RUSHYDRO GROUP

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

As at and for the six months ended 30 June 2013

CONTENTS

Report on Review of Interim Financial Information

To the Shareholders and Board of Directors of Open Joint Stock Company RusHydro

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Open Joint Stock Company RusHydro and its subsidiaries (the "Group") as of 30 June 2013 and the related condensed consolidated interim statements of income, comprehensive income, cash flows and changes in equity for the six-month period then ended. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 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 interim 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 is not prepared, in all material respects, in accordance with International Accounting Standard 34 *Interim Financial Reporting*.

ZAO PricewaterhouseCoopers Audit

29 August 2013

Moscow, Russian Federation

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

	Note	30 June 2013	31 December 2012 (restated)
ASSETS			
Non-current assets			
Property, plant and equipment	7	621,100	604,461
Investments in associates and joint ventures	8	21,731	17,860
Available-for-sale financial assets	9	7,564	14,326
Other non-current assets	10	24,508	25,048
Total non-current assets		**674,903**	**661,695**
Current assets			
Cash and cash equivalents	11	51,116	39,819
Accounts receivable and prepayments	12	47,158	49,512
Inventories	13	17,929	19,578
Other current assets	14	73,281	53,787
Total current assets		**189,484**	**162,696**
Assets of subsidiary acquired exclusively with a view for resale	25	29,176	28,479
Non-current assets classified as held for sale		1,094	1,397
Total current assets including assets classified as held for sale		**219,754**	**192,572**
TOTAL ASSETS		**894,657**	**854,267**
EQUITY AND LIABILITIES			
Equity			
Share capital	15	317,637	317,637
Treasury shares	15	(10,662)	(10,662)
Share premium	15	39,202	39,202
Retained earnings and other reserves		169,018	168,909
Equity attributable to the shareholders of OJSC RusHydro		**515,195**	**515,086**
Non-controlling interest	15	22,224	25,319
TOTAL EQUITY		**537,419**	**540,405**
Non-current liabilities			
Deferred income tax liabilities		40,037	39,482
Non-current debt	17	94,668	67,283
Other non-current liabilities	18	10,828	12,079
Total non-current liabilities		**145,533**	**118,844**
Current liabilities			
Current debt and current portion of non-current debt	17	74,684	73,752
Accounts payable and accruals	19	43,670	46,164
Accounts payable in respect of share issue	15	66,995	50,000
Current income tax payable		343	509
Other taxes payable	20	9,837	8,540
Total current liabilities		**195,529**	**178,965**
Liabilities of subsidiary acquired exclusively with a view for resale	25	16,176	16,053
Total current liabilities including liabilities of subsidiary acquired exclusively with a view for resale		**211,705**	**195,018**
TOTAL LIABILITIES		**357,238**	**313,862**
TOTAL EQUITY AND LIABILITIES		**894,657**	**854,267**

Открытое акционерное общество «Федеральная гидрогенерирующая компания – РусГидро» 660075, Красноярский край, г.Красноярск, ул. Республики, д.51 • ОГРН 1042401810494 • РусГидро

Chairman of Management Board	E. V. Dod
Chief Accountant	D. V. Finkel
	29 August 2013

(in millions of Russian Rubles unless noted otherwise)

	Note	Six months ended 30 June 2013	Six months ended 30 June 2012 (restated)
CONTINUING OPERATIONS			
Revenue	21	156,448	145,802
Government grants	22	5,421	5,353
Expenses	23	(134,712)	(132,622)
Impairment of available-for-sale financial assets	9	(6,299)	(6,451)
Impairment of long-term promissory notes	10	(1,556)	-
Impairment of property, plant and equipment	7	(386)	(4,757)
Curtailment in pension plan	18	1,609	-
Operating profit		**20,525**	**7,325**
Finance income	24	4,528	2,890
Finance costs	24	(4,373)	(3,330)
Share of results of associates and joint ventures	8	(3,336)	(290)
Profit before income tax		**17,344**	**6,595**
Total income tax expense	16	(6,515)	(4,129)
Profit for the period from continuing operations		**10,829**	**2,466**
DISCONTINUED OPERATIONS			
Loss for the period from discontinued operations	**25**	**(11)**	**(2,902)**
Profit / (loss) for the period		**10,818**	**(436)**
Attributable to:			
Shareholders of OJSC RusHydro		9,605	3,741
Non-controlling interest		1,213	(4,177)
Earnings per ordinary share from continuing operations attributable to the shareholders of OJSC RusHydro – basic and diluted (in Russian Rubles per share)	26	0.0311	0.0169
Loss per ordinary share from discontinued operations attributable to the shareholders of OJSC RusHydro – basic and diluted (in Russian Rubles per share)	26	-	(0.0036)
Weighted average number of shares outstanding – basic and diluted (thousands of shares)	26	308,933,768	281,598,950

(in millions of Russian Rubles unless noted otherwise)

	Note	Six months ended 30 June 2013	Six months ended 30 June 2012 (restated)
Profit / (loss) for the period		10,818	(436)
Other comprehensive income, net of tax:			
Items that will not be reclassified to profit or loss			
Impairment of revalued property, plant and equipment	7	-	(716)
Remeasurement of pension benefit obligations		211	2,665
Other comprehensive loss		(5)	(7)
Total items that will not be reclassified to profit or loss		**206**	**1,942**
Items that may be reclassified subsequently to profit or loss			
Loss arising on available-for-sale financial assets	9	(481)	(326)
Loss arising on impaired available-for-sale financial assets	9	(183)	(3,438)
Accumulated loss on available-for-sale financial assets recycled to the Income Statement	9	244	6,451
Total items that may be reclassified subsequently to profit or loss		**(420)**	**2,687**
Total comprehensive income for the period		**10,604**	**4,193**
Attributable to:			
Shareholders of OJSC RusHydro		9,279	7,708
Non-controlling interest		1,325	(3,515)

(in millions of Russian Rubles unless noted otherwise)

	Note	Six months ended 30 June 2013	Six months ended 30 June 2012 (restated)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax		**17,344**	**6,595**
Depreciation of property, plant and equipment and intangible assets	7, 23	9,204	9,224
Loss on disposal of property, plant and equipment, net	23	363	74
Share of results of associates and joint ventures	8	3,336	290
Finance income	24	(4,528)	(2,890)
Finance costs	24	4,373	3,330
Impairment of available-for-sale financial assets	9	6,299	6,451
Impairment of long-term promissory notes	10	1,556	-
Impairment of property, plant and equipment	7	386	4,757
Curtailment in pension plan	18	(1,609)	-
Impairment of accounts receivable, net	23	1,996	3,698
Effect of Share Option Programme expenses		-	111
Pension expenses		214	320
Other expense		81	73
Operating cash flows before working capital changes and income tax paid		**39,015**	**32,033**
Working capital changes:			
Decrease / (increase) in accounts receivable and prepayments		109	(1,539)
Decrease in inventories		1,467	1,299
Increase in other non-current assets		(217)	(1,579)
(Decrease) / increase in accounts payable and accruals		(5,849)	73
Increase / (decrease) in other taxes payable		1,262	(77)
Increase / (decrease) in other non-current liabilities		44	(1,284)
Income tax paid		(4,915)	(4,467)
Net cash generated by operating activities		**30,916**	**24,459**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(23,491)	(37,277)
Proceeds from sale of property, plant and equipment		114	130
Investment in bank deposits and purchase of other investments		(80,212)	(20,264)
Redemption of bank deposits and proceeds from sale of other investments		60,875	24,707
Proceeds from sale of associate	8	250	-
Contribution to share capital of joint ventures	8	(243)	(223)
Interest received		2,779	2,595
Net cash used in investing activities		**(39,928)**	**(30,332)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from current debt	17	40,807	19,222
Proceeds from non-current debt	17	31,008	24,480
Repayment of debt	17	(44,661)	(21,114)
Interest paid		(6,202)	(5,018)
Dividends paid		(15)	-
Proceeds from share issue	15	22	1,498
Finance lease payments		(634)	(803)
Net cash generated by financing activities		**20,325**	**18,265**
Net cash generated by subsidiary acquired with a view for resale		47	39
Foreign exchange loss on cash balances		(16)	(10)
Increase in cash and cash equivalents		**11,344**	**12,421**
Cash and cash equivalents at the beginning of the period		**39,857**	**47,414**
Cash and cash equivalents at the end of the period	**11**	**51,201**	**59,835**

