

**OJSC INTERREGIONAL DISTRIBUTION GRID
COMPANY OF CENTER AND VOLGA REGION
CONSOLIDATED INTERIM CONDENSED
FINANCIAL STATEMENTS
FOR THE SIX MONTH ENDED 30 JUNE 2013
(UNAUDITED)**

OJSC IDGC of Center and Volga Region

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OJSC IDGC of Center and Volga Region
Consolidated Interim Condensed Statement of Financial Position as at 30 June 2013 (Unaudited)

(in thousands of Russian Roubles, unless otherwise stated)

	Note	30 June 2013	31 December 2012
ASSETS			
Non-current assets			
Property, plant and equipment	7	58,227,554	57,998,354
Intangible assets		577,329	554,596
Other investments		522,729	512,163
Other non-current assets		87,864	88,790
Total non-current assets		59,415,476	59,153,903
Current assets			
Inventories		1,446,911	1,294,066
Other investments		892,473	1,002,863
Income tax receivable		404,240	507,806
Trade and other receivables		11,504,744	8,547,817
Prepayments for current assets		113,498	196,454
Cash and cash equivalents		3,037,087	2,606,256
Total current assets		17,398,953	14,155,262
TOTAL ASSETS		76,814,429	73,309,165
EQUITY AND LIABILITIES			
Share capital	8	11,269,782	11,269,782
Reserves		(666, 803)	(751,291)
Retained earnings		23,781, 914	22,755,561
Total equity attributable to equity holders of the Company		34,384,893	33,274,052
Non-controlling interest		10,779	11,476
Total equity		34,395,672	33,285,528
Non-current liabilities			
Deferred income tax liabilities		3,661,074	3,525,185
Employee benefits		2,809,046	2,925,287
Loans and borrowings	9	22,118,582	22,216,613
Trade and other payables		928,960	1,107,704
Total non-current liabilities		29,517,662	29,774,789
Current liabilities			
Loans and borrowings	9	2,013,054	2,122,356
Trade and other payables		9,765,957	7,140,034
Income tax payable		108	1,674
Current tax liabilities		1,121,976	984,784
Total current liabilities		12,901,095	10,248,848
Total liabilities		42,418,757	40,023,637
TOTAL EQUITY AND LIABILITIES		76,814,429	73,309,165

These consolidated interim condensed financial statements were approved by management on 29 August 2013 and were signed on its behalf by:

Director General
 Ushakov E.V.



Chief Accountant

Rodionova I.U.



The consolidated interim condensed statement of financial position is to be read in conjunction with the notes to, and forming part of, the consolidated interim condensed financial statements set out on pages 7 to 19.

OJSC IDGC of Center and Volga Region
Consolidated Interim Condensed Statement of Comprehensive Income for the six months ended
30 June 2013 (Unaudited)

(in thousands of Russian Roubles, unless otherwise stated)

	Note	Six month ended 30 June 2013	Six month ended 30 June 2012
Revenue	10	36,749,358	29,298,420
Operating expenses	11	(33,749,066)	(27,961,329)
Other income and expenses, net		184,320	85,930
Operating profit		3,184,612	1,423,021
Finance income		111,300	127,617
Finance costs		(1,061,045)	(933,781)
Share of profit/(loss) of equity accounted investee (net of income tax)		-	-
Profit before income tax		2,234,867	616,857
Income tax expense		(730,182)	(351,553)
Profit for the period		1,504,685	265,304
Other comprehensive income			
Net change in fair value of available-for-sale financial assets		(9,812)	(7,472)
Income tax on Net change in fair value of available-for-sale financial assets		1,962	1,494
Remeasurements of the defined benefit liability (asset)		115,442	22,097
Income tax on Remeasurements of the defined benefit liability (asset)		(23,088)	(4,419)
Other comprehensive income for the period, net of income tax		84,504	11,700
Total comprehensive income for the period		1,589,189	277,004
Profit attributable to:			
Shareholders of the Company		1,505,318	267,439
Non-controlling interest		(633)	(2,135)
Total comprehensive income attributable to:			
Shareholders of the Company		1,589,822	279,139
Non-controlling interest		(633)	(2,135)
Earnings per share	8		
Earnings per share – basic and diluted (in Russian roubles)		0.013	0.0024

The consolidated interim condensed statement of comprehensive income is to be read in conjunction with the notes to, and forming part of, the consolidated interim condensed financial statements set out on pages 7 to 19.

