

**RUSHYDRO GROUP**

**IFRS Condensed Consolidated Interim  
Financial Information (Unaudited)**

**As at and for the three months ended 31 March 2013**

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

	Note	31 March 2013	31 December 2012
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	610,278	604,461
Investments in associates and jointly controlled entities	8	25,866	17,865
Available-for-sale financial assets	9	10,603	14,326
Other non-current assets	10	25,139	25,048
<b>Total non-current assets</b>		<b>671,886</b>	<b>661,700</b>
<b>Current assets</b>			
Cash and cash equivalents	11	43,981	39,819
Accounts receivable and prepayments	12	55,325	49,512
Inventories	13	16,561	19,578
Other current assets	14	74,654	53,787
<b>Total current assets</b>		<b>190,521</b>	<b>162,696</b>
Assets of subsidiary acquired exclusively with a view for resale	25	29,105	28,954
Non-current assets classified as held for sale		1,174	1,397
<b>TOTAL ASSETS</b>		<b>892,686</b>	<b>854,747</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	15	317,637	317,637
Treasury shares	15	(10,662)	(10,662)
Share premium	15	39,202	39,202
Retained earnings and other reserves		172,980	168,473
<b>Equity attributable to the shareholders of OJSC RusHydro</b>		<b>519,157</b>	<b>514,650</b>
Non-controlling interest	15	21,017	23,745
<b>TOTAL EQUITY</b>		<b>540,174</b>	<b>538,395</b>
<b>Non-current liabilities</b>			
Deferred income tax liabilities	16	40,669	39,668
Non-current debt	17	90,500	67,283
Other non-current liabilities	18	13,903	14,035
<b>Total non-current liabilities</b>		<b>145,072</b>	<b>120,986</b>
<b>Current liabilities</b>			
Current debt and current portion of non-current debt	17	69,598	73,752
Accounts payable and accruals	19	42,418	46,171
Accounts payable in respect of share issues	15	66,995	50,000
Current income tax payable		1,163	509
Other taxes payable	20	10,606	8,540
<b>Total current liabilities</b>		<b>190,780</b>	<b>178,972</b>
Liabilities of subsidiary acquired exclusively with a view for resale	25	16,660	16,394
<b>TOTAL LIABILITIES</b>		<b>352,512</b>	<b>316,352</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>892,686</b>	<b>854,747</b>

Chairman of Management Board

E. V. Dod

Chief Accountant

D. V. Finkel

3 July 2013



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

	Note	Three months ended 31 March 2013	Three months ended 31 March 2012
<b>CONTINUING OPERATIONS</b>			
Revenue	21	85,582	82,609
Government grants	22	2,776	2,576
Expenses	23	(70,270)	(71,280)
Impairment of available-for-sale financial assets	9	(3,541)	-
<b>Operating profit</b>		<b>14,547</b>	<b>13,905</b>
Finance income	24	2,354	1,983
Finance costs	24	(2,124)	(2,062)
Share of results of associates and jointly controlled entities		(85)	(206)
<b>Profit before income tax</b>		<b>14,692</b>	<b>13,620</b>
Total income tax expense	16	(4,164)	(2,805)
<b>Profit for the period from continuing operations</b>		<b>10,528</b>	<b>10,815</b>
<b>DISCONTINUED OPERATIONS</b>			
<b>Profit / (loss) for the period from discontinued operations</b>	<b>25</b>	<b>170</b>	<b>(163)</b>
<b>Profit for the period</b>		<b>10,698</b>	<b>10,652</b>
Attributable to:			
Shareholders of OJSC RusHydro		9,785	9,322
Non-controlling interest		913	1,330
Earnings per ordinary share from continuing operations attributable to the shareholders of OJSC RusHydro – basic and diluted (in Russian Rubles per share)	26	0.0315	0.0334
Earnings / (loss) per ordinary share from discontinued operations attributable to the shareholders of OJSC RusHydro – basic and diluted (in Russian Rubles per share)	26	0.0002	(0.0002)
Weighted average number of shares outstanding – basic and diluted (thousands of shares)	26	308,933,768	281,247,952

Chairman of Management Board

Chief Accountant



E. V. Dod

D. V. Finkel

3 July 2013

**RusHydro Group**  
**Condensed Consolidated Interim Statement of Comprehensive Income (unaudited)**  
(in millions of Russian Rubles unless noted otherwise)

	Note	Three months ended 31 March 2013	Three months ended 31 March 2012
Profit for the period		10,698	10,652
<b>Other comprehensive income, net of tax:</b>			
Loss arising on available-for-sale financial assets	9	(169)	(1,486)
Other comprehensive loss		-	(3)
<b>Total comprehensive income for the period</b>		<b>10,529</b>	<b>9,163</b>
Attributable to:			
Shareholders of OJSC RusHydro		9,647	7,812
Non-controlling interest		882	1,351

Chairman of Management Board

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Chief Accountant

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3 July 2013



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**RusHydro Group**  
**Condensed Consolidated Interim Statement of Cash Flows (unaudited)**  
(in millions of Russian Rubles unless noted otherwise)

	Note	Three months ended 31 March 2013	Three months ended 31 March 2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
<b>Profit before income tax</b>		<b>14,692</b>	<b>13,620</b>
Depreciation of property, plant and equipment and intangible assets	7, 23	4,595	4,967
(Gain) / loss on disposal of property, plant and equipment	23	(11)	66
Share of results of associates and jointly controlled entities	8	85	206
Finance income	24	(2,354)	(1,983)
Finance costs	24	2,124	2,062
Impairment of available-for-sale financial assets	9	3,541	-
Impairment of accounts receivable	23	450	378
Effect of Share Option Programme expenses		-	67
Other expense / (income)		217	(317)
<b>Operating cash flows before working capital changes and income tax paid</b>		<b>23,339</b>	<b>19,066</b>
Working capital changes:			
Increase in accounts receivable and prepayments		(5,876)	(6,517)
Decrease in inventories		3,016	2,702
Decrease / (increase) in other non-current assets		1,036	(169)
Decrease in accounts payable and accruals		(4,393)	(2,024)
Increase in other taxes payable		2,137	2,002
(Decrease) / increase in other non-current liabilities		(132)	954
Income tax paid		(1,574)	(2,241)
<b>Net cash generated by operating activities</b>		<b>17,553</b>	<b>13,773</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of property, plant and equipment		(8,320)	(13,495)
Proceeds from sale of property, plant and equipment		95	92
Investment in bank deposits and purchase of other investments		(73,827)	(19,368)
Redemption of bank deposits and proceeds from sale of other investments		52,371	5,714
Proceeds from sale of associate		250	-
Settlement of derivative instruments		(5)	(1)
Interest received		826	1,057
<b>Net cash used in investing activities</b>		<b>(28,610)</b>	<b>(26,001)</b>

**RusHydro Group**
**Condensed Consolidated Interim Statement of Cash Flows (unaudited)**

(in millions of Russian Rubles unless noted otherwise)

	Note	Three months ended 31 March 2013	Three months ended 31 March 2012
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from current debt	17	16,093	8,129
Proceeds from non-current debt	17	24,075	20,927
Repayment of debt	17	(22,261)	(12,395)
Interest paid		(2,414)	(1,607)
Dividends paid	19	(9)	-
Proceeds from share issue	15	22	-
Proceeds from share issue in subsidiaries		-	748
Finance lease payments		(281)	(469)
<b>Net cash generated by financing activities</b>		<b>15,225</b>	<b>15,333</b>
Net cash (used) / generated by subsidiary acquired with a view for resale	25	(23)	10
Foreign exchange loss on cash balances		(6)	(53)
<b>Increase in cash and cash equivalents</b>		<b>4,139</b>	<b>3,062</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>39,857</b>	<b>47,414</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>11, 25</b>	<b>43,996</b>	<b>50,476</b>

