RUSHYDRO GROUP

CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
AS AT AND FOR THE SIX MONTHS ENDED 30 JUNE 2009

PRICEWATERHOUSECOOPERS

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REVIEW REPORT OF THE AUDITORS

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

Introduction
We have reviewed the accompanying consolidated interim condensed statement of financial position of Open Joint Stock Company RusHydro and its subsidiaries (the "RusHydro Group") as of 30 June 2009 and the related consolidated interim condensed income statement, statements of comprehensive income, of cash flows and of changes in equity for the six months then ended. Management is responsible for the preparation and presentation of this consolidated interim condensed financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this consolidated interim condensed financial information based on our review.

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

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim condensed financial information of RusHydro Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Emphasis of matter
Without qualifying our conclusion we draw attention to Note 25 to the consolidated interim condensed financial information about the serious accident that took place at Sayano-Shushenskaya HPP on 17 August 2009. The ultimate outcome of the matter cannot presently be determined and could have a significant impact on the Group in the future.

ZAO PricewaterhouseCoopers Audit

Moscow, Russian Federation

19 November 2009

(in millions of Russian Rubles unless noted otherwise)

	Note	30 June 2009	31 December 2008
ASSETS			
Non-current assets			
Property, plant and equipment	7	342,383	337,117
Investments in associates and jointly controlled entities	8	16,056	15,800
Available-for-sale financial assets	9	4,427	2,011
Other non-current assets	10	5,989	14,991
Total non-current assets		**368,855**	**369,919**
Current assets			
Cash and cash equivalents	11	39,377	24,838
Accounts receivable and prepayments	12	32,541	25,685
Inventories		1,140	1,035
Other current assets	13	18,349	4,894
Total current assets		**91,407**	**56,452**
TOTAL ASSETS		**460,262**	**426,371**
EQUITY AND LIABILITIES			
Equity			
Share capital	14	255,014	245,014
Treasury shares	14	(8,172)	(8,172)
Share premium		12,005	12,005
Retained earnings and other reserves		115,995	93,789
Equity attributable to shareholders of OJSC RusHydro		**374,842**	**342,636**
Minority interest	**14**	**2,353**	**976**
TOTAL EQUITY		**377,195**	**343,612**
Non-current liabilities			
Deferred income tax liabilities		34,372	34,819
Non-current debt	15	20,003	20,015
Other non-current liabilities		2,790	2,736
Total non-current liabilities		**57,165**	**57,570**
Current liabilities			
Current debt and current portion of non-current debt	15	3,181	3,377
Accounts payable and accruals	16	15,799	16,240
Current income tax payable		40	362
Other taxes payable	17	6,882	5,210
Total current liabilities		**25,902**	**25,189**
TOTAL LIABILITIES		**83,067**	**82,759**
TOTAL EQUITY AND LIABILITIES		**460,262**	**426,371**

Acting for the Chairman of Management Board — V.A. Zubakin

Chief Accountant — O.V. Otto

19 November 2009

(in millions of Russian Rubles unless noted otherwise)

	Note	Six months ended 30 June 2009	Six months ended 30 June 2008
Revenue	18	56,888	49,709
Operating expenses	19	(34,349)	(39,339)
Operating profit		**22,539**	**10,370**
Finance income/(costs), net	20	68	(366)
Share of profit of associates and jointly controlled entities		159	342
Profit before income tax		**22,766**	**10,346**
Total income tax charge	21	(4,907)	(2,715)
Profit for the period		**17,859**	**7,631**
Attributable to:			
Shareholders of OJSC RusHydro		17,440	7,507
Minority interest		419	124
Earnings per ordinary share for profit attributable to the shareholders of OJSC RusHydro – basic and diluted (in Russian Rubles per share)	22	0.0712	0.0391

Acting for the Chairman of Management Board V.A. Zubakin

Chief Accountant O.V. Otto

ОАО "РусГидро"

19 November 2009

(in millions of Russian Rubles unless noted otherwise)

	Six months ended 30 June 2009	Six months ended 30 June 2008
Profit for the period	**17,859**	**7,631**
Other comprehensive income after profit tax:		
Gains arising on available-for-sale financial assets	2,434	-
Share of other comprehensive income of associate	98	-
Total comprehensive income for the period	**20,391**	**7,631**
Attributable to:		
Shareholders of OJSC RusHydro	19,972	7,507
Minority interest	419	124

Acting for the Chairman of Management Board V.A. Zubakin

Chief Accountant O.V. Otto

19 November 2009

(in millions of Russian Rubles unless noted otherwise)

	Note	Six months ended 30 June 2009	Six months ended 30 June 2008
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before tax		**22,766**	**10,346**
Depreciation of property, plant and equipment	7	6,156	4,591
Loss on disposal of property, plant and equipment	19	16	185
(Reversal)/Charge of impairment of accounts receivable	19	(601)	3
Finance (income)/costs, net	20	(68)	366
Effect of share option plan	6	143	543
Pension expenses		68	33
Share of profit of associates and jointly controlled entities		(159)	(342)
Other		34	292
Operating cash flows before working capital changes and income tax paid		**28,355**	**16,017**
Working capital changes:			
Increase in accounts receivable and prepayments		(5,862)	(2,009)
Decrease in other current assets		35	1,015
Increase in inventories		(101)	(136)
Increase in other non-current assets		(2)	(75)
(Decrease)/increase in accounts payable and accruals		(651)	914
Increase in taxes payable other than profit tax		1,519	666
Increase in other non-current liabilities		185	99
Income tax paid		(5,474)	(4,098)
Net cash generated by operating activities		**18,004**	**12,393**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(10 320)	(11,373)
Proceeds from sale of property, plant and equipment		34	26
Purchase of promissory notes and available-for-sale financial assets		(4,618)	(5,937)
Purchase of subsidiaries from third parties, net of cash acquired		-	(1,297)
Purchase of entities under common control		-	(1,280)
Interest received		1,877	533
Settlement of derivative instruments		100	-
Proceeds from sales of available-for-sale financial assets		148	-
Loans issued		(17)	-
Net cash used in investing activities		**(12,796)**	**(19,328)**

(in millions of Russian Rubles unless noted otherwise)

	Note	Six months ended 30 June 2009	Six months ended 30 June 2008
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from short-term debt		256	23,970
Proceeds from long-term debt		-	55
Repayment of debt		(261)	(3,296)
Interest paid		(1,403)	(503)
Proceeds from share issuance	16	11,129	-
Dividends paid		(3)	(8)
Finance lease payments		(1,178)	(904)
Proceeds from share issuance in subsidiary	14,16	791	-
Repayment of advances to RAO UES of Russia under Investment agreements		-	(626)
Net cash generated by financing activities		**9,331**	**18,688**
Increase in cash and cash equivalents		**14,539**	**11,753**
Cash and cash equivalents at the beginning of the period		**24,838**	**8,267**
Cash and cash equivalents at the end of the period		**39,377**	**20,020**

Acting for the Chairman of Management Board V.A. Zubakin

Chief Accountant O.V. Otto

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19 November 2009

(in millions of Russian Rubles unless noted otherwise)

	Share capital	Treasury shares	Share premium	Merger reserve	Revaluation reserve	Available-for-sale financial assets	Retained earnings	Equity attributable to shareholders of OJSC RusHydro	Minority interest	Total equity
As at 1 January 2009	**245,014**	**(8,172)**	**12,005**	**(77,449)**	**151,299**	**-**	**19,939**	**342,636**	**976**	**343,612**
Total comprehensive income	-	-	-	-	-	2,434	17,538	19,972	419	20,391
Share issue (Note 14)	10,000	-	-	-	-	-	-	10,000	-	10,000
Dividends (Note 14)	-	-	-	-	-	-	-	-	(213)	(213)
Effect of changes in minority interest (Note 14)	-	-	-	-	-	-	2,091	2,091	1,171	3,262
Disposal of revaluation reserve due to disposal of property, plant and equipment	-	-	-	-	(111)	-	111	-	-	-
Effect of share options plan (Note 6)	-	-	-	-	-	-	143	143	-	143
As at 30 June 2009	**255,014**	**(8,172)**	**12,005**	**(77,449)**	**151,188**	**2,434**	**39,822**	**374,842**	**2,353**	**377,195**

(in millions of Russian Rubles unless noted otherwise)

	Share capital	Treasury shares	Share premium	Merger reserve	Revaluation reserve	Retained earnings	Equity attributable to shareholders of OJSC Rus-Hydro	Minority interest	Total equity
As at 1 January 2008	**156,864**	**(5,428)**	**12,005**	**(40,249)**	**73,972**	**11,886**	**209,050**	**29,129**	**238,179**
Total comprehensive income	-	-	-	-	-	7,507	7,507	124	7,631
Share issue (Note 14)	38,996	-	-	(15,906)	13,853	2,883	39,826	(28,058)	11,768
Effect of changes in minority interest	-	-	-	-	-	1,821	1,821	(228)	1,593
Purchase of treasury shares	-	(1,785)	-	-	-	226	(1,559)	-	(1,559)
Effect of share options plan	-	-	-	-	-	543	543	-	543
Purchase of subsidiaries	-	-	-	(3,411)	-	-	(3,411)	10	(3,401)
As at 30 June 2008	**195,860**	**(7,213)**	**12,005**	**(59,566)**	**87,825**	**24,866**	**253,777**	**977**	**254,754**

Acting for the Chairman of Management Board V.A. Zubakin

Chief Accountant O.V. Otto

ОАО "РусГидро"

19 November 2009

Note 1. Nature of 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 (hereinafter referred to as "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 State (the Russian Federation).

As at 30 June 2009 RusHydro Group (hereinafter referred to as "the Group") consists of the Company and its subsidiaries. The Group principal subsidiaries are presented in Note 4. The Company has 20 branches across the Russian Federation, including: Bureiskaya HPP, Volzhskaya HPP, Dagestan branch, Votkinskaya HPP, Zhigulevskaya HPP, Zagorskaya HAEPP, Zeiskaya HPP, Irganaiskaya HPP, Kabardino-Balkarskii branch, Kamskaya HPP, Karachaevo-Cherkesskii branch, Kaskad VV HPPs, Kaskad Kubanskih HPPs, Corporate institute of electrical energy industry, Nizhegorodskaya HPP, Novosibirskaya HPP, Saratovskaya HPP, Sayano-Shushenskaya HPP named after P.S. Neporozhny, Severo-Osetinskii branch, Cheboksarskaya HPP.

The Group's primary activities are the generation and sales of electricity and capacity on the Russian wholesale electricity market as well as the retail electricity market.

