RUSHYDRO GROUP

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

As at and for the three months ended 31 March 2012

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(in millions of Russian Rubles unless noted otherwise)

	Note	31 March 2012	31 December 2011
ASSETS			
Non-current assets			
Property, plant and equipment	7	578,299	568,629
Investments in associates and jointly controlled entities		33,403	33,686
Available-for-sale financial assets	8	18,269	19,738
Other non-current assets	9	36,218	36,136
Total non-current assets		**666,189**	**658,189**
Current assets			
Cash and cash equivalents	10	50,389	47,337
Accounts receivable and prepayments	11	56,000	49,871
Inventories	12	15,413	17,972
Other current assets	13	24,360	9,944
Total current assets		**146,162**	**125,124**
Assets of subsidiary acquired exclusively with a view for resale	1, 14	29,252	28,470
TOTAL ASSETS		**841,603**	**811,783**
EQUITY AND LIABILITIES			
Equity			
Share capital	15	290,302	290,302
Treasury shares	15	(10,662)	(10,662)
Share premium	15	21,434	21,434
Retained earnings and other reserves		204,912	197,416
Equity attributable to the shareholders of OJSC RusHydro		**505,986**	**498,490**
Non-controlling interest		29,688	27,169
TOTAL EQUITY		**535,674**	**525,659**
Non-current liabilities			
Deferred income tax liabilities		45,066	44,340
Non-current debt	17	115,574	102,624
Other non-current liabilities	18	13,956	13,001
Total non-current liabilities		**174,596**	**159,965**
Current liabilities			
Current debt and current portion of non-current debt	17	25,693	21,414
Accounts payable and accruals	19	38,130	40,030
Accounts payable in respect of share issues	15	43,604	43,604
Taxes payable	20	10,343	8,018
Total current liabilities		**117,770**	**113,066**
Liabilities of subsidiary acquired exclusively with a view for resale	1, 14	13,563	13,093
TOTAL LIABILITIES		**305,929**	**286,124**
TOTAL EQUITY AND LIABILITIES		**841,603**	**811,783**

Chairman of Management Board — E. V. Dod

Chief Accountant — D. V. Finkel

2 August 2012

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

(in millions of Russian Rubles unless noted otherwise)

	Note	Three months ended 31 March 2012	Three months ended 31 March 2011
CONTINUING OPERATIONS			
Revenue	21	82,609	168,084
Government grants	22	2,576	1,860
Expenses	23	(71,280)	(140,725)
Operating profit		**13,905**	**29,219**
Gain on disposal of available-for-sale financial assets held for sale and disposal group		-	1,260
Finance income	24	1,983	1,257
Finance costs	24	(2,062)	(1,402)
Share of loss of associates and jointly controlled entities		(206)	(60)
Profit before income tax		**13,620**	**30,274**
Total income tax expense	16	(2,805)	(4,416)
Profit for the period from continuing operations		**10,815**	**25,858**
DISCONTINUED OPERATIONS			
Loss for the period from discontinued operations	**14**	**(163)**	**-**
Profit for the period		**10,652**	**25,858**
Attributable to:			
Shareholders of OJSC RusHydro		9,322	17,532
Non-controlling interest		1,330	8,326
Earnings per ordinary share for profit from continuing operations attributable to the shareholders of OJSC RusHydro – basic and diluted (in Russian Rubles per share)	25	0.0334	0.0659
Loss per ordinary share for loss from discontinued operations attributable to the shareholders of OJSC RusHydro – basic and diluted (in Russian Rubles per share)	25	(0.0002)	-
Weighted average number of shares outstanding – basic and diluted (thousands of shares)	25	281,247,952	266,000,691

Chairman of Management Board E. V. Dod

Chief Accountant D. V. Finkel

2 August 2012

(in millions of Russian Rubles unless noted otherwise)

	Note	Three months ended 31 March 2012	Three months ended 31 March 2011
Profit for the period		10,652	25,858
Other comprehensive income, net of tax:			
Loss arising on available-for-sale financial assets	8	(1,486)	(473)
Loss arising on available-for-sale financial assets classified as held for sale		-	(243)
Accumulated gain on available-for-sale financial assets recycled to the Income Statement on their disposal		-	(2,370)
Loss arising on disposed available-for-sale financial assets		-	(2,222)
Other comprehensive income		(3)	-
Total comprehensive income for the period		**9,163**	**20,550**
Attributable to:			
Shareholders of OJSC RusHydro		7,812	12,175
Non-controlling interest		1,351	8,375

Chairman of Management Board E. V. Dod

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2 August 2012

(in millions of Russian Rubles unless noted otherwise)

	Note	Three months ended 31 March 2012	Three months ended 31 March 2011
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax		**13,605**	**30,274**
Depreciation of property, plant and equipment	7, 23	4,967	4,461
Loss / (gain) on disposal of property, plant and equipment	23	66	(154)
Share of loss of associates and jointly controlled entities		206	60
Gain on disposal of available-for-sale financial assets held for sale and disposal group		-	(1,260)
Finance income	24	(1,983)	(1,257)
Finance costs	24	2,062	1,402
Accrual / (reversal) of impairment of accounts receivable	23	378	(2,636)
Effect of Share Option Programme expenses	6	67	315
Other income		(302)	(229)
Operating cash flows before working capital changes and income tax paid		**19,066**	**30,976**
Working capital changes:			
Increase in accounts receivable and prepayments		(6,517)	(18,324)
Decrease in inventories		2,702	2,828
Increase in other non-current assets		(169)	(517)
(Decrease) / increase in accounts payable and accruals		(2,024)	7,489
Increase in other taxes payable		2,002	3,176
Increase in other non-current liabilities		954	101
Income tax paid		(2,241)	(4,691)
Net cash generated by operating activities		**13,773**	**21,038**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(13,495)	(9,381)
Proceeds from sale of property, plant and equipment		92	6
Disposal of subsidiaries (Disposal group)		-	(17,325)
Purchase of promissory notes and other investments		(19,368)	(7,552)
Proceeds from sale of promissory notes and other investments		5,714	9,231
Purchase of subsidiaries from parties under common control		-	(173)
Purchase of associates		-	(200)
Settlement of derivative instruments		(1)	(41)
Interest received		1,057	613
Net cash used in investing activities		**(26,001)**	**(24,822)**

(in millions of Russian Rubles unless noted otherwise)

	Note	Three months ended 31 March 2012	Three months ended 31 March 2011
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from current debt	17	8,129	7,050
Proceeds from non-current debt	17	20,927	3,980
Repayment of debt	17	(12,395)	(12,315)
Interest paid		(1,607)	(1,395)
Proceeds from share issue		-	170
Proceeds from share issue in subsidiaries		748	-
Finance lease payments		(469)	(436)
Net cash generated / (used) by financing activities		**15,333**	**(2,946)**
Net cash generated by subsidiary acquired with a view for resale	14	10	
Foreign exchange loss on cash balances		(53)	(13)
Increase / (Decrease) in cash and cash equivalents		**3,062**	**(6,743)**
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**	**50,476**	**21,722**

Chairman of Management Board — E. V. Dod

Chief Accountant — D. V. Finkel

2 August 2012

Consolidated Interim Condensed Statement of Changes in Equity for the three months ended 31 March 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 2012		**290,302**	**(10,662)**	**21,434**	**(127,216)**	**228,680**	**(2,273)**	**98,225**	**498,490**	**27,169**	**525,659**
Profit for the period		-	-	-	-	-	-	9,322	9,322	1,330	10,652
Loss arising on available-for-sale financial assets	8	-	-	-	-	-	(1,507)	-	(1,507)	21	(1,486)
Other comprehensive income		-	-	-	-	-	-	(3)	(3)	-	(3)
Total comprehensive income		**-**	**-**	**-**	**-**	**-**	**(1,507)**	**9,319**	**7,812**	**1,351**	**9,163**
Effect of changes in non-controlling interest		-	-	-	-	-	-	(434)	(434)	1,182	748
Effect of Share Option Programme	6	-	-	-	-	-	-	67	67	-	67
Transfer of revaluation reserve to retained earnings		-	-	-	-	(69)	-	69	-	-	-
Other movements		-	-	-	-	-	-	51	51	(14)	37
As at 31 March 2012		**290,302**	**(10,662)**	**21,434**	**(127,216)**	**228,611**	**(3,780)**	**107,297**	**505,986**	**29,688**	**535,674**

