OJSC Enel OGK-5

Condensed Consolidated Interim Financial Statements
for the six months ended 30 June 2010 (unaudited)

Contents

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Independent Auditors' Report

To the Board of Directors of Open Joint-Stock Company ENEL OGK-5

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of OJSC ENEL OGK-5 (the "Company") and its subsidiaries (the "Group") as at 30 June 2010, and the related condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of selected explanatory notes ("the condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting.* Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of consolidated interim condensed financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2010 and for the six-month period then ended is not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

ZAO KPMG

ZAO KPMG
22 September 2010

Thousands of Russian Roubles, unless otherwise stated

	Notes	30 June 2010 (unaudited)	31 December 2009
ASSETS			
Non-current assets			
Property, plant and equipment	5	82,791,360	78,619,281
Intangible assets		406,714	309,594
Prepaid expense		369,005	334,025
Value added tax recoverable		-	365,359
Available-for-sale financial assets		73,350	63,653
Other non-current assets	6	438,622	2,023,230
Total non-current assets		**84,079,051**	**81,715,142**
Current assets			
Inventories		2,363,169	2,065,414
Trade and other receivables		6,773,389	6,760,030
Income tax receivable		368,829	182,203
Cash and cash equivalents	7	7,309,539	1,011,419
Total current assets		**16,814,926**	**10,019,066**
TOTAL ASSETS		**100,893,977**	**91,734,208**
EQUITY AND LIABILITIES			
Equity	8		
Share capital		35,371,898	35,371,898
Share premium		6,818,747	6,818,747
Treasury shares		(416,660)	(420,394)
Reserves		41,150	32,621
Retained earnings		22,995,631	19,265,940
Total equity attributable to equity holders of OJSC Enel OGK-5		**64,810,766**	**61,068,812**
Non-controlling interest		**48,788**	**49,303**
Total equity		**64,859,554**	**61,118,115**
Non-current liabilities			
Loans and borrowings	9	19,165,791	14,438,482
Deferred tax liabilities		6,711,495	6,398,802
Employee benefits		274,950	233,714
Provisions	10	524,271	488,037
Other non-current liabilities		531	563
Total non-current liabilities		**26,677,038**	**21,559,598**
Current liabilities			
Loans and borrowings	9	4,000,000	4,000,000
Trade and other payables		3,892,101	3,871,343
Income tax payable		104,863	-
Other taxes payable		937,920	783,652
Provisions	10	422,501	401,500
Total current liabilities		**9,357,385**	**9,056,495**
Total liabilities		**36,034,423**	**30,616,093**
TOTAL EQUITY AND LIABILITIES		**100,893,977**	**91,734,208**

General Director E. Viale

Chief Accountant D.A. Polenov

22 September 2010

Открытое акционерное общество «Энел ОГК-5» Enel Энел ОГК-5 г. Екатеринбург ИНН 6671156423

Thousands of Russian Roubles, unless otherwise stated

	Note	For the six months ended 30 June 2010 (unaudited)	For the six months ended 30 June 2009 (unaudited) (restated)
Revenue		24,458,149	19,213,450
Operating expenses		(20,634,404)	(16,799,030)
Other operating income		58,271	63,550
Operating profit		**3,882,016**	**2,477,970**
Finance income	9	1,356,663	8,530
Finance expenses		(782,265)	(274,483)
Share of profit and gain on disposal of equity accounted investee		76,713	4,543
Profit before income tax		**4,533,127**	**2,216,560**
Income tax expense		(804,098)	(400,522)
Profit for the period		**3,729,029**	**1,816,038**
Other comprehensive income			
Net change in fair value of available-for-sale financial assets		10,661	7,478
Income tax on other comprehensive income		(2,132)	(1,496)
Other comprehensive income for the period, net of income tax		**8,529**	**5,982**
Total comprehensive income for the period		**3,737,558**	**1,822,020**
Profit attributable to:			
Owners of OJSC Enel OGK-5		3,729,544	1,816,635
Non-controlling interest		(515)	(597)
Total comprehensive income attributable to:			
Owners of OJSC Enel OGK-5		3,738,073	1,822,617
Non-controlling interest		(515)	(597)
Earnings per ordinary share for profit attributable to the equity holders of OJSC Enel OGK-5 - basic and diluted (in Russian Roubles per share)		**0.1059**	**0.0518**

General Director — E. Viale

Chief Accountant — D.A. Polenov

22 September 2010

Открытое акционерное общество «Энел ОГК-5» Enel Энел ОГК-5 г. Екатеринбург ИНН 6671156423

The notes on pages 9 to 16 are an integral part of these consolidated interim condensed financial statements.