The Company's registered office is located at 51, Respubliki Street, Krasnoyarsk, Krasnoyarsk region, the Russian Federation.

The ordinary shares of the Company are traded on the Moscow Interbank Currency Exchange and the Russian Trading System.

The Group was formed for the purpose of implementation of the Russian Federation Government policy in the hydropower industry, creating the conditions for effective functioning of wholesale electricity generation market, implementation of a strategy toward attracting of funds and capital raising for the purpose of development of the hydropower industry, development and realisation of scientific and technological policy and implementation of new progressive types of equipment and technology, including exploration of renewable sources of electric energy.

Operating environment of the Group. The Group, through its operations, has a significant exposure to the economy and financial markets of the Russian Federation. The Russian Federation displays certain characteristics of an emerging market, including relatively high inflation. Management is unable to predict all developments which could have an impact on the utilities sector and consequently what effect, if any, they could have on the financial position of the Group. The tax, currency and customs legislation within the Russian Federation is subject to varying interpretations and frequent changes, and other legal and fiscal impediments contribute to the challenges faced by entities currently operating in the Russian Federation. 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.

Relations with the State and current regulation. As at 30 June 2009 the Russian Federation owned 61.93% of the voting ordinary shares of the Company (as at 31 December 2008 – 61.32%). The State also controls companies providing important services to the Group, including the dispatch, transmission and distribution of electricity and some major customers of the Group (Note 6).

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

- participation of its representatives on the Board of Directors of the Company;
- its tariff regulation within wholesale electricity and capacity as well as retail electricity markets;
- agreement procedures for the Company's investment programme, volume and sources of their financing, control over its implementation;
- existing antimonopoly regulation.

The Federal Service on Tariffs (hereinafter referred to as "FST") regulates electricity (capacity) tariffs by setting minimum and maximum levels of tariffs for final consumers and on the wholesale market, and the

Regional Energy Commission (hereinafter referred to as "REC") set tariffs for electricity for final consumers and tariffs for electricity distribution through the low voltage grids on regional retail markets. Although there is now some free trading of volumes of electricity, currently for the majority of sales the tariffs which the Group may charge for sales of electricity (capacity) are governed both by regulations specific to the electricity industry and by regulations applicable to natural monopolies.

Since 2008 FST has calculated tariffs based on a tariff indexation formula, as opposed to the former "cost-plus" tariff system under which tariff increases were linked to the costs of a power station. Tariff indexation formulas are based on, among other things, the forecasted level of inflation, changes in the tax regime and the amount of investment required to maintain, and in some cases, to develop the existing generation assets. The indexation formulas are applied by reference to the costs under Russian standards of accounting (hereinafter referred to as "RSA") that were used in the "cost-plus" tariffs for 2007, which is considered the reference year for the purposes of the indexation method.

The Group's investment programme is subject to agreement with state regulators: Russian Ministry of Energy (former Russian Ministry of Industry and Energy before restructuring), Russian Ministry of Economic Development and FST.

The Company's investment programme is determined in accordance with the General scheme of location of electricity sites for the period through 2020 which was approved by the Russian Government as at 19 January 2007 (resolution of the Russian Government No. 215-r dated 22 February 2008).

In accordance with the resolution of the Russian Government (minutes of the Russian Government's meeting No. 27 dated 3 August 2006), construction of the most significant hydropower projects from 2007 to 2009 is financed by including special-purpose investment funds into the revenue from electricity sale on the wholesale market.

As described above the Russian Government's economic, social and other policies could have a material effect on the Group's operations.

Sector reform. In recent years, the Russian electricity industry has undergone a major restructuring as mandated by the Government Resolution No. 526 "On Restructuring of the Electric Power Industry of the Russian Federation" dated 11 July 2001 ("Resolution No. 526"). Resolution No. 526 aimed to (i) reform the market structure, (ii) implement the liberalisation of the competitive segments of the electricity (capacity) sector, including generation, sales, repairs and servicing, and (iii) improve regulatory pricing for the non-competitive lines of business of the electricity industry.

Resolution No. 526 completely transformed the overall structure of the power industry through the breaking-up of almost all of the vertically-integrated power companies (the "AO-Energos") controlled by RAO UES and the formation of mono-profile companies with the following activity types: generation, transmission, distribution, retail sales, repairs and servicing operations. The restructuring process was completed on 1 July 2008 when RAO UES demerged into more than 20 independent companies each engaged in either the competitive sector (power generation) or non-competitive sector (transmission and distribution).

A crucial step in developing a competitive wholesale electricity (capacity) market was the adoption of the new Wholesale Electric Power (Capacity) Market (NOREM) Rules of the Transitional Period (hereinafter referred to as "Rules") approved by Resolution of the Government of the Russian Federation No. 529 dated 31 August 2006 and which came into force on 1 September 2006. Under the new wholesale market framework four sectors of the electricity market were introduced:

- Regulated contracts (sales of pre-determined volumes are performed at tariffs approved by FST),
- One-day-ahead market (electricity competitive trading, non-regulated prices),
- Balancing (deviation) electricity market (non-regulated prices) and
- Unregulated bilateral contracts (sale (purchase) of electricity (capacity) at non-regulated prices).

The period from 1 September 2006 to the end of 2010 appears to be a transitional period until full liberalisation of the wholesale electricity and capacity market.

At the beginning of the transitional period Regulated Contracts covered almost all volume of electricity (capacity) produced and sold. According to the Rules, the volumes of electricity to be covered by Regulated Contracts are expected to decline further according to the following schedule:

- from 1 January 2010 – up to 35-40%;
- from 1 July 2010 – up to 15-20%; and

- from 1 January 2011 the wholesale electricity (capacity) market is expected to be fully liberalised.

On 28 June 2008 amendments to the above mentioned Rules were approved by the Government Resolution No. 476, which stipulated the introduction of competitive mechanisms of trade of capacity on the new wholesale market within the transitional period in volumes taken out from agreements with regulated tariffs.

The competitive mechanisms of capacity trade under the Rules ensure suppliers guaranteed payment at tariffs not exceeding regulated tariffs approved by FST for capacity included in the annual forecast balance as at 1 January 2007. At the same time sales of the above mentioned capacity volumes can be made through bilateral agreements with customers at non-regulated tariffs, not limited by FST tariffs. Capacity price of new generating units inputted into operation after 1 January 2007 is not limited by regulated tariffs but should be economically sound. The compliance of suppliers with the above criteria is monitored by the wholesale trade organization – Non-profit Partnership Council for Organizing Efficient System of Trading at Wholesale and Retail Electricity and Capacity Market (hereinafter referred to as "NP Council Market").

At the moment the Russian Federation Government and market participants are in the process of discussing and defining rules of new model of competitive capacity market, which will become effective from 2011.

In addition, Rules do not currently contemplate the liberalisation of electricity and capacity tariffs in the Far East region of the Russian Federation, where several power stations of the Group are located.

Management believes that ultimately a stable regulatory regime and a competitive power market will be put in place so that the Group will be able to raise required financing to sustain the business. However, there can be no assurance in this regard.

Seasonality of business. The Group's own electricity (capacity) generation depends on water flow in the river systems and weather conditions. In spring and in summer (flood period) electricity production is significantly higher than in autumn and in winter. Demand for electricity (capacity) also varies with seasons and weather conditions. The seasonal nature of electricity generation and demand has a significant influence on the volume of energy generated and purchased by the Group.

Impact of the ongoing global financial and economic crisis. The ongoing global financial and economic crisis that emerged out of the severe reduction in global liquidity which commenced in the middle of 2007 (often referred to as the "Credit Crunch") has resulted in, among other things, a lower level of capital market funding, lower liquidity levels across the banking sector and wider economy, and, at times, higher interbank lending rates and very high volatility in stock and currency markets. The uncertainties in the global financial markets have also led to failures of banks and other corporates, and to bank rescues in the United States of America, Western Europe, Russia and elsewhere. The full extent of the impact of the ongoing financial crisis is proving to be difficult to anticipate or completely guard against.

Impact on liquidity. The availability of external funding in financial markets has significantly reduced since August 2007. Such circumstances may affect the ability of the Group to obtain new borrowings and re-finance its existing borrowings at terms and conditions similar to those applied to earlier transactions.

Impact on debtors. Debtors of the Group may be adversely affected by the financial and economic environment, which could in turn impact their ability to repay the amounts owed or fulfill the obligations undertaken. Deteriorating economic conditions for customers may also have an impact on management's cash flow forecasts and assessment of the impairment of financial and non-financial assets. To the extent that information is available, management has properly reflected revised estimates of expected future cash flows in its impairment assessments.

Management is unable to reliably estimate the effects on the Group's financial position of any further deterioration in the liquidity of the financial markets and the increased volatility in the currency and equity markets. Management believes it takes all the necessary measures to support the sustainability and growth of the Group's business in the current circumstances.

Note 2. Summary of Significant Accounting Policies

Basis of preparation. This consolidated interim condensed financial information has been prepared in accordance with and comply with IAS 34 *Interim Financial Reporting* and should be read in conjunction with the annual financial statements for the year ended 31 December 2008, which have been prepared in accordance with IFRS.

Except as described below, the same accounting policies and methods of computation were followed in the preparation of this consolidated interim condensed financial information as compared with the annual consolidated financial statements for the year ended 31 December 2008.

(in millions of Russian Rubles unless noted otherwise)

Certain new standards, interpretations and amendments to the existing standards, as disclosed in the combined and consolidated financial statements for the year ended 31 December 2008, became effective for the Group from 1 January 2009. They have not significantly affected the consolidated interim condensed financial information of the Group.

Predecessor accounting. The prior period income statement, statement of cash flows and statement of changes in equity are not the same as those previously presented due to the transfer of businesses under common control during the second half of 2008 that have been accounted for using the predecessor values method and retrospectively presented in all periods reported.

In the second half of 2008 the following former subsidiaries of RAO UES were received by the Group during the process of reorganisation and retrospectively presented in all periods reported: OJSC Kolymaenergo, OJSC Ust'-Srednekanskaya HPP, OJSC Ust'-Srednekangesstroy, OJSC Irganaiskaya HPP, OJSC Krasnoyarskenergosbyt, OJSC Chirkeygesstroy, OJSC Lengidroproekt, which were accounted for using predecessor values.

Reclassifications. The Group has revised its approach to grouping different classes of property, plant and equipment. Certain classes of assets of a similar nature and use in the Group's operations were combined in the new groups. In accordance with the previously adopted classification, production buildings included a significant amounts of facilities which were reclassified to the corresponding group in accordance with the newly adopted classification.