(in millions of Russian Rubles unless noted otherwise)

	Note	Share capital	Treasury shares	Share premium	Merger reserve	Revaluation reserve	Available-for-sale financial assets	Remeasu-rement of pension benefit obligation	Retained earnings	Equity attributable to shareholders of OJSC RusHydro	Non-controlling interest	Total equity
As at 1 January 2012		**290,302**	**(10,662)**	**21,434**	**(127,216)**	**228,680**	**(2,273)**	**-**	**98,225**	**498,490**	**27,169**	**525,659**
Restatements due to application of IAS 19 revised		-	-	-	-	-	-	(150)	(655)	(805)	542	(263)
As at 1 January 2012 (restated)		**290,302**	**(10,662)**	**21,434**	**(127,216)**	**228,680**	**(2,273)**	**(150)**	**97,570**	**497,685**	**27,711**	**525,396**
Loss for the period		-	-	-	-	-	-	-	3,741	3,741	(4,177)	(436)
Loss arising on available-for-sale financial assets	9	-	-	-	-	-	(293)	-	-	(293)	(33)	(326)
Loss arising on impaired available-for-sale financial assets	9	-	-	-	-	-	(3,438)	-	-	(3,438)	-	(3,438)
Accumulated loss on available-for-sale financial assets recycled to the Income Statement	9	-	-	-	-	-	6,451	-	-	6,451	-	6,451
Remeasurement of pension benefit obligations		-	-	-	-	-	-	1,499	-	1,499	1,166	2,665
Impairment of revalued property, plant and equipment	7	-	-	-	-	(245)	-	-	-	(245)	(471)	(716)
Other comprehensive loss		-	-	-	-	-	-	-	(7)	(7)	-	(7)
Total comprehensive income		**-**	**-**	**-**	**-**	**(245)**	**2,720**	**1,499**	**3,734**	**7,708**	**(3,515)**	**4,193**
Effect of changes in non-controlling interest	15	-	-	-	-	-	-	-	2,350	2,350	1,064	3,414
Dividends	15	-	-	-	-	-	-	-	(2,431)	(2,431)	(167)	(2,598)
Effect of Share Option Programme		-	-	-	-	-	-	-	111	111	-	111
Transfer of revaluation reserve to retained earnings		-	-	-	-	(175)	-	-	175	-	-	-
As at 30 June 2012		**290,302**	**(10,662)**	**21,434**	**(127,216)**	**228,260**	**447**	**1,349**	**101,509**	**505,423**	**25,093**	**530,516**

(in millions of Russian Rubles unless noted otherwise)

	Note	Share capital	Treasury shares	Share premium	Merger reserve	Revaluation reserve	Available-for-sale financial assets	Remeasu-rement of pension benefit obligation	Retained earnings	Equity attributable to shareholders of OJSC RusHydro	Non-controlling interest	Total equity
As at 1 January 2013 (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		-	-	-	-	-	-	-	9,605	9,605	1,213	10,818
Loss arising on available-for-sale financial assets	9	-	-	-	-	-	(414)	-	-	(414)	(67)	(481)
Loss arising on impaired available-for-sale financial assets	9	-	-	-	-	-	(183)	-	-	(183)	-	(183)
Accumulated loss on available-for-sale financial assets recycled to the Income Statement	9	-	-	-	-	-	244	-	-	244	-	244
Remeasurement of pension benefit obligations		-	-	-	-	-	-	32	-	32	179	211
Other comprehensive loss		-	-	-	-	-	-	-	(5)	(5)	-	(5)
Total comprehensive income		**-**	**-**	**-**	**-**	**-**	**(353)**	**32**	**9,600**	**9,279**	**1,325**	**10,604**
Transactions with the Government and companies under common control	8, 15	-	-	-	(9,234)	-	-	-	2,407	(6,827)	(2,407)	(9,234)
Effect of changes in non-controlling interest	15	-	-	-	-	-	-	-	1,257	1,257	(1,853)	(596)
Dividends	15	-	-	-	-	-	-	-	(3,594)	(3,594)	(160)	(3,754)
Transfer of revaluation reserve to retained earnings		-	-	-	-	(237)	-	-	237	-	-	-
Other movements		-	-	-	-	-	-	-	(6)	(6)	-	(6)
As at 30 June 2013		**317,637**	**(10,662)**	**39,202**	**(136,450)**	**218,520**	**161**	**952**	**85,835**	**515,195**	**22,224**	**537,419**

Note 1. The Group and its operations

Open Joint Stock Company RusHydro (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 six months ended 30 June 2013 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 30 June 2013 the Russian Federation owned 60.50 percent of the total voting ordinary shares of the Company (31 December 2012: 60.50 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.

Financial position. As at 30 June 2013 the Group's current liabilities exceed its current assets (excluding assets and liabilities of subsidiary acquired exclusively with a view for resale and other assets held for sale) by RR 6,045 million (31 December 2012: RR 16,269 million). Included in current liabilities as at 30 June 2013 are accounts payable in respect of share issue to the total amount of RR 66,995 million (Note 15), which will be converted to the Company's share capital upon completion of the additional share issue in 2013 (31 December: RR 50,000 million).

Debt to the total amount of RR 74,684 million mature during next 12 months (Note 17). The management of the Group plans to repay the debt both from own funds and external sources of financing.

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 2012, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

This Condensed Consolidated Interim Financial Information has been reviewed, not audited. Disclosures duplicating information included in the annual Consolidated Financial Statements as at and for the year ended 31 December 2012 have been omitted or condensed.

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 2012 except as described below.

New standards and interpretations effective from 1 January 2013

IFRS 10, Consolidated financial statements. Under IFRS 10, subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when it has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The impact of the adoption of this standard has not been significant with respect to this Condensed Consolidated Interim Financial Information.

IFRS 11, Joint arrangements. Under IFRS 11 investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement.

The impact of the adoption of this standard has not been significant with respect to this Condensed Consolidated Interim Financial Information.

IFRS 13, Fair value measurement. IFRS 13 measurement and disclosure requirements are applicable for the year ended 31 December 2013. The Group has included the disclosures required by IAS 34 para 16A(j) in Note 29.

IAS 19 (revised), Employee benefits. From 1 January 2013 the Group has applied the amendments to IAS 19 retrospectively in accordance with the transition provisions of the standard. Amended IAS 19 makes significant changes to the recognition and measurement of defined benefit pension expenses and to disclosures of all employee benefits. The material impacts of IAS 19 (revised) on the Group’s condensed consolidated interim financial information are as follows:

- “Actuarial gains and losses” are renamed “remeasurements” and now are recognised immediately in other comprehensive income and thus, will no longer be deferred using the corridor approach or recognised in profit or loss;
- Past-services costs are recognised immediately though profit and loss when they occur;
- The annual expense for the funded benefit plan now include net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability. This replaces the finance charge and expected return on plan assets.

