and other places the addresses of which are specified in the message on carrying out General Shareholders Meeting.

The specified information (materials) should be available during the meeting for the persons taking part General Shareholders Meeting.

Procedure of announcement (bringing to notice of shareholders (participants) information on the decisions taken by the Supreme management body of the Issuer, and the results of voting:

If the results of voting and decisions taken by the Company's General Shareholders Meeting were not announced at the General Meeting, then not later than 10 days after drawing up the minutes of meeting of voting results the decisions taken by the Company's General Shareholders Meeting as well as the voting results are brought to the notice of persons included on the list of persons entitled to participate in General Shareholders Meeting, in accordance with the procedure stipulated by the Charter of the Company for informing shareholders on carrying out General Shareholders Meeting unless otherwise specified by the Company Charter.

8.1.5. Data on the commercial entities in which the Issuer holds at least 5 percent of authorized (share) capital (share fund) or at least 5 percent of ordinary shares

List of commercial entities in which the Issuer holds at least 5 percent of authorized (share) capital (share fund) or at least 5 percent of ordinary shares

Full company name:

in Russian: **Открытое акционерное общество "Астраханьэлектросетьремонт"**,

in English: **Open Joint Stock Company "Astrakhanelektrosetremont"**

Short company name: in Russian: OAO "Астраханьэлектросетьремонт"; in English: "Astrakhanelektrosetremont", JSC

Location: 204 Kramatorskaya st, Astrakhan, Russian Federation

TIN: 3015003313

PSRN: 1043001301606

Issuer's stake in the authorized capital: 100.00%

Issuer's stake of the ordinary shares: 100.00%

Stake of the commercial entity in the Issuer's authorized capital: 0%

Stake of the Issuer's ordinary shares held by the commercial entity: 0%

Full company name:

in Russian: **Открытое акционерное общество "Волгоградсетремонт"**;

in English: **Open Joint Stock Company "Volgogradsetremont"**

Short company name: in Russian: OAO "Волгоградсетремонт"; in English: "Volgogradsetremont", JSC

Location: 1a Granovitaya st, Volgograd, Russia

TIN: 3445067291

PRSN: 1043400418984

Issuer's stake in the authorized capital: 100.00%.

Stake of the commercial entity in the Issuer's authorized capital: 0%.

Stake of the Issuer's ordinary shares held by the commercial entity: 0%.

Full company name: **Open Joint Stock Company "Grechko A.A. Agriculture Enterprise"**

Short company name: "Grechko A.A. PSKh", JSC

Location: 21 Teatralnaya st, village Kuibyshevo, Kuibyshevskiy district, Rostov Area, Russia

TIN: 6117010611

PSRN: 1036117000798

Issuer's stake in the authorized capital: 100.00%

Issuer's stake of the ordinary shares: 100.00%

Stake of the commercial entity in the Issuer's authorized capital: 0%

Stake of the Issuer's ordinary shares held by the commercial entity: 0%

Full company name: **Open Joint Stock Company "Sokolovskoye Agriculture Enterprise"**

Short company name: "Sokolovskoye PSKh"; JSC

Location: 32 Kurskaya Str., settlement Sokolovo-Kurduchenskiy, Novoshakhtinsk, Russia;

TIN: 6151011887

PSRN: 1036151002667

Issuer's stake in the authorized capital: 100.00%

Issuer's stake of ordinary shares: 100.00%

Stake of the commercial entity in the Issuer's authorized capital: 0%

Stake of the Issuer's ordinary shares held by the commercial entity: 0%

Full company name: **Open Joint Stock Company "Recreation Centre "Energetik";**

Short company name: "Recreation Centre "Energetik"; JSC

Location: 3 Shkolnaya Str., village Shepsi, Tuapsinskiy district, Krasnodar Region, Russia

TIN: 2355016847

PSRN: 1032330762463

Issuer's stake in the authorized capital: 100.00%

Issuer's stake of ordinary shares: 100.00%

Stake of the commercial entity in the Issuer's authorized capital: 0%

Stake of the Issuer's ordinary shares held by the commercial entity: 0%

Full company name:

in Russian: **Открытое акционерное общество "Энергосервис Юга"**

in English: **Open Joint Stock Company "Energoservis Yuga";**

Short company name: "Energoservis Yuga"; JSC

Location: 3 Shkolnaya Str., village Shepsi, Tuapsinskiy district, Krasnodar Region, Russia

TIN: 2355016847

PSRN: 1032330762463

Issuer's stake in the authorized capital: 100.00%

Issuer's stake of ordinary shares: 100.00%

Stake of the commercial entity in the Issuer's authorized capital: 0%

Stake of the Issuer's ordinary shares held by the commercial entity: 0%

8.1.6. Data on important transactions closed by the Issuer

For 2006

In the accounting period the Issuer did not make such transactions

For 2007

In the accounting period the Issuer did not make such transactions

For 2008

In the accounting period the Issuer did not make such transactions

For 2009

In the accounting period the Issuer did not make such transactions

For 2010

In the accounting period the Issuer did not make such transactions

For the accounting quarter

In the accounting period the Issuer did not make such transactions

8.1.7. Data on credit ratings of the Issuer

The Issuer is not informed about credit ratings assigned.

8.2. Data on each category (type) of the Issuer's shares

Category of shares: ordinary

Nominal value of each share (rub): 0.1

Number of shares in circulation (amount of shares which are not redeemed or cancelled): 49 811 096 064

Number of additional shares in the process of placement (number of shares of additional issue, the report on the results of the issue on which has not been registered by state authorities): 0

Number of declared shares: 31 078 103 936

Number of shares on the Issuer's balance: 0

Number of additional shares which can be placed after converting placed securities to shares or as the result of executing liabilities on the Issuer's options: 0

Issues of shares of the category (kind):

Date of state registration	Registration Number
20.09.2007	No.1-01-34956-E
20.03.2008	No.1-01-34956-E-001D
20.03.2008	No.1-01-34956-E-002D
20.03.2008	No.1-01-34956-E-003D
20.03.2008	No.1-01-34956-E-004D
20.03.2008	No.1-01-34956-E-005D
20.03.2008	No.1-01-34956-E-006D

Shareholders rights on the shares

According to clause 6 of the Charter of "IDGC of the South" JSC, a shareholder of the Company is a person who holds the Company's shares on the principles provided by legislation of the Russian Federation and the Company's Charter. Each ordinary registered share of the Company gives equal rights to the shareholder (the owner).

Shareholders-owners of ordinary registered shares of the Company have the following rights:

- to participate personally or through representatives in General Shareholders Meeting of the Company with a vote on all issues of his/ her competence;
- to enter proposals to General Meeting's agenda in the order stipulated by legislation of the Russian Federation and the Charter;

- to get information on the Company's activity and study the Company's documents according to article 91 of Federal Law "On Joint Stock Companies", other regulatory acts and the Charter;
- to get dividends declared by the Company;
- primary acquisition of additional shares placed by means of subscription and issue securities converted to shares in the number proportional to the number of ordinary shares belonging to them, in cases provided in legislation of the Russian Federation;
- in case of the Company's liquidation, to receive part of the property;
- to carry out other rights provided by legislation of the Russian Federation and the Company's Charter.

The Company did not issue preferred shares.

The Issuer's shares cross-held by subsidiaries and (or) affiliated companies: the Issuer's subsidiaries and affiliates do not hold the Company's shares.

Other data on shares provided by the Issuer at his discretion

According to notification from FFMS of Russia as of 12.08.2008 No.08-EK -03/17099, individual numbers (codes) were cancelled: 001D state registration number 1-01-34956-E-001D dd 20.03.2008, 002D state registration number 1-01-34956-E-002D dd 20.03.2008, 003D state registration number 1-01-34956-E-003D dd 20.03.2008, 004D state registration number 1-01-34956-E-004D dd 20.03.2008, 005D state registration number 1-01-34956-E-005D dd 20.03.2008, 006D state registration number 1-01-34956-E-006D dd 20.03.2008

8.3. Data on previous issues of securities of the Issuer except for shares

8.3.1. Data on issues all securities of which were repaid (cancelled)

Specified issues are absent

8.3.2. Data on issues securities on which are in circulation

Kind of security: bonds

Form of security: certificated, bearer

Series: 02

Nonconvertible interest-bearing certificated bonds with obligatory centralized deposit

Issue securities obligatory centralized deposit is stipulated

Data on depository carrying out centralized deposit of the issue securities

Full company name: in Russian - Закрытое акционерное общество "Национальный депозитарный центр", in English - The National Depository Center (Closed Joint Stock Company)

Short company name: in Russian - ЗАО НДЦ, in English – NDC, JSC

Location: Building 4, 1/13 Sredniy Kislovskiy per., Moscow

Data on license for depository activity

Number: 177-03431-000100

Date of issue: 04.12.2000

Valid until:

Without limitation of validity term

License issuing authority: FSEC (FFMS) of Russia

Number of issue securities: 6 000 000

Nominal value per issue security, rub: 1 000

Issue volume at nominal value: 6 000 000 000

State registration number of the issue: 4-02-34956-E

Date of state registration of the issue: 16.12.2008

State registering authority of the issue: FSEC of Russia

State registration of report on issue results was not performed since the issuer took the privilege to submit notification on results of securities issue to the registering authority on simultaneous occurrence of the following conditions:

- a) rendering service of securities placement by the broker on the basis of agreement with the Issuer;
- b) placement of securities by open subscription;
- c) carrying out placed securities listing.

Notification on results of securities issue. Non-convertible interest-bearing certificated Bonds with obligatory centralized deposit, 02 series, in amount of 6 000 000 (Six million) units, with nominal value of 1 000 (One thousand) rubles per unit, maturity on 1820th (One thousand eight hundred and twentieth) day from the date of placement beginning, placed y way of open subscription, registration number 4-02-34956-E dated 16.12.2008) was submitted to FFMS of Russia on 08.09.2009.

Additional securities issues were performed: No

Rights on each security of the issue:

Bonds are direct unconditional obligations of Open Joint Stock Company "Interregional Distribution Grid Company of the South".

Bonds provide equal rights to bond holders.

A Bond holder has the following rights:

- right to receive nominal value of Bonds at redemption, in terms stipulated for the bond and in order fixed by Decision on Securities Issue and the Prospectus;
- right to receive coupon income (interest on Bond nominal value) at the end of each coupon period, procedure of coupon income valuation and payment is specified in Decision on Issue and the Prospectus;
- right to demand early bond redemption in cases and on terms stipulated by Decision on Securities Issue and the Prospectus;
- right to claim bond acquisition by the Issuer in cases and on terms stipulated by Decision on Securities Issue and the Prospectus;
- right to claim valuation of coupon amount and procedure for valuation of coupon amount by the Issuer in the form of formula with variables with values changeable at the Issuer's discretion, on coupon periods where coupon amount is to be fixed by the Issuer after state registration of Report on results of

securities issue by Federal Financial Markets Service (further referred to as FFMS) or submission of Notification on results of securities issue to FFMS if bonds issue is performed without state registration of Report on results of securities issue in conformance with Federal Law “On Securities Market” or other federal laws, if the Issuer fails to value coupon amount within the period fixed in item 9.3 of Decision on Securities Issue and item 9.1.2 of the Prospectus;

- right to receive accumulated coupon income (further referred to as ACI) on Bonds, procedure of valuating is stipulated by item 15 of Decision on Securities Issue and item 10.10 of the Prospectus;
- right to sell bonds without limitation or alienate them in any other way after state registration of Report on results of securities issue by Federal Financial Markets Service (further referred to as FFMS) or submission of Notification on results of securities issue to FFMS if bonds issue is performed without state registration of Report on results of securities issue in conformance with Federal Law “On Securities Market” or other federal laws;
- right to submit corresponding claims to the person providing securities on the bond issue in case of nonperformance/ improper performance of liabilities by the Issuer on payment of Bond nominal value at redemption and/ or Bond coupon income payment. Open Joint Stock Company “Grechko A.A. Agriculture Enterprise” is the person providing security for the purpose of bond issue (further referred to as Guarantor). Data on Guarantor on Bond issue, including procedure of submitting claims to the Guarantor, is described in item 12 of Decision on Securities Issue and item 9.1.2 of the Prospectus. Secured bond gives all the inherent rights to the holder, according to conditions of guarantee specified in item 12.2 of decision on Securities Issue and Item 9.1.2 of the Prospectus.
- right to apply to the court or arbitration court in order specified by items 9.7 and 12.2 of Decision on Securities Issue and item 9.1.2 of the Prospectus, to the Issuer and/ or Guarantor with claim on execution of liabilities by the Issuer;
- right to demand redemption of investment funds from the Issuer in case the issue is acknowledged to be inconsistent or invalid, and in other cases stipulated by legislation of the Russian Federation, normative legal acts of federal executive authority in the sphere of securities market and point 9.11 of the Prospectus.