Consolidated Interim Condensed Statement of Changes in Equity for the three months ended 31 March 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		**288,695**	**(9,744)**	**20,453**	**(94,973)**	**229,901**	**7,401**	**68,256**	**509,989**	**29,579**	**539,568**
Profit for the period		-	-	-	-	-	-	17,532	17,532	8,326	25,858
Loss arising on available-for-sale financial assets	8	-	-	-	-	-	(494)	-	(494)	21	(473)
Loss arising on available-for-sale financial assets classified as held for sale		-	-	-	-	-	(243)	-	(243)	-	(243)
Accumulated gain on available-for-sale financial assets recycled to the Income Statement on their disposal		-	-	-	-	-	(2,370)	-	(2,370)	-	(2,370)
Loss arising on disposed available-for sale financial assets		-	-	-	-	-	(2,250)	-	(2,250)	28	(2,222)
Total comprehensive income		**-**	**-**	**-**	**-**	**-**	**(5,357)**	**17,532**	**12,175**	**8,375**	**20,550**
Acquisition of subsidiaries from parties under common control		-	-	-	(172)	-	-	-	(172)	-	(172)
Effect of Share Option Programme	6	-	-	-	-	-	-	315	315	-	315
Transfer of revaluation reserve to retained earnings		-	-	-	-	(229)	-	229	-	-	-
Disposal of subsidiaries (Disposal group)		-	-	-	-	(110)	-	110	-	(5,593)	(5,593)
Other movements		-	-	-	-	-	-	39	39	-	39
As at 31 March 2011		**288,695**	**(9,744)**	**20,453**	**(95,145)**	**229,562**	**2,044**	**86,481**	**522,346**	**32,361**	**554,707**

Chairman of Management Board — E. V. Dod

Chief Accountant — D. V. Finkel

2 August 2012

Note 1. The Group and its operations

Open Joint Stock Company RusHydro (OJSC RusHydro – hereinafter referred to as "the Company") was incorporated as a wholly-owned subsidiary of the Russian Open Joint Stock Company for Energy and Electrification Unified Energy System of Russia (RAO UES) on 26 December 2004, based on the Decision of the Board of Directors of RAO UES dated 24 December 2004 in accordance with the Resolution of the Russian Government No. 526 dated 11 July 2001 "On reforming the Russian Federation electric utilities industry" and Resolutions of the Russian Government No. 1254-r dated 1 September 2003 and No. 1367-r dated 25 October 2004. On 1 July 2008 RAO UES ceased to exist and the Company became controlled by the Government (the Russian Federation).

The Group's primary activities are generation and sale of electricity and capacity on the Russian wholesale and retail markets, as well as generation and sale of heat energy.

Scope of consolidation. As at 31 March 2012 RusHydro Group (hereinafter referred to as "the Group") consists of the Company and its subsidiaries. The Group's principal subsidiaries are presented in Note 4. The Company has 19 branches across the Russian Federation, including: Bureyskaya HPP, Volzhskaya HPP, Votkinskaya HPP, Dagestan branch, Zhigulevskaya HPP, Zagorskaya PSHPP, Zeyskaya HPP, Kabardino-Balkarian branch, Kamskaya HPP, Karachaevo-Cherkessian branch, Cascade of Verkhnevolzhskie HPPs, Cascade of Kubanskie HPPs, Corporate HydroPower University, Nizhegorodskaya HPP, Novosibirskaya HPP, Saratovskaya HPP, Sayano-Shushenskaya HPP named after P. S. Neporozhny, Northern Ossetian branch, Cheboksarskaya HPP.

Changes in the Group's structure. Significant changes in the Group's structure in 2011 and 2012 are described below.

Acquisition of subsidiaries from parties under common control

In 2011, in the course of additional share issue for 89,000,000,000 ordinary shares registered with the Federal Service for Financial Markets of Russia (hereinafter referred to as "the FSFM") on 16 August 2011 (Note 15) the Group acquired controlling interests in the following companies: OJSC RAO Energy System of East (with the following principal subsidiaries: OJSC DEK, OJSC DGK, OJSC DRSK, OJSC Yakutskenergo, OJSC Kamchatskenergo, OJSC Magadanenergo, OJSC Sakhalinenergo – hereinafter together referred to as "RAO Energy System of East Group"), OJSC Kamchatskiy Gazoenergetichesky Complex, OJSC Pavlodolskaya HPP.

In the Group's consolidated financial statements these subsidiaries were accounted for using 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 (Note 14).

In addition, in the course of this share issue the Group has increased its interest in the following subsidiaries: OJSC Geotherm, OJSC Kolimaenergo, OJSC Zaramag HS, OJSC Ust'-Srednekanskaya HPP, OJSC Yakutskenergo, OJSC DEK.

On 24 March 2011 the Group acquired a 90 percent interest in CJSC International Power Corporation, the main asset of which is the Sevan-Hrazdan hydroelectric system in the Republic of Armenia, from INTER RAO UES Group. CJSC International Power Corporation has been accounted for using the predecessor values method and retrospectively presented in all periods reported.

Business combinations

On 12 September 2011 the Group acquired a 100 percent interest in LLC ESC Bashkortostan (Energy Supply Company of Bashkortostan) from OJSC Bashkirenergo. The consideration was determined by an independent appraiser and amounted to RR 5,720 million in cash. The transaction was accounted for as a business combination.

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 31 March 2012 the Russian Federation owned 57.97 percent of the total voting 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 provide the Group with electricity dispatch, transmission and distribution services, and a number of the Group's fuel and other suppliers (Note 6).

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

- participation of its representatives in the Company's Board of Directors;
- 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.

Note 2. Operating environment of the Group

Overview of the electricity and capacity market. Capacity and electricity, while interrelated, are treated as separate economic products. The capacity market represents the obligation and ability to keep sufficient generation capability in reserve in order to satisfy a target level of potential demand, while the sale of electricity represents the actual delivery of electricity to the purchaser.

The Russian electricity and capacity market consists of wholesale and retail markets.

Participants of the wholesale market include: generating companies, electricity sales companies, electricity suppliers, grid companies (in terms of electricity purchases to cover transmission losses), electricity export / import operators, large electricity consumers.

Participants of the wholesale market, except grid companies, can act as electricity and capacity sellers and buyers.

Participants of the retail market include: electricity consumers, electricity sales companies, electricity generators that are not eligible for participation in the wholesale market, territorial grid companies.

The Group's entities that are included in Generation segment are primarily participants of the wholesale market selling electricity and capacity to other participants of the market.

The Group's entities that are included in Retailing segment are primarily participants of both the wholesale market, where they purchase electricity and capacity, and the retail market where they sell electricity and capacity to the end-consumers.

The Group's entities relating to the segment RAO Energy System of East Group are the participants of both electricity and capacity wholesale market (non-pricing zone of the Far East) where they sell and purchase electricity and capacity, and retail markets where they sell electricity to end-consumers, including those in the isolated energy systems.

Wholesale market. The wholesale electricity market has been functioning in accordance with the Resolution of the Russian Government No. 1172 dated 27 December 2010.