(in millions of Russian Rubles unless noted otherwise)

The resulting impacts on the Group's Condensed Consolidated Interim Financial Information are presented below:

	31 December 2012 (before restatement)	Recalculation due to IAS 19 amendments	31 December 2012 (restated)
Investments in associates and joint ventures	17,865	(5)	17,860
Assets of subsidiary acquired exclusively with a view for resale	28,954	(475)	28,479
Total effect on assets		**(480)**	
Retained earnings and other reserves	168,473	436	168,909
Non-controlling interest	23,745	1,574	25,319
Total effect on equity		**2,010**	
Deferred tax liabilities	39,668	(186)	39,482
Other non-current liabilities	14,035	(1,956)	12,079
Accounts payable and accruals	46,171	(7)	46,164
Liabilities of disposal group classified as held for sale	16,394	(341)	16,053
Total effect on liabilities		**(2,490)**	

	Six months ended 30 June 2012 (before restatement)	Recalculation due to IAS 19 amendments	Six months ended 30 June 2012 (restated)
Expenses	(132,614)	(8)	(132,622)
Operating profit	7,333	(8)	7,325
Finance costs, net	(459)	19	(440)
Loss before income tax	6,584	11	6,595
Total income tax expense	(4,460)	331	(4,129)
Profit for the period from continuing operations	2,124	342	2,466
Loss for the period from discontinued operations	(2,592)	(310)	(2,902)
Loss for the period	(468)	32	(436)
Attributable to:			
Shareholders of OJSC RusHydro	3,749	(8)	3,741
Non-controlling interest	(4,217)	40	(4,177)
Remeasurement of pension benefit obligations	-	2,665	2,665
Other comprehensive loss	-	(7)	(7)
Total comprehensive income for the period	1,503	2,690	4,193
Attributable to:			
Shareholders of OJSC RusHydro	6,224	1,484	7,708
Non-controlling interest	(4,721)	1,206	(3,515)
Earnings per ordinary share from continuing operations attributable to the shareholders of OJSC RusHydro – basic and diluted (in Russian Rubles per share)	0.0166	0.0003	0.0169
Loss per ordinary share from discontinued operation attributable to the shareholders of OJSC RusHydro – basic and diluted (in Russian Rubles per share)	(0.0032)	(0.0004)	(0.0036)

The effect of the change in accounting policy on the Condensed Consolidated Interim Statement of Cash Flows was immaterial.

Income tax expense

Income tax expense is accrued in the interim periods using the tax rate that would be applicable to expected total annual profit or loss.

New standards and interpretations

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 2012, are effective for annual periods beginning 1 January 2014 and which the Group has not early adopted.

In addition, the following new amendments to standards have been issued in April–June 2013 and are effective for annual periods beginning 1 January 2014 and which the Group has not early adopted:

Amendments to IAS 36 – Recoverable amount disclosures for non-financial assets (issued on 29 May 2013 and effective for annual periods beginning 1 January 2014; earlier application is permitted if IFRS 13 is applied for the same accounting and comparative period). The amendments remove the requirement to disclose the recoverable amount when a CGU contains goodwill or indefinite lived intangible assets but there has been no impairment.

Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting (issued on 27 June 2013 and effective for annual periods beginning 1 January 2014).The amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated (i.e parties have agreed to replace their original counterparty with a new one) to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met.

The Group is currently assessing the impact of the amendments on the disclosures in its financial statements.

Other new standards and interpretations effective for annual periods beginning on or after 1 January 2014 do not have impact on Group's Consolidated Financial Statements.

Reclassifications

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

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 2012 with the exception of changes in estimates that are required in determining the provision for income taxes (Note 16).

Note 4. Principal subsidiaries

All subsidiaries with the exception of foreign companies are incorporated and operate in the Russian Federation. The Group operates in three main reportable segments (Note 5). The principal subsidiaries are presented below according to their allocation between the reportable segments as at 30 June 2013 and 31 December 2012. Differences between the ownership interest and voting interest held in some subsidiaries represent the effect of preference shares and / or effects of indirect ownership, or non-corporate partnership (LLC).

(in millions of Russian Rubles unless noted otherwise)

Generation

Generation segment includes the Company and the Group's subsidiaries with production and sale of electricity and capacity:

	30 June 2013		31 December 2012	
	% of ownership	% of voting	% of ownership	% of voting
OJSC EI Verchne-Mutnovsky GeoPP	96.26%	100.00%	92.37%	95.81%
OJSC Geotherm	92.80%	92.80%	92.80%	92.80%
CJSC International Power Corporation	90.00%	90.00%	90.00%	90.00%
OJSC Kamchatskiy Gazoenergeticheskiy Complex	96.58%	96.58%	96.58%	96.58%
OJSC Kolimaenergo	98.76%	98.76%	98.76%	98.76%
OJSC Pauzhetskaya GeoPP	92.80%	100.00%	92.80%	100.00%
OJSC Pavlodolskaya HPP	100.00%	100.00%	100.00%	100.00%

Retailing

Retailing segment includes the Group's subsidiaries – participants of the electricity market where they buy electricity and capacity and resell it to final customers. All the entities included in this segment have the guaranteeing supplier status and are obliged to sign contracts on supplies with all final consumers of their region upon their request.

	30 June 2013		31 December 2012	
	% of ownership	% of voting	% of ownership	% of voting
OJSC ESC RusHydro	100.00%	100.00%	100.00%	100.00%
OJSC Chuvashskaya energy retail company	100.00%	100.00%	100.00%	100.00%
LLC ESC Bashkortostan	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%

RAO Energy System of East Group

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

Principal subsidiaries of this segment are presented below:

	30 June 2013		31 December 2012	
	% of ownership	% of voting	% of ownership	% of voting
OJSC RAO Energy System of East*	76.26%	76.72%	66.93%	67.55%
OJSC DEK	39.99%	52.17%	35.23%	52.17%
OJSC DGK	39.99%	100.00%	35.23%	100.00%
OJSC DRSK**	39.99%	100.00%	35.23%	100.00%
OJSC Kamchatskenergo	75.30%	98.74%	66.09%	98.74%
OJSC Magadanenergo	37.37%	64.39%	32.80%	64.39%
OJSC Sakhalinenergo	42.36%	55.55%	37.18%	55.55%
OJSC Yakutskenergo	67.44%	79.16%	62.84%	86.63%

** 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.*

*** Subsidiary acquired in 2011 exclusively with a view for resale and classified as a disposal group and discontinued operation (Note 25).*

The Group's interest in OJSC RAO Energy System of East and its subsidiaries changed following additional share issue of the Company (Note 15).

(in millions of Russian Rubles unless noted otherwise)

Other segments

Other segments include:

- 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:

	30 June 2013		31 December 2012	
	% of ownership	% of voting	% of ownership	% of voting
OJSC Chirkeigesstroy	100.00%	100.00%	100.00%	100.00%
OJSC Elektroremont-VKK	100.00%	100.00%	100.00%	100.00%
OJSC ESCO UES	100.00%	100.00%	100.00%	100.00%
OJSC Gidroremont-VKK	100.00%	100.00%	100.00%	100.00%
OJSC Institute Hydroproject	100.00%	100.00%	100.00%	100.00%
OJSC Lenhydroproject	100.00%	100.00%	100.00%	100.00%
OJSC NIIES	100.00%	100.00%	100.00%	100.00%
OJSC SSHGER	100.00%	100.00%	100.00%	100.00%
OJSC Sulak GidroKaskad	100.00%	100.00%	100.00%	100.00%
OJSC Turboremont-VKK	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%	84.60%	85.17%
OJSC VNIIG	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%

The Group's interest in OJSC Ust'-Srednekanskaya HPP changed following additional share issue of the Company (Note 15).