Bond holder is entitled to discharge other rights stipulated by legislation of the Russian Federation and normative legal acts of federal executive authority in the sphere of securities market.

The Issuer shall provide rights of bond holders at their conformance with order stipulated by legislation of the Russian Federation. A Bond gives all the rights to bond holder originating from bond provision.

When bond rights are transferred to a new holder (purchaser), all the rights inherent to bond provision are transferred as well.

Transfer of rights originating from bond security are invalid without transfer of bond rights.

Should non-execution or improper execution of bond liabilities by the Issuer bond holders are entitled to apply to Open Joint Stock Company “Grechko A.A. Agriculture Enterprise” (“Guarantor”) who provided security on bonds of the Issue according to Offer Conditions on provision of security in the form of guarantee for the purpose of bond issue.

Full text of Decision on Securities Issue and the Prospectus are available at corporate website of “IDGC of the South”, JSC http://www.mrsk-uga.ru/rus/stockholders/release_action/oblig/.

Securities of the issue are placed: No

Order and condition of issue securities redemption

Form of securities redemption

Bond redemption and income payment are performed by transfer agent on behalf and at the expense of the Issuer by non-cash transfer in monetary terms in rubles of the Russian Federation. Bond redemption in other forms is not stipulated.

Bond holders choice of redemption form is not stipulated.

Date of bond redemption:

Bonds are subject to redemption by way of payment bond nominal value on 1 820th (One thousand eight hundred twentieth) day from the date of Bond placement beginning (further referred to as Bond Redemption Date).

Beginning and termination Dates of Bond Redemption coincide.

If Bond Redemption Date falls on day of (no matter if it is a state holiday or day off for ruble settlements), Bond redemption is performed on the first working day following the day off. Bond holder is not entitled to claim interest accrual for utilizing other person's cash assets or enforcement of any other responsibility for such payment deferral.

Date (procedure of fixing the date) of drawing up the list of bond holders for the purpose of bond redemption:

Bond redemption and bond income payment are fulfilled by Transfer agent at the expense and on behalf of the Issuer on the basis of List of bond holders and nominee holders (further referred to as List of bond holders and/ or nominee holders for redemption) drawn up as of the end of operating day of NDC prior to the 6th (sixth) working day before the date of bond redemption (further referred to as Date of drawing up list of bond holders and/ or nominee holders for redemption). Data on transfer agent on bond issue are presented in item 9.6 of Decision on Securities Issue and item 9.1.2 (д) of the Prospectus.

If bond holder is not NDC depositor, he can (but is not obliged to) authorize nominee bond holder (NDC depositor) to receive cost of bond redemption. In case if bond holder did not authorize NDC depositor to receive money amount for redemption on his behalf, redemption is made directly to bond holder. It is to be summarized that nominee bond holders who are NDC depositors are authorized to receive cost of bond redemption. NDC depositor who is not authorized by the clients, shall submit list of bond holders with all requisites specified in the List of bond holders and/ or nominee holders for redemption not later than the 5th (fifth) day before bond redemption date to NDC. In case if bond holder rights are taken into consideration by nominee bond holder, and nominee bond is authorized to receive cost of bond redemption, nominee bond holder is considered to be the person entitled to receive bond redemption cost.

In case if bond holder rights are not taken into consideration by nominee bond holder, and nominee bond is not authorized to receive cost of bond redemption, bond holder is considered to be the person entitled to receive bond redemption cost. Not later than the 3rd (third) working day before the Date of bond redemption, NDC draws up List of bond holders and/ or nominee holders for redemption for giving it out to the Issuer and/ or Transfer agent. The List shall include the following data:

Full name (company name) or surname, name and patronymics of the person entitled to receive cost of bond redemption.

Number of bonds registered on the security account of the person entitled to receive cost of bond redemption.

Location (place of residence) and postal address (including zip code) of the person entitled to receive cost of bond redemption.

Bank account requisites of the person entitled to receive cost of bond redemption:

Account number;

Name of bank where the account is opened;

Bank correspondence account;

Bank identification code.

Taxpayer identification number (TIN) of the person entitled to receive cost of bond redemption (if any).

Tax status of the person of the person entitled to receive cost of bond redemption (resident, nonresident with permanent establishment in the Russian Federation, nonresident without permanent establishment in the Russian Federation etc, for physical persons – tax resident/ nonresident).

Tax registration reason code (TRRC) entitled to receive cost of bond redemption.

In addition to the data specified, nominee bond holder is obliged to submit the following information to NDC (it must be entered on NDC List of bond holders and/ or nominee holders for redemption) on physical and juridical persons – nonresidents of the Russian Federation owning bonds, no matter if nominee holder is authorized or not to receive cost of bond redemption:

Full name/ surname, name, patronymics of bond holder;

Number of shares owned by the holder;

Full name of the person entitled to receive cost of bond redemption;

Location (or registration – for physical persons) and postal address, including zip code of bond holder;

Bank account requisites of the person authorized to receive cost of bond redemption;

Taxpayer Identification Number (TIN) of bond holder;

Tax status of bond holder;

a) should the bond holder is juridical person-nonresident, the following data is specified additionally:

- foreign company code (FCC) – if it exists;

b) should the bond holder is physical person, the following data is specified additionally:

- person identification document kind, number, date and place of issue, name of issuing authority;

- date, month and year of bond holder's birth;

- state pension insurance number of the holder (if exists);

In case bond holders, persons authorized by them (including nominee bond holders – NDC depositors) do not submit required data on tax status of nonresident authorized to

receive bond redemption cost, the Issuer has corresponding tax amount deducted at maximum rate fixed in tax legislation of the Russian Federation. Bond holders, their authorized persons including nominee bond holders – NDC depositors) shall submit data required to NDC in due time, ensure completeness and validity of bank account requisites and other data submitted to NDC, and are responsible for risk of consequences if such obligations are not executed. The Issuer transfers cash assets required for bond redemption to Transfer agent's account in terms and order stipulated by Agreement between the Issuer and Transfer agent. Based on the List of bond holders and/ or nominee holders for redemption, Transfer agent calculates cash amounts to pay to each person on the List of bond holders and/ or nominee holders for redemption. On bond redemption date, Transfer agent transfers cash assets required to accounts of persons authorized to receive cost of bond redemption, for bond holders and persons on the List of bond holders and/ or nominee holders for redemption.

In case if person is authorized to receive cost of bond redemption is authorized to receive cost of bond redemption by several bond holders, such person has total cost of bond redemption transferred, without specification of bond holders. Execution of bond redemption liability on bond holder or and/ or nominee bond holder included on the list of bond holders and/ or nominee bond holders for redemption is considered to be proper, including cases of bond alienation after the date of drawing up the list of bond holder and/ or nominee bond holders for redemption. If information necessary for the Issuer's bond liabilities execution is not submitted (not submitted in due time) to NDC, such liability is discharged to the claimant on bond liabilities execution and registered as bond holder as of the date of application. In this situation the Issuer performs liabilities based on NDC data. In cases envisaged by NDC contract, the Issuer is entitled to demand such data confirmation by data on registration of bond rights. On this condition liability discharge to the claimant who holds bonds is considered to be proper.

If bank account requisites of the person authorized to receive cost of bond redemption and other information required for the Issuer's execution of bond redemption liabilities (submitted by bond holder, bond nominee holder-NDC depositor or registered in NDC) does not enable Transfer agent to transfer cash assets in due time, Bond holder is not entitled to claim interest accrual for utilizing other person's cash assets or enforcement of any other responsibility for such payment deferral.

Writing off bonds from securities accounts at redemption is performed after discharging all Issuer's liabilities to bond holders on bond income and nominal value payment. Writing off bonds from securities accounts of bond holders or nominee bond holders is made after discharge of liabilities by Transfer agent on payment of all bonds nominal value and coupon. Bond certificate redemption is performed after writing off all bonds from securities accounts of bond holders or nominee bond holders in NDC. Information on payment of bond redemption is disclosed by the Issuer in accordance with requirements of Federal Law "On Securities Market", normative legal acts of federal executive authority on securities market and order of information disclosure specified in item 11 of Decision on Securities Issue and item 2.9 of the Prospectus.

Detailed description of procedure on bond redemption is given in Decision on Securities Issue and the Prospectus on the Internet corporate website of "IDGC of the South", JSC at: http://www.mrsk-yuga.ru/rus/stockholders/release_action/oblig/index.shtml.

Amount of interest (coupon) income on bonds, payment order and terms: Interest rate on coupon 1 (C1) can be determined:

A) during the Stock Exchange Contest among prospective bond buyers on the date of bond placement beginning.

Contest procedure is specified in item 8.3 of Decision on Securities Issue and item 2.7 of the Prospectus. Information on amount of interest rate on the 1st coupon is disclosed by the Issuer according to the procedure of information on corporate actions disclosure in conformance with normative legal acts of federal executive authority on securities market and order of information disclosure specified in item 11 of Decision on Securities Issue and item 2.9 of the Prospectus.

Information on amount of interest rate on the 1st coupon set by the Issuer's authorized body following Contest for valuating first coupon rate results is disclosed by the Issuer in the form of corporate action statement concerning "data on accrued and/ or paid income on the Issuer's securities" and "data on terms of Issuer's liability discharge to the Issuer's securities holders" in the following terms from the date of drawing up minutes (date of termination of the period set by legislation of the Russian Federation for drawing up minutes) of the meeting (proceedings) of the Issuer's authorized management body where decision was adopted on fixing first coupon interest rate or from the date of taking such decision by the Issuer's authorized body if minutes drawing up is not necessary:

- News line of "AK&M" or "Interfax" – not later than within 1 (one) day;
- On the internet website at www.mrsk-yuga.ru not later than within 2 (two) days.

Disclosure of corporate action statements "data on accrued and/ or paid income on the Issuer's securities" and "data on terms of Issuer's liability discharge to the Issuer's securities holders" in the Internet at www.mrsk-yuga.ru is made after publishing the statement in news lines of information agencies "AK&M" or "Interfax".

Texts of corporate action statements "data on accrued and/ or paid income on the Issuer's securities" and "data on terms of Issuer's liability discharge to the Issuer's securities holders" shall be available at the Internet website at www.mrsk-yuga.ru for at least 6 (six) months from the date of publishing of the statement in the Internet.

Corporate action statements "data on accrued and/ or paid income on the Issuer's securities" and "data on terms of Issuer's liability discharge to the Issuer's securities holders" shall be sent by the Issuer to FFMS of Russia not later than 5 (five) days from the moment of occurrence of corporate actions involving data on decisions about fixing first coupon rate amount.

Prior to disclosure of information on first coupon rate, the Issuer shall inform "SE MICEX", CJSC on amount of first coupon rate.

After to disclosure of information on first coupon rate, the Issuer shall inform Organizer on amount of first coupon rate.

Organizer informs trade participants on amount of first coupon rate by way of e-mail transmission via CJSC "MICEX" trading system.

B) by the Issuer's authorized body not later than one day prior to bond placement beginning.

Information on first coupon interest rate is disclosed in order stipulated in item 11 of Decision on Securities Issue and item 2.9 of the Prospectus.

