

RUSHYDRO GROUP

**Condensed Consolidated Interim
Financial Information (Unaudited)
prepared in accordance with IAS 34**

As at and for the nine months ended 30 September 2013

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RusHydro Group
Condensed Consolidated Interim Statement of Financial Position (unaudited)

(in millions of Russian Rubles unless noted otherwise)

	Note	30 September 2013	31 December 2012 (restated)
ASSETS			
Non-current assets			
Property, plant and equipment	7	633,973	604,461
Investments in associates and joint ventures	8	21,173	17,860
Available-for-sale financial assets	9	6,500	14,326
Other non-current assets	10	23,976	25,048
Total non-current assets		685,622	661,695
Current assets			
Cash and cash equivalents	11	39,353	39,819
Accounts receivable and prepayments	12	47,769	49,512
Inventories	13	23,412	19,578
Other current assets	14	77,991	53,787
Total current assets		188,525	162,696
Assets of subsidiary acquired exclusively with a view for resale	25	28,750	28,479
Non-current assets classified as held for sale		1,149	1,397
Total current assets including assets classified as held for sale		218,424	192,572
TOTAL ASSETS		904,046	854,267
EQUITY AND LIABILITIES			
Equity			
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		174,993	168,909
Equity attributable to the shareholders of OJSC RusHydro		521,170	515,086
Non-controlling interest	15	20,173	25,319
TOTAL EQUITY		541,343	540,405
Non-current liabilities			
Deferred income tax liabilities		40,371	39,482
Non-current debt	17	99,753	67,283
Other non-current liabilities	18	10,528	12,079
Total non-current liabilities		150,652	118,844
Current liabilities			
Current debt and current portion of non-current debt	17	77,527	73,752
Accounts payable and accruals	19	42,026	46,164
Accounts payable in respect of share issue	15	66,995	50,000
Current income tax payable		306	509
Other taxes payable	20	9,447	8,540
Total current liabilities		196,301	178,965
Liabilities of subsidiary acquired exclusively with a view for resale	25	15,750	16,053
Total current liabilities including liabilities of subsidiary acquired exclusively with a view for resale		212,051	195,018
TOTAL LIABILITIES		362,703	313,862
TOTAL EQUITY AND LIABILITIES		904,046	854,267

Chairman of Management Board

E. V. Dod

Chief Accountant

D. V. Finkel



18 December 2013

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

	Note	Nine months ended 30 September 2013	Nine months ended 30 September 2012 (restated)
CONTINUING OPERATIONS			
Revenue	21	222,646	208,438
Government grants	22	7,241	6,623
Expenses	23	(194,604)	(192,988)
Impairment of available-for-sale financial assets	9	(7,311)	(7,169)
Impairment of long-term promissory notes	10	(1,594)	-
Impairment of property, plant and equipment	7	(583)	(7,002)
Curtailement in pension plan	18	1,609	-
Operating profit		27,404	7,902
Finance income	24	7,055	4,206
Finance costs	24	(5,999)	(4,560)
Loss in respect of associates and joint ventures	8	(3,735)	(562)
Profit before income tax		24,725	6,986
Total income tax expense	16	(8,811)	(6,182)
Profit for the period from continuing operations		15,914	804
DISCONTINUED OPERATIONS			
Loss for the period from discontinued operations	25	(1,114)	(2,710)
Profit / (loss) for the period		14,800	(1,906)
Attributable to:			
Shareholders of OJSC RusHydro		15,638	4,884
Non-controlling interest		(838)	(6,790)
Earnings per ordinary share from continuing operations attributable to the shareholders of OJSC RusHydro – basic and diluted (in Russian Rubles per share)	26	0.0521	0.0198
Loss per ordinary share from discontinued operations attributable to the shareholders of OJSC RusHydro – basic and diluted (in Russian Rubles per share)	26	(0.0014)	(0.0025)
Weighted average number of shares outstanding – basic and diluted (thousands of shares)	26	308,933,768	281,598,950

RusHydro Group**Condensed Consolidated Interim Statement of Comprehensive Income (unaudited)**

(in millions of Russian Rubles unless noted otherwise)

	Note	Nine months ended 30 September 2013	Nine months ended 30 September 2012 (restated)
Profit / (loss) for the period		14,800	(1,906)
Other comprehensive income, net of tax:			
<i>Items that will not be reclassified to profit or loss</i>			
Impairment of revalued property, plant and equipment	7	-	(716)
Remeasurement of pension benefit obligations		211	2,665
Other comprehensive loss		(5)	(7)
Total items that will not be reclassified to profit or loss		206	1,942
<i>Items that may be reclassified subsequently to profit or loss</i>			
Loss arising on available-for-sale financial assets	9	(528)	(24)
Loss arising on impaired available-for-sale financial assets	9	(220)	(4,156)
Accumulated loss on available-for-sale financial assets recycled to the Income Statement	9	281	7,169
Total items that may be reclassified subsequently to profit or loss		(467)	2,989
Total comprehensive income for the period		14,539	3,025
Attributable to:			
Shareholders of OJSC RusHydro		15,265	9,121
Non-controlling interest		(726)	(6,096)

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

(in millions of Russian Rubles unless noted otherwise)

	Note	Nine months ended 30 September 2013	Nine months ended 30 September 2012 (restated)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax		24,725	6,986
Depreciation of property, plant and equipment and intangible assets	7, 23	13,872	13,596
Loss on disposal of property, plant and equipment, net	23	523	146
Loss in respect of associates and joint ventures	8	3,735	562
Finance income	24	(7,055)	(4,206)
Finance costs	24	5,999	4,560
Impairment of available-for-sale financial assets	9	7,311	7,169
Impairment of long-term promissory notes	10	1,594	-
Impairment of property, plant and equipment	7	583	7,002
Curtailement in pension plan	18	(1,609)	-
Impairment of accounts receivable, net	23	2,401	4,681
Effect of Share Option Programme expenses		-	134
Pension expenses		309	374
Other expense		44	47
Operating cash flows before working capital changes and income tax paid		52,432	41,051
Working capital changes:			
Decrease / (increase) in accounts receivable and prepayments		730	(2,364)
Increase in inventories		(4,433)	(4,666)
Decrease / (increase) in other non-current assets		89	(2,081)
(Decrease) / increase in accounts payable and accruals		(5,096)	4,569
Increase / (decrease) in other taxes payable		1,351	(1,001)
Decrease in other non-current liabilities		(350)	(1,300)
Income tax paid		(7,959)	(4,992)
Net cash generated by operating activities		36,764	29,216
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(38,296)	(57,145)
Proceeds from sale of property, plant and equipment		156	154
Investment in bank deposits and purchase of other investments		(85,140)	(23,635)
Redemption of bank deposits and proceeds from sale of other investments		61,627	27,254
Proceeds from sale of associate	8	250	-
Contribution to share capital of joint ventures	8	(243)	(223)
Interest received		3,960	3,660
Net cash used in investing activities		(57,686)	(49,935)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from current debt	17	67,766	33,286
Proceeds from non-current debt	17	37,657	28,024
Repayment of debt	17	(70,687)	(38,830)
Interest paid		(9,694)	(7,333)
Dividends paid		(3,678)	(2,574)
Proceeds from share issue	15	22	1,498
Finance lease payments		(931)	(1,144)
Net cash generated by financing activities		20,455	12,927
Net cash generated by subsidiary acquired with a view for resale		118	15
Foreign exchange gain / (loss) on cash balances		1	(6)
Decrease in cash and cash equivalents		(348)	(7,783)
Cash and cash equivalents at the beginning of the period		39,857	47,414
Cash and cash equivalents at the end of the period	11	39,509	39,631

