

**RUSHYDRO GROUP**

**IFRS Condensed Consolidated Interim  
Financial Information (Unaudited)  
and Review Report of the Auditors**

**As at and for the six months ended 30 June 2012**

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## **Report on Review of condensed consolidated interim financial information**

To the Shareholders and the 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 at 30 June 2012 and the related condensed consolidated interim income statement, statements of comprehensive income, cash flows and changes in equity for the six months 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*

19 October 2012

Moscow, Russian Federation

**RusHydro Group**  
**Condensed Consolidated Interim Statement of Financial Position as at 30 June 2012 (unaudited)**  
(in millions of Russian Rubles unless noted otherwise)

	Note	30 June 2012	31 December 2011
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	594,571	568,629
Investments in associates and jointly controlled entities		32,910	33,686
Available-for-sale financial assets	8	15,943	19,738
Other non-current assets	9	36,991	36,136
<b>Total non-current assets</b>		<b>680,415</b>	<b>658,189</b>
<b>Current assets</b>			
Cash and cash equivalents	10	59,719	47,337
Accounts receivable and prepayments	11	49,459	49,871
Inventories	12	16,669	17,972
Other current assets	13	6,409	9,944
<b>Total current assets</b>		<b>132,256</b>	<b>125,124</b>
Assets of subsidiary acquired exclusively with a view for resale	24	27,176	28,470
<b>TOTAL ASSETS</b>		<b>839,847</b>	<b>811,783</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	14	290,302	290,302
Treasury shares		(10,662)	(10,662)
Share premium		21,434	21,434
Retained earnings and other reserves		203,669	197,416
<b>Equity attributable to the shareholders of OJSC RusHydro</b>		<b>504,743</b>	<b>498,490</b>
Non-controlling interest		23,345	27,169
<b>TOTAL EQUITY</b>		<b>528,088</b>	<b>525,659</b>
<b>Non-current liabilities</b>			
Deferred income tax liabilities		45,390	44,340
Non-current debt	16	105,497	102,624
Other non-current liabilities	17	12,804	13,001
<b>Total non-current liabilities</b>		<b>163,691</b>	<b>159,965</b>
<b>Current liabilities</b>			
Current debt and current portion of non-current debt	16	41,471	21,414
Accounts payable and accruals	18	39,474	40,030
Accounts payable in respect of share issues	14	45,102	43,604
Taxes payable	19	7,845	8,018
<b>Total current liabilities</b>		<b>133,892</b>	<b>113,066</b>
Liabilities of subsidiary acquired exclusively with a view for resale	24	14,176	13,093
<b>TOTAL LIABILITIES</b>		<b>311,759</b>	<b>286,124</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>839,847</b>	<b>811,783</b>

Chairman of Management Board

E. V. Dod

Chief Accountant

D. V. Finkel

19 October 2012





**RusHydro Group**  
**Condensed Consolidated Interim Statement of Comprehensive Income for the six months ended**  
**30 June 2012 (unaudited)**

(in millions of Russian Rubles unless noted otherwise)

	Note	Six months ended 30 June 2012	Six months ended 30 June 2011 (restated)
(Loss) / profit for the period		(468)	32,360
<b>Other comprehensive income, net of tax:</b>			
Loss arising on available-for-sale financial assets	8	(326)	(2,960)
Loss arising on impaired available-for-sale financial assets	8	(3,438)	-
Loss arising on disposed available-for-sale financial assets	4	-	(2,577)
Accumulated loss / (gain) on available-for-sale financial assets recycled to the Income Statement	4, 8	6,451	(2,040)
Revaluation write-down due to impairment of property, plant and equipment	7	(716)	(5,718)
<b>Total comprehensive income for the period</b>		<b>1,503</b>	<b>19,065</b>
Attributable to:			
Shareholders of OJSC RusHydro		6,224	16,716
Non-controlling interest		(4,721)	2,349

Chairman of Management Board

E. V. Dod

Chief Accountant

D. V. Finkel



19 October 2012

**RusHydro Group**  
**Condensed Consolidated Interim Statement of Cash Flows for the six months ended 30 June 2012**  
**(unaudited)**  
(in millions of Russian Rubles unless noted otherwise)

	Note	Six months ended 30 June 2012	Six months ended 30 June 2011 (restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Profit before income tax		6,584	41,109
Depreciation of property, plant and equipment	7, 22	8,836	8,247
Loss on disposal of property, plant and equipment, net	22	74	516
Share of loss / (profit) of associates and jointly controlled entities		290	(69)
Gain on disposal of available-for-sale financial assets held for sale and Disposal group	4	-	(750)
Finance income	23	(2,890)	(2,094)
Finance costs	23	3,349	3,237
Accrual / (reversal) of impairment of accounts receivable	22	3,698	(1,596)
Effect of Share Option Programme expenses	6	111	531
Pension expenses		399	200
Impairment of property, plant and equipment	7	4,757	712
Impairment of available-for-sale financial assets	8	6,451	-
Other (income) / expense		(14)	127
<b>Operating cash flows before working capital changes and income tax paid</b>		<b>31,645</b>	<b>50,170</b>
Working capital changes:			
Increase in accounts receivable and prepayments		(1,539)	(10,965)
Decrease / (increase) in inventories		1,299	(382)
Increase in other non-current assets		(1,191)	(1,410)
Increase in accounts payable and accruals		73	14,383
(Decrease) / increase in other taxes payable		(77)	525
Decrease in other non-current liabilities		(1,284)	(195)
Income tax paid		(4,467)	(8,738)
<b>Net cash generated by operating activities</b>		<b>24,459</b>	<b>43,388</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of property, plant and equipment		(37,277)	(27,476)
Proceeds from sale of property, plant and equipment		130	127
Disposal of subsidiaries (Disposal group)		-	(17,325)
Investment in bank deposits and purchase of other investments		(20,264)	(9,591)
Redemption of bank deposits and proceeds from sale of other investments		24,707	24,425
Purchase of subsidiaries from parties under common control		-	(173)
Purchase of associates		-	(600)
Contribution to share capital of jointly controlled entity		(223)	-
Settlement of derivative instruments		(4)	(98)
Interest received		2,599	1,766
<b>Net cash used in investing activities</b>		<b>(30,332)</b>	<b>(28,945)</b>

**RusHydro Group**  
**Condensed Consolidated Interim Statement of Cash Flows for the six months ended 30 June 2012**  
**(unaudited)**

(in millions of Russian Rubles unless noted otherwise)

	Note	Six months ended 30 June 2012	Six months ended 30 June 2011 (restated)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from current debt	16	19,222	19,079
Proceeds from non-current debt	16	24,480	27,807
Repayment of debt	16	(21,114)	(33,168)
Interest paid		(5,018)	(3,326)
Dividends paid		-	(343)
Proceeds from share issue		1,498	170
Proceeds from share issue in subsidiaries		-	2,649
Finance lease payments		(803)	(786)
<b>Net cash generated by financing activities</b>		<b>18,265</b>	<b>12,082</b>
Net cash generated by subsidiary acquired exclusively with a view for resale	24	39	-
Foreign exchange loss on cash balances		(10)	(4)
<b>Increase in cash and cash equivalents</b>		<b>12,421</b>	<b>26,521</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>47,414</b>	<b>28,465</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>10, 24</b>	<b>59,835</b>	<b>54,986</b>

Chairman of Management Board

E. V. Dod

Chief Accountant

D. V. Finkel

19 October 2012



**RusHydro Group**  
**Condensed Consolidated Interim Statement of Changes in Equity for the six months ended 30 June 2012 (unaudited)**  
(in millions of Russian Rubles unless noted otherwise)