In either cases specified:

Beginning date of bond placement is considered to be beginning date of the first coupon period	182nd (one hundred and eighty-second) day from beginning date of bond placement is considered to termination date of the first coupon period	<p>Calculation of first coupon payment amount per bond shall be made according to the formula: $CI = C1 * Nom * (D1 - D0) / (365 * 100\%)$, where Coupon Income – amount of coupon income per bond; Nom – nominal bond value; C1 – amount of first coupon interest rate, annual interest; D0 – first coupon period beginning date; D1 – first coupon period termination date.</p> <p>Amount of accumulated coupon income per bond is calculated up to one kopeck (rounding is made as per rules of mathematical rounding, namely: in case if the third symbol after comma is more than 5 or equal to 5, the second symbol after comma is increased by 1, in case if the third symbol after comma is less than 5, the second symbol after comma is not changed).</p>
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2. Coupon: interest rate on the second coupon (C2) is determined in conformance with procedure stipulated in item 9.3 of Decision on Securities Issue and item 9.1.2 of the Prospectus

182nd (one hundred and eighty-second) day from the beginning date of bond placement is considered to be beginning date of the first coupon period	364th (three hundred and sixty-fourth) day from beginning date of bond placement is considered to termination date of the second coupon period	<p>Calculation of second coupon payment amount per bond shall be made according to the formula: $CI = C2 * Nom * (D2 - D1) / (365 * 100\%)$, where Coupon Income – amount of coupon income per bond; Nom – nominal bond value; C2 – amount of first coupon interest rate, annual interest; D1 – second coupon period beginning date; D2 – first coupon period termination date.</p> <p>Amount of accumulated coupon income per bond is calculated up to one kopeck (rounding is made as per rules of mathematical rounding, namely: in case if the third symbol after comma is more than 5 or equal to 5, the second symbol after comma is increased by 1, in case if the third symbol after comma is less than 5, the second symbol after comma is not changed).</p>
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3. Coupon: interest rate on the third coupon (C3) is determined in conformance with procedure stipulated in item 9.3 of Decision on Securities Issue and item 9.1.2 of the Prospectus.

364th (three hundred and sixty-fourth) day from beginning date of bond placement is considered to	546th (five hundred and forty-sixth) day from beginning date of bond placement is considered to termination date of	<p>Calculation of third coupon payment amount per bond shall be made according to the formula: $CI = C3 * Nom * (D3 - D2) / (365 * 100\%)$, where Coupon Income – amount of coupon income per bond;</p>
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beginning date of the third coupon period	the third coupon period	<p>Nom – nominal bond value; C3 – amount of first coupon interest rate, annual interest; D2 – third coupon period beginning date; D3 – third coupon period termination date.</p> <p>Amount of accumulated coupon income per bond is calculated up to one kopeck (rounding is made as per rules of mathematical rounding, namely: in case if the third symbol after comma is more than 5 or equal to 5, the second symbol after comma is increased by 1, in case if the third symbol after comma is less than 5, the second symbol after comma is not changed).</p>
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4. Coupon: interest rate on the fourth coupon (C4) is determined in conformance with procedure stipulated in item 9.3 of Decision on Securities Issue and item 9.1.2 of the Prospectus.

546th (five hundred and forty-sixth) day from beginning date of bond placement is considered to beginning date of the fourth coupon period	728th (seven hundred and twenty-eight) day from beginning date of bond placement is considered to be termination date of the fourth coupon period	<p>Calculation of fourth coupon payment amount per bond shall be made according to the formula: $CI = C4 * Nom * (D4 - D3) / (365 * 100\%)$, where Coupon Income – amount of coupon income per bond; Nom – nominal bond value; C4 – amount of fourth coupon interest rate, annual interest; D3 – fourth coupon period beginning date; D4 – fourth coupon period termination date.</p> <p>Amount of accumulated coupon income per bond is calculated up to one kopeck (rounding is made as per rules of mathematical rounding, namely: in case if the third symbol after comma is more than 5 or equal to 5, the second symbol after comma is increased by 1, in case if the third symbol after comma is less than 5, the second symbol after comma is not changed).</p>
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5. Coupon: interest rate on the fifth coupon (C5) is determined in conformance with procedure stipulated in item 9.3 of Decision on Securities Issue and item 9.1.2 of the Prospectus

728th (seven hundred and twenty-eight) day from beginning date of bond placement is considered to be beginning date of the fifth coupon period.	910th (nine hundred and tenth) day from beginning date of bond placement is considered to be termination date of the fifth coupon period	<p>Calculation of fifth coupon payment amount per bond shall be made according to the formula: $CI = C5 * Nom * (D5 - D4) / (365 * 100\%)$, where Coupon Income – amount of coupon income per bond; Nom – nominal bond value; C5 – amount of fifth coupon interest rate, annual interest;</p>
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		<p>D4 – fifth coupon period beginning date; D5 – fifth coupon period termination date.</p> <p>Amount of accumulated coupon income per bond is calculated up to one kopeck (rounding is made as per rules of mathematical rounding, namely: in case if the third symbol after comma is more than 5 or equal to 5, the second symbol after comma is increased by 1, in case if the third symbol after comma is less than 5, the second symbol after comma is not changed).</p>
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6. Coupon: interest rate on the sixth coupon (C6) is determined in conformance with procedure stipulated in item 9.3 of Decision on Securities Issue and item 9.1.2 of the Prospectus

910th (nine hundred and tenth) day from beginning date of bond placement is considered to be beginning date of the sixth coupon period	1092nd (one thousand and ninety-second) day from beginning date of bond placement is considered to be termination date of the sixth coupon period	<p>Calculation of sixth coupon payment amount per bond shall be made according to the formula:</p> $CI = C6 * Nom * (D6 - D5) / (365 * 100\%),$ <p>where</p> <p>Coupon Income – amount of coupon income per bond;</p> <p>Nom – nominal bond value;</p> <p>C6 – amount of sixth coupon interest rate, annual interest;</p> <p>D5 – sixth coupon period beginning date;</p> <p>D6 – sixth coupon period termination date.</p> <p>Amount of accumulated coupon income per bond is calculated up to one kopeck (rounding is made as per rules of mathematical rounding, namely: in case if the third symbol after comma is more than 5 or equal to 5, the second symbol after comma is increased by 1, in case if the third symbol after comma is less than 5, the second symbol after comma is not changed).</p>
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7. Coupon: interest rate on the seventh coupon (C7) is determined in conformance with procedure stipulated in item 9.3 of Decision on Securities Issue and item 9.1.2 of the Prospectus

1092nd (one thousand and ninety-second) day from beginning date of bond placement is considered to be beginning date of the seventh coupon	1274th (one thousand two hundred and seventy-fourth) day from beginning date of bond placement is considered to be termination date of	<p>Calculation of seventh coupon payment amount per bond shall be made according to the formula:</p> $CI = C7 * Nom * (D7 - D6) / (365 * 100\%),$ <p>where</p> <p>Coupon Income – amount of coupon income per bond;</p> <p>Nom – nominal bond value;</p> <p>C7 – amount of seventh coupon interest rate,</p>
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period	the seventh coupon period	<p>annual interest; D6 – seventh coupon period beginning date; D7 – seventh coupon period termination date.</p> <p>Amount of accumulated coupon income per bond is calculated up to one kopeck (rounding is made as per rules of mathematical rounding, namely: in case if the third symbol after comma is more than 5 or equal to 5, the second symbol after comma is increased by 1, in case if the third symbol after comma is less than 5, the second symbol after comma is not changed).</p>
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8. Coupon: interest rate on the eighth coupon (C8) is determined in conformance with procedure stipulated in item 9.3 of Decision on Securities Issue and item 9.1.2 of the Prospectus

1274th (one thousand two hundred and seventy-fourth) day from beginning date of bond placement is considered to be beginning date of the eighth coupon period.	1456th (one thousand four hundred and fifty sixth) day from beginning date of bond placement is considered to be termination date of the eighth coupon period.	<p>Calculation of eighth coupon payment amount per bond shall be made according to the formula: $CI = C8 * Nom * (D8 - D7) / (365 * 100\%)$, where Coupon Income – amount of coupon income per bond; Nom – nominal bond value; C8 – amount of eighth coupon interest rate, annual interest; D7 – eighth coupon period beginning date; D8 – eighth coupon period termination date.</p> <p>Amount of accumulated coupon income per bond is calculated up to one kopeck (rounding is made as per rules of mathematical rounding, namely: in case if the third symbol after comma is more than 5 or equal to 5, the second symbol after comma is increased by 1, in case if the third symbol after comma is less than 5, the second symbol after comma is not changed).</p>
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9. Coupon: interest rate on the ninth coupon (C9) is determined in conformance with procedure stipulated in item 9.3 of Decision on Securities Issue and item 9.1.2 of the Prospectus

1456th (one thousand four hundred and fifty sixth) day from beginning date of bond placement is considered to be beginning date of the ninth coupon period	1638th (one thousand six hundred and thirty eighth) day from beginning date of bond placement is considered to be termination date of the ninth coupon period	<p>Calculation of ninth coupon payment amount per bond shall be made according to the formula: $CI = C9 * Nom * (D9 - D8) / (365 * 100\%)$, where Coupon Income – amount of coupon income per bond; Nom – nominal bond value; C9 – amount of ninth coupon interest rate, annual interest; D8 – ninth coupon period beginning date;</p>
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		<p>D9 – ninth coupon period termination date.</p> <p>Amount of accumulated coupon income per bond is calculated up to one kopeck (rounding is made as per rules of mathematical rounding, namely: in case if the third symbol after comma is more than 5 or equal to 5, the second symbol after comma is increased by 1, in case if the third symbol after comma is less than 5, the second symbol after comma is not changed).</p>
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10. Coupon: interest rate on the tenth coupon (C10) is determined in conformance with procedure stipulated in item 9.3 of Decision on Securities Issue and item 9.1.2 of the Prospectus

<p>1638th (one thousand six hundred and thirty eighth) day from beginning date of bond placement is considered to be beginning date of the tenth coupon period</p>	<p>1820th (one thousand eight hundred and twentieth) day from beginning date of bond placement is considered to be termination date of the tenth coupon period</p>	<p>Calculation of ninth coupon payment amount per bond shall be made according to the formula: $CI = C10 * Nom * (D10 - D9) / (365 * 100\%)$, where Coupon Income – amount of coupon income per bond; Nom – nominal bond value; C10 – amount of tenth coupon interest rate, annual interest; D9 – tenth coupon period beginning date; D10 – tenth coupon period termination date.</p> <p>Amount of accumulated coupon income per bond is calculated up to one kopeck (rounding is made as per rules of mathematical rounding, namely: in case if the third symbol after comma is more than 5 or equal to 5, the second symbol after comma is increased by 1, in case if the third symbol after comma is less than 5, the second symbol after comma is not changed).</p>
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If bond income payment on any of ten coupon periods falls on day off (no matter if it is a state holiday or day off for ruble settlements), required payment is performed on the first working day following the day off. Bond holder is not entitled to claim interest accrual for utilizing other person's cash assets or enforcement of any other responsibility for such payment deferral.

Order of fixing the interest rate from the second to the tenth coupon periods.

a) At the moment of fixing bond placement date, the Issuer can take decision to set rates of coupons from the second to the tenth one as equal to the first coupon interest rate

At the moment of fixing beginning of bond placement date, the Issuer can adopt decision on repurchase of bonds from the holders within the last 10 (Ten) days of the j-th coupon period (j=1,...,9). In case if such decision is taken, interest rates on all bond coupons with ordinal number less than value of j or equal to value of j are fixed as equal to first coupon interest rate.

Information specified, including ordinal numbers of coupons with interest rate equal to first coupon bond interest rate, and ordinal number of coupon period (j) when bond holders are entitled acquisition of bonds by the Issuer is to be disclosed not later than 1 (one) calendar day before the date of bond placement beginning and in the following terms from the date of drawing up minutes of meeting (proceedings) of the Issuer's authorized body responsible for decision on fixing interest rate (rates) on coupon (coupons) and on bond acquisition, or from the date of adopting such decision by the Issuer's authorized body if drawing up minutes is not required:

- In news line of information agencies "AK&M" or "Interfax" – not later than within 1 (one) day;
- On the Internet website at www.mrsk-yuga.ru - not later than within 2 (two) days.

The Issuer sends message on fixing interest rate (rates) and on bond acquisition to federal executive authority on securities market not later than 5 days after the date of taking correspondent decision in accordance with current Decision on Securities Issue and the Prospectus.