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

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	Remeasurement of pension benefit obligation	Retained earnings	Equity attributable to shareholders of OJSC RusHydro	Non-controlling interest	Total equity
As at 1 January 2012		290,302	(10,662)	21,434	(127,216)	228,680	(2,273)	-	98,225	498,490	27,169	525,659
Restatements due to application of IAS 19 revised		-	-	-	-	-	-	(150)	(655)	(805)	542	(263)
As at 1 January 2012 (restated)		290,302	(10,662)	21,434	(127,216)	228,680	(2,273)	(150)	97,570	497,685	27,711	525,396
Loss for the period		-	-	-	-	-	-	-	4,884	4,884	(6,790)	(1,906)
Loss arising on available-for-sale financial assets	9	-	-	-	-	-	(23)	-	-	(23)	(1)	(24)
Loss arising on impaired available-for-sale financial assets	9	-	-	-	-	-	(4,156)	-	-	(4,156)	-	(4,156)
Accumulated loss on available-for-sale financial assets recycled to the Income Statement	9	-	-	-	-	-	7,169	-	-	7,169	-	7,169
Remeasurement of pension benefit obligations		-	-	-	-	-	-	1,499	-	1,499	1,166	2,665
Impairment of revalued property, plant and equipment	7	-	-	-	-	(245)	-	-	-	(245)	(471)	(716)
Other comprehensive loss		-	-	-	-	-	-	-	(7)	(7)	-	(7)
Total comprehensive income		-	-	-	-	(245)	2,990	1,499	4,877	9,121	(6,096)	3,025
Effect of changes in non-controlling interest	15	-	-	-	-	-	-	-	2,364	2,364	1,272	3,636
Dividends	15	-	-	-	-	-	-	-	(2,431)	(2,431)	(167)	(2,598)
Effect of Share Option Programme		-	-	-	-	-	-	-	134	134	-	134
Transfer of revaluation reserve to retained earnings		-	-	-	-	(389)	-	-	389	-	-	-
As at 30 September 2012		290,302	(10,662)	21,434	(127,216)	228,046	717	1,349	102,903	506,873	22,720	529,593

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

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	Remeasurement of pension benefit obligation	Retained earnings	Equity attributable to shareholders of OJSC RusHydro	Non-controlling interest	Total equity
As at 1 January 2013 (restated)		317,637	(10,662)	39,202	(127,216)	218,757	514	920	75,934	515,086	25,319	540,405
Profit for the period		-	-	-	-	-	-	-	15,638	15,638	(838)	14,800
Loss arising on available-for-sale financial assets	9	-	-	-	-	-	(461)	-	-	(461)	(67)	(528)
Loss arising on impaired available-for-sale financial assets	9	-	-	-	-	-	(220)	-	-	(220)	-	(220)
Accumulated loss on available-for-sale financial assets recycled to the Income Statement	9	-	-	-	-	-	281	-	-	281	-	281
Remeasurement of pension benefit obligations		-	-	-	-	-	-	32	-	32	179	211
Other comprehensive loss		-	-	-	-	-	-	-	(5)	(5)	-	(5)
Total comprehensive income		-	-	-	-	-	(400)	32	15,633	15,265	(726)	14,539
Transactions with the Government and companies under common control	8, 15	-	-	-	(9,234)	-	-	-	2,407	(6,827)	(2,407)	(9,234)
Effect of changes in non-controlling interest	15	-	-	-	-	-	-	-	1,257	1,257	(1,853)	(596)
Dividends	15	-	-	-	-	-	-	-	(3,594)	(3,594)	(160)	(3,754)
Transfer of revaluation reserve to retained earnings		-	-	-	-	(523)	-	-	523	-	-	-
Other movements		-	-	-	-	-	-	-	(17)	(17)	-	(17)
As at 30 September 2013		317,637	(10,662)	39,202	(136,450)	218,234	114	952	92,143	521,170	20,173	541,343

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

Note 1. The Group and its operations

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 nine months ended 30 September 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 30 September 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.

Financial position. As at 30 September 2013 the Group’s current liabilities exceed its current assets (excluding assets and liabilities of subsidiary acquired exclusively with a view for resale and other assets held for sale) by RR 7,776 million (31 December 2012: RR 16,269 million). Included in current liabilities as at 30 September 2013 are accounts payable in respect of share issue to the total amount of RR 66,995 million (Note 15), which will be converted to the Company’s share capital upon completion of the additional share issue in 2013 (31 December 2012: RR 50,000 million).

Debt to the total amount of RR 77,527 million mature during next 12 months (Note 17). The management of the Group plans to repay the debt both from own funds and external sources of financing.

Seasonality of business. The demand for the Group’s heat and electricity generation and supply depends on weather conditions and the season. In addition to weather conditions, the electricity production by hydro generation plants depends on water flow in the river systems. In spring and in summer (flood period) electricity production by hydro generation plants is significantly higher than in autumn and in winter. Heat and electricity production by the heat generation assets, to the contrary, is significantly higher in autumn and in winter than in spring and in summer. The seasonal nature of heat and electricity generation has a significant influence on the volume of fuel consumed by heat generation assets and electricity purchased by the Group.

Note 2. Basis of preparation

This Condensed Consolidated Interim Financial Information has been prepared in accordance with and complies with IAS 34, *Interim Financial Reporting* and should be read in conjunction with the annual

Consolidated Financial Statements as at and for the year ended 31 December 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 as described below.

New standards and interpretations effective from 1 January 2013

IFRS 10, Consolidated financial statements. Under IFRS 10, subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when it has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The impact of the adoption of this standard has not been significant with respect to this Condensed Consolidated Interim Financial Information.

IFRS 11, Joint arrangements. Under IFRS 11 investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement.

The impact of the adoption of this standard has not been significant with respect to this Condensed Consolidated Interim Financial Information.

IFRS 13, Fair value measurement. IFRS 13 measurement and disclosure requirements are applicable for the year ended 31 December 2013. The Group has included the disclosures required by IAS 34 para 16A(j) in Note 29.

IAS 19 (revised), Employee benefits. From 1 January 2013 the Group has applied the amendments to IAS 19 retrospectively in accordance with the transition provisions of the standard. Amended IAS 19 makes significant changes to the recognition and measurement of defined benefit pension expenses and to disclosures of all employee benefits.

Income tax expense

Income tax expense is accrued in the interim periods using the tax rate that would be applicable to expected total annual profit or loss.

New standards and interpretations

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, are effective for annual periods beginning 1 January 2014 and which the Group has not early adopted.

In addition, the following new amendments to standards have been issued in April–September 2013 and are effective for annual periods beginning 1 January 2014 and which the Group has not early adopted:

Amendments to IAS 36 – Recoverable amount disclosures for non-financial assets (issued on 29 May 2013 and effective for annual periods beginning 1 January 2014; earlier application is permitted if IFRS 13 is applied for the same accounting and comparative period). The amendments remove the requirement to disclose the recoverable amount when a CGU contains goodwill or indefinite lived intangible assets but there has been no impairment.

Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting (issued on 27 June 2013 and effective for annual periods beginning 1 January 2014). The amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated (i.e. parties have agreed to replace their original counterparty with a new one) to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met.

RusHydro Group**Notes to the Condensed Consolidated Interim Financial Information as at and for the nine months ended 30 September 2013 (unaudited)**

(in millions of Russian Rubles unless noted otherwise)

The Group is currently assessing the impact of the amendments on the disclosures in its financial statements.

Other new standards and interpretations effective for annual periods beginning on or after 1 January 2014 do not have impact on Group's Consolidated Financial Statements.