PPE Groups for IFRS purposes (in accordance with previously adopted classification)	**31 December 2008**	**30 June 2008**	**31 December 2007**
Production buildings	73,331	54,087	54,815
Hydrotechnical buildings	126,004	105,546	105,525
Electricity grids	3,122	2,389	2,404
Substation's equipment	73,003	56,225	58,448
Assets under construction	48,440	55,445	41,567
Other	13,217	9,717	8,820
Total	**337,117**	**283,409**	**271,579**

PPE Groups for IFRS purposes (in accordance with newly adopted classification)	**31 December 2008**	**30 June 2008**	**31 December 2007**
Production buildings	33,513	31,815	32,041
Facilities	169,368	128,962	129,492
Plant and equipment	83,156	65,107	66,076
Assets under construction	48,440	55,445	41,567
Other	2,640	2,080	2,403
Total	**337,117**	**283,409**	**271,579**

The management of the Group believes that the revised presentation provides more relevant and meaningful information about the changes in the financial position of the Group.

Adoption of IFRS 8 Operating Segments. Effective from 1 January 2009 the Group adopted IFRS 8 *Operating Segments* which replaced IAS 14 *Segment Reporting*. IFRS 8 introduces new requirements and guidelines related to disclosure of operating segments. The comparative information was also restated in accordance with the new requirements.

Operating segments are defined as types of operations that generate revenue and incur expenses that are covered by separate financial information regularly submitted to the decision-making body which is represented by the Company's Board of Directors. The Board of Directors regularly analyses operations based on the Consolidated business plan by the following segments: Generation, Retailing, Research and development, Repairs, Contractors.

A Consolidated business plan of the Group is prepared based on RSA data.

Earnings before Interest, Tax and Depreciation and Amortisation (EBITDA) is calculated based on RSA and is used for making decisions regarding distribution of resources and assessing results of each separate segment.

Revenues of the Generation and Retailing operating segments in the regulated sector of the wholesale electricity market and in the regional retail electricity market are formed on the basis of tariffs approved by

FST and REC respectively, in the unregulated sector of wholesale electricity market – on the basis of competitive prices determined by the balance of supply and demand.

Transactions between the business segments are on normal commercial terms and conditions. Sales between segments are disclosed in the segment information disclosure (Note 5).

Adoption of IAS 23 Borrowing Costs (revised in March 2007). The main change is the removal of the option of immediately recognising as an expense borrowing costs related to assets that take a substantial period of time to get ready for use or sale. The following revised accounting policy for borrowing costs is applied prospectively from 1 January 2009.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (a qualifying asset) form part of the cost of that asset, if the commencement date for capitalisation is on or after 1 January 2009. Other borrowing costs are recognised as an expense using the effective interest method.

The Group capitalises borrowing costs that would have been avoided if it had not made capital expenditure on qualifying assets. The commencement date for capitalisation is when (i) the Group incurs expenditures for the qualifying asset; (ii) it incurs borrowing costs; and (iii) it undertakes activities that are necessary to prepare the asset for its intended use or sale. Capitalisation ceases when all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Interest or other investment income is not deducted in arriving at the amount of borrowing costs available for capitalisation, except where the Group obtains specific borrowings for the purpose of acquiring a qualifying asset and has investment income on the temporary investment of funds obtained through such specific borrowings.

During the six months ended 30 June 2009 the Group did not acquire any new qualifying assets for which construction would commence on or after 1 January 2009 correspondingly no interest was capitalized in accordance with the new rules effective from 1 January 2009.

Adoption of IAS 1 Presentation of Financial Statements (revised in September 2007 and effective for annual periods beginning on or after 1 January 2009). The main change in IAS 1 is the replacement of the income statement by a statement of comprehensive income which includes all non-owner changes in equity, such as the revaluation of available-for-sale financial assets. Alternatively, entities are allowed to present two statements: a separate income statement and a statement of comprehensive income. The Group has elected to present a separate income statement and a statement of comprehensive income. The revised IAS 1 also introduces a requirement to present a statement of financial position (balance sheet) at the beginning of the earliest comparative period whenever the entity restates comparatives due to reclassifications, changes in accounting policies, or corrections of errors. The revised IAS 1 had an impact on the presentation of the Group's financial information but had no impact on the recognition or measurement of specific transactions and balances.

Adoption of Amendment to IFRS 7 Financial Instruments: Disclosures (issued in March 2009; effective for annual periods beginning on or after 1 January 2009). The amendment requires enhanced disclosures about fair value measurements and liquidity risk. The Group will include the maximum amount of financial guarantees in the contractual maturity analysis and will present the additional disclosures in its next complete annual financial statements for the year ended 31 December 2009.

Vesting Conditions and Cancellations – Amendment to IFRS 2 Share-based Payment (issued in January 2008; effective for annual periods beginning on or after 1 January 2009). The amendment clarifies that only service and performance conditions are vesting conditions. Other features of a share-based payment are not vesting conditions. The amendment specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

The amendments to the IFRSs which are the part of the IASB's annual improvements project published in May 2008 are effective from 1 January 2009. In 2007 the International Accounting Standards Board decided to initiate an annual improvements project as a method of making necessary, but non-urgent, amendments to IFRS. The amendments issued in May 2008 consist of a mixture of substantive changes, clarifications, and changes in terminology in various standards. The substantive changes relate to the following areas: classification as held for sale under IFRS 5 in case of a loss of control over a subsidiary; possibility of presentation of financial instruments held for trading as non-current under IAS 1; accounting for sale of assets under IAS 16 which were previously held for rental and classification of the related cash flows under

IAS 7 as cash flows from operating activities; clarification of definition of a curtailment under IAS 19; accounting for below market interest rate government loans in accordance with IAS 20; making the definition of borrowing costs in IAS 23 consistent with the effective interest method; clarification of accounting for subsidiaries held for sale under IAS 27 and IFRS 5; reduction in the disclosure requirements relating to associates and joint ventures under IAS 28 and IAS 31; enhancement of disclosures required by IAS 36; clarification of accounting for advertising costs under IAS 38; amending the definition of the fair value through profit or loss category to be consistent with hedge accounting under IAS 39; introduction of accounting for investment properties under construction in accordance with IAS 40; and reduction in restrictions over manner of determining fair value of biological assets under IAS 41. Further amendments made to IAS 8, 10, 18, 20, 29, 34, 40, 41 and to IFRS 7 represent terminology or editorial changes only, which the IASB believes have no or minimal effect on accounting.

Note 3. New Accounting Pronouncements

Since the Group published its last annual financial statements, certain new standards and interpretations have been issued that are mandatory for the Group's annual accounting periods beginning on or after 1 January 2010 or later and which the Group has not early adopted:

Improvements to International Financial Reporting Standards (issued in April 2009; amendments to IFRS 2, IAS 38, IFRIC 9 and IFRIC 16 are effective for annual periods beginning on or after 1 July 2009; amendments to IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36 and IAS 39 are effective for annual periods beginning on or after 1 January 2010). The improvements consist of a mixture of substantive changes and clarifications in the following standards and interpretations: clarification that contributions of businesses in common control transactions and formation of joint ventures are not within the scope of IFRS 2; clarification of disclosure requirements set by IFRS 5 and other standards for non-current assets (or disposal groups) classified as held for sale or discontinued operations; requiring to report a measure of total assets and liabilities for each reportable segment under IFRS 8 only if such amounts are regularly provided to the chief operating decision maker; amending IAS 1 to allow classification of certain liabilities settled by entity's own equity instruments as non-current; changing IAS 7 such that only expenditures that result in a recognised asset are eligible for classification as investing activities; allowing classification of certain long-term land leases as finance leases under IAS 17 even without transfer of ownership of the land at the end of the lease; providing additional guidance in IAS 18 for determining whether an entity acts as a principal or an agent; clarification in IAS 36 that a cash generating unit shall not be larger than an operating segment before aggregation; supplementing IAS 38 regarding measurement of fair value of intangible assets acquired in a business combination; amending IAS 39 (i) to include in its scope option contracts that could result in business combinations, (ii) to clarify the period of reclassifying gains or losses on cash flow hedging instruments from equity to profit or loss and (iii) to state that a prepayment option is closely related to the host contract if upon exercise the borrower reimburses economic loss of the lender; amending IFRIC 9 to state that embedded derivatives in contracts acquired in common control transactions and formation of joint ventures are not within its scope; and removing the restriction in IFRIC 16 that hedging instruments may not be held by the foreign operation that itself is being hedged. The Group does not expect the amendments to have any material effect on its financial statements.

Group Cash-settled Share-based Payment Transactions - Amendments to IFRS 2 Share-based Payment (effective for annual periods beginning on or after 1 January 2010). The amendments provide a clear basis to determine the classification of share-based payment awards in both consolidated and separate financial statements. The amendments incorporate into the standard the guidance in IFRIC 8 and IFRIC 11, which are withdrawn. The amendments expand on the guidance given in IFRIC 11 to address plans that were previously not considered in the interpretation. The amendments also clarify the defined terms in the Appendix to the standard. The Group does not expect the amendments to have any material effect on its financial statements.

New requirements for financial assets - Introduction of IFRS 9 Financial assets (effective for annual periods beginning on 1 January 2013; early application is permitted). The IFRS 9 replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. A financial asset is measured at amortised cost if two criteria are met: i) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and ii) the contractual cash flows under the instrument solely represent payments of principal and interest. The Group does not expect to early apply the standard in its annual 2009 financial statements.

IAS 24 Related Party Disclosures (amended November 2009, effective for annual periods beginning on or after 1 January 2011). The amended standard simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party. The Group is currently assessing the impact of the amended standard on disclosures in its financial statements.

The International Financial Reporting Standard for Small and Medium-sized Entities ("SMEs") (issued in July 2009) is a self-contained standard, tailored to the needs and capabilities of smaller businesses. Under this standard many of the principles of full IFRS for recognising and measuring assets, liabilities, income and expense have been simplified, and the number of required disclosures have been simplified and significantly reduced. The IFRS for SMEs may be applied by entities which publish general purpose financial statements for external users and do not have public accountability. The Group is not eligible to apply the IFRS for SMEs due to the public accountability of its business.

Additional Exemptions for First-time Adopters - Amendments to IFRS 1 First-time Adoption of IFRS (effective for annual periods beginning on or after 1 January 2010). The amendments exempt entities using the full cost method from retrospective application of IFRSs for oil and gas assets and also exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with IFRIC 4 *Determining Whether an Arrangement Contains a Lease* when the application of their national accounting requirements produced the same result. The amendments will not have any impact on the Group's financial statements.