Thousands of Russian Roubles, unless otherwise stated

	Note	For the six months ended 30 June 2010 (unaudited)	For the six months ended 30 June 2009 (unaudited) (restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		**4,533,127**	**2,216,560**
Adjustments for:			
Depreciation and amortisation		1,336,136	1,306,179
Loss on disposal of property, plant and equipment		9,872	49,669
Stock option plan expense		147	4,175
Finance income		(1,356,663)	(8,530)
Finance expenses		782,265	274,483
Increase in provision for impairment of trade and other receivables		52,330	67,594
Share of profit of equity accounted investee		-	(4,543)
Increase/(decrease) in allowance for inventory obsolescence		(30)	4,667
Adjustments for other non-cash transactions		(117,789)	(6,571)
Operating cash flow before working capital changes		**5,239,395**	**3,903,683**
Decrease/(increase) in trade and other receivables		1,878,821	(223,766)
Decrease/(increase) in inventories		(294,936)	172,626
Increase in trade and other payables		79,278	296,803
Increase/(decrease) in taxes payable, other than income tax		154,268	(82,881)
Net cash inflow from operating activities before income tax paid		**7,056,826**	**4,066,465**
Income tax paid		(574,736)	(458,315)
Net cash from operating activities		**6,482,090**	**3,608,150**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment and intangible assets		(5,710,077)	(8,122,443)
Proceeds from sale of property, plant and equipment		-	7
Interest received		19,533	8,297
Proceeds from disposal of equity accounted investee		76,713	-
Net cash used in investing activities		**(5,613,831)**	**(8,114,139)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from current loans and borrowings		-	6,003,932
Proceeds from non-current loans and borrowings		6,073,475	3,427,624
Repayment of current loans and borrowings		-	(4,292,728)
Payment of transaction costs related to loans and borrowings		(123,616)	(805,566)
Interest paid		(519,998)	(175,688)
Dividends paid		-	(130)
Net cash from financing activities		**5,429,861**	**4,157,444**
Net increase/(decrease) in cash and cash equivalents		**6,298,120**	**(348,545)**
Cash and cash equivalents at 1 January	7	**1,011,419**	**857,345**
Cash and cash equivalents at 30 June	7	**7,309,539**	**508,800**

General Director E. Viale

Chief Accountant D.A. Polenov
22 September 2010

Открытое акционерное общество "Энел ОГК-5"
Enel
Энел ОГК-5
г. Екатеринбург
ИНН 6671156423

The notes on pages 9 to 16 are an integral part of these consolidated interim condensed financial statements.

Thousands of Russian Roubles, unless otherwise stated

	Attributable to equity holders of OJSC Enel OGK-5							
	Share capital	**Share premium**	**Treasury shares**	**Reserves**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Balance at 1 January 2009	**35,371,898**	**6,818,747**	**(749,239)**	**1,870**	**16,074,619**	**57,517,895**	**50,436**	**57,568,331**
Profit/(loss) for the period (unaudited, restated)					1,816,635	**1,816,635**	(597)	**1,816,038**
Other comprehensive income								
Net change in fair value of available-for-sale financial assets, net of tax (unaudited)	-	-	-	5,982	-	**5,982**	-	**5,982**
Total other comprehensive income (unaudited)	-	-	-	5,982	-	**5,982**	-	**5,982**
Total comprehensive income/(loss) for the period (unaudited)	**-**	**-**	**-**	**5,982**	**1,816,635**	**1,822,617**	**(597)**	**1,822,020**
Transactions with owners, recorded directly in equity								
Employee share option plan (unaudited)	-	-	-	-	4,175	**4,175**	-	**4,175**
Total transactions with owners	-	-	**-**	**-**	**4,175**	**4,175**	**-**	**4,175**
Balance at 30 June 2009 (unaudited)	**35,371,898**	**6,818,747**	**(749,239)**	**7,852**	**17,895,429**	**59,344,687**	**49,839**	**59,394,526**