Chairman of Management Board

E. V. Dod

Chief Accountant

D. V. Finkel



3 July 2013

**RusHydro Group**  
**Condensed Consolidated Interim Statement of Changes in Equity (unaudited)**

(in millions of Russian Rubles unless noted otherwise)

	Note	Share capital	Treasury shares	Share premium	Merger reserve	Revaluation reserve	Available-for-sale financial assets	Retained earnings	Equity attributable to OJSC RusHydro shareholders	Non-controlling interest	Total equity
<b>As at 1 January 2013</b>		<b>317,637</b>	<b>(10,662)</b>	<b>39,202</b>	<b>(127,216)</b>	<b>218,757</b>	<b>514</b>	<b>76,418</b>	<b>514,650</b>	<b>23,745</b>	<b>538,395</b>
Profit for the period		-	-	-	-	-	-	9,785	9,785	913	10,698
Loss arising on available-for-sale financial assets	9	-	-	-	-	-	(138)	-	(138)	(31)	(169)
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(138)</b>	<b>9,785</b>	<b>9,647</b>	<b>882</b>	<b>10,529</b>
Acquisition under common control	8, 15	-	-	-	(8,165)	-	-	2,022	(6,143)	(2,022)	(8,165)
Effect of changes in non-controlling interest	15	-	-	-	-	-	-	992	922	(1,588)	(596)
Transfer of revaluation reserve to retained earnings		-	-	-	-	(54)	-	54	-	-	-
Other movements		-	-	-	-	-	-	11	11	-	11
<b>As at 31 March 2013</b>		<b>317,637</b>	<b>(10,662)</b>	<b>39,202</b>	<b>(135,381)</b>	<b>218,703</b>	<b>376</b>	<b>89,282</b>	<b>519,157</b>	<b>21,017</b>	<b>540,174</b>



**RusHydro Group**  
**Condensed Consolidated Interim Statement of Changes in Equity (unaudited)**

(in millions of Russian Rubles unless noted otherwise)

	Note	Share capital	Treasury shares	Share premium	Merger reserve	Revaluation reserve	Available-for-sale financial assets	Retained earnings	Equity attributable to shareholders of OJSC RusHydro	Non-controlling interest	Total equity
<b>As at 1 January 2012</b>		<b>290,302</b>	<b>(10,662)</b>	<b>21,434</b>	<b>(127,216)</b>	<b>228,680</b>	<b>(2,273)</b>	<b>98,225</b>	<b>498,490</b>	<b>27,169</b>	<b>525,659</b>
Profit for the period		-	-	-	-	-	-	9,322	9,322	1,330	10,652
Loss arising on available-for-sale financial assets	9	-	-	-	-	-	(1,507)	-	(1,507)	21	(1,486)
Other comprehensive loss		-	-	-	-	-	-	(3)	(3)	-	(3)
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,507)</b>	<b>9,319</b>	<b>7,812</b>	<b>1,351</b>	<b>9,163</b>
Effect of changes in non-controlling interest	15	-	-	-	-	-	-	(814)	(814)	1,566	752
Effect of Share Option Programme		-	-	-	-	-	-	67	67	-	67
Transfer of revaluation reserve to retained earnings		-	-	-	-	(69)	-	69	-	-	-
Other movements		-	-	-	-	-	-	47	47	(14)	33
<b>As at 31 March 2012</b>		<b>290,302</b>	<b>(10,662)</b>	<b>21,434</b>	<b>(127,216)</b>	<b>228,611</b>	<b>(3,780)</b>	<b>106,913</b>	<b>505,602</b>	<b>30,072</b>	<b>535,674</b>

Chairman of Management Board

E. V. Dod

Chief Accountant

D. V. Finkel

3 July 2013



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

Open Joint Stock Company RusHydro (OJSC RusHydro – hereinafter referred to as “the Company”) was incorporated and is domiciled in the Russian Federation. The Company is a joint stock company limited by shares and was set up in accordance with Russian regulations.

The primary activities of the Company and its subsidiaries (hereinafter referred to as “the Group”) are generation and sale of electricity and capacity on the Russian wholesale and retail markets, as well as generation and sale of heat energy.

**Economic environment in the Russian Federation.** The Russian Federation displays certain characteristics of an emerging market, including relatively high inflation and high interest rates.

The tax, currency and customs legislation within the Russian Federation is subject to varying interpretations and frequent changes. The future economic direction of the Russian Federation is largely dependent upon the effectiveness of economic, financial and monetary measures undertaken by the Government, together with tax, legal, regulatory and political developments.

Management is unable to predict all developments which could have an impact on the Russian economy and consequently what effect, if any, they could have on the future financial position of the Group. Management believes it takes all the necessary measures to support the sustainability and development of the Group’s business.

During the three months ended 31 March 2013 no substantial changes to the rules of Russian wholesale and retail electricity and capacity markets, their functioning and price setting mechanisms have been made.

**Relations with the Government and current regulation.** As at 31 March 2013 the Russian Federation owned 60.50 percent of the total voting ordinary shares of the Company (31 December 2012: 60.50 percent).

The Group’s major customer base includes a large number of entities controlled by, or related to the Government. Furthermore, the Government controls contractors and suppliers, which provide the Group with electricity dispatch, transmission and distribution services, and a number of the Group’s fuel and other suppliers (Note 6).

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

- participation of its representatives in the Company’s Board of Directors;
- regulation of tariffs for electricity, capacity and heating;
- approval and monitoring of the Group’s investment programme, including volume and sources of financing.

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

**Note 2. Basis of preparation**

This Condensed Consolidated Interim Financial Information has been prepared in accordance with and complies with IAS 34, *Interim Financial Reporting* and should be read in conjunction with the annual Consolidated Financial Statements as at and for the year ended 31 December 2012, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

This Condensed Consolidated Interim Financial Information is unaudited and does not contain certain information and disclosures required in annual IFRS financial statements. Disclosures duplicating information included in the annual Consolidated Financial Statements as at and for the year ended 31 December 2012 have been omitted or condensed.

**Note 3. Significant accounting policies and new pronouncements**

The accounting policies followed in the preparation of this Condensed Consolidated Interim Financial Information are consistent with those applied in the annual Consolidated Financial Statements as at and for the year ended 31 December 2012 except for income tax which is accrued in the interim periods using the tax rate that would be applicable to expected total annual profit or loss.

Certain reclassifications have been made to prior period data to conform to the current period presentation. These reclassifications are not material (Notes 21, 23).

## RusHydro Group

### Notes to the Condensed Consolidated Interim Financial Information as at and for the three months ended 31 March 2013 (unaudited)

(in millions of Russian Rubles unless noted otherwise)

The Group has adopted all new standards and interpretations that were effective from 1 January 2013. The impact of the adoption of these new standards and interpretations has not been significant with respect to this Condensed Consolidated Interim Financial Information.

Certain new standards, interpretations and amendments to standards and interpretations, as disclosed in the Consolidated Financial Statements as at and for the year ended 31 December 2012, have been issued but are not effective for the financial year beginning 1 January 2013 and which the Group has not early adopted.