The Group has not early adopted any of the new standards and interpretations disclosed in the 'New Accounting Pronouncements' note in its last annual financial statements and effective for its annual periods beginning on or after 1 January 2010.

Note 4. Principal subsidiaries

The following are the principal subsidiaries which have been consolidated into this consolidated interim condensed financial information. All subsidiaries are incorporated and operate in the Russian Federation, except for HydroOGK Power Company Ltd and HydroOGK Aluminium Company Ltd, which are established under legislation of the Republic of Cyprus.

(in millions of Russian Rubles unless noted otherwise)

	30 June 2009		31 December 2008	
	% of ownership	% of voting	% of ownership	% of voting
OJSC B.E.Vedeneev Russian Research Institute of Hydrotechnic Engineering	100.00%	100.00%	100.00%	100.00%
CJSC Hydro-Engineering Sibir (former CJSC Boguchanskaya HPP)	100.00%	100.00%	100.00%	100.00%
CJSC Boguchanskaya HPP Construction Organizer	51.00%	51.00%	51.00%	51.00%
CJSC Boguchansky Aluminium Plant Construction Customer	51.00%	51.00%	51.00%	51.00%
OJSC Chuvashskaya energy retail company	100.00%	100.00%	100.00%	100.00%
OJSC Electroremont VKK	100.00%	100.00%	100.00%	100.00%
OJSC ESKO UES	100.00%	100.00%	100.00%	100.00%
OJSC Geoterm	71.61%	71.61%	71.61%	71.61%
OJSC Gidroinvest (former OJSC Lengidroproekt)	100.00%	100.00%	100.00%	100.00%
OJSC Gidroremont VKK	100.00%	100.00%	100.00%	100.00%
HydroOGK Power Company Ltd	100.00%	100.00%	100.00%	100.00%
HydroOGK Aluminium Company Ltd	100.00%	100.00%	100.00%	100.00%
OJSC Karachaevo-Cherkesskaya Hydrogenerating Company	100.00%	100.00%	100.00%	100.00%
OJSC Malaya Mezenskaya TidalPP	100.00%	100.00%	100.00%	100.00%
OJSC MosoblGidroproekt	62.54%	62.54%	62.54%	62.54%
OJSC Nizhne-Bureiskaya HPP	100.00%	100.00%	100.00%	100.00%
OJSC Nizhne-Zeiskaya HPP	100.00%	100.00%	100.00%	100.00%
OJSC Novy binarny energoblok	100.00%	100.00%	100.00%	100.00%
OJSC Prometey	100.00%	100.00%	100.00%	100.00%
OJSC REMIK	100.00%	100.00%	100.00%	100.00%
OJSC HydroWGC Management Company	100.00%	100.00%	100.00%	100.00%
OJSC Ryazanskaya energy retail company	90.52%	90.52%	90.52%	90.52%
OJSC SShATC	100.00%	100.00%	100.00%	100.00%
OJSC SShGER	100.00%	100.00%	100.00%	100.00%
OJSC NIIES	100.00%	100.00%	100.00%	100.00%
LLC SpetsEnergoService	99.90%	not applicable	99.90%	not applicable
OJSC Sulaksky Gidrokaskad	100.00%	100.00%	100.00%	100.00%
CJSC Technopark Rumyantsevo	100.00%	100.00%	100.00%	100.00%
OJSC Turboremont VKK	100.00%	100.00%	100.00%	100.00%
OJSC Verhne-Mutnovskaya GeoES*	56.03%	59.16%	56.03%	59.16%
OJSC Zagorskaya HAEPP-2	100.00%	100.00%	100.00%	100.00%
OJSC Zaramagskie HPPs	95.45%	95.45%	95.45%	95.45%
OJSC Yuzhno-Yakutsky GEK	100.00%	100.00%	100.00%	100.00%
OJSC Kolymaenergo	64.27%	64.27%	64.27%	64.27%
OJSC Ust'-Srednekanskaya HPP*	49.69%	74.47%	51.86%	77.85%
OJSC Ust'-Srednekangesstroy*	64.27%	100.00%	64.27%	100.00%
OJSC Krasnoyarskenergosbyt	51.75%	51.75%	51.75%	51.75%
OJSC ESK RusHydro	100.00%	100.00%	100.00%	100.00%
LLC Index Energetiki – HydroWGC	100.00%	not applicable	100.00%	not applicable
OJSC Chirkeygesstroy	75.00%-1 share	75.00%-1 share	75.00%-1 share	75.00%-1 share
OJSC Lengidroproekt	100.00%	100.00%	100.00%	100.00%
OJSC Nizhne-Kureiskaya HPP	100.00%	100.00%	-	-
OJSC Dalnevostochnaya WPS	100.00%	100.00%	-	-

*Difference between the ownership interest and voting interest represents the effect of preference shares and/or effects of indirect ownership.

(in millions of Russian Rubles unless noted otherwise)

Changes in Group Structure. OJSC Ust'-Srednekanskaya HPP completed additional issue of shares in June 2009, which were bought by the Group and the State. As a result the Group's share decreased to 49.69 percent (Note 14). The Group has voting rights of 74.47 percent (including direct and indirect voting power) and a 49.69 percent effective interest in earnings (ownership rights).

Two new wholly-owned subsidiaries, OJSC Nizhne-Kureiskaya HPP and OJSC Dalnevostochnaya WPS, were established by the Group on 6 May 2009 and 30 June 2009 respectively.

Note 5. Segment information

The Board of Directors generally analyses information by groups of operations which are consolidated in the following separate reportable segments:

- Generation segment includes the Company (including branches) and subsidiaries engaged in the production and sale of electricity (capacity);
- Retailing segment includes Group sales companies (OJSC Krasnoyarskenergosbyt, OJSC Ryazanskaya energy retail company, OJSC Chuvashskaya energy retail company) – participants of the wholesale electricity market which buy electricity (capacity) and resell it to final customers. Entities of this segment have the status of "underwriting suppliers" who are obliged to sign contracts on supplies with all final customers of their region under their request;
- Research and development institutes segment comprises of Group subsidiaries with the core activities related to science research and development work in the electric power industry;
- Repairs segment includes Group subsidiaries with core activities related to repair, upgrade and reconstruction of equipment and hydropower facilities;
- Contractors segment includes Group subsidiaries with the core activity related to hydropower stations construction.

All other segments include a number of minor segments that do not have similar economic characteristics.

All other segment assets also include construction in progress assets which will be transferred to the generation segment on their completion.

Segment information for the six months ended 30 June 2009 and 30 June 2008 is represented by management financial information based on RSA:

	Generation	Retailing	Research and development institutes	Repairs	Contractors	All other segments	Total Group
Six months ended 30 June 2009							
Total revenue	**40,106**	**15,733**	**781**	**890**	**2,365**	**644**	**60,519**
Intersegment revenue	(876)	-	(535)	(758)	(1,607)	(267)	(4,043)
Revenue from external customers	39,230	15,733	246	132	758	377	56,476
EBITDA	**26,296**	**775**	**44**	**62**	**112**	**139**	**27,428**
As at 30 June 2009							
Total Assets	**496,193**	**4,971**	**1,412**	**727**	**3,349**	**76,462**	**583,114**

(in millions of Russian Rubles unless noted otherwise)

	Generation	Retailing	Research and development institutes	Repairs	Contractors	All other segments	Total Group
Six months ended 30 June 2008							
Total revenue	**30,554**	**18,499**	**913**	**633**	**2,966**	**636**	**54,201**
Intersegment revenue	(1,527)	-	(645)	(556)	(1,767)	(287)	(4,782)
Revenue from external customers	29,027	18,499	268	77	1,199	349	49,419
EBITDA	**14,654**	**421**	**139**	**7**	**238**	**64**	**15,523**
As at 31 December 2008							
Total Assets	**464,687**	**4,429**	**1,647**	**526**	**2,867**	**68,142**	**542,298**

A reconciliation of management financial information based on RSA to IFRS numbers is provided as follows:

	Six months ended 30 June 2009	Six months ended 30 June 2008
Total revenues from reportable segments	**59,875**	**53,565**
Revenues from all other segments	644	636
Elimination of intersegment revenues	(4,043)	(4,782)
Revenue recognition on service contracts	316	377
Other	96	(87)
Total Revenue (IFRS)	**56,888**	**49,709**

	Six months ended 30 June 2009	Six months ended 30 June 2008
EBITDA from reportable segments	**27,289**	**15,459**
EBITDA from all other segments	139	64
Lease adjustment	700	668
Bad debt provision	372	(139)
Property, plant and equipment adjustment	167	(73)
Effect of share options plan	(143)	(543)
Unrealised profit adjustment	(286)	(80)
Depreciation and amortisation (IFRS)	(6,156)	(4,591)
Other	457	(395)
Operating profit (IFRS)	**22,539**	**10,370**

	30 June 2009	31 December 2008
Total assets for reportable segments	**506,652**	**474,156**
Assets from all other segments	76,462	68,142
Property, plant and equipment adjustments	3,253	5,760
Finance lease adjustment	1,904	2,306
Pension adjustment	623	664
Write-off of RSA future period expenses	(213)	(158)
Financial instruments at amortised cost	(632)	(693)
Reversal of RSA deferred tax assets	(715)	(810)
Bad debt provision	(759)	(1,131)
Unrealised profit adjustment	(1,482)	(1,286)
Reversal of interest expenses capitalised in RSA	(2,448)	(2,188)
Treasury shares adjustment	(7,206)	(7,189)
Fair value adjustment on available-for-sale financial assets	(10,181)	(12,681)
Adjustments on investments in associates	(18,365)	(18,666)
Adjustments on investments in subsidiaries	(31,648)	(33,218)
Elimination of intercompany balances	(54,588)	(46,755)
Other	(395)	118
Total assets (IFRS)	**460,262**	**426,371**

(in millions of Russian Rubles unless noted otherwise)

Note 6. Related party transactions

The Group's principal related parties for the six months ended 30 June 2009 and 30 June 2008 were subsidiaries and associates of RAO UES, jointly controlled entities and associates of the Group, other entities controlled by the State and directors of the Group.

The nature of the related party relationships for those related parties with whom the Group entered into significant transactions in the six months ended 30 June 2009 and/or the six months ended 30 June 2008, had significant balances outstanding as at 30 June 2009 and/or 31 December 2008 is detailed below.

RAO UES

The Group has no significant balances outstanding with RAO UES as at 30 June 2008.

The Group's retailing companies paid transmission fees to RAO UES during the six months ended 30 June 2008 in the amount of RR 756 million.

RAO UES subsidiaries and associates

Before 30 June 2008, the Group was under the control of RAO UES which was liquidated as at 1 July 2008.