OJSC IDGC of Center and Volga Region
Consolidated Interim Condensed Statement of Cash Flows for the six months ended 30 June 2013
(Unaudited)

(in thousands of Russian Roubles, unless otherwise stated)

Notes	Six month ended 30 June 2013	Six month ended 30 June 2012
OPERATING ACTIVITIES:		
Profit before income tax	2,234,867	616,857
Adjustments for:		
Depreciation and amortisation	2,684,039	2,658,290
Allowance for impairment of accounts receivable	553,238	1,050,891
Finance costs, net	949,745	806,165
Gain on disposal of property, plant and equipment	239,320	1,502
Accounts payable written-off	(956)	(217)
Income from surplus of assets	-	(24)
Adjustment for other non-cash transactions	293	278
Cash from operating activities before changes in working capital	6,660,546	5,133,742
Working capital changes:		
Change in trade and other receivables	(3,497,417)	(2,908,517)
Change in prepayments for current assets	82,956	(20,112)
Change in inventories	(151,253)	(505,799)
Change in financial assets related to employee benefit fund	(20,670)	5,630
Change in trade and other payables	1,312,517	865,834
Change in employee benefits	15,114	54,664
Change in taxes payable other than income	137,192	243,689
Cash flows from operations before income taxes and interest paid	4,538,985	2,869,131
Income tax paid	(514,069)	(252,964)
Interest paid	(1,075,692)	(1,020,682)
Net cash flows from operating activities	2,949,224	1,595,485
INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment and intangible assets	(2,546,912)	(2,546,960)
Proceeds from sale of property, plant and equipment	8,845	25,642
Interest received	5,704	42,685
Proceeds from disposal of other investments	200,053	511,054
Net cash flows used in investing activities	(2,332,310)	(1,967,579)
FINANCING ACTIVITIES:		
Proceeds from loans and borrowings	2,976,719	-
Repayment of loans and borrowings	(3,162,565)	(1,463,380)
Dividends paid	(237)	(127)
Payment of finance lease liabilities	-	(9,449)
Net cash flows from/(used in) financing activities	(186,083)	(1,472,956)
Net increase in cash and cash equivalents	430,831	(1,845,050)
Cash and cash equivalents at 1 January	2,606,256	3,928,491
Cash and cash equivalents at 30 June	3,037,087	2,083,441

The consolidated interim condensed statement of cash flows is to be read in conjunction with the notes to, and forming part of, the consolidated interim condensed financial statements set out on pages 7 to 19.

OJSC IDGC of Center and Volga Region
Consolidated Interim Condensed Statement Of Changes In Equity for the six months ended
30 June 2013 (Unaudited)

(in thousands of Russian Roubles, unless otherwise stated)

	Share capital	Available-for-sale investments revaluation reserve	Reserve of remeasurements of the defined benefit liability (asset)	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January 2012	11,269,782	26,955	(496,222)	21,447,353	32,247,868	11,157	32,259,025
Profit for the period	-	-	-	267,439	267,439	(2,135)	265,304
Other comprehensive income	-	(5,978)	17,678	-	11,700	-	11,700
Total comprehensive income for the period	-	-	-	-	279,139	(2,135)	277,004
Dividends	-	-	-	(315,554)	(315,554)	(271)	(315,825)
Balance at 30 June 2012	11,269,782	20,977	(478,544)	21,399,238	32,211,453	8,751	32,220,204
Balance at 1 January 2013	11,269,782	21,760	(773,051)	22,755,561	33,274,052	11,476	33,285,528
Profit for the period	-	-	-	1,505,318	1,505,318	(633)	1,504,685
Other comprehensive income	-	(7,849)	92,338	-	84,489	-	84,489
Total comprehensive income for the period	-	-	-	-	1,589,807	(633)	1,589,174
Dividends	-	-	-	(478,966)	(478,966)	(64)	(479,030)
Balance at 30 June 2013	11,269,782	13,911	(680,713)	23,781,913	34,384,893	10,779	34,395,672

The consolidated interim condensed statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated interim condensed financial statements set out on pages 7 to 19.

