

RUSHYDRO GROUP

**Condensed Consolidated Interim
Financial Information (Unaudited)
prepared in accordance with IAS 34**

As at and for the three months ended 31 March 2014

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RusHydro Group
Condensed Consolidated Interim Statement of Financial Position (unaudited)
(in millions of Russian Rubles unless noted otherwise)

	Note	31 March 2014	31 December 2013
ASSETS			
Non-current assets			
Property, plant and equipment	7	640,771	633,846
Investments in associates and joint ventures		30,307	30,301
Available-for-sale financial assets	8	4,622	5,794
Other non-current assets	9	24,322	24,976
Total non-current assets		700,022	694,917
Current assets			
Cash and cash equivalents	10	46,907	34,472
Income tax receivable		3,032	2,679
Accounts receivable and prepayments	11	53,745	45,385
Inventories	12	18,077	21,449
Other current assets	13	46,448	53,144
Total current assets		168,209	157,129
TOTAL ASSETS		868,231	852,046
EQUITY AND LIABILITIES			
Equity			
Share capital	14	386,255	386,255
Treasury shares		(10,662)	(10,662)
Share premium		39,202	39,202
Retained earnings and other reserves		176,922	164,735
Equity attributable to the shareholders of OJSC RusHydro		591,717	579,530
Non-controlling interest	14	19,159	17,177
TOTAL EQUITY		610,876	596,707
Non-current liabilities			
Deferred income tax liabilities		32,429	31,000
Non-current debt	16	133,752	131,890
Other non-current liabilities		11,848	12,030
Total non-current liabilities		178,029	174,920
Current liabilities			
Current debt and current portion of non-current debt	16	23,257	19,887
Accounts payable and accruals	17	42,653	49,473
Current income tax payable		470	115
Other taxes payable	18	12,946	10,944
Total current liabilities		79,326	80,419
TOTAL LIABILITIES		257,355	255,339
TOTAL EQUITY AND LIABILITIES		868,231	852,046

Chairman of Management Board – General Director



E. V. Dod

Chief Accountant

D. V. Finkel

9 July 2014

RusHydro Group
Condensed Consolidated Interim Income Statement (unaudited)

(in millions of Russian Rubles unless noted otherwise)

	Note	Three months ended 31 March 2014	Three months ended 31 March 2013 (represented)
Revenue	19	91,616	86,538
Government grants	20	3,100	2,776
Expenses	21	(75,071)	(70,922)
Impairment of available-for-sale financial assets	8	(1,044)	(3,541)
Operating profit		18,601	14,851
Finance income	22	1,815	2,256
Finance costs	22	(2,158)	(2,197)
Profit / (loss) in respect of associates and joint ventures		109	(85)
Profit before income tax		18,367	14,825
Total income tax expense	15	(4,073)	(4,127)
Profit for the period		14,294	10,698
Attributable to:			
Shareholders of OJSC RusHydro		12,312	9,785
Non-controlling interest		1,982	913
Earnings per ordinary share attributable to the shareholders of OJSC RusHydro – basic and diluted (in Russian Rubles per share)	23	0.033	0.032
Weighted average number of shares outstanding – basic and diluted (thousands of shares)	23	377 551 657	308 933 768

RusHydro Group
Condensed Consolidated Interim Statement of Comprehensive Income (unaudited)
(in millions of Russian Rubles unless noted otherwise)

	Note	Three months ended 31 March 2014	Three months ended 31 March 2013 (represented)
Profit for the period		14,294	10,698
Other comprehensive income, net of tax:			
<i>Items that will not be reclassified to profit or loss</i>			
Other comprehensive income		5	-
Total items that will not be reclassified to profit or loss		5	-
<i>Items that may be reclassified subsequently to profit or loss</i>			
Loss arising on available-for-sale financial assets	8	(99)	(169)
Total items that may be reclassified subsequently to profit or loss		(99)	(169)
Total comprehensive income for the period		14,200	10,529
Attributable to:			
Shareholders of OJSC RusHydro		12,218	9,647
Non-controlling interest		1,982	882

RusHydro Group
Condensed Consolidated Interim Statement of Cash Flows (unaudited)

(in millions of Russian Rubles unless noted otherwise)

	Note	Three months ended 31 March 2014	Three months ended 31 March 2013 (represented)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax		18,367	14,825
Depreciation of property, plant and equipment and intangible assets	7, 21	5,205	4,595
Loss / (gain) on disposal of property, plant and equipment, net	21	129	(13)
(Profit) / loss in respect of associates and joint ventures		(109)	85
Finance income	22	(1,815)	(2,256)
Finance costs	22	2,158	2,197
Impairment of available-for-sale financial assets	8	1,044	3,541
Impairment of accounts receivable, net	21	512	419
Other expense / (income)		68	(46)
Operating cash flows before working capital changes, income tax paid and changes in other assets and liabilities		25,559	23,347
Working capital changes:			
Increase in accounts receivable and prepayments		(8,684)	(5,748)
Decrease in inventories		3,378	2,966
Decrease in accounts payable and accruals		(6,272)	(4,087)
Increase in other taxes payable		1,905	2,287
Decrease in other non-current assets		871	1,039
Decrease in other non-current liabilities		(182)	(134)
Income tax paid		(2,642)	(1,518)
Net cash generated by operating activities		13,933	18,152
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(10,563)	(8,785)
Proceeds from sale of property, plant and equipment		12	96
Investment in bank deposits and purchase of other investments		(751)	(23,840)
Redemption of bank deposits and proceeds from sale of other investments		7,789	2,371
Proceeds from sale of associate		-	250
Contribution to share capital of associates and joint ventures		(45)	-
Interest received		607	834
Net cash used in investing activities		(2,951)	(29,074)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from current debt	16	20,930	16,310
Proceeds from non-current debt	16	5,257	24,382
Repayment of debt	16	(21,712)	(22,779)
Interest paid		(2,832)	(2,578)
Dividends paid		(2)	(9)
Proceeds from share issue	14	-	22
Finance lease payments		(265)	(281)
Net cash generated by financing activities		1,376	15,067
Foreign exchange gain / (loss) on cash balances		77	(6)
Increase in cash and cash equivalents		12,435	4,139
Cash and cash equivalents at the beginning of the period		34,472	39,857
Cash and cash equivalents at the end of the period	10	46,907	43,996