	Note	Share capital	Treasury shares	Share premium	Merger reserve	Revaluation reserve	Available-for-sale financial assets	Retained earnings	Equity attributable to shareholders of OJSC RusHydro	Non-controlling interest	Total equity
<b>As at 1 January 2012</b>		290,302	(10,662)	21,434	(127,216)	228,680	(2,273)	98,225	498,490	27,169	525,659
Loss for the period		-	-	-	-	-	-	3,749	3,749	(4,217)	(468)
Loss arising on available-for-sale financial assets	8	-	-	-	-	-	(293)	-	(293)	(33)	(326)
Loss arising on impaired available-for-sale financial assets	8	-	-	-	-	-	(3,438)	-	(3,438)	-	(3,438)
Accumulated loss on available-for-sale financial assets recycled to the Income Statement	8	-	-	-	-	-	6,451	-	6,451	-	6,451
Revaluation write-down due to impairment of property, plant and equipment	7	-	-	-	-	(245)	-	-	(245)	(471)	(716)
<b>Total comprehensive income</b>		-	-	-	-	(245)	2,720	3,749	6,224	(4,721)	1,503
Effect of changes in non-controlling interest	14	-	-	-	-	-	-	2,349	2,349	1,064	3,413
Dividends	14	-	-	-	-	-	-	(2,431)	(2,431)	(167)	(2,598)
Effect of Share Option Programme	6	-	-	-	-	-	-	111	111	-	111
Transfer of revaluation reserve to retained earnings		-	-	-	-	(175)	-	175	-	-	-
<b>As at 30 June 2012</b>		290,302	(10,662)	21,434	(127,216)	228,260	447	102,178	504,743	23,345	528,088

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



## RusHydro Group

### Notes to the Condensed Consolidated Interim Financial Information as at and for the six months ended 30 June 2012 (unaudited)

(in millions of Russian Rubles unless noted otherwise)

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#### Note 1. The Group and its operations

Open Joint Stock Company RusHydro (OJSC RusHydro – hereinafter referred to as “the Company”) and its subsidiaries (RusHydro Group – hereinafter referred to as “the Group”) are primarily engaged in generation and sale of electricity and capacity on the Russian wholesale and retail markets, as well as generation and sale of heat energy. The Government of the Russian Federation is the ultimate controlling party of the Group.

**Changes in the Group's structure and its financial performance.** The Group's principal subsidiaries are presented in Note 4. Changes in the Group's structure significantly affecting this Condensed Consolidated Interim Financial Information are described below.

In 2011 the Group acquired controlling interest in RAO Energy System of East Group, OJSC Pavlodolskaya HPP, OJSC Kamchatskiy Gazoenergeticheskiy Complex in the course of the Group's additional ordinary share issue and purchased controlling interest in CJSC International Power Corporation. These acquisitions from parties under common control were accounted for using predecessor values method (Note 3).

In March 2011 the Group transferred investments in several retailing companies classified as held for sale as a contribution to the share capital of OJSC INTER RAO UES (Note 4). Disposal of these retailing companies had a significant impact on revenue (Note 20) and expenses (Note 22) of the Group and resulted in the decrease of the Group's operating profit margin.

In September 2011 the Group acquired a 100 percent interest in LLC ESC Bashkortostan (Energy Supply Company of Bashkortostan). The transaction was accounted for as a business combination. The acquired subsidiary contributed revenue of RR 20,138 million and profit of RR 376 million for the six month ended 30 June 2012.

Abolishment of investment component in capacity tariffs in 2012 had significant adverse impact on revenue, resulting in the decrease of operating profit margin of the Group.

**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.

**Relations with the Government and current regulation.** As at 30 June 2012 the Russian Federation owned 57.97 percent of the total ordinary shares of the Company (31 December 2011: 57.97 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 render electricity dispatch, transmission and distribution services to the Group, 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;
- its tariff regulation within wholesale electricity and capacity as well as retail electricity markets;
- agreement procedures for the Group's investment programme, volume and sources of financing, control over its implementation;
- existing antimonopoly regulation.

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

**Operating environment of the Group.** During the six months ended 30 June 2012 no substantial changes to the rules of Russian wholesale and retail electricity and capacity markets, their functioning and price setting mechanisms have been made except for abolishment of investment component in capacity tariffs.

**Seasonality of business.** The demand for the Group's heat and electricity generation and supply depends on weather conditions and the season. Electricity is generated by hydro generation plants as well as by heating generation sites of the Group. Heat is generated by heating generation site of the Group. 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 2011, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

This Condensed Consolidated Interim Financial Information is unaudited and does not contain certain information and disclosures required in annual IFRS financial statements. Disclosures duplicating information included in the annual Consolidated Financial Statements as at and for the year ended 31 December 2011 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 2011 except for income tax which is accrued in the interim periods using the tax rate that would be applicable to expected total annual profit or loss.

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

The Group has adopted all new standards and interpretations that were effective from 1 January 2012. The impact of the adoption of these new standards and interpretations has not been significant with respect to this Condensed Consolidated Interim Financial Information.

Certain new standards, interpretations and amendments to standards and interpretations, as disclosed in the Consolidated Financial Statements as at and for the year ended 31 December 2011, have been issued but are not effective for the financial year beginning 1 January 2012 and which the Group has not early adopted.

In addition, the following new amendments to standards have been issued in May–June 2012 but are not effective for the financial year beginning 1 January 2012 and which the Group has not early adopted.

**Improvements to IFRS** (issued in May 2012 and effective for annual periods beginning on or after 1 January 2013). IAS 1 was amended to clarify that explanatory notes are not required to support the third balance sheet presented at the beginning of the preceding period when it is provided because it was materially impacted by a retrospective restatement, changes in accounting policies or reclassifications for presentation purposes, while explanatory notes will be required when an entity voluntarily decides to provide additional comparative statements. IAS 16 was amended to clarify that servicing equipment that is used for more than one year is classified as property, plant and equipment rather than inventory. IAS 32 was amended to clarify that certain tax consequences of distributions to owners should be accounted for in the income statement as was always required by IAS 12. IAS 34 was amended to bring its requirements in line with IFRS 8. IAS 34 will require disclosure of a measure of total assets and liabilities for an operating segment only if such information is regularly provided to chief operating decision maker and there has been a material change in those measures since the last annual financial statements.

**Transition Guidance Amendments to IFRS 10, IFRS 11 and IFRS 12** (issued in June 2012 and effective for annual periods beginning on or after 1 January 2013). The amendments clarify the transition guidance in IFRS 10. Entities adopting IFRS 10 should assess control at the first day of the annual period in which IFRS 10 is adopted, and if the consolidation conclusion under IFRS 10 differs from IAS 27 and SIC 12, the immediately preceding comparative period is restated, unless impracticable. The amendments also provide additional transition relief in IFRS 10, IFRS 11 and IFRS 12 by limiting the requirement to provide adjusted comparative information only for the immediately preceding comparative period. Further, the amendments will remove the requirement to present comparative information for disclosures related to unconsolidated structured entities for periods before IFRS 12 is first applied.

## RusHydro Group

### Notes to the Condensed Consolidated Interim Financial Information as at and for the six months ended 30 June 2012 (unaudited)

(in millions of Russian Rubles unless noted otherwise)

The Group is currently considering the implications of these new accounting pronouncements, their impact on the Group and the timing of their adoption by the Group.

**Critical accounting estimates and judgements.** The preparation of Condensed Consolidated Interim Financial Information requires management to make judgements, 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 judgements 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 2011 with the exception of changes in estimates that are required in determining the provision for income taxes.

**Acquisition of subsidiaries from parties under common control.** The prior period Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity are not the same as those previously presented due to the acquisition of businesses from parties under common control during 2011 (Note 1) that have been accounted for using the predecessor values method and retrospectively presented in all periods reported except for OJSC DRSK which was classified as a subsidiary acquired exclusively with a view for resale and accounted for using predecessor values method prospectively from the acquisition date, 28 October 2011 (Note 24).