OJSC IDGC of Center and Volga Region
Notes of the Consolidated Interim Condensed Financial Statements for the six months ended
30 June 2013 (Unaudited)

(in thousands of Russian Roubles, unless otherwise stated)

Note 1. Background

(a) The Group and its operations

Open Joint-Stock Company "Interregional Distribution Grid Company of Center and Volga Region" (hereafter, the "Company") and its subsidiaries (together referred to as the "Group") comprise Russian open joint stock companies as defined in the Civil Code of the Russian Federation. The Company was set up on 28 June 2007 based on Resolution no. 193p of 22 June 2007 and pursuant to the Board of Directors' decision (board of directors' meeting minutes no. 250 of 27 April 2007) of the Russian Open Joint-Stock Company RAO "United Energy Systems of Russia" (hereafter, "RAO UES").

The Company's registered office is Rozhdestvenskaya Street, Nizhniy Novgorod, 603950, Russian Federation.

The Group's principal activity is the transmission and distribution of electricity and the connection of customers to the electricity grid. From February 2013, pursuant to orders of the Russian Ministry of Energy, "On the transfer of the functions of electricity supplier" OJSC IDGC of Centre and Volga Region undertook the functions of electricity supplier in Ivanovo, Tula regions. Hence, in addition to performing power transmission services, the Company commenced performing a whole range of power distribution services. The functions of the electricity supplier will be undertaken by these subsidiaries until the effective date of the decision to provide the tender winner with the electricity supplier status in the abovementioned operating areas, but for not more than 12 months.

The Group consists of the Company and its subsidiaries:

Name	30 June 2013	31 December 2012
	% owned	% owned
OJSC "Luchinskoye Agricultural Enterprise"	100.00	100.00
OJSC "Motor Vehicle Plant"	100.00	100.00
OJSC "Berendeyevskoye"	100.00	100.00
CJSC "Svet"	100.00	100.00
OJSC "Energetik Sanatorium-Preventorium"	100.00	100.00
OJSC "Interregional energoservice company "Energoefficiency technologies"	51.00	51.00

As at 30 June 2013 the Government of the Russian Federation owned 86.99% of the voting ordinary shares and 7.01 % of the preference shares of JSC "Russian Grids" (formerly JSC IDGC Holding) (31 December 2012: 56.58% of the voting ordinary shares and 7.01 % of the preference shares), which in turn owned 50.40% of the Company (31 December 2012: 50.40%).

The Government of the Russian Federation influences the Group's activities through setting power transmission and distribution tariffs.

(b) Russian business environment

The Group's operations are located in the Russian Federation. Consequently, the Group is exposed to the economic and financial markets of the Russian Federation which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Russian Federation. The consolidated financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

Note 2. Basis of preparation

(a) Statement of compliance

These consolidated interim condensed financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2012.

OJSC IDGC of Center and Volga Region
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(in thousands of Russian Roubles, unless otherwise stated)

(d) Use of judgments and estimates

The preparation of consolidated interim financial statements 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 expenses. Actual results may differ from these estimates.

In preparing these consolidated interim condensed financial statements, 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 applied to the consolidated financial statements as at and for the year ended 31 December 2012.

Note 3. Significant accounting policies

Except as described below, the accounting policies applied by the Group in these consolidated interim condensed financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2012.

Changes in accounting policies

The Group applies, for the first time, certain standards and amendments that require restatement of previous financial statements. These include IAS 19 (Revised 2011) *Employee Benefits*, IFRS 10 *Consolidated Financial Statements*, IFRS 13 *Fair Value Measurement* and amendments to IAS 1 *Presentation of Financial Statements*. As required by IAS 34, the nature and the effect of these changes are disclosed below. In addition, the application of IFRS 12 *Disclosure of Interest in Other Entities* would result in additional disclosures in the annual consolidated financial statements.

Several other new standards and amendments apply for the first time in 2013. However, they do not impact the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

The nature and the impact of each new standard/amendment is described below:

- *Amendment to IAS 1 Presentation of items of other comprehensive income*
The Amendment requires an entity to present separately items of other comprehensive income that could be reclassified in the future to profit or loss from those items that will never be reclassified to profit or loss.
- *IAS 19 (2011) Employee Benefits*

The standard has been significantly amended in relation to defined benefits plans, including the following:

- the corridor method is removed and, therefore, all changes in the present value of the defined benefit obligation and in the fair value of plan assets will be recognised immediately as they occur;
- remeasurements of the net defined benefit obligation (asset) are recognised only in other comprehensive income, the current ability to recognise all changes in the defined benefit obligation and plan assets in profit or loss is eliminated;
- the expected return on plan assets recognised in profit or loss will be calculated based on the rate used to discount the defined benefit obligation.

