



Мы создаем
энергию прогресса

JSC TGC-1
INTERIM REPORT
1st QUARTER 2011

May 2011

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TGC-1

1. TGC-1 IN FIGURES

Operational highlights *

| | 1Q 2010 | 1Q 2011 | q-o-q (%) |
|---------------------------------------|----------|----------|-----------|
| Electricity generation, mln kWh | 8,180.5 | 7,974.9 | -2.5 |
| Electricity useful output, mln kWh ** | 8,451.3 | 8,824.0 | 4.4 |
| Heat generation, thousand GCal | 12,186.2 | 11,307.8 | -7.2 |
| Heat useful output, thousand GCal ** | 11,725.2 | 11,304.5 | -3.6 |

* including Murmanskaya CHPP

** Including purchased power

TOP 1

Key financials (Russian accounting standards), '000 RUR

| | 1Q 2010 | 1Q 2011 | q-o-q (%) |
|------------------|--------------|--------------|-----------|
| Sales | 16,012,269 | 19,516,180 | 21.9 |
| Costs | (12,295,026) | (14,725,703) | 19.8 |
| Operating profit | 3,717,243 | 4,790,477 | 28.9 |
| Pre-tax profit | 3,552,686 | 4,582,350 | 29.0 |
| Net profit | 2,847,070 | 4,172,493 | 46.6 |
| Total assets | 96,458,758 | 112,011,617 | 16.1 |

2. PRODUCTION

Electricity generation and output in 1Q 2010-2011

| | Electricity generation ('000 kWh) | | | Electricity useful output ('000 kWh), excl. purchased power | | | Electricity useful output ('000 kWh), incl. purchased power | | |
|-------------------------------------|-----------------------------------|--------------------|-------------|---|--------------------|-------------|---|--------------------|------------|
| | 1Q 2010 | 1Q 2011 | q-o-q (%) | 1Q 2010 | 1Q 2011 | q-o-q (%) | 1Q 2010 | 1Q 2011 | q-o-q (%) |
| Nevsky branch | 5,236,033.5 | 5,286,401.1 | 1.0 | 4,673,453.9 | 4,769,029.0 | 2.0 | 5,271,889.0 | 5,672,518.0 | 7.6 |
| Karelsky branch | 1,077,765.6 | 892,566.4 | -17.2 | 1,014,437.2 | 827,947.0 | -18.4 | 1,044,094.0 | 1,001,036.2 | -4.1 |
| Kolsky branch | 1,848,135.3 | 1,776,949.1 | -3.9 | 1,765,532.1 | 1,699,528.2 | -3.7 | 2,124,271.1 | 2,139,435.2 | 0.7 |
| Total TGC-1 | 8,161,934.4 | 7,955,916.5 | -2.5 | 7,453,423.2 | 7,296,504.2 | -2.1 | 8,440,254.1 | 8,812,989.5 | 4.4 |
| Murmanskaya CHPP | 18,614.0 | 18,954.0 | 1.8 | 10,999.0 | 10,999.9 | 0.0 | 10,999.0 | 10,999.9 | 0.0 |
| TGC-1 incl. Murmanskaya CHPP | 8,180,548.4 | 7,974,870.5 | -2.5 | 7,464,422.2 | 7,307,504.1 | -2.1 | 8,451,253.1 | 8,823,989.4 | 4.4 |