The effects of retrospective application of predecessor values method on financial results for the six months ended 30 June 2011 were as follows:

	Six months ended 30 June 2011	
	Before restatement	After restatement
Revenue	164,343	226,565
Profit for the period	27,053	32,360

#### 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 2012 and 31 December 2011. 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).

##### Generation

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

	30 June 2012		31 December 2011	
	% of ownership	% of voting	% of ownership	% of voting
OJSC EI Verchne-Mutnovsky GeoPP	92.37%	95.81%	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.

## RusHydro Group

### Notes to the Condensed Consolidated Interim Financial Information as at and for the six months ended 30 June 2012 (unaudited)

(in millions of Russian Rubles unless noted otherwise)

	30 June 2012		31 December 2011	
	% of ownership	% of voting	% of ownership	% of voting
OJSC Chuvashskaya energy retail company	100.00%	100.00%	100.00%	100.00%
LLC ESC Bashkortostan	100.00%	-	100.00%	-
OJSC Krasnoyarskenergosbyt	65.81%	65.81%	65.81%	69.40%
OJSC Ryazan Power Distributing Company	90.52%	90.52%	90.52%	90.52%

On 28 March 2011 (hereinafter referred to as "Date of disposal") the Group transferred investments in OJSC Mosenergosbyt and its subsidiaries, OJSC Saint Petersburg Sale Company and its subsidiaries, OJSC Altayenergosbyt, OJSC Tambov Energy Retailing Company, OJSC Saratovenergo, OJSC United Energy Retailing Company (hereinafter together referred to as "Disposal group") with certain available-for-sale investments classified as held for sale as a contribution to the share capital of OJSC INTER RAO UES in accordance with the decisions of the Russian Government defining the list of assets to be contributed in the course of additional share issue of OJSC INTER RAO UES.

Gain on disposal of available-for-sale financial assets and Disposal group recognised for the six months ended 30 June 2011 comprised RR 750 million, as summarised below:

	Date of disposal
Net assets of Disposal group	(12,049)
Net assets of Disposal group attributable to non-controlling interest holders	5,593
Available-for-sale financial assets classified as held for sale	(15,930)
Fair value of consideration received (OJSC INTER RAO shares)	20,660
Accumulated gain on available-for-sale financial assets recycled to the Income Statement (related deferred tax liability of RR 436 million)	2,476
<b>Gain on disposal of available-for-sale financial assets and Disposal group</b>	<b>750</b>

Included in accumulated gain on available-for-sale assets recycled to the Income Statement were losses for the period from 1 January 2011 up to the Date of disposal in the amount of RR 2,577 million.

Disposal group's profit for the period from 1 January 2011 up to the Date of disposal attributable to non-controlling interest holders comprised RR 2,337 million.

#### **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 2012		31 December 2011	
	% of ownership	% of voting	% of ownership	% of voting
OJSC RAO Energy System of East*	66.93%	67.55%	69.28%	69.28%
OJSC DEK	35.23%	52.17%	36.43%	52.17%
OJSC DGK	35.23%	100.00%	36.43%	100.00%
OJSC Kamchatskenergo	66.05%	98.68%	68.36%	98.68%
OJSC Magadanenergo	32.80%	64.39%	33.95%	64.39%
OJSC Sakhalinenergo	37.18%	55.55%	38.48%	55.55%
OJSC Yakutskenergo	61.51%	84.32%	62.63%	84.32%
OJSC DRSK**	35.23%	100.00%	36.43%	100.00%

\* 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 as at 30 June 2012 and as at 31 December 2011 (Note 3).

## RusHydro Group

### Notes to the Condensed Consolidated Interim Financial Information as at and for the six months ended 30 June 2012 (unaudited)

(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 2012		31 December 2011	
	% of ownership	% of voting	% of ownership	% of voting
OJSC Chirkeigesstroy	100.00%	100.00%	100.00%	100.00%
OJSC Elektromont-VKK	100.00%	100.00%	100.00%	100.00%
OJSC ESCO UES	100.00%	100.00%	100.00%	100.00%
OJSC Gidromont-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 Turbomont-VKK	100.00%	100.00%	100.00%	100.00%
OJSC Ust'-Srednekangesstroy	98.76%	100.00%	98.76%	100.00%
OJSC Ust'-Srednekanskaya HPP	84.60%	85.17%	99.34%	100.00%
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%

#### 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;
- provisions for impairment of accounts receivable are 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 jointly controlled entities 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.

## RusHydro Group

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(in millions of Russian Rubles unless noted otherwise)

Segment information for the six months ended 30 June 2012 and 30 June 2011 and as at 30 June 2012 and 31 December 2011 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
<b>Six months ended 30 June 2012</b>					
Revenue from external customers	41,376	40,135	68,814	3,877	154,202
Intersegment revenue	4,051	195	97	11,664	16,007
<b>Total revenue</b>	<b>45,427</b>	<b>40,330</b>	<b>68,911</b>	<b>15,541</b>	<b>170,209</b>
<b>EBITDA (RSA)*</b>	<b>24,027</b>	<b>1,320</b>	<b>2,911</b>	<b>545</b>	<b>28,803</b>
<b>Capital expenditure**</b>	<b>19,631</b>	<b>91</b>	<b>7,279</b>	<b>12,513</b>	<b>39,514</b>
<b>As at 30 June 2012</b>					
<b>Total reportable segment assets</b>	<b>720,964</b>	<b>11,283</b>	<b>262,735</b>	<b>206,712</b>	<b>1,201,694</b>
<b>Total reportable segment liabilities</b>	<b>157,151</b>	<b>7,023</b>	<b>106,323</b>	<b>173,184</b>	<b>443,681</b>

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 116,898 million as at 30 June 2012 (31 December 2011: RR 106,430 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
<b>Six months ended 30 June 2011</b>					
Revenue from external customers	42,734	115,951	65,298	2,323	226,306
Intersegment revenue	5,517	833	-	10,421	16,771
<b>Total revenue</b>	<b>48,251</b>	<b>116,784</b>	<b>65,298</b>	<b>12,744</b>	<b>243,077</b>
<b>EBITDA (RSA)*</b>	<b>33,042</b>	<b>8,640</b>	<b>3,741</b>	<b>921</b>	<b>46,344</b>
<b>Capital expenditure**</b>	<b>10,563</b>	<b>181</b>	<b>6,489</b>	<b>11,996</b>	<b>29,229</b>
<b>As at 31 December 2011</b>					
<b>Total reportable segment assets</b>	<b>685,000</b>	<b>12,358</b>	<b>260,401</b>	<b>197,480</b>	<b>1,155,239</b>
<b>Total reportable segment liabilities</b>	<b>131,853</b>	<b>8,344</b>	<b>100,649</b>	<b>161,912</b>	<b>402,758</b>

\* EBITDA is determined as earnings before interest, tax, depreciation and amortisation, calculated as gross profit 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.

Included in Retailing segment results for the six months ended 30 June 2011 are results of Disposal group up to the date of disposal (Notes 20, 22).

OJSC DRSK classified as a disposal group and discontinued operation is included in RAO Energy System of East Group segment as at 30 June 2012 and 31 December 2011 (Notes 3, 24).