Note 5. Segment information

Chief Operating decision maker (CODM) of the Group generally analyses information by the groups of operations which are consolidated in the following separate reportable segments: Generation, Retailing, RAO Energy System of East Group and all other segments (Note 4).

CODM reviews the segment financial information which is prepared in accordance with RSA. Such information differs in certain aspects from IFRS:

- property, plant and equipment are stated at historic cost less accumulated depreciation;
- liabilities for the Group's post-employment obligations are not recognised;
- provision for impairment of accounts receivable is recognised based on management's judgement and availability of information rather than based on the incurred loss model and time value of money concept prescribed in IAS 39;
- investments in subsidiaries are not consolidated, investments in associates and joint ventures are not accounted for using the equity method;
- other intercompany assets and liabilities balances are not eliminated.

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.

(in millions of Russian Rubles unless noted otherwise)

Segment information for the six months ended 30 June 2013 and 30 June 2012 and as at 30 June 2013 and 31 December 2012 based on financial information prepared in accordance with RSA is presented below:

	Generation	Retailing	RAO Energy System of East Group	All other segments	Total Group
Six months ended 30 June 2013					
Revenue from external customers	49,632	40,272	69,794	3,113	162,811
Intersegment revenue	5,994	281	242	8,649	15,166
Total revenue	**55,626**	**40,553**	**70,036**	**11,762**	**177,977**
EBITDA (RSA)*	**33,937**	**105**	**6,772**	**291**	**41,105**
Capital expenditure**	**9,723**	**55**	**4,546**	**8,004**	**22,328**
As at 30 June 2013					
Total reportable segment assets	**838,439**	**32,374**	**273,734**	**204,263**	**1,348,810**
Total reportable segment liabilities	**212,082**	**23,755**	**116,575**	**175,319**	**527,731**

Assets of all other segments include assets of the generation objects under construction which will be transferred to the Generation segment on their completion in the amount of RR 137,012 million as at 30 June 2013 (31 December 2012: RR 128,361 million). Liabilities of all other segments consist primarily of intercompany current and non-current debt, accounts payable and accruals.

	Generation	Retailing	RAO Energy System of East Group	All other segments	Total Group
Six months ended 30 June 2012					
Revenue from external customers	41,375	40,320	68,814	3,692	154,201
Intersegment revenue	4,051	215	97	11,644	16,007
Total revenue	**45,426**	**40,535**	**68,911**	**15,336**	**170,208**
EBITDA (RSA)*	**24,027**	**1,190**	**7,700**	**622**	**33,539**
Capital expenditure**	**19,540**	**32**	**7,279**	**12,689**	**39,540**
As at 31 December 2012					
Total reportable segment assets	**779,716**	**33,121**	**276,468**	**201,690**	**1,290,995**
Total reportable segment liabilities	**169,096**	**23,946**	**113,391**	**171,893**	**478,326**

** EBITDA – sales profit (loss) under RSA before depreciation.*

*** Capital expenditure represents additions to property, plant and equipment and construction in progress under RSA, including advances to construction companies and suppliers of property, plant and equipment.*

OJSC DRSK classified as a disposal group and discontinued operation is included in RAO Energy System of East Group segment as at 30 June 2013 and 31 December 2012 (Notes 4, 25).

A reconciliation of the reportable segments' results to the Condensed Consolidated Interim Financial Information for the six months ended 30 June 2013 and 30 June 2012 is presented below:

	Six months ended 30 June 2013	Six months ended 30 June 2012
Total revenue of reportable segments (RSA)	**166,215**	**154,872**
Revenue of all other segments	11,762	15,336
Total revenue (RSA)	**177 977**	**170 208**
Elimination of revenue under free bilateral contracts	(4,530)	(4,171)
Elimination of intersegment revenues	(15,166)	(16,007)
Write-off of revenue not accepted by the contractor (OJSC DRSK)	-	(1,743)
Revenue of OJSC DRSK classified as a discontinued operation	(1,833)	(1,963)
Other	-	(522)
Total revenue (IFRS)	**156,448**	**145,802**

(in millions of Russian Rubles unless noted otherwise)

	Six months ended 30 June 2013	Six months ended 30 June 2012 (restated)
EBITDA of reportable segments (RSA)	**40,814**	**32,917**
EBITDA of all other segments	291	622
Total EBITDA (RSA)	**41,105**	**33,539**
Expenses not included in RSA EBITDA	(1,590)	(2,228)
Finance lease adjustment	937	1,037
Adjustment on accrual of impairment for accounts receivable, net	(2,183)	(1,790)
Government grants	472	245
Effect of Share Option Programmes	-	(111)
Curtailment in pension plan (Note 18)	1,609	-
Expenses capitalised in RSA	(515)	(546)
Depreciation of property, plant, equipment and intangible assets (Note 23)	(9,204)	(9,224)
Impairment of property, plant and equipment (Note 7)	(386)	(4,757)
Impairment of available-for-sale financial assets (Note 9)	(6,299)	(6,451)
Impairment of long-term promissory notes (Note 10)	(1,556)	-
Write-off of revenue not accepted by the contractor (OJSC DRSK)	-	(1,743)
EBITDA of OJSC DRSK classified as discontinued operation	(394)	(374)
Other	(1,471)	(272)
Operating profit (IFRS)	**20,525**	**7,325**

Note 6. Related party transactions

Parties are generally considered to be related if they 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, as described by IAS 24, *Related Parties Disclosure*. In considering each possible related party relationship, attention is paid to the substance of the relationship, not merely the legal form.

The Group's principal related parties for the six months ended 30 June 2013 were joint ventures, associates of the Group and government-related entities.

Joint ventures

The Group had the following balances with its joint ventures:

	Note	30 June 2013	31 December 2012
Promissory notes	10	4,524	5,804
Loans issued		331	3
Advances received		116	120

The Group had the following transactions with its joint ventures:

	Six months ended 30 June 2013	Six months ended 30 June 2012
Other revenue	502	649

Associates

The Group had the following balances with its associates:

	30 June 2013	31 December 2012
Trade and other receivables	1,668	1,496
Accounts payable	2,892	1,909

(in millions of Russian Rubles unless noted otherwise)

The Group had the following transactions with its associates:

	Six months ended 30 June 2013	Six months ended 30 June 2012
Sales of electricity and capacity	1,183	381
Other revenue	320	262
Construction services	2,169	3,218
Purchased electricity and capacity	186	174

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 six months ended 30 June 2013 and 30 June 2012 and balances outstanding as at 30 June 2013 and 31 December 2012 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 six months ended 30 June 2013 (for the six months ended 30 June 2012: approximately 22 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 24 percent of total expenses on purchased electricity, capacity and fuel for the six months ended 30 June 2013 (for the six months ended 30 June 2012: approximately 20 percent).

Electricity distribution services provided to the Group by government-related entities comprised approximately 51 percent of total electricity distribution expenses for the six months ended 30 June 2013 (for the six months ended 30 June 2012: approximately 52 percent). The distribution of electricity is subject to tariff regulations.

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 RAO Energy System of East Group 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 six months ended 30 June 2013 comprised RR 990 million (for the six months ended 30 June 2012: RR 1,374 million).