Adjustment of comparatives

- a) As a result of the retrospective application of IAS 19 (revised) some of the indicators in the Group's Condensed Consolidated Interim Financial Information have been adjusted. The most significant changes are described below:
- "Actuarial gains and losses" are renamed "remeasurements" and now are recognised immediately in other comprehensive income and thus, will no longer be deferred using the corridor approach or recognised in profit or loss;
 - Past-services costs are recognised immediately through profit and loss when they occur;
 - The annual expense for the funded benefit plan now include net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability. This replaces the finance charge and expected return on plan assets.
- b) As a result of the additional share issue of OJSC Sakhalin Energy Company (results of the additional share issue were registered on 20 September 2012) the Group's interest in associate decreased. The Group's investment in OJSC Sakhalin Energy Company in the Condensed Consolidated Interim Financial Information as at 30 September 2012 was adjusted.

The resulting impacts on the Group's Condensed Consolidated Interim Financial Information are presented below:

	31 December 2012 (before restatement)	Recalculation due to IAS 19 amendments	31 December 2012 (restated)
Investments in associates and joint ventures	17,865	(5)	17,860
Assets of subsidiary acquired exclusively with a view for resale	28,954	(475)	28,479
Total effect on assets		(480)	
Retained earnings and other reserves	168,473	436	168,909
Non-controlling interest	23,745	1,574	25,319
Total effect on equity		2,010	
Deferred income tax liabilities	39,668	(186)	39,482
Other non-current liabilities	14,035	(1,956)	12,079
Accounts payable and accruals	46,171	(7)	46,164
Liabilities of subsidiary acquired exclusively with a view for resale	16,394	(341)	16,053
Total effect on liabilities		(2,490)	

RusHydro Group**Notes to the Condensed Consolidated Interim Financial Information as at and for the nine months ended 30 September 2013 (unaudited)**

(in millions of Russian Rubles unless noted otherwise)

	Nine months ended 30 September 2012 (before restatement)	Recalculation due to IAS 19 amendments	Recalculation of investment in OJSC Sakhalin Energy Company	Nine months ended 30 September 2012 (restated)
Expenses	(193,519)	(8)	539	(192,988)
Operating profit	7,371	(8)	539	7,902
Finance costs, net	(373)	19	-	(354)
Loss in respect of associates and joint ventures	(615)	-	53	(562)
Profit before income tax	6,383	11	592	6,986
Total income tax expense	(6,513)	331	-	(6,182)
(Loss) / profit for the period from continuing operations	(130)	342	592	804
Loss for the period from discontinued operations	(2,400)	(310)	-	(2,710)
Loss for the period	(2,530)	32	592	(1,906)
Attributable to:				
Shareholders of OJSC RusHydro	4,278	(8)	614	4,884
Non-controlling interest	(6,808)	40	(22)	(6,790)
Remeasurement of pension benefit obligations	-	2,665	-	2,665
Other comprehensive loss	-	(7)	-	(7)
Total comprehensive (loss) / income for the period	(257)	2,690	592	3,025
Attributable to:				
Shareholders of OJSC RusHydro	7,023	1,484	614	9,121
Non-controlling interest	(7,280)	1,206	(22)	(6,096)
Earnings per ordinary share from continuing operations attributable to the shareholders of OJSC RusHydro – basic and diluted (in Russian Rubles per share)	0.0173	0.0003	0.0022	0.0198
Loss per ordinary share from discontinued operation attributable to the shareholders of OJSC RusHydro – basic and diluted (in Russian Rubles per share)	(0.0021)	(0.0004)	-	(0.0025)

The effect of the change in accounting policy on the Condensed Consolidated Interim Statement of Cash Flows was immaterial.

Reclassifications

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

Critical accounting estimates and judgements

The preparation of Condensed Consolidated Interim Financial Information requires management to make judgments, 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 judgments 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 16).

RusHydro Group

Notes to the Condensed Consolidated Interim Financial Information as at and for the nine months ended 30 September 2013 (unaudited)

(in millions of Russian Rubles unless noted otherwise)

Note 4. Principal subsidiaries

All subsidiaries with the exception of foreign companies are incorporated and operate in the Russian Federation. The Group operates in three main reportable segments (Note 5). The principal subsidiaries are presented below according to their allocation between the reportable segments as at 30 September 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).

ESC RusHydro subgroup segment

ESC RusHydro subgroup segment includes the Group's subsidiaries which sale electricity to final customers. All the entities included in this segment with the exception of OJSC ESC RusHydro have the guaranteeing supplier status and are obliged to sign contracts on supplies with all final consumers of their region upon their request.

	30 September 2013		31 December 2012	
	% of ownership	% of voting	% of ownership	% of voting
OJSC ESC RusHydro	100.00%	100.00%	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%
OJSC Chuvashskaya energy retail company	100.00%	100.00%	100.00%	100.00%
LLC ESC Bashkortostan	100.00%	-	100.00%	-

RAO Energy System of East subgroup segment

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

Principal subsidiaries of this segment are presented below:

	30 September 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 DRSK**	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%	79.16%	62.84%	86.63%

* 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 (Note 25).

The Group's interest in OJSC RAO Energy System of East and its subsidiaries changed following additional share issue of the Company (Note 15).

Other segments

Other segments include:

- the Group's subsidiaries with production and sale of electricity and capacity;
- 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.

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(in millions of Russian Rubles unless noted otherwise)

Principal subsidiaries included in all other segments are presented below:

	30 September 2013		31 December 2012	
	% of ownership	% of voting	% of ownership	% of voting
OJSC VNIIG	100.00%	100.00%	100.00%	100.00%
OJSC Geotherm	92.80%	92.80%	92.80%	92.80%
OJSC Gidroremont-VKK*	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%
OJSC Institute Hydroproject	100.00%	100.00%	100.00%	100.00%
OJSC Kamchatskiy Gazoenergeticheskiy Complex	96.58%	96.58%	96.58%	96.58%
OJSC Kolimaenergo	98.76%	98.76%	98.76%	98.76%
OJSC Lenhydroproject	100.00%	100.00%	100.00%	100.00%
CJSC International Power Corporation	90.00%	90.00%	90.00%	90.00%
OJSC NIIES	100.00%	100.00%	100.00%	100.00%
OJSC EI Verchne-Mutnovsky GeoPP	96.26%	100.00%	92.37%	95.81%
OJSC Pavlodolskaya HPP	100.00%	100.00%	100.00%	100.00%
OJSC Pauzhetskaya GeoPP	92.80%	100.00%	92.80%	100.00%
OJSC Sulak GidroKaskad	100.00%	100.00%	100.00%	100.00%
OJSC SSHGER*	-	-	100.00%	100.00%
OJSC Turboremont-VKK*	-	-	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 Chirkeigesstroy	100.00%	100.00%	100.00%	100.00%
OJSC Elektroremont-VKK*	-	-	100.00%	100.00%
OJSC ESCO UES	100.00%	100.00%	100.00%	100.00%

* As at 1 July 2013 merger of OJSC Turboremont-VKK, OJSC Elektroremont-VKK, OJSC SSHGER, OJSC REMIC to OJSC Gidroremont-VKK was completed.

The Group's interest in OJSC Ust'-Srednekanskaya HPP changed following additional share issue of the Company (Note 15).

Note 5. Segment information

Operating segments are components of the Group engaged in operations from which they may earn revenue and incur expenses, including revenue and expenses relating to transactions with other components of the Group. The individual financial information of the segments is available and is regularly reviewed by the chief operating decision maker (CODM) to make operating decisions about resources to be allocated and the performance of segments' operating activities.

In 2012 the Group disclosed Generation segment which contained two subsegments a) Group's parent company – OJSC RusHydro and b) the Group's subsidiaries with production and sale of electricity and capacity. In 2013 the Group started to analyse the information of two subsegments separately. For the presentation purposes the Group adjusted the comparative segment information for the year 2012.

Information concerning the Group is considered by the groups of operations which are consolidated in the following separate reportable segments: OJSC RusHydro (Group's parent company), OJSC ESC RusHydro subgroup, RAO Energy System of East subgroup and other segments (Note 4). Transactions of other segments are not disclosed as reportable segments as the performance is based on quantitative indicators for the periods presented.