A wholesale market for electricity and capacity functions on the territory of the regions, which are integrated in pricing areas. European Russia and Urals are included in the first pricing area, Siberia is included in the second pricing area. In non-pricing areas (Arkhangelsk and Kaliningrad regions, Komi Republic, regions of the Far East), where the competitive market relationships are not possible due to technological reasons, sales of electricity and capacity are carried out based on regulated tariffs.

In the isolated energy systems which are not technically integrated into the country's unified energy system, there is no electricity and capacity wholesale market and electricity is supplied through the regulated retail markets.

Wholesale electricity market

The wholesale electricity market has a number of sectors varying in contractual terms, conditions and delivery time frames: sector of regulated contracts, day-ahead market, sector of unregulated bilateral contracts and the balancing market.

Starting from 1 January 2011 regulated contracts are traded only for volumes of electricity and capacity designated for delivery to population, groups of customers equivalent to population and guaranteeing suppliers operating in North Caucasus, Republic of Tyva and Republic of Buryatia.

Electricity and capacity supply tariffs for the Russian Federation are calculated using the price indexing formulas determined by the Federal Tariff Service (hereinafter referred to as “the FTS”).

Electricity and capacity supply volumes are determined based on the estimated consolidated balance of electricity production and supply prepared by the FTS, so that for the electricity and capacity generator supply under regulated contracts does not exceed 35 percent of the total electricity and capacity supply to the wholesale market determined by the decision on balance for such generator.

Electricity volumes that are not covered by the regulated contracts are sold at unregulated prices on the day-ahead market (DAM) and balancing market (BM).

DAM is a competitive selection of seller and buyer price bids on the day ahead of actual electricity supply, including prices and volumes for each of 24 hours. The selection is managed by the Commercial Operator of the wholesale market (OJSC ATS). On DAM, the price is determined by balancing the demand and supply, and such price is applied to all market participants. To mitigate the price manipulation risk, DAM introduced a system encouraging the participants to submit competitive price bids – in accordance with the trading rules, the lowest price bids for electricity supply are satisfied first.

Price indices and trade volumes in DAM are published daily on the web-site of OJSC ATS.

Electricity volumes sold under bilateral contracts and on DAM constitute scheduled electricity consumption. However, actual consumption is inevitably different from the planned one. Deviations from scheduled production/consumption are traded on a real-time basis on BM, and the System Operator of the wholesale market (OJSC SO UES) holds additional tenders to select bids every three hours.

Under unregulated bilateral contracts, the market participants independently determine supply counter parties, prices and volumes.

Wholesale capacity market

According to Resolution of the Russian Government No. 89 dated 24 February 2010 amendments to regulations of the capacity market providing for organisation of long-term capacity market were approved.

Capacity is traded based on the following trading mechanisms:

- purchase / sale of capacity under capacity sales contracts, concluded as a result of capacity competitive selection of bids;
- purchase / sale of capacity under unregulated contracts, including concluded through the exchange;
- purchase / sale of capacity under contracts to provide capacity and under sale contracts of new nuclear power plants and hydroelectric power plants, similar to capacity sale contracts;
- purchase / sale of capacity produced by forced generators;
- purchase / sale of capacity under regulated contracts (within the volumes for delivery to population and groups of customers equivalent to population);
- purchase / sale of capacity of generating facilities selected by additional screening of investment projects performed when capacity selected through capacity competitive selection of bids in any area does not guarantee meeting the demand for capacity;
- purchase / sale of capacity of generating facilities determined upon the results of competitive selection of investment projects on developing the prospective technological capacity reserves.

From 2011, similar to trading operations with electricity, capacity is supplied under regulated contracts only in the volumes required for supply to the population, equivalent consumer categories and consumers operating in some parts of the wholesale market pricing zones, consisting Russian constituent territories as determined by the Russian Government (North Caucasus).

In the long-term capacity market, capacity tenders are held based on the demand estimated for the respective supply period by OJSC SO UES. If the actual demand for capacity is above the forecast one, additional tender selection may be held for adjusting it.

The tender first selects capacity commissioned under capacity supply contracts (CSC) entered into with heating generation sites and contracts with nuclear power plants and hydro power plants similar to CSC. Non-selected capacity that failed to pass through the tender is not paid for, excluding the capacity of the generating sites that are required to maintain the technological operating modes of the energy system or supply heat ("forced" generators). The capacity of "forced" generators is paid for using the tariff set up by the FTS.

In December 2010 first capacity sale contracts for new hydroelectric power plants and pump storage power plants were concluded. Heating generation site commissioned under CSC, receives guaranteed payment for capacity for 10 years, to offset the maintenance cost and capital expenditures covered by agreement.Under these contracts such power plants receive guaranteed payment for capacity for 20 years. Maintenance and capital expenditures used to calculate the cost of capacity under capacity supply contracts are determined by Resolution of the Russian Government No. 238 dated 13 April 2010.

Non-pricing zone of the Far East

Territories of the Amur Region, Primorsky Region, Khabarovsk Region, Jewish Autonomous Region and the Southern District of the Sakha Republic (Yakutia) are integrated into a single non-pricing zone of the wholesale electricity and capacity market of the Far East. There are specific features of managing electricity and capacity trading operations due to limitations in the competition among electricity suppliers and grid-imposed limitations for electricity flow.

Tariffs for electricity supplied by the Far East energy companies to the consumer (end-consumer tariffs) are approved by regional regulatory authorities based on the threshold tariff levels approved by the FTS for the regulated period.

The threshold tariff levels for electricity supplied to population or equivalent consumer categories and other consumers in the Russian constituent territories are determined by the FTS in accordance with the forecast of social and economic development in the Russian Federation for the regulated period.

The single buyer wholesale market model is implemented in the Far East non-pricing zone. Suppliers of the wholesale market supply electricity and capacity to the wholesale market using the tariffs established for them by the FTS. The single buyer purchases electricity and capacity on the wholesale market at indicative prices approved by the FTS. OJSC ATS holds trades and makes sure settlements between the electricity generators and buyers are made using the FTS tariffs approved for these parties.

Functions of the single buyer are assigned to OJSC DEK on the territory of Amur Region, Jewish Autonomous Region, Khabarovsk Region, Primorsky Region and the Sakha Republic (Yakutia).

Retail electricity market. The new retail market rules were introduced by Resolution of the Government No. 530 dated 31 August 2006 "On Approval of the Rules for the Operation of the Retail Electricity Markets" (amended on 31 December 2010). Retail electricity markets represent sales of electricity to the end-consumers outside the scope of the wholesale market. Almost all volumes of electricity sold in the retail markets are purchased in the wholesale market, excluding a small portion generated at the power plants that are not participants in the wholesale market. And there are regions with only retail market operations – they are isolated energy systems of Kamchatsky Region, Magadan Region, Chukotsk Autonomous Region, Western and Central Regions of Sakha Republic (Yakutia) and Sakhalin Region where systems are not technically integrated into the unified energy system.

Electricity sales (supply) companies with the status of guaranteeing suppliers are obliged to enter into an electricity supply contract with any party that applied to them, within their operational zone, which represents a guarantee of electricity supply to any retail market consumer. The guaranteeing suppliers' operational zones cover all territory of Russia and do not overlap. Thus, there is only one guaranteeing supplier for any consumer.

From 2011, the guaranteeing suppliers and other energy sales companies supply electricity to the consumers that are not population or equivalent consumer categories:

- *In the territories integrated into pricing zones of the wholesale market* – at unregulated prices within the threshold limits of unregulated prices. The threshold limits of unregulated prices are determined in accordance with the results of each month based on the actual wholesale market prices.
- *In the territories integrated into non-pricing zones of the wholesale market* – at regulated prices, taking into account deviations from actual consumption volumes from the contractual ones, and the recovery of

expenses incurred in connection with the change in contractual consumption volume.