**Critical accounting estimates and judgements.** The preparation of Condensed Consolidated Interim Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this Condensed Consolidated Interim Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Consolidated Financial Statements as at and for the year ended 31 December 2012 with the exception of changes in estimates that are required in determining the provision for income taxes.

#### Note 4. Principal subsidiaries

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

##### Generation

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

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

##### Retailing

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

	31 March 2013		31 December 2012	
	% of ownership	% of voting	% of ownership	% of voting
OJSC ESC RusHydro	100.00%	100.00%	100.00%	100.00%
OJSC Chuvashskaya energy retail company	100.00%	100.00%	100.00%	100.00%
LLC ESC Bashkortostan	100.00%	-	100.00%	-
OJSC Krasnoyarskenergosbyt	65.81%	69.40%	65.81%	69.40%
OJSC Ryazan Power Distributing Company	90.52%	90.52%	90.52%	90.52%

## RusHydro Group

### Notes to the Condensed Consolidated Interim Financial Information as at and for the three months ended 31 March 2013 (unaudited)

(in millions of Russian Rubles unless noted otherwise)

#### RAO Energy System of East Group

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

Principal subsidiaries of this segment are presented below:

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

\* Voting and ownership percent interests in OJSC RAO Energy System of East include 1.80 percent interest held by the Group's subsidiary LLC Vostok-Finance

\*\* Subsidiary acquired in 2011 exclusively with a view for resale and classified as a disposal group and discontinued operation.

#### Other segments

Other segments include:

- the Group's subsidiaries primarily engaged in research and development related to the utilities industry and construction of hydropower facilities;
- the Group's subsidiaries engaged in repair, upgrade and reconstruction of equipment and hydropower facilities;
- the Group's subsidiaries engaged primarily in hydropower plants construction;
- minor segments which do not have similar economic characteristics.

Principal subsidiaries included in all other segments are presented below:

	31 March 2013		31 December 2012	
	% of ownership	% of voting	% of ownership	% of voting
OJSC Chirkeigesstroy	100.00%	100.00%	100.00%	100.00%
OJSC Elektromont-VKK	100.00%	100.00%	100.00%	100.00%
OJSC ESCO UES	100.00%	100.00%	100.00%	100.00%
OJSC Gidromont-VKK	100.00%	100.00%	100.00%	100.00%
OJSC Institute Hydroproject	100.00%	100.00%	100.00%	100.00%
OJSC Lenhydroproject	100.00%	100.00%	100.00%	100.00%
OJSC NIIES	100.00%	100.00%	100.00%	100.00%
OJSC SSHGER	100.00%	100.00%	100.00%	100.00%
OJSC Sulak GidroKaskad	100.00%	100.00%	100.00%	100.00%
OJSC Turboremont-VKK	100.00%	100.00%	100.00%	100.00%
OJSC Ust'-Srednekangesstroy	98.76%	100.00%	98.76%	100.00%
OJSC Ust'-Srednekanskaya HPP	99.43%	100.00%	84.60%	85.17%
OJSC VNIIG	100.00%	100.00%	100.00%	100.00%
OJSC Zagorskaya GAES-2	100.00%	100.00%	100.00%	100.00%
OJSC Zaramag HS	98.35%	98.35%	98.35%	98.35%

#### Note 5. Segment information

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

CODM reviews the segment financial information which is prepared in accordance with RSA. Such

**RusHydro Group****Notes to the Condensed Consolidated Interim Financial Information as at and for the three months ended 31 March 2013 (unaudited)**

(in millions of Russian Rubles unless noted otherwise)

information differs in certain aspects from IFRS:

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

CODM believes that EBITDA represents the most useful means of assessing the performance of ongoing operating activities of the Company and the Group's subsidiaries, as it reflects the earnings trends without showing the impact of certain charges.

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

	Generation	Retailing	RAO Energy System of East Group	All other segments	Total Group
<b>Three months ended 31 March 2013</b>					
Revenue from external customers	22,929	22,509	41,991	1,653	89,082
Intersegment revenue	3,250	159	67	3,418	6,894
<b>Total revenue</b>	<b>26,179</b>	<b>22,668</b>	<b>42,058</b>	<b>5,071</b>	<b>95,976</b>
<b>EBITDA (RSA)*</b>	<b>16,349</b>	<b>192</b>	<b>6,957</b>	<b>(103)</b>	<b>23,395</b>
<b>Capital expenditure**</b>	<b>3,762</b>	<b>11</b>	<b>1,491</b>	<b>3,669</b>	<b>8,933</b>
<b>As at 31 March 2013</b>					
<b>Total reportable segment assets</b>	<b>826,745</b>	<b>33,402</b>	<b>272,954</b>	<b>202,369</b>	<b>1,335,470</b>
<b>Total reportable segment liabilities</b>	<b>206,835</b>	<b>24,316</b>	<b>110,482</b>	<b>178,106</b>	<b>519,739</b>

Assets of all other segments include assets of the generation objects under construction which will be transferred to the Generation segment on their completion in the amount of RR 133,655 million as at 31 March 2013 (31 December 2012: RR 128,361 million). Liabilities of all other segments consist primarily of intercompany current and non-current debt, accounts payable and accruals.

	Generation	Retailing	RAO Energy System of East Group	All other segments	Total Group
<b>Three months ended 31 March 2012</b>					
Revenue from external customers	18,648	23,331	42,853	1,943	86,775
Intersegment revenue	2,228	141	65	3,991	6,425
<b>Total revenue</b>	<b>20,876</b>	<b>23,472</b>	<b>42,918</b>	<b>5,934</b>	<b>93,200</b>
<b>EBITDA (RSA)*</b>	<b>11,877</b>	<b>1,268</b>	<b>7,641</b>	<b>169</b>	<b>20,955</b>
<b>Capital expenditure**</b>	<b>5,828</b>	<b>18</b>	<b>1,565</b>	<b>5,562</b>	<b>12,973</b>
<b>As at 31 December 2012</b>					
<b>Total reportable segment assets</b>	<b>779,716</b>	<b>33,121</b>	<b>276,468</b>	<b>201,690</b>	<b>1,290,995</b>
<b>Total reportable segment liabilities</b>	<b>169,096</b>	<b>23,946</b>	<b>113,391</b>	<b>171,893</b>	<b>478,326</b>

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

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

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

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A reconciliation of the reportable segments' results to the Condensed Consolidated Interim Financial Information for the three months ended 31 March 2013 and 31 March 2012 and as at 31 March 2013 and 31 December 2012 is presented below:

	Three months ended 31 March 2013	Three months ended 31 March 2012
<b>Total revenue of reportable segments (RSA)</b>	<b>90,905</b>	<b>87,266</b>
Revenue of all other segments	5,071	5,934
Elimination of revenue under free bilateral contracts	(2,164)	(1,198)
Elimination of intersegment revenues	(6,894)	(6,425)
Revenue of OJSC DRSK classified as a discontinued operation (Note 25)	(956)	(1,962)
Other	(380)	(1,006)
<b>Total revenue (IFRS)</b>	<b>85,582</b>	<b>82,609</b>