A reconciliation of the reportable segments' results to the Condensed Consolidated Interim Financial Information for the six months ended 30 June 2012 and 30 June 2011 and as at 30 June 2012 and 31 December 2011 is presented below:

	Six months ended 30 June 2012	Six months ended 30 June 2011
<b>Total revenue of reportable segments (RSA)</b>	<b>154,668</b>	<b>230,333</b>
Revenue of all other segments	15,541	12,744
Differences in revenue recognition under IFRS	(4,275)	(93)
Elimination of intersegment revenues	(16,007)	(16,771)
Write-off of revenue of OJSC DRSK not accepted by contractor	(1,743)	-
Revenue of OJSC DRSK classified as a discontinued operation	(1,963)	-
Other	(419)	352
<b>Total revenue (IFRS)</b>	<b>145,802</b>	<b>226,565</b>

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	Six months ended 30 June 2012	Six months ended 30 June 2011
<b>EBITDA of reportable segments (RSA)</b>	<b>28,258</b>	<b>45,423</b>
EBITDA of all other segments	545	921
Finance lease adjustment	917	841
Accrual of allowance for impairment of trade and other receivables (including write-off of allowance for receivables of OJSC DRSK in the amount of RR 2,056 million)	(1,789)	1,680
Effect of Share Option Programmes (Note 6)	(111)	(531)
Expenses not included in RSA EBITDA, net	(2,405)	(840)
Government grants	5,145	3,901
Depreciation of property, plant and equipment (Note 22)	(8,836)	(8,247)
Impairment of property, plant and equipment (Note 7)	(4,757)	(712)
Write-off of revenue of OJSC DRSK not accepted by contractor	(1,743)	-
EBITDA of OJSC DRSK classified as discontinued operation	(134)	-
Other	(1,306)	(1,003)
<b>Operating profit (IFRS)</b>	<b>13,784</b>	<b>41,433</b>

Reportable segments' assets are reconciled to total assets as follows:

	30 June 2012	31 December 2011
<b>Total reportable segment assets (RSA)</b>	<b>994,982</b>	<b>957,759</b>
Assets of all other segments	206,712	197,480
Property, plant and equipment adjustment	(5,209)	2,667
Adjustment on investments in associates and jointly controlled entities	12,980	13,117
Finance lease adjustment	2,352	2,564
Deferred tax adjustment	(3,010)	(1,845)
Unrealised profit adjustment	(4,928)	(4,760)
Differences in interest expense capitalisation in RSA and IFRS	740	(809)
Write-off and impairment of accounts receivable (including write-off of allowance for receivables of OJSC DRSK in the amount of RR 2,056 million)	(3,256)	(2,266)
Treasury shares adjustment	(4,125)	(5,252)
Adjustment on fair value of available-for-sale financial assets	(623)	(1,136)
Discounting of financial instruments	(20,886)	(21,157)
Elimination of investments in subsidiaries	(150,790)	(154,543)
Elimination of intercompany balances	(181,458)	(168,749)
Write-off of prepaid expenses	(724)	(759)
Write-off accounts receivable of OJSC DRSK in respect of revenue not accepted by contractor	(2,056)	-
Other	(854)	(528)
<b>Total assets (IFRS)</b>	<b>839,847</b>	<b>811,783</b>

Reportable segments' liabilities are reconciled to total liabilities as follows:

	30 June 2012	31 December 2011
<b>Total reportable segment liabilities (RSA)</b>	<b>270,497</b>	<b>240,846</b>
Liabilities of all other segments	173,184	161,912
Deferred tax adjustment	37,973	40,678
Pension adjustment	11,542	12,093
Finance lease adjustment	2,739	2,968
Discounting of financial instruments	(2,710)	(2,788)
Elimination of intercompany balances	(181,458)	(168,749)
Other	(8)	(836)
<b>Total liabilities (IFRS)</b>	<b>311,759</b>	<b>286,124</b>

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Information for revenue from external customers in accordance with IFRS for the six months ended 30 June 2012 and 30 June 2011 is presented below:

	Generation	Retailing	RAO Energy System of East Group	All other segments	Total Group
<b>Six months ended 30 June 2012</b>					
Sales of electricity	26,449	39,867	42,394	198	108,908
Sales of heat	76	-	16,280	3	16,359
Sales of capacity	10,506	-	576	-	11,082
Other revenue	198	268	5,880	3,107	9,453
<b>Total revenue</b>	<b>37,229</b>	<b>40,135</b>	<b>65,130</b>	<b>3,308</b>	<b>145,802</b>
<b>Six months ended 30 June 2011</b>					
Sales of electricity	26,828	114,664	43,343	-	184,835
Sales of heat	72	-	16,094	-	16,166
Sales of capacity	15,586	-	528	-	16,114
Other revenue	117	1,220	5,507	2,606	9,450
<b>Total revenue</b>	<b>42,603</b>	<b>115,884</b>	<b>65,472</b>	<b>2,606</b>	<b>226,565</b>

**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 2012 were jointly controlled entities, associates of the Group and government-related entities.

**Jointly controlled entities**

The Group had the following balances with its jointly controlled entities:

	Note	30 June 2012	31 December 2011
Promissory notes	9	5,523	5,271
Advances received		207	245

The Group had the following transactions with its jointly controlled entities:

	Six months ended 30 June 2012	Six months ended 30 June 2011
Other revenue	649	481

**Associates**

The Group had the following balances with its associates:

	30 June 2012	31 December 2011
Trade and other receivables	1,280	784
Accounts payable	2,356	214

The Group had the following transactions with its associates:

	Six months ended 30 June 2012	Six months ended 30 June 2011
Sales of electricity and capacity	381	344
Other revenue	262	-
Services of subcontracting companies	3,218	3
Purchased electricity and capacity	174	139

## RusHydro Group

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#### 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 2012 and 30 June 2011 and balances outstanding as at 30 June 2012 and 31 December 2011 with a number of government-related banks. All transactions are carried out on arm's length terms.

The Group sells electricity, capacity and heat to government-related entities. Determination of prices for such electricity and capacity sales is based on electricity and capacity market rules. Prices for heat sales are approved by executive authorities in the Russian constituent regions responsible for state regulation of prices.

The Group's sales to government-related entities comprised approximately 19 percent of total sales for the six months ended 30 June 2012 (for the six months ended 30 June 2011: approximately 21 percent). The Group's purchases of electricity, capacity and fuel from government-related entities comprised approximately 20 percent of total expenses on purchased electricity, capacity and fuel for the six months ended 30 June 2012 (for the six months ended 30 June 2011: approximately 25 percent).

Electricity distribution services provided to the Group by government-related entities comprised approximately 52 percent of total electricity distribution expenses for the six months ended 30 June 2012 (for the six months ended 30 June 2011: approximately 87 percent). The distribution of electricity is subject to tariff regulations.

Some of the transactions on the wholesale electricity and capacity market are conducted through commission agreements with CJSC Centre of Financial Settlements (hereinafter referred to as "CFS"). The current financial settlement system of CFS does not provide the final counterparties with automated information about transactions with the end consumers. Government-related entities may also act as counterparties.

The Group had the following significant transactions with CFS:

	Six months ended 30 June 2012	Six months ended 30 June 2011
Sales of electricity and capacity	26,261	27,187
Purchased electricity and capacity	23,718	34,957

**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 period 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.

Total remuneration paid to the key management of the Group for the six months ended 30 June 2012 comprised RR 1,374 million (for the six months ended 30 June 2011: RR 1,258 million).

**Employee's Share Option Programmes 2007 and 2010.** No changes or amendments to the share option programmes occurred during the six months ended 30 June 2012.

For the six months ended 30 June 2012 the Group recognised an expense of RR 111 million within employee benefit expenses related to the fair value of the options under the Programme 2010 (for the six months ended 30 June 2011: RR 531 million).