The segments' operational results are estimated on the basis of EBITDA, which is calculated as operating profit / (loss) excluding depreciation of property, plant and equipment and intangible assets, impairment of property, plant and equipment, impairment of available-for-sale financial assets, accounts receivable, long-term promissory notes, goodwill and and intangible assets, loss on disposal of property, plant and equipment and curtailment in pension plan. This method of definition of EBITDA may differ from the methods applied by other companies. 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 also contains capital expenditures and the amount of debt as these indicators are analysed by the CODM. Intersegment debt's balances are excluded.

Other information provided to the CODM complies with the information presented in the consolidated financial statements.

Intersegment sales are carried out at market prices.

Segment information for the nine months ended 30 September 2013 and 30 September 2012 and as at 30 September 2013 and 31 December 2012 is presented below:

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(in millions of Russian Rubles unless noted otherwise)

	OJSC RusHydro	ESC RusHydro subgroup	RAO Energy System of East subgroup	Other segments	Total segments	Unallocated adjustments and intercompany operations	TOTAL
Nine months ended 30 September 2013							
CONTINUING OPERATIONS							
Revenue	74,718	57,793	93,912	16,829	243,252	(20,606)	222,646
<i>including:</i>							
<i>from external companies</i>	67,246	56,947	93,648	4,977	222,818	(172)	222,646
<i>sales of electricity</i>	50,385	55,925	61,716	209	168,235	-	168,235
<i>heat and hot water sales</i>	94	-	21,890	3	21,987	-	21,987
<i>sales of capacity</i>	16,534	-	1,968	144	18,646	-	18,646
<i>other revenue</i>	233	1,022	8,074	4,621	13,950	(172)	13,778
<i>from other segments</i>	7,472	846	264	11,852	20,434	(20,434)	-
Government grants	-	-	7,226	15	7,241	-	7,241
Expenses (excluding depreciation and other non-monetary items)	(25,769)	(57,467)	(96,492)	(17,481)	(197,209)	19,401	(177,808)
EBITDA	48,949	326	4,646	(637)	53,284	(1,205)	52,079
Depreciation of property, plant and equipment and intangible assets	(8,972)	(497)	(3,688)	(846)	(14,003)	131	(13,872)
Other non-monetary items of expenses	(11,199)	(643)	1,267	(251)	(10,826)	23	(10,803)
<i>including:</i>							
<i>impairment of property, plant and equipment</i>	(583)	-	-	-	(583)	-	(583)
<i>impairment of long-term promissory notes</i>	(1,594)	-	-	-	(1,594)	-	(1,594)
<i>impairment of accounts receivable, net</i>	(1,269)	(648)	(404)	(80)	(2,401)	-	(2,401)
<i>impairment of available-for-sale financial assets</i>	(7,311)	-	-	-	(7,311)	-	(7,311)
<i>(loss) / profit on disposal of property, plant and equipment, net</i>	(442)	5	62	(171)	(546)	23	(523)
<i>curtailment in pension plan</i>	-	-	1,609	-	1,609	-	1,609
Operating profit / (loss)	28,778	(814)	2,225	(1,734)	28,455	(1,051)	27,404
Finance income							7,055
Finance costs							(5,999)
Loss in respect of associates and joint ventures							(3,735)
Profit before income tax							24,725
Total income tax expense							(8,811)
Profit for the period from continuing operations							15,914
DISCONTINUED OPERATIONS							
Loss for the period from discontinued operations							(1,114)
Profit for the period							14,800
Capital expenditure	24,813	119	8,980	15,397	49,309	(3,838)	45,471
30 September 2013							
Non-current and current debt	112,613	3,654	58,627	2,386	177,280	-	177,280

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(in millions of Russian Rubles unless noted otherwise)

	OJSC RusHydro	ESC RusHydro subgroup	RAO Energy System of East subgroup	Other segments	Total segments	Unallocated adjustments and intercompany operations	TOTAL
Nine months ended 30 September 2012							
CONTINUING OPERATIONS							
Revenue	62,842	59,080	88,052	19,394	229,368	(20,930)	208,438
<i>including:</i>							
<i>from external companies</i>	56,690	58,284	87,929	5,535	208,438	-	208,438
<i>sales of electricity</i>	40,508	57,632	59,853	261	158,254	-	158,254
<i>heat and hot water sales</i>	87	-	20,945	4	21,036	-	21,036
<i>sales of capacity</i>	15,906	237	951	120	17,214	-	17,214
<i>other revenue</i>	189	415	6,180	5,150	11,934	-	11,934
<i>from other segments</i>	6,152	796	123	13,859	20,930	(20,930)	-
Government grants	-	-	6,615	8	6,623	-	6,623
Expenses (excluding depreciation and other non-monetary items)	(25,315)	(57,547)	(91,939)	(19,158)	(193,959)	19,394	(174,565)
EBITDA	37,527	1,533	2,728	244	42,032	(1,536)	40,496
Depreciation of property, plant and equipment and intangible assets	(9,206)	(644)	(3,224)	(655)	(13,729)	133	(13,596)
Other non-monetary items of expenses	(9,681)	(421)	(5,532)	(3,366)	(19,000)	2	(18,998)
<i>including:</i>							
<i>impairment of property, plant and equipment</i>	(1,822)	-	(2,280)	(2,900)	(7,002)	-	(7,002)
<i>impairment of accounts receivable, net</i>	(483)	(421)	(3,381)	(396)	(4,681)	(1)	(4,682)
<i>impairment of available-for-sale financial assets</i>	(7,169)	-	-	-	(7,169)	-	(7,169)
<i>(loss) / profit on disposal of property, plant and equipment, net</i>	(207)	-	129	(70)	(148)	3	(145)
Operating profit / (loss)	18,640	468	(6,028)	(3,777)	9,303	(1,401)	7,902
Finance income							4,206
Finance costs							(4,560)
Loss in respect of associates and joint ventures							(562)
Profit before income tax							6,986
Total income tax expense							(6,182)
Profit for the period from continuing operations							804
DISCONTINUED OPERATIONS							
Loss for the period from discontinued operations							(2,710)
Loss for the period							(1,906)
Capital expenditure	28,107	140	11,481	21,861	61,589	3,838	65,427
31 December 2012							
Non-current and current debt	94,851	-	44,578	1,606	141,035	-	141,035

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Notes to the Condensed Consolidated Interim Financial Information as at and for the nine months ended 30 September 2013 (unaudited)

(in millions of Russian Rubles unless noted otherwise)

Note 6. Related party transactions

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

The Group's principal related parties for the nine months ended 30 September 2013 were joint ventures, associates of the Group and government-related entities.

Joint ventures

The Group had the following balances with its joint ventures:

	Note	30 September 2013	31 December 2012
Promissory notes	10	4,631	5,804
Loans issued		529	3
Advances received		98	120

The Group had the following transactions with its joint ventures:

	Nine months ended 30 September 2013	Nine months ended 30 September 2012
Other revenue	680	894

Associates

The Group had the following balances with its associates:

	30 September 2013	31 December 2012
Trade and other receivables	996	1,496
Accounts payable	2,774	1,909

The Group had the following transactions with its associates:

	Nine months ended 30 September 2013	Nine months ended 30 September 2012
Sales of electricity and capacity	1,403	513
Other revenue	528	482
Construction services	3,196	5,455
Purchased electricity and capacity	254	257

Government-related entities

In the normal course of business the Group enters into transactions with the entities controlled by the Government. The Group had transactions during the nine months ended 30 September 2013 and 30 September 2012 and balances outstanding as at 30 September 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 27 percent of total sales of electricity, capacity and heat for the nine months ended 30 September 2013 (for the nine months ended 30 September 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 ("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 26 percent of total expenses on purchased electricity, capacity and fuel for the nine months ended 30 September 2013 (for the nine months ended 30 September 2012: approximately 21 percent).