	Three months ended 31 March 2013	Three months ended 31 March 2012
<b>EBITDA of reportable segments (RSA)</b>	<b>23,498</b>	<b>20,786</b>
EBITDA of all other segments	(103)	169
Expenses not included in RSA EBITDA	(124)	(1,402)
Finance lease adjustment	439	472
Adjustment on accrual of impairment for accounts receivable, net	(559)	(459)
Effect of Share Option Programmes	-	(67)
Expenses capitalised in RSA	(238)	(283)
Depreciation of property, plant, equipment and intangible assets (Note 23)	(4,595)	(4,967)
Impairment of available-for-sale financial assets (Note 9)	(3,541)	-
EBITDA of OJSC DRSK classified as discontinued operation (Note 25)	(305)	(58)
Other	75	(286)
<b>Operating profit (IFRS)</b>	<b>14,547</b>	<b>13,905</b>

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

	31 March 2013	31 December 2012
<b>Total reportable segment assets (RSA)</b>	<b>1,133,101</b>	<b>1,089,305</b>
Assets of all other segments	202,369	201,690
Property, plant and equipment adjustment	(35,616)	(36,885)
Adjustment on investments in associates and jointly controlled entities	(610)	(480)
Finance lease adjustment	4,149	4,112
Deferred tax	(4,423)	(4,519)
Unrealised profit adjustment	(4,903)	(5,059)
Differences in interest expense capitalisation in RSA and IFRS	2,606	2,130
Provision for impairment of accounts receivable	(3,578)	(4,383)
Treasury shares adjustment	(5,373)	(6,385)
Adjustment on fair value of available-for-sale financial assets	(869)	(1,219)
Adjustment on assets classified as held for sale	(267)	(243)
Discounting of financial instruments	(20,498)	(20,445)
Elimination of investments in subsidiaries	(171,677)	(157,257)
Elimination of intercompany balances	(198,315)	(202,360)
Write-off of prepaid expenses	(880)	(872)
Other	(2,530)	(2,383)
<b>Total assets (IFRS)</b>	<b>892,686</b>	<b>854,747</b>

**RusHydro Group****Notes to the Condensed Consolidated Interim Financial Information as at and for the three months ended 31 March 2013 (unaudited)**

(in millions of Russian Rubles unless noted otherwise)

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

	31 March 2013	31 December 2012
<b>Total reportable segment liabilities (RSA)</b>	<b>341,633</b>	<b>306,433</b>
Liabilities of all other segments	178,106	171,893
Deferred tax adjustment	32,308	32,049
Pension adjustment	11,921	11,921
Finance lease adjustment	2,961	3,096
Discounting of financial instruments	(2,418)	(2,546)
Elimination of intercompany balances	(198,315)	(202,360)
Concession agreements adjustment	(1,984)	(2,445)
Elimination of accounts payable in respect of share issue of subsidiary	(8,970)	-
Other	(2,730)	(1,689)
<b>Total liabilities (IFRS)</b>	<b>352,512</b>	<b>316,352</b>

Information for revenue from external customers in accordance with IFRS for the three months ended 31 March 2013 and 31 March 2012 is presented below:

	Generation	Retailing	RAO Energy System of East Group	All other segments	Total Group
<b>Three months ended 31 March 2013</b>					
Sales of electricity	14,461	22,325	24,493	-	61,279
Sales of heat and hot water	60	-	13,454	2	13,516
Sales of capacity	6,262	-	591	-	6,853
Other revenue	109	184	2,358	1,283	3,934
<b>Total revenue</b>	<b>20,892</b>	<b>22,509</b>	<b>40,896</b>	<b>1,285</b>	<b>85,582</b>
<b>Three months ended 31 March 2012</b>					
Sales of electricity	11,707	23,197	24,315	-	59,219
Sales of heat and hot water	56	-	13,566	3	13,625
Sales of capacity	5,600	-	302	-	5,902
Other revenue	87	134	2,374	1,268	3,863
<b>Total revenue</b>	<b>17,450</b>	<b>23,331</b>	<b>40,557</b>	<b>1,271</b>	<b>82,609</b>

**Note 6. Related party transactions**

Parties are generally considered to be related if they are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions, as described by IAS 24 *Related Parties Disclosure*. In considering each possible related party relationship, attention is paid to the substance of the relationship, not merely the legal form.

The Group's principal related parties for the three months ended 31 March 2013 were jointly controlled entities, associates of the Group and government-related entities.

**Jointly controlled entities**

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

	Note	31 March 2013	31 December 2012
Promissory notes	10	5,940	5,804
Advances received		63	120

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

	Three months ended 31 March 2013	Three months ended 31 March 2012
Other revenue	248	246

## RusHydro Group

### Notes to the Condensed Consolidated Interim Financial Information as at and for the three months ended 31 March 2013 (unaudited)

(in millions of Russian Rubles unless noted otherwise)

#### Associates

The Group had the following balances with its associates:

	31 March 2013	31 December 2012
Trade and other receivables	1,029	1,496
Accounts payable	2,088	1,909

The Group had the following transactions with its associates:

	Three months ended 31 March 2013	Three months ended 31 March 2012
Sales of electricity and capacity	213	226
Other revenue	79	45
Services of subcontracting companies	989	672
Purchased electricity and capacity	87	93

#### Government-related entities

In the normal course of business the Group enters into transactions with the entities controlled by the Government. The Group had transactions during the three months ended 31 March 2013 and 31 March 2012 and balances outstanding as at 31 March 2013 and 31 December 2012 with a number of government-related banks. All transactions are carried out on market rates.

The Group's sales of electricity, capacity and heat to government-related entities comprised approximately 28 percent of total sales of electricity, capacity and heat for the three months ended 31 March 2013 (for the three months ended 31 March 2012: approximately 19 percent). Sales of electricity and capacity under the regulated contracts are conducted directly to the consumers, within the day-ahead market (DAM) – through commission agreements with OJSC Centre of Financial Settlements (hereinafter referred to as "CFS"). Electricity and capacity supply tariffs under the regulated contracts are approved by FTS. On DAM the price is determined by balancing the demand and supply and such price is applied to all market participants. Sales of heat are subject to tariff regulations.

The Group's purchases of electricity, capacity and fuel from government-related entities comprised approximately 24 percent of total expenses on purchased electricity, capacity and fuel for the three months ended 31 March 2013 (for the three months ended 31 March 2012: approximately 17 percent).

Electricity distribution services provided to the Group by government-related entities comprised approximately 57 percent of total electricity distribution expenses for the three months ended 31 March 2013 (for the three months ended 31 March 2012: approximately 52 percent). The distribution of electricity is subject to tariff regulations.

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

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

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

Main compensation for Key management of the Group generally is short-term excluding future payments under pension plans with defined benefits. Pension benefits for key management of the Group are provided on the same terms as for the rest of employees.

Short-term remuneration paid to the key management of the Group for the three months ended 31 March 2013 comprised RR 154 million (for the three months ended 31 March 2012: RR 250 million).