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**Note 7. Property, plant and equipment**

<b>Cost</b>	<b>Buildings</b>	<b>Facilities</b>	<b>Plant and equipment</b>	<b>Assets under construction</b>	<b>Other</b>	<b>Total</b>
<b>Opening balance as at 31 December 2011</b>	<b>67,454</b>	<b>342,495</b>	<b>121,156</b>	<b>180,338</b>	<b>11,575</b>	<b>723,018</b>
Revaluation reserve (net)	(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)
<b>Closing balance as at 30 June 2012</b>	<b>67,754</b>	<b>343,654</b>	<b>130,041</b>	<b>209,319</b>	<b>11,399</b>	<b>762,167</b>
<b>Accumulated depreciation (including impairment)</b>						
<b>Opening balance as at 31 December 2011</b>	<b>(17,591)</b>	<b>(52,558)</b>	<b>(35,326)</b>	<b>(45,068)</b>	<b>(3,846)</b>	<b>(154,389)</b>
Charge of impairment	(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
<b>Closing balance as at 30 June 2012</b>	<b>(18,820)</b>	<b>(55,621)</b>	<b>(41,026)</b>	<b>(47,951)</b>	<b>(4,178)</b>	<b>(167,596)</b>
<b>Net book value as at 30 June 2012</b>	<b>48,934</b>	<b>288,033</b>	<b>89,015</b>	<b>161,368</b>	<b>7,221</b>	<b>594,571</b>
<b>Net book value as at 31 December 2011</b>	<b>49,863</b>	<b>289,937</b>	<b>85,830</b>	<b>135,270</b>	<b>7,729</b>	<b>568,629</b>
<b>Cost</b>	<b>Buildings</b>	<b>Facilities</b>	<b>Plant and equipment</b>	<b>Assets under construction</b>	<b>Other</b>	<b>Total</b>
<b>Opening balance as at 31 December 2010</b>	<b>69,750</b>	<b>319,447</b>	<b>106,837</b>	<b>146,056</b>	<b>9,045</b>	<b>651,135</b>
Revaluation reserve (net)	(2,776)	(1,148)	(3,213)	-	(10)	(7,147)
Additions	152	307	661	28,770	849	30,739
Transfers	432	1,858	5,137	(7,651)	224	-
Disposals and write-offs	(53)	(298)	(404)	(1,165)	(376)	(2,296)
<b>Closing balance as at 30 June 2011</b>	<b>67,505</b>	<b>320,166</b>	<b>109,018</b>	<b>166,010</b>	<b>9,732</b>	<b>672,431</b>
<b>Accumulated depreciation (including impairment)</b>						
<b>Opening balance as at 31 December 2010</b>	<b>(14,312)</b>	<b>(47,711)</b>	<b>(25,241)</b>	<b>(42,570)</b>	<b>(2,825)</b>	<b>(132,659)</b>
Charge of impairment	(1,377)	(852)	(1,151)	(2,055)	(43)	(5,478)
Reversal of impairment	652	2,622	1,071	257	164	4,766
Charge for the period	(1,017)	(2,863)	(4,098)	-	(507)	(8,485)
Transfers	(42)	(285)	(497)	836	(12)	-
Disposals and write-offs	45	166	193	584	166	1,154
<b>Closing balance as at 30 June 2011</b>	<b>(16,051)</b>	<b>(48,923)</b>	<b>(29,723)</b>	<b>(42,948)</b>	<b>(3,057)</b>	<b>(140,702)</b>
<b>Net book value as at 30 June 2011</b>	<b>51,454</b>	<b>271,243</b>	<b>79,295</b>	<b>123,062</b>	<b>6,675</b>	<b>531,729</b>
<b>Net book value as at 31 December 2010</b>	<b>55,438</b>	<b>271,736</b>	<b>81,596</b>	<b>103,486</b>	<b>6,220</b>	<b>518,476</b>

Assets under construction represent the carrying amount of property, plant and equipment that has not yet been put into operation, including power plants under construction and advances to construction companies and suppliers of property, plant and equipment. As at 30 June 2012 such advances amounted to RR 46,130 million (31 December 2011: RR 41,930 million).

Additions to assets under construction included capitalised borrowing costs in the amount of RR 3,329 million, the capitalisation rate was 8.51 percent (for the six months ended 30 June 2011: RR 1,278 million, the capitalisation rate was 7.26 percent).

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Additions to assets under construction included capitalised depreciation in the amount of RR 252 million (for the six months ended 30 June 2011: RR 238 million).

Other property, plant and equipment include motor vehicles, land, computer equipment, office fixtures and other equipment.

**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 2011 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 4,757 million for the six months ended 30 June 2012 in respect of additions of property, plant and equipment related to cash-generating units impaired in previous periods, including Ust'-Srednekanskaya HPP in the amount of RR 1,571 million and other cash-generating units, which are individually insignificant.

For the six months ended 30 June 2011 the Group recognised impairment loss in the amount of RR 712 million and decrease in previous revaluation reserve in the amount of RR 7,147 million in respect of the number of cash-generating units of the Far East region.

**Leased equipment.** The Group leases equipment under a number of finance lease agreements. At the end of each of the leases the Group has the option to purchase the equipment at a beneficial price. As at 30 June 2012 the net book value of the leased property, plant and equipment was RR 6,043 million (31 December 2011: RR 6,139 million). The leased equipment is pledged as a security for the lease obligation.

**Operating lease.** The Group leases a number of land areas owned by local governments and production buildings under non-cancellable operating lease agreements. Land lease payments are determined by lease agreements. The land areas leased by the Group are the territories on which the Group's hydropower plants and other assets are located. According to the Land Code of the Russian Federation such land areas are limited in their alienability and cannot become private property. The Group's operating leases typically run for an initial period of 5–49 years with an option to renew the lease after that date. Lease payments are reviewed regularly to reflect market rentals.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	30 June 2012	31 December 2011
Less than one year	2,103	2,065
Between one and five years	5,852	5,726
After five years	29,979	31,692
<b>Total</b>	<b>37,934</b>	<b>39,483</b>

**Note 8. Available-for-sale financial assets**

	30 June 2012		31 December 2011	
	% of ownership	Fair value	% of ownership	Fair value
OJSC INTER RAO UES	5.28%	14,317	5.28%	17,755
OJSC IDGC Holding	1.03%	750	1.03%	972
OJSC Boguchanskaya HPP	2.89%	363	2.89%	379
OJSC FGC UES	0.13%	326	0.13%	466
Other	-	187	-	166
<b>Total available-for-sale financial assets</b>		<b>15,943</b>		<b>19,738</b>

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.

**Impairment of investment in OJSC INTER RAO UES.** As at 30 June 2012 the Group assessed investment in OJSC INTER RAO UES for impairment and concluded that there was evidence of a significant and prolonged decline in the fair value of OJSC INTER RAO UES shares below their cost.

For the six months ended 30 June 2012 decrease in the fair value of this investment amounted to

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RR 3,438 million and was initially recognised in other comprehensive income. Accumulated loss in respect of shares of OJSC INTER RAO UES within equity reserve for available-for-sale financial assets amounted to RR 3,013 million as at 1 January 2012. The total accumulated loss in the amount of RR 6,451 million was recycled from other comprehensive income and impairment in respect of OJSC INTER RAO UES shares was recognised.

Loss arising on available-for-sale financial assets for the six months ended 30 June 2012 totaled RR 326 million, net of tax, and was recorded within other comprehensive income (for the six months ended 30 June 2011: loss of RR 2,960 million, net of tax).

**Note 9. Other non-current assets**

	<b>30 June 2012</b>	<b>31 December 2011</b>
Long-term promissory notes (Net of discount of RR 20,445 million, effective interest rate: 9.75–13.00%, due 2013–2029 as at 30 June 2012 and RR 20,751 million, effective interest rate: 9.75–13.00%, due 2013–2029 as at 31 December 2011)	15,057	15,034
VAT recoverable	5,827	4,320
Dams of Bratskaya, Ust'-Ilimskaya and Irkutskaya HPPs	5,714	5,762
Customer base of LLC ESC Bashkortostan	3,495	4,075
Goodwill	3,018	3,018
Other non-current assets	3,880	3,927
<b>Total other non-current assets</b>	<b>36,991</b>	<b>36,136</b>

Included in Long-term promissory notes are promissory notes of OJSC Boguchanskaya HPP and CJSC Boguchansky Aluminium Plant at amortised cost of RR 4,122 million (31 December 2011: RR 3,935 million) and RR 1,401 million (31 December 2011: RR 1,336 million) respectively, which were pledged as collateral to the State Corporation Vnesheconombank in 2011 (Note 27).