The accompanying notes are an integral part of this Condensed Consolidated Interim Financial Information

RusHydro Group
Condensed Consolidated Interim Statement of Changes in Equity (unaudited)

(in millions of Russian Rubles unless noted otherwise)

	Note	Share capital	Treasury shares	Share premium	Merger reserve	Revaluation reserve	Available-for-sale financial assets	Remeasurement of pension benefit obligation	Retained earnings	Equity attributable to shareholders of OJSC RusHydro	Non-controlling interest	Total equity
As at 31 December 2012 (restated)		317,637	(10,662)	39,202	(127,216)	218,757	514	920	75,934	515,086	25,319	540,405
Profit for the period		-	-	-	-	-	-	-	9,785	9,785	913	10,698
Loss arising on available-for-sale financial assets	8	-	-	-	-	-	(138)	-	-	(138)	(31)	(169)
Total comprehensive income		-	-	-	-	-	(138)	-	9,785	9,647	882	10,529
Transactions with the Government and companies under common control	14	-	-	-	(8,165)	-	-	-	2,022	(6,143)	(2,022)	(8,165)
Effect of changes in non-controlling interest	14	-	-	-	-	-	-	-	992	992	(1,588)	(596)
Transfer of revaluation reserve to retained earnings		-	-	-	-	(54)	-	-	54	-	-	-
Other movements		-	-	-	-	-	-	-	11	11	-	11
As at 31 March 2013 (restated)		317,637	(10,662)	39,202	(135,381)	218,703	376	920	88,798	519,593	22,591	542,184
As at 1 January 2014		386,255	(10,662)	39,202	(135,075)	198,015	(12)	875	100,932	579,530	17,177	596,707
Profit for the period		-	-	-	-	-	-	-	12,312	12,312	1,982	14,294
Loss arising on available-for-sale financial assets	8	-	-	-	-	-	(99)	-	-	(99)	-	(99)
Other comprehensive income		-	-	-	-	-	-	-	5	5	-	5
Total comprehensive income		-	-	-	-	-	(99)	-	12,317	12,218	1,982	14,200
Transfer of revaluation reserve to retained earnings		-	-	-	-	(245)	-	-	245	-	-	-
Other movements		-	-	-	-	-	-	-	(31)	(31)	-	(31)
As at 31 March 2014		386,255	(10,662)	39,202	(135,075)	197,770	(111)	875	113,463	591,717	19,159	610,876

The accompanying notes are an integral part of this Condensed Consolidated Interim Financial Information

RusHydro Group

Notes to the Condensed Consolidated Interim Financial Information as at and for the three months ended 31 March 2014 (unaudited)

(in millions of Russian Rubles unless noted otherwise)

Note 1. The Group and its operations

OJSC RusHydro (hereinafter referred to as “the Company”) was incorporated and is domiciled in the Russian Federation. The Company is a joint stock company limited by shares and was set up in accordance with Russian regulations.

The primary activities of the Company and its subsidiaries (hereinafter referred to as “the Group”) are generation and sale of electricity and capacity on the Russian wholesale and retail markets, as well as generation and sale of heat energy.

Economic environment in the Russian Federation. The Russian Federation displays certain characteristics of an emerging market, including relatively high inflation and high interest rates.

The tax, currency and customs legislation within the Russian Federation is subject to varying interpretations and frequent changes. The future economic direction of the Russian Federation is largely dependent upon the effectiveness of economic, financial and monetary measures undertaken by the Government, together with tax, legal, regulatory and political developments.

Management is unable to predict all developments which could have an impact on the Russian economy and consequently what effect, if any, they could have on the future financial position of the Group. Management believes it takes all the necessary measures to support the sustainability and development of the Group’s business.

During the three months ended 31 March 2014 no substantial changes to the rules of Russian wholesale and retail electricity and capacity markets, their functioning and price setting mechanisms have been made.

Relations with the Government and current regulation. As at 31 March 2014 the Russian Federation owned 66.84 percent of the total voting ordinary shares of the Company (31 December 2013: 66.84 percent).

The Group’s major customer base includes a large number of entities controlled by, or related to the Government. Furthermore, the Government controls contractors and suppliers, which provide the Group with electricity dispatch, transmission and distribution services, and a number of the Group’s fuel and other suppliers (Note 6).

In addition, the Government affects the Group’s operations through:

- participation of its representatives in the Company’s Board of Directors;
- regulation of tariffs for electricity, capacity and heating;
- approval and monitoring of the Group’s investment programme, including volume and sources of financing.

Economic, social and other policies of the Russian Government could have a material effect on operations of the Group.

Seasonality of business. The demand for the Group’s heat and electricity generation and supply depends on weather conditions and the season. In addition to weather conditions, the electricity production by hydro generation plants depends on water flow in the river systems. In spring and in summer (flood period) electricity production by hydro generation plants is significantly higher than in autumn and in winter. Heat and electricity production by the heat generation assets, to the contrary, is significantly higher in autumn and in winter than in spring and in summer. The seasonal nature of heat and electricity generation has a significant influence on the volume of fuel consumed by heat generation assets and electricity purchased by the Group.

Note 2. Basis of preparation

This Condensed Consolidated Interim Financial Information has been prepared in accordance with and complies with IAS 34, *Interim Financial Reporting* and should be read in conjunction with the annual Consolidated Financial Statements as at and for the year ended 31 December 2013, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

This Condensed Consolidated Interim Financial Information is unaudited and does not contain certain information and disclosures required in annual IFRS financial statements. Disclosures duplicating information included in the annual Consolidated Financial Statements as at and for the year ended 31 December 2013 have been omitted or condensed.

RusHydro Group

Notes to the Condensed Consolidated Interim Financial Information as at and for the three months ended 31 March 2014 (unaudited)

(in millions of Russian Rubles unless noted otherwise)

Note 3. Significant accounting policies and new pronouncements

The accounting policies followed in the preparation of this Condensed Consolidated Interim Financial Information are consistent with those applied in the annual Consolidated Financial Statements as at and for the year ended 31 December 2013 except for income tax which is accrued in the interim periods using the tax rate that would be applicable to expected total annual profit or loss.

Certain reclassifications have been made to prior period data to conform to the current period presentation. These reclassifications are not material.