General Director E. Viale

Chief Accountant D.A. Polenov

22 September 2010

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Thousands of Russian Roubles, unless otherwise stated

	Attributable to equity holders of OJSC Enel OGK-5							
	Share capital	Share premium	Treasury shares	Reserves	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January 2010	**35,371,898**	**6,818,747**	**(420,394)**	**32,621**	**19,265,940**	**61,068,812**	**49,303**	**61,118,115**
Profit/(loss) for the period (unaudited)	-	-	-	-	3,729,544	**3,729,544**	(515)	**3,729,029**
Other comprehensive income								
Net change in fair value of available-for-sale financial assets, net of tax (unaudited)	-	-	-	8,529	-	**8,529**	-	**8,529**
Total other comprehensive income (unaudited)	**-**	**-**	**-**	**8,529**	**-**	**8,529**	**-**	**8,529**
Total comprehensive income/(loss) for the period (unaudited)	**-**	**-**	**-**	**8,529**	**3,729,544**	**3,738,073**	**(515)**	**3,737,558**
Transactions with owners, recorded directly in equity								
Share options exercised (unaudited)	-	-	3,734	-	147	**3,881**	-	**3,881**
Total transactions with owners	**-**	**-**	**3,734**	**-**	**147**	**3,881**	**-**	**3,881**
Balance at 30 June 2010 (unaudited)	**35,371,898**	**6,818,747**	**(416,660)**	**41,150**	**22,995,631**	**64,810,766**	**48,788**	**64,859,554**

General Director E. Viale

Chief Accountant D.A. Polenov
22 September 2010

Открытое акционерное общество "Энел ОГК-5" * ИНН 6671156423 * Enel Энел ОГК-5 г. Екатеринбург

1 BACKGROUND

(a) Organisation and operations

Open Joint-Stock Company "Enel OGK-5" (the "Company", previously known as OJSC "The Fifth Generating Company of the Wholesale Electric Power Market") was established on 27 October 2004 within the framework of Russian electricity sector restructuring in accordance with the Resolution No. 1254-r adopted by the Government of the Russian Federation on 1 September 2003.

On 9 February 2007 the Board of Directors of RAO "UES of Russia" ("RAO UES") approved the change of its interest in the Company from 75.03% to 50% by disposing 8,853,757,803 ordinary non-documentary shares of the Company (25.03%) through the open auction sale.

The open auction for the sale of 25.03% of the Company shares owned by RAO UES was held on 6 June 2007. Enel Investment Holding B.V. won the auction. During June 2007-June 2010 the stock of Enel Investment Holding B.V. increased several times and at 30 June 2010 amounted 56,39%. Ultimate parent company is Enel S.p.A., listed on Milan Stock Exchange.

The Enel OGK-5 Group (the "Group") operates 4 State District Power Plants ("SDPP") and its principal activity is electricity and heat generation. Furthermore, the Company owns:

- a wholly-owned subsidiary LLC "OGK-5 Finance";
- 60% interest subsidiary OJSC "Teploprogress". The State Property Committee of Sredneuralsk holds the remaining 40% ownership interest in OJSC "Teploprogress".
- Until 31 December 2009 investment in equity accounted investees was presented by 43.48% investment in OJSC "Energeticheskaya Severnaya Companiya" (OJSC "ESC"). At 31 December 2009 this investment was reduced to zero due to losses recognized. The Board of Directors' meeting of OJSC "ESC" held on 1 December 2009 approved the liquidation of the entity. On 4 April 2010 OJSC "ESC" was liquidated and the amount of RR 76,713 thousand was paid to the Company in cash. This is presented as share of profit and gain on disposal of equity accounted investee in the condensed consolidated interim statement of comprehensive income.

The Company is registered by the Lenin District Inspectorate of the Russian Federation Ministry of Taxation of Yekaterinburg, Sverdlovsk Region. The Company's office is located at bld. 2, 10-A, 4th Setunsky proezd, 119136, Moscow, Russia.