Heat generation in 1Q 2010-2011

| | Heat generation (GCal) | | | Heat useful output (GCal), incl. purchased heat | | |
|---|------------------------|---------------------|-------------|---|---------------------|-------------|
| | 1Q 2010 | 1Q 2011 | q-o-q (%) | 1Q 2010 | 1Q 2011 | q-o-q (%) |
| Nevsky branch | 9,974,250.0 | 9,176,315.0 | -8.0 | 9,590,376.9 | 9,231,173.0 | -3.7 |
| Karelsky branch | 788,740.0 | 734,844.0 | -6.8 | 773,776.0 | 717,153.0 | -7.3 |
| Kolsky branch | 520,207.0 | 477,937.5 | -8.1 | 476,896.0 | 465,917.0 | -2.3 |
| Total TGC-1 | 11,283,197.0 | 10,389,096.5 | -7.9 | 10,841,048.9 | 10,414,243.0 | -3.9 |
| Murmanskaya CHPP | 903,018.0 | 918,747.0 | 1.7 | 884,132.1 | 890,214.5 | 0.7 |
| Total TGC-1 including Murmanskaya CHPP | 12,186,215.0 | 11,307,843.5 | -7.2 | 11,725,181.1 | 11,304,457.5 | -3.6 |

Utilization factor of maximum capacity in 1Q 2011, %

| | CHP | HPP | HPP+CHP |
|--------------------|-------------|-------------|-------------|
| Nevsky branch | 72.4 | 52.9 | 68.7 |
| Karelsky branch | 66.6 | 35.6 | 45.1 |
| Kolsky branch | 22.8 | 47.0 | 42.9 |
| Total TGC-1 | 67.4 | 45.9 | 57.6 |
| Murmanskaya CHPP | 73.2 | - | - |

Specific fuel consumption at Company's CHPPs in 1Q 2011

| | Specific fuel consumption | | Specific fuel consumption on electricity output | |
|------------------------------|---------------------------|----------------------|---|------------------------------|
| | electricity output, G/kWh | heat output, kg/GCal | on heating cycle. G/kWh | on condensation cycle. G/kWh |
| Nevsky branch | | | | |
| Central CHPP | 381.19 | 155.41 | 339.14 | 485.58 |
| Pravoberezhnaya CHPP-5 | 259.57 | 147.59 | 256.11 | 356.24 |
| Vasileostrovskaya CHPP-7 | 280.40 | 129.95 | 280.40 | - |
| Dubrovskaya CHPP-8 | 445.11 | 145.68 | 326.38 | 510.40 |
| Pervomayskaya CHPP-14 | 286.04 | 145.74 | 273.49 | 319.40 |
| Avtovskaya CHPP-15 | 321.22 | 130.76 | 297.57 | 443.07 |
| Vyborgskaya CHPP-17 | 276.03 | 125.55 | 269.39 | 389.92 |
| Severnaya CHPP-21 | 283.00 | 124.60 | 262.67 | 410.02 |
| Yuzhnaya CHPP-22 | 263.59 | 133.77 | 231.42 | 355.24 |
| Total Nevsky branch | 286.30 | 136.60 | 263.41 | 380.95 |
| Karelsky branch | | | | |
| Petrozavodskaya CHPP | 269.02 | 131.36 | 245.67 | 363.82 |
| Total Karelsky branch | 269.02 | 131.36 | 245.67 | 363.82 |
| Kolsky branch | | | | |
| Apatitskaya CHP | 302.45 | 140.91 | 302.45 | - |
| Total Kolsky branch | 302.45 | 140.91 | 302.45 | - |
| Total TGC-1 | 285.43 | 136.50 | 263.41 | 379.54 |
| Murmanskaya CHPP | 446.28 | 171.12 | 446.28 | - |

Fuel mix in 1Q 2011, %

| | gas | fuel oil | coal |
|--|--------------|-------------|-------------|
| Nevsky branch | 97.05 | 2.86 | 0.09 |
| Karelsky branch | 98.41 | 1.59 | - |
| Kolsky branch | - | 0.21 | 99.79 |
| Total TGC-1 | 93.20 | 2.65 | 4.15 |
| Murmanskaya CHP | - | 100 | - |
| Total TGC-1 incl. Murmanskaya CHP | 88.29 | 7.77 | 3.94 |