Included in Long-term promissory notes are promissory notes of LLC Energo-finance secured with a guarantee from Rusenergo Fund Limited, with a 13 percent annual interest rate payable on demand, but not earlier than 12 December 2014, recognised as at 30 June 2012 at amortised cost of RR 8,901 million (31 December 2011: RR 8,467 million), including accrued interest.

**Note 10. Cash and cash equivalents**

	<b>30 June 2012</b>	<b>31 December 2011</b>
Cash at bank	11,149	10,321
Cash equivalents (contractual interest rate: 2.10–8.75%)	48,548	36,998
Cash in hand	22	18
<b>Total cash and cash equivalents</b>	<b>59,719</b>	<b>47,337</b>

Cash equivalents held as at 30 June 2012 and 31 December 2011 comprised short-term bank deposits with original maturities of three months or less.

Cash and cash equivalents balances denominated in US Dollars as at 30 June 2012 were RR 148 million (31 December 2011: RR 109 million). Cash and cash equivalents balances denominated in Euros as at 30 June 2012 were RR 744 million (31 December 2011: RR 708 million).

**RusHydro Group**  
**Notes to the Condensed Consolidated Interim Financial Information as at and for the six months**  
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(in millions of Russian Rubles unless noted otherwise)

**Note 11. Accounts receivable and prepayments**

	<b>30 June 2012</b>	<b>31 December 2011</b>
Trade receivables	25,223	26,603
(Net of provision for impairment of accounts receivable of RR 10,746 million as at 30 June 2012 and RR 7,380 million as at 31 December 2011)		
VAT recoverable	9,308	10,984
Income tax receivable	5,131	3,718
Advances to suppliers and other prepayments	5,994	4,432
(Net of provision for impairment of accounts receivable of RR 499 million as at 30 June 2012 and RR 277 million as at 31 December 2011)		
Other receivables	3,803	4,134
(Net of provision for impairment of accounts receivable of RR 2,122 million as at 30 June 2012 and RR 2,038 million as at 31 December 2011)		
<b>Total accounts receivable and prepayments</b>	<b>49,459</b>	<b>49,871</b>

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

**Note 12. Inventories**

	<b>30 June 2012</b>	<b>31 December 2011</b>
Fuel	9,205	11,216
Materials and supplies	5,195	4,122
(Net of provision for impairment of materials and supplies of RR 66 million as at 30 June 2012 and RR 47 million as at 31 December 2011)		
Spare parts	1,590	1,429
(Net of provision for impairment of spare parts of RR 26 million as at 30 June 2012 and RR 17 million as at 31 December 2011)		
Other materials	679	1,205
<b>Total inventories</b>	<b>16,669</b>	<b>17,972</b>

Inventories of RR 191 million (31 December 2011: RR 259 million) have been pledged as collateral for borrowings.

**Note 13. Other current assets**

	<b>30 June 2012</b>	<b>31 December 2011</b>
Deposits and promissory notes	6,305	9,885
Other short-term investments	104	59
<b>Total other current assets</b>	<b>6,409</b>	<b>9,944</b>

**Note 14. Equity**

	<b>Number of issued ordinary shares (Par value of RR 1.00)</b>
As at 30 June 2012	290,302,702,379
As at 31 December 2011	290,302,702,379
As at 30 June 2011	290,302,702,379
As at 31 December 2010	288,695,430,802

**Additional share issue registered with the FSFM on 16 August 2011.** On 30 June 2011 the Annual General Meeting of shareholders of the Company adopted a resolution to make a placement of 89,000,000,000 ordinary shares with a par value of RR 1.00 and placement price of RR 1.65 per share by open subscription with cash and non-cash considerations.

As at 30 June 2012 the share issue was not completed and the Group had an obligation of RR 45,102 million (31 December 2011: RR 43,604 million) including obligation of RR 39,397 million to the Russian Federation, represented by the Federal Agency for State Property Management and the Ministry of Energy (31 December 2011: RR 37,899 million) (Note 28).

## RusHydro Group

### Notes to the Condensed Consolidated Interim Financial Information as at and for the six months ended 30 June 2012 (unaudited)

(in millions of Russian Rubles unless noted otherwise)

**Effect of changes in non-controlling interest of subsidiaries.** The Report on the share issue for 2,317,068,930 additional ordinary shares of OJSC RAO Energy System of East was registered on 7 February 2012. As a result non-controlling interest increased by RR 1,566 million and retained earnings of the Group decreased by RR 814 million (Note 4).

The Report on the share issue for 2,699,100,588 additional ordinary shares of OJSC Ust'-Srednekanskaya HPP was registered on 26 April 2012. 2,649,171,000 ordinary shares were bought by the Russian Federation and 49,929,588 shares by the Group's subsidiary OJSC Kolimaenergo. As the contribution made by the State as a non-controlling interest holder of OJSC Ust'-Srednekanskaya HPP 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 in the Condensed Consolidated Interim Statement of Changes in Equity for the six months ended 30 June 2012 resulting from the dilution of the Group's interest. As a result 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 (Note 4).

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

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 that were recognised as a liability as at 30 June 2012 and deducted from equity.

On 30 June 2011 the Company declared dividends for the year ended 31 December 2010 of RR 0.0086 per share in the total amount of RR 2,450 million that were paid during the year ended 31 December 2011 and deducted from equity.

Dividends in favour of non-controlling interest holders were declared by the Group's subsidiaries in the amount of RR 167 million for the six months ended 30 June 2012 (for the six months ended 30 June 2011: RR 210 million).

#### Note 15. Income tax

Income tax expense is recognised based on the management's best estimate of the weighted average annual income tax rate expected for the full financial year. The tax effect of the exceptional or one-off items has not been included in the estimation of the weighted average annual income tax rate. The estimated average annual effective income tax rate used for the six months ended 30 June 2012 was 54 percent (for the six months ended 30 June 2011: 21 percent). The increase is mainly attributable to the unrecognised deferred tax assets on losses incurred in respect of the impairment of available-for-sale financial assets and property, plant and equipment.

	Six months ended 30 June 2012	Six months ended 30 June 2011
Current income tax expense from continuing operations	2,963	7,891
Deferred income tax expense from continuing operations	1,497	858
<b>Total income tax expense from continuing operations</b>	<b>4,460</b>	<b>8,749</b>
Current income tax benefit from discontinued operations	(53)	-
Deferred income tax benefit from discontinued operations	(915)	-
<b>Total income tax benefit from discontinued operations (Note 24)</b>	<b>(968)</b>	<b>-</b>

In accordance with the tax legislation, tax losses and current income tax assets of different entities of the Group may not be offset against current income tax liabilities and taxable profits of other entities of the Group and, accordingly, taxes may be accrued even where there is a consolidated tax loss. Therefore, deferred income tax assets and liabilities are offset only when they relate to the same taxable entity.

The Group did not have significant unrecognised deferred tax liabilities in respect of taxable temporary differences associated with investments in subsidiaries as at 30 June 2012 and 31 December 2011. Deferred tax was provided in respect of OJSC DRSK (Note 24) since the decision to dispose of the investment was made. Related deferred tax charges were allocated to the discontinued operation results.