(b) Relations with the State and its influence on the Group's activities

The Government of the Russian Federation, represented by the Federal Agency of Property Management, remains a party with a significant influence after the spin-off, owning 26.43% of shares of the Company.

The Group's customer base includes a large number of entities controlled by or related to the state. Moreover, the state controls a number of the Group's fuel and other suppliers.

The Government of the Russian Federation directly affects the Group's operations through regulation by the Federal Tariff Service ("FTS"), with respect to its wholesale energy sales, and by the Regional Energy Commissions ("RECs") or by the Regional Tariff Services ("RTSs"), with respect to its heat sales. The operations of all generating facilities are coordinated by OJSC "System Operator – the Central Despatch Unit of Unified Energy System" ("SO-CDU") in order to meet system requirements in an efficient manner. SO-CDU is controlled by NP "Administrator of trade system".

Tariffs which the Group may charge for sales of electricity and heat are calculated on the basis of normative documents, which regulate pricing in the field of heat and electricity. Tariffs are calculated in accordance with the "Cost-Plus" method of indexation. Costs are determined under the Regulations on Accounting and Reporting of the Russian Federation, a basis of accounting which significantly differs from International Financial Reporting Standards ("IFRS").

As described in Note 11, the government's economic, social and other policies could have material effects on the operations of the Group.

(c) Russian business environment

The Russian Federation has been experiencing political and economic change that has affected, and may continue to affect, the activities of enterprises operating in this environment. Consequently, operations in the Russian Federation involve risks that typically do not exist in other markets. In addition, the recent contraction in the capital and credit markets has further increased the level of economic uncertainty in the environment. The consolidated financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

2 BASIS OF PREPARATION

(a) Statement of compliance

These consolidated interim condensed financial statements ("Financial Statements") have been prepared in accordance with International Financial Reporting Standard ("IFRS") IAS 34 *Interim Financial Reporting*. It does not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2009.

Each enterprise of the Group individually maintains its own books of accounts and prepares its statutory financial statements in accordance with the Regulations on Accounting and Reporting of the Russian Federation. The accompanying Financial Statements are based on the statutory records and adjusted and reclassified for the purpose of fair presentation in accordance with International Financial Reporting Standards ("IFRS").

(b) Basis of measurement

The Financial Statements are prepared on the historical cost basis except that financial investments classified as available-for-sale are stated at fair value.

(c) Functional and presentation currency

The national currency of the Russian Federation is the Russian Rouble ("RR"), which is the Company's functional currency and the currency in which these financial statements are presented.

All financial information presented in RR has been rounded to the nearest thousand.

(d) Use of judgments, estimates and assumptions

Management has made a number of judgments, estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these consolidated statements in conformity with IFRSs. Actual results may differ from those estimates.

The judgements, estimates and assumptions applied by the Group in this consolidated interim condensed financial statements are the same as those applied by the Group in its consolidated financial statements as of and for the year ended 31 December 2009 except for revenue recognition: electricity purchases entered into to support a delivery of non-regulated bilateral contracts are presented net within revenue. Management applies judgement in determining which electricity purchases are entered into in order to support a delivery of non-regulated bilateral contracts.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in these Financial Statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2009.

Thousands of Russian Roubles, unless otherwise stated

4 DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Investments in equity

The fair value of available-for-sale financial assets is determined by reference to their quoted closing bid price at the reporting date.

5 PROPERTY, PLANT AND EQUIPMENT

(a) Acquisitions and disposals

During the six months ended 30 June 2010 the Group acquired assets with a cost, including capitalized borrowing costs, of RR 5,494,424 thousand.

Assets with a carrying amount of RR 9,872 thousand were disposed of during the six months ended 30 June 2010.

During the six months ended 30 June 2009 the Group acquired assets with a cost, including capitalized borrowing costs, of RR 7,463,565 thousand.

Assets with a carrying amount of RR 49,676 thousand were disposed of during the six months ended 30 June 2009.

At 30 June 2010 property, plant and equipment includes prepayments in amount of RR 8,754,233 thousand (31 December 2009: RR 12,508,540 thousand).

During the six months ended 30 June 2010 the Group capitalized borrowing costs in the amount RR 307,282 thousand into property, plant and equipment (30 June 2009: RR 297,237 thousand).