**RusHydro Group**
**Notes to the Condensed Consolidated Interim Financial Information as at and for the three months ended 31 March 2013 (unaudited)**

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

<b>Cost</b>	<b>Buildings</b>	<b>Facilities</b>	<b>Plant and equipment</b>	<b>Assets under construction</b>	<b>Other</b>	<b>Total</b>
<b>Opening balance as at 31 December 2012</b>	<b>68,697</b>	<b>342,120</b>	<b>148,798</b>	<b>222,895</b>	<b>12,625</b>	<b>795,135</b>
Additions	17	2	118	10,368	246	10,751
Transfers	1,471	162	7,657	(9,486)	196	-
Disposals and write-offs	(47)	(110)	(73)	(161)	(181)	(572)
<b>Closing balance as at 31 March 2013</b>	<b>70,138</b>	<b>342,174</b>	<b>156,500</b>	<b>223,616</b>	<b>12,886</b>	<b>805,314</b>
<b>Accumulated depreciation (including impairment)</b>						
<b>Opening balance as at 31 December 2012</b>	<b>(20,946)</b>	<b>(68,659)</b>	<b>(52,488)</b>	<b>(44,876)</b>	<b>(3,705)</b>	<b>(190,674)</b>
Charge for the period	(444)	(1,526)	(2,270)	-	(360)	(4,600)
Transfers	(5)	(19)	(59)	93	(10)	-
Disposals and write-offs	40	18	65	56	59	238
<b>Closing balance as at 31 March 2013</b>	<b>(21,355)</b>	<b>(70,186)</b>	<b>(54,752)</b>	<b>(44,727)</b>	<b>(4,016)</b>	<b>(195,036)</b>
<b>Net book value as at 31 March 2013</b>	<b>48,783</b>	<b>271,988</b>	<b>101,748</b>	<b>178,889</b>	<b>8,870</b>	<b>610,278</b>
<b>Net book value as at 31 December 2012</b>	<b>47,751</b>	<b>273,461</b>	<b>96,310</b>	<b>178,019</b>	<b>8,920</b>	<b>604,461</b>
<b>Cost</b>	<b>Buildings</b>	<b>Facilities</b>	<b>Plant and equipment</b>	<b>Assets under construction</b>	<b>Other</b>	<b>Total</b>
<b>Opening balance as at 31 December 2011</b>	<b>67,454</b>	<b>342,495</b>	<b>121,156</b>	<b>180,338</b>	<b>11,575</b>	<b>723,018</b>
Additions	7	110	445	14,434	164	15,160
Transfers	326	699	4,814	(5,882)	43	-
Disposals and write-offs	(87)	(5)	(182)	(84)	(209)	(567)
<b>Closing balance as at 31 March 2012</b>	<b>67,700</b>	<b>343,299</b>	<b>126,233</b>	<b>188,806</b>	<b>11,573</b>	<b>737,611</b>
<b>Accumulated depreciation (including impairment)</b>						
<b>Opening balance as at 31 December 2011</b>	<b>(17,591)</b>	<b>(52,558)</b>	<b>(35,326)</b>	<b>(45,068)</b>	<b>(3,846)</b>	<b>(154,389)</b>
Charge for the period	(473)	(1,745)	(2,639)	-	(293)	(5,150)
Transfers	(90)	(171)	(644)	1,046	(141)	-
Disposals and write-offs	107	3	79	12	26	227
<b>Closing balance as at 31 March 2012</b>	<b>(18,047)</b>	<b>(54,471)</b>	<b>(38,530)</b>	<b>(44,010)</b>	<b>(4,254)</b>	<b>(159,312)</b>
<b>Net book value as at 31 March 2012</b>	<b>49,653</b>	<b>288,828</b>	<b>87,703</b>	<b>144,796</b>	<b>7,319</b>	<b>578,299</b>
<b>Net book value as at 31 December 2011</b>	<b>49,863</b>	<b>289,937</b>	<b>85,830</b>	<b>135,270</b>	<b>7,729</b>	<b>568,629</b>

Assets under construction represent the carrying amount of property, plant and equipment that has not yet been put into operation, including power plants under construction and advances to construction companies and suppliers of property, plant and equipment. As at 31 March 2013 such advances amounted to RR 48,076 million (31 December 2012: RR 48,326 million).

Additions to assets under construction included capitalised borrowing costs in the amount of RR 1,522 million, the capitalisation rate was 8.31 percent (for the three months ended 31 March 2012: RR 1,534 million, the capitalisation rate was 8.07 percent).

Additions to assets under construction included capitalised depreciation in the amount of RR 143 million (for the three months ended 31 March 2012: RR 183 million).

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

## RusHydro Group

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**Leased equipment.** The Group leases equipment under a number of finance lease agreements. At the end of each of the leases the Group has the option to purchase the equipment at a beneficial price. As at 31 March 2013 the net book value of the leased property, plant and equipment was RR 5,853 million (31 December 2012: RR 5,932 million). The leased equipment is pledged as a security for the lease obligation.

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

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

	31 March 2013	31 December 2012
Less than one year	2,003	1,875
Between one and five years	5,471	5,148
After five years	42,523	49,274
<b>Total</b>	<b>49,997</b>	<b>56,297</b>

**Pledged assets.** As at 31 March 2013 RR 208 million of property, plant and equipment have been pledged as collateral for borrowings (31 December 2012: RR 211 million).

#### Note 8. Investments in associates and jointly controlled entities

In February 2013 in exchange for additional shares of the Company the Group has received 42.53 percent of shares of OJSC Irkutsk electronetwork company and increase its share in OJSC Sakhalin Energy Company to 44.64 percent of shares (Note 15).

As at 31 March 2013 investment in OJSC Irkutsk electronetwork company was recognised at cost of acquisition as the fair value of transferred shares of the Company in the amount of RR 5,581 million. The Group is currently in the process of purchase price allocation.

#### Note 9. Available-for-sale financial assets

	31 March 2013		31 December 2012	
	% of ownership	Fair value	% of ownership	Fair value
OJSC INTER RAO UES	4.92%	9,185	4.92%	12,726
OJSC IDGC Holding	0.78%	737	0.93%	831
OJSC Boguchanskaya HPP	2.89%	295	2.89%	317
OJSC FGC UES	0.13%	271	0.13%	334
Other	-	115	-	118
<b>Total available-for-sale financial assets</b>		<b>10,603</b>		<b>14,326</b>

The fair values of available-for-sale financial assets were calculated based on quoted market prices, for those which are not publicly traded fair values were estimated by reference to the discounted cash flows of the investees.

For the three months ended 31 March 2013 an impairment of available-for-sale financial assets in respect of shares of OJSC INTER RAO UES was recognised in profit or loss to the amount of RR 3,541 million (for the three months ended 31 March 2012: loss in respect of OJSC INTER RAO UES shares in the amount of RR 1,950 million was recorded within other comprehensive income).

Loss arising on other available-for-sale financial assets for the three months ended 31 March 2013 totaled RR 169 million, net of tax, was recorded within other comprehensive income (for the three months ended 31 March 2012: gain in the amount of RR 464 million, net of tax).

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**Note 10. Other non-current assets**

	<b>31 March 2013</b>	<b>31 December 2012</b>
Long-term promissory notes (Net of discount of RR 20,315 million, effective interest rate: 9.75–13.00%, due 2014–2029 as at 31 March 2013 and RR 20,255 million, effective interest rate: 9.75–13.00%, due 2013–2029 as at 31 December 2012)	6,863	6,515
VAT recoverable	5,063	5,419
Dams of Bratskaya, Ust'-Ilimskaya and Irkutskaya HPPs	5,644	5,668
Customer base of LLC ESC Bashkortostan	2,076	2,214
Goodwill	929	929
Other non-current assets	4,564	4,303
<b>Total other non-current assets</b>	<b>25,139</b>	<b>25,048</b>

Included in Long-term promissory notes are promissory notes of OJSC Boguchanskaya HPP and CJSC Boguchansky Aluminium Plant at amortised cost of RR 16,607 million and RR 3,142 million (31 December 2012: RR 16,708 million and RR 3,178 million respectively). In 2011 these promissory notes were pledged as collateral to the State Corporation Vnesheconombank (Note 28).