3. SALES

ELECTRIC POWER AND CAPACITY

Electricity sales breakdown by market sectors 1Q 2011, '000 kWh

| | Total TGC-1 (%) | Total TGC-1 ('000 kWh) | Nevsky branch | Karelsky branch | Kolsky branch |
|--|-----------------|------------------------|--------------------|--------------------|--------------------|
| Regulated sector of the wholesale market | 13.5 | 1,192,470.8 | 719,529.6 | 158,308.8 | 314,632.4 |
| Day-ahead market | 72.5 | 6,391,938.9 | 4,004,877.9 | 827,730.9 | 1,559,330.1 |
| Balancing market | 8.2 | 722,637.0 | 610,123.9 | 14,996.4 | 97,516.6 |
| Export | 3.7 | 324,329.9 | 157,104.7 | - | 167,225.2 |
| Retail market | 2.1 | 181,612.8 | 180,881.9 | - | 730.9 |
| TOTAL | 100.0 | 8,812,989.5 | 5,672,518.0 | 1,001,036.2 | 2,139,435.2 |

Capacity sales 1Q 2011, MW/month

| | Total TGC-1 (%) | Total TGC-1 (MW/month) | Nevsky branch | Karelsky branch | Kolsky branch |
|--|-----------------|------------------------|----------------|-----------------|----------------|
| Regulated sector of the wholesale market | 26.6 | 1,320.4 | 677.2 | 151.5 | 491.7 |
| Power delivery contract | 3.5 | 174.9 | 174.9 | - | - |
| Forced state | 20.7 | 1,028.2 | 880.4 | - | 147.8 |
| Competitive Capacity Screening | 49.1 | 2,433.4 | 1,140.5 | 320.8 | 972.1 |
| TOTAL | 100.0 | 4,956.8 | 2,872.9 | 472.2 | 1,611.6 |

Electricity and capacity revenues in 1Q 2011, '000 RUR

| | TOTAL electricity | Electricity | | | TOTAL capacity | Capacity | | |
|--|--------------------|--------------------|------------------|--------------------|--------------------|--------------------|------------------|------------------|
| | | Nevsky | Karelsky | Kolsky | | Nevsky | Karelsky | Kolsky |
| Regulated sector of the wholesale market | 588,573.5 | 514,355.2 | 53,807.6 | 20,410.8 | 557,676.9 | 337,007.8 | 76,594.8 | 144,074.3 |
| Day-ahead market | 6,153,688.3 | 4,010,863.6 | 813,588.4 | 1,329,236.3 | - | - | - | - |
| Balancing market | 671,646.5 | 598,729.8 | 7,343.3 | 65,573.4 | - | - | - | - |
| Power delivery contract | - | - | - | - | 173,592.5 | 173,592.5 | - | - |
| Forced state | - | - | - | - | 888,189.3 | 760,024.1 | - | 128,165.1 |
| Competitive Capacity Screening | - | - | - | - | 962,158.7 | 450,756.2 | 126,836.0 | 384,566.6 |
| TOTAL | 7,413,908.3 | 5,123,948.5 | 874,739.3 | 1,415,220.5 | 2,581,617.4 | 1,721,380.6 | 203,430.7 | 656,806.1 |

| | | | | | | | | |
|-------------------------------------|----------------------|--------------|------------|--------------|--------------------|-------------|-----------|-------------|
| TOTAL wholesale market | 9,995,525.7 | | | | | | | |
| Export | 593,608.3 | 323,341.8 | - | 270,266.5 | - | - | - | - |
| Retail market | 238,159.6 | 236,561.5 | - | 1,598.1 | - | - | - | - |
| | 8,245,676.22 | 5,683,851.82 | 874,739.34 | 1,687,085.07 | 2,581,617.4 | 2,932,160.9 | 330,266.7 | 1,169,537.8 |
| TOTAL Electricity + Capacity | 10,827,293.61 | | | | | | | |