Electricity distribution services provided to the Group by government-related entities comprised approximately 52 percent of total electricity distribution expenses for the nine months ended 30 September 2013 (for the nine months ended 30 September 2012: approximately 51 percent). The distribution of electricity is subject to tariff regulations.

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(in millions of Russian Rubles unless noted otherwise)

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 nine months ended 30 September 2013 comprised RR 1 282 million (for the nine months ended 30 September 2012: RR 2,259 million).

RusHydro Group
Notes to the Condensed Consolidated Interim Financial Information as at and for the nine months ended 30 September 2013 (unaudited)

(in millions of Russian Rubles unless noted otherwise)

Note 7. Property, plant and equipment

Cost	Buildings	Facilities	Plant and equipment	Assets under construction	Other	Total
Opening balance as at 31 December 2012	68,697	342,120	148,798	222,895	12,625	795,135
Additions	27	79	438	44,118	809	45,471
Transfers	5,549	30,384	19,263	(55,463)	267	-
Disposals and write-offs	(342)	(148)	(911)	(672)	(453)	(2,526)
Closing balance as at 30 September 2013	73,931	372,435	167,588	210,878	13,248	838,080
Accumulated depreciation (including impairment)						
Opening balance as at 31 December 2012	(20,946)	(68,659)	(52,488)	(44,876)	(3,705)	(190,674)
Impairment charge	(5)	(1)	(85)	(470)	(22)	(583)
Charge for the period	(1,364)	(4,683)	(6,597)	-	(1,108)	(13,752)
Transfers	(878)	(24,734)	(2,505)	28,112	5	-
Disposals and write-offs	121	51	502	67	161	902
Closing balance as at 30 September 2013	(23,072)	(98,026)	(61,173)	(17,167)	(4,669)	(204,107)
Net book value as at 30 September 2013	50,859	274,409	106,415	193,711	8,579	633,973
Net book value as at 31 December 2012	47,751	273,461	96,310	178,019	8,920	604,461
Cost	Buildings	Facilities	Plant and equipment	Assets under construction	Other	Total
Opening balance as at 31 December 2011	67,454	342,495	121,156	180,338	11,575	723,018
Impairment of revalued property, plant and equipment	(256)	(150)	(488)	-	(1)	(895)
Additions	58	215	1,443	63,209	502	65,427
Transfers	3,705	2,258	14,175	(20,463)	325	-
Disposals and write-offs	(62)	(248)	(646)	(479)	(464)	(1,899)
Closing balance as at 30 September 2012	70,899	344,570	135,640	222,605	11,937	785,651
Accumulated depreciation (including impairment)						
Opening balance as at 31 December 2011	(17,591)	(52,558)	(35,326)	(45,068)	(3,846)	(154,389)
Impairment charge	(619)	(434)	(954)	(4,894)	(101)	(7,002)
Charge for the period	(1,171)	(4,890)	(6,623)	-	(817)	(13,501)
Transfers	(209)	(228)	(982)	1,435	(16)	-
Disposals and write-offs	29	24	285	88	271	697
Closing balance as at 30 September 2012	(19,561)	(58,086)	(43,600)	(48,439)	(4,509)	(174,195)
Net book value as at 30 September 2012	51,338	286,484	92,040	174,166	7,428	611,456
Net book value as at 31 December 2011	49,863	289,937	85,830	135,270	7,729	568,629

Impairment. Management of the Group considered the market and economic environment in which the Group operates to assess whether any indicators of property, plant and equipment being impaired existed, or that an impairment loss recognised in prior periods may no longer exist or may have decreased. At the reporting date no indicators of significant changes of management's assumptions used to determine the recoverable amounts of cash-generating units as at 31 December 2012 were identified as a result of this analysis.

Basing on the same assumptions the Group continued to recognise impairment loss in the amount of RR 583 million for the nine months ended 30 September 2013 in respect of additions of property, plant and equipment related to cash-generating units impaired in previous periods.

RusHydro Group**Notes to the Condensed Consolidated Interim Financial Information as at and for the nine months ended 30 September 2013 (unaudited)**

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For the nine months ended 30 September 2012 the Group recognised impairment loss in the amount of RR 7,002 million including Ust'-Srednekanskaya HPP in the amount of RR 2,900 million and other cash-generating units, which are individually insignificant.

Events on Zagorskaya GAES-2. On 17 September 2013 on Zagorskaya GAES-2 which is under construction the local flooding of the bulding of GAES from lower reservoir via functional joints of station block and cavity in the right junction of the foundation of building of GAES-2 took place.

Currently due to the complication of technical evaluation of consequences the Croup cannot evaluate expenses connected with liquidation of consequences of flooding and write-off of the assets under construction. However such expenses can be material for the Group.

Construction-assembly works as well as equipment are insured. According to the terms of insurance agreements and provisions of current legislation of the Russian Federation recognition of the accident on Zagorskaya GAES-2 as insurable event and subsequent payment of insurance indemnity are possible only after analysis of the causes and nature of the accident, that is based on the accident investigation act including supporting documentation, as well as after studying other documents by the insurance companies, which confirm the nature and economic evaluation of the damage, such as: accident recovery work expenses, direct damage of lost equipment, constructions and facilities, other recovery expenses.

As at 30 September 2013 the total amount of construction costs for Zagorskaya GAES-2 was RR 58,885 million.

Note 8. Investments in associates and joint ventures

The tables below summarise the movements in the carrying value of the Group's interests in associates and joint ventures:

	Carrying value as at 31 December 2012	Acquisition and additional contribution	Reclassi- fication	Share of profit / (loss)	Impairment of investments in associates	Carrying value as at 30 September 2013
Associates						
OJSC Krasnoyarskaya HPP	8,621	-	-	404	(990)	8,035
OJSC Irkutsk Electronetwork Company	-	5,854	-	(67)	-	5,787
OJSC Sakhalin Energy Company	1,812	1,262	-	192	-	3,266
Other	215	-	(3)	25	-	237
Joint ventures						
BoGES Group*	6,648	-	(3)	(3,564)	-	3,081
BALP Group*	-	-	-	-	-	-
Other	564	243	-	(40)	-	767
Total investments in associates and joint ventures	17,860	7,359	(6)	(3,050)	(990)	21,173

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Notes to the Condensed Consolidated Interim Financial Information as at and for the nine months ended 30 September 2013 (unaudited)

(in millions of Russian Rubles unless noted otherwise)

	Carrying value as at 31 December 2011	Acquisition and additional contribution	Divi- dends	Reclassi- fication	Share of profit / (loss)	Carrying value as at 30 September 2012
Associates						
OJSC Krasnoyarskaya HPP	22,046	-	(502)	-	326	21,870
OJSC Sakhalin Energy Company	1,833	-	-	11	64	1,908
OJSC Trest Gidromontazh	1,012	-	-	-	99	1,111
OJSC Bureyagesstroy	318	-	-	-	(74)	244
Other	247	-	(16)	149	(145)	235
Joint ventures						
BoGES Group*	8,150	-	-	-	(997)	7,153
BALP Group*	-	-	-	-	-	-
Other	80	223	-	(8)	(19)	276
Total investments in associates and joint ventures	33,686	223	(518)	152	(746)	32,797

* BoGES Group consists of BoGES Ltd and OJSC Boguchanskaya HPP. BALP Group consists of BALP Ltd and CJSC Boguchansky Aluminium Plant. Total current period result differs from that presented in "Loss in respect of associates and joint ventures" line of Condensed Consolidated Interim Income Statement for the effect of OJSC Boguchanskaya HPP promissory notes discounting to the total of RR 305 million for the nine months ended 30 September 2013 (for the nine months ended 30 September 2012: RR 184 million).

