RUSHYDRO GROUP

IFRS Condensed Consolidated Interim Financial Information (Unaudited)

As at and for the nine months ended 30 September 2012

CONTENTS

RusHydro Group

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

	Note	30 September 2012	31 December 2011
ASSETS			
Non-current assets			
Property, plant and equipment	7	611,456	568,629
Investments in associates and jointly controlled entities		32,191	33,686
Available-for-sale financial assets	8	15,500	19,738
Other non-current assets	9	37,346	36,136
Total non-current assets		**696,493**	**658,189**
Current assets			
Cash and cash equivalents	10	39,539	47,337
Accounts receivable and prepayments	11	47,221	49,871
Inventories	12	22,595	17,972
Other current assets	13	7,331	9,944
Total current assets		**116,686**	**125,124**
Assets of subsidiary acquired exclusively with a view for resale	24	28,818	28,470
TOTAL ASSETS		**841,997**	**811,783**
EQUITY AND LIABILITIES			
Equity			
Share capital	14	290,302	290,302
Treasury shares		(10,662)	(10,662)
Share premium		21,434	21,434
Retained earnings and other reserves		204,501	197,416
Equity attributable to the shareholders of OJSC RusHydro		**505,575**	**498,490**
Non-controlling interest		20,977	27,169
TOTAL EQUITY		**526,552**	**525,659**
Non-current liabilities			
Deferred income tax liabilities		45,749	44,340
Non-current debt	16	94,756	102,624
Other non-current liabilities	17	12,984	13,001
Total non-current liabilities		**153,489**	**159,965**
Current liabilities			
Current debt and current portion of non-current debt	16	52,157	21,414
Accounts payable and accruals	18	42,113	40,030
Accounts payable in respect of share issues	14	45,102	43,604
Taxes payable	19	6,766	8,018
Total current liabilities		**146,138**	**113,066**
Liabilities of subsidiary acquired exclusively with a view for resale	24	15,818	13,093
TOTAL LIABILITIES		**315,445**	**286,124**
TOTAL EQUITY AND LIABILITIES		**841,997**	**811,783**

Chairman of Management Board E. V. Dod

Chief Accountant D. V. Finkel

РусГидро

17 January 2013

(in millions of Russian Rubles unless noted otherwise)

	Note	Nine months ended 30 September 2012	Nine months ended 30 September 2011 (restated)
CONTINUING OPERATIONS			
Revenue	20	208,438	279,471
Government grants	21	6,623	5,761
Expenses	22	(193,519)	(237,038)
Impairment of property, plant and equipment	7	(7,002)	(761)
Operating profit		**14,540**	**47,433**
Impairment of available-for-sale financial assets	8	(7,169)	-
Gain on disposal of available-for-sale financial assets held for sale and Disposal group	4	-	750
Finance income	23	4,206	3,114
Finance costs	23	(4,579)	(4,897)
Share of loss of associates and jointly controlled entities		(615)	(214)
Profit before income tax		**6,383**	**46,186**
Total income tax expense	15	(6,513)	(11,394)
(Loss) / profit for the period from continuing operations		**(130)**	**34,792**
DISCONTINUED OPERATIONS			
Loss for the period from discontinued operations	**24**	**(2,400)**	**-**
(Loss) / profit for the period		**(2,530)**	**34,792**
Attributable to:			
Shareholders of OJSC RusHydro		4,278	31,063
Non-controlling interest		(6,808)	3,729
Earnings per ordinary share from continuing operations attributable to the shareholders of OJSC RusHydro – basic and diluted (in Russian Rubles per share)	25	0.0173	0.1105
Loss per ordinary share from discontinued operation attributable to the shareholders of OJSC RusHydro – basic and diluted (in Russian Rubles per share)	25	(0.0021)	-
Weighted average number of shares outstanding – basic and diluted (thousand of shares)		281,598,950	281,129,713

Chairman of Management Board — E. V. Dod

Chief Accountant — D. V. Finkel

17 January 2013

(in millions of Russian Rubles unless noted otherwise)

	Note	Nine months ended 30 September 2012	Nine months ended 30 September 2011 (restated)
(Loss) / profit for the period		(2,530)	34,792
Other comprehensive income, net of tax:			
Loss arising on available-for-sale financial assets	8	(24)	(5,658)
Loss arising on impaired available-for-sale financial assets	8	(4,156)	-
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	7,169	(2,040)
Revaluation write-down due to impairment of property, plant and equipment	7	(716)	(5,757)
Total comprehensive (expense) / income for the period		**(257)**	**18,760**
Attributable to:			
Shareholders of OJSC RusHydro		7,023	18,740
Non-controlling interest		(7,280)	20

Chairman of Management Board E. V. Dod

Chief Accountant D. V. Finkel

17 January 2013

(in millions of Russian Rubles unless noted otherwise)