(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 2012	**68,697**	**342,120**	**148,798**	**222,895**	**12,625**	**795,135**
Additions	17	66	363	25,901	497	26,844
Transfers	1,692	1,609	10,324	(13,835)	210	-
Disposals and write-offs	(312)	(79)	(258)	(266)	(202)	(1,117)
Closing balance as at 30 June 2013	**70,094**	**343,716**	**159,227**	**234,695**	**13,130**	**820,862**
Accumulated depreciation (including impairment)						
Opening balance as at 31 December 2012	**(20,946)**	**(68,659)**	**(52,488)**	**(44,876)**	**(3,705)**	**(190,674)**
Impairment charge	(2)	(1)	(89)	(270)	(24)	(386)
Charge for the period	(819)	(3,100)	(4,494)	-	(731)	(9,144)
Transfers	(27)	(897)	(232)	1,163	(7)	-
Disposals and write-offs	112	12	186	62	70	442
Closing balance as at 30 June 2013	**(21,682)**	**(72,645)**	**(57,117)**	**(43,921)**	**(4,397)**	**(199,762)**
Net book value as at 30 June 2013	**48,412**	**271,071**	**102,110**	**190,774**	**8,733**	**621,100**
Net book value as at 31 December 2012	**47,751**	**273,461**	**96,310**	**178,019**	**8,920**	**604,461**

Cost	Buildings	Facilities	Plant and equipment	Assets under construction	Other	Total
Opening balance as at 31 December 2011	**67,454**	**342,495**	**121,156**	**180,338**	**11,575**	**723,018**
Impairment of revalued property, plant and equipment	(256)	(149)	(490)	-	-	(895)
Additions	156	438	785	39,710	188	41,277
Transfers	434	885	9,022	(10,409)	68	-
Disposals and write-offs	(34)	(15)	(432)	(320)	(432)	(1,233)
Closing balance as at 30 June 2012	**67,754**	**343,654**	**130,041**	**209,319**	**11,399**	**762,167**
Accumulated depreciation (including impairment)						
Opening balance as at 31 December 2011	**(17,591)**	**(52,558)**	**(35,326)**	**(45,068)**	**(3,846)**	**(154,389)**
Impairment charge	(523)	(86)	(730)	(3,351)	(67)	(4,757)
Charge for the period	(666)	(2,839)	(5,072)	-	(511)	(9,088)
Transfers	(47)	(143)	(150)	346	(6)	-
Disposals and write-offs	7	5	252	122	252	638
Closing balance as at 30 June 2012	**(18,820)**	**(55,621)**	**(41,026)**	**(47,951)**	**(4,178)**	**(167,596)**
Net book value as at 30 June 2012	**48,934**	**288,033**	**89,015**	**161,368**	**7,221**	**594,571**
Net book value as at 31 December 2011	**49,863**	**289,937**	**85,830**	**135,270**	**7,729**	**568,629**

Impairment. Management of the Group considered the market and economic environment in which the Group operates to assess whether any indicators of property, plant and equipment being impaired existed, or that an impairment loss recognised in prior periods may no longer exist or may have decreased. At the reporting date no indicators of significant changes of management's assumptions used to determine the recoverable amounts of cash-generating units as at 31 December 2012 were identified as a result of this analysis.

Basing on the same assumptions the Group continued to recognise impairment loss in the amount of RR 386 million for the six months ended 30 June 2013 in respect of additions of property, plant and equipment related to cash-generating units impaired in previous periods.

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For the six months ended 30 June 2012 the Group recognised impairment loss in the amount of RR 4,757 million including Ust'-Srednekanskaya HPP in the amount of RR 1,571 million and other cash-generating units, which are individually insignificant.

Note 8. Investments in associates and joint ventures

The tables below summarise the movements in the carrying value of the Group's interests in associates and joint ventures:

	Carrying value as at 31 December 2012	Acquisition and additional contribution	Reclassi-fication	Share of profit / (loss)	Impairment of investments in associates	Carrying value as at 30 June 2013
Associates						
OJSC Krasnoyarskaya HPP	8,621	-	-	149	(735)	8,035
OJSC Irkutsk Electronetwork Company	-	5,854	-	(44)	-	5,810
OJSC Sakhalin Energy Company	1,812	1,262	-	123	-	3,197
Other	215	-	53	(22)	-	246
Joint ventures						
BoGES Group*	6,648	-	-	(2,967)	-	3,681
BALP Group*	-	-	-	-	-	-
Other	564	243	-	(45)	-	762
Total investments in associates and joint ventures	**17,860**	**7,359**	**53**	**(2,806)**	**(735)**	**21,731**

	Carrying value as at 31 December 2011	Acquisition and additional contribution	Divi-dends	Reclassi-fication	Share of profit / (loss)	Carrying value as at 30 June 2012
Associates						
OJSC Krasnoyarskaya HPP	22,046	-	(502)	-	258	21,802
OJSC Sakhalin Energy Company	1,833	-	-	-	16	1,849
OJSC Trest Gidromontazh	1,012	-	-	-	37	1,049
OJSC Bureyagesstroy	318	-	-	-	(24)	294
Other	247	-	(15)	(2)	15	245
Joint ventures						
BoGES Group*	8,150	-	-	-	(763)	7,387
BALP Group*	-	-	-	-	-	-
Other	80	223	-	(9)	(13)	281
Total investments in associates and joint ventures	**33,686**	**223**	**(517)**	**(11)**	**(474)**	**32,907**

** BoGES Group consists of BoGES Ltd and OJSC Boguchanskaya HPP. BALP Group consists of BALP Ltd and CJSC Boguchansky Aluminium Plant. Total current period result differs from that presented in "Share of results of associates and joint ventures" line of Condensed Consolidated Interim Income Statement for the effect of OJSC Boguchanskaya HPP promissory notes discounting to the total of RR 205 million for the six months ended 30 June 2013 (for the six months ended 30 June 2012: RR 184 million).*

In February 2013 in exchange for additional shares of the Company the Group has received shares of OJSC Irkutsk electronetwork company (Note 15). Investment was recognised at the fair value of transferred shares of the Company at the date of acquisition. As at 30 June 2013 the Group's share in OJSC Irkutsk electronetwork company comprised 42.53 percent. Independent appraisal of the fair value of identifiable assets and liabilities of OJSC Irkutsk electronetwork company has not been completed as at 30 June 2013.

The Group's share in OJSC Sakhalin Energy Company changed as a result of two opposite effects: dilution of the Group's interest following the additional share issue of OJSC Sakhalin Energy Company and contribution of 24.54 percent interest of OJSC Sakhalin Energy Company in exchange for additional shares of the Company (Note 15). Additional investment was recognised at the fair value of transferred shares of the Company at the date of acquisition. As at 30 June 2013 the Group's share in OJSC Sakhalin Energy Company comprised 44.64 percent.

In January 2013 the Group's interest in OJSC Bureyagesstroy was sold for the cash consideration of RR 250 million. As at 31 December 2012 the investment was classified as non-current asset held for sale.

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As at 31 December 2012 investment in OJSC Trest Gidromontazh was reclassified to non-current assets classified as held for sale due to the fact that sale of shares of OJSC Trest Gidromontazh became highly probable. In July 2013 the Board of Directors approved the sale of 33.54 percent interest in OJSC Trest Gidromontazh for the cash consideration in the amount of RR 1,663 million.

The Group's share of BoGES Group's losses is primarily attributed to the impairment of property, plant and equipment of OJSC Boguchanskaya HPP. As at 30 June 2013 net book value of property, plant and equipment of OJSC Boguchanskaya HPP decreased for the total amount of RR 5,525 million due to deterioration in expectations in regard to the achievable sales volumes and revenue in 2013–2014 years. The Group's share of impairment of property, plant and equipment of OJSC Boguchanskaya HPP in amount of RR 2,762 million was reflected as "Share of results of associates and joint ventures" line of Condensed Consolidated Interim Income Statement.

Note 9. Available-for-sale financial assets

	30 June 2013		31 December 2012	
	% of ownership	**Fair value**	**% of ownership**	**Fair value**
OJSC INTER RAO UES	4.92%	6,671	4.92%	12,726
OJSC Russian Grids*	0.78%	478	0.93%	831
OJSC FGC UES	0.13%	169	0.13%	334
OJSC Boguchanskaya HPP	2.89%	134	2.89%	317
Other	-	112	-	118
Total available-for-sale financial assets		**7,564**		**14,326**

** On 23 March 2013 OJSC IDGC Holding was renamed as OJSC Russian Grids.*

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.