The Group has adopted all new standards and interpretations that were effective from 1 January 2014. The impact of the adoption of these new standards and interpretations has not been significant with respect to this Condensed Consolidated Interim Financial Information.

Certain new standards, interpretations and amendments to standards and interpretations, as disclosed in the Consolidated Financial Statements as at and for the year ended 31 December 2013, have been issued but are not effective for the financial year beginning 1 January 2014 and which the Group has not early adopted.

Critical accounting estimates and judgements

The preparation of Condensed Consolidated Interim Financial Information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this Condensed Consolidated Interim Financial Information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Consolidated Financial Statements as at and for the year ended 31 December 2013 with the exception of changes in estimates that are required in determining the provision for income taxes (Note 15).

Note 4. Principal subsidiaries

All principal subsidiaries are incorporated and operate in the Russian Federation. Differences between the ownership interest and voting interest held by some subsidiaries represent the effect of preference shares and / or effects of indirect ownership, or non-corporate partnership (LLC).

The Group operates in the three main reportable segments one of which is presented by the Group's parent company – OJSC RusHydro (Note 5). The principal subsidiaries are presented below according to their allocation to the reportable segments as at 31 March 2014 and 31 December 2013.

ESC RusHydro subgroup segment

ESC RusHydro subgroup segment includes the Group's subsidiaries which sell electricity to final customers. All the entities included in this segment with the exception of OJSC ESC RusHydro have the guaranteeing supplier status and are obliged to sign contracts on supplies with all final consumers of their region upon their request.

	31 March 2014		31 December 2013	
	% of ownership	% of voting	% of ownership	% of voting
OJSC ESC RusHydro	100.00%	100.00%	100.00%	100.00%
OJSC Krasnoyarskenergosbyt	65.81%	69.40%	65.81%	69.40%
OJSC Ryazan Power Distributing Company	90.52%	90.52%	90.52%	90.52%
OJSC Chuvashskaya energy retail company	100.00%	100.00%	100.00%	100.00%
LLC ESC Bashkortostan	100.00%	-	100.00%	-

RusHydro Group**Notes to the Condensed Consolidated Interim Financial Information as at and for the three months ended 31 March 2014 (unaudited)**

(in millions of Russian Rubles unless noted otherwise)

RAO Energy System of East subgroup segment

RAO Energy System of East subgroup segment consists of OJSC RAO Energy System of East and its subsidiaries that generate, distribute and sell electricity and heat in the Far East region of the Russian Federation and render transportation, distribution, construction, repair and other services.

Principal subsidiaries of this segment are presented below:

	31 March 2014		31 December 2013	
	% of ownership	% of voting	% of ownership	% of voting
OJSC RAO Energy System of East*	85.92%	86.20%	85.92%	86.20%
OJSC DEK	44.92%	52.17%	44.92%	52.17%
OJSC DGK	44.92%	100.00%	44.92%	100.00%
OJSC DRSK	44.92%	100.00%	44.92%	100.00%
OJSC Kamchatskenergo	84.83%	98.74%	84.83%	98.74%
OJSC Magadanenergo	42.10%	64.39%	42.10%	64.39%
OJSC Sakhalinenergo	47.72%	55.55%	47.72%	55.55%
OJSC Yakutskenergo	72.21%	79.16%	72.21%	79.16%

* Voting and ownership percent interests in OJSC RAO Energy System of East include 1.80 percent interest held by the Group's subsidiary LLC Vostok-Finance.

Other segments

Other segments include:

- the Group's subsidiaries with production and sale of electricity and capacity;
- the Group's subsidiaries primarily engaged in research and development related to the utilities industry and construction of hydropower facilities;
- the Group's subsidiaries engaged in repair, upgrade and reconstruction of equipment and hydropower facilities;
- the Group's subsidiaries engaged primarily in hydropower plants construction;
- minor segments which do not have similar economic characteristics.

Principal subsidiaries included in all other segments are presented below:

	31 March 2014		31 December 2013	
	% of ownership	% of voting	% of ownership	% of voting
OJSC VNIIG	100.00%	100.00%	100.00%	100.00%
OJSC Geotherm	99.65%	99.65%	99.65%	99.65%
OJSC Hidroremont-VKK	100.00%	100.00%	100.00%	100.00%
OJSC Zagorskaya GAES-2	100.00%	100.00%	100.00%	100.00%
OJSC Zaramag HS	98.35%	98.35%	98.35%	98.35%
OJSC Institute Hydroproject	100.00%	100.00%	100.00%	100.00%
OJSC Kolimaenergo	98.76%	98.76%	98.76%	98.76%
OJSC Lenhydroproject	100.00%	100.00%	100.00%	100.00%
OJSC NIIES	100.00%	100.00%	100.00%	100.00%
OJSC Sulak HidroKaskad	100.00%	100.00%	100.00%	100.00%
OJSC Ust'-Srednekangesstroy	98.76%	100.00%	98.76%	100.00%
OJSC Ust'-Srednekanskaya HPP	99.43%	100.00%	99.43%	100.00%
OJSC Chirkeigesstroy	100.00%	100.00%	100.00%	100.00%
OJSC ESCO UES	100.00%	100.00%	100.00%	100.00%

Note 5. Segment information

Operating segments are components of the Group engaged in operations from which they may earn revenue and incur expenses, including revenue and expenses relating to transactions with other components of the Group. The individual financial information of the segments is available and is regularly reviewed by the chief operating decision maker (CODM) to make operating decisions about resources to be allocated and the performance of segments' operating activities.

In the first half of the year 2013 the Group disclosed Generation segment which contained two subsegments a) Group's parent company – OJSC RusHydro and b) the Group's subsidiaries with production and sale of electricity and capacity. In the second half of the year 2013 the Group started to analyse the information of two subsegments separately. For the presentation purposes the Group adjusted the comparative segment information for the three months ended 31 March 2013.

Information concerning the Group is considered by the groups of operations which are consolidated in the following separate reportable segments: OJSC RusHydro (Group's parent company), OJSC ESC RusHydro subgroup, RAO Energy System of East subgroup and other segments (Note 4). Transactions of other segments are not disclosed as reportable segments as the performance is based on quantitative indicators for the periods presented.