	Note	Nine months ended 30 September 2012	Nine months ended 30 September 2011 (restated)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax		**6,383**	**46,186**
Depreciation of property, plant and equipment	7, 22	13,014	12,187
Loss on disposal of property, plant and equipment, net	22	146	499
Share of loss of associates and jointly controlled entities		615	214
Gain on disposal of available-for-sale financial assets held for sale and Disposal group	4	-	(750)
Finance income	23	(4,206)	(3,114)
Finance costs	23	4,579	4,897
Accrual / (reversal) of impairment of accounts receivable	22	4,681	(1,643)
Effect of Share Option Programme expenses	6	134	670
Pension expenses		453	246
Impairment of property, plant and equipment	7	7,002	761
Impairment of available-for-sale financial assets	8	7,169	-
Loss on dilution of interest in associate	22	539	-
Other income		(179)	(17)
Operating cash flows before working capital changes and income tax paid		**40,330**	**60,136**
Working capital changes:			
Increase in accounts receivable and prepayments		(2,364)	(10,775)
Increase in inventories		(4,666)	(3,747)
Increase in other non-current assets		(1,514)	(92)
Increase in accounts payable and accruals		4,569	15,943
Decrease in other taxes payable		(1,001)	(651)
Decrease in other non-current liabilities		(1,146)	(28)
Income tax paid		(4,992)	(11,424)
Net cash generated by operating activities		**29,216**	**49,362**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(57,145)	(48,913)
Proceeds from sale of property, plant and equipment		154	276
Disposal of subsidiaries (Disposal group)		-	(17,325)
Investment in bank deposits and purchase of other investments		(23,635)	(10,370)
Redemption of bank deposits and proceeds from sale of other investments		27,254	29,890
Purchase of subsidiaries from parties under common control		-	(173)
Purchase of associates		-	(600)
Purchase of subsidiaries from third parties, net of cash acquired		-	(5,246)
Contribution to share capital of jointly controlled entity		(223)	-
Settlement of derivative instruments		(4)	(135)
Interest received		3,664	2,376
Net cash used in investing activities		**(49,935)**	**(50,220)**

(in millions of Russian Rubles unless noted otherwise)

	Note	Nine months ended 30 September 2012	Nine months ended 30 September 2011 (restated)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from current debt	16	33,286	25,994
Proceeds from non-current debt	16	28,024	39,930
Repayment of debt	16	(38,830)	(44,986)
Interest paid		(7,333)	(4,717)
Dividends paid		(2,574)	(2,602)
Proceeds from share issue		1,498	170
Proceeds from share issue in subsidiaries		-	2,649
Finance lease payments		(1,144)	(1,280)
Net cash generated by financing activities		**12,927**	**15,158**
Net cash generated by subsidiary acquired exclusively with a view for resale	24	15	-
Foreign exchange (loss)/gain on cash balances		(6)	77
(Decrease) / increase in cash and cash equivalents		**(7,783)**	**14,377**
Cash and cash equivalents at the beginning of the period		**47,414**	**28,465**
Cash and cash equivalents at the end of the period	**10, 24**	**39,631**	**42,842**

Chairman of Management Board E. V. Dod

Chief Accountant D. V. Finkel

17 January 2013

(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
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**
Loss for the period		-	-	-	-	-	-	4,278	4,278	(6,808)	(2,530)
Loss arising on available-for-sale financial assets	8	-	-	-	-	-	(23)	-	(23)	(1)	(24)
Loss arising on impaired available-for-sale financial assets	8	-	-	-	-	-	(4,156)	-	(4,156)	-	(4,156)
Accumulated loss on available-for-sale financial assets recycled to the Income Statement	8	-	-	-	-	-	7,169	-	7,169	-	7,169
Revaluation write-down due to impairment of property, plant and equipment	7	-	-	-	-	(245)	-	-	(245)	(471)	(716)
Total comprehensive expense		**-**	**-**	**-**	**-**	**(245)**	**2,990**	**4,278**	**7,023**	**(7,280)**	**(257)**
Effect of changes in non-controlling interest	14	-	-	-	-	-	-	2,359	2,359	1,255	3,614
Dividends	14	-	-	-	-	-	-	(2,431)	(2,431)	(167)	(2,598)
Effect of Share Option Programme	6	-	-	-	-	-	-	134	134	-	134
Transfer of revaluation reserve to retained earnings		-	-	-	-	(389)	-	389	-	-	-
As at 30 September 2012		**290,302**	**(10,662)**	**21,434**	**(127,216)**	**228,046**	**717**	**102,954**	**505,575**	**20,977**	**526,552**