**Note 11. Cash and cash equivalents**

	<b>31 March 2013</b>	<b>31 December 2012</b>
Cash at bank	11,020	10,259
Cash equivalents (contractual interest rate: 0.17–8.80%)	32,942	29,547
Cash in hand	19	13
<b>Total cash and cash equivalents</b>	<b>43,981</b>	<b>39,819</b>

Cash equivalents held as at 31 March 2013 and 31 December 2012 comprised short-term bank deposits with original maturities of three months or less.

Cash and cash equivalents balances denominated in US Dollars as at 31 March 2013 were RR 15 million (31 December 2012: RR 17 million). Cash and cash equivalents balances denominated in Euros as at 31 March 2013 were RR 166 million (31 December 2012: RR 665 million).

**Note 12. Accounts receivable and prepayments**

	<b>31 March 2013</b>	<b>31 December 2012</b>
Trade receivables (Net of provision for impairment of accounts receivable of RR 11,836 million as at 31 March 2013 and RR 11,409 million as at 31 December 2012)	35,576	30,330
VAT recoverable	8,171	9,171
Advances to suppliers and other prepayments (Net of provision for impairment of accounts receivable of RR 453 million as at 31 March 2013 and RR 406 million as at 31 December 2012)	5,626	4,376
Income tax receivable	1,943	2,842
Other receivables (Net of provision for impairment of accounts receivable of RR 2,685 million as at 31 March 2013 and RR 2,650 million as at 31 December 2012)	4,009	2,793
<b>Total accounts receivable and prepayments</b>	<b>55,325</b>	<b>49,512</b>

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

**RusHydro Group****Notes to the Condensed Consolidated Interim Financial Information as at and for the three months ended 31 March 2013 (unaudited)**

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**Note 13. Inventories**

	31 March 2013	31 December 2012
Fuel	9,201	12,432
Materials and supplies (Net of provision for impairment of materials and supplies of RR 60 million as at 31 March 2013 and RR 56 million as at 31 December 2012)	5,437	5,165
Spare parts (Net of provision for impairment of spare parts of RR 16 million as at 31 March 2013 and RR 15 million as at 31 December 2012)	1,401	1,448
Other materials (Net of provision for impairment of other materials of RR 21 million as at 31 March 2013 and RR 24 million as at 31 December 2012)	522	533
<b>Total inventories</b>	<b>16,561</b>	<b>19,578</b>

There are no inventories have been pledged as collateral for borrowings as at 31 March 2013 and 31 December 2012.

**Note 14. Other current assets**

	31 March 2013	31 December 2012
Deposits and promissory notes	74,205	53,535
Other short-term investments	449	252
<b>Total other current assets</b>	<b>74,654</b>	<b>53,787</b>

**Note 15. Equity**

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

**Additional share issue 2012–2013.** On 16 November 2012 the Extraordinary General Meeting of shareholders of the Company adopted a resolution to make a placement of 110,000,000,000 ordinary shares with a par value of RR 1.00 by open subscription with cash and non-cash considerations. On 10 December 2012 the Board of Directors of the Company determined the placement price of RR 1.00 per share.

In December 2012 the Group recorded RR 50,000 million of cash received from the Russian Federation, represented by the Federal Agency for State Property Management, as a contribution for the additional share issue which is expected to be finalised in 2013. A corresponding obligation was recorded. The funds raised will be used to fund construction of generating facilities in the Far East region of the Russian Federation.

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

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

**Additional share issue 2011–2012.** On 30 June 2011 the Annual General Meeting of shareholders of the Company adopted a resolution to make a placement of 89,000,000,000 ordinary shares with a par value of RR 1.00 and placement price of RR 1.65 per share by open subscription with cash and non-cash considerations.

Results of the additional share issue were registered on 6 September 2012. 27,334,817,715 shares (or 30.71 percent of the total offering) were placed and the premium of RR 17,768 million was recorded within equity.

Among others in the course of this share issue the following assets were received:

## RusHydro Group

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- controlling interests in RAO Energy System of East Group, controlling and non-controlling interests in other companies;
- hydropower facilities: dams of Bratskaya, Ust'-Ilimskaya and Irkutskaya HPPs (Note 10).

**Transactions with parties under common control.** The change of merge reserve for the three months ended 31 March 2013 in the amount of RR 8,165 million relates to assets that were received in February 2013 from the Russian Federation in the course of additional share issue 2012–2013.

As a result of the increase in Group's share in OJSC RAO Energy System of East non-controlling interest decreased by RR 2,315 million and retained earnings of the Group increased in the same amount.

As a result of the increase in Group's share in OJSC Ust'-Srednekanskaya HPP non-controlling interest increased by RR 293 million and retained earnings of the Group decreased by the same amount due to change of share in losses accumulated by OJSC Ust'-Srednekanskaya HPP.

**Effect of changes in non-controlling interest of subsidiaries.** In February 2013 the Group has received shares of OJSC RAO Energy System of East from shareholders with non-controlling interest in the course of additional share issue 2012–2013. As a result non-controlling interest decreased by RR 1,588 million and retained earnings of the Group increased by RR 992 million.

The Report on the share issue for 2,317,068,930 additional ordinary shares of OJSC RAO Energy System of East was registered on 7 February 2012. As a result for the three months ended 31 March 2012 non-controlling interest increased by RR 1,566 million and retained earnings of the Group decreased by RR 814 million.

#### Note 16. Income tax

Income tax expense is recognised based on the management's best estimate of the weighted average annual income tax rate expected for the full financial year. The tax effect of the exceptional or one-off items has not been included in the estimation of the weighted average annual income tax rate. The estimated average annual effective income tax rate used for the three months ended 31 March 2013 was 28 percent (for the three months ended 31 March 2012: 22 percent).

	Three months ended 31 March 2013	Three months ended 31 March 2012
Current income tax expense from continuing operations	3,128	2,242
Deferred income tax expense from continuing operations	1,036	563
<b>Total income tax expense from continuing operations</b>	<b>4,164</b>	<b>2,805</b>
Current income tax (benefit) / expense from discontinued operations	(23)	48
Deferred income tax (benefit) / expense from discontinued operations	(14)	100
<b>Total income tax (benefit) / expense from discontinued operations (Note 25)</b>	<b>(37)</b>	<b>148</b>

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

The Group did not have significant unrecognised deferred tax liabilities in respect of taxable temporary differences associated with investments in subsidiaries as at 31 March 2013 and 31 December 2012.

## RusHydro Group

### Notes to the Condensed Consolidated Interim Financial Information as at and for the three months ended 31 March 2013 (unaudited)

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#### Note 17. Current and non-current debt

##### Non-current debt

	Currency	Effective interest rate	Due date	31 March 2013	31 December 2012
OJSC Sberbank of Russia	RR	6.40–11.69%	2013–2016	50,847	54,553
Russian bonds (OJSC RusHydro) issued in February 2013	RR	8.50%	2018	19,977	-
Eurobonds (RusHydro Finance Ltd)	RR	7.875%	2015	19,963	19,959
Russian bonds (OJSC RusHydro) issued in April 2011	RR	8.00%	2016*	14,989	14,988
EBRD	RR	MOSPRIME+2.75–3.65%	2014–2024	11,686	11,534
OJSC Bank of Moscow	RR	9.66–10.35%	2013–2015	8,517	7,717
OJSC ROSBANK	RR	6.46–10.30%	2013–2015	6,875	6,132
OJSC Gazprombank	RR	7.30–12.00%	2014–2016	3,214	3,494
Russian bonds (OJSC Yakutskenergo)	RR	8.25%	2013	3,000	3,000
EM Falcon Ltd	RR	MOSPRIME+1.40% / 8.65%	2013–2014	2,192	2,423
UniCredit Bank Austria AG	EUR	3.35%**	2017	1,977	1,971
Municipal authority of Kamchatka region	USD	8.57%	2035	1,476	1,359
CF Structured Products B. V.	USD	-	-	-	1,822
OJSC Transcreditbank	RR	-	-	-	901
Other long-term debt	RR	-	-	2,226	1,889
Finance lease liabilities	RR	8.70–17.36%	-	2,165	2,261
<b>Total</b>				<b>149,104</b>	<b>134,003</b>
Less current portion of non-current debt				(57,569)	(65,392)
Less current portion of finance lease liabilities				(1,035)	(1,328)
<b>Total non-current debt</b>				<b>90,500</b>	<b>67,283</b>