Management of operating activities of segments is performed with direct participation of individual segment managers accountable to the CODM. Segment managers on a regular basis submit for approval to the CODM results of operating activities and financial performance of segments. The CODM approves the annual business plan at the level of reportable segments as well as analyses actual financial performance of segments. Management bears responsibility for execution of approved plan and management of operating activities at the level of segments.

Since the second half of the year 2013 due to the changes in business planning system the CODM analyses results of segments' operating activities and other information prepared on the same basis as in the Group's consolidated financial statements prepared in accordance with IFRS.

The segments' operational results are estimated on the basis of EBITDA, which is calculated as operating profit / loss excluding depreciation of property, plant and equipment and intangible assets, impairment of property, plant and equipment, impairment of available-for-sale financial assets, accounts receivable, long-term promissory notes, goodwill and intangible assets, loss on disposal of property, plant and equipment. This method of definition of EBITDA may differ from the methods applied by other companies. CODM believes that EBITDA represents the most useful means of assessing the performance of ongoing operating activities of the Company and the Group's subsidiaries, as it reflects the earnings trends without showing the impact of certain charges.

Segment information also contains capital expenditures and the amount of debt as these indicators are analysed by the CODM. Intersegment debt's balances are excluded.

Other information provided to the CODM complies with the information presented in the consolidated financial statements.

Intersegment sales are carried out at market prices.

Segment information for the three months ended 31 March 2014 and 31 March 2013 and as at 31 March 2014 and 31 December 2013 is presented below:

RusHydro Group
Notes to the Condensed Consolidated Interim Financial Information as at and for the three months ended 31 March 2014 (unaudited)

(in millions of Russian Rubles unless noted otherwise)

Three months ended 31 March 2014	OJSC RusHydro	ESC RusHydro subgroup	RAO Energy System of East subgroup	Other segments	Total segments	Unallocated adjustments and intercompany operations	TOTAL
Revenue	23,372	22,918	44,968	3,953	95,211	(3,595)	91,616
<i>including:</i>							
<i>from external companies</i>	22,064	22,918	44,878	1,756	91,616	-	91,616
<i>sales of electricity</i>	16,150	22,701	25,866	89	64,806	-	64,806
<i>sales of heat and hot water sales</i>	58	-	13,747	1	13,806	-	13,806
<i>sales of capacity</i>	5,805	-	975	58	6,838	-	6,838
<i>other revenue</i>	51	217	4,290	1,608	6,166	-	6,166
<i>from intercompany operations</i>	1,308	-	90	2,197	3,595	(3,595)	-
Government grants	-	-	3,100	-	3,100	-	3,100
Expenses (excluding depreciation and other non-monetary items)	(7,147)	(22,506)	(39,211)	(3,970)	(72,834)	3,609	(69,225)
EBITDA	16,225	412	8,857	(17)	25,477	14	25,491
Depreciation of property, plant and equipment and intangible assets	(2,810)	(34)	(1,943)	(279)	(5,066)	(139)	(5,205)
Other non-monetary items of expenses	(1,324)	(321)	(130)	90	(1,685)	-	(1,685)
<i>including:</i>							
<i>impairment of accounts receivable, net</i>	(155)	(321)	(44)	8	(512)	-	(512)
<i>impairment of available-for-sale financial assets</i>	(1,044)	-	-	-	(1,044)	-	(1,044)
<i>(loss) / profit on disposal of property, plant and equipment, net</i>	(125)	-	(86)	82	(129)	-	(129)
Operating profit / (loss)	12,091	57	6,784	(206)	18,726	(125)	18,601
Finance income							1,815
Finance costs							(2,158)
Profit in respect of associates and joint ventures							109
Profit before income tax							18,367
Total income tax expense							(4,073)
Profit for the period							14,294
Capital expenditure	6,586	19	2,002	3,814	12,421	112	12,533
31 March 2014							
Non-current and current debt	105,986	3,510	44,738	2,775	157,009	-	157,009

RusHydro Group

Notes to the Condensed Consolidated Interim Financial Information as at and for the three months ended 31 March 2014 (unaudited)

(in millions of Russian Rubles unless noted otherwise)

	OJSC RusHydro	ESC RusHydro subgroup	RAO Energy System of East subgroup	Other segments	Total segments	Unallocated adjustments and intercompany operations	TOTAL
Three months ended 31 March 2013							
Revenue	22,201	22,505	41,917	3,303	89,926	(3,388)	86,538
<i>including:</i>							
<i>from external companies</i>	20,721	22,505	41,850	1,462	86,538	-	86,538
<i>sales of electricity</i>	14,357	22,321	24,491	110	61,279	-	61,279
<i>sales heat and hot water sales</i>	60	-	13,455	1	13,516	-	13,516
<i>sales of capacity</i>	6,228	-	591	34	6,853	-	6,853
<i>other revenue</i>	76	184	3,313	1,317	4,890	-	4,890
<i>from other segments</i>	1,480	-	67	1,841	3,388	(3,388)	-
Government grants	-	-	2,776	-	2,776	-	2,776
Expenses (excluding depreciation and other non-monetary items)	(5,607)	(22,408)	(37,903)	(3,267)	(69,185)	3,264	(65,921)
EBITDA	16,594	97	6,790	36	23,517	(124)	23,393
Depreciation of property, plant and equipment and intangible assets	(2,985)	(165)	(1,194)	(245)	(4,589)	(6)	(4,595)
Other non-monetary items of expenses	(4,152)	(58)	361	(98)	(3,947)	-	(3,947)
<i>including:</i>							
<i>impairment of accounts receivable, net</i>	(570)	(58)	197	12	(419)	-	(419)
<i>impairment of available-for-sale financial assets</i>	(3,541)	-	-	-	(3,541)	-	(3,541)
<i>profit / (loss) on disposal of property, plant and equipment, net</i>	(41)	-	164	(110)	13	-	13
Operating profit / (loss)	9,457	(126)	5,957	(307)	14,981	(130)	14,851
Finance income							2,256
Finance costs							(2,197)
Loss in respect of associates and joint ventures							(85)
Profit before income tax							14,825
Total income tax expense							(4,127)
Profit for the period							10,698
Capital expenditure	3,706	26	2,047	3,708	9,487	1,264	10,751
31 December 2013							
Non-current and current debt	102,576	2,196	44,492	2,513	151,777	-	151,777

RusHydro Group

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(in millions of Russian Rubles unless noted otherwise)

Note 6. Related party transactions

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The Group's principal related parties for the three months ended 31 March 2014 were joint ventures, associates of the Group and government-related entities.