(b) Capital commitments

Future capital expenditures for which contracts have been signed amount to RR 12,734,679 thousand at 30 June 2010 (31 December 2009: RR 13,159,132 thousand).

6 OTHER NON-CURRENT ASSETS

VAT deposit of RR 1,534,071 thousand paid to customs related to the imported equipment for the Sredneuralskaya SDPP's new combined cycle gas turbine construction has been transferred from non-current into current trade and other receivables as the estimated time of VAT recovery is the first quarter 2011.

7 CASH AND CASH EQUIVALENTS

	30 June 2010	**31 December 2009**
Bank balances	471,381	85,890
Call deposits	6,838,158	925,529
Total	**7,309,539**	**1,011,419**

Call deposits increased due to placement of commercial papers with a 3-year maturity period (see Note 9).

The currency of cash and cash equivalents is the Russian Roubles, EUR and US dollars.

Thousands of Russian Roubles, unless otherwise stated

8 EQUITY

(a) Share capital

The Group's share capital as at 30 June 2010 and 2009 was RR 35,371,898 thousand comprising 35,371,898,370 ordinary shares with a par value of RR 1.00. All shares authorised are issued and fully paid in.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

(b) Treasury shares

In 2006 the Group acquired ordinary treasury shares in order to realize the Group share option plan.

Nominal value of treasury shares as at 30 June 2010 was RR 158,549 thousand (as at 31 December 2009 – RR 160,100 thousand).

9 LOANS AND BORROWINGS

	Currency	Maturity	30 June 2010		31 December 2009	
Non-current borrowings			Carrying value	Face value	Carrying value	Face value
ABN AMRO	EUR	2023	5,248,639	5,248,639	5,578,822	5,578,822
EBRD	EUR	2021	4,535,288	4,535,288	3,859,660	3,859,660
EIB	EUR	2025	381,864	381,864	-	-
Bonds	RR	2011	5,000,000	5,000,000	5,000,000	5,000,000
Commercial papers	RR	2013	4,000,000	4,000,000	-	-
Total non-current borrowings			**19,165,791**	**19,165,791**	**14,438,482**	**14,438,482**

	Currency	30 June 2010		31 December 2009	
Current borrowings and current portion of non-current borrowings		Carrying value	Face value	Carrying value	Face value
Commercial papers	RR	4,000,000	4,000,000	4,000,000	4,000,000
Total current borrowings		**4,000,000**	**4,000,000**	**4,000,000**	**4,000,000**

All the Group's borrowings are either in EUR or in RR. All loans and borrowings are unsecured.

The significant decrease in RR/EUR exchange rate during six-month period ended 30 June 2010 resulted in foreign exchange gain of RR 1,334,456 thousand mainly associated with EUR nominated loans.

In June 2010 the Company issued non-convertible commercial papers with a carrying amount of RR 4 000 000 thousand and 3 year maturity period. The coupon rate for commercial papers was set at 7.5%. The coupon period is 182 days.

Thousands of Russian Roubles, unless otherwise stated

10 PROVISIONS

	Restructuring	Onerous contract	Other	Total
Balance at 1 January 2010	492,624	154,894	242,019	889,537
Provisions made during the period	-	-	265,498	265,498
Unwinding of discount	30,169	6,065	-	36,234
Provisions used during the period	(7,715)	(24,398)	(212,384)	(244,497)
Balance at 30 June 2010	**515,078**	**136,561**	**295,133**	**946,772**
Non-current	436,507	87,764	-	524,271
Current	78,571	48,797	295,133	422,501
Total	**515,078**	**136,561**	**295,133**	**946,772**

(a) Restructuring

In 2008 management approved a five-year headcount restructuring plan which is aimed at aligning the headcount/Megawatt ratio to the best international standards in the power sector, changing the quality mix of staff and decreasing the average age of employees.

These goals will be achieved through the optimization of processes and organizational structure, the centralization of staff functions and processes, the development of multi-skill competencies, the adoption of new IT platform (SAP/R3) and decommissioning of old units.

The provision is based on estimates of the staff reduction and average salaries.