Besides, new disclosures, such as quantitative sensitivity analysis, are now required.

The Group applied IAS 19 (2011) to its pension plan which is a defined benefit plan retrospectively beginning from 1 January 2012. As a result, past service costs are recognised in full amount as expense as at the earlier of the following dates: (a) the date of plan amendment or plan curtailment, and (b) the date when the related restructuring costs or termination benefits are recognised. Previously the entity recognised past service costs as an expense on the straight-line basis over the average period until the benefits become vested.

According to IAS 19 (2011) remeasurements of the net defined benefit obligation (asset) are recognised in other comprehensive income. Previously the Group applied the corridor method.

The application of the revised standard had the following impact on the financial position of the Group:

OJSC IDGC of Center and Volga Region
Notes of the Consolidated Interim Condensed Financial Statements for the six months ended
30 June 2013 (Unaudited)

(in thousands of Russian Roubles, unless otherwise stated)

Consolidated statement of financial position

	1 January 2012		
	<u>As previously reported</u>	<u>Effect of changes in accounting policies</u>	<u>As restated</u>
Employee benefits	1,382,429	1,091,761	2,474,190
Deferred income tax liabilities	3,214,693	(218,352)	2,996,341
Total liabilities	35,931,434	873,409	36,804,843
Reserves	26,955	(496,222)	(469,267)
Retained earnings	21,824,540	(377,187)	21,447,353
Total equity	33,132,434	(873,409)	32,259,025
	31 December 2012		
	<u>As previously reported</u>	<u>Effect of changes in accounting policies</u>	<u>As restated</u>
Employee benefits	1,588,842	1,336,445	2,925,287
Deferred income tax liabilities	3,792,474	(267,289)	3,525,185
Total liabilities	38,954,481	1,069,156	40,023,637
Reserves	21,760	(773,051)	(751,291)
Retained earnings	23,051,666	(296,105)	22,755,561
Total equity	34,354,684	(1,069,156)	33,285,528

Consolidated statement of profit or loss and other comprehensive income

	For the six months ended 30 June 2012		
	<u>As previously reported</u>	<u>Effect of changes in accounting policies</u>	<u>As restated</u>
Operating expenses	(28,021,391)	60,062	(27,961,329)
Operating profit	1,362,959	60,062	1,423,021
Finance income	127,117	500	127,617
Прибыль до налогообложения	556,295	60,562	616,857
Income tax expense	(339,441)	(12,112)	(351,553)
Profit before income tax	216,854	48,450	265,304
Other comprehensive income			
Remeasurements of the defined benefit liability (asset)	-	22,097	22,097

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(in thousands of Russian Roubles, unless otherwise stated)

Income tax on Remeasurements of the defined benefit liability (asset)	-	(4,419)	(4,419)
Other comprehensive income for the period, net of income tax	(5,978)	17,678	11,700
Total comprehensive income for the period	210,876	66,128	277,004

For the six months ended 30 June 2013	Effect of changes in accounting policies
Operating expenses	62,085
Operating profit	62,085
Прибыль до налогообложения	62,085
Income tax expense	(12,417)
Profit before income tax	49,668
Other comprehensive income	
Remeasurements of the defined benefit liability (asset)	115,422
Income tax on Remeasurements of the defined benefit liability (asset)	(23,084)
Other comprehensive income for the period, net of income tax	92,338
Total comprehensive income for the period	142,006

• *IFRS 10 Consolidated Financial Statements and IAS 27 (2011) Separate Financial Statements*

IFRS 10 introduces a single control model that applies to all entities including special purpose entities. IFRS 10 supersedes a part of previously effective IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation – Special Purpose Entities. The new standard changes the definition of control such that an investor controls an investee when:

- it has power over the investee;
- it is exposed, or has rights, to variable returns from its involvement with the investee, and
- it has the ability to affect those returns through its power over the investee (i.e. there is a link between power and returns).

This standard had no impact on the consolidation of the Group's investees.