- *In the territories of isolated energy systems* – under regulated prices approved by the FTS and executive authorities of the constituent regions of the Russian Federation in terms of state tariff regulation in the territories where such energy systems are located.

Population and equivalent consumer categories pay for all actually consumed electricity only under the regulated tariffs.

Heating market. Operations of the heating market are regulated by Federal Law No.190-FZ "On Heating" dated 27 July 2010.

The Group's entities that are included into the segment RAO Energy System of the East Group are participants on the retail heating markets in the territories of their presence. Heat energy is supplied both on the centralised basis (from the energy system) and on a decentralised basis (from boiling houses operated by the energy system). And a number of energy systems are involved in supplies of heat, generating and distributing heat energy, while others – just generate heat energy.

Heating market provides for:

- supply of hot water for the heating supply needs;
- supply of hot water for domestic needs;
- supply of heat for the entities' technological needs.

According to the Russian legislation, sales of heat energy are fully regulated.

Prices (tariffs) for heat supplied by utilities for all consumer groups are approved by executive authorities in the Russian constituent regions responsible for state regulation of prices (tariffs).

Prices for other types of heating goods and services are determined by the agreement of the parties and are not subject to regulation.

Seasonality of business. The demand for the Group's heat and electricity generation and supply depends on weather conditions and the season. Electricity generation is made by hydro generation plants as well as by heating generation sites of the Group. Heat generation is mainly made 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 3. Summary of significant accounting policies

Statement of compliance

This Consolidated Interim Condensed 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).

The same accounting policies and methods of computation were followed in the preparation of this Consolidated Interim Condensed Financial Information as were followed in the preparation of the annual Consolidated Financial Statements as at and for the year ended 31 December 2011.

Reclassifications

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

Adoption of New or Revised Standards and Interpretations

Certain amendments to standards, as disclosed in the Consolidated Financial Statements as at and for the year ended 31 December 2011, became effective for the Group from 1 January 2012, neither of which had any effect on the Consolidated Interim Condensed Financial Information.

Certain new standards, interpretations and amendments to standards and interpretations, as disclosed in the Consolidated Financial Statements 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 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.

Note 4. Principal subsidiaries

All subsidiaries with the exception of foreign companies are incorporated and operate in the Russian Federation. The Group operates in the three main reportable segments (Note 5). The principal subsidiaries are presented below according to their allocation to the reportable segments as at 31 March 2012 and 31 December 2011. Differences between the ownership interest and voting interest held by some subsidiaries represent the effect of preference shares and / or effects of indirect ownership, or non-corporate partnership (LLC).

Generation

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

	31 March 2012		31 December 2011	
	% of ownership	% of voting	% of ownership	% of voting
OJSC El 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 suppliers status (Note 2) and are obliged to sign contracts on supplies with all final consumers of their region upon their request.

	31 March 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%	69.40%	65.81%	69.40%
OJSC Ryazan Power Distributing Company	90.52%	90.52%	90.52%	90.52%

RAO Energy System of East Group

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

(in millions of Russian Rubles unless noted otherwise)

Principal subsidiaries of this segment are presented below:

	31 March 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%	55.54%	38.48%	55.54%
OJSC Yakutskenergo	61.51%	84.32%	62.63%	84.32%
OJSC DRSK*	35.23%	100.00%	36.43%	100.00%

** Subsidiary acquired in 2011 exclusively with a view for resale and classified as a disposal group and discontinued operation as at 31 December 2011 (Note 1).*

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:

	31 March 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	99.34%	100.00%	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 Company 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 judgment and

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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.

Segment information for the three months ended 31 March 2012 and 31 March 2011 and as at 31 March 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
Three months ended 31 March 2012					
Revenue from external customers	18,648	23,191	42,054	2,082	85,975
Intersegment revenue	2,227	137	68	3,913	6,345
Total revenue	**20,875**	**23,328**	**42,122**	**5,995**	**92,320**
EBITDA (RSA)*	**11,877**	**1,312**	**7,667**	**88**	**20,944**
Capital expenditure**	**5,725**	**45**	**2,482**	**5,075**	**13,327**
As at 31 March 2012					
Total reportable segment assets	**712,062**	**13,116**	**262,729**	**206,444**	**1,194,351**
Total reportable segment liabilities	**152,308**	**8,064**	**97,842**	**175,617**	**433,831**

Assets of all other segments include assets under construction which will be transferred to the Generation segment on their completion in the amount of RR 109,757 million as at 31 March 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.

Included in Retailing segment Revenue and EBITDA (RSA) for the three months ended 31 March 2011 are results of Disposal group up to the disposal date.

OJSC DRSK classified as disposal group and discontinued operation is included in RAO Energy System of East Group segment (Notes 1, 14).

	Generation	Retailing	RAO Energy System of East Group	All other segments	Total Group
Three months ended 31 March 2011					
Revenue from external customers	21,270	108,245	37,951	2,064	169,530
Intersegment revenue	1,868	832	124	3,179	6,003
Total revenue	**23,138**	**109,077**	**38,075**	**5,243**	**175,533**
EBITDA (RSA)*	**16,451**	**8,524**	**8,812**	**102**	**33,889**
Capital expenditure**	**4,163**	**98**	**1,736**	**4,120**	**10,117**
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 – earnings before interest, tax, depreciation and amortisation, calculated as gross profit under RSA before depreciation.*

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

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

	Three months ended 31 March 2012	Three months ended 31 March 2011
Total revenue of reportable segments (RSA)	**86,325**	**170,290**
Revenue of all other segments	5,995	5,243
Differences in revenue recognition under IFRS	(1,198)	(604)
Elimination of intersegment revenues	(6,345)	(6,003)
Other	(2,168)	(842)
Total revenue (IFRS)	**82,609**	**168,084**

	Three months ended 31 March 2012	Three months ended 31 March 2011
EBITDA of reportable segments (RSA)	**20,856**	**33,787**
EBITDA of all other segments	88	102
Finance lease adjustment	304	269
Charge / (reversal) of accounts receivable	(459)	2,812
Effect of Share Option Programmes (Note 6)	(67)	(315)
Expenses not included in RSA EBITDA	(1,395)	(3,318)
Depreciation of property, plant and equipment (Note 23)	(4,967)	(4,461)
Other	(455)	343
Operating profit (IFRS)	**13,905**	**29,219**

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

	31 March 2012	31 December 2011
Total reportable segment assets (RSA)	**987,907**	**957,759**
Assets of all other segments	206,444	197,480
Property, plant and equipment adjustment	6,867	2,667
Adjustment on investments in associates and jointly controlled entities	1,413	1,689
Finance lease adjustment	2,230	2,564
Deferred tax	(3,067)	(1,845)
Unrealised profit adjustment	(4,094)	(4,076)
Differences in interest expense capitalisation in RSA and IFRS	(4,010)	(809)
Provision for impairment of accounts receivable	(2,900)	(2,266)
Treasury shares adjustment	9,221	(5,252)
Adjustment on fair value of available-for-sale financial assets	-	14,544
Discounting of financial instruments	(20,964)	(21,157)
Elimination of investments in subsidiaries	(156,005)	(158,093)
Elimination of intercompany balances	(179,150)	(168,749)
Write-off of prepaid expenses	-	(759)
Other	(2,289)	(1,914)
Total assets (IFRS)	**841,603**	**811,783**

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

	31 March 2012	31 December 2011
Total reportable segment liabilities (RSA)	**258,214**	**240,846**
Liabilities of all other segments	175,617	161,912
Deferred tax	39,097	40,678
Pension adjustment	12,093	12,093
Finance lease adjustment	3,044	2,968
Discounting of financial instruments	(1,926)	(2,231)
Elimination of intercompany balances	(179,150)	(168,749)
Other	(1,060)	(1,393)
Total liabilities (IFRS)	**305,929**	**286,124**