## RusHydro Group

### Notes to the Condensed Consolidated Interim Financial Information as at and for the six months ended 30 June 2012 (unaudited)

(in millions of Russian Rubles unless noted otherwise)

#### Note 16. Current and non-current debt

##### Non-current debt

	Currency	Effective interest rate	Due date	30 June 2012	31 December 2011
OJSC Sberbank of Russia	RR	6.50–11.85%	2012–2016	62,396	44,164
Eurobonds (RusHydro Finance Ltd)	RR	7.875%	2015	19,952	19,945
Russian bonds (OJSC RusHydro)	RR	8.00%	2016*	14,984	14,984
OJSC Gazprombank	RR	7.30–11.00%	2012–2016	6,738	7,149
OJSC ROSBANK	RR	6.46–9.00%	2012–2014	6,291	7,458
EBRD	RR	MOSPRIME+2.75– 3.65%	2014–2020	4,058	4,455
Russian bonds (OJSC Yakutskenergo)	RR	8.25%	2013	3,000	3,960
EM Falcon Ltd	RR	MOSPRIME+1.40% / 8.65%	2013–2014	2,885	3,346
CF Structured Products B. V.	USD	10.50%	2013	1,969	1,932
Municipal authority of Kamchatka region	USD	8.57%	2035	1,468	1,400
UniCredit Bank Austria AG	EUR	3.35%**	2017	1,380	-
OJSC Transcreditbank	RR	10.80–12.00%	2013–2014	1,201	300
Other long-term debt	RR	-	-	2,185	1,419
Finance lease liabilities	RR	8.70–20.90%	-	2,341	2,742
<b>Total</b>				<b>130,848</b>	<b>113,254</b>
Less current portion of finance lease liabilities				(1,121)	(1,234)
Less current portion of non-current debt				(24,230)	(9,396)
<b>Total non-current debt</b>				<b>105,497</b>	<b>102,624</b>

\* The bonds mature in 10 years with a put option to redeem them in 2016.

\*\* Fixed interest rate applied to 90 percent of the credit facility, to the rest 10 percent of the facility the quarterly variable export finance rate published by OeKB (Oesterreichische Kontrollbank AG) less 0.25 percent is applied.

**OJSC Sberbank of Russia.** Additional financing in the amount of RR 16,480 million was received during the six months ended 30 June 2012 under the loan agreement with a limit of RR 40,000 million.

##### Current debt

	Currency	Effective interest rate	30 June 2012	31 December 2011
OJSC Sberbank of Russia	RR	6.30–10.50%	6,014	5,323
OJSC Bank of Moscow	RR	9.00–11.95%	2,613	109
OJSC Gazprombank	RR	8.50–10.00%	2,062	-
OJSC ROSBANK	RR	6.75–8.74%	1,949	1,278
OJSC AB Rossiya	RR	8.00–9.50%	800	2,300
OJSC RRDB	RR	8.90%	415	-
OJSC Transcreditbank	RR	7.00–11.25%	345	212
Current portion of non-current debt	RR	-	24,230	9,396
Current portion of finance lease liabilities	RR	8.70–20.90%	1,121	1,234
Interest payable	RR	-	1,387	914
Other current debt	RR	-	535	648
<b>Total current debt and current portion of non-current debt</b>			<b>41,471</b>	<b>21,414</b>

**Compliance with covenants.** The Group is subject to certain covenants related primarily to its debt. As at 30 June 2012 the Group did not fulfill the requirements of OJSC Bank of Moscow regarding to EBITDA / Interest expense ratio. Due to the breach of the covenant clauses, the bank was contractually entitled to request early repayment of the outstanding amount of RR 640 million as at 30 June 2012. This outstanding balance was classified as a current liability.

**RusHydro Group**  
**Notes to the Condensed Consolidated Interim Financial Information as at and for the six months**  
**ended 30 June 2012 (unaudited)**

(in millions of Russian Rubles unless noted otherwise)

*Debt maturity (excluding finance lease liabilities)*

	30 June 2012	31 December 2011
Between one and two years	58,507	54,913
Between two and three years	2,063	3,694
Between three and four years	39,495	4,178
Between four and five years	1,029	35,930
After five years	3,183	2,401
<b>Total</b>	<b>104,277</b>	<b>101,116</b>

**Effective interest rate.** The effective interest rate is the market interest rate applicable to the loans at the date of origination for fixed rate loans and the current market rate for floating rate loans. The Group has not entered into any hedging arrangements in respect of interest rate exposures.

**Finance lease liabilities.** Minimum lease payments under finance leases and their present values are as follows:

	Due in 1 year	Due between 2 and 5 years	Due after 5 years	Total
<b>Minimum lease payments as at 30 June 2012</b>	<b>1,269</b>	<b>1,636</b>	<b>8</b>	<b>2,913</b>
Less future finance charges	(148)	(421)	(3)	(572)
<b>Present value of minimum lease payments as at 30 June 2012</b>	<b>1,121</b>	<b>1,215</b>	<b>5</b>	<b>2,341</b>
<b>Minimum lease payments as at 31 December 2011</b>	<b>1,424</b>	<b>1,800</b>	<b>4</b>	<b>3,228</b>
Less future finance charges	(190)	(296)	-	(486)
<b>Present value of minimum lease payments as at 31 December 2011</b>	<b>1,234</b>	<b>1,504</b>	<b>4</b>	<b>2,742</b>

**Note 17. Other non-current liabilities**

	30 June 2012	31 December 2011
Pension benefit obligations	9,834	9,985
Other non-current liabilities	2,970	3,016
<b>Total other non-current liabilities</b>	<b>12,804</b>	<b>13,001</b>

Changes in certain actuarial assumptions (such as long term inflation rate, salary growth, turnover rate) and experience adjustments were made in the estimation of the present value of defined benefit obligations as at 30 June 2012.

The amounts recognised in the Group's Condensed Consolidated Interim Statement of Financial Position are as follows:

	30 June 2012	31 December 2011
Present value of defined benefit obligations	9,509	12,549
Fair value of plan assets	(771)	(294)
Unrecognised actuarial gains	3,544	297
Unrecognised past service cost	(740)	(896)
<b>Net liability</b>	<b>11,542</b>	<b>11,656</b>
Including:		
Net liability excluding net liability of OJSC DRSK	9,834	9,985
Net liability of OJSC DRSK	1,708	1,671

**RusHydro Group****Notes to the Condensed Consolidated Interim Financial Information as at and for the six months ended 30 June 2012 (unaudited)**

(in millions of Russian Rubles unless noted otherwise)

**Note 18. Accounts payable and accruals**

	<b>30 June 2012</b>	<b>31 December 2011</b>
Trade payables	22,461	22,652
Advances received	6,125	6,101
Settlements with personnel	5,384	5,562
Dividends payable (Note 14)	2,652	54
Other accounts payable	2,852	5,661
<b>Total accounts payable and accruals</b>	<b>39,474</b>	<b>40,030</b>

As at 31 December 2011 the Group's subsidiary OJSC Ust'-Srednekanskaya HPP had an obligation of RR 2,649 million included in Other accounts payable balance to the Russian Federation, represented by the Federal Agency for State Property Management, in respect of additional share issue. The results of the share issue were registered by the FSFM on 26 April 2012.

As at 31 December 2011 the Group's subsidiary OJSC RAO Energy System of East had an obligation of RR 748 million included in Other accounts payable balance to the Russian Federation, represented by the Federal Agency for State Property Management, in respect of additional share issue. The results of the share issue were registered by the FSFM on 7 February 2012.

All accounts payable and accruals are denominated in Russian Rubles.

**Note 19. Taxes payable**

	<b>30 June 2012</b>	<b>31 December 2011</b>
VAT	3,278	3,990
Insurance contributions	1,999	1,420
Property tax	1,659	1,646
Current income tax	317	407
Other taxes	592	555
<b>Total taxes payable</b>	<b>7,845</b>	<b>8,018</b>

**Note 20. Revenue**

	<b>Six months ended 30 June 2012</b>	<b>Six months ended 30 June 2011</b>
Sales of electricity	108,908	184,835
Sales of heat	16,359	16,166
Sales of capacity	11,082	16,114
Other revenue	9,453	9,450
<b>Total revenue</b>	<b>145,802</b>	<b>226,565</b>
Including:		
Total revenue less revenue of Disposal group	145,802	130,780
Revenue of Disposal group (Note 4)	-	95,785

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

**Note 21. Government grants**

In accordance with government decrees some regions of the Russian Federation are entitled to government subsidies. These government subsidies represent compensation for the low electricity tariffs at which electricity is sold in these regions. During the six months ended 30 June 2012 the Group received government subsidies in the amount of RR 5,353 million (for the six months ended 30 June 2011: RR 4,133 million) in the following subsidised territories: Khabarovskiy region, Primorskiy region and other territorial units of the Far East federal district.