Joint ventures

The Group had the following balances with its joint ventures:

	Note	31 March 2014	31 December 2013
Promissory notes	9	4,851	4,741
Loans issued		601	533

The Group had the following transactions with its joint ventures:

	Three months ended 31 March 2014	Three months ended 31 March 2013
Sales of electricity and capacity	60	77
Other revenue	144	248

Associates

The Group had the following balances with its associates:

	31 March 2014	31 December 2013
Trade and other receivables	352	198
Accounts payable	28	26

The Group had the following transactions with its associates:

	Three months ended 31 March 2014	Three months ended 31 March 2013
Sales of electricity and capacity	979	743
Other revenue	37	79
Purchased electricity and capacity	78	87
Construction services	-	989

Government-related entities

In the normal course of business the Group enters into transactions with the entities controlled by the Government. The Group had transactions during the three months ended 31 March 2014 and 31 March 2013 and balances outstanding as at 31 March 2014 and 31 December 2013 with a number of government-related banks. All transactions are carried out on market rates.

The Group's sales of electricity, capacity and heat to government-related entities comprised approximately 29 percent of total sales of electricity, capacity and heat for the three months ended 31 March 2014 (for the three months ended 31 March 2013: approximately 28 percent). Sales of electricity and capacity under the regulated contracts are conducted directly to the consumers, within the day-ahead market (DAM) – through commission agreements with OJSC Centre of Financial Settlements ("CFS"). Electricity and capacity supply tariffs under the regulated contracts are approved by FTS. On DAM the price is determined by balancing the demand and supply and such price is applied to all market participants. Sales of heat are subject to tariff regulations.

The Group's purchases of electricity, capacity and fuel from government-related entities comprised approximately 28 percent of total expenses on purchased electricity, capacity and fuel for the three months ended 31 March 2014 (for the three months ended 31 March 2013: approximately 24 percent).

Electricity distribution services provided to the Group by government-related entities comprised approximately 61 percent of total electricity distribution expenses for the three months ended 31 March 2014 (for the three months ended 31 March 2013: approximately 57 percent). The distribution of electricity is subject to tariff regulations.

RusHydro Group

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Key management of the Group. Key management of the Group includes members of the Board of Directors of the Company, members of the Management Board of the Company, key management of subsidiaries of RAO Energy System of East subgroup segment and heads of the business subdivisions of the Company.

Remuneration to the members of the Board of Directors of the Company for their services in their capacity and for attending Board meetings is paid depending on the results for the year and is calculated based on specific remuneration policy approved by the Annual General Shareholders Meeting of the Company.

Remuneration to the members of the Management Board and to other key management of the Group is paid for their services in full time management positions and is made up of a contractual salary and performance bonuses depending on the results of the work for the period based on key performance indicators approved by the Board of Directors of the Company.

Main compensation for Key management of the Group generally is short-term excluding future payments under pension plans with defined benefits. Pension benefits for key management of the Group are provided on the same terms as for the rest of employees.

Short-term remuneration paid to the key management of the Group for the three months ended 31 March 2014 comprised RR 215 million (for the three months ended 31 March 2013: RR 184 million).

RusHydro Group
Notes to the Condensed Consolidated Interim Financial Information as at and for the three months ended 31 March 2014 (unaudited)

(in millions of Russian Rubles unless noted otherwise)

Note 7. Property, plant and equipment

Cost	Buildings	Facilities	Plant and equipment	Assets under construction	Other	Total
Opening balance as at 31 December 2013	78,712	377,429	191,377	214,999	14,620	877,137
Additions	1	63	147	12,190	132	12,533
Transfers	84	56	5,576	(5,776)	60	-
Disposals and write-offs	(34)	(56)	(363)	(105)	(51)	(609)
Closing balance as at 31 March 2014	78,763	377,492	196,737	221,308	14,761	889,061
Accumulated depreciation (including impairment)						
Opening balance as at 31 December 2013	(27,139)	(108,005)	(75,665)	(26,904)	(5,578)	(243,291)
Charge for the period	(436)	(1,902)	(2,590)	-	(392)	(5,320)
Transfers	(4)	(42)	(298)	346	(2)	-
Disposals and write-offs	28	56	189	16	32	321
Closing balance as at 31 March 2014	(27,551)	(109,893)	(78,364)	(26,542)	(5,940)	(248,290)
Net book value as at 31 March 2014	51,212	267,599	118,373	194,766	8,821	640,771
Net book value as at 31 December 2013	51,573	269,424	115,712	188,095	9,042	633,846
Cost	Buildings	Facilities	Plant and equipment	Assets under construction	Other	Total
Opening balance as at 31 December 2012	68,697	342,120	148,798	222,895	12,625	795,135
Additions	17	2	118	10,368	246	10,751
Transfers	1,471	162	7,657	(9,486)	196	-
Disposals and write-offs	(47)	(110)	(73)	(161)	(181)	(572)
Closing balance as at 31 March 2013	70,138	342,174	156,500	223,616	12,886	805,314
Accumulated depreciation (including impairment)						
Opening balance as at 31 December 2012	(20,946)	(68,659)	(52,488)	(44,876)	(3,705)	(190,674)
Charge for the period	(444)	(1,526)	(2,270)	-	(360)	(4,600)
Transfers	(5)	(19)	(59)	93	(10)	-
Disposals and write-offs	40	18	65	56	59	238
Closing balance as at 31 March 2013	(21,355)	(70,186)	(54,752)	(44,727)	(4,016)	(195,036)
Net book value as at 31 March 2013	48,783	271,988	101,748	178,889	8,870	610,278
Net book value as at 31 December 2012	47,751	273,461	96,310	178,019	8,920	604,461

Note 8. Available-for-sale financial assets

	31 March 2014		31 December 2013	
	% of ownership	Fair value	% of ownership	Fair value
OJSC INTER RAO UES	4.92%	4,105	4.92%	5,132
OJSC Russian Grids	0.28%	262	0.28%	356
OJSC FGC UES	0.13%	128	0.13%	150
OJSC Boguchanskaya HPP	2.89%	10	2.89%	28
Other	-	117	-	128
Total available-for-sale financial assets		4,622		5,794

The fair values of available-for-sale financial assets were calculated based on quoted market prices, for those which are not publicly traded fair values were estimated by reference to the discounted cash flows of the investees (Note 26).