In case if the Issuer does not fix second and further coupon interest rates at the moment of setting bond placement beginning date and does not take decision on bond acquisition from the holders, the second coupon interest rate is fixed by the Issuer in numerical terms after state registration of report on securities issue results or submission of notification on bond issue results to the corresponding authority if bond issue is carried out without state registration of report on securities issue results according to Federal Law "On Securities Market" or other federal laws, on the date of fixing second coupon (not later than 14 (fourteen) calendar days from the date of first coupon payment. The Issuer is entitled to fix any number of further coupons' amount on the date of second coupon setting.

In this case the Issuer shall ensure the right of holders to claim bond acquisition by the Issuer at the price equal to 100 (one hundred) percent of nominal value without accumulated coupon income as per the date of coupon income receipt (when bond seller is paid more than acquisition price set) within 10 (ten) days of the first coupon period.

b) If amount (procedure of fixing amount) is not set by the Issuer in accordance with the previous sub clause ($i=(j+1), \dots, 10$), interest rate on coupons is fixed by the Issuer in numerical terms after state registration of report on securities issue results or submission of notification on bond issue results to the corresponding authority if bond issue is carried out without state registration of report on securities issue results in conformance with Federal Law "On Securities Market" or other federal laws, on the date of fixing second coupon (not later than 14 (fourteen) calendar days from the date of (i-1) coupon payment. The Issuer is entitled to fix any number of further coupons' amount on the date of i coupon setting.

In this case the Issuer shall ensure the right of holders to claim bond acquisition by the Issuer at the price equal to 100 (one hundred) percent of nominal value without accumulated coupon income as per the date of coupon income receipt (when bond seller is paid more than acquisition price set) within 10 (ten) days of i coupon period.

c) In case if on coupon rates announcement (according to previous sub clauses) at least one further bond coupon rate is not fixed, the Issuer shall simultaneously with notification on I coupon ($i=(j+1), \dots, 10$) and other rates determined, ensure the right of holders to claim bond acquisition by the Issuer at the price equal to 100 (one hundred)

percent of nominal value without accumulated coupon income as of the date of coupon income receipt (when bond seller is paid more than acquisition price set) within 10 (ten) days of k (k is the last coupon period number with fixed rate) coupon period (if the Issuer only fixes the rate of l coupon, $i=k$).

d) In case if at the moment of setting bond placement beginning date the Issuer does not fix the date of the second and further coupon periods and does not take decision on bond acquisition from the holders, procedure of information disclosure on coupon interest rates shall be as follows:

Information on certain bond coupon rates, from the second coupon period on, is presented to perspective purchasers by way of disclosure in the form of corporate action statements in the following terms from the date of drawing up minutes (date of termination of the period set by legislation of the Russian Federation for drawing up minutes) of the meeting (proceedings) of the Issuer's authorized management body where decision was adopted on fixing first coupon interest rate or from the date of taking such decision by the Issuer's authorized body if minutes drawing up is not necessary:

- News line of "AK&M" or "Interfax" – not later than within 1 (one) day;
- On the internet website at www.mrsk-yuga.ru not later than within 2 (two) days.

The Issuer sends message on fixing interest rate (rates) and on bond acquisition to federal executive authority on securities market not later than 5 days after the date of taking correspondent decision in accordance with current Decision on Securities Issue and the Prospectus.

The Issuer informs Stock Exchange on decisions adopted, including certain rates, not later than 5 days before the date of (i-1)th coupon period termination (period with interest rate fixed as in j and further coupons).

Data on security provided:

Way of ensuring bond liabilities performance: guarantee.

Person providing security on bond liabilities: Open Joint Stock Company "Grechko A.A. Agriculture Enterprise"

Way of ensuring bond liabilities performance: guarantee.

Amount of bond liability performance security: 6 000 000 000 (six billion) rubles and accumulated bond income.

8.3.3. Data on issues in which the Issuer did not fulfill obligations on the securities (default)

Issues specified are absent

8.4. Information about the person (persons) who provided security for issued bonds

State registration number of bond issue: 4-02-34956-E

Data on the person who provided security

Full company name: **Open Joint Stock Company "Grechko A.A. Agriculture Enterprise"**

Short company name: "Grechko A.A. PSKh"

Location

21 Teatralnaya st, village Kuybyshevo, Kuybyshevskiy district, Rostov Area, Russia, 344000

TIN: 6117010611

PSRN: 1036117000798

8.5. Conditions of surety for fulfillment of obligations on issued bonds

Way of ensuring bond liabilities performance: guarantee.

Person providing security on bond liabilities: Open Joint Stock Company "Grechko A.A. Agriculture Enterprise"

Amount of bond liability performance security: 6 000 000 000 (Six billion) rubles and accumulated bond income.

Bond liabilities ensured by providing security of bond nominal value (principal debt amount), required interest (coupon income) payment to bond holders, bond acquisition as agreed with bond holders and their request, and on performing the Issuer's liabilities in case of early bond redemption in terms and order stipulated by Decision on Securities Issue and the Prospectus.

Amount of the Issuer's net assets value as of the last accounting date before security provision makes up 20 914 784 thousand rubles.

Amount of net assets value of the juridical person providing security as of the last accounting date before security provision makes up 79 933 thousand rubles.

Amount of net assets value of the juridical person providing security as of the termination date of the accounting period makes up 81 837 thousand rubles.

8.5.1. Conditions of fulfillment of obligations on mortgage-backed bonds

Issuer did not place mortgage-backed bonds liabilities on which were not executed

8.6. Information on entities recording the rights to the issued securities of the Issuer.

Person keeping the register of the Issuer's bearer securities holders: **Registrar**

Information on the Registrar

Full company name: **Open Joint Stock Company "Registrar R.O.S.T."**

Short company name: "Registrar R.O.S.T.", JSC

Location: 18/13 Stromynka St., Moscow, 107996

TIN: 7726030449

PSRN: 1027739216757

Data on the license for keeping the register of securities holders

Number: 10-000-1-00264

Issuing date: 13.12.2002

License validity term:

Without limitation of the period of validity

License issuing authority: FCSM (FFMS) of Russia

Date of commencement of keeping the register of the Issuer's bearer securities holders by the Registrar: 18.12.2010

The Issuer's certificated securities subject to compulsory centralized storage are in circulation:

Depositories

Full company name:

in Russian language - Закрытое акционерное общество "Национальный расчетный депозитарий",

in English language - The National Settlement Depository (Closed Joint Stock Company)

Sort company name: in Russian language - ЗАО НРД, in English language – NSD,

Location: Building 4, 1/13 Sredniy Kislovskiy per., Moscow, Russia 125009

TIN: 7702165310

PSRN: 1027739132563

Data on the license to carry out the depository activity in the securities market

Number: 177-10042-000100

Issuing date: 19.02.2010

License validity term:

Without limitation of the validity term

Name of the license issuing authority: FCSM (FFMS) of Russia

Data on the transfer agents of the Registrar working with Company's shareholders

1. Full company name	Transfer agent of "R.O.S.T. Registrar", JSC in Rostov-on-Don – Rostov branch of Closed joint Stock Company "Moscow Fund Centre" ("MFC", CJSC)
Location of transfer agent	5/9 Pervaya Maiskaya Street, Rostov-on-Don, Russian Federation, 390027
Other data on keeping the register of the Issuer's securities holders (entered at the Issuer's discretion)	Director: Perelygin Evgeniy Viktorovich Phone: (8632) 51-34-50, e-mail: mcf-rnd@donpac.ru
2. Full company name	Transfer agent of "R.O.S.T. Registrar", JSC in Astrakhan – Branch of "Deposit-Akhtuba" of Closed Joint Stock Company "Professional registry centre" ("PRC", CJSC)
Location of transfer agent	94/1a Sofia Perovskaya Street, Astrakhan, 414004
Other data on keeping the register of the Issuer's securities holders (entered at the	Director: Chernichenko Galina Alekseevna

Issuer's discretion)	Phone: (8512) 49-69-12 e-mail: astrakhan@profrc.ru
3. Full company name	Separate subdivision of "R.O.S.T. Registrar", JSC in Volgograd
Location of transfer agent	9 Bogomoltsa St., Volgograd 4000
Other data on keeping the register of the Issuer's securities holders (entered at the Issuer's discretion)	Director: Rudenko Aleksandr Alekseevich Phone: (8442) 70-66-00 e-mail: volgograd@mail.rost.ru
4. Full company name	Krasnodar branch of "Registrar R.O.S.T.", JSC
Location of transfer agent	174 Krasnaya St., Krasnodar 350020
Other data on keeping the register of the Issuer's securities holders (entered at the Issuer's discretion)	Director: Los Elena Vladimirovna Phone: (861) 255-21-01 e-mail: pan_krasnodar@mail.ru

In 2010 the Company's Registrar was paid remuneration equal to 1 749 604.23 rubles, including:

- 680 661.94 rubles for rendering services on keeping and storing the register of bearer securities holders;
- 13 745 rubles for allowing information through the web-page
- 937 861.64 rubles for preparation and holding the annual General Meeting of Shareholders;
- 117 800 rubles for expenses related to transfer of information on registry list of securities holders to new registrar

The total amount of remuneration paid to "Registrar R.O.S.T.", JSC for services of keeping the registry rendered in the 1st quarter of 2011 equals 33 630 rubles (VAT included).

8.7. Data on the acts regulating issues of import and export of capital that can influence distribution of dividends, interest and other payments to nonresidents

The main legislation acts regulating issues of capital import and export are:

- Federal Law dd 10.12.2003 N173-Φ3 "On Currency Regulation and Currency Control" (further amended and revised);
- Federal Law dd 09.07.1999 N 160-Φ3 "On Foreign Investment in the Russian Federation" (further amended and revised);
- Federal Law dd 25.02.1999 N 39-Φ3 "On Investment Activities in the Russian Federation Performed in the Form of Capital Investments" (further amended and revised);

Besides:

- Tax Code of the Russian Federation (part I)” dd 31.07.1998 N 146-Φ3 (revised and amended as of 01.01.2009);
- Tax Code of the Russian Federation (part II)” dd 05.08.2000 N 117-Φ3;
- Federal Law dd 22.04.1996. N 39-Φ3 “On Securities Market”;
- Federal Law dd 10.07.02 N 86-Φ3 “On the Central Bank of the Russian Federation (Bank of Russia)” (revised and amended as of 10.01.2009);
- Federal Law dd 07.08.2001 N 115-Φ3 “On Counteraction of Legitimization (Laundering) Proceeds of Crime and Financing of Terrorism”;
- Instruction of the Central Bank of the Russian Federation dd 15.06.2004 N 117-И “On the Order of Document and Information Presentation by Residents and Nonresidents to the Entitled Banks in the Course of Currency Operations, on the Order of Currency Operations Reporting and Drawing-Up Transaction Certificates by the Entitled Banks” (further amended and revised);
- Letter of the Ministry for Taxes and Charges of the Russian Federation dd 04.09.2003 No.CA-6-04/942 “On Taxation of Dividends”;
- Letter of the Ministry for Taxes and Charges of the Russian Federation dd 16.06.2003 No.РД-6-23/664 “On usage of the Article “Dividends” of Certain Agreements for the Avoidance of Double Taxation”;
- International agreements of the Russian Federation for avoidance of double taxation;
- Other regulatory legal acts of the Russian Federation.