RusHydro Group
Condensed Consolidated Interim Statement of Changes in Equity for the Nine months ended 30 September 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
As at 1 January 2011 (restated)		**288,695**	**(9,744)**	**20,453**	**(94,973)**	**229,901**	**7,401**	**68,256**	**509,989**	**29,579**	**539,568**
Profit for the period		-	-	-	-	-	-	31,063	31,063	3,729	34,792
Loss arising on available-for-sale financial assets	8	-	-	-	-	-	(5,556)	-	(5,556)	(102)	(5,658)
Loss arising on disposed available-for sale financial assets	4	-	-	-	-	-	(2,605)	-	(2,605)	28	(2,577)
Accumulated gain on available-for-sale financial assets recycled to the Income Statement	4	-	-	-	-	-	(2,040)	-	(2,040)	-	(2,040)
Revaluation write-down due to impairment of property, plant and equipment	7	-	-	-	-	(2,122)	-	-	(2,122)	(3,635)	(5,757)
Total comprehensive income		**-**	**-**	**-**	**-**	**(2,122)**	**(10,201)**	**31,063**	**18,740**	**20**	**18,760**
Share issue		1,607	-	981	-	-	-	-	2,588	-	2,588
Acquisition of treasury shares		-	(918)	-	-	-	-	-	(918)	-	(918)
Acquisition under common control		-	-	-	(171)	-	-	-	(171)	-	(171)
Disposal of subsidiaries (Disposal group)	4	-	-	-	-	(110)	-	110	-	(5,593)	(5,593)
Effect of changes in non-controlling interest		-	-	-	-	-	-	1,355	1,355	(1,817)	(462)
Dividends	14	-	-	-	-	-	-	(2,450)	(2,450)	(210)	(2,660)
Effect of Share Option Programme	6	-	-	-	-	-	-	670	670	-	670
Transfer of revaluation reserve to retained earnings		-	-	-	-	(585)	-	585	-	-	-
As at 30 September 2011 (restated)		**290,302**	**(10,662)**	**21,434**	**(95,144)**	**227,084**	**(2,800)**	**99,589**	**529,803**	**21,979**	**551,782**

Chairman of Management Board E. V. Dod

Chief Accountant D. V. Finkel

17 January 2013

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 29,980 million and loss of RR 385 million for the nine month ended 30 September 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 September 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 nine months ended 30 September 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.

(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 nine months ended 30 September 2011 were as follows:

	Nine months ended 30 September 2011	
	Before restatement	**After restatement**
Revenue	196,767	279,471
Profit for the period	33,159	34,792

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 September 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 September 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.

(in millions of Russian Rubles unless noted otherwise)

	30 September 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 nine months ended 30 September 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
Gain on disposal of available-for-sale financial assets and Disposal group	**750**

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 September 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 September 2012 and as at 31 December 2011 (Note 3).*

(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 September 2012		31 December 2011	
	% 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	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.

(in millions of Russian Rubles unless noted otherwise)

Segment information for the nine months ended 30 September 2012 and 30 September 2011 and as at 30 September 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
Nine months ended 30 September 2012					
Revenue from external customers	64,504	58,056	93,509	6,068	222,137
Intersegment revenue	5,673	195	124	11,948	17,940
Total revenue	**70,177**	**58,251**	**93,633**	**18,016**	**240,077**
EBITDA (RSA)*	**35,659**	**1,184**	**261**	**978**	**38,082**
Capital expenditure**	**29,720**	**140**	**10,546**	**21,379**	**61,785**
As at 30 September 2012					
Total reportable segment assets	**727,570**	**11,267**	**269,679**	**215,973**	**1,224,489**
Total reportable segment liabilities	**156,802**	**7,054**	**116,660**	**181,398**	**461,914**

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 124,497 million as at 30 September 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
Nine months ended 30 September 2011					
Revenue from external customers	68,887	125,073	82,139	3,935	280,034
Intersegment revenue	2,363	832	-	11,436	14,631
Total revenue	**71,250**	**125,905**	**82,139**	**15,371**	**294,665**
EBITDA (RSA)*	**46,104**	**8,592**	**(738)**	**1,438**	**55,396**
Capital expenditure**	**29,010**	**322**	**10,287**	**19,351**	**58,970**
As at 31 December 2011					
Total reportable segment assets	**685,000**	**12,358**	**260,401**	**197,480**	**1,155,239**
Total reportable segment liabilities	**131,853**	**8,344**	**100,649**	**161,912**	**402,758**

** 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 nine months ended 30 September 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 September 2012 and 31 December 2011 (Notes 3, 24).

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

	Nine months ended 30 September 2012	Nine months ended 30 September 2011
Total revenue of reportable segments (RSA)	**222,061**	**279,294**
Revenue of all other segments	18,016	15,371
Differences in revenue recognition under IFRS	(7,567)	(532)
Elimination of intersegment revenues	(17,940)	(14,631)
Write-off of revenue of OJSC DRSK not accepted by contractor	(2,645)	-
Revenue of OJSC DRSK classified as a discontinued operation	(2,798)	-
Other	(689)	(31)
Total revenue (IFRS)	**208,438**	**279,471**

(in millions of Russian Rubles unless noted otherwise)

	Nine months ended 30 September 2012	Nine months ended 30 September 2011
EBITDA of reportable segments (RSA)	**37,104**	**53,958**
EBITDA of all other segments	978	1,438
Finance lease adjustment	1,552	1,262
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 3,121 million)	(4,683)	1,644
Effect of Share Option Programmes (Note 6)	(134)	(670)
Expenses not included in RSA EBITDA, net	(749)	(754)
Government grants	6,491	5,509
Write-off of capitalised expenses and capitalised interest expenses	(1,164)	(1,011)
Depreciation of property, plant and equipment (Note 22)	(13,014)	(12,187)
Impairment of property, plant and equipment (Note 7)	(7,002)	(761)
Loss on dilution of interest in associate (Note 22)	(539)	-
Write-off of revenue of OJSC DRSK not accepted by contractor	(2,645)	-
EBITDA of OJSC DRSK classified as discontinued operation	(15)	-
Other	(1,640)	(995)
Operating profit (IFRS)	**14,540**	**47,433**