RusHydro Group**Notes to the Condensed Consolidated Interim Financial Information as at and for the three months ended 31 March 2014 (unaudited)**

(in millions of Russian Rubles unless noted otherwise)

For the three months ended 31 March 2014 an impairment of available-for-sale financial assets in respect of shares of OJSC INTER RAO UES was recognised in profit or loss in the amount of RR 1,026 million (for the three months ended 31 March 2013: RR 3,541 million).

Loss arising on other available-for-sale financial assets for the three months ended 31 March 2014 totaled RR 117 million was recorded within other comprehensive income in amount of RR 99 million, net of tax, (for the three months ended 31 March 2013: RR 169 million, net of tax) and in profit or loss in amount of RR 18 million (for the three months ended 31 March 2013: RR nil million).

Note 9. Other non-current assets

	31 March 2014	31 December 2013
Long-term promissory notes	36,591	36,690
Discount	(16,920)	(17,021)
Impairment provision	(14,025)	(14,025)
Long-term promissory notes, net	5,646	5,644
Dams of Bratskaya, Ust'-Ilimskaya and Irkutskaya HPPs	5,549	5,573
VAT recoverable	4,707	5,381
Customer base of LLC ESC Bashkortostan	1,524	1,662
Goodwill	929	929
Other non-current assets	5,967	5,787
Total other non-current assets	24,322	24,976

Note 10. Cash and cash equivalents

	31 March 2014	31 December 2013
Cash at bank	12,123	10,744
Cash equivalents	34,760	23,712
Cash in hand	24	16
Total cash and cash equivalents	46,907	34,472

Cash equivalents held as at 31 March 2014 and 31 December 2013 comprised short-term bank deposits with original maturities of three months or less.

Cash and cash equivalents balances denominated in US Dollars as at 31 March 2014 were RR 454 million (31 December 2013: RR 252 million). Cash and cash equivalents balances denominated in Euros as at 31 March 2014 were RR 742 million (31 December 2013: RR 682 million).

Note 11. Accounts receivable and prepayments

	31 March 2014	31 December 2013
Trade receivables	52,646	46,436
Provision for impairment of trade receivables	(15,679)	(16,094)
Trade receivables, net	36,967	30,342
VAT recoverable	7,256	8,059
Advances to suppliers and other prepayments	6,665	4,612
Provision for impairment of advances to suppliers and other prepayments	(476)	(460)
Advances to suppliers and other prepayments, net	6,189	4,152
Other receivables	5,983	4,630
Provision for impairment of other receivables	(2,650)	(1,798)
Other receivables, net	3,333	2,832
Total accounts receivable and prepayments	53,745	45,385

The Group does not hold any accounts receivable pledged as collateral.

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(in millions of Russian Rubles unless noted otherwise)

Note 12. Inventories

	31 March 2014	31 December 2013
Fuel	9,644	13,329
Materials and supplies	6,483	6,249
Spare parts	1,581	1,524
Other materials	555	536
Total inventories before provision for impairment	18,263	21,638
Provision for impairment of inventories	(186)	(189)
Total inventories	18,077	21,449

Note 13. Other current assets

	31 March 2014	31 December 2013
Deposits and promissory notes	45,350	52,406
Other short-term investments	1,098	738
Total other current assets	46,448	53,144

Note 14. Equity

	Number of issued ordinary shares (Par value of RR 1.00)
As at 31 March 2014	386,255,464,890
As at 31 December 2013	386,255,464,890
As at 31 March 2013	317,637,520,094
As at 31 December 2012	317,637,520,094

Additional share issue 2012–2013. On 16 November 2012 the Extraordinary General Meeting of shareholders of the Company adopted a resolution to make a placement of 110,000,000,000 ordinary shares with a par value of RR 1.00 by open subscription with cash and non-cash considerations. On 10 December 2012 the Board of Directors of the Company determined the placement price of RR 1.00 per share.

As part of this issue the Group received:

- in 2012 the funds in amount RR 50,000 million from the Russian Federation to fund construction of four heat power plants in the Far East region;
- 19.54 percent shares of OJSC RAO Energy System of East, 24.54 percent shares of OJSC SEC, 14.83 percent shares of OJSC Ust'-Srednekanskaya HPP, 42.75 percent shares of OJSC IENC, 0.08 percent shares of OJSC Irkutskenergo.

68,617,944,796 shares were actually placed as a result of the issue, which represents 62.38 percent of the additional issue's total number of securities.

As at 31 December 2013 share capital of the Company was increased due to registration of the Report based on the results of additional issue of shares on 26 December 2013.

Transactions with the Government and companies under common control. The change of merge reserve for the three months ended 31 March 2013 in the amount of RR 8,165 million relates to assets that were received in February 2013 from the Russian Federation in the course of additional share issue 2012–2013.

As a result of the increase in Group's share in OJSC RAO Energy System of East non-controlling interest decreased by RR 2,315 million and retained earnings of the Group increased in the same amount.

As a result of the increase in Group's share in OJSC Ust'-Srednekanskaya HPP non-controlling interest increased by RR 293 million and retained earnings of the Group decreased by the same amount due to change of share in losses accumulated by OJSC Ust'-Srednekanskaya HPP.

Effect of changes in non-controlling interest of subsidiaries. In February 2013 the Group has received shares of OJSC RAO Energy System of East from shareholders with non-controlling interest in the course of additional share issue 2012–2013. As a result non-controlling interest decreased by RR 1,588 million and retained earnings of the Group increased by RR 992 million.

RusHydro Group**Notes to the Condensed Consolidated Interim Financial Information as at and for the three months ended 31 March 2014 (unaudited)**

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Note 15. Income tax

Income tax expense is recognised based on the management's best estimate of the weighted average annual income tax rate expected for the full financial year. The tax effect of the exceptional or one-off items has not been included in the estimation of the weighted average annual income tax rate. The estimated average annual effective income tax rate used for the three months ended 31 March 2014 was 22 percent (for the three months ended 31 March 2013: 28 percent).