In February 2013 in exchange for additional shares of the Company the Group has received shares of OJSC Irkutsk electronetwork company (Note 15). Investment was recognised at the fair value of transferred shares of the Company at the date of acquisition. As at 30 September 2013 the Group's share in OJSC Irkutsk electronetwork company comprised 42.53 percent. Independent appraisal of the fair value of identifiable assets and liabilities of OJSC Irkutsk electronetwork company has not been completed as at 30 September 2013.

The Group's share in OJSC Sakhalin Energy Company changed as a result of two opposite effects: dilution of the Group's interest following the additional share issues of OJSC Sakhalin Energy Company and contribution of 24.54 percent interest of OJSC Sakhalin Energy Company in exchange for additional shares of the Company (Note 15). Additional investment was recognised at the fair value of transferred shares of the Company at the date of acquisition. As at 30 September 2013 the Group's share in OJSC Sakhalin Energy Company comprised 40.47 percent.

In January 2013 the Group's interest in OJSC Bureyagesstroy was sold for the cash consideration of RR 250 million. As at 31 December 2012 the investment was classified as non-current asset held for sale.

As at 31 December 2012 investment in OJSC Trest Gidromontazh was reclassified to non-current assets classified as held for sale due to the fact that sale of shares of OJSC Trest Gidromontazh became highly probable. In July 2013 the Board of Directors approved the sale of 33.54 percent interest in OJSC Trest Gidromontazh for the cash consideration in the amount of RR 1,663 million (Note 30).

The Group's share of BoGES Group's losses is primarily attributed to the impairment of property, plant and equipment of OJSC Boguchanskaya HPP. As at 30 September 2013 net book value of property, plant and equipment of OJSC Boguchanskaya HPP decreased for the total amount of RR 5,525 million due to deterioration in expectations in regard to the achievable sales volumes and revenue in 2013–2014 years. The Group's share of impairment of property, plant and equipment of OJSC Boguchanskaya HPP in amount of RR 2,762 million was reflected as "Loss in respect of associates and joint ventures" line of Condensed Consolidated Interim Income Statement.

Note 9. Available-for-sale financial assets

	30 September 2013		31 December 2012	
	% of ownership	Fair value	% of ownership	Fair value
OJSC INTER RAO UES	4.92%	5,696	4.92%	12,726
OJSC Russian Grids*	0.78%	432	0.93%	831
OJSC FGC UES	0.13%	164	0.13%	334
OJSC Boguchanskaya HPP	2.89%	97	2.89%	317
Other	-	111	-	118
Total available-for-sale financial assets		6,500		14,326

* On 23 March 2013 OJSC IDGC Holding was renamed as OJSC Russian Grids.

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Notes to the Condensed Consolidated Interim Financial Information as at and for the nine months ended 30 September 2013 (unaudited)

(in millions of Russian Rubles unless noted otherwise)

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 nine months ended 30 September 2013 an impairment of available-for-sale financial assets in respect of shares of OJSC INTER RAO UES was recognised in profit or loss in the amount of RR 7,030 million (for the nine months ended 30 September 2012: RR 7,169 million).

Loss arising on other available-for-sale financial assets for the nine months ended 30 September 2013 totaled RR 748 million was recorded within other comprehensive income in amount of RR 467 million, net of tax, (for the nine months ended 30 September 2012: RR 24 million, net of tax) and in profit or loss in amount of RR 281 million (for the nine months ended 30 September 2012: RR nil million).

Note 10. Other non-current assets

	30 September 2013	31 December 2012
Long-term promissory notes	5,492	6,515
(Net of discount of RR 17,088 million, effective interest rate: 9.75–12.20%, due 2014–2029 as at 30 September 2013 and RR 20,255 million, effective interest rate: 9.75–11.90%, due 2013–2029 as at 31 December 2012)		
VAT recoverable	4,918	5,419
Dams of Bratskaya, Ust'-Ilimskaya and Irkutskaya HPPs	5,597	5,668
Customer base of LLC ESC Bashkortostan	1,800	2,214
Goodwill	929	929
Other non-current assets	5,240	4,303
Total other non-current assets	23,976	25,048

Promissory notes of OJSC Boguchanskaya HPP. Included in long-term promissory notes are promissory notes of OJSC Boguchanskaya HPP at amortised cost of RR 4,631 million (31 December 2012: RR 4,320 million), which were pledged as collateral to the State Corporation Vnesheconombank (Note 28).

Promissory notes of CJSC Boguchansky Aluminium Plant. As of 30 September 2013 the Group assessed the recoverable amount of non-interest-bearing promissory notes of CJSC Boguchansky Aluminium Plant. The recoverable amount was determined taking into account the following factors:

- continuing aluminium price reduction on the London Metal Exchange (LME) during the nine months of year 2013 as well as decrease of aluminium production volumes according to the actual consumption rates;
- growth of US dollar exchange rate against Russian Ruble during the nine months of year 2013 and respective growth of amount of liabilities of CJSC Boguchansky Aluminium Plant to the State Corporation Vnesheconombank under the loan agreement;
- cumulative losses of BALP Group, the Group's joint venture, which controls CJSC Boguchansky Aluminium Plant (Note 8).

As a result of the performed analysis, management of the Group concluded that as at 30 September 2013 promissory notes of CJSC Boguchansky Aluminium Plant are highly probable not recoverable and recognised an impairment loss of RR 1,594 million.

Note 11. Cash and cash equivalents

	30 September 2013	31 December 2012
Cash at bank	18,831	10,259
Cash equivalents	20,503	29,547
Cash in hand	19	13
Total cash and cash equivalents	39,353	39,819

Cash equivalents held as at 30 September 2013 and 31 December 2012 comprised short-term bank deposits with original maturities of three months or less according to contract subject to an insignificant risk of changes in value.

Cash and cash equivalents balances denominated in US Dollars as at 30 September 2013 were RR 267 million (31 December 2012: RR 17 million). Cash and cash equivalents balances denominated in Euros as at 30 September 2013 were RR 667 million (31 December 2012: RR 665 million).

As at 30 September 2013 the line "Cash and cash equivalents" in the Condensed Consolidated Interim Statement of Cash Flows included RR 156 million of cash and cash equivalents held by OJSC DRSK (31 December 2012: RR 38 million).

RusHydro Group**Notes to the Condensed Consolidated Interim Financial Information as at and for the nine months ended 30 September 2013 (unaudited)**

(in millions of Russian Rubles unless noted otherwise)

Note 12. Accounts receivable and prepayments

	30 September 2013	31 December 2012
Trade receivables	28,248	30,330
(Net of provision for impairment of accounts receivable of RR 14,531 million as at 30 September 2013 and RR 11,409 million as at 31 December 2012)		
VAT recoverable	8,515	9,171
Advances to suppliers and other prepayments		
(Net of provision for impairment of accounts receivable of RR 412 million as at 30 September 2013 and RR 406 million as at 31 December 2012)	5,261	4,376
Income tax receivable	2,527	2,842
Other receivables	3,218	2,793
(Net of provision for impairment of accounts receivable of RR 2,440 million as at 30 September 2013 and RR 2,650 million as at 31 December 2012)		
Total accounts receivable and prepayments	47,769	49,512

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

Note 13. Inventories

	30 September 2013	31 December 2012
Fuel	14,953	12,432
Materials and supplies	6,101	5,165
Spare parts	1,765	1,448
Other materials	593	533
Total inventories	23,412	19,578

Note 14. Other current assets

	30 September 2013	31 December 2012
Promissory notes and deposits	77,104	53,535
Other short-term investments	887	252
Total other current assets	77,991	53,787

Note 15. Equity

	Number of issued ordinary shares (Par value of RR 1.00)
As at 30 September 2013	317,637,520,094
As at 31 December 2012	317,637,520,094
As at 30 September 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. 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 30 September 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).