Transactions with subsidiaries and associates of RAO UES were as follows:

	Note	Six months ended 30 June 2008
Sales of electricity (capacity)	18	11,151
Other revenue	18	3
Purchased electricity (capacity)	19	2,806
Electricity distribution expenses	19	3,442
Other expenses	19	28

Transactions with former RAO UES subsidiaries and associates which are controlled by the State for the six months ended 30 June 2009 are included in transactions with state-controlled entities.

State-controlled entities

In the normal course of business the Group enters into transactions with entities controlled by the Russian Federation. Prices for electricity are based on tariffs set by FST and REC. Loans are granted at market rates. Taxes are charged and paid under the Russian tax legislation. The transmission and distribution of electricity are subject to tariff regulations.

The Group had the following significant balances with state-controlled entities:

	Note	30 June 2009	31 December 2008
Other non-current assets (promissory notes)	10	91	5,580
Cash and cash equivalents	11	37,763	23,409
Trade and other accounts receivable	12	4,618	2,806
Advances to suppliers	12	19	-
Other current assets	13	12,371	2,160
Payables to the Federal Agency for State Property Management of the Russian Federation in respect of share issuance	16	4,924	6,000
Payables to Federal Energy Agency	16	-	2,450
Trade and other accounts payable	16	1,650	365
Advances received	16	157	148
Non-current and current debt	15	1,796	1,669

(in millions of Russian Rubles unless noted otherwise)

The Group had the following significant transactions with state-controlled entities:

	Note	Six months ended 30 June 2009	Six months ended 30 June 2008
Sales of electricity (capacity)	18	11,694	605
Other revenue	18	470	-
Purchased electricity (capacity)	19	3,581	-
Electricity distribution expenses	19	4,143	5,433
Services of SO-UES	19	969	787
Interest income	20	1,868	165
Other expenses	20	66	129

Significant part of the Group's sales and purchases of electricity (capacity) is conducted through commission and purchase-and-sale agreements with Center of Financial Settlements (CFS). Considerable part of final customers and suppliers is represented by state-controlled entities.

The Group had the following significant balances with CFS:

	Note	30 June 2009	31 December 2008
Trade and other receivables	12	944	1,181
Accounts payable	16	430	486

The Group had the following significant transactions with CFS:

	Note	Six months ended 30 June 2009	Six months ended 30 June 2008
Sales of electricity (capacity)	18	10,799	9,057
Purchased electricity (capacity)	19	4,506	8,290

Associates

The Group had the following balances with its associates:

	Note	30 June 2009	31 December 2008
Trade and other accounts receivable	12	115	32
Other current assets	13	40	40
Advances to suppliers	12	3	-
Trade and other accounts payable	16	6	22

The Group had the following transactions with its associates:

	Note	Six months ended 30 June 2009	Six months ended 30 June 2008
Other revenue	18	3	1
Purchased electricity (capacity)	19	230	10

Jointly controlled entities

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

	Note	30 June 2009	31 December 2008
Trade and other receivables	12	93	-
Promissory notes receivable	12	10,885	7,280
Advances received	16	15	218
Trade and other accounts payable	16	3	16

(in millions of Russian Rubles unless noted otherwise)

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

	Note	Six months ended 30 June 2009	Six months ended 30 June 2008
Sales of electricity (capacity)	18	52	53
Other revenue	18	193	126

The Group key management. Compensation is paid to members of the Management Board of the Group for their services in full time management positions. The compensation is made up of a contractual salary, performance bonus depending on work results for the period based on key performance indicators. The compensation and key performance indicators are approved by the Board of Directors.

Fees, compensation or allowances to the members of the Board of Directors for their services in their capacity and for attending Board meetings are paid depending on results for the year.

Total remuneration in the form of salaries paid to the members of the Board of Directors and Management Board of the Company for the six months ended 30 June 2009 was RR 58 million (for the six months ended 30 June 2008 - RR 41 million).

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

The Programme provides for the granting of share options at predetermined fixed price to the Programme participants starting from the date of signing of the first share option contract, i.e. from 3 September 2007.

In accordance with the Programme the Programme participants sign agreements to purchase the Company's shares under which the property title for the shares is transferred and payment is made after 3 years, starting from 3 September 2007.

Participation of members in the Programme and the exact number of shares in their individual share option agreements are determined by decision of the Company's Board of Directors.

A total of up to 3,137,287,475 ordinary shares were allocated under the Programme as at 3 September 2007. 917,656,581 ordinary shares were allocated for granting share options to the members of the Company's Management Board, the rest - to other key employees of the Group. The ordinary shares ultimately allocated under the Programme were allocated from treasury shares obtained by LLC EZOP, operator of the Programme, as a result of Company's additional share issue.

The number of shares, which the Programme participants may purchase as part of the implementation of the Programme, is calculated proportionally based on the number of days worked prior to terminating employment. In the case of breaching certain defined provisions of the labor agreement and termination of employment at the initiative of the Group, the Programme participants will loose their right to purchase the shares.

One of the vesting terms of the share option is prepayment by the members of the Company's Management Board (in the amount of 10 percent of the share option agreement) and by the other Programme participants (in the amount of 0.2 percent of the share option agreement).

In 2007 the Company issued to the members of the Company's Management Board interest free loans for the prepayments for the share options agreements. The loans were issued with the maturity till 31 March 2011. As at 30 June 2009 the amount of loans issued to employees was RR 158 million (net of discount of RR 37 million, effective interest rate - 11.8 percent). As at 31 December 2008 the amount of loans issued to employees was RR 148 million (net of discount of RR 47 million, effective interest rate - 11.8 percent).

The Programme participants can exercise the share option at any time over the period of 2 September 2010 through 16 April 2011.

The number of undistributed shares as at 30 June 2009 was 351,519,115 including forfeited options.

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

(in millions of Russian Rubles unless noted otherwise)

All options granted under the Programme		**Attributed to members of the Managements Board**
Number of options at 1 January 2009	2,757,728,249	698,046,459
Option agreements signed in the first 6 months of year 2009	63,508,302	-
Options forfeited in the first 6 months of year 2009	(35,468,191)	-
Number of options outstanding as at 30 June 2009	**2,785,768,360**	**698,046,459**

The fair value of services received in return for share options granted to employees is measured by reference to the fair value of the share options granted. The estimate of the fair value of the services received is measured based on a Black-Scholes model.

Share price (in RR)	1.73
Exercise price (in RR)	1.73
Expected volatility	27.00%
Option life	1,096 days
Risk-free interest rate	6.13%
Fair value of the option at measurement date (in RR)	**0.456**

To determine volatility the Group used the historical volatility of the share prices of publicly traded shares of peer group companies. The measure of historical volatility used in the option pricing model is the annualised standard deviation of logarithms of daily changes in share price over a period of time comparable with expected lifetimes of the options granted under the Programme.

In the six month ended 30 June 2009 the Group recognised an expense of RR 143 million within employee costs related to the fair value of the options (in the six month ended 30 June 2008 - RR 543 million).

(in millions of Russian Rubles unless noted otherwise)

Note 7. Property, plant and equipment

Cost	Production buildings	Facilities	Plant and equipment	Assets under construction	Other	Total
Opening balance as at 31 December 2008	**38,859**	**193,528**	**89,938**	**89,403**	**3,068**	**414,796**
Additions	44	28	900	10,590	87	11,649
Transfers	139	2,821	961	(3,978)	57	-
Disposals	(3)	(4)	(160)	(142)	(50)	(359)
Closing balance as at 30 June 2009	**39,039**	**196,373**	**91,639**	**95,873**	**3,162**	**426,086**
Accumulated depreciation (including impairment)						
Opening balance as at 31 December 2008	**(5,346)**	**(24,160)**	**(6,782)**	**(40,963)**	**(428)**	**(77,679)**
Charge for the period	(339)	(1,684)	(3,921)	-	(212)	(6,156)
Transfers	(1)	(704)	(61)	789	(23)	-
Disposals	1	-	71	36	24	132
Closing balance as at 30 June 2009	**(5,685)**	**(26,548)**	**(10,693)**	**(40,138)**	**(639)**	**(83,703)**
Net book value as at 30 June 2009	**33,354**	**169,825**	**80,946**	**55,735**	**2,523**	**342,383**
Net book value as at 31 December 2008	**33,513**	**169,368**	**83,156**	**48,440**	**2,640**	**337,117**

Cost	Production buildings	Facilities	Plant and equipment	Assets under construction	Other	Total
Opening balance as at 31 December 2007	**37,135**	**144,970**	**73,409**	**68,941**	**3,510**	**327,965**
Additions	14	287	949	14,961	489	16,700
Transfers	86	257	699	(1,061)	19	-
Disposals	(70)	(10)	(155)	(72)	(49)	(356)
Closing balance as at 30 June 2008	**37,165**	**145,504**	**74,902**	**82,769**	**3,969**	**344,309**
Accumulated depreciation (including impairment)						
Opening balance as at 31 December 2007	**(5,094)**	**(15,478)**	**(7,333)**	**(27,374)**	**(1,107)**	**(56,386)**
Charge for the period	(293)	(1,061)	(2,447)	-	(790)	(4,591)
Transfers	(4)	(6)	(31)	50	(9)	-
Disposals	41	3	16	-	17	77
Closing balance as at 30 June 2008	**(5,350)**	**(16,542)**	**(9,795)**	**(27,324)**	**(1,889)**	**(60,900)**
Net book value as at 30 June 2008	**31,815**	**128,962**	**65,107**	**55,445**	**2,080**	**283,409**
Net book value as at 31 December 2007	**32,041**	**129,492**	**66,076**	**41,567**	**2,403**	**271,579**

(in millions of Russian Rubles unless noted otherwise)

Construction in progress represents the carrying amount of property, plant and equipment that have not yet been put into operation, including generating stations under construction and advances to construction companies and suppliers of property, plant and equipment. As at 30 June 2009 such advances amounted to RR 6,350 million (as at 31 December 2008 – RR 6,793 million).

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

As at 31 December 2008 the Group performed a revaluation of property, plant and equipment (except for construction in progress, office buildings and land) using an independent appraiser. As a result of the revaluation, the Group's carrying value of property, plant and equipment (net) increased by RR 73,891 million.

As at 31 December 2008 management of the Company analysed the economic situation and decided that indications of impairment existed due to volatility of markets and ongoing global financial and economic crisis (Note 1). As a result an additional impairment was recognised in the amount of RR 33,175 million and the previously recognised impairment loss was reversed in the amount of RR 622 million as at 31 December 2008.