	Three months ended 31 March 2014	Three months ended 31 March 2013 (represented)
Current income tax expense	2,644	3,105
Deferred income tax expense	1,429	1,022
Total income tax expense	4,073	4,127

Note 16. Current and non-current debt*Non-current debt*

	Currency	Due date	31 March 2014	31 December 2013
OJSC Sberbank of Russia	RR	2014–2020	44,533	46,295
Eurobonds (RusHydro Finance Ltd)	RR	2015	20,646	20,254
Russian bonds (OJSC RusHydro) issued in February 2013	RR	2018*	20,193	20,478
EBRD	RR	2014–2027	17,815	14,971
Russian bonds (OJSC RusHydro) issued in April 2011	RR	2016*	15,522	15,225
OJSC Bank of Moscow	RR	2014–2015	7,700	7,700
OJSC VTB Bank	RR	2018	4,500	4,500
UniCredit Bank Austria AG	EUR	2017–2026	2,790	2,523
Municipal authority of Kamchatka region	USD	2034	1,747	1,572
EM Falcon Ltd	RR	2014	1,548	1,517
OJSC ROSBANK	RR	2014–2015	1,058	1,558
OJSC Gazprombank	RR	2014–2016	916	1,997
Other long-term debt	RR	-	1,328	1,282
Finance lease liabilities	RR	-	1,877	2,082
Total			142,173	141,954
Less current portion of non-current debt			(7,501)	(9,057)
Less current portion of finance lease liabilities			(920)	(1,007)
Total non-current debt			133,752	131,890

* The bonds mature in 10 years with a put option to redeem them on expiry of 5 years.

Current debt

	Currency	31 March 2014	31 December 2013
OJSC Sberbank of Russia	RR	4,021	2,350
OJSC ROSBANK	RR	3,994	3,419
OJSC Gazprombank	RR	3,296	2,323
OJSC Alfa-Bank	RR	1,402	-
OJSC VTB Bank	RR	947	950
Current portion of non-current debt	RR	7,501	9,057
Current portion of finance lease liabilities	RR	920	1,007
Other current debt	RR	1,176	781
Total current debt and current portion of non-current debt		23,257	19,887
Reference:			
Interest payable		2,209	1,768

Compliance with covenants. The Group is subject to certain covenants related primarily to its debt. As at 31 March 2014 and 31 December 2013 the Group met all required covenant clauses of the credit agreements.

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(in millions of Russian Rubles unless noted otherwise)

Note 17. Accounts payable and accruals

	31 March 2014	31 December 2013
Trade payables	24,751	30,968
Advances received	7,537	8,869
Settlements with employees	7,128	6,933
Dividends payable	83	85
Other accounts payable	3,154	2,618
Total accounts payable and accruals	42,653	49,473

All accounts payable and accruals are denominated in Russian Rubles.

Note 18. Other taxes payable

	31 March 2014	31 December 2013
VAT	6,754	5,982
Property tax	3,181	2,412
Insurance contributions	2,442	1,937
Other taxes	569	613
Total other taxes payable	12,946	10,944

Note 19. Revenue

	Three months ended 31 March 2014	Three months ended 31 March 2013 (represented)
Sales of electricity	64,806	61,279
Sales of heat and hot water	13,806	13,516
Sales of capacity	6,838	6,853
Other revenue	6,166	4,890
Total revenue	91,616	86,538

Other revenue includes revenue earned from transportation of electricity and heat, connections to the grid, rendering of construction, repair and other services.

Note 20. Government grants

In accordance with legislation of the Russian Federation, several companies of the Group are entitled to government subsidies for the cancellation of cross-subsidisation in electricity tariffs, to compensate for the difference between approved economically viable electricity and heat tariffs and actual reduced tariffs and for compensation of losses on purchased fuel. During the three months ended 31 March 2014 the Group received government subsidies in the amount of RR 3,100 million (for the three months ended 31 March 2013: RR 2,776 million) in the following subsidised territories: Kamchatsky territory, the Sakha Republic (Yakutia), Magadan Region and other Far East regions.

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Note 21. Expenses

	Three months ended 31 March 2014	Three months ended 31 March 2013 (represented)
Employee benefit expenses (including payroll taxes and pension benefit expenses)	15,300	13,488
Fuel expenses	15,106	15,519
Purchased electricity and capacity	14,899	15,398
Electricity distribution expenses	11,769	10,567
Depreciation of property, plant and equipment and intangible assets	5,205	4,595
Taxes other than on income	2,184	1,959
Other materials	1,868	1,806
Third parties services, including:		
Services of SO UES, ATS, CFS	907	846
Purchase and transportation of heat power	877	553
Security expenses	766	667
Rent	485	490
Services of subcontracting companies	415	522
Consulting, legal and information expenses	375	296
Repairs and maintenance	372	433
Insurance cost	298	281
Transportation expenses	245	218
Other third parties services	1,382	1,399
Water usage expenses	683	685
Accrual of impairment of accounts receivable, net	512	419
Purchase of oil products for sale	337	195
Social charges	175	144
Loss / (gain) on disposal of property, plant and equipment, net	129	(13)
Other expenses	782	455
Total expenses	75,071	70,922

Note 22. Finance income, costs

	Three months ended 31 March 2014	Three months ended 31 March 2013 (represented)
<i>Finance income</i>		
Interest income	1,500	1,908
Foreign exchange gain	178	76
Income on discounting	78	141
Other income	59	131
Total finance income	1,815	2,256
<i>Finance costs</i>		
Interest expense	(1,492)	(1,686)
Foreign exchange loss	(387)	(56)
Expense on discounting	(162)	(367)
Finance lease expense	(60)	(88)
Other costs	(57)	-
Total finance costs	(2,158)	(2,197)

RusHydro Group

Notes to the Condensed Consolidated Interim Financial Information as at and for the three months ended 31 March 2014 (unaudited)

(in millions of Russian Rubles unless noted otherwise)

Note 23. Earnings per share

	Three months ended 31 March 2014	Three months ended 31 March 2013
Weighted average number of ordinary shares issued (thousands of shares)	377,551,657	308,933,768
Profit for the period attributable to the shareholders of OJSC RusHydro	12,312	9,785
Earnings per share attributable to the shareholders of OJSC RusHydro – basic and diluted (in Russian Rubles per share)	0.033	0.032

Note 24. Capital commitments

Capital commitments. In accordance with approved investment programme of the Company dated 24 September 2013 and approved separate investment programmes of subsidiaries of RAO Energy System of East subgroup segment, the Group has to invest RR 324,878 million for the period 2014-2016 for reconstruction of the existing and construction of new power plants (RR 283,687 million for the period 2013-2015).