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

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

**Russian bonds issued in February 2013.** In February 2013 the Group placed non-convertible ten years interest bearing bonds of series 07 with a nominal amount of RR 10,000 million and series 08 with a nominal amount of RR 10,000 million, shown as at 31 March 2013 net of transaction costs in the amount of RR 23 million. The term of the offer (period of redemption of bonds on request of their owners) – five years, coupon rate of 8.50 percent per annum was determined for the first five years only.

##### Current debt

	Currency	Effective interest rate	31 March 2013	31 December 2012
OJSC Sberbank of Russia	RR	8.25–10.50%	3,410	2,616
OJSC Gazprombank	RR	7.50–10.50%	1,728	210
OJSC ROSBANK	RR	8.74–9.35%	1,620	1,920
OJSC Alfa-Bank	RR	9.50%	935	-
OJSC Nomos-Regiobank	RR	10.00–11.50%	180	219
Current portion of non-current debt	RR	-	57,569	65,392
Current portion of finance lease liabilities	RR	8.70–17.36%	1,035	1,328
Interest payable	RR	-	2,227	1,439
Other current debt	RR	-	894	628
<b>Total current debt and current portion of non-current debt</b>			<b>69,598</b>	<b>73,752</b>

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

As at 31 March 2013 and 31 December 2012 some of the Group's credit contracts are subject to covenant clauses, whereby the Group is required to meet certain key performance indicators. The Group did not fulfill

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some of the requirements. Before 31 March 2013 and 31 December 2012 management received covenant waivers from banks confirming absence of intention to request early repayment of loans.

*Debt maturity (excluding finance lease liabilities)*

	31 March 2013	31 December 2012
Between one and two years	10,746	8,200
Between two and three years	32,243	32,107
Between three and four years	16,655	16,931
Between four and five years	1,581	1,534
After five years	28,145	7,578
<b>Total</b>	<b>89,370</b>	<b>66,350</b>

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

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

	Due in 1 year	Due between 2 and 5 years	Total
<b>Minimum lease payments as at 31 March 2013</b>	<b>1,345</b>	<b>2,376</b>	<b>3,721</b>
Less future finance charges	(310)	(1,246)	(1,556)
<b>Present value of minimum lease payments as at 31 March 2013</b>	<b>1,035</b>	<b>1,130</b>	<b>2,165</b>
<b>Minimum lease payments as at 31 December 2012</b>	<b>1,392</b>	<b>1,127</b>	<b>2,519</b>
Less future finance charges	(64)	(194)	(258)
<b>Present value of minimum lease payments as at 31 December 2012</b>	<b>1,328</b>	<b>933</b>	<b>2,261</b>

**Note 18. Other non-current liabilities**

	31 March 2013	31 December 2012
Pension benefit obligations	10,214	10,214
Other non-current liabilities	3,689	3,821
<b>Total other non-current liabilities</b>	<b>13,903</b>	<b>14,035</b>

**Note 19. Accounts payable and accruals**

	31 March 2013	31 December 2012
Trade payables	27,050	29,739
Advances received	6,140	7,606
Settlements with personnel	6,398	6,317
Dividends payable	68	77
Other accounts payable	2,762	2,432
<b>Total accounts payable and accruals</b>	<b>42,418</b>	<b>46,171</b>

All accounts payable and accruals are denominated in Russian Rubles.

**Note 20. Other taxes payable**

	31 March 2013	31 December 2012
VAT	5,220	4,362
Property tax	2,356	1,540
Insurance contributions	2,300	1,826
Other taxes	730	812
<b>Total other taxes payable</b>	<b>10,606</b>	<b>8,540</b>

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**Note 21. Revenue**

	Three months ended 31 March 2013	Three months ended 31 March 2012
Sales of electricity	61,279	59,219
Sales of heat and hot water	13,516	13,625
Sales of capacity	6,853	5,902
Other revenue	3,934	3,863
<b>Total revenue</b>	<b>85,582</b>	<b>82,609</b>

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

Starting from the second half of 2012 the Group records revenue from sales of hot water together with revenue from sales of heat as sales of heat provides supply of heat for the entities' technological needs and supply of heat and heat transfer public utilities relating to hot water and heating supply needs. For comparability in presentation of data the revenue from sales of hot water for the three months ended 31 March 2012 were reclassified from other revenue to sales of heat and hot water (Note 3).

**Note 22. Government grants**

In accordance with legislation of the Russian Federation, several companies of the Group are entitled to government subsidies for the cancellation of cross-subsidisation in electricity tariffs, to compensate for the difference between approved economically viable electricity and heat tariffs and actual reduced tariffs and for compensation of losses on purchased fuel. During the three months ended 31 March 2013 the Group received government subsidies in the amount of RR 2,776 million (for the three months ended 31 March 2012: RR 2,576 million) in the following subsidised territories: Kamchatsky territory, the Sakha Republic (Yakutia), Magadan Region and other Far East regions.

**Note 23. Expenses**

	Three months ended 31 March 2013	Three months ended 31 March 2012
Fuel expenses	15,519	15,569
Purchased electricity and capacity	15,398	15,962
Employee benefit expenses (including payroll taxes, Share Option Programme and pension benefit expenses)	12,282	12,264
Electricity distribution expenses	11,320	11,586
Depreciation of property, plant and equipment and intangible assets	4,595	4,967
Taxes other than on income	1,925	1,785
Other materials	1,739	1,930
Third parties services, including:		
Services of SO UES, ATS, CFS	846	763
Security expenses	636	563
Services of subcontracting companies	522	503
Purchase and transportation of heat power	553	533
Rent	458	544
Repairs and maintenance	418	520
Consulting, legal and information expenses	281	267
Insurance cost	277	254
Transportation expenses	217	284
Other third parties services	1,360	1,212
Water usage expenses	685	630
Accrual of impairment of accounts receivable, net	450	378
Social charges	142	172
(Gain) / loss on disposal of property, plant and equipment, net	(11)	66
Other expenses	658	528
<b>Total expenses</b>	<b>70,270</b>	<b>71,280</b>



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For comparability in presentation of data for the three months ended 31 March 2012 some expenses were reclassified (Note 3):

- reclassification of expenses on purchased electricity and capacity and electricity distribution expenses was due to the change in approach of splitting of expenses relating to discontinued operations;
- expenses on purchase and transportation of heat power were excluded from other expenses as starting from the financial statements for the year ended 31 December 2012 this expense item is disclosed separately;
- expenses of OJSC DGK coal mining branch were excluded from fuel expenses on generation of heat and electricity and reclassified by cost elements. As a result the following expense items have been increased: employee benefit expenses, other materials, purchased electricity and capacity, taxes other than on income, repairs and maintenance, security expenses, rent and other expenses.