As at 30 June 2009 management considered the market and economic environment in which the Group operates to assess whether any indication that an asset may be 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 property, plant and equipment. The Group leases property, plant and equipment under a number of finance lease agreements. At the end of each of the leases the Group has the option to purchase the equipment at a beneficial price. As at 30 June 2009 the net book value of leased property plant and equipment was RR 4,444 million (as at 31 December 2008 – RR 3,883 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 under non-cancellable operating lease agreements. Land lease payments are determined by the lease agreements. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	30 June 2009	31 December 2008
Less than one year	509	337
Between one year and five years	1,315	1,264
After five years	11,097	10,561
Total	**12,921**	**12,162**

The land areas leased by the Group are the territories on which the Group's hydroelectric power stations and other assets are located. The 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.

Note 8. Investments in associates and jointly controlled entities

Included in investments in associates and jointly controlled entities is a 22.69 percent interest in OJSC WGC-1 in the amount of RR 11,567 million as at 30 June 2009 (as at 31 December 2008 - RR 11,110 million). On 12 March 2009 the Group signed a trust management agreement with OJSC INTER RAO UES, which stated that the rights for shares of OJSC WGC-1 were transferred to OJSC INTER RAO UES for trust management in favor of the Company. The transfer did not result in the termination of the Group's rights of ownership for these shares. As at 30 June 2009 there are three representatives of the Company in the Board of directors of OJSC WGC-1. Therefore the Group continues to exercise significant influence over OJSC WGC-1 as at 30 June 2009.

Note 9. Available-for-sale financial assets

In 2008, as a result of the reorganisation of RAO UES, the Company obtained 100 percent share of LLC Index Energetiki – HydroWGC with investments in various utilities companies. These investments are classified as available-for-sale financial assets in these consolidated interim condensed financial information and accounted at fair values.

The fair values of the available-for-sale financial assets as at 30 June 2009 were calculated based on the quoted market prices. The analysis of trading volumes for the six months ended 30 June 2009 confirmed that there were no reductions in the trading activity or significant changes in the free float or other circumstances and therefore that an active market existed as at 30 June 2009.

(in millions of Russian Rubles unless noted otherwise)

Gains arising on available-for-sale financial assets during six months ended 30 June 2009 totalled RR 2,434 million and were recorded through other comprehensive income.

The Company's management does not have an intention to sell the shares in the short-term period.

Note 10. Other non-current assets

	30 June 2009	31 December 2008
Promissory notes and deposits (Net of discount of RR 895 million and RR 1,189 million as at 30 June 2009 and 31 December 2008, effective rate 7%-17%)	14,682	14,166
Long-term loans receivable (Net of discount of RR 94 million as at 30 June 2009 and RR 125 million as at 31 December 2008)	207	213
Total financial assets	**14,889**	**14,379**
VAT recoverable	703	1,311
Other long-term assets (Net of discount of RR 49 million effective interest rate: 11.00%-16.00%, due 2010-2020 as at 30 June 2009 and RR 231 million, effective interest rate 11.76% - 16%, due 2010-2020 as at 31 December 2008)	1,570	1,524
Less: current portion of promissory notes (Note 13)	(11,173)	(2,223)
Total other non-current assets	**5,989**	**14,991**

As at 30 June 2009 Promissory notes and deposits line included promissory notes of LLC Finance corporation Otkritie in the amount of RR 6,636 million (31 December 2008 – RR 6,337 million), OJSC VTB Bank in the amount of RR 5,499 million (31 December 2008 – RR 5,312 million) and deposit in Investment company KIT Finance in the amount of RR 2,517 million (31 December 2008 – RR 2,517 million) and other promissory notes.

Note 11. Cash and cash equivalents

	30 June 2009	31 December 2008
Cash at bank and in hand	17,873	7,061
Cash equivalents (contractual interest rate: 7.1% - 12.7%)	21,504	17,777
Total cash and cash equivalents	**39,377**	**24,838**

Cash equivalents held as at 30 June 2009 and 31 December 2008 comprised short-term Russian rubles bank deposits and short-term bank promissory notes of less than 3 months duration.

Cash balances denominated in USD currency amounts as at 30 June 2009 were RR 110 million (31 December 2008 – RR 0.1 million). Cash balances denominated in EURO were RR 447 million (31 December 2008 – RR 13 million).

The Group increased its cash and cash equivalents significantly during the reporting period mainly as a result of an additional issue of shares (Note 14).

As at 30 June 2009 and 31 December 2008 cash and cash equivalents were mainly deposited in OJSC Gazprombank, OJSC Sberbank of Russia and CJSC VTB24.

(in millions of Russian Rubles unless noted otherwise)

Note 12. Accounts receivable and prepayments

	30 June 2009	31 December 2008
Trade receivables (Net of provision for impairment debtors of RR 1,342 million as at 30 June 2009, RR 1,952 million as at 31 December 2008)	9,082	6,363
Promissory notes	11,262	8,648
Total financial assets	**20,344**	**15,011**
Advances to suppliers and prepayments (Net of provision for impairment debtors of RR 0 million as at 30 June 2009, RR 15 million as at 31 December 2008)	950	1,180
Income tax receivable	1,857	2,059
Value added tax recoverable	7,667	6,284
Other prepaid taxes	45	44
Other receivables (Net of provision for impairment debtors of RR 33 million as at 30 June 2009, RR 37 million as at 31 December 2008)	1,678	1,107
Total accounts receivable and prepayments	**32,541**	**25,685**

The Group together with RUSAL Group is involved in two investment projects of construction of Boguchanskaya HPP and Boguchansky Aluminium Plant (hereinafter referred to as "BEMA project", Note 23). BEMA project is financed through the purchase of interest-free promissory notes of OJSC Boguchanskaya HPP and CJSC Boguchansky Aluminium Plant. Included in the line Promissory notes there are outstanding promissory notes of OJSC Boguchanskaya HPP and CJSC Boguchansky Aluminium Plant amounted to RR 9,434 million and RR 1,451 million as at 30 June 2009 respectively (RR 6,761 million and RR 1,451 million as at 31 December 2008).

The majority of customers balances included in trade receivables comprise a single class, as they bear the same characteristics. Those customers belong to NOREM, which is regulated by NP Council Market.

The provision for impairment of accounts receivable has been determined based on specific customer identification, customer payment trends, subsequent receipts and settlements and the analysis of expected future cash flows. The Group believes that the Group entities will be able to realise the net receivable amount through direct collections and other non-cash settlements, and the recorded value approximates their fair value.

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

Note 13. Other current assets

	30 June 2009	31 December 2008
Current portion of promissory notes (Note 10)	11,173	2,223
Promissory notes and deposits: yield to maturity 8.8%-17%	7,122	2,504
Derivative financial instruments	29	107
Total financial assets	**18,324**	**4,834**
Other short-term investments	25	60
Total other current assets	**18,349**	**4,894**

As at 30 June 2009 Promissory notes and deposits yield to maturity line included deposit in the amount of RR 4,618 million placed in OJSC Sberbank with maturity 3 July 2009 and effective interest rate of 13.2% per annum (31 December 2008 – nil) and promissory notes of OJSC SO-UES in the amount of RR 2,254 million payable 31 December 2009, 8.8% per annum (31 December 2008 – RR 2,160 million).

(in millions of Russian Rubles unless noted otherwise)

Note 14. Equity

Share issues

	30 June 2009	31 December 2008
Number of issued ordinary shares	255,014,018,667	245,014,059,191
Par value (in RR)	1.00	1.00

On 17 November 2008 the Extraordinary general meeting of Shareholders of the Company adopted a resolution to place an additional 10,000,000,000 ordinary shares by open subscription. The new share issuance was registered with the Federal Service for Financial Markets of Russia on 2 December 2008. Out of the total offering of 10,000,000,000 shares the company placed 9,999,959,476 ordinary shares in favour of the Russian Federation with a par value of RR 1.00 per share. The Report of the share issuance was registered with the Federal Service for Financial Markets of Russia on 19 March 2009.

The increase of share capital of the Company was made as at 8 April 2009 when the Federal Tax Service for the Krasnoyarsk Region of the Russian Federation registered amendments to the Company's Articles of Association as a result of the additional share issue in the Unified State Register of Legal Entities.

	30 June 2008	31 December 2007
Number of issued ordinary shares	195,860,496,735	156,864,373,776
Par value (in RR)	1.00	1.00

On 9 January 2008 20 subsidiaries of the Group merged into the Company and became one legal entity as a result of the reorganisation. According to the results of the share conversion, 38,996,122,959 additional shares of the Company were placed and share capital increased to RR 195,860 million. Minority stakes in these companies were exchanged for the ordinary shares of the Company.

Effect of changes in minority. In 2009 the Group subsidiary OJSC Ust'-Srednekanskaya HPP issued 4,995,810,158 additional ordinary shares with a par value of RR 1.00 per share. 3,240,737,749 shares were bought by the State in cash. The remaining 1,755,072,409 shares were paid by the Group in cash and by means of contribution of property, plant and equipment. As a result of this issue the Group share in OJSC Ust'-Srednekanskaya HPP decreased from 51.86 percent to 49.69 percent (Note 4). The carrying value of minority interest was adjusted to reflect the changes in its relative interest in OJSC Ust'-Srednekanskaya HPP. The Group recognised in equity within retained earnings the difference between the fair value of the consideration paid by the State and the amount by which the carrying value of minority interest was adjusted.

Dividends. No dividends were declared and paid by Company relating to the years 2008 and 2007. Dividends in the amount of RR 213 million relating to the year 2008 (2007 - RR nil) were declared by subsidiaries in respect of minority interests.

Treasury shares. Treasury shares as at 30 June 2009 and 31 December 2008 represented 5,882,055,227 ordinary shares in the amount of RR 8,172 million (3,137,287,475 ordinary shares in the amount of RR 5,428 million allocated for the Share Option Programme (Note 6)).