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

	30 September 2012	31 December 2011
Total reportable segment assets (RSA)	**1,008,516**	**957,759**
Assets of all other segments	215,973	197,480
Property, plant and equipment adjustment	(8,659)	2,667
Adjustment on investments in associates and jointly controlled entities	11,958	13,117
Finance lease adjustment	3,619	2,564
Deferred tax adjustment	(3,969)	(1,845)
Unrealised profit adjustment	(4,392)	(4,760)
Differences in interest expense capitalisation in RSA and IFRS	1,702	(809)
Write-off and impairment of accounts receivable (including write-off of allowance for receivables of OJSC DRSK in the amount of RR 3,121 million)	(3,595)	(2,266)
Treasury shares adjustment	(4,510)	(5,252)
Adjustment on fair value of available-for-sale financial assets	(887)	(1,136)
Discounting of financial instruments	(20,352)	(21,157)
Elimination of investments in subsidiaries	(153,640)	(154,543)
Elimination of intercompany balances	(194,343)	(168,749)
Write-off of prepaid expenses	(719)	(759)
Write-off accounts receivable of OJSC DRSK in respect of revenue not accepted by contractor	(3,121)	-
Other	(1,584)	(528)
Total assets (IFRS)	**841,997**	**811,783**

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

	30 September 2012	31 December 2011
Total reportable segment liabilities (RSA)	**280,516**	**240,846**
Liabilities of all other segments	181,398	161,912
Deferred tax adjustment	37,740	40,678
Pension adjustment	11,531	12,093
Finance lease adjustment	2,731	2,968
Discounting of financial instruments	(2,579)	(2,788)
Elimination of intercompany balances	(194,343)	(168,749)
Other	(1,549)	(836)
Total liabilities (IFRS)	**315,445**	**286,124**

(in millions of Russian Rubles unless noted otherwise)

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

	Generation	Retailing	RAO Energy System of East Group	All other segments	Total Group
Nine months ended 30 September 2012					
Sales of electricity	40,769	57,404	59,853	228	158,254
Sales of heat	87	-	18,006	4	18,097
Sales of capacity	16,026	237	951	-	17,214
Other revenue	297	415	9,119	5,042	14,873
Total revenue	**57,179**	**58,056**	**87,929**	**5,274**	**208,438**
Nine months ended 30 September 2011					
Sales of electricity	39,808	123,179	60,225	-	223,212
Sales of heat	83	-	17,414	-	17,497
Sales of capacity	22,973	474	728	-	24,175
Other revenue	196	1,351	8,849	4,191	14,587
Total revenue	**63,060**	**125,004**	**87,216**	**4,191**	**279,471**

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 nine months ended 30 September 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 September 2012	31 December 2011
Promissory notes	9	5,669	5,271
Advances received		230	245

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

	Nine months ended 30 September 2012	Nine months ended 30 September 2011
Other revenue	894	807

Associates

The Group had the following balances with its associates:

	30 September 2012	31 December 2011
Trade and other receivables	1,856	784
Accounts payable	2,859	214

The Group had the following transactions with its associates:

	Nine months ended 30 September 2012	Nine months ended 30 September 2011
Sales of electricity and capacity	513	462
Other revenue	482	3
Services of subcontracting companies	5,455	3
Purchased electricity and capacity	257	214

(in millions of Russian Rubles unless noted otherwise)

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 nine months ended 30 September 2012 and 30 September 2011 and balances outstanding as at 30 September 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 nine months ended 30 September 2012 (for the nine months ended 30 September 2011: approximately 21 percent). The Group's purchases of electricity, capacity and fuel from government-related entities comprised approximately 21 percent of total expenses on purchased electricity, capacity and fuel for the nine months ended 30 September 2012 (for the nine months ended 30 September 2011: approximately 25 percent).

Electricity distribution services provided to the Group by government-related entities comprised approximately 51 percent of total electricity distribution expenses for the nine months ended 30 September 2012 (for the nine months ended 30 September 2011: approximately 84 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:

	Nine months ended 30 September 2012	Nine months ended 30 September 2011
Sales of electricity and capacity	40,567	40,028
Purchased electricity and capacity	36,597	41,236

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 nine months ended 30 September 2012 comprised RR 2,259 million (for the nine months ended 30 September 2011: RR 2,129 million).

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

For the nine months ended 30 September 2012 the Group recognised an expense of RR 134 million within employee benefit expenses related to the fair value of the options under the Programme 2010 (for the nine months ended 30 September 2011: RR 670 million).