(in millions of Russian Rubles unless noted otherwise)

Information for revenue from external customers in accordance with IFRS for the three months ended 31 March 2012 and 31 March 2011 is presented below:

	Generation	Retailing	RAO Energy System of East Group	All other segments	Total Group
Three months ended 31 March 2012					
Sales of electricity	11,707	23,057	24,315	140	59,219
Sales of capacity	5,600	-	302	-	5,902
Sales of heat	55	-	12,579	2	12,636
Other revenue	87	134	3,362	1,269	4,852
Total revenue	**17,449**	**23,191**	**40,558**	**1,411**	**82,609**
Three months ended 31 March 2011					
Sales of electricity	11,755	106,680	24,215	-	142,650
Sales of capacity	9,433	352	312	-	10,097
Sales of heat	51	-	8,577	6	8,634
Other revenue	31	1,144	4,507	1,021	6,703
Total revenue	**21,270**	**108,176**	**37,611**	**1,027**	**168,084**

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 year ended 31 March 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	31 March 2012	31 December 2011
Promissory notes	9	5,395	5,271
Advances received		270	245

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

	Three months ended 31 March 2012	Three months ended 31 March 2011
Other revenue	246	240

Associates

The Group had the following balances with its associates:

	31 March 2012	31 December 2011
Trade and other receivables	2,367	683
Accounts payable	1,121	214

The Group had the following transactions with its associates:

	Three months ended 31 March 2012	Three months ended 31 March 2011
Purchased electricity and capacity	93	82

Government-related entities

In the normal course of business the Group enters into transactions with the entities controlled by the Government. The Group had transactions during the three months ended 31 March 2012 and 31 March 2011 and balances outstanding as at 31 March 2012 and 31 December 2011 with a number of government-related banks. All transactions are carried out on market terms.

The Group sells electricity, capacity and heat to government-related entities. Determination of prices for such electricity, capacity and heat sales is based on electricity and capacity market rules (Note 2). The Group's sales to government-related entities comprised approximately 19 percent of total sales for the three months ended 31 March 2012 (for the three months ended 31 March 2011: approximately 20 percent). The Group's purchases of electricity, capacity and fuel from government-related entities comprised approximately 17 percent of total expenses on purchased electricity, capacity and fuel for the three months ended 31 March 2012 (for the three months ended 31 March 2011: approximately 25 percent).

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Some of the transactions on 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 counterparty with automated information about transactions with end consumers. Government-related entities may also act as counterparties.

The Group had the following significant transactions with CFS:

	Three months ended 31 March 2012	Three months ended 31 March 2011
Sales of electricity and capacity	11,610	11,839
Purchased electricity and capacity	12,011	31,022

Electricity distribution services provided to the Group by government-related entities comprised approximately 52 percent of total electricity distribution expenses for the three months ended 31 March 2012 (for the three months ended 31 March 2011: approximately 89 percent). The distribution of electricity is subject to tariff regulations.

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

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

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

Total remuneration paid to the key management of the Group for the three months ended 31 March 2012 comprised RR 250 million (for the three months ended 31 March 2011: RR 155 million).

Employee's Share Option Programme 2007. In May 2007 the Company's Board of Directors approved the first Share Option Programme of the Company (hereinafter referred to as the "Programme 2007"), according to which members of the Management Board and other key employees of the Group became its participants.

The Programme 2007 was operated by the Group's subsidiary LLC ESOP which keeps 3,137,287,475 treasury shares of the Company.

In accordance with the regulations of the Programme 2007, its participants signed agreements to purchase the Company's shares under which the property title to the shares was transferred and payment was to be made after three years, starting from 3 September 2007. On 11 February 2010 the Company's Board of Directors approved amendments to the regulation of the Programme 2007, which extended the period during which the participants can exercise their options up to two years after 2 September 2010. Previously the Programme 2007 participants could exercise the share option within the month ended 2 September 2010.

The extension of the options execution period affected the fair value of the options granted. On 11 February 2010 the Group has determined (i) the fair value of options using existing terms and conditions, and (ii) the fair value of the options with the extended exercise period. The difference between the two fair values at the date of amendments was an incremental employee benefit. The incremental employee benefit was expensed over the period from 11 February 2010 to the vesting date in September 2010. The original grant date fair value continued to be amortised, using the original graded vesting schedule, over the period from the original 3 September 2007 grant date to the vesting date in September 2010.

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The estimate of the fair value of the services received was measured based on the Black-Scholes model:

	Original value calculated as at 3 September 2007	Before modification measured as at the date of amendments	After modification measured as at the date of amendments
Share price (in RR)	1.73	1.19	1.19
Exercise price (in RR)	1.73	1.73	1.73
Expected volatility (%)	27.00	60.37	60.37
Option life (days)	1,096	203	934
Risk-free interest rate (%)	6.13	5.55	6.08
Fair value of the option at measurement date (in RR)	**0.456**	**0.080**	**0.360**

Changes in the amounts of options granted are described in the table below:

	All options granted under the Programme 2007	Attributed to members of the Management Board
Number of options as at 1 January 2011	**2,583,051,812**	**172,550,810**
Option agreements signed during the year 2011	362,579	-
Number of options as at 1 January 2012	**2,583,414,391**	**172,550,810**
Option agreements terminated during the three months ended 31 March 2012	(345,101,620)	(172,550,810)
Number of options outstanding as at 31 March 2012	**2,238,312,771**	**-**

For the three months ended 31 March 2012 and 31 March 2011 no material expense related to the fair value of the options under the Programme 2007 was recognised within employee benefit expenses.

Employee's Share Option Programme 2010. On 22 December 2010 the Group approved the conditions of the second Share Option Programme (hereinafter referred to as the "Programme 2010"). A total of up to 3,178,775,724 ordinary shares are planned to be allocated under the Programme 2010. 65 percent of the total number of shares under the Programme 2010 were granted to the Management Board on 22 December 2010.

In accordance with the regulations of the Programme 2010, its participants signed agreements to purchase the Company's shares under which the property title to the shares was transferred and payment was to be made after two years, starting from 22 December 2010. The participants can exercise their options within two months after 21 December 2012.

The operator of the Programme 2010 is the Group's subsidiary OJSC HydroInvest.

The estimate of the fair value of the services received was measured based on the Black-Scholes model:

	Value calculated as at 22 December 2010
Share price (in RR)	1.66
Exercise price (in RR)	1.4967
Expected volatility (%)	32.74
Option life (days)	731
Risk-free interest rate (%)	6.17
Fair value of the option at measurement date (in RR)	**0.470**

Changes in the amounts of options granted are described in the table below:

	All options granted under the Programme 2010	Attributed to members of the Management Board
Number of options as at 1 January 2011	**-**	**-**
Option agreements signed during the year 2011	2,066,204,221	2,066,204,221
Number of options as at 1 January 2012	**2,066,204,221**	**2,066,204,221**
Option agreements signed during the three months ended 31 March 2012	-	-
Number of options outstanding as at 31 March 2012	**2,066,204,221**	**2,066,204,221**

For the three months ended 31 March 2012 the Group recognised an expense of RR 67 million within employee benefit expenses related to the fair value of the options under the Programme 2010 (for the three months ended 31 March 2011: RR 315 million).