**RusHydro Group****Notes to the Condensed Consolidated Interim Financial Information as at and for the six months ended 30 June 2012 (unaudited)**

(in millions of Russian Rubles unless noted otherwise)

**Note 22. Expenses**

	<b>Six months ended 30 June 2012</b>	<b>Six months ended 30 June 2011</b>
Purchased electricity and capacity	28,578	60,364
Fuel expenses	24,548	21,383
Employee benefit expenses (including payroll taxes, Share Option Programmes expenses and pension benefit expenses)	24,123	23,561
Electricity distribution expenses	20,671	54,447
Depreciation of property, plant and equipment	8,836	8,247
Other materials	4,156	4,357
Taxes other than on income	3,586	3,283
Third parties services, including:		
Services of SO UES, ATS, CFS	1,517	1,617
Repairs and maintenance	1,190	1,138
Security expenses	1,175	1,041
Rent	1,078	1,121
Services of subcontracting companies	1,056	1,105
Consulting, legal and information expenses	768	867
Insurance cost	511	424
Transportation expenses	412	329
Agency expenses	164	333
Other third parties services	2,743	2,619
Accrual / (reversal) of impairment of accounts receivable, net	3,698	(1,596)
Water usage expenses	1,319	1,283
Social charges	426	672
Loss on disposal of property, plant and equipment, net	74	516
Other expenses	1,985	1,442
<b>Total expenses</b>	<b>132,614</b>	<b>188,553</b>
Including:		
Total expenses less expenses of Disposal group	132,614	101,384
Expenses of Disposal group (Note 4)	-	87,169

**Note 23. Finance income, costs**

	<b>Six months ended 30 June 2012</b>	<b>Six months ended 30 June 2011</b>
<i>Finance income</i>		
Interest income	2,655	1,817
Income on discounting	165	25
Foreign exchange gain	68	252
Other income	2	-
<b>Total finance income</b>	<b>2,890</b>	<b>2,094</b>
<i>Finance costs</i>		
Interest expense	(2,149)	(2,039)
Foreign exchange loss	(202)	(81)
Finance lease expense	(170)	(224)
Expense on discounting	(155)	(205)
Other costs	(673)	(688)
<b>Total finance costs</b>	<b>(3,349)</b>	<b>(3,237)</b>

**RusHydro Group****Notes to the Condensed Consolidated Interim Financial Information as at and for the six months ended 30 June 2012 (unaudited)**

(in millions of Russian Rubles unless noted otherwise)

**Note 24. Discontinued operations**

As at 30 June 2012 OJSC DRSK is presented as a discontinued operation due to the fact that it was acquired exclusively with a view for resale (Note 3).

Results of discontinued operations are summarised below:

	<b>Six months ended 30 June 2012</b>
Revenue	1,963
Government grants	14
Expenses	(1,689)
Finance costs, net	(179)
Loss recognised on remeasurement to fair value less costs to sell	(3,669)
<b>Loss before income tax from discontinued operations</b>	<b>(3,560)</b>
Income tax benefit	968
<b>Loss for the period from discontinued operations</b>	<b>(2,592)</b>
Attributable to:	
Shareholders of OJSC RusHydro	(914)
Non-controlling interest	(1,678)

As at 30 June 2012 the line Cash and cash equivalents in the Condensed Consolidated Interim Statement of Cash Flows included RR 116 million of cash and cash equivalents held by OJSC DRSK (31 December 2011: RR 77 million).

**Note 25. Earnings per share**

	<b>Six months ended 30 June 2012</b>	<b>Six months ended 30 June 2011</b>
Weighted average number of ordinary shares issued (thousand of shares)	281,598,950	280,890,917
Profit for the period from continuing operations attributable to the shareholders of OJSC RusHydro	4,663	26,416
Loss for the period from discontinued operations attributable to the shareholders of OJSC RusHydro	(914)	-
<b>Earnings per share from continuing operations attributable to the shareholders of OJSC RusHydro – basic and diluted*</b> (in Russian Rubles per share)	<b>0.0166</b>	<b>0.0940</b>
<b>Loss per share from discontinued operations attributable to the shareholders of OJSC RusHydro – basic and diluted*</b> (in Russian Rubles per share)	<b>(0.0032)</b>	-

\* The Share Option Programmes 2007 and 2010 had no dilutive effect for the periods presented (Note 6).

**Note 26. 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 166,088 million as at 30 June 2012 (31 December 2011: RR 176,868 million). The major part of future capital expenditures under contractual obligations as at 30 June 2012 are related to the following hydropower plants: Saratovskaya HPP in the amount of RR 44,209 million, Volzhskaya HPP in the amount of RR 35,065 million and Zhigulevskaya HPP in the amount of RR 17,414 million due to the reconstruction of equipment, Zagorskaya GAES-2 in the amount of RR 16,377 million mainly due to the construction of the station.

## Note 27. 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 in the Russian Federation, including those related to the environmental protection.

**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, currency and customs 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.

During the six months ended 30 June 2012 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 year 2012. 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.

Due to the fact, that the tax and other legislation does not fully cover all the aspects of the Group's reorganisation, there might be respective legal and tax risks.

Management believes that as at 30 June 2012 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 (Note 17) and comprised RR 577 million as at 30 June 2012 (31 December 2011: RR 527 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.

## RusHydro Group

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(in millions of Russian Rubles unless noted otherwise)

**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 2012	31 December 2011
<i>for OJSC Boguchanskaya HPP:</i>		
State Corporation Vnesheconombank	14,854	10,546
<i>for CJSC Boguchansky Aluminium Plant:</i>		
Solios Environnement S. A.	665	674
ALSTOM Grid SAS	559	571
CJSC Commerzbank (Eurasia)	-	178
<b>Total guarantees issued</b>	<b>16,078</b>	<b>11,969</b>

**BEMA project financing scheme.** In August 2011 the Group issued guarantee for OJSC Boguchanskaya HPP in favour of the State Corporation Vnesheconombank for the total amount of loan facility of RR 28,100 million including accrued interest and penalties under the loan agreement. As at 30 June 2012 total amount of obligation of OJSC Boguchanskaya HPP in respect of loans issued by the State Corporation Vnesheconombank (including interest payable) equaled to RR 14,854 million (31 December 2011: RR 10,546 million). RUSAL Group is obliged to compensate the Company for the 50 percent of OJSC Boguchanskaya HPP obligations fulfilled by the Company under the guarantee.

As at 30 June 2012 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) and OJSC Boguchansky Aluminium Plant (payable not earlier than 31 December 2024 with the total nominal value of RR 4,615 million) pledged as collateral to the State Corporation Vnesheconombank amounted to RR 4,122 million and RR 1,401 million respectively (Note 9).

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 2011 except for the deferral of purchasing the defined volumes of electricity and capacity, generated by OJSC Boguchanskaya HPP (at the price not less than the minimum guaranteed payment established) to the beginning of 2013.

#### Note 28. Subsequent events

No share options were exercised under the Share Option Programme 2007, which was closed on 2 September 2012.

On 6 September 2012 the Report on the additional share issue of the Company for 89,000,000,000 ordinary shares was registered with the FSFM. As a result, 27,334,817,715 shares (or 30.71 percent of the total offering) were placed at a price of RR 1.65 per share.

Following the registration of the Report on this share issue, the Group (controlling over 75 percent of OJSC Yakutskenergo) made an obligatory share purchase offer to the non-controlling shareholders of OJSC Yakutskenergo on 8 October 2012. The maximum possible buyout comprises 15.68 percent of issued shares of OJSC Yakutskenergo at a price which according to legislation requirements could not be less than average observable on the market for the preceding six months period – RR 0.3153 per share.