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

(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 2011	**67,454**	**342,495**	**121,156**	**180,338**	**11,575**	**723,018**
Revaluation reserve (net)	(256)	(150)	(488)	-	(1)	(895)
Additions	58	215	1,443	63,209	502	65,427
Transfers	3,705	2,258	14,175	(20,463)	325	-
Disposals and write-offs	(62)	(248)	(646)	(479)	(464)	(1,899)
Closing balance as at 30 September 2012	**70,899**	**344,570**	**135,640**	**222,605**	**11,937**	**785,651**
Accumulated depreciation (including impairment)						
Opening balance as at 31 December 2011	**(17,591)**	**(52,558)**	**(35,326)**	**(45,068)**	**(3,846)**	**(154,389)**
Charge of impairment	(619)	(434)	(954)	(4,894)	(101)	(7,002)
Charge for the period	(1,171)	(4,890)	(6,623)	-	(817)	(13,501)
Transfers	(209)	(228)	(982)	1,435	(16)	-
Disposals and write-offs	29	24	285	88	271	697
Closing balance as at 30 September 2012	**(19,561)**	**(58,086)**	**(43,600)**	**(48,439)**	**(4,509)**	**(174,195)**
Net book value as at 30 September 2012	**51,338**	**286,484**	**92,040**	**174,166**	**7,428**	**611,456**
Net book value as at 31 December 2011	**49,863**	**289,937**	**85,830**	**135,270**	**7,729**	**568,629**

Cost	Buildings	Facilities	Plant and equipment	Assets under construction	Other	Total
Opening balance as at 31 December 2010	**69,750**	**319,447**	**106,837**	**146,056**	**9,045**	**651,135**
Revaluation reserve (net)	(2,803)	(1,180)	(3,213)	-	(1)	(7,197)
Additions	269	7,919	1,334	50,238	902	60,662
Transfers	763	6,045	7,194	(14,192)	190	-
Disposals and write-offs	(191)	(383)	(502)	(1,095)	(263)	(2,434)
Closing balance as at 30 September 2011	**67,788**	**331,848**	**111,650**	**181,007**	**9,873**	**702,166**
Accumulated depreciation (including impairment)						
Opening balance as at 31 December 2010	**(14,312)**	**(47,711)**	**(25,241)**	**(42,570)**	**(2,825)**	**(132,659)**
Charge of impairment	(1,506)	(997)	(1,474)	(1,921)	(70)	(5,968)
Reversal of impairment	682	2,836	1,391	256	42	5,207
Charge for the period	(1,322)	(4,458)	(6,168)	-	(640)	(12,588)
Transfers	(316)	(1,601)	(860)	2,792	(15)	-
Disposals and write-offs	120	159	234	633	177	1,323
Closing balance as at 30 September 2011	**(16,654)**	**(51,772)**	**(32,118)**	**(40,810)**	**(3,331)**	**(144,685)**
Net book value as at 30 September 2011	**51,134**	**280,076**	**79,532**	**140,197**	**6,542**	**557,481**
Net book value as at 31 December 2010	**55,438**	**271,736**	**81,596**	**103,486**	**6,220**	**518,476**

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 September 2012 such advances amounted to RR 47,358 million (31 December 2011: RR 41,930 million).

Additions to assets under construction included capitalised borrowing costs in the amount of RR 5,239 million, the capitalisation rate was 8.48 percent (for the nine months ended 30 September 2011: RR 2,006 million, the capitalisation rate was 7.33 percent).

(in millions of Russian Rubles unless noted otherwise)

Additions to assets under construction included capitalised depreciation in the amount of RR 487 million (for the nine months ended 30 September 2011: RR 401 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 7,002 million for the nine months ended 30 September 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 2,900 million and other cash-generating units, which are individually insignificant.

For the nine months ended 30 September 2011 the Group recognised impairment loss in the amount of RR 761 million and decrease in previous revaluation reserve in the amount of RR 7,197 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 September 2012 the net book value of the leased property, plant and equipment was RR 6,183 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 September 2012	31 December 2011
Less than one year	1,846	2,065
Between one and five years	5,374	5,726
After five years	33,627	31,692
Total	**40,847**	**39,483**

Note 8. Available-for-sale financial assets

	30 September 2012		31 December 2011	
	% of ownership	Fair value	% of ownership	Fair value
OJSC INTER RAO UES	5.28%	13,599	5.28%	17,755
OJSC IDGC Holding	1.03%	1,000	1.03%	972
OJSC Boguchanskaya HPP	2.89%	348	2.89%	379
OJSC FGC UES	0.13%	386	0.13%	466
Other	-	167	-	166
Total available-for-sale financial assets		**15,500**		**19,738**

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 September 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 nine months ended 30 September 2012 decrease in the fair value of this investment amounted to

(in millions of Russian Rubles unless noted otherwise)

RR 4,156 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 7,169 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 nine months ended 30 September 2012 totaled RR 24 million, net of tax, and was recorded within other comprehensive income (for the nine months ended 30 September 2011: loss of RR 5,658 million, net of tax).