Capital commitments of the Group as at 31 March 2014 are as follows: 2014 year – RR 108,165 million, 2015 year – RR 115,934 million, 2016 year – RR 87,355 million.

Future capital expenditures are mainly related to reconstruction of equipment of power plants: Saratovskaya HPP in the amount of RR 19,581 million, Zhigulevskaya HPP in the amount of RR 16,483 million, Volzhskaya HPP in the amount of RR 12,929 million; and to construction of power plants: Nizhne-Bureiskaya HPP in the amount of RR 22,936 million, Yakutskaya GRES-2 in the amount of RR 15,692 million, HPP in Sovetskaya Gavan in the amount of RR 15,029 million, Sakhalin GRES-2 in the amount of RR 14,410 million.

The Government controls investment programmes execution on a regular basis. Management of the Group plans to finance capital expenditures within investment programmes both from own and borrowed funds.

Starting from 2013, the Group discloses capital commitments based on the data from Investment programmes as this provides more reliable and relevant information in respect of Group commitments for the acquisition of property, plant and equipment.

Note 25. Contingencies

Social commitments. The Group contributes to the maintenance and upkeep of the local infrastructure and the welfare of its employees, including contributions toward the development and maintenance of housing, hospitals, transport services and other social needs in the geographical areas in which it operates.

Political environment. The operations and earnings of the Group's subsidiaries continue, from time to time and in varying degrees, to be affected by political, legislative, fiscal and regulatory developments, including those related to the environmental protection, in the Russian Federation.

Insurance. The Group holds limited insurance policies in relation to its assets, operations, public liability or other insurable risks. Accordingly, the Group is exposed for those risks for which it does not have insurance.

Legal proceedings. The Group's subsidiaries are parties to certain legal proceedings arising in the ordinary course of business. In the opinion of management, there are no current legal proceedings or other claims outstanding, which, upon final disposition, will have a material adverse effect on the position of the Group.

Tax contingencies. The Russian tax legislation is subject to varying interpretation and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activities of the Group may be challenged by the relevant regional and federal authorities, in particular, the way of accounting for tax purposes of some income and expenses of the Group as well as deductibility of input VAT from suppliers and contractors. Tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments. As a result, significant additional taxes, penalties and interest may arise. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances review may cover longer periods.

Management believes that as at 31 March 2014 its interpretation of the relevant legislation was appropriate and the Group's tax, currency and customs positions would be sustained.

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Environmental matters. The Group's subsidiaries and their predecessor entities have operated in the utilities industry of the Russian Federation for many years. The enforcement of environmental regulation in the Russian Federation is evolving and the enforcement posture of government authorities is continually being reconsidered. The Group's subsidiaries periodically evaluate their obligations under environmental regulations. Group accrued assets retirement obligation for ash dumps used by the Group which is included in other non-current liabilities and comprised RR 667 million as at 31 March 2014 (31 December 2013: RR 693 million).

Potential liabilities might arise as a result of changes in legislation and regulation or civil litigation. The impact of these potential changes cannot be estimated but could be material. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

Guarantees. The Group has issued guarantees for CJSC Boguchansky Aluminium Plant in favour of its suppliers for future equipment deliveries and for OJSC Boguchanskaya HPP in favour of the State Corporation Vnesheconombank for the loan agreement concluded in December 2010:

Counterparty	31 March 2014	31 December 2013
<i>for OJSC Boguchanskaya HPP:</i>		
State Corporation Vnesheconombank	25,605	25,605
<i>for CJSC Boguchansky Aluminium Plant:</i>		
ALSTOM Grid SAS	33	82
Total guarantees issued	25,638	25,687

Note 26. Fair value of assets and liabilities

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) Level 1 are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) Level 2 measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) Level 3 measurements are valuations not based on observable market data (that is, unobservable inputs).

a) Recurring fair value measurements

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period.

The level in the fair value hierarchy into which the recurring fair value measurements are categorised are as follows:

31 March 2014	Level 1	Level 2	Level 3	Total
Financial assets				
Available-for-sale financial assets	4,612	-	10	4,622
Non-financial assets				
Property, plant and equipment (except for construction in progress, office buildings and land)	-	-	438,791	438,791
Total assets recurring fair value measurements	4,612	-	438,801	443,413
31 December 2013				
Financial assets				
Available-for-sale financial assets	5,766	-	28	5,794
Non-financial assets				
Property, plant and equipment (except for construction in progress, office buildings and land)	-	-	437,737	437,737
Total assets recurring fair value measurements	5,766	-	437,765	443,531

The Group had no liabilities measured at fair value as at 31 March 2013 and 31 December 2013.

There were no changes in valuation technique for Level 3 recurring fair value measurements during the three months ended 31 March 2014.

(b) Assets and liabilities not measured at fair value but for which fair value is disclosed

Financial assets carried at amortised cost. The Group considers that the fair value of cash, short-term deposits and accounts receivable approximates their carrying value (Level 3 of the fair value hierarchy). The fair value of long term accounts receivable is estimated based on future cash flows expected to be received including expected losses (Level 3 of the fair value hierarchy), the fair value of these assets approximates their carrying value.

Liabilities carried at amortised cost. The fair value of floating rate liabilities approximates their carrying value. The fair value of Eurobonds and Russian bonds is based on quoted market prices (Level 1 of the fair value hierarchy). Fair value of the fixed rate liabilities is estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity (Level 3 of the fair value hierarchy). The fair value of liabilities carried at amortised cost approximates their carrying value.

Investments in associates. The fair value of the Group investment in OJSC Krasnoyarskaya HPP is based on market quotes (Level 1 of the fair value hierarchy) and comprised RR 3,536 million as at 31 March 2014 (31 December 2013: RR 4,203 million). The carrying value of the Group's investment in OJSC Krasnoyarskaya HPP amounted to RR 15,454 million as at 31 March 2014 (31 December 2013: RR 15,209 million).

Note 27. Subsequent events

On 27 June 2014 the Company declared dividends for the year ended 31 December 2013 of RR 0.0136 per share in the total amount of RR 5,248 million.