**Note 24. Finance income, costs**

	Three months ended 31 March 2013	Three months ended 31 March 2012
<i>Finance income</i>		
Interest income	1,908	1,126
Income on discounting	239	548
Foreign exchange gain	76	304
Other income	131	5
<b>Total finance income</b>	<b>2,354</b>	<b>1,983</b>
<i>Finance costs</i>		
Interest expense	(1,515)	(1,139)
Expense on discounting	(465)	(241)
Finance lease expense	(88)	(144)
Foreign exchange loss	(56)	(315)
Loss on derivative financial instruments	-	(195)
Other costs	-	(28)
<b>Total finance costs</b>	<b>(2,124)</b>	<b>(2,062)</b>

**Note 25. Discontinued operations**

As at 31 March 2013 OJSC DRSK is presented as a discontinued operation due to the fact that it was acquired exclusively with a view for resale (Note 4).

Results of discontinued operations are summarised below:

	Three months ended 31 March 2013	Three months ended 31 March 2012
Revenue	956	1,962
Government grants	-	3
Expenses	(651)	(1,907)
Finance costs, net	(172)	(73)
<b>Profit / (loss) before income tax from discontinued operations</b>	<b>133</b>	<b>(15)</b>
Income tax benefit / (expenses)	37	(148)
<b>Profit / (loss) for the period from discontinued operations</b>	<b>170</b>	<b>(163)</b>
Attributable to:		
Shareholders of OJSC RusHydro	68	(59)
Non-controlling interest	102	(104)

As at 31 March 2013 the line Cash and cash equivalents in the Condensed Consolidated Interim Statement of Cash Flows included RR 15 million of cash and cash equivalents held by OJSC DRSK (31 December 2012: RR 38 million).

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#### Note 26. Earnings per share

	Three months ended 31 March 2013	Three months ended 31 March 2012
Weighted average number of ordinary shares issued (thousand of shares)	308,933,768	281,247,952
Profit for the period from continuing operations attributable to the shareholders of OJSC RusHydro	9,717	9,381
Profit / (loss) for the period from discontinued operations attributable to the shareholders of OJSC RusHydro	68	(59)
<b>Earnings per share from continuing operations attributable to the shareholders of OJSC RusHydro – basic and diluted</b> (in Russian Rubles per share)	<b>0.0315</b>	<b>0.0334</b>
<b>Earnings / (loss) per share from discontinued operations attributable to the shareholders of OJSC RusHydro – basic and diluted</b> (in Russian Rubles per share)	<b>0.0002</b>	<b>(0.0002)</b>

#### Note 27. Commitments

**Social commitments.** The Group contributes to the maintenance and upkeep of the local infrastructure and the welfare of its employees, including contributions toward the development and maintenance of housing, hospitals, transport services and other social needs in the geographical areas in which it operates.

**Capital commitments.** Future capital expenditures in accordance with the contractual obligations amounted to RR 163,444 million as at 31 March 2013 (31 December 2012: RR 179,875 million). The major part of future capital expenditures under contractual obligations as at 31 March 2013 are related to the following hydropower plants: Saratovskaya HPP in the amount of RR 43,923 million, Volzhskaya HPP in the amount of RR 35,130 million and Zhigulevskaya HPP in the amount of RR 15,393 million (due to the reconstruction of equipment of hydropower plants), Nizhne-Bureiskaya HPP in the amount of RR 20,636 million, Zagorskaya GAES-2 in the amount of RR 10,404 million (due to the construction of the power plant).

#### Note 28. Contingencies

**Political environment.** The operations and earnings of the Group's subsidiaries continue, from time to time and in varying degrees, to be affected by political, legislative, fiscal and regulatory developments, including those related to the environmental protection, in the Russian Federation.

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

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

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

**Tax contingencies.** The Russian tax legislation is subject to varying interpretation and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activities of the Group may be challenged by the relevant regional and federal authorities, in particular, the way of accounting for tax purposes of some income and expenses of the Group as well as deductibility of input VAT from suppliers and contractors. Tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments. As a result, significant additional taxes, penalties and interest may arise. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances review may cover longer periods.

Amended Russian transfer pricing legislation took effect from 1 January 2012. The new transfer pricing rules appear to be more technically elaborate and, to a certain extent, better aligned with the international transfer pricing principles developed by the Organisation for Economic Co-operation and Development (OECD). The new legislation provides the possibility for tax authorities to make transfer pricing adjustments and impose

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additional tax liabilities in respect of controlled transactions (transactions with related parties and some types of transactions with unrelated parties), provided that the transaction price is not arm's length.

During the three months ended 31 March 2013 the Group's subsidiaries had controlled transactions and transactions which highly probably will be considered by tax authorities to be controlled based on the results of the period. Management has implemented internal controls to be in compliance with the new transfer pricing legislation.

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

Management believes that as at 31 March 2013 its interpretation of the relevant legislation was appropriate and the Group's tax, currency and customs positions would be sustained.

**Environmental matters.** The Group's subsidiaries and their predecessor entities have operated in the utilities industry of the Russian Federation for many years. The enforcement of environmental regulation in the Russian Federation is evolving and the enforcement posture of government authorities is continually being reconsidered. The Group's subsidiaries periodically evaluate their obligations under environmental regulations. Group accrued assets retirement obligation for ash dumps used by the Group which is included in other non-current liabilities (Note 18) and comprised RR 618 million as at 31 March 2013 (31 December 2012: RR 618 million).

Potential liabilities might arise as a result of changes in legislation and regulation or civil litigation. The impact of these potential changes cannot be estimated but could be material. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

**Guarantees.** The Group has issued guarantees for CJSC Boguchansky Aluminium Plant in favour of its suppliers for future equipment deliveries and for OJSC Boguchanskaya HPP in favour of the State Corporation Vnesheconombank for the loan facility:

Counterparty	31 March 2013	31 December 2012
<i>for OJSC Boguchanskaya HPP:</i>		
State Corporation Vnesheconombank	21,859	19,946
<i>for CJSC Boguchansky Aluminium Plant:</i>		
ALSTOM Grid SAS	152	395
Solios Environnement S. A.	-	534
<b>Total guarantees issued</b>	<b>22,011</b>	<b>20,875</b>

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

As at 31 March 2013 the amount of liabilities of OJSC Boguchanskaya HPP to the State Corporation Vnesheconombank under the loan agreement was RR 21,859 million including accrued interest in the amount of RR 19 million (31 December 2012: RR 19,946 million including accrued interest in the amount of RR 17 million), the amount of liabilities of CJSC Boguchansky Aluminium Plant under the loan agreement denominated in US Dollars was equal to RR 17,530 million including accrued interest in the amount of RR 51 million (31 December 2012: RR 14,575 million including accrued interest in the amount of RR 42 million).

As at 31 March 2013 the amortised cost of interest-free long-term promissory notes of OJSC Boguchanskaya HPP (payable not earlier than 31 December 2029 with total nominal value of RR 21,027 million) and OJSC Boguchansky Aluminium Plant (payable not earlier than 31 December 2024 with the total nominal value of RR 4,662 million) pledged as collateral to the State Corporation Vnesheconombank amounted to RR 4,420 million and RR 1,520 million respectively (Note 10).

#### Note 29. Subsequent events

On 28 June 2013 the Company declared dividends for the year ended 31 December 2012 of RR 0.0096 per share in the total amount of RR 3,676 million.