Note 9. Other non-current assets

	30 September 2012	31 December 2011
Long-term promissory notes (Net of discount of RR 20,345 million, effective interest rate: 9.75–13.00%, due 2013–2029 as at 30 September 2012 and RR 20,751 million, effective interest rate: 9.75–13.00%, due 2013–2029 as at 31 December 2011)	15,339	15,034
VAT recoverable	5,896	4,320
Dams of Bratskaya, Ust'-Ilimskaya and Irkutskaya HPPs	5,691	5,762
Customer base of LLC ESC Bashkortostan	3,301	4,075
Goodwill	3,018	3,018
Other non-current assets	4,101	3,927
Total other non-current assets	**37,346**	**36,136**

Included in Long-term promissory notes are promissory notes of OJSC Boguchanskaya HPP and CJSC Boguchansky Aluminium Plant at amortised cost of RR 4,220 million (31 December 2011: RR 3,935 million) and RR 1,435 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 September 2012 at amortised cost of RR 9,129 million (31 December 2011: RR 8,467 million), including accrued interest.

Note 10. Cash and cash equivalents

	30 September 2012	31 December 2011
Cash at bank	18,747	10,321
Cash equivalents (contractual interest rate: 3.15–10.00%)	20,771	36,998
Cash in hand	21	18
Total cash and cash equivalents	**39,539**	**47,337**

Cash equivalents held as at 30 September 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 September 2012 were RR 37 million (31 December 2011: RR 109 million). Cash and cash equivalents balances denominated in Euros as at 30 September 2012 were RR 671 million (31 December 2011: RR 708 million).

(in millions of Russian Rubles unless noted otherwise)

Note 11. Accounts receivable and prepayments

	30 September 2012	31 December 2011
Trade receivables (Net of provision for impairment of accounts receivable of RR 12,225 million as at 30 September 2012 and RR 7,380 million as at 31 December 2011)	25,356	26,603
VAT recoverable	10,260	10,984
Income tax receivable	3,773	3,718
Advances to suppliers and other prepayments (Net of provision for impairment of accounts receivable of RR 492 million as at 30 September 2012 and RR 277 million as at 31 December 2011)	4,572	4,432
Other receivables (Net of provision for impairment of accounts receivable of RR 1,374 million as at 30 September 2012 and RR 2,038 million as at 31 December 2011)	3,260	4,134
Total accounts receivable and prepayments	**47,221**	**49,871**

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

Note 12. Inventories

	30 September 2012	31 December 2011
Fuel	14,704	11,216
Materials and supplies (Net of provision for impairment of materials and supplies of RR 58 million as at 30 September 2012 and RR 47 million as at 31 December 2011)	5,413	4,122
Spare parts (Net of provision for impairment of spare parts of RR 26 million as at 30 September 2012 and RR 17 million as at 31 December 2011)	1,711	1,429
Other materials	767	1,205
Total inventories	**22,595**	**17,972**

There are no inventories have been pledged as collateral for borrowings as at 30 September 2012 (31 December 2011: RR 259 million).

Note 13. Other current assets

	30 September 2012	31 December 2011
Deposits and promissory notes	6,824	9,885
Other short-term investments	507	59
Total other current assets	**7,331**	**9,944**

Note 14. Equity

	Number of issued ordinary shares (Par value of RR 1.00)
As at 30 September 2012	290,302,702,379
As at 31 December 2011	290,302,702,379
As at 30 September 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 September 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.

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.

As at 30 September 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

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Energy (31 December 2011: RR 37,899 million) (Note 28).

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 nine months ended 30 September 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 deducted from equity. As at 30 September 2012 the principal amount of dividends was paid.

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 nine months ended 30 September 2012 (for the nine months ended 30 September 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 nine months ended 30 September 2012 was 88 percent (for the nine months ended 30 September 2011: 25 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.

	Nine months ended 30 September 2012	Nine months ended 30 September 2011
Current income tax expense from continuing operations	4,681	9,915
Deferred income tax expense from continuing operations	1,832	1,479
Total income tax expense from continuing operations	**6,513**	**11,394**
Current income tax benefit from discontinued operations	(91)	-
Deferred income tax benefit from discontinued operations	(839)	-
Total income tax benefit from discontinued operations (Note 24)	**(930)**	**-**

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 September 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.

(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 September 2012	31 December 2011
OJSC Sberbank of Russia	RR	6.40–10.83%	2012–2016	61,666	44,164
Eurobonds (RusHydro Finance Ltd)	RR	7.875%	2015	19,956	19,945
Russian bonds (OJSC RusHydro)	RR	8.00%	2016*	14,984	14,984
OJSC ROSBANK	RR	6.46–9.09%	2012–2014	7,057	7,458
OJSC Gazprombank	RR	7.30–11.00%	2013–2016	6,473	7,149
EBRD	RR	MOSPRIME+2.75–3.65%	2014–2020	3,854	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	2,654	3,346
UniCredit Bank Austria AG	EUR	3.35%**	2017	1,949	-
CF Structured Products B. V.	USD	10.50%	2013	1,855	1,932
Municipal authority of Kamchatka region	USD	8.57%	2035	1,383	1,400
OJSC Transcreditbank	RR	10.50–12.00%	2013–2015	1,249	300
OJSC Bank of Moscow	RR	9.80-11.44%	2013-2015	831	-
Other long-term debt	RR	-	-	1,945	1,419
Finance lease liabilities	RR	8.70–20.90%	-	2,346	2,742
Total				**131,202**	**113,254**
Less current portion of finance lease liabilities				(1,420)	(1,234)
Less current portion of non-current debt				(35,026)	(9,396)
Total non-current debt				**94,756**	**102,624**

** 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 nine months ended 30 September 2012 under the loan agreement with a limit of RR 40,000 million.