Transactions with the Government and companies under common control. The change of merge reserve for the nine months ended 30 September 2013 in the amount of RR 9,234 million relates to assets that were received in February 2013 from the Russian Federation and companies under common control 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 2,700 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 increase of share of Group's shareholders in losses accumulated by OJSC Ust'-Srednekanskaya HPP.

Effect of changes in non-controlling interest of subsidiaries. In February 2013 in the course of additional share issue 2012–2013 the Group also has received shares of OJSC RAO Energy System of East from shareholders which are not controlled by the Government. As a result non-controlling interest decreased by RR 1,853 million and retained earnings of the Group increased by RR 1,257 million.

For the nine months ended 30 September 2012 non-controlling interest in OJSC RAO Energy System of East increased by RR 1,566 million and retained earnings of the Group decreased by RR 814 million as a result of the Group's interest dilution following the additional ordinary share issue of OJSC RAO Energy System of East, which placement was registered by the Federal Financial Markets Service (FFMS) on 7 February 2012.

On 26 April 2012 the placement of additional share issue of OJSC Ust'-Srednekanskaya HPP was registered by FFMS, main part of the shares issued were bought by the Russian Federation. As the contribution made by the State was higher than the contribution made by the Group, the Group recognised a gain in the amount of RR 3,163 million in retained earnings for the nine months ended 30 September 2012. As a result of the dilution of the Group's interest in OJSC Ust'-Srednekanskaya HPP non-controlling interest decreased by RR 502 million due to increase of share in losses of OJSC Ust'-Srednekanskaya HPP previously absorbed by shareholders of the Group.

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

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 3,594 million.

On 29 June 2012 the Company declared dividends for the year ended 31 December 2011 of RR 0.0079 per share in the total amount of RR 2,431 million.

Dividends in favour of non-controlling interest holders were declared by the Group's subsidiaries in the amount of RR 160 million for the nine months ended 30 September 2013 (for the nine months ended 30 September 2012: RR 167 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 nine months ended 30 September 2013 was 36 percent (for the nine months ended 30 September 2012: 88 percent). Higher estimated average annual effective income tax rate for the nine months ended 30 September 2012 was primarily due to impairment losses in respect of property, plant and equipment for the year ended 31 December 2012.

	Nine months ended 30 September 2013	Nine months ended 30 September 2012
Current income tax expense from continuing operations	8,072	4,682
Deferred income tax expense from continuing operations	739	1,500
Total income tax expense from continuing operations	8,811	6,182
Current income tax benefit from discontinued operations	(69)	(91)
Deferred income tax expense / (benefit) from discontinued operations	40	(917)
Total income tax benefit from discontinued operations	(29)	(1,008)

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(in millions of Russian Rubles unless noted otherwise)

Note 17. Current and non-current debt*Non-current debt*

	Currency	Due date	30 September 2013	31 December 2012
OJSC Sberbank of Russia	RR	2013–2016	53,827	54,553
Russian bonds (OJSC RusHydro) issued in February 2013	RR	2018*	19,979	-
Eurobonds (RusHydro Finance Ltd)	RR	2015	19,970	19,959
Russian bonds (OJSC RusHydro) issued in April 2011	RR	2016*	14,991	14,988
EBRD	RR	2014–2024	14,287	11,534
OJSC Bank of Moscow	RR	2013–2015	8,517	7,717
OJSC Gazprombank	RR	2013–2016	5,120	3,494
OJSC ROSBANK	RR	2013–2015	3,745	6,132
UniCredit Bank Austria AG	EUR	2017	2,189	1,971
EM Falcon Ltd	RR	2013-2014	1,731	2,423
Municipal authority of Kamchatka region	USD	2034	1,491	1,359
CF Structured Products B. V.	USD	-	-	1,822
OJSC Transcreditbank	RR	-	-	901
Russian bonds (OJSC Yakutskenergo)	RR	-	-	3,000
Other long-term debt	RR	-	2,410	1,889
Finance lease liabilities	RR	-	2,417	2,261
Total			150,674	134,003
Less current portion of non-current debt			(49,779)	(65,392)
Less current portion of finance lease liabilities			(1,142)	(1,328)
Total non-current debt			99,753	67,283

* The bonds mature in 10 years with a put option to redeem them on expiry of 5 years.

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. 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	30 September 2013	31 December 2012
OJSC Sberbank of Russia	RR	10,128	2,616
OJSC Gazprombank	RR	6,844	210
OJSC ROSBANK	RR	4,449	1,920
OJSC VTB Bank	RR	1,270	-
OJSC Alfa-Bank	RR	493	-
Current portion of non-current debt	RR	49,779	65,392
Current portion of finance lease liabilities	RR	1,142	1,328
Interest payable	RR	2,303	1,439
Other current debt	RR	1,119	847
Total current debt and current portion of non-current debt		77,527	73,752

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

As at 30 September 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 some of the requirements as at 31 December 2012. Outstanding balances for such credit contracts as at 31 December 2012 are not significant. Before 31 December 2012 management received covenant waivers from banks confirming absence of intention to request early repayment of loans. As at 30 September 2013 Group fulfil all requirements of the Group's credit contracts.

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(in millions of Russian Rubles unless noted otherwise)

Debt maturity (excluding finance lease liabilities)

	30 September 2013	31 December 2012
Between one and two years	14,452	8,200
Between two and three years	49,676	32,107
Between three and four years	2,176	16,931
Between four and five years	22,067	1,534
After five years	10,107	7,578
Total	98,478	66,350

Note 18. Other non-current liabilities

	30 September 2013	31 December 2012
Pension benefit obligations	6,907	8,257
Other non-current liabilities	3,621	3,822
Total other non-current liabilities	10,528	12,079

Principal actuarial assumptions as at 30 September 2013 were the same as those that applied to the Consolidated Financial Statements as at 31 December 2012 with the exception of changes in discount rate, which increased up to 7.80 percent as at 30 September 2013 (as at 31 December 2012: 7.00 percent).

Amounts recognised in the Group's Condensed Consolidated Interim Statement of Financial Position:

	30 September 2013	31 December 2012
Fair value of plan assets	(852)	(824)
Present value of defined benefit obligations	8,987	10,482
Net liability	8,135	9,658
including:		
Net liability excluding net liability of OJSC DRSK	6,907	8,257
Net liability of OJSC DRSK	1,228	1,401

On 29 March 2013 OJSC DGK decided to cancel the defined benefit pension plan. The pension liability of the plan on cancellation date was RR 2,458 million. Following the defined benefit pension plan cancellation lump sum payment liabilities have increased for RR 315 million and periodical retirement payments liabilities have increased for RR 534 million. These payments were included in collective agreement and were alternatives for defined benefit pension plan. As a result the Group recognised RR 1,609 million curtailment gain for nine months ended 30 September 2013.

Note 19. Accounts payable and accruals

	30 September 2013	31 December 2012
Trade payables	26,494	29,739
Advances received	6,635	7,606
Settlements with employees	5,771	6,317
Dividends payable	153	77
Other accounts payable	2,973	2,425
Total accounts payable and accruals	42,026	46,164

All accounts payable and accruals are denominated in Russian Rubles.

Note 20. Other taxes payable

	30 September 2013	31 December 2012
VAT	3,773	4,362
Property tax	3,370	1,540
Insurance contributions	1,833	1,826
Other taxes	471	812
Total other taxes payable	9,447	8,540

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Note 21. Revenue

	Nine months ended 30 September 2013	Nine months ended 30 September 2012
Sales of electricity	168,235	158,254
Sales of heat and hot water	21,987	21,036
Sales of capacity	18,646	17,214
Other revenue	13,778	11,934
Total revenue	222,646	208,438

Significant increase in revenue from sales of electricity for the nine months ended 30 September 2013 is attributable both to increase in production and selling prices.