For the six months ended 30 June 2013 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 6,055 million (for the six months ended 30 June 2012: RR 6,451 million).

Loss arising on other available-for-sale financial assets for the six months ended 30 June 2013 totaled RR 664 million was recorded within other comprehensive income in amount of RR 420 million, net of tax, (for the six months ended 30 June 2012: RR 326 million, net of tax) and in profit or loss in amount of RR 244 million (for the six months ended 30 June 2012: RR nil million).

Note 10. Other non-current assets

	30 June 2013	31 December 2012
Long-term promissory notes (Net of discount of RR 17,153 million, effective interest rate: 9.75–12.20%, due 2014–2029 as at 30 June 2013 and RR 20,255 million, effective interest rate: 9.75–11.90%, due 2013–2029 as at 31 December 2012)	5,449	6,515
VAT recoverable	5,612	5,419
Dams of Bratskaya, Ust'-Ilimskaya and Irkutskaya HPPs	5,620	5,668
Customer base of LLC ESC Bashkortostan	1,939	2,214
Goodwill	929	929
Other non-current assets	4,959	4,303
Total other non-current assets	**24,508**	**25,048**

Promissory notes of OJSC Boguchanskaya HPP. Included in long-term promissory notes are promissory notes of OJSC Boguchanskaya HPP at amortised cost of RR 4,524 million (31 December 2012: RR 4,320 million), which were pledged as collateral to the State Corporation Vnesheconombank (Note 28).

Promissory notes of CJSC Boguchansky Aluminium Plant. As of 30 June 2013 the Group assessed the recoverable amount of non-interest-bearing promissory notes of CJSC Boguchansky Aluminium Plant. The recoverable amount was determined taking into account the following factors:

- continuing aluminium price reduction on the London Metal Exchange (LME) in the first half of year 2013 as well as decrease of aluminium production volumes according to the actual consumption rates;
- growth of US dollar exchange rate against Russian Ruble in the first half of year 2013 and respective

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growth of amount of liabilities of CJSC Boguchansky Aluminium Plant to the State Corporation Vnesheconombank under the loan agreement;

- cumulative losses of BALP Group, the Group's joint venture, which controls CJSC Boguchansky Aluminium Plant (Note 8).

As a result of the performed analysis, management of the Group concluded that as at 30 June 2013 promissory notes of CJSC Boguchansky Aluminium Plant are highly probable not recoverable and recognised an impairment loss of RR 1,556 million.

Note 11. Cash and cash equivalents

	30 June 2013	31 December 2012
Cash at bank	17,139	10,259
Cash equivalents	33,956	29,547
Cash in hand	21	13
Total cash and cash equivalents	**51,116**	**39,819**

Cash equivalents held as at 30 June 2013 and 31 December 2012 comprised short-term bank deposits with original maturities of three months or less according to contract subject to an insignificant risk of changes in value.

Cash and cash equivalents balances denominated in US Dollars as at 30 June 2013 were RR 51 million (31 December 2012: RR 17 million). Cash and cash equivalents balances denominated in Euros as at 30 June 2013 were RR 676 million (31 December 2012: RR 665 million).

As at 30 June 2013 the line "Cash and cash equivalents" in the Condensed Consolidated Interim Statement of Cash Flows included RR 85 million of cash and cash equivalents held by OJSC DRSK (31 December 2012: RR 38 million).

Note 12. Accounts receivable and prepayments

	30 June 2013	31 December 2012
Trade receivables (Net of provision for impairment of accounts receivable of RR 13,510 million as at 30 June 2013 and RR 11,409 million as at 31 December 2012)	29,018	30,330
VAT recoverable	7,285	9,171
Advances to suppliers and other prepayments (Net of provision for impairment of accounts receivable of RR 395 million as at 30 June 2013 and RR 406 million as at 31 December 2012)	5,913	4,376
Income tax receivable	1,601	2,842
Other receivables (Net of provision for impairment of accounts receivable of RR 2,369 million as at 30 June 2013 and RR 2,650 million as at 31 December 2012)	3,341	2,793
Total accounts receivable and prepayments	**47,158**	**49,512**

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

Note 13. Inventories

	30 June 2013	31 December 2012
Fuel	10,218	12,432
Materials and supplies	5,652	5,165
Spare parts	1,516	1,448
Other materials	543	533
Total inventories	**17,929**	**19,578**

Note 14. Other current assets

	30 June 2013	31 December 2012
Promissory notes and deposits	73,036	53,535
Other short-term investments	245	252
Total other current assets	**73,281**	**53,787**

(in millions of Russian Rubles unless noted otherwise)

Note 15. Equity

	Number of issued ordinary shares (Par value of RR 1.00)
As at 30 June 2013	317,637,520,094
As at 31 December 2012	317,637,520,094
As at 30 June 2012	290,302,702,379
As at 31 December 2011	290,302,702,379

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.

In December 2012 the Group recorded RR 50,000 million of cash received from the Russian Federation, represented by the Federal Agency for State Property Management, as a contribution for the additional share issue. A corresponding obligation was recorded. The funds raised will be used to fund construction of generating facilities in the Far East region of the Russian Federation.

In February 2013 the Group has received the following contributions in exchange for additional shares of the Company: 9.60 percent of ordinary shares of OJSC RAO Energy System of East, 24.54 percent of shares of OJSC Sakhalin Energy Company, 14.83 percent of shares of OJSC Ust'-Srednekanskaya HPP, 42.53 percent of shares of OJSC Irkutsk electronetwork company.

As at 30 June 2013 the Group had an obligation of RR 66,995 million in respect of additional share issue including obligation of RR 66,006 million to the Russian Federation, represented by the Federal Agency for State Property Management (as at 31 December 2012: RR 50,000 million).

Transactions with the Government and companies under common control. The change of merge reserve for the six months ended 30 June 2013 in the amount of RR 9,234 million relates to assets that were received in February 2013 from the Russian Federation and companies under common control 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 2,700 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 increase of share of Group's shareholders in losses accumulated by OJSC Ust'-Srednekanskaya HPP.

Effect of changes in non-controlling interest of subsidiaries. In February 2013 in the course of additional share issue 2012–2013 the Group also has received shares of OJSC RAO Energy System of East from shareholders which are not controlled by the Government. As a result non-controlling interest decreased by RR 1,853 million and retained earnings of the Group increased by RR 1,257 million.

For the six months ended 30 June 2012 non-controlling interest in OJSC RAO Energy System of East increased by RR 1,566 million and retained earnings of the Group decreased by RR 814 million as a result of the Group's interest dilution following the additional ordinary share issue of OJSC RAO Energy System of East, which placement was registered by the Federal Financial Markets Service (FFMS) on 7 February 2012.

On 26 April 2012 the placement of additional share issue of OJSC Ust'-Srednekanskaya HPP was registered by FFMS, main part of the shares issued were bought by the Russian Federation. As the contribution made by the State was higher than the contribution made by the Group, the Group recognised a gain in the amount of RR 3,163 million in retained earnings for the six months ended 30 June 2012. As a result of the dilution of the Group's interest in OJSC Ust'-Srednekanskaya HPP non-controlling interest decreased by RR 502 million due to increase of share in losses of OJSC Ust'-Srednekanskaya HPP previously absorbed by shareholders of the Group.

Dividends. In accordance with the Russian legislation the Group distributes profits as dividends on the basis of financial statements prepared in accordance with Russian accounting standards.

On 28 June 2013 the Company declared dividends for the year ended 31 December 2012 of RR 0.0096 per share in the total amount of RR 3,594 million.