(b) Onerous contract

The provision for onerous contract relates to future supplies to customers from Caucasus region. The Group expects the resulting outflow of economic benefits over the next three years.

(c) Other

Other provisions include provision for annual bonus to employees and provision for unused vacation.

11 CONTINGENCIES

(a) Political environment

The operations and earnings of the Group continue, from time to time and in varying degrees, to be affected by political, legislative, fiscal and regulatory developments, including those related to environmental protection, in Russia.

(b) Insurance

The Group holds limited insurance policies in relation to its assets, operations, public liability or other insurable risks. Accordingly, the Group is exposed to those risks which are not covered by the existing insurance policies.

(c) Legal proceedings

The Group was not a party to any legal proceedings which, upon final disposition, will have a material adverse effect on the financial position of the Group.

Thousands of Russian Roubles, unless otherwise stated

(d) Tax contingency

The taxation system in the Russian Federation is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances a tax year may remain open longer. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive position in their interpretation and enforcement of tax legislation.

These circumstances may create tax risks in the Russian Federation that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Russian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

(e) Environmental matters

The Group and its predecessor have operated in the electric power industry in 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 periodically evaluate its obligations under environmental regulations.

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. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

Due to the attraction of the financing for the investment project on the construction of the new combined cycle gas turbine unit with the capacity of 410 MW at Nevinnomysskaya SDPP the Group undertook to follow the EU environmental standards.

This circumstance significantly reduces the risks of the Company as well as the fact that the Company is a material subsidiary of Enel Group that pays special attention to environmental and safety matters.

12 RELATED PARTIES DISCLOSURES

Parties are generally considered to be related if one party has the ability to control the other party, is under common control, 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.

In the normal course of business the Group enters into transactions with related parties.

Related parties include shareholders, directors, subsidiaries and enterprises controlled by the state.

Transactions with Enel S.p.A and its subsidiaries ("Enel Group")

For the period ended 30 June the Group had the following transactions with Enel Group entities:

	For the six months ended 30 June 2010	**For the six months ended 30 June 2009**
Sale of electricity	562,185	249,551
Other revenue	2,287	6,431

Thousands of Russian Roubles, unless otherwise stated

As at 30 June the Group had the following balances with Enel Group entities:

	30 June 2010	31 December 2009
Trade and other receivables	6,713	63,254
Advances issued for capital construction	1,125,747	1,225,133
Trade and other payables	(39,995)	(113,983)

Transactions with state controlled entities

In the normal course of business the Group enters into transactions with other entities under government control. Prices for natural gas, electricity and heat are based on tariffs set by FTS and RTS. Taxes are charged and paid under the Russian tax legislation.

For the period ended 30 June the Group had the following transactions with state controlled entities:

	For the six months ended 30 June 2010	For the six months ended 30 June 2009
Sale of electricity	1,243,379	1,314,916
Sale of heat	456	121,849
Other revenue	13,826	4,179
Purchase of fuel	(4,554,965)	(3,486,816)
Purchase of raw materials and supplies	(752)	(68)
Purchase of property, plant and equipment	(663,593)	-
Other expenses	(488,235)	(536,092)
Finance income	-	-
Finance expenses	-	(62,594)

As at 30 June the Group had the following balances with state controlled entities:

	30 June 2010	31 December 2009
Trade and other receivables (net of allowance for impairment of receivables)	2,738,486	2,411,300
Trade and other payables	317,698	660,775

Transactions with other related parties

Transactions with other related parties represent transactions with the pension fund of energy industry (NPF Electroenergetiki).

	For the six months ended 30 June 2010	For the six months ended 30 June 2009
Other sales	-	62
Other expenses	143,240	120,000

As at 30 June 2010 and 2009 the Group had no balances with other related parties.

Transactions with key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

Thousands of Russian Roubles, unless otherwise stated

Total remuneration accrued to the members of the Board of Directors and Management Board for the period ended 30 June 2010 and 2009 was as follows:

	For the six months ended 30 June 2010	**For the six months ended 30 June 2009**
Remuneration	13,640	13,381

There were no loans provided to key management personnel during the period ended 30 June 2010.

At 30 June 2010 there were 11 members of the Board of Directors and 4 members of the Management Board.