8.8. Description of taxation scheme for the revenue on the Issuer’s securities that were placed and are in the process of placement

I Taxation of incomes of physical persons under the placed securities in the form of dividends

No.	Categories of security holders	
	Physical persons – RF tax residents	Physical persons who gain income from sources situated in RF and are not RF tax residents
Name of the income on the placed securities	Dividends	
Name of the securities income tax	Tax on income of physical persons	
Tax rate	9%	15% (from 01.01.08)

Order and terms of tax payment	<p>The duty to subtract the sum of the tax from the income of the tax bearer and to discharge it to the corresponding budget is imposed to a Russian organization which is a source of income of the tax bearer in the form of dividends (tax agent).</p> <p>The accrued sum of the tax is subtracted directly from the income of the tax bearer at their actual payment. Tax agents are obliged to list the sums of the calculated and retained tax not later than the day of actual receipt of cash money resources in the bank for income payment, and also the day of the income transfer from the accounts of tax agents in bank into the accounts of the tax bearer or, under the commission, into the accounts of the third parties in banks.</p>	
Peculiarities of taxation order for this category of security holders	<p>Total sum of the tax is calculated as product of the tax rate and the difference between the sums of dividends that are subject to distribution between shareholders - residents, and the sum of the dividends received by the tax agent for the accounting period. In case the received difference is negative, the tax may not be paid, and there is no compensation from the budget. The sum of the tax which is subject to deduction from incomes of the tax bearer - recipient of dividend – is calculated on the basis of the total sum of the tax and the part of each tax bearer's dividend in the total sum of dividends.</p>	<p>Elimination of the double taxation. For remission of tax payment, carrying out offset, reception of tax deductions or other tax benefits, the tax bearer should submit official documents to the tax bodies of the Russian Federation that show that he/she is a resident of the state with which during the corresponding tax period (or the parts) the Russian Federation concluded a contract (agreement) on avoidance of double taxation, and also the document on the received income and on payment of the tax by him/her outside of the Russian Federation approved by the tax body of the corresponding foreign state. Such documents may be presented both before tax payment and within one year after the termination of the tax period by the results of which the tax bearer applies for remission of the taxation, tax deductions or benefits.</p>
Legal and standard acts that stipulate the taxation order of this income	Tax Code of the Russian Federation, chapter 23 Tax on income of physical persons (revised and amended).	

II Taxation of incomes of physical persons under the placed securities conversion.

No.	Categories of security holders	
	Physical persons – RF tax residents	Physical persons who gain income from sources situated in RF and are not RF tax residents
Name of the income on the placed securities	Income (loss) from securities conversion calculated as a difference between the sums received from securities conversion and costs for acquisition, use and storage of securities made by the tax bearer and presented in the documents.	
Name of the securities income tax	Taxes on incomes of physical persons	
Tax rate	13%	30%

Order and terms of tax payment	Total sum of the tax to be paid in the budget is calculated on the basis of the tax declaration and paid to the residential place of the tax bearer no later than 15 July of the year following the past tax period	
Peculiarities of taxation order for this category of security holders		Elimination of the double taxation. For remission of tax payment, carrying out offset, reception of tax deductions or other tax benefits, the tax bearer should submit official documents to the tax bodies of the Russian Federation that show that he/she is a resident of the state with which during the corresponding tax period (or the parts) the Russian Federation concluded a contract (agreement) on avoidance of double taxation, and also the document on the received income and on payment of the tax by him/her outside of the Russian Federation approved by the tax body of the corresponding foreign state. Such documents may be presented both before tax payment and within one year after the termination of the tax period by the results of which the tax bearer applies for remission of the taxation, tax deductions or benefits.
Legal and standard acts that stipulate the taxation order of this income	Tax Code of the Russian Federation Chapter 23 "Tax on income of physical persons".	

III Taxation of juridical bodies' income from securities placed in the form of dividends .

No.	Categories of security holders	
	Juridical bodies – tax residents of the RF	Foreign juridical bodies who gain income from sources situated in RF and are not RF tax residents
Name of the income on the placed securities	Dividends	
Name of the securities income tax	Income tax	
Tax rate	9% or 0% (on conforming to conditions of c.3 art.284of the Tax Code of the RF)	15%
Order and terms of tax payment	Taxes from income in the form of dividends are collected from the source of this income and transferred to the budget by the tax agent who performed payment within ten days from the day of the income payment	
Peculiarities of taxation order for this category of security holders	Total sum of the tax is calculated as product of the tax rate and the difference between the sums of dividends that are subject to distribution between shareholders	In case Russian organization - tax agent pays dividends to the foreign organization and (or) to a physical person who is not a resident of the Russian Federation, the tax base of the tax bearer - recipient of dividend on each such payment is calculated as the

	<p>residents, and the sum of the dividends received by the tax agent for the accounting period. In case the received difference is negative, the tax may not be paid, and there is no compensation from the budget. The sum of the tax which is subject to deduction from incomes of the tax bearer - recipient of dividend - is calculate on the basis of the total sum of the tax and the part of each tax bearer's dividend in the total sum of dividends.</p>	<p>sum of the paid dividends, and a rate set accordingly by subitem 2 of item 3 of section 284 (15 %) or item 3 section 224(15 %) of the Tax Code of the Russian Federation is applied to it.</p> <p>Elimination of double taxation.</p> <p>At submitting documents by the foreign organization to the tax agent that prove that this foreign organization has permanent establishment in the state with which Russian Federation has international contracts regulating issues of taxation concerning income on which the international contract provides a preferential mode of taxation in the Russian Federation, before the date of the income payment, the source of payment is remitted from tax deduction or tax is deducted under lowered rates.</p>
Legal and standard acts that stipulate the taxation order of this income	Tax Code of the Russian Federation, chapter 25 "Tax on income of organizations"	

IV Taxation of income of juridical bodies under the placed securities conversion

No.	Categories of security holders	
	Juridical bodies – tax residents of the RF	Foreign juridical bodies who gain income from sources situated in RF and are not RF tax residents
1. Name of the income on the placed securities	Income from security conversion operations	Income from sale of shares of Russian organizations, more than 50% of whose assets consist of real estate situated on the territory of the RF
2. Name of the securities income tax	Income tax	
3. Tax rate	20%	20%
4. Order and terms of tax payment	Sum of the tax by the results of the tax period is calculated by the tax bearer independently. The tax that is subject to payment after the tax period is paid not later than March 28 of the year following the expired tax period. Quarterly advance payments are paid no later than 28 days from the date of termination of the quarter. Monthly advance payments are paid in time no later than the 28th day of each month of this accounting period. Tax bearers who pay monthly advance	The obligation of determining the sum of the tax, deduction of this sum from the incomes of the tax bearer and tax transfer in the budget is imposed to a Russian organization or a foreign organization that performs activity in the Russian Federation through permanent establishment and pays the specified income to the tax bearer.

	<p>payments on actually received profit pay advance payments no later than the 28th day of the month following the month by results of which tax calculation is made. According to the results of the accounting period, sums of monthly advance payments are set off at payment of quarterly advance payments. Quarterly payments are set off on account of payment of the tax according the results of the tax period.</p>	
<p>5. Peculiarities of taxation order for this category of security holders</p>		<p>At submitting documents by the foreign organization to the tax agent that prove that this foreign organization has permanent establishment in the state with which Russian Federation has international contracts regulating issues of taxation concerning income on which the international contract provides a preferential mode of taxation in the Russian Federation, before the date of the income payment, the source of payment is remitted from tax deduction or tax is deducted under lowered rates.</p>
<p>6. Legal and standard acts that stipulate the taxation order of this income</p>	<p>Tax Code of the Russian Federation, chapter 25 "Tax on income of organizations"</p>	

8.9. Data on the declared (accrued) and paid dividends under the Issuer's shares and also on revenue under the Issuer's bonds

8.9.1. Data on the declared (accrued) and paid dividends under the Issuer's shares for 5 last completed financial years or for each complete financial year if the Issuer carries out the activity less than 5 years.

During the specified period no decisions were taken on payment of dividends by the Issuer.

8.9.2. Issue of bonds on which for 5 last completed financial years preceding the date of the last reporting quarter termination and if the issuer carries out the activity fewer than 5 years – for each completed financial year preceding the date of termination of the last reporting quarter, the yield was paid.

Type of securities: bonds

Form of securities: documentary bearer bonds

Series: 02

non-convertible interest-bearing documentary bonds with obligatory centralized storage

State registration number of the issue: 4-02-34956-E

Date of state registration of the issue: 16.12.2008

Body that registered the issue: Federal Financial Market Service of Russia

State registration of the report on the results of the issue was not performed due to the fact that the issuer has used the right to present to registry body the notification on the results of securities issue at the simultaneous presence of the following conditions:

- 1) rendering by the broker services on placement of securities on the basis of the contract concluded with the issuer;
- 2) placement of securities by public subscription;
- 3) listing of the placed securities.

Notification on the results of issue of Bonds inconvertible interest bearing series 02 in amount of 6 000 000 (six million) with nominal price 1 000 (one thousand) rubles each with term of discharge - at 1820th day from the date of placement by open subscription, registration number 4-02-34956-E dated 16.12.2008 produced to FFMS on 08.09.2009

Number of bonds: 6 000 000

Nominal cost of each bond, rubles: 1 000

The amount of issue: 6 000 000 000

Basic information on revenues on bonds of the issue:

The revenue from bonds was accrued during the coupon period (182 days) with interest rate 17.5%;

In the first quarter of 2011 revenues from shares were paid via paying agent "Alga-Bank", JSC in amount 523 560 000 rubles.

8.10. Other data

Statistic Information on the Company's shareholders including the amount of shareholders, the balance of amount and stake of residents and non-residents, legal persons and individuals in the authorized capital

	Company's shareholders amount as per 31.03.2011	Shares amount, items	Stake in authorized capital, %
Individuals	9211	1524068063	3.06
including non-residents	41	10653552	0.02
Legal persons	84	72000485	0.14
including non-residents	11	21112205	0.04
Publicly owned shares	1	69 125 536	0.14
Nominee holders	11	48145901980	96.66
TOTAL:	9307	49811096064	100

Description of the Issuer's organizational structure and basic functional relations between the key operational divisions

From 11.02.2011 a new corporate structure of "IDGC of the South", JSC approved by decision of Board of Directors (minutes No. 59/2011 dd 11.02.2011) is valid.

Organizational structure meets the requirements of the key shareholder to the organizational structure of the operational company. The main sectors of the Company's activity are divided into functional blocks managed by Deputy CEOs of the Company:

- Economy and finance;

- Service Sales Department;
- Investments capital construction, logistics and inventory;
- Technical block;
- Corporate management;
- Security;
- HR department, administrative services, transport and documents departments;
- Sector for energy saving and energy efficiency.

The key sectors are attached to independent structural units directly subordinate to The Company's Chief Executive Officer:

- Accounting and Tax Department;
- Technical Inspection Department;
- Information Technologies Department;
- Department of Internal Audit and Risks Management;
- PR-department;
- Department for Preparedness Activity

In the organizational structure, Deputy CEOs - branch CEOs - are represented who (on the basis of powers of attorney issued by the Company's CEO) exercise management of the following branches of the Company founded according to the decision of the Company's Board of Directors (minutes No.6/2008 dd 11.01.2008):

1. "Astrakhanenergo" branch of «IDGC of the South», JSC (32 Krasnaya Naberezhnaya st, Astrakhan, 414000);
2. "Volgogradenergo" branch of «IDGC of the South», JSC (15 prospect Lenina, Volgograd, 400066);
3. "Kalmenergo" branch of «IDGC of the South», JSC (Northern industrial area, Elista, Republic of Kalmykia, 358007);
4. "Rostovenergo" branch of «IDGC of the South», JSC (49 Bolshaya Sadovaya st, Rostov-on-Don, 344002).

"IDGC of the South", JSC structure scheme is available at the corporate website of the Company on the Internet at: <http://en.mrsk-yuga.ru/company/structure/>.

The Issuer's key events and news calendar

Information on the Issuer's participation in exhibitions and conferences, activity of international entities

Key news of the Company in the current accounting period:

No.	Publication date	News	Place of publication
1	04.01.2011	Four teams and seven units of special machinery from "Rostovenergo" and "Volgogradenergo" were sent to central part of Russia to help the colleagues	Corporate website and corporate newspaper of "IDGC of the South", JSC; informational agency "Interfax-Yug"; website "Vysota 102".