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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**
Additions	7	110	445	14,434	164	15,160
Transfers	326	699	4,814	(5,882)	43	-
Disposals and write-offs	(87)	(5)	(182)	(84)	(209)	(567)
Closing balance as at 31 March 2012	**67,700**	**343,299**	**126,233**	**188,806**	**11,573**	**737,611**
Accumulated depreciation (including impairment)						
Opening balance as at 31 December 2011	**(17,591)**	**(52,558)**	**(35,326)**	**(45,068)**	**(3,846)**	**(154,389)**
Charge for the period	(473)	(1,745)	(2,639)	-	(293)	(5,150)
Transfers	(90)	(171)	(644)	1,046	(141)	-
Disposals and write-offs	`107	3	79	12	26	227
Closing balance as at 31 March 2012	**(18,047)**	**(54,471)**	**(38,530)**	**(44,010)**	**(4,254)**	**(159,312)**
Net book value as at 31 March 2012	**49,653**	**288,828**	**87,703**	**144,796**	**7,319**	**578,299**
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**
Additions	119	447	244	9,216	-	10,026
Transfers	85	307	1,160	(1,579)	27	-
Disposals and write-offs	(4)	(27)	(240)	(137)	(70)	(478)
Closing balance as at 31 March 2011	**69,950**	**320,174**	**108,001**	**153,556**	**9,002**	**660,683**
Accumulated depreciation (including impairment)						
Opening balance as at 31 December 2010	**(14,312)**	**(47,711)**	**(25,241)**	**(42,570)**	**(2,825)**	**(132,659)**
Charge for the period	(564)	(1,616)	(2,113)	-	(273)	(4,566)
Transfers	(27)	(72)	(151)	261	(11)	-
Disposals and write-offs	-	3	227	520	236	986
Closing balance as at 31 March 2011	**(14,903)**	**(49,396)**	**(27,278)**	**(41,789)**	**(2,873)**	**(136,239)**
Net book value as at 31 March 2011	**55,047**	**270,778**	**80,723**	**111,767**	**6,129**	**524,444**
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 hydropower plants under construction, and advances to construction companies and suppliers of property, plant and equipment. As at 31 March 2012 such advances amounted to RR 41,732 million (31 December 2011: RR 41,930 million).

Additions to assets under construction included capitalised borrowing costs in the amount of RR 1,534 million, the capitalisation rate was 8.07 percent (for the three months ended 31 March 2011: RR 567 million, the capitalisation rate was 6.46 percent).

Additions to assets under construction included capitalised depreciation in the amount of RR 183 million (for the three months ended 31 March 2011: RR 105 million).

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

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As at 31 March 2012 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, and concluded that no such indicators existed.

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 31 March 2012 the net book value of leased property, plant and equipment was RR 6,141 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:

	31 March 2012	31 December 2011
Less than one year	1,994	2,065
Between one and five years	5,352	5,726
After five years	28,309	31,692
Total	**35,655**	**39,483**

Note 8. Available-for-sale financial assets

	31 March 2012		31 December 2011	
	% of ownership	Fair value	% of ownership	Fair value
OJSC INTER RAO UES	5.28%	15,805	5.28%	17,755
OJSC IDGC Holding	1.03%	1,387	1.03%	972
OJSC Boguchanskaya HPP	2.89%	386	2.89%	379
OJSC FGC UES	0.13%	519	0.13%	466
Other	-	172	-	166
Total available-for-sale financial assets		**18,269**		**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.

Loss arising on available-for-sale financial assets for the three months ended 31 March 2012 totaled RR 1,486 million, net of tax and was recorded within other comprehensive income (for the three months ended 31 March 2011: loss of RR 716 million, net of tax).

Note 9. Other non-current assets

	31 March 2012	31 December 2011
Long-term promissory notes (Net of discount of RR 20,594 million, effective interest rate: 9.75-13.00%, due 2013-2029 as at 31 March 2012 and RR 20,751 million, effective interest rate: 9.75-13.00%, due 2012-2029 as at 31 December 2011)	14,813	15,034
VAT recoverable	4,695	4,320
Dams of Bratskaya, Ust'-Ilimskaya and Irkutskaya HPPs	5,738	5,762
Customer base of LLC ESC Bashkortostan	4,075	4,075
Goodwill	3,018	3,018
Other non-current assets	3,879	3,927
Total other non-current assets	**36,218**	**36,136**

As at 31 March 2012 the promissory notes of OJSC Boguchanskaya HPP and CJSC Boguchansky Aluminium Plant were recognised at their amortised cost net of discounts of RR 17,000 million and RR 3,248 million respectively (31 December 2011: RR 17,092 million and RR 3,280 million respectively). In 2011 these promissory notes were pledged as collateral to the State Corporation Vnesheconombank (Note 27).

(in millions of Russian Rubles unless noted otherwise)

Note 10. Cash and cash equivalents

	31 March 2012	31 December 2011
Cash at bank	10,617	10,321
Cash equivalents (contractual interest rate: 2.50-8.35%)	39,749	36,998
Cash in hand	23	18
Total cash and cash equivalents	**50,389**	**47,337**

Cash equivalents held as at 31 March 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 31 March 2012 were RR 104 million (31 December 2011: RR 109 million). Cash and cash equivalents balances denominated in Euros as at 31 March 2012 were RR 679 million (31 December 2011: RR 708 million).

Note 11. Accounts receivable and prepayments

	31 March 2012	31 December 2011
Trade receivables (Net of provision for impairment of accounts receivable of RR 8,350 million as at 31 March 2012 and RR 7,380 million as at 31 December 2011)	31,270	26,603
VAT recoverable	10,084	10,984
Income tax receivable	4,063	3,718
Advances to suppliers and other prepayments (Net of provision for impairment of accounts receivable of RR 371 million as at 31 March 2012 and RR 277 million as at 31 December 2011)	5,378	4,432
Other receivables (Net of provision for impairment of accounts receivable of RR 1,324 million as at 31 March 2012 and RR 2,038 million as at 31 December 2011)	5,205	4,134
Total accounts receivable	**56,000**	**49,871**

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

Note 12. Inventories

	31 March 2012	31 December 2011
Fuel	8,298	11,216
Materials and supplies (Net of provision for impairment of materials and supplies of RR 60 million as at 31 March 2012 and RR 47 million as at 31 December 2011)	4,582	4,122
Spare parts (Net of provision for impairment of spare parts of RR 26 million as at 31 March 2012 and RR 17 million as at 31 December 2011)	1,373	1,429
Other materials	1,160	1,205
Total inventories	**15,413**	**17,972**

Inventories of RR 128 million (31 December 2011: RR 259 million) have been pledged as collateral for borrowings.

Note 13. Other current assets

	31 March 2012	31 December 2011
Promissory notes and deposits	24,297	9,885
Other short-term investments	63	59
Total other current assets	**24,360**	**9,944**

Note 14. Discontinued operation

As at 31 March 2012 OJSC DRSK is presented as a discontinued operation due to the fact that it was acquired exclusively with a view for resale (Note 1).

Result of discontinued operation is summarised below:

(in millions of Russian Rubles unless noted otherwise)

	Three months ended 31 March 2012
Revenue	1,965
Expenses	(1,907)
Finance income, net	(73)
Loss before income tax from discontinued operations	**(15)**
Income tax expense	(148)
Loss for the period from discontinued operations	**(163)**

As at 31 March 2012 the line Cash and cash equivalents in the Consolidated Statement of Cash Flows included RR 87 million of cash and cash equivalents held by OJSC DRSK (31 December 2011: RR 77 million) (Note 1).

Note 15. Equity

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

In 2011 the Group has received the following contributions in exchange for additional shares issued:

- controlling interest in RAO Energy System of East Group, controlling and non-controlling interests in other companies (Notes 1, 8);
- hydropower facilities: dams of Bratskaya, Ust'-Ilimskaya and Irkutskaya HPPs (Note 9);
- cash contribution in the amount of RR 3,133 million from the Russian Federation.

As at 31 March 2012 the share issue was not completed and the Group had an obligation of RR 43,604 million (31 December 2011: RR 43,604 million) including obligation of RR 34,776 million to the Russian Federation, represented by the Federal Agency for State Property Management.