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

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 nine months ended 30 September 2013 the Group received government subsidies in the amount of RR 7,241 million (for the nine months ended 30 September 2012: RR 6,623 million) in the following subsidised territories: Kamchatsky territory, the Sakha Republic (Yakutia), Magadan Region and other Far East regions.

Note 23. Expenses

	Nine months ended 30 September 2013	Nine months ended 30 September 2012
Purchased electricity and capacity	40,368	42,623
Employee benefit expenses (including payroll taxes, Share Option Programme and pension benefit expenses)	37,763	36,008
Fuel expenses	31,273	32,045
Electricity distribution expenses	29,479	30,014
Depreciation of property, plant and equipment and intangible assets	13,872	13,596
Taxes other than on income	7,416	5,464
Other materials	6,963	6,757
Third parties services, including:		
Services of subcontracting companies	3,072	2,307
Services of SO UES, ATS, CFS	2,578	2,340
Repairs and maintenance	2,103	2,265
Security expenses	1,968	1,784
Purchase and transportation of heat power	1,948	1,853
Rent	1,334	1,679
Consulting, legal and information expenses	1,059	1,091
Transportation expenses	849	820
Insurance cost	812	753
Other third parties services	3,099	2,674
Accrual of impairment of accounts receivable, net	2,401	4,681
Water usage expenses	2,037	1,877
Social charges	1,602	837
Loss on disposal of property, plant and equipment, net	523	146
Other expenses	2,085	1,374
Total expenses	194,604	192,988

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Note 24. Finance income, costs

	Nine months ended 30 September 2013	Nine months ended 30 September 2012
<i>Finance income</i>		
Interest income	6,129	3,748
Income on discounting	572	243
Foreign exchange gain	214	129
Other income	140	86
Total finance income	7,055	4,206
<i>Finance costs</i>		
Interest expense	(4,675)	(3,216)
Expense on discounting	(433)	(215)
Foreign exchange loss	(333)	(161)
Finance lease expense	(239)	(243)
Other costs	(319)	(725)
Total finance costs	(5,999)	(4,560)

Note 25. Discontinued operations

The resolution of the Russian Government No. 1174-p dated 7 July 2011 stipulated integration of grid assets of OJSC DRSK (Group's subsidiary) into OJSC FGC UES. The Decree of the President of Russian Federation No. 1567 dated 22 November 2012 defined the structure of grid system – the foundation of unified holding company OJSC Russian Grids, with control over OJSC FGC UES. The integration of OJSC DRSK into OJSC FGC UES during the year 2013 was slowed due to the creation of unified holding company OJSC Russian Grids. However, as at 30 September 2013 probability of OJSC DRSK shares transfer to OJSC FGC UES is still assessed as high, the Group continued to classify OJSC DRSK as a subsidiary acquired exclusively with a view for resale (Note 4).

Note 26. Earnings per share

	Nine months ended 30 September 2013	Nine months ended 30 September 2012
Weighted average number of ordinary shares issued (thousands of shares)	308,933,768	281,598,950
Profit for the period from continuing operations attributable to the shareholders of OJSC RusHydro	16,084	5,574
Loss for the period from discontinued operations attributable to the shareholders of OJSC RusHydro	(446)	(690)
Earnings per share from continuing operations attributable to the shareholders of OJSC RusHydro – basic and diluted (in Russian Rubles per share)	0.0521	0.0198
Loss per share from discontinued operations attributable to the shareholders of OJSC RusHydro – basic and diluted (in Russian Rubles per share)	(0.0014)	(0.0025)

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 150,772 million as at 30 September 2013 (31 December 2012: RR 179,875 million). The major part of future capital expenditures under contractual obligations as at 30 September 2013 are related to the following hydropower plants: Saratovskaya HPP in the amount of RR 39,636 million, Volzhskaya HPP in the amount of RR 33,292 million and Zhigulevskaya HPP in the amount of RR 14,142 million (due to the reconstruction of equipment of hydropower plants), Nizhne-Bureiskaya HPP in the amount of RR 23,261 million, Zagorskaya GAES-2 in the amount of RR 6,412 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 additional tax liabilities in respect of controlled transactions (transactions with related parties and some types of transactions with unrelated parties), provided that the transaction price is not arm's length.

During the nine months ended 30 September 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 30 September 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 and comprised RR 617 million as at 30 September 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.

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

Counterparty	30 September 2013	31 December 2012
<i>for OJSC Boguchanskaya HPP:</i>		
State Corporation Vnesheconombank	25,597	19,946
<i>for CJSC Boguchansky Aluminium Plant:</i>		
ALSTOM Grid SAS	110	395
Solios Environnement S. A.	-	534
Total guarantees issued	25,707	20,875

BEMA project financing scheme. As at 30 September 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 30 September 2013 the amount of liabilities of OJSC Boguchanskaya HPP to the State Corporation Vnesheconombank under the loan agreement was RR 25,597 million including accrued interest in the amount of RR 14 million (31 December 2012: RR 19,946 million including accrued interest in the amount of RR 17 million).

As at 30 September 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) pledged as collateral to the State Corporation Vnesheconombank amounted to RR 4,631 million (31 December 2012: RR 4,320 million) (Note 10).

As at 30 September 2013 interest-free long-term promissory notes of CJSC 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 were fully impaired (Note 10).

Note 29. Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between knowledgeable willing parties, other than in a forced sale or liquidation, and is best evidenced by an active quoted market price.

The estimated fair values of financial instruments have been determined by the Group using available market information, where it exists, and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to determine the estimated fair value. The Russian Federation continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in the financial markets. Market quotations may be outdated or reflect distress sales transactions and therefore not represent fair values of financial instruments. Management has used all available market information in estimating the fair value of financial instruments.

Financial instruments carried at fair value. Available-for-sale financial assets and financial derivatives are carried in the Consolidated Statement of Financial Position at their fair value that is measured on the basis of the quoted prices in an active market (Level 1 in the fair value hierarchy).

Financial assets carried at amortised cost. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on credit risk of the counterparty.

Carrying amounts of trade and other financial receivables approximate fair values (Note 12).

Liabilities carried at amortised cost. The estimated fair value of fixed interest rate instruments with stated maturity was estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

Carrying amounts of liabilities carried at amortised cost approximate fair values.

Note 30. Subsequent events

Sale of shares of OJSC Trest Gidromontazh. In October 2013 the Group sold a 33.54 percent interest in OJSC Trest Gidromontazh for the cash consideration in the amount of RR 1,663 million (Note 8).

Additional share issue 2012–2013. In October – November 2013 the Company has received the following contributions in exchange for additional shares of the Company (Note 15): 9.94 percent of ordinary shares of OJSC RAO Energy System of East, 0.22 percent of shares of OJSC Irkutsk electronetwork company, 0.08 percent of shares of OJSC Irkutskenergo. In December 2013 the share placement was completed, 68,617,944,796 shares (or 62.38 percent of the total offering) were placed.

Changes in legislation. The changes to the Federal Law “On Electric Power Industry” and article 81 of Federal Law “On Joint Stock Companies” were made on 6 November 2013. According with changes lease of OJSC Federal Grid Company’s grids is prolonged till 1 July 2029 for territorial grid companies in the number of regions of the Russian Federation including the Amur Region and Jewish Autonomous Region where OJSC DRSK operates. This changes to the Federal Law could compensate shortfall in income which has arisen due to withdrawal of some consumers from “the last mile” agreements.

Loan agreement with OJSC Sberbank of Russia. In October 2013 the Company signed the amendment to loan agreement with OJSC Sberbank for refinancing of debt in amount of RR 40,000 million. According to new terms of the loan agreement the debt in amount of RR 20,000 million should be redeemed in November 2020, the other part of the debt in amount of RR 20,000 million was redeemed in November 2013 by funds raised through Russian bonds issued in February 2013.