2	20.01.2011	"IDGC of the South", JSC Board of Directors approved the investment programme for 2011-2015. The total amount of investments to the programme is planned to be 29 billion rubles	Corporate website and corporate newspaper of "IDGC of the South", JSC
3	18.02.2011	The sports team of "IDGC of the South" JSC, which consists of employees of "Volgogradenergo" branch, has won silver prize in the team classification at the third All-Russian winter sport competition of power engineers working for the distribution grid. Power engineers of the South of Russia have taken the second place in the team swim race and in chess competition, the fourth place – in tennis and the seventh – in cross-country skiing.	Corporate website of "IDGC of the South", JSC;
4	22.02.2011	The Company approved Customer-centric policy. Its adoption is one of the stage of a number of events aimed at further development of confidential relations between the Company and its clients	Corporate website of "IDGC of the South", JSC; informational agency "Interfax-Yug", internet-portal "Yuga.ru"
5	14.03.2011	"IDGC of the South", JSC spends more than 650 million rubles for repair programme in 2011	Corporate website and corporate newspaper of "IDGC of the South", JSC; websites of Company's branches; informational agency "Interfax-Yug", internet-portal "Yuga.ru"
6	15.03.2011	On March 15, Sergey Arkhipov, CEO of "IDGC of the South", JSC, arrived in Astrakhan region with a working visit. The main event of this visit was a meeting of Sergey Arkhipov with Aleksandr Zhilkin, governor of Astrakhan region. The meeting was also attended by Konstantin Markelov, vice-governor, and members of the ministry.	Corporate website of "IDGC of the South", JSC; informational agency "Interfax-Yug"
7	15.03.2011	Employees of "IDGC of the South", JSC branches were awarded with Certificates of Merit from "IDGC of the South", JSC for participation in restoration works in Central part of Russia.	Corporate website of "IDGC of the South", JSC; informational agency "Interfax-Yug", internet-portal "Yuga.ru"
8	15.03.2011	Interregional distribution grid company of the South held an on-line meeting at website of investment holding "Finam". Director general of "IDGC of the South", JSC and his deputies on corporate governance, economy and finances and chief engineer were answering the questions.	Corporate website and of "IDGC of the South", JSC; websites of IDGC of the South", JSC branches, informational agency "Interfax-Yug"
9	30.03.2011	In the result of single sourcing the competitive bidding at "IDGC of the South", JSC the economic effect has increased for 91 million rubles. In the third quarter of 2010 (before single sourcing) the effect from procurement procedures was 305 million rubles, and in the 4th quarter of 2010 (after single sourcing) – 396 million rubles.	Corporate website and of "IDGC of the South", JSC; informational agency "Interfax-Yug", internet-portal "Yuga.ru"
10	31.03.2011	Celebration of the anniversary, organized by "IDGC of the South", JSC, gathered more than 600 guests, among which were Aleksandr Bykasov, governor of Volgograd region, delegation from "IDGC Holding" guided by Popov A.A., deputy director general – chief of staff, Arkhipov S.A., director general of "IDGC of the South", JSC, representatives of regional authorities, veterans of power	Corporate website and of "IDGC of the South", JSC; informational agency "Interfax-Yug", internet-portal "Yuga.ru"

	industry as well as employees of fuel and energy industry of the region.	
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Brief description of the Company's main internal regulations

Certain structures, procedures, and corporate management practice are regulated by the Charter and internal documents of the Company, including:

No.	Name of the internal document	Description	Data on the approval of the internal regulations by management bodies of the Company
1.	Regulations on the procedure for preparation and convening of a General Shareholders Meeting of "IDGC of the South", JSC	The document specifies the order of convening, preparation, holding of the shareholders' meetings and also interaction of the operating bodies of the meetings.	Approved by decision of sole shareholder RAO "UES of Russia", JSC (Minutes of Management Board meeting of RAO "UES of Russia", JSC No.1829 ord/7 dd 28.02.2008).
2.	Regulations on the order of convening and holding the meetings of Board of Directors of "IDGC of the South", JSC	The document specifies the order of convening and holding of Board of Directors meetings, and rights, duties and responsibilities of the members and the company's Corporate secretary.	Approved by decision of sole shareholder RAO "UES of Russia", JSC (Minutes of the Management Board meeting of RAO "UES of Russia", JSC No.1829 ord/7 dd 28.02.2008).
3.	Regulations of "IDGC of the South", JSC Management Board	The document regulates the order of forming the Management Board, convening and holding the meetings, taking decisions, and rights, duties and responsibilities of the members	Approved by decision of sole shareholder RAO "UES of Russia", JSC (Minutes of the Management Board meeting of RAO "UES of Russia", JSC No.1829 ord/7 dd 28.02.2008).
4.	Regulations on "IDGC of the South", JSC Auditing Committee	The document specifies the objectives, the terms of activity of the Audit committee, regulates the issues of the interaction with the Company's management authorities, also schedules the rights and duties of the members of the Audit committee.	Approved by decision of sole shareholder RAO "UES of Russia", JSC (Minutes of the Management Board meeting of RAO "UES of Russia", JSC No.1751 ord/4 dd 05.10.2007).
5.	Regulations on paying remunerations and compensations to "IDGC of the South", JSC members of Board of Directors (new revision)	The document specifies the amount and the order of payments and compensations to the members of Board of Directors (except for the members of Board of Directors holding simultaneously positions of CEO and/or members of Management Board).	Approved by decision of the annual General Shareholders Meeting of "IDGC of the South", JSC dd 30.05.2008 (Minutes No.1 dd 04.06.2008)
6.	Regulations on paying remunerations and compensations to the members of the "IDGC of the South", JSC Auditing Committee (new revision)	The document specifies the amount and order of paying remunerations and compensations to the members of Auditing Committee.	Approved by decision of annual General Shareholders Meeting of "IDGC of the South", JSC dd 30.05.2008 (Minutes No.1 dd 04.06.2008)
7.	Regulations on "IDGC of the South", JSC Corporate secretary	The document determines the status, competence, rights and responsibilities of the Corporate secretary of the	Approved by decision of Board of Directors of "IDGC of the South", JSC on 11.09.2009 (Minutes

	(new revision)	Company's Board of Directors, as well as the order of his election and paying remunerations to him	No.34/2009 dd 14.09.2009)
8.	Code of Corporate Management of "IDGC of the South", JSC (new revision)	The document specifies the Company's assumed liabilities in the sphere of ensuring transparency of the Company's management and conforming to standards of proper corporate management	Approved by decision of Board of Directors of "IDGC of the South", JSC (Minutes No.32/2009 dd 21.08.2009)
9.	Regulations on "IDGC of the South", JSC insider information	The document defines the concepts of "insider", "insider information" of the Company, determines the order of protection, use and distribution of insider information.	Approved by decision of Board of Directors of "IDGC of the South", JSC (Minutes No.2/2007 dd 03.09.2007)
10.	Regulations on informational policy of "IDGC of the South", JSC	The document determines rules and regulations of information disclosure, the list of information sources and documents subject to disclosure to shareholders, creditors, investors-to-be and other persons, as well as specifies the order, terms of disclosure and presentation of the specified information.	Approved by decision of Board of Directors of JSC "IDGC of the South" (Minutes No.2/2007 dd 03.09.2007). (Amendments to the Regulations are approved by the decision of Board of Directors of "IDGC of the South", JSC (Minutes No.12/2008 dd 18.04.2008)
11.	Regulations on organizing purchase of goods, works and services with total value up to 500 thousand rubles.	The document stipulates requirements for the procedure of studying the market situation and price analysis, selection of suppliers with regard to their ability to supply goods, works and services in the process of purchasing of goods, works and services in "IDGC of the South", JSC the structural and detached divisions.	Approved by Order of CEO of "IDGC of the South", JSC No.133 dd 11.06.2008 "On approving regulations on organizing purchases of goods, works and services with the cost up to 500 thousand rubles"
12.	Regulations on option programme of "IDGC of the South", JSC	The document determines the order and terms of acquiring the Issuer's shares by the employees	Approved by decision of Board of Directors of "IDGC of the South", JSC (Minutes No.16/2008 dd 23.07.2008).
13.	Regulations on the procedure of scheduled purchase of goods, works, services for the needs of "IDGC of the South", JSC	The document regulates the procedures of purchase of any goods, works, services (at the expense of the Company) with the cost of over 500 thousand rubles without VAT)	Approved by Order of CEO of "IDGC of the South" JSC No.110 dd 21.05.2008 "On approving regulations on the procedure of scheduled purchases, goods, works and services of "IDGC of the South", JSC
14.	Regulations on dividend policy of "IDGC of the South", JSC in new version	The document determines the system of relations and principles for calculating dividends, order and terms of their payment, and the Company's responsibility for failure to carry out liabilities of paying dividends.	Approved by decision of Board of Directors of "IDGC of the South", JSC (Minutes No53/2010 dd 11.02.2010).
15.	Regulations on the procedures of internal control of "IDGC of the South", JSC	The document determines goals and objectives of internal control procedures, and the report form for the Audit Committee attached to Board of Directors of "IDGC of the South", JSC	Approved by decision of Board of Directors of "IDGC of the South", JSC (Minutes No.22/2009 dd 11.02.2009)

16.	Regulations on the Committee for Technological Connection to Electric Grids attached to Board Directors of "IDGC of the South", JSC	The document regulates the order of forming the Committee, rights and responsibilities of the members, the order of holding the Committee's meetings, and the cooperation with Company management authorities and other persons.	Approved by decision of Board of Directors of "IDGC of the South", JSC (Minutes No.22/2009 dd 11.02.2009)
17.	Regulations on contractual work organizing in "IDGC of the South", JSC	The document determines the unified order of concluding contracts, amending and revising the contracts, order of their suspension and storage.	Approved by Order of CEO of "IDGC of the South", JSC No.40 dd 25.02.2009 "On Regulations on organizing contractual work in "IDGC of the South", JSC
18.	The order of cooperation of "IDGC of the South", JSC with economic entities which "IDGC of the South" JSC is holding it shares (parts)	The document determines the common terms of corporate interaction of the Company with the SACs, including the issues of organizing and auditing of corporate activities on consideration of issues where the Company (Company's representatives) should declare the position	Approved by the decision of Board of Directors of "IDGC of the South", JSC (Minutes No24/2009 dd 10.03.2009)
19.	Regulations on additional benefits, guarantees and compensations for the employees of "IDGC of the South", JSC executive office (new revision)	The document is worked out with the purpose of providing social security of the employees of "IDGC of the South", JSC executive office.	Approved by Order of CEO of "IDGC of the South", JSC dd No.189-A 30.06.2009 "On approving Regulations on additional benefits, guarantees and compensations for the employees of "IDGC of the South", JSC executive office (new revision)
20.	Regulations on Committee for Strategy, Development, Investment and Reform attached to Board of Directors of Open Joint Stock Company "Interregional Distribution Grid Company of the South".	The document is worked out to provide effective performance of Board of Directors regarding issues of the competency. The document determines the Committee Meeting procedure, the rights and obligations of Committee members and the order of drawing up recommendations (conclusions) regarding issues of the competence.	Approved by decision of Board of Directors of "IDGC of the South", JSC (Minutes No.37/2009 dd 04.12.2009)
21.	Regulations on Personnel and Remuneration Committee attached to Board of Directors of Open Joint Stock Company "Interregional Distribution Grid Company of the South"	The document is worked out to provide effective performance of Board of Directors of the functions regarding general management of the Company activities. The document determines general regulations, goal and objectives of Committee, the structure of Committee, the rights and obligations of Committee members and procedures of Committee meeting.	Approved by decision of Board of Directors of "IDGC of the South", JSC (Minutes No.37/2009 dd 04.12.2009)
22.	Regulations on Audit Committee attached to Board of Directors of Open Joint Stock Company "Interregional Distribution Grid Company of the South"	The document is worked out to provide effective performance of Board of Directors of the functions regarding general management of the Company activities. The document determines general regulations, goal and objectives of Committee, the structure of	Approved by decision of Board of Directors of "IDGC of the South", JSC (Minutes No.52/2010 dd 06.08.2010)