Current debt

	Currency	Effective interest rate	30 September 2012	31 December 2011
OJSC ROSBANK	RR	6,75–9,35%	4,321	1,278
OJSC Sberbank of Russia	RR	6,40–10,50%	3,047	5,323
OJSC Bank of Moscow	RR	9,00–11,95%	1,936	109
OJSC Gazprombank	RR	9,25–9,30%	1,185	-
OJSC AB Rossiya	RR	8,65%	992	2,300
OJSC VTB	RR	8,20%	930	-
OJSC RRDB	RR	8,90%	393	-
Current portion of non-current debt	RR	-	35,026	9,396
Current portion of finance lease liabilities	RR	8,70–20,90%	1,420	1,234
Interest payable	RR	-	2,078	914
Other current debt	RR	-	829	860
Total current debt and current portion of non-current debt			**52,157**	**21,414**

Compliance with covenants. The Group is subject to certain covenants related primarily to its debt. As at 30 September 2012 the Group did not fulfill the requirements regarding to gearing and other ratios with OJSC Rosbank. Due to the breach of the covenant clauses, the bank was contractually entitled to request early repayment of the outstanding amount of RR 431 million. This outstanding balance was classified as a current liability. Subsequent to 30 September 2012 management received a covenant waiver from the bank confirming absence of intention to request early repayment of loans.

(in millions of Russian Rubles unless noted otherwise)

Debt maturity (excluding finance lease liabilities)

	30 September 2012	31 December 2011
Between one and two years	47,842	54,913
Between two and three years	2,272	3,694
Between three and four years	39,057	4,178
Between four and five years	976	35,930
After five years	3,683	2,401
Total	**93,830**	**101,116**

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
Minimum lease payments as at 30 September 2012	**1,470**	**1,140**	**7**	**2,617**
Less future finance charges	(50)	(218)	(3)	(271)
Present value of minimum lease payments as at 30 September 2012	**1,420**	**922**	**4**	**2,346**
Minimum lease payments as at 31 December 2011	**1,424**	**1,800**	**4**	**3,228**
Less future finance charges	(190)	(296)	-	(486)
Present value of minimum lease payments as at 31 December 2011	**1,234**	**1,504**	**4**	**2,742**

Note 17. Other non-current liabilities

	30 September 2012	31 December 2011
Pension benefit obligations	9,823	9,985
Other non-current liabilities	3,161	3,016
Total other non-current liabilities	**12,984**	**13,001**

Note 18. Accounts payable and accruals

	30 September 2012	31 December 2011
Trade payables	26,711	22,652
Advances received	6,847	6,101
Settlements with personnel	4,988	5,562
Dividends payable (Note 14)	78	54
Other accounts payable	3,489	5,661
Total accounts payable and accruals	**42,113**	**40,030**

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.

(in millions of Russian Rubles unless noted otherwise)

Note 19. Taxes payable

	30 September 2012	31 December 2011
VAT	2,740	3,990
Insurance contributions	1,590	1,420
Property tax	1,638	1,646
Current income tax	152	407
Other taxes	646	555
Total taxes payable	**6,766**	**8,018**

Note 20. Revenue

	Nine months ended 30 September 2012	Nine months ended 30 September 2011
Sales of electricity	158,254	223,212
Sales of heat	18,097	17,497
Sales of capacity	17,214	24,175
Other revenue	14,873	14,587
Total revenue	**208,438**	**279,471**
Including:		
Total revenue less revenue of Disposal group	208,438	183,686
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 nine months ended 30 September 2012 the Group received government subsidies in the amount of RR 6,623 million (for the nine months ended 30 September 2011: RR 5,761 million) in the following subsidised territories: Khabarovskiy region, Primorskiy region and other territorial units of the Far East federal district.

(in millions of Russian Rubles unless noted otherwise)

Note 22. Expenses

	Nine months ended 30 September 2012	Nine months ended 30 September 2011
Purchased electricity and capacity	42,623	67,746
Employee benefit expenses (including payroll taxes, Share Option Programmes expenses and pension benefit expenses)	36,046	34,875
Fuel expenses	32,045	27,647
Electricity distribution expenses	30,245	61,636
Depreciation of property, plant and equipment	13,014	12,187
Other materials	6,757	7,103
Taxes other than on income	5,464	4,811
Third parties services, including:		
Services of SO UES, ATS, CFS	2,340	2,285
Services of subcontracting companies	2,307	1,523
Repairs and maintenance	2,265	2,529
Security expenses	1,784	1,581
Rent	1,679	1,564
Consulting, legal and information expenses	1,091	1,214
Transportation expenses	820	1,034
Insurance cost	753	655
Agency expenses	232	423
Other third parties services	3,888	3,842
Accrual / (reversal) of impairment of accounts receivable, net	4,681	(1,643)
Water usage expenses	1,877	1,705
Social charges	837	1,393
Loss on dilution of interest in associate	539	-
Loss on disposal of property, plant and equipment, net	146	499
Other expenses	2,086	2,429
Total expenses	**193,519**	**237,038**
Including:		
Total expenses less expenses of Disposal group	193,519	149,869
Expenses of Disposal group (Note 4)	-	87,169