Note 15. Non-current and current debt

Non-current debt	Currency	Effective interest rate	Due date	30 June 2009	31 December 2008
Bonds issue (OJSC HydroWGC Management Company)	RR	8.10%	2011	5,000	5,000
EBRD (tranche 1)	RR	3.65%+MOSPRIME	2020	2,037	2,024
EBRD (tranche 2)	RR	2.75%+MOSPRIME	2014	850	850
EBRD (tranche 3)	RR	3.05%+MOSPRIME	2016	3,150	3,150
Morgan Stanley Bank International Ltd	RR	8.75%	2013	3,000	3,000
CF Structured Products B.V.	USD	10.50%	2013	1,877	1,763

(in millions of Russian Rubles unless noted otherwise)

Non-current debt	Currency	Effective interest rate	Due date	30 June 2009	31 December 2008
Morgan Stanley Bank International Ltd	RR	1.5%+MOSPRIME	2014	1,500	1,500
Municipal authority of Kamchatka region	USD	LIBOR+3%	2035	1,325	1,198
Other long-term debt	RR	-	2011-2013	279	323
Long-term derivative financial instruments – interest rate swaps	RR	-	2010	-	240
Finance lease liabilities	RR	11.10%-20.00%	2010-2014	2,580	3,083
Total				**21,598**	**22,131**
Less current portion of finance lease liabilities				(1,540)	(2,064)
Less current portion of non-current debt				(55)	(52)
Total non-current debt				**20,003**	**20,015**

Current debt	Currency	Effective interest rate	30 June 2009	31 December 2008
Finance lease liabilities	RR	11.10%-20.00%	1,540	2,064
Interest payable	RR	-	611	574
Ministry of Railways of Russia	RR	9.80%	470	471
Current portion of non-current debt	RR	-	55	52
OJSC Alfa-Bank	RR	8.50%-9.50%	-	5
Short-term derivative financial instruments – interest rate swaps	RR	-	418	211
Guarantees issued	RR		87	-
Total current debt and current portion of non-current debt			**3,181**	**3,377**

The Management of the Group monitors compliance of the following significant covenants on semi-annual basis: EBITDA equals to earnings before the deduction of interest expense and financing items, non-cash impairment and disposal charges, income taxes and depreciation and amounted RR 28,111 million for the period ended 30 June 2009, RR 15,149 million for the period ended 30 June 2008 and RR 33,735 million for the period ended 31 December 2008.

Debt/EBITDA. The debt to EBITDA ratios were 0.82 as at 30 June 2009 and 0.73 as at 31 December 2008, respectively.

EBITDA/Interest expense. The EBITDA to interest expense ratios were 15.18 and 16.07 as for the six months ended 30 June 2009 and 30 June 2008, respectively.

Long term Debt/EBITDA. The Long term Debt to EBITDA ratios were 0.71 as at 30 June 2009 and 0.59 as at 31 December 2008.

Current assets/Current Liabilities (current ratio). The current ratios were 3.53 as at 30 June 2009 and 2.24 as at 31 December 2008.

Long term debt/Equity. Long term debt to equity ratios were 0.05 as at 30 June 2009 and 0.06 as at 31 December 2008.

The Group was in compliance with all covenants in its debt facilities for the reporting period.

(in millions of Russian Rubles unless noted otherwise)

Due for repayment	30 June 2009	31 December 2008
Between one and two years	5,000	240
Between two and three years	279	5,000
Between three and four years	4,877	323
Between four and five years	2,350	4,763
After five years	6,457	8,671
Total	**18,963**	**18,997**

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 1 and 5 years	Due after 5 years	Total
Minimum lease payments as at 30 June 2009	1,607	1,230	51	2,888
Less future finance charges	(67)	(211)	(30)	(308)
Present value of minimum lease payments as at 30 June 2009	**1,540**	**1,019**	**21**	**2,580**
Minimum lease payments as at 31 December 2008	2,257	1,165	78	3,500
Less future finance charges	(193)	(183)	(41)	(417)
Present value of minimum lease payments as at 31 December 2008	**2,064**	**982**	**37**	**3,083**

Note 16. Accounts payable and accruals

	30 June 2009	31 December 2008
Trade payables	5,606	4,671
Derivative financial instruments	310	50
Total financial liabilities	**5,916**	**4,721**
Accounts payable in respect of shares issuance	7,130	6,000
Advances received	1,069	1,433
Settlements with personnel	858	863
Dividends payable	231	21
Other accounts payable	595	3,202
Total accounts payable and accruals	**15,799**	**16,240**

As at 31 December 2008 the Group had obligation of RR 6,000 millions to the Russian Federation represented by the Federal Agency for State Property Management in respect of additional issue of shares approved by the Extraordinary General meeting of the Company's Shareholders on 17 November 2008 for 10,000,000,000 shares and registered by The Federal Service for Financial Markets of Russia on 19 March 2009 (Note 14). During the six months ended 30 June 2009 additional cash payments were received from the Russian Federation in the amount of RR 3,999 million.

As at 30 June 2009 Accounts payable in respect of share issuance include the Company's obligation of RR 4,924 million to the Russian Federation represented by the Federal Agency for State Property Management and of RR 2,206 million to other shareholders in respect of issuance of 16,000,000,000 shares, which was approved by the Extraordinary General meeting of the Company's shareholders on 17 November 2008 (Note 25).

Thus, total cash received from shareholders in respect of share issue during the first half of year 2009 equals to RR 11,129 million.

As at 31 December 2008 the main part of other accounts payable balance related to special-purpose financing from the Russian Federation represented by The Federal Energy Agency in the amount of RR 2,450 million made in exchange for the stake in the share capital of OJSC Ust'-Srednekanskaya HPP. During the first six months ended 30 June 2009 additional cash payments were received from the Russian Federation in the amount of RR 791 million.

(in millions of Russian Rubles unless noted otherwise)

After the registration of the additional issue of ordinary shares by OJSC Ust'-Srednekanskaya HPP in favour of the Russian Federation in the amount of 3,240,737,749 shares and other shareholders with a par value of RR 1.00 the liability was settled (Note 14).

Note 17. Other taxes payable

	30 June 2009	31 December 2008
Value added tax	4,894	3,169
Property tax	1,339	1,503
Unified social tax	211	235
Other taxes	438	303
Total other taxes payable	**6,882**	**5,210**

Note 18. Revenue

	Six months ended 30 June 2009	Six months ended 30 June 2008
Sales of electricity	29,139	30,772
Sales of capacity	25,797	16,520
Other revenue	1,952	2,417
Total revenue	**56,888**	**49,709**

Other revenue includes rendering of construction, repairs and other services.

Note 19. Operating expenses

	Six months ended 30 June 2009	Six months ended 30 June 2008
Purchased electricity (capacity)	11,525	15,477
Depreciation of property, plant and equipment	6,156	4,591
Electricity distribution expenses	5,259	6,256
Employee benefit expenses (including payroll taxes, share option plan expenses and pension expenses)	3,872	3,628
Third parties services, including:	3,649	4,480
Services of SO-CDU, NP ATS, CFS, RAO UES	1,042	1,595
Repairs and Maintenance	814	843
Consulting, legal and information expenses	318	350
Insurance cost	293	346
Security expenses	286	258
Rent	235	431
Transportation expenses	118	79
Other third party services	543	578
Taxes other than income tax	2,688	2,520
Other materials	885	1,101
Water usage expenses	488	395
Social charges	207	171
Loss on disposal of property, plant and equipment, net	16	185
(Reversal)/charge of impairment of accounts receivable	(601)	3
Other expenses	205	532
Total operating expenses	**34,349**	**39,339**

(in millions of Russian Rubles unless noted otherwise)

Note 20. Finance income/(costs)

	Six months ended 30 June 2009	Six months ended 30 June 2008
Interest income	2,388	533
Interest expense	(1,432)	(845)
Finance lease expenses	(420)	(98)
Loss on derivative financial instruments	(205)	-
Other (expense)/income	(263)	44
Total finance income/(costs), net	**68**	**(366)**

Note 21. Income tax

Income tax expense is recognised based on 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 six months ended 30 June 2009 was 22 percent (the estimated average annual effective income tax rate for the six months ended 30 June 2008 was 26 percent). This decrease is mainly due to the reduction in the standard corporate income tax rate in the Russian Federation from 24 percent to 20 percent enacted in November 2008 and effective from 1 January 2009.

Income tax charge is as follows:

	Six months ended 30 June 2009	Six months ended 30 June 2008
Current income tax expense	5,354	3,180
Deferred income tax benefit	(447)	(465)
Total income tax charge	**4,907**	**2,715**

In accordance with Russian tax legislation, tax losses in different Group companies may not be offset against taxable profits of other Group companies. Accordingly, tax may be accrued even where there is a net consolidated tax loss.

Note 22. Earnings per share

	Six months ended 30 June 2009	Six months ended 30 June 2008
Weighted average number of ordinary shares issued (thousand of shares)	244,822,589	191,780,941
Profit attributable to the shareholders of OJSC RusHydro (in million RR)	17,440	7,507
Weighted average earnings per share – basic and diluted* (in RR)	**0.0712**	**0.0391**

* Share option programme of the Group (Note 6) has no dilutive effect for the periods presented.

Note 23. Commitments

Social commitments. The Group entities contribute 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 they operate.

Capital commitments. In May 2006 the Company and RUSAL Group entered into an agreement for mutual financing, completion and subsequent operation of the Boguchanskaya HPP, with an installed capacity of 3,000 MW, and Boguchansky aluminium plant, with a capacity of 597,000 tonnes of aluminium per annum. The Company and Rusal Group has agreed to finance the construction on a parity basis.

Boguchanskaya HPP is intended to be launched in stages, with an expected commissioning of 3 hydroelectric generators with installed capacity of 1,000 MW in 2010 and 1,000 MW per annum in 2011-2012. Boguchanskaya HPP is intended to supply electricity to both Boguchansky aluminium plant and other consumers in Siberia, and it is expected to help cover any winter peak power deficit in Siberia.

Due to the recent dramatic fall in aluminium prices resulting from the current global economic crisis, the parties ceased construction of the aluminium plant, with the date of commissioning of the first phase postponed until December 2011. However, it was decided to proceed with the construction of the Boguchanskaya HPP and commission its first phase in 2010. RusHydro believes that, even if the aluminium plant is not completed, there will be demand in that region for Boguchanskaya HPP's output of electricity.

The total investment to be contributed by the RusHydro and RUSAL Groups amounts to RR 126,974 million from 2009 to 2014 in accordance with the Company's investment programme. Both RusHydro and RUSAL Groups have committed to finance the construction equally. The Group financed RR 3,143 million for the six months ended 30 June 2009.

Other future capital expenditures in accordance with contractual obligations amounted to RR 34,642 million as at 30 June 2009 (RR 31,598 million as at 31 December 2008).

Note 24. Contingencies

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

Tax contingencies. 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 be assessed. 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.

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

As at 30 June 2009 management believes that its interpretation of the relevant legislation is appropriate and the Group's tax, currency and customs positions will be sustained. Where management believes it is probable that a position cannot be sustained, an appropriate amount has been accrued for in this financial information.

Environmental matters. The Group entities and their predecessor entities have operated in the electric power industry in the Russian Federation for many years. The enforcement of environmental regulation in the Russian Federation is evolving and the enforcement posture of government authorities is continually being reconsidered. The Group entities periodically evaluate their obligations under environmental regulations.