		Committee, the rights and obligations of Committee members and procedures of Committee meeting	
23.	Regulations on Reliability Committee attached to Board of Directors of Open Joint Stock Company "Interregional Distribution Grid Company of the South"	For the purpose of effective performance of Board of Directors, the current document determines the procedure of Committee meeting, rights and obligations of Committee members and the order of drawing up recommendations(conclusions) regarding issues of the competence	Approved by decision of Board of Directors of "IDGC of the South", JSC (Minutes No.37/2009 dd 04.12.2009)
24.	Regulations on payment of remunerations and compensations to members of Audit Committee attached to BoD of "IDGC of the South", JSC	The documents fixes the amount and procedure of paying remunerations and compensations to members of the Committee	Approved by the decision of "IDGC of the South", JSC Board of Directors (minutes No.39/2010 dated 05.02.2010)
25.	Regulations on payment of remunerations and compensations to members of Personnel and Remuneration Committee attached to BoD of "IDGC of the South", JSC	The documents fixes the amount and procedure of paying remunerations and compensations to members of the Committee	Approved by the decision of "IDGC of the South", JSC Board of Directors (minutes No.39/2010 dated 05.02.2010)
26.	Regulations on payment of remunerations and compensations to members of Reliability Committee attached to BoD of "IDGC of the South", JSC	The documents fixes the amount and procedure of paying remunerations and compensations to members of the Committee	Approved by the decision of "IDGC of the South", JSC Board of Directors (minutes No.39/2010 dated 05.02.2010)
27.	Regulations on payment of remunerations and compensations to members of Committee for Strategy, Development, Investments and Reforming attached to BoD of "IDGC of the South", JSC	The documents fixes the amount and procedure of paying remunerations and compensations to members of the Committee	Approved by the decision of "IDGC of the South", JSC Board of Directors (minutes No.39/2010 dated 05.02.2010)
28.	Regulations on payment of remunerations and compensations to members of Committee for Technological Connection to Electric Grids attached to BoD of "IDGC of the South", JSC	The documents fixes the amount and procedure of paying remunerations and compensations to members of the Committee	Approved by the decision of "IDGC of the South", JSC Board of Directors (minutes No.39/2010 dated 05.02.2010)
29.	Risks management policy of "IDGC of the South", JSC	The document determines the basic principals of organization, implementation and control of	Approved by the decision of "IDGC of the South", JSC Board of Directors (minutes No.47/2010)

		processes of risks management at "IDGC of the South", JSC	dated 11.06.2011)
30.	Internal control policy of "IDGC of the South", JSC	The document determines the obligatory for observance basic principals of organization of internal control system at "IDGC of the South", JSC	Approved by the decision of "IDGC of the South", JSC Board of Directors (minutes No.47/2010 dated 11.06.2011)

Abovementioned internal documents of the Company are worked out according to the legislation of the Russian Federation and the Company's Charter and consider basic regulations of Corporate conduct code recommended to implementation by FSEC (Executive order of FSEC dd 04.04.02 No.421/r).

Internal regulations on the Issuer's management and audit authorities are available on the Company's website at: <http://en.mrsk-yuga.ru/management/regulations/>

Information on the Activity of Committees at the Board of Directors of "IDGC of the South" JSC

To examine issues from the Board of Directors competence were organized and approved committees of "IDGC of the South", JSC by the decision of Board of Directors (minutes No. 22/2009 dd. 11.02.2009; minutes No. 23/2009 dd. 02.03.2009, minutes No. 37/2009 dd. 04.12.2009):

- 1) Committee for Technological Connection to Electric Grids;
- 2) Audit Committee;
- 3) Committee for Personnel and Remuneration
- 4) Reliability Committee
- 5) Committee for Strategy, Development, Investments and Reforming

According to the approved regulations on committees the members of committees are elected for the period of Board of Directors reelection.

Authorities of any member of Committee could be early terminated by the decision of Board of Directors adopted by majority of votes of Company's Board of Directors.

Functions of Committee Secretary perform Corporate Secretary, if decisions of committees do not stipulate any other cases.

The following meetings took place in the reporting period:

- Committee for technological connection to electric grids attached to "IDGC of the South", JSC Board of Directors - 1 meeting (absentee voting);
- Audit Committee attached to "IDGC of the South", JSC Board of Directors – 2 meetings (1 – absentee voting, 1 – joint presence);
- Personnel and Remuneration Committee attached to "IDGC of the South", JSC Board of Directors - 2 meetings (absentee voting);
- Reliability Committee attached to "IDGC of the South", JSC Board of Directors – 2 meetings (absentee voting);
- Committee for Strategy, Development, Investments and Reforming attached to "IDGC of the South", JSC Board of Directors - 2 meetings (absentee voting)

Committee for Technological Connection to Electric Grids attached to Board of Directors of "IDGC of the South", JSC:

The main purpose of Committee for Technological Connection to Electric Grids attached to Board of Directors of "IDGC of the South", JSC is provision of transparency of activity and nondiscrimination access to services of technological connection of consumers to electric grids.

The personnel elected at Board of Directors meeting dated 27.07.2010 (Minutes No. 51/2010 dd. 30.07.2010):

1.	Ivanov Maxim Sergeevich Chairman of the Committee,	Adviser to Director General of "Management-Consulting", JSC
2.	Binko Gennady Feliksovich Deputy Chairman of the Committee	Deputy Director General "IDGC Holding", JSC
3.	Brizhan Vitally Vasilievich	Deputy Director General of Corporate Management, "IDGC of the South", JSC
4.	Kostetsky Vyacheslav Yuryevich	Deputy Director General of Development and Service Rendering, "IDGC of the South", JSC
5.	Stepaniyan Yuriy Aikazovich	Branch Director "System Operator UES" Kuban Regional Dispatcher Office

At the meeting of 24.03.2011 the Committee took into consideration the results of monitoring the activity of the Company on issues of technological connection of consumers to electric grids, including contractual work and general statistics of connection with regard of particular groups of consumers for 12 months of 2010 (minutes No.3 dated 24.03.2011)

Audit Committee
attached to Board of Directors of "IDGC of the South", JSC

The main purpose of Audit Committee is provision of effective work of Board of Directors in solving issues. The Committee works out and presents recommendations (conclusions) to Company's Boards of Directors in the sphere of audit and report.

The personnel elected at Board of Directors meeting dated 27.07.2010 (Minutes No. 51/2010 dd. 30.07.2010):

1	Yurchuk Sergey Evgenievich, Committee Chairman	Financial director "IDGC Holding", JSC, "IDGC of the South", JSC Board of Directors member
2	Binko Gennady Feliksovich, deputy Chairman of the Committee	Deputy Director General of "IDGC Holding", JSC, "IDGC of the South", JSC Board of Directors member
3	Akhrimenko Dmitry Olegovich	Deputy Head of Corporate Management and Interaction with Shareholders Department at "IDGC of the South", JSC, "IDGC of the South", JSC Board of Directors member
3	Mikhailov Sergey Anatolievich	Director General "Management-Consulting", LLC

Brief Review of Decisions Adopted by the Audit Committee
attached to Board of Directors of "IDGC of the South", JSC in the 1st quarter 2011

16.02.2011, absentee voting (minutes No.3 dated 17.02.2011):

- Authorities of Shmakov Igor Vladimirovich – Secretary of the Audit Committee attached to Board of Directors of “IDGC of the South”, JSC were terminated.
- Bykanov Aleksandr Sergeevich (leading specialist at sector for organization of corporate management and reforming at department of corporate management) was elected for the position of Secretary of the Audit Committee attached to Board of Directors of “IDGC of the South”, JSC.
- The report presented by Savin G.G. (head of accounting and tax department) on process of preparation of financial (accounting) report of “IDGC of the South”, JSC for 2010 was taken into consideration.
- The propositions on the amount of budget (with item by item disclosure) for the Audit Committee was formed for 2011.

28.02.2011, joint presence (minutes No.4 dated 02.03.2011)

- The working plan for the period till June 2011 for the Audit Committee was approved.
- The working plan for 2011 for the department of internal control and risks management at “IDGC of the South”, JSC was approved.
- The report of department of internal control and risks management at “IDGC of the South”, JSC on activity in 4th quarter of 2010 was taken into consideration.
- The report of department of internal control and risks management at “IDGC of the South”, JSC on status of activities in fulfilling the orders aimed at sophistication and development of internal control, audit and risks management in 4th quarter of 2010 was taken into consideration.
- The report of department of internal control and risks management at “IDGC of the South”, JSC on the evaluation of efficiency of procedures of internal control at “IDGC of the South” by the results of 2010 was taken into consideration.
- The report of department of internal control and risks management at “IDGC of the South”, JSC on check of carrying out tender procedures while choosing by “Kubanenergo” suppliers and customers for implementation olympic programme in IV quarter of 2009 and I-III quarters of 2010.

Personnel and Remuneration Committee
attached to Company's Board of Directors

Personnel and Remuneration Committee is an advisory committee providing effective implementation functions of Company's Board of Directors on administrative issues. The task of the Committee is to work out recommendations (conclusions) to Board of Directors on the following activities:

2. Elaboration of principals and criteria of remunerations to Members of Board of Directors, Members of Collegiate Body and CEO;
3. elaboration of principals and criteria on determining the amount of remuneration to Board of Directors members, members of collegiate executive body carrying out functions of sole executive body of the Company;
4. elaborations of offers on determining essential terms of contracts with Board of Directors members, members of collegiate body carrying out functions of sole executive body of the Company;
5. determining criteria of choosing candidates for members of Board of Directors, members of collegiate body carrying out functions of sole executive body of the Company, as well as estimation of the candidates;
6. regular evaluation of person carrying out functions of sole executive body (managing

company, director) and members of collegiate body, preparation of offers on possibilities of their reappointment for Board of Directors.

Current personnel composition of Personnel and Remuneration Committee elected at meeting of "IDCG of the South", JSC Board of Directors at 27.07.2010 (Minutes No.51/2010 dd. 30.07.2010):

1	Lutskovich Victor Evgenievich, Chairman	Deputy Head of Department – head of remuneration and staff motivation sector "IDGC Holding", JSC
2	Erpsher Natalia Ilinichna, Deputy Chairman	Head of Directorate of Organizational Development of "IDGC Holding", JSC
3	Akhrimenko Dmitry Olegovich	Deputy Head of Corporate Management and Interaction with Shareholders Department at "IDGC of the South", JSC, "IDGC of the South", JSC Board of Directors member
4	Gritsenko Pavel Nikolaevich	Head of Personnel Management and Organization Design Department of "IDGC of the South", JSC
5	Ivanov Maxim Sergeevich	Adviser to Director General of "Management-Consulting", JSC

Brief review of decision adopted by
Personnel and Remuneration Committee
attached to Company's Board of Directors in 1st quarter of 2011

02.02.2011, absentee voting (minutes No.13 dated 04.02.2011):

"IDGC of the South", JSC Board of Directors was given a recommendation on the item of the agenda:

- On discussing the project of organizational structure of executive office

01.03.2011, absentee meeting (minutes No.14 dated 02.03.2011)

"IDGC of the South", JSC Board of Directors was given recommendations on the items of the agenda:

- On introducing changes to the list of positions regarded as top managers of "IDGC of the South", JSC, the list was approved by BoD decision on 05.08.2010 (minutes No.52/2010 dd 06.08.2010).
- On introducing changes to the list of positions of executive body of "IDGC of the South", JSC candidates for which should be approved by Company's Board of Directors.
- On preliminary approval of candidates for positions determined by Company's Board of Directors.

Reliability Committee
attached to "IDGC of the South", JSC Board of Directors

The task of the Committee is to work out recommendations (conclusions) to Board of Directors on the following activities:

- Assessment of investment programmes and plans of repair of power facilities, analysis of their implementation in terms of observance of complex reliability requirements;
- Assessment of completeness and sufficiency of activities on the basis of

- emergencies and major technological disturbances, as well as control over their implementation;
- Control and assessment of activities of technological services of the Company related to ensuring of complex reliability of work of grid and generating equipment and facilities and ensuring of normal state of fixed assets and informing on predictable reliability risks of their functioning;
 - Analysis of activities on carrying out of contract and economic mechanisms of reliability management;
 - Quarterly informing of Board of Directors on status of fixed assets of Company's power facilities.