Note 23. Finance income, costs

	Nine months ended 30 September 2012	Nine months ended 30 September 2011
Finance income		
Interest income	3,748	2,850
Income on discounting	243	41
Foreign exchange gain	129	205
Other income	86	18
Total finance income	**4,206**	**3,114**
Finance costs		
Interest expense	(3,216)	(3,141)
Finance lease expense	(243)	(419)
Expense on discounting	(215)	(236)
Foreign exchange loss	(161)	(254)
Other costs	(744)	(847)
Total finance costs	**(4,579)**	**(4,897)**

(in millions of Russian Rubles unless noted otherwise)

Note 24. Discontinued operations

As at 30 September 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:

	Nine months ended 30 September 2012
Revenue	2,798
Government grants	14
Expenses	(2,631)
Finance costs, net	(322)
Loss recognised on remeasurement to fair value less costs to sell	(3,189)
Loss before income tax from discontinued operations	**(3,330)**
Income tax benefit	930
Loss for the period from discontinued operations	**(2,400)**
Attributable to:	
Shareholders of OJSC RusHydro	(594)
Non-controlling interest	(1,806)

As at 30 September 2012 the line Cash and cash equivalents in the Condensed Consolidated Interim Statement of Cash Flows included RR 92 million of cash and cash equivalents held by OJSC DRSK (31 December 2011: RR 77 million).

Note 25. Earnings per share

	Nine months ended 30 September 2012	**Nine months ended 30 September 2011**
Weighted average number of ordinary shares issued (thousand of shares)	281,598,950	281,129,713
Profit for the period from continuing operations attributable to the shareholders of OJSC RusHydro	4,872	31,063
Loss for the period from discontinued operations attributable to the shareholders of OJSC RusHydro	(594)	-
Earnings per share from continuing operations attributable to the shareholders of OJSC RusHydro – basic and diluted* (in Russian Rubles per share)	**0.0173**	**0.1105**
Loss per share from discontinued operations attributable to the shareholders of OJSC RusHydro – basic and diluted* (in Russian Rubles per share)	**(0.0021)**	**-**

** 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 176,653 million as at 30 September 2012 (31 December 2011: RR 176,868 million). The major part of future capital expenditures under contractual obligations as at 30 September 2012 are related to the following hydropower plants: Saratovskaya HPP in the amount of RR 44,532 million, Volzhskaya HPP in the amount of RR 37,838 million and Zhigulevskaya HPP in the amount of RR 14,961 million due to the reconstruction of equipment, Zagorskaya GAES-2 in the amount of RR 16,317 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 nine months ended 30 September 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 September 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 552 million as at 30 September 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.

(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 September 2012**	**31 December 2011**
for OJSC Boguchanskaya HPP:		
State Corporation Vnesheconombank	17,324	10,546
for CJSC Boguchansky Aluminium Plant:		
Solios Environnement S. A.	535	674
ALSTOM Grid SAS	602	571
CJSC Commerzbank (Eurasia)	-	178
Total guarantees issued	**18,461**	**11,969**

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 September 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 17,324 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 September 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 4,220 million and RR 1,435 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

Option Programme 2010. No share options were exercised under the Share Option Programme 2010, which was closed on 22 December 2012.

Share issue. On 8 October 2012 following the registration of the Report on the share issue of the Group in the number of 89,000,000,000 ordinary shares, the Group (controlling over 75 percent of OJSC Yakutskenergo) made an obligatory share purchase offer to the non-controlling shareholders of OJSC Yakutskenergo. 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.

On 16 November 2012 the EGM approved the increase of the share capital of RusHydro by means of issuance and placement through open subscription of 110,000,000,000 additional ordinary shares with a par value of RUR 1.00. The shares can be paid by cash or non-cash assets. On 10 December 2012 the Board of Directors of the Company determined the placement price of RR 1.00 per share.

On 3 December 2012 the share issue of 110,000,000,000 ordinary shares was registered with the FSFM.

Among the non-cash assets that can be used as means of payment are ordinary shares of the following companies:

- OJSC Ust'-Srednekanskaya HPP;
- OJSC RAO Energy Systems of the East;
- OJSC Sakhalin energy company;
- OJSC Irkutsk electronetwork company;
- OJSC Irkutskenergo.

BEMA project financing scheme. On 11 December 2012 the Board of Directors approved the amendments to the financing structure of BEMO through signing an Addendum to the loan agreement between the State Corporation Vnesheconombank (VEB) and Boguchansky aluminum plant. The Addendum provides for increase of project financing from VEB for completion of construction the first stage of the Boguchansky aluminum plant.

The loan nominated in US dollars was increased from RR 21,910 million to RR 47,196 million. The maturity date of the loan was prolonged to 20 December 2027.

As of the date of the signing the addendum the interest rate is set at 8.77 percent per year. In case a source of financing for the transaction is available, the interest rate can be set at three months LIBOR plus 7.5 percent per year.