Electricity and capacity purchase in 1Q 2011

| | Volume, '000 kWh | | Volume, '000 MW |
|------------------|---------------------|--|-----------------|
| Day-ahead market | 1,230,321.35 | Power delivery contract | 7.54 |
| Balancing market | 286,163.93 | Forced state | 17.57 |
| TOTAL | 1,516,485.28 | Competitive Capacity Screening | 234.16 |
| | | Long term capacity contracts (for HPP/NPP) | 2.61 |
| | | TOTAL | 261.87 |

HEAT

Heat revenue, '000 RUR

| | 1Q 2010 | 1Q 2011 | q-o-q (%) |
|--------------------|------------------|------------------|------------|
| Nevsky branch | 7,247,272 | 7,762,455 | 7.1 |
| Karelsky branch | 345,216 | 371,052 | 7.5 |
| Kolsky branch | 475,634 | 506,746 | 6.5 |
| Total TGC-1 | 8,068,123 | 8,640,253 | 7.1 |

Useful output breakdown, '000 GCal

| | 1Q 2010 | | 1Q 2011 | | q-o-q (%) |
|----------------------------------|-------------------------|-----------------|-------------------------|-----------------|-------------|
| | Total TGC-1 ('000 GCal) | Total TGC-1 (%) | Total TGC-1 ('000 GCal) | Total TGC-1 (%) | |
| Total heat | 10,841.0 | 100.0 | 10,414.2 | 100.0 | -3.9 |
| Industrial consumers | 840.9 | 7.8 | 533.4 | 5.1 | -36.6 |
| Housing consumers | 5,700.5 | 52.6 | 5,123.1 | 49.2 | -10.1 |
| Other consumers | 2,341.3 | 21.6 | 2,366.3 | 22.7 | 1.1 |
| Heat suppliers (resellers) | 1,958.4 | 18.1 | 1,839.2 | 17.7 | -6.1 |
| Heat output to compensate losses | 0,0 | 0,0 | 552.4 | 5.3 | - |

TARIFFS

Heat tariffs

| | since 01.01.2010, RUR/GCal | since 01.01.2011, RUR/GCal | Change, (%) |
|-----------------|-------------------------------|-------------------------------|-------------|
| Nevsky branch | 750.00 | 852.11 | 13.6 |
| St. Petersburg | 745.85 | 846.92 | 13.6 |
| Lenoblast | 961.99 | 1100.57 | 14.4 |
| Karelsky branch | 523.46 | 601.55 | 14.9 |
| Kolsky branch | 850.00 | 927.30 | 9.1 |
| TGC-1 | 739.81 | 838.46 | 13.3 |
| Murmanskaya CHP | 1,444.02 | 1,646.98 | 14.1 |

TGC-1

4. FINANCIAL HIGHLIGHTS

Revenue breakdown, mn RUR

| | 1Q 2010 | | 1Q 2011 | | Change, % |
|--|-------------------|-------------|-------------------|-------------|--------------|
| | mn RUR | Share, % | mn RUR | Share, % | |
| Electricity and capacity, including | 7,817,236 | 48.8 | 10,827,294 | 55.5 | 38.5 |
| Regulated electricity and capacity sales | 2,449,167 | 15.3 | 1,146,250 | 5.9 | -53.2 |
| Unregulated electricity and capacity sales | 4,795,640 | 29.9 | 8,849,275 | 45.3 | 84.5 |
| Export of electricity | 565,539 | 3.5 | 593,608 | 3.0 | 5.0 |
| Electricity and capacity on retail market | 6,891 | 0.0 | 238,160 | 1.2 | 3,356.2 |
| Heat | 8,068,123 | 50.4 | 8,640,253 | 44.3 | 7.1 |
| Other sales | 126,910 | 0.8 | 48,634 | 0.2 | -61.7 |
| Total revenue | 16,012,269 | 100 | 19,516,180 | 100 | 21.9 |