Current personnel composition of Reliability Committee elected at meeting of "IDCG of the South", JSC Board of Directors at 27.07.2010 (Minutes No.51/2010 dd. 30.07.2010):

1	Shpilevoy Sergey Vladimirovich, Chairman of the Committee	Deputy Head of Production Supervision and Labour Safety Department at "IDGC Holding", JSC
2	Sultanov Georgy Akhmedovich, Deputy Chairman	Deputy CEO, Technical Issues - chief engineer "IDGC of the South", JSC
3	Anatsky Sergey Vladimirovich	Head of Operation and Repair Department "IDGC of the South", JSC
4	Antipov Sergey Anatolievich	First Deputy – Chief Dispatcher of branch "System Operator of Unified Energy System", JSC Kuban RDO (Regional Dispatching Office)
5	Ilyushin Pavel Vladimirovich	Deputy Head of Operations and MRO (maintenance, repair and operations) "IDGC Holding", JSC
6	Podlutsky Sergey Vasilievich	Head of Analytics of Manufacturing Resources Sector attached to Investments Department, "IDGC Holding", JSC
7	Sysoev Sergey Anatolievich	Head of Operating and Technical Management "IDGC of the South", JSC

Brief review of decision adopted by
Reliability Committee attached to
Company's Board of Directors in 1st quarter of 2010

31.01.2011, absentee voting (minutes No.8 dated 01.02.2011):

"IDGC of the South", JSC Board of Directors was given recommendations on the items of the agenda:

- On approving the report presented by director general of "IDGC of the South", JSC on the results of implementation the Company's business-plan (including the investment programme) for the 9 months of 2010.
- On approving the results of compliance of key efficiency indicators in 3rd quarter of 2010

23.03.2011, absentee voting (minutes No.9 dated 24.03.2011):

- The information on status of fixed assets of Company's energy facilities for 1st quarter of 2011 was taken into consideration.

"IDGC of the South", JSC Board of Directors was given recommendations on the item of the agenda:

- On approving Proprietary standard “Personal protective equipment from electric arc. Requirements to choice and order of operation by employees of “IDGC of the South”, JSC”;
- On approving the order of organizing works on inspection of newly connected power receivers of 15kW capacity – for natural persons and up to 100kW – for legal entities and issuing permission for connection of the facility to electric grid.

Committee for Strategy, Development, Investments
and Reforming attached to Company’s Board of Directors

The task of the Committee for Strategy, Development, Investments and Reforming attached to “IDGC of the South”, JSC Board of Directors is the elaboration and presentation of recommendations (conclusions) to Company’s Board of Directors on the following activities:

- 1) setting of priority directions, strategic goals and defining of the main principles of the Company’s strategic development;
- 2) assessment of efficiency of the Company’s activity;
- 3) enhancement of investment attractiveness of the Company, improvement of investment activity and making of reasoned investment decisions;
- 4) correction of existing strategy of the Company’s development;
- 5) control over implementation of approved programmes, projects and process of reforming of the Company;
- 6) drawing up of recommendations on dividend policy.

The current personnel of Committee for Strategy, Development, Investments and Reforming attached to Company’s Board of Directors elected at Board of Directors meeting dated 27.07.2010 (Minutes No. 51/2010 dd. 30.07.2010):

1.	Yurchuk Sergey Evgenievich Chairman of the Committee	Financial Director of “IDGC Holding”, JSC
2.	Lapin Sergey Nikolaevich Deputy Chairman of the Committee	First Deputy Head of Strategy and Development Centre at “IDGC Holding”, JSC
3.	Ivanov Maxim Sergeevich	Adviser to Director General of “Holding Managing Company”, CJSC
4.	Mikhailov Sergey Anatolievich	Director General “Management-Consulting”, LLC
5.	Martsinkovsky Gennady Olegovich	Head of Capital Construction Department at “IDGC Holding”, JSC
6.	Katina Anna Yuryevna	Head of Analysis and Control of Corporate Management sector attached to Department of Corporate Management and Interaction with Shareholders, “IDGC Holding”, JSC.
7.	Solomatina Svetlana Sergeevna	Chief expert of Strategy and Development centre at “IDGC Holding”, JSC
8.	Inozemtsev Vladimir Vyacheslavovich	Head of Energy Transmission and Energy Saving Department at “IDGC of the South”, JSC

Brief review of decisions approved by the committee for Strategy, Development,
Investments and Reforming attached to Company’s Board of Directors
in the 1stquarter of 2011

02.02.2011, absentee voting, (minutes No.18 dated 04.02.2011)

“IDGC of the South”, JSC Board of Directors was given recommendations on the items of the agenda:

- On approving the report presented by director general of “IDGC of the South”, JSC on the results of implementation the Company’s business-plan (including the investment programme) for the 9 months of 2010.
- On discussing the report presented by director general of “IDGC of the South”, JSC on implementation of Schedule of Company’s activity aimed at reducing the overdue receivables for services of energy distribution and disputes settlement.
- On approving the results of compliance of key efficiency indicators in 3rd quarter of 2010.
- On implementation of decision adopted by “IDGC of the South”, JSC Board of Directors dated 04.08.2009: on taking into consideration the information provided by director general on the activities of registration of rights for real estate, registration/reregistering of right to use the land plots.

01.03.2011, absentee voting (minutes No.19 dated 02.03.2011)

“IDGC of the South”, JSC Board of Directors was given recommendations on the items of the agenda:

- On implementation of decisions of Company’s Board of Directors dated 22.12.2010 (minutes No.57/2010 dated 24.12.2010) on item 20 of the agenda “On approving Programme of perspective development of energy metering systems at retail market”.
- On priority directions in Company’s activity: on working out Programme of innovation development of “IDGC of the South”, JSC.
- On approving Schedule of events on reducing overdue receivables for services of electric energy transmission and disputes settlement arisen as of 01.01.2011.

Minutes of meetings of Committees at the Board of Directors of “IDGC of the South” JSC for the whole period of the Issuer’s activity are made available on the Company’s corporate Internet website at: <http://www.mrsk-yuga.ru> (<http://en.mrsk-yuga.ru/management/cabd/>).

Information on corporate management estimation

On April 7, 2010 Consortium of the Russian institute and Directors and the rating agency “Expert RA” rated “IDGC of the South”, JSC for corporate management as NPCM 5+ (“Normal practice of corporate management”).

This class of rating mark certifies that “IDGC of the South”, JSC corporate management practice is assessed as exposed to moderate risks of corporate management. “IDGC of the South”, JSC fulfills all the requirements of the Russian legislation in the sphere of corporate management.

Subsidiaries of “IDGC of the South”, JSC were not rated for corporate management

The report on corporate management at “IDGC of the South”, JSC is available at Company’s website at: <http://en.mrsk-yuga.ru/management/ratings/>

Dividend policy of the Company

Dividend policy is the system of relations and principles of determination of dividend amount, procedure and terms of payment, and likewise of establishment the responsibility of the Company for non-fulfillment of the obligations for payment of dividends.

The Company is striving along with capitalization growth to increase the amount of paid dividends on the basis of gained net profit for the accounting financial year and the necessities of development of production and investment activity of the Company.

Dividend policy is based on the balance of interests of the Issuer and the shareholders while determination the amount of dividend payments, respect and strict adherence the shareholders rights stipulated by current legislation of the Russian Federation, the Charter and internal documents of the Issuer and intended for the increase of investment attractiveness, capitalization and shareholder value of the Issuer.

Regulation on Dividend policy of Open Joint Stock Company "Interregional Distribution Grid Company of the South" in new edition was approved by Company's Board of Directors on 31.08.2010 (minutes No. 53/2010 dd. 01.09.2010) as per the Civil Code of RF, Federal Law No. 208-FZ (Federal law) "On Joint Stock Companies" dated 26.12.1995, legal acts of RF, Charter of "IDGC of the South", JSC as well as recommendations of Corporate Management with purposes to:

- provide transparency of mechanism of defining the volume of dividends,
- inform shareholders and other interested persons about dividend policy of the Company.

Data on Evaluator's Service Remuneration Amount

In the first quarter of 2011 the Issuer did not use the service of the evaluator for the following:

- to define market value of securities which are being placed and of securities placed and in circulation (not discharged);
- to define market value of fixed assets of immovable assets of the Issuer, regarding to which the Issue implemented revaluation, indicated in other chapters of quarterly report;
- to define market value of the assets which are the subject to pledge of the bonds collateral being placed by the Issuer or of placed bonds collateral of the Issuer not discharged;
- to provide other evaluation service, connected with securities issue, data on which is indicated in quarterly report.

The Issuer didn't use service of evaluator, considered incorporated investment fund, in the accounting quarter as well.

Remuneration to evaluator in 2007- 2010 and in the first quarter of 2011 was not paid.

Methods of assets estimation

For the purpose of taking the property and obligations on discount the Company should carry out the valuation in money terms. The valuation of property should be performed as follows:

- assets received as contribution to the charter capital is estimated according to the money value, defined by the founders (shareholders) of the Company;
- property, purchased for payment should be evaluated according to the sum of actually incurred charges on hereof acquisition;
- property produced by the subdivisions of the Company should be evaluated according to the manufacturing costs (actual costs connected with the production of property item);
- tangibles left after the write-off of fixed assets that are impossible to be restored or be used at a later date, spare parts coming out of restoring (reconstruction, modernization, repairing) of the fixed assets should be evaluated according to current market value on the date of fixed assets write-off or on the date of taking the spare parts on discount;
- property received without return or property revealed in the course of inventory of assets and obligations should be evaluated according to current market value on the date of taking the property on discount.

Current market value should be regarded as the sum of cash assets which can be received as a result of purchase of specified asset on the date of hereof including for accounting purposes.

Current market value should be calculated in consideration of prices established for this or similar type of property. At the same time the data on the established price should be documented or confirmed by the expert's report.

In the course of estimation of property acquired by any reason, the actual cost hereof should be calculated with the addition of costs incurred by the Company in relation to bringing the property in condition suitable for usage.

The value of property, in which they are included for accounting purposes, should be no subject to alternation with the exception of cases stipulated by the Russian Federation legislation:

- for non-current assets (except for intangible assets) in case of completion, providing with additional equipment, reconstruction, modernization, partial liquidation and revaluation of items of fixed assets
- for current assets in the event that inventories have been obsolescent, have lost completely or partially their initial quality.
- for financial investments on the basis of which it is possible to determine current market value pursuant to the established procedure.

In the course of taking an item of immovable property on discount as an item of fixed assets the sum of actual expenses on the formation hereof recorded as capital investments in this item should determine the initial value of a fixed assets item

Recording of costs connected with the building project should be kept with accrual character from the item construction commencement on the data of reporting periods till the setting of items in operation or complete performance of corresponding works.

Data on the Company's Market Makers

Data on the Issuer's Market Makers:

Full company name	Limited Liability Company "Universal Investment Company "Partner"
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Short company name	“Unikom Partner”, LLC	
Location	78-A Krasnoarmeyskaya St., Ekaterinburg, Russia 620026	
Telephone, Fax	telephone: (343) 379-41-65, fax: (343) 379-41-66	
Website	http://www.unicompartner.ru	
Number, issuance date and validity term of the license for professional activity at the securities market	License for carrying out the dealer activity No.166-05957-010000 Issuing date April, 19 2002 Validity term: without validity time limitations	
The Authority that issued the specified license (for advisors representing professional participants of the securities market)	Federal Commission for the Securities Market	
Amount of remuneration for the market-maker	“MICEX Stock Exchange “, CJSC (Index of non-listed stock	117 000 rubles (including VAT) per month/ 351 000 rubles per quarter.
Criteria when market-maker is obliged to tender	From the moment of coming to force of the agreement the market-maker starts to serve the securities circulation caused by holding constant demand of market-maker’s application.	

Provisions of Market-maker’s liabilities fulfillment during one trading session of “MICEX Stock Exchange”, CJSC in the stock exchange list admitted to the trading by trade organizer without listing:

1. Spread of double-sided quotation (in pro cents), less than	3
2. The lowest admissible securities allocation (in rubles), more than	300 000
3. The aggregate volume of transactions closed with securities during one trading day in the regular regime upon reaching of which a Market Maker is enable to sustain only single-sided bed-and-asked quotations (in rubles), more than	2 100 000

8.11 Data on the securities placed and on the Issuer of the securities placed, the property right certified by Russian depositary receipts

The Issuer is not the Issuer of the securities placed, the property right of which is certified with Russian depositary receipts.