(in millions of Russian Rubles unless noted otherwise)

On 29 June 2012 the Company declared dividends for the year ended 31 December 2011 of RR 0.0079 per share in the total amount of RR 2,431 million.

Dividends in favour of non-controlling interest holders were declared by the Group's subsidiaries in the amount of RR 160 million for the six months ended 30 June 2013 (for the six months ended 30 June 2012: RR 167 million).

Note 16. 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 six months ended 30 June 2013 was 38 percent (for the six months ended 30 June 2012: 49 percent). Higher estimated average annual effective income tax rate for the six months ended 30 June 2012 was primarily due to impairment losses in respect of property, plant and equipment for the year ended 31 December 2012.

	Six months ended 30 June 2013	Six months ended 30 June 2012
Current income tax expense from continuing operations	5,990	2,963
Deferred income tax expense from continuing operations	525	1,166
Total income tax expense from continuing operations	**6,515**	**4,129**
Current income tax benefit from discontinued operations	(69)	(53)
Deferred income tax expense / (benefit) from discontinued operations	83	(992)
Total income tax expense / (benefit) from discontinued operations	**14**	**(1,045)**

Note 17. Current and non-current debt

Non-current debt

	Currency	Due date	30 June 2013	31 December 2012
OJSC Sberbank of Russia	RR	2013–2016	52,840	54,553
Russian bonds (OJSC RusHydro) issued in February 2013	RR	2018*	19,978	-
Eurobonds (RusHydro Finance Ltd)	RR	2015	19,967	19,959
Russian bonds (OJSC RusHydro) issued in April 2011	RR	2016*	14,990	14,988
EBRD	RR	2014–2024	11,486	11,534
OJSC Bank of Moscow	RR	2013–2015	8,519	7,717
OJSC Gazprombank	RR	2013–2016	5,407	3,494
OJSC ROSBANK	RR	2013–2015	5,221	6,132
Russian bonds (OJSC Yakutskenergo)	RR	2013	3,000	3,000
UniCredit Bank Austria AG	EUR	2017	2,128	1,971
EM Falcon Ltd	RR	2013-2014	1,962	2,423
Municipal authority of Kamchatka region	USD	2034	1,553	1,359
CF Structured Products B. V.	USD	-	-	1,822
OJSC Transcreditbank	RR	-	-	901
Other long-term debt	RR	-	2,313	1,889
Finance lease liabilities	RR	-	2,652	2,261
Total			**152,016**	**134,003**
Less current portion of non-current debt			(56,133)	(65,392)
Less current portion of finance lease liabilities			(1,215)	(1,328)
Total non-current debt			**94,668**	**67,283**

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

Russian bonds issued in February 2013. In February 2013 the Group placed non-convertible ten years interest bearing bonds of series 07 with a nominal amount of RR 10,000 million and series 08 with a nominal amount of RR 10,000 million. The term of the offer (period of redemption of bonds on request of their owners) – five years, coupon rate of 8.50 percent per annum was determined for the first five years only.

(in millions of Russian Rubles unless noted otherwise)

Current debt

	Currency	30 June 2013	31 December 2012
OJSC Sberbank of Russia	RR	5,567	2,616
OJSC Gazprombank	RR	4,227	210
OJSC ROSBANK	RR	3,437	1,920
OJSC Alfa-Bank	RR	1,345	-
Current portion of non-current debt	RR	56,133	65,392
Current portion of finance lease liabilities	RR	1,215	1,328
Interest payable	RR	1,992	1,439
Other current debt	RR	768	847
Total current debt and current portion of non-current debt		**74,684**	**73,752**

Compliance with covenants. The Group is subject to certain covenants related primarily to its debt.

As at 30 June 2013 and 31 December 2012 some of the Group's credit contracts are subject to covenant clauses, whereby the Group is required to meet certain key performance indicators. The Group did not fulfill some of the requirements. Outstanding balances for such credit contracts as at 30 June 2013 and 31 December 2012 are not significant. Before 30 June 2013 and 31 December 2012 management received covenant waivers from banks confirming absence of intention to request early repayment of loans.

Debt maturity (excluding finance lease liabilities)

	30 June 2013	31 December 2012
Between one and two years	12,322	8,200
Between two and three years	49,138	32,107
Between three and four years	1,815	16,931
Between four and five years	21,608	1,534
After five years	8,348	7,578
Total	**93,231**	**66,350**

Note 18. Other non-current liabilities

	30 June 2013	31 December 2012
Pension benefit obligations	6,907	8,257
Other non-current liabilities	3,921	3,822
Total other non-current liabilities	**10,828**	**12,079**

Principal actuarial assumptions as at 30 June 2013 were the same as those that applied to the Consolidated Financial Statements as at 31 December 2012 with the exception of changes in discount rate, which increased up to 7.80 percent as at 30 June 2013 (as at 31 December 2012: 7.00 percent).

Amounts recognised in the Group's Condensed Consolidated Interim Statement of Financial Position:

	30 June 2013	31 December 2012
Fair value of plan assets	(852)	(824)
Present value of defined benefit obligations	8,987	10,482
Net liability	**8,135**	**9,658**
including:		
Net liability excluding net liability of OJSC DRSK	6,907	8,257
Net liability of OJSC DRSK	1,228	1,401

On 29 March 2013 OJSC DGK decided to cancel the defined benefit pension plan. The pension liability of the plan on cancellation date was RR 2,458 million. Following the defined benefit pension plan cancellation lump sum payment liabilities have increased for RR 315 million and periodical retirement payments liabilities have increased for RR 534 million. These payments were included in collective agreement and were alternatives for defined benefit pension plan. As a result the Group recognised RR 1,609 million curtailment gain for six months ended 30 June 2013.

(in millions of Russian Rubles unless noted otherwise)

Note 19. Accounts payable and accruals

	30 June 2013	31 December 2012
Trade payables	24,230	29,739
Advances received	6,668	7,606
Settlements with employees	6,439	6,317
Dividends payable	3,816	77
Other accounts payable	2,517	2,425
Total accounts payable and accruals	**43,670**	**46,164**

All accounts payable and accruals are denominated in Russian Rubles.

Note 20. Other taxes payable

	30 June 2013	31 December 2012
VAT	3,868	4,362
Property tax	3,285	1,540
Insurance contributions	2,186	1,826
Other taxes	498	812
Total other taxes payable	**9,837**	**8,540**

Note 21. Revenue

	Six months ended 30 June 2013	Six months ended 30 June 2012
Sales of electricity	116,231	108,908
Sales of heat and hot water	19,328	18,442
Sales of capacity	12,708	11,082
Other revenue	8,181	7,370
Total revenue	**156,448**	**145,802**

Significant increase in revenue from sales of electricity for the six months ended 30 June 2013 is attributable both to increase in production and selling prices.

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

Note 22. 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 six months ended 30 June 2013 the Group received government subsidies in the amount of RR 5,421 million (for the six months ended 30 June 2012: RR 5,353 million) in the following subsidised territories: Kamchatsky territory, the Sakha Republic (Yakutia), Magadan Region and other Far East regions.