As at 31 March 2012 out of the total offering 26,426,831,049 ordinary shares were placed.

Treasury shares. Treasury shares as at 31 March 2012 were represented by 8,703,751,898 ordinary shares in the amount of RR 10,662 million (31 December 2011: 8,703,751,898 ordinary shares in the amount of RR 10,662 million).

The number of treasury shares as at 31 March 2012 included 5,417,088,495 ordinary shares under the Share Option Programmes (31 December 2011: 5,762,190,115) (Note 6).

Treasury shares carry voting rights in the same proportion as other ordinary shares. Voting rights of ordinary shares of the Company held by entities within the Group are effectively controlled by management of the Group.

Effect of changes in non-controlling interest of subsidiaries. The share issue for 2,317,068,930 additional ordinary shares of OJSC RAO Energy System of East was registered on 7 February 2012. 820,835,079 ordinary shares were bought by the Group's subsidiary LLC Vostok-Finance. As a result non-controlling interest increased by RR 1,182 million (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 30 June 2011 the Group 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.

(in millions of Russian Rubles unless noted otherwise)

Note 16. Income tax

Income tax expense is recognised based on the management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual effective income tax rate used for the three months ended 31 March 2012 was 21 percent (for the three months ended 31 March 2011: 15 percent).

	Three months ended 31 March 2012	Three months ended 31 March 2011
Current income tax expense from continuing operations	2,242	5,342
Deferred income tax expense from continuing operations	563	(926)
Total income tax expense from continuing operations	**2,805**	**4,416**
Current income tax expense from discontinued operations	48	-
Deferred income tax expense from discontinued operations	100	-
Total income tax expense from discontinued operations	**148**	**-**

In accordance with the tax legislation, tax losses and current income tax assets of different Group's entities may not be offset against current income tax liabilities and taxable profits of other Group's entities 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 31 March 2012 and 31 December 2011.

Note 17. Current and non-current debt

Non-current debt

	Currency	Effective interest rate	Due date	31 March 2012	31 December 2011
OJSC Sberbank of Russia	RR	6.40-11.00%	2013-2017	59,915	44,164
Eurobonds issued in October 2010 (RusHydro Finance Ltd)	RR	7.875%	2015	19,945	19,945
Russian bonds (OJSC RusHydro)	RR	8.00%	2016*	14,984	14,984
OJSC Gazprombank	RR	7.30-10.50%	2017	6,537	7,149
OJSC ROSBANK	RR	6.46-9.00%	2014	6,090	7,458
EBRD	RR	MOSPRIME+ 2.75-3.65%	2014-2020	4,255	4,455
EM Falcon Ltd	RR	MOSPRIME+1.40%/ 8.65%	2013-2014	3,115	3,346
Russian bonds (OJSC Yakutskenergo)	RR	8.25%	2013	3,000	3,960
CF Structured Products B. V.	USD	10.50%	2013	1,760	1,932
Municipal authority of Kamchatka region	USD	8.57%	2035	1,312	1,400
Other long-term debt	RR			2,945	1,719
Finance lease liabilities	RR	11.10-20.00%	-	2,635	2,742
Total				**126,493**	**113,254**
Less current portion of finance lease liabilities				(1 207)	(1,234)
Less current portion of non-current debt				(9,712)	(9,396)
Total non-current debt				**115,574**	**102,624**

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

OJSC Sberbank of Russia. In November 2011 the Group signed the loan agreement with OJSC Sberbank of Russia for opening of the non-renewable line of credit for financing of the operating, financial and investment activities with limit of RR 40,000 million and the period of debt issue till 31 January 2012. Interest on the loan agreement is payable quarterly on rate of 8.25 percent per annum during the period from date of issue till 27 April 2012, further before repayment date – on the variable interest rate defined according to contract terms (8.25 percent or 9.25 percent). The loan is scheduled for repayment on 17 November 2013.

Russian bonds (OJSC RusHydro). In April 2011 the Group placed bonds issue of series 01 in the total amount of RR 10,000 million and series 02 in the total amount of RR 5,000 million through the public offering, shown as at 31 March 2012 net of transaction costs in the amount of RR 15 million. The bonds mature in 10 years with a put option to redeem them in 5 years, coupon rate of 8 percent per annum was determined for the first 5 years period only. Interest is payable on a semi-annual basis. Russian bonds could have been partly purchased by government-related entities.

(in millions of Russian Rubles unless noted otherwise)

Current debt

	Currency	Effective interest rate	31 March 2012	31 December 2011
OJSC Sberbank of Russia	RR	6.30-10.83%	6,568	5,323
OJSC Gazprombank	RR	8,25-10,50%	2,028	-
OJSC ROSBANK	RR	6.25-9.00%	1,406	1,278
OJSC AKB Bank of Moscow	RR	11.44-11.95%	727	109
OJSC Transcreditbank	RR	7.00-10.80%	512	212
AB Bank Rossiya	RR	7.50%	-	2,300
Current portion of non-current debt	RR	-	9,712	9,396
Current portion of finance lease liabilities	RR	11.10-20.00%	1,207	1,234
Interest payable	RR	-	1,988	914
Short-term derivative financial instruments – interest rate swaps	RR	-	17	3
Other current debt	RR	-	1,528	645
Total current debt and current portion of non-current debt			**25,693**	**21,414**

Debt maturity (excluding finance lease liabilities)

	31 March 2012	31 December 2011
Between one and two years	67,248	54,913
Between two and three years	3,630	3,694
Between three and four years	24,482	4,178
Between four and five years	15,971	35,930
After five years	2,815	2,401
Total	**114,146**	**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 31 March 2012	**1,418**	**1,753**	**8**	**3,179**
Less future finance charges	(212)	(329)	(3)	(544)
Present value of minimum lease payments as at 31 March 2012	**1,206**	**1,424**	**5**	**2,635**
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 18. Other non-current liabilities

	31 March 2012	31 December 2011
Pension benefit obligations	9,985	9,985
Other non-current liabilities	3,971	3,016
Total other non-current liabilities	**13,956**	**13,001**

(in millions of Russian Rubles unless noted otherwise)

Note 19. Accounts payable and accruals

	31 March 2012	31 December 2011
Trade payables	21,761	22,375
Settlements with personnel	5,714	5,562
Advances received	4,386	6,101
Dividends payable	52	54
Other accounts payable	6,217	5,938
Total accounts payable and accruals	**38,130**	**40,030**

As at 31 March 2012 the Group's subsidiary OJSC Ust'-Srednekanskaya HPP had an obligation of RR 2,649 million included in Other accounts payable balance (31 December 2011: RR 2,649 million) 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 had not been registered by the FSFM as at 31 March 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 20. Taxes payable

	31 March 2012	31 December 2011
VAT	5,029	3,990
Property tax	2,272	1,646
Insurance contributions	1,791	1,420
Current income tax	749	407
Other taxes	502	555
Total taxes payable	**10,343**	**8,018**

Note 21. Revenue

	Three months ended 31 March 2012	Three months ended 31 March 2011
Sales of electricity	59,219	142,650
Sales of heat	12,636	11,872
Sales of capacity	5,902	8,634
Other revenue	4,852	4,928
Total revenue	**82,609**	**168 084**
Including:		
Total revenue less revenue of Disposal group	-	72,299
Revenue of Disposal group (Note 1)	-	95,785

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

Note 22. 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 three months ended 31 March 2012 the Group received government subsidies in the amount of RR 2,576 million (for the three months ended 31 March 2011: RR 1,860 million) in the following subsidised territories: Khabarovskiy region, Primorskiy region and other Far East regions.