Potential liabilities might arise as a result of changes in legislation and regulation or civil litigation. The impact of these potential changes cannot be estimated 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 Company provided certain counterparties with guarantees in respect to the following amounts of borrowings:

Name of counterparty	Debtor	Nature of relationship	30 June 2009	31 December 2008
BARCLAYS BANK PLC	CJSC Boguchansky Aluminium Plant	Joint venture	8,136	7,639
OJSC Bank of Moscow	LLC IR Leasing	Lessor of the Group	908	1,423
OJSC Bank of Moscow	OJSC Hanti-Mansiiskaya leasing company Otkritie	Lessor of the Group	191	491
AREVA T&D S.A.	CJSC Boguchansky Aluminium Plant	Joint venture	1,453	1,374
SOLIOS ENVIRONNEMENT SA	CJSC Boguchansky Aluminium Plant	Joint venture	819	774
CJSC Commerzbank (Eurasia)	CJSC Boguchansky Aluminium Plant	Joint venture	176	167
BROCHOT SA	CJSC Boguchansky Aluminium Plant	Joint venture	28	41
S.T.A.S. (Societe Des Technologies De L'Aluminium Du Saguenay Inc.)	CJSC Boguchansky Aluminium Plant	Joint venture	20	19
Total			**11,731**	**11,928**

In March 2007 the Company issued a guarantee for a loan of USD 520 million raised by CJSC Boguchansky Aluminium Plant to finance BEMA. The loan period is 3 years and the average interest rate is LIBOR+0.825 percent. The managers and underwriters of the loan are ABN Amro, Barclays, Calyon and Sberbank of Russia. The raised borrowings are used for construction of Boguchansky aluminium plant and completion of Boguchanskaya HPP. The Company's guarantee provides for 50 percent of the borrower's liabilities under the loan agreement; the remaining 50 percent of the liabilities are secured by the guarantee and surety provided by the RUSAL Group entities. The fair value of the guarantees was assessed as at 30 June 2009 and a liability in the amount of RR 70 million was recognised (31 December 2008 - RR 103 million).

The Group issued guarantees for two loans raised by OJSC Hanti-Mansiiskaya leasing company Otkritie and LLC IR Leasing to finance equipment purchases for Bureiskaya HPP, the Company's branch. The interest rate on the loans is 11 percent. The loans will be repaid in 2010 and 2009, respectively. The fair value of the guarantees was assessed as at 30 June 2009 and a liability in the amount of RR 17 million was recognised (31 December 2008 - RR 58 million).

Remaining guarantees were issued to suppliers for future equipment deliveries.

Note 25. Subsequent events

Depositary Receipt Programs. On 20 May 2008 the Company received permission from the Federal Service for the Financial Markets of Russia to trade a maximum of 37,500,000,000 of its shares (14.7 percent of its authorised equity capital) in the form of depositary receipts outside the Russian Federation.

Starting from 6 July 2009 Global Depositary Receipts (GDRs) of the Company were traded on the regulated sector of the International Open Book (IOB) of the London Stock Exchange (LSE). Each GDR certified the right for 100 ordinary shares of the Company. The Bank of New York Mellon acted as the depositary for the Company's GDR program.

On 7 August 2009 the Company launched new Level 1 American Depositary Receipts (ADR) program.

The United States Securities and Exchange Commission (SEC) registered the statement with respect to the ADRs and declared it effective on 7 August 2009. Each ADR in the new program represents 100 ordinary shares of the Company.

The Company's existing GDR program was terminated, on 7 August 2009 GDRs were excluded from the LSE quotation list and cancelled. All GDR holders which were included into the LSE quotation list on 7 August 2009 received the appropriate quantity of Level 1 ADRs.

The newly launched Level 1 ADR program has been traded on both the Main Market of the LSE, as well as on the Over-the-counter market in the United States since 7 August 2009.

The Bank of New York Mellon acted as the depositary for the Company's ADR program and CJSC ING Bank (Eurasia) served as the global custodian bank for the ADR program.

Additional share issue. The extraordinary general meeting of shareholders on 17 November 2008 approved the Company's placement of 16,000,000,000 additional ordinary shares with a par value of RR 1.00 each by open subscription with a cash consideration.

The report on the results of the additional share issuance for 14,681,412,135 shares was registered by the Federal Service for Financial Markets of Russia on 24 September 2009.

On 12 October 2009 the Federal Tax Service for the Krasnoyarsk Region of the Russian Federation registered amendments to the Company's Articles of Association as a result of the additional share issue in the Unified State Register of Legal Entities.

The shares were acquired by the following shareholders:
- Russian Federation represented by the Federal Agency for State Property Management of the Russian Federation in the amount of 4,923,866,100 shares, consequently on 12 October 2009 the Russian Federation owned 60.38% of the total voting ordinary shares of the Company;
- the Group in the amount of 4,000,000,000 shares;
- other various shareholders in the amount of 5,757,546,035 shares.

As a result of the placement of additional shares the total number of placed shares of the Company was 269,695,430,802 ordinary shares with a par value of RR 1.00 each.

The annual general meeting of the Company's shareholders on 10 June 2009 also approved the placement of 19,000,000,000 additional ordinary shares with a par value of RR 1.00 each by open subscription with cash and non-cash considerations. On 26 October 2009 (the minutes No. 86 dated 27 October 2009) the Board of Directors approved the decision to issue additional shares and determined the placement price of the shares. The following non-cash contribution to the Company can be made in exchange for the additional shares to be issued:

- Shares of the following companies: OJSC Boguchanskaya HPP, OJSC Geoterm, OJSC Zaramagskie HPPs, OJSC KamHPP, OJSC Kolymaenergo, OJSC Pavlodolskaya Hydro-Electric Power Station, OJSC Trest Gidromontazh, OJSC Ust'-Srednekanskaya HPP;

- Moveable and immoveable property used for production, transfer, distribution and sale of electric power, relating to the activities (including construction) of the hydro-electric power stations in Kamchatka region as well as property rights (including receivables) connected with the given activities.

On 19 November 2009 the Federal Service for Financial Markets of Russia registered the placement of 19,000,000,000 additional ordinary shares with registration number 1-01-55038-E-038D.

An accident at Sayano-Shushenskaya HPP. On 17 August 2009 an accident occurred at Sayano-Shushenskaya HPP. Unregulated water emission from a turbine crater occurred as a result of improper usage of turbine GA #2.

The turbine control room was flooded to level 335.0. Excessive water pressure and rotation of crosspiece and generator's rotor of turbine GA #2 destroyed the control room in the area of the turbines GA #2, 3 and 4. Units of turbines GA #7 and 9 were also destroyed. In summary, as a result of the accident most of the technological systems for the entire power station were flooded and either destroyed or damaged in the accident.

As a result of the accident, 75 people died.

The total capacity of destroyed turbines amounted to 4,100 MW.

Total property, plant and equipment of Sayano-Shushenskaya HPP in accordance with IFRS amounted to RR 66 billion as at 30 June 2009.

As Sayano-Shushenskaya HPP is unable to generate electricity as required under its supply contract, it has to purchase additional volume of electricity in "one-day-ahead" or balancing markets. The costs of such purchases are higher than the cost at which Sayano-Shushenskaya HPP generated electricity before the accident.

Management is in the process of calculating the losses related to write off and impairment of the Sayano-Shushenskaya HPP's assets. These losses will be recorded in the consolidated financial statements of the Group for the period ended 31 December 2009.

The Company has fulfilled all commitments on lump sum compensation to the families of employees lost as a result of the accident. The total amount of compensation paid amounted to RR 110 million.

As a consequence of the accident Management expects significant legal claims on compensation of:

- Life and health injury, moral damage;
- Losses, occurred as a result of the accident;
- Losses as a result of cancellation of existing contracts;
- Insurer obligation to pay insurance money in accordance with terms of the property insurance contract, in case of rejection of insurer to pay partial or full amount of compensation;
- Other legal claims.

Following the accident, prosecution bodies and other regulating authorities have initiated audit of Company's activity, which could lead to legal proceedings against the Company and its employees.

The management estimates the total preliminary investment budget for the replacement of all damaged equipment (including installation and other costs) at RR 40 billion. The preliminary planned source of financing of the above mentioned expenses will include equity raised through additional share issues, own funds and debt. Percentage ratio of each type of financing would depend upon the amount of additional share issues of the Company.

The ultimate outcome of the matter cannot presently be determined and could have a significant impact on the Group in the future.

Management expects to complete the liquidation of consequences of the accident and reach original capacity levels by 2014.

In accordance with the Board of Directors decision dated 9 September 2009 the Company established a wholly-owned subsidiary, LLC Directsiya po vosstanovleniu i reconstructsii Sayano-Shushenskoy HPP, for the purpose of restoration and repair of Sayano-Shushenskaya HPP. The state registration of the new subsidiary was performed on 6 October 2009.

On 22 October 2009 the Company received the Report on Technical inspection of Sayano-Shushenskaya HPP accident issued by the Federal Service for Ecological, Technological and Atomic Supervision (Rostekhnadzor).

Notes of LLC Finance Corporation Otkritie. On 26 October 2009 the Management Board of the Company considered a restructuring of the promissory notes of LLC Finance Corporation Otkritie with effective interest rates 9-9.8 percent payable on demand but not earlier than a range of dates starting from 28 October 2009 till 27 April 2010 at the total nominal value of RR 7,074 million by exchange for the promissory notes of LLC ENERGO-finance with a 13 percent annual interest rate payable on demand but not earlier than 12 December 2014. The fair value of the promissory notes received should be approximately the same that the fair value of the notes given at the date of the transaction.

Associate OJSC WGC-1. On 6 July 2009 OJSC WGC-1 and OJSC INTER RAO UES, which is the trust manager under the trust management agreement with OJSC WGC-1 (Note 8), signed an agreement on transferring to OJSC INTER RAO UES the right of the sole executive body of OJSC WGC-1.

On 13 November 2009 the Company's Board of Directors considered the Group position related to an agenda of OJSC WGC-1 shareholders' meeting, including the recommendation to the OJSC WGC-1 shareholders to approve the additional share issue and the purchase by OJSC INTER RAO UES of up to 38,000,000,000 ordinary shares of OJSC WGC-1 placed through open subscription at a price to be determined by the Board of Directors of OJSC WGC-1. As a result of this additional share issue the Group's share in the share capital of OJSC WGC-1 may decrease from 22.69% to 12.26% and may result in the loss of significant influence over OJSC WGC-1 by the Group. Consequently, the investment in OJSC WGC-1 would be classified as available-for-sale financial assets.