Costs breakdown

| | 1Q 2010 | | Electricity | | Heat | |
|------------------------------------|-------------------|--------------|------------------|--------------|------------------|--------------|
| | mn RUR | Share, % | mn RUR | Share, % | mn RUR | Share, % |
| Total costs | 12,272,621 | 100.0 | 5,973,682 | 100.0 | 6,298,939 | 100.0 |
| Fuel | 7,297,015 | 59.5 | 3,301,083 | 55.3 | 3,995,932 | 63.4 |
| Purchased energy | 1,124,634 | 9.2 | 1,049,266 | 17.6 | 75,368 | 1.2 |
| Water for technology process | 545,815 | 4.4 | 67,182 | 1.1 | 478,633 | 7.6 |
| Fixed assets repairing | 279,961 | 2.3 | 161,691 | 2.7 | 118,270 | 1.9 |
| Salary fund & uniform social tax | 884,544 | 7.2 | 490,899 | 8.2 | 393,645 | 6.2 |
| Amortization | 838,723 | 6.8 | 307,088 | 5.1 | 531,636 | 8.4 |
| Heat transit | 25,260 | 0.2 | 0 | 0.0 | 25,260 | 0.4 |
| Wholesale & retail market services | 154,098 | 1.3 | 154,098 | 2.6 | 0 | 0.0 |
| Rent | 119,539 | 1.0 | 42,682 | 0.7 | 76,857 | 1.2 |
| Taxes | 250,909 | 2.0 | 166,431 | 2.8 | 84,478 | 1.3 |
| Others | 752,124 | 6.1 | 233,262 | 3.9 | 518,862 | 8.2 |

| | 1Q 2011 | | Electricity | | Heat | |
|------------------------------------|-------------------|--------------|------------------|--------------|------------------|--------------|
| | mn RUR | Share, % | mn RUR | Share, % | mn RUR | Share, % |
| Total costs | 14,695,760 | 100.0 | 7,403,446 | 100.0 | 7,292,314 | 100.0 |
| Fuel | 8,107,447 | 55.2 | 3,873,171 | 52.3 | 4,234,276 | 58.1 |
| Purchased energy | 1,655,445 | 11.3 | 1,569,657 | 21.2 | 85,788 | 1.2 |
| Water for technology process | 568,244 | 3.9 | 69,624 | 0.9 | 498,620 | 6.8 |
| Fixed assets repairing | 310,039 | 2.1 | 213,655 | 2.9 | 96,384 | 1.3 |
| Salary fund & uniform social tax | 846,722 | 5.8 | 539,226 | 7.3 | 307,496 | 4.2 |
| Depreciation | 943,079 | 6.4 | 502,669 | 6.8 | 440,410 | 6.0 |
| Heat transit | 1,306,238 | 8.9 | 0 | 0.0 | 1,306,238 | 17.9 |
| Wholesale & retail market services | 180,905 | 1.2 | 180,905 | 2.4 | 0 | 0.0 |
| Rent | 42,472 | 0.3 | 26,908 | 0.4 | 15,564 | 0.2 |
| Taxes | 251,065 | 1.7 | 175,484 | 2.4 | 75,581 | 1.0 |
| Others | 484,104 | 3.3 | 252,148 | 3.4 | 231,957 | 3.2 |

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5. CONDENSED FINANCIAL STATEMENT

(RUSSIAN ACCOUNTING STANDARDS)