(in millions of Russian Rubles unless noted otherwise)

Note 23. Expenses

	Six months ended 30 June 2013	Six months ended 30 June 2012
Purchased electricity and capacity	28,102	28,667
Employee benefit expenses (including payroll taxes, Share Option Programme and pension benefit expenses)	25,541	24,108
Fuel expenses	24,332	24,984
Electricity distribution expenses	20,236	20,467
Depreciation of property, plant and equipment and intangible assets	9,204	9,224
Taxes other than on income	5,322	3,587
Other materials	3,872	4,089
Third parties services, including:		
Services of subcontracting companies	1,962	1,033
Services of SO UES, ATS, CFS	1,685	1,517
Purchase and transportation of heat power	1,476	1,413
Security expenses	1,291	1,195
Repairs and maintenance	1,079	1,190
Rent	901	1,078
Consulting, legal and information expenses	617	771
Transportation expenses	611	464
Insurance cost	538	511
Other third parties services	2,140	1,861
Accrual of impairment of accounts receivable, net	1,996	3,698
Water usage expenses	1,406	1,299
Social charges	836	426
Loss on disposal of property, plant and equipment, net	363	74
Other expenses	1,202	966
Total expenses	**134,712**	**132,622**

Note 24. Finance income, costs

	Six months ended 30 June 2013	Six months ended 30 June 2012
Finance income		
Interest income	4,029	2,655
Foreign exchange gain	224	68
Income on discounting	87	165
Other income	188	2
Total finance income	**4,528**	**2,890**
Finance costs		
Interest expense	(3,139)	(2,149)
Expense on discounting	(435)	(155)
Foreign exchange loss	(276)	(202)
Finance lease expense	(190)	(170)
Other costs	(333)	(654)
Total finance costs	**(4,373)**	**(3,330)**

Note 25. Discontinued operations

The resolution of the Russian Government No. 1174-p dated 7 July 2011 stipulated integration of grid assets of OJSC DRSK (Group`s subsidiary) into OJSC FGC UES. The Decree of the President of Russian Federation No. 1567 dated 22 November 2012 defined the structure of grid system – the foundation of unified holding company OJSC Russian Grids, with control over OJSC FGC UES. The integration of OJSC DRSK into OJSC FGC UES during the first half of year 2013 was slowed due to the creation of unified holding company OJSC Russian Grids. However, as at 30 June 2013 probability of OJSC DRSK shares transfer to OJSC FGC UES is still assessed as high, the Group continued to classify OJSC DRSK as a subsidiary acquired exclusively with a view for resale (Note 4).

(in millions of Russian Rubles unless noted otherwise)

Note 26. Earnings per share

	Six months ended 30 June 2013	Six months ended 30 June 2012
Weighted average number of ordinary shares issued (thousands of shares)	308,933,768	281,598,950
Profit for the period from continuing operations attributable to the shareholders of OJSC RusHydro	9,609	4,763
Loss for the period from discontinued operations attributable to the shareholders of OJSC RusHydro	(4)	(1,022)
Earnings per share from continuing operations attributable to the shareholders of OJSC RusHydro – basic and diluted (in Russian Rubles per share)	**0.0311**	**0.0169**
Loss per share from discontinued operations attributable to the shareholders of OJSC RusHydro – basic and diluted (in Russian Rubles per share)	**-**	**(0.0036)**

Note 27. Commitments

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.

Capital commitments. Future capital expenditures in accordance with the contractual obligations amounted to RR 162,097 million as at 30 June 2013 (31 December 2012: RR 179,875 million). The major part of future capital expenditures under contractual obligations as at 30 June 2013 are related to the following hydropower plants: Saratovskaya HPP in the amount of RR 46,292 million, Volzhskaya HPP in the amount of RR 34,695 million and Zhigulevskaya HPP in the amount of RR 14,575 million (due to the reconstruction of equipment of hydropower plants), Nizhne-Bureiskaya HPP in the amount of RR 20,220 million, Zagorskaya GAES-2 in the amount of RR 8,115 million (due to the construction of the power plant).

Note 28. Contingencies

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.

In connection with the accident at Sayano-Shushenskaya HPP in August 2009, there is a possibility of a large number of claims related to the accident, which subject may include: compensation of damage caused to life and health, compensation of losses from termination of contracts, other proceedings. Moreover, the prosecutor's office and other oversight bodies are examining operations of the Company and this also may result in additional claims against the Company and its employees.

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.

Amended Russian transfer pricing legislation took effect from 1 January 2012. The new transfer pricing rules appear to be more technically elaborate and, to a certain extent, better aligned with the international transfer pricing principles developed by the Organisation for Economic Co-operation and Development (OECD). The new legislation provides the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controlled transactions (transactions with related parties and some types of transactions with unrelated parties), provided that the transaction price is not arm's length.

(in millions of Russian Rubles unless noted otherwise)

During the six months ended 30 June 2013 the Group's subsidiaries had controlled transactions and transactions which highly probably will be considered by tax authorities to be controlled based on the results of the period. Management has implemented internal controls to be in compliance with the new transfer pricing legislation.

Given that the practice of implementation of the new Russian transfer pricing rules has not yet developed, the impact of any challenge of the Group's transfer prices cannot be reliably estimated, however, it may be significant to the financial conditions and/or the overall operations of the Group.

Management believes that as at 30 June 2013 its interpretation of the relevant legislation was appropriate and the Group's tax, currency and customs positions would be sustained.

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 617 million as at 30 June 2013 (31 December 2012: RR 618 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 facility:

Counterparty	**30 June 2013**	**31 December 2012**
for OJSC Boguchanskaya HPP:		
State Corporation Vnesheconombank	24,497	19,946
for CJSC Boguchansky Aluminium Plant:		
ALSTOM Grid SAS	163	395
Solios Environnement S. A.	-	534
Total guarantees issued	**24,660**	**20,875**

BEMA project financing scheme. As at 30 June 2013 all conditions of BEMA project financing scheme remained unchanged as disclosed in the annual Consolidated Financial Statements as at and for the year ended 31 December 2012.

As at 30 June 2013 the amount of liabilities of OJSC Boguchanskaya HPP to the State Corporation Vnesheconombank under the loan agreement was RR 24,497 million including accrued interest in the amount of RR 14 million (31 December 2012: RR 19,946 million including accrued interest in the amount of RR 17 million).

As at 30 June 2013 the amortised cost of interest-free long-term promissory notes of OJSC Boguchanskaya HPP (payable not earlier than 31 December 2029 with total nominal value of RR 21,027 million) pledged as collateral to the State Corporation Vnesheconombank amounted to RR 4,524 million (31 December 2012: RR 4,320 million) (Note 10).

As at 30 June 2013 interest-free long-term promissory notes of CJSC Boguchansky Aluminium Plant (payable not earlier than 31 December 2024 with the total nominal value of RR 4,662 million) pledged as collateral to the State Corporation Vnesheconombank were fully impaired (Note 10).

Note 29. Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between knowledgeable willing parties, other than in a forced sale or liquidation, and is best evidenced by an active quoted market price.

The estimated fair values of financial instruments have been determined by the Group using available market information, where it exists, and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to determine the estimated fair value. The Russian Federation continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in the financial markets. Market quotations may be outdated or reflect distress sales transactions and therefore not represent fair values of financial instruments. Management has used all available market information in estimating the fair value of financial instruments.

Financial instruments carried at fair value. Available-for-sale financial assets and financial derivatives are carried in the Consolidated Statement of Financial Position at their fair value that is measured on the basis of the quoted prices in an active market (Level 1 in the fair value hierarchy).

Financial assets carried at amortised cost. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on credit risk of the counterparty.

Carrying amounts of trade and other financial receivables approximate fair values (Note 12).

Liabilities carried at amortised cost. The estimated fair value of fixed interest rate instruments with stated maturity was estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

Carrying amounts of liabilities carried at amortised cost approximate fair values.

Note 30. Subsequent events

Since the end of July 2013, the Far East regions where the Group operates have been hit by the worst flood over the last years. Some districts declared a state of emergency. Management continuously performs flood monitoring and takes all measures to minimise losses and mitigate effects of the natural disaster. Currently, it is not practicable to assess the ultimate consequences of this emergency, however, they can have a significant impact on the Group's operational results in the future.