(in millions of Russian Rubles unless noted otherwise)

Note 23. Expenses

	Three months ended 31 March 2012	Three months ended 31 March 2011
Fuel expenses	16,576	14,017
Purchased electricity and capacity	14,481	54,543
Electricity distribution expenses	13,005	47,209
Employee benefit expenses (including payroll taxes, Share Option Programmes expenses and pension benefit expenses)	11,632	11,863
Depreciation of property, plant and equipment	4,967	4,461
Third parties services, including:		
Services of SO UES, ATS, CFS	763	869
Security expenses	552	507
Rent	539	593
Services of subcontracting companies	503	462
Repairs and maintenance	489	435
Transportation expenses	360	511
Consulting, legal and information expenses	267	355
Insurance cost	254	209
Agency expenses	87	252
Other third parties services	795	1,013
Taxes other than on income	1,747	1,618
Other materials	1,239	1,984
Water usage expenses	630	627
Accrual / (reversal) of impairment of accounts receivable, net	378	(2,636)
Social charges	172	211
Loss / (gain) on disposal of property, plant and equipment, net	66	(154)
Other expenses	1,778	1,776
Total expenses	**71,280**	**140,725**
Including:		
Total expenses less expenses of Disposal group	-	53,556
Expenses of Disposal group (Note 1)	-	87,169

Note 24. Finance income, costs

	Three months ended 31 March 2012	Three months ended 31 March 2011
Finance income		
Interest income	1,126	878
Income on discounting	548	251
Foreign exchange gain	304	126
Other income	5	5
Total finance income	**1,983**	**1,257**
Finance costs		
Interest expense	(1,139)	(999)
Foreign exchange loss	(315)	(51)
Expense on discounting	(241)	(181)
Loss on derivative financial instruments	(195)	(36)
Finance lease expense	(144)	(123)
Other costs	(28)	(12)
Total finance costs	**(2,062)**	**(1,402)**

(in millions of Russian Rubles unless noted otherwise)

Note 25. Earnings per share

	Three months ended 31 March 2012	Three months ended 31 March 2011
Weighted average number of ordinary shares issued (thousands of shares)	281,247,952	266,000,691
Profit for the period from continuing operations attributable to the shareholders of OJSC RusHydro	9,381	17,532
Loss for the period from discontinued operations attributable to the shareholders of OJSC RusHydro	(59)	-
Earnings per share from continuing operations attributable to the shareholders of OJSC RusHydro – basic and diluted* (in Russian Rubles per share)	**0.0334**	**0.0659**
Loss per share from discontinued operations attributable to the shareholders of OJSC RusHydro – basic and diluted* (in Russian Rubles per share)	**(0.0002)**	**-**

** 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, recreation 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 174,357 million as at 31 March 2012 (31 December 2011: RR 176,868 million). The major part of future capital expenditures under contractual obligations as at 31 March 2012 are related to the following hydropower plants: Volzhskaya HPP in the amount of RR 42,922 million, Saratovskaya HPP in the amount of RR 40,438 million due to the reconstruction of equipment, Zagorskaya GAES-2 in the amount of RR 21,124 million mainly due to the construction 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, including those related to the environmental protection, in the Russian Federation.

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

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

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

Tax contingencies. The Russian tax, 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.

In 2011 the new tax law on transfer pricing was enacted in Russia, which applies prospectively to the new operations starting from 1 January 2012. It introduces strict requirements to the documentation of transactions which fall within the scope of control of tax authorities. There is a possibility that as the transfer pricing rules interpretations evolve the actual transfer prices used in transactions which fall within the scope of control may be argued by tax authorities. The impact of such potential claims cannot be reliably estimated but could be material.

(in millions of Russian Rubles unless noted otherwise)

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 31 March 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 in the Russian Federation for many years. The enforcement of environmental regulation in the Russian Federation is evolving and the enforcement posture of government authorities is continually being reconsidered. The Group's subsidiaries periodically evaluate their obligations under environmental regulations. Group accrued assets retirement obligation for ash damps used by the Group which is included in other non-current liabilities (Note 18) and comprised RR 527 million as at 31 March 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.

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	**31 March 2012**	**31 December 2011**
for OJSC Boguchanskaya HPP:		
State Corporation Vnesheconombank	12,767	10,546
for CJSC Boguchansky Aluminium Plant:		
ALSTOM Grid SAS	530	571
Solios Environnement S. A.	633	674
CJSC Commerzbank (Eurasia)	167	178
Total guarantees issued	**14,097**	**11,969**

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 31 March 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 12,767 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.

BEMA project financing scheme. In May 2006 the Company and RUSAL Group entered into an agreement for mutual financing, completion and subsequent operation of Boguchanskaya HPP, with an installed capacity of 2,997 MW, and Boguchansky aluminium plant, with a capacity of 597,000 tonnes of aluminium per annum. The Company and RUSAL Group agreed to finance the construction on a parity basis (hereinafter referred to as “BEMA project”). Within BEMA project jointly-controlled entities were formed, which have controlling interests in OJSC Boguchanskaya HPP and CJSC Boguchansky Aluminium Plant.

BEMA project was financed by the Group through the purchase of interest-free long-term promissory notes of OJSC Boguchanskaya HPP and CJSC Boguchansky Aluminium Plant. Starting from December 2010 the construction is financed through the loan facilities, being received under the loan agreements with the State Corporation Vnesheconombank which were concluded in December 2010 for the total amount of RR 50,010 million.

As at 31 March 2012 OJSC Boguchanskaya HPP received part of the loan in the amount of RR 12,756 million (31 December 2011: RR 10,537 million) out of the total of RR 28,100 million with a maturity date of 20 December 2026.

Pursuant to the loan agreement, the State Corporation Vnesheconombank shall fund the loan in tranches subject to the construction of Boguchanskaya HPP in compliance with the construction timetable. In case of any delay in the construction, the OJSC Boguchanskaya HPP may experience difficulties in obtaining loan tranches in due time. Moreover, in case of delays in the construction timetable or any default under the facility agreement, the loan commitment may be cancelled and the loan may be accelerated.

The Group provided a pledge of 51 percent of the shares of CJSC Boguchanskaya HPP Construction Organiser, the Group's subsidiary, and 49 percent of the shares of CJSC Boguchanskaya HPP Construction Customer, the Group's associate, 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. Amortised cost of the promissory notes as at 31 March 2012 amounted to RR 4,027 million (Note 9).

In August 2011 additional agreement with the State Corporation Vnesheconombank was concluded according to which the Group has a liability for purchase of defined volumes of electricity and capacity, generated by OJSC Boguchanskaya HPP starting from 2012 at the price equal to the greatest amount of market value defined for the certain period of supply in the relevant price zone and / or a group of supply points, and the minimum guaranteed payment. The market price of electricity is based on the volume-weighted average price of deliveries to the one-day-ahead market less 8 percent, the market value of capacity – based on actual prices determined by competitive selection of power less 5 percent.

As at 31 March 2012 CJSC Boguchansky Aluminium Plant received part of the loan equivalent to RR 5,842 million denominated in US Dollars (31 December 2011: RR 4,684 million denominated in US Dollars) out of the total of RR 21,910 million with a maturity date of 20 December 2024.

The Group provided a pledge of 49 percent of the shares of CJSC Boguchansky Aluminium Plant Construction Organiser, the Group's associate, and 51 percent of the shares of CJSC Boguchansky Aluminium Plant Construction Customer, the Group's subsidiary, interest-free long-term promissory notes of OJSC Boguchansky Aluminium Plant payable not earlier than 31 December 2024 with total nominal value of RR 4,615 million. Amortised cost of the promissory notes as at 31 March 2012 amounted to RR 1,368 million (Note 9).

Note 28. Subsequent events

On 29 June 2012 the Group declared dividends for the year ended 31 December 2011 in the amount of RR 2,500 million.