Balance sheet

| ASSETS | '000 RUR | | |
|---|--------------------|--------------------|-------------------|
| | March 31, 2011 | Dec 31, 2010 | Dec 31, 2009 |
| I. NON-CURRENT ASSETS | | | |
| Intangible assets | 34,889 | 35,876 | - |
| Result of investigation | - | - | - |
| Fixed assets | 43,503,751 | 56,581,286 | 43,591,163 |
| Income yielding investments into tangible assets | - | - | - |
| Long-term financial investments | 532,182 | 492,198 | 1,557,789 |
| Deferred tax asset | 42,171 | 41,056 | 193,524 |
| Other non-current asset | 29,196,145 | 28,421,952 | 29,192,825 |
| TOTAL non-current assets | 73,309,138 | 85,572,368 | 74,535,405 |
| II. CURRENT ASSETS | | | |
| Inventories | 2,188,689 | 2,324,727 | 1,945,259 |
| Value added tax on purchased tangible | 625,295 | 565,217 | 1,032,099 |
| Accounts receivable | 33,875,404 | 12,655,346 | 14,373,878 |
| Short-term financial investments | 1,820,609 | 1,591,369 | 1,076,941 |
| Cash and cash equivalents | 192,482 | 233,903 | 511,210 |
| Other non-current assets | - | - | - |
| TOTAL non-current assets | 38,702,479 | 17,370,562 | 18,939,387 |
| TOTAL ASSETS | 112,011,617 | 102,942,930 | 93,474,792 |
| SHAREHOLDER'S EQUITY AND LIABILITIES | | | |
| III. SHAREHOLDER'S EQUITY | | | |
| Authorized share capital | 38,543,414 | 38,543,414 | 38,543,414 |
| Paid up shares from shareholders | - | - | - |
| Non-current assets revaluation | 16,386,363 | 16,386,651 | 16,392,037 |
| Capital surplus (without revaluation) | 23,285,600 | 23,285,600 | 23,285,600 |
| Capital reserves | 222,779 | 222,779 | 54,465 |
| Retained profit (Losses) | (4,364,720) | (8,537,501) | (11,813,204) |
| TOTAL shareholder's equity | 74,073,436 | 69,900,943 | 66,462,312 |
| IV. LONG-TERM LIABILITIES | | | |
| Loans and credits | 16,494,802 | 16,514,578 | 8,498,512 |
| Deferred tax liability | 2,594,083 | 2,281,954 | 2,058,040 |
| Indirect liability reserve | - | - | - |
| Other long-term liabilities | - | - | - |
| TOTAL LONG-TERM LIABILITIES | 19,088,885 | 18,796,532 | 10,556,552 |
| V. SHORT-TERM LIABILITIES | | | |
| Loans and credits | 8,634,430 | 6,182,115 | 6,838,618 |
| Accounts payable | 9,884,863 | 7,733,329 | 9,287,268 |
| Deferred income | 3 | 11 | 42 |
| Provisions for liabilities and charges | 330,000 | 330,000 | 330,000 |
| Other short-term liabilities | - | - | - |
| TOTAL short-term liabilities | 18,849,296 | 14,245,455 | 16,455,928 |
| TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES | 112,011,617 | 102,942,930 | 93,474,792 |

Income statement

| | 1Q 2011 | '000 RUR 1Q 2010 |
|--|------------------|---------------------|
| Revenues | 19,516,180 | 16,012,269 |
| Cost of goods sold | (14,725,703) | (12,295,026) |
| Gross profit (loss) | 4,790,477 | 3,717,243 |
| Business expenses | - | - |
| Management expenses | - | - |
| Profit (loss) from sales | 4,790,477 | 3,717,243 |
| Other organizations participation income | - | - |
| Interest income | 40,605 | 38,628 |
| Interest expenses | 288,328 | (219,751) |
| Other income | 2,546,379 | 1,597,484 |
| Other expenses | (2,506,783) | (1,580,918) |
| Pre-tax profit (loss) | 4,582,350 | 3,552,686 |
| Current profit tax | (588,000) | (539,789) |
| incl. deferred tax liability (assets) | 17,455 | 8,712 |
| Deferred tax liability changes | (312,128) | (162,036) |
| Deferred tax assets changes | 1,114 | - |
| Other | 489,157 | (3,791) |
| Net profit (loss) | 4,172,493 | 2,847,070 |

6. CONTACTS

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