IFRS 13 Fair Value Measurement supersedes the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. Comparative disclosure information is not required for periods before the date of initial application.

The application of IFRS 13 has not had a significant impact on the fair value measurements carried out by the Group.

IFRS 13 also requires specific disclosures of fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 *Financial Instruments: Disclosures*.

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(in thousands of Russian Roubles, unless otherwise stated)

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Note 4. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

In preparing these consolidated interim condensed financial statements, the methods for determination of fair values were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2012.

Note 5. Operating segments

The Management Board of the Company has been determined as the Group is Chief Operating Decision-Maker.

The Group's primary activity is the provision of electricity transmission services within regions of the Russian Federation. The internal management reporting system is based on segments relating to electric energy transmission in separate regions of the Russian Federation (branches of the Company) and segments relating to other activities (represented by separate legal entities).

The Management Board regularly evaluates and analyzes the financial information of the segments reported in statutory financial statements of respective segments.

In accordance with requirements of IFRS 8 based on the information on segment revenue, profit before income tax and total assets reported to Management Board the following reportable segments were identified:

- Transmission Segments - Ivanovo region, Kaluga region, Kirov region, Mari El region, Nizhniy Novgorod region, Ryazan region, Tula region, Udmurtiya region, Vladimir region – branches of IDGC of Center and Volga Region;
- Other Segments – other Group companies.

Unallocated items consist of corporate balances of the Company's headquarters which do not constitute an operating segment under IFRS 8 requirements.

Segment items are based on financial information reported in statutory accounts and can differ significantly from those for financial statements prepared under IFRS. The reconciliation of items measured as reported to Management Board with similar items in these Financial Statements includes those reclassifications and adjustments that are necessary for financial statements to be presented in accordance with IFRS.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment revenues and profit before income tax, as included in the internal management reports that are reviewed by the Management Board. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

OJSC IDGC of Center and Volga Region
Notes of the Consolidated Interim Condensed Financial Statements for the six months ended
30 June 2013 (Unaudited)

(in thousands of Russian Roubles, unless otherwise stated)

(i) Information about reportable segments for the six months ended 30 June 2013

	Transmission										Total
	Nizhniy Novgorod region	Vladimir region	Tula region	Kaluga region	Kirov region	Udmurtiya region	Mari El region	Ivanovo region	Ryazan region	Other	
Power transmitting	9,981,269	3,599,202	2,576,871	3,134,754	3,009,959	3,327,226	1,441,676	596,438	2,785,211	15,906	30,468,512
Connection to the power network	44,345	15,875	11,745	150,010	10,467	1,796	2,131	990	60,146	5	297,510
Electricity sales	-	-	3,670,817	-	-	-	-	2,302,838	-	-	5,973,655
Other revenue	18,152	6,506	14,042	18,888	20,561	19,586	8,718	5,536	6,249	473,141	591,379
Total segment revenues	10,043,766	3,621,583	6,273,475	3,303,652	3,040,987	3,348,608	1,452,525	2,905,802	2,851,606	489,052	37,331,056
Segment profit/(loss) before income tax	1,218,329	177,370	346,254	219,092	12,495	204,150	77,182	(257,156)	197,017	(5,591)	2,189,142
Segment assets	28,068,743	6,892,884	14,171,872	10,995,366	4,675,642	5,300,169	2,190,652	4,029,871	6,921,887	683,568	83,930,654
Including property, plant and equipment	22,699,108	5,866,709	11,697,724	9,823,532	3,574,524	4,368,413	1,706,855	2,924,037	6,330,008	391,446	69,382,356

(ii) Information about reportable segments for the six months ended 30 June 2012

	Transmission										Total
	Nizhniy Novgorod region	Vladimir region	Tula region	Kaluga region	Kirov region	Udmurtiya region	Mari El region	Ivanovo region	Ryazan region	Other	
Power transmitting	7,674,220	3,419,445	3,566,156	2,891,875	2,863,346	2,963,772	1,696,597	1,061,984	2,514,836	13,771	28,666,002
Connection to the power network	38,083	127,236	9,409	165,047	16,477	6,821	6,505	14,187	29,699	3	413,467
Electricity sales	-	-	-	-	-	-	-	-	-	-	-
Other revenue	19,999	8,263	19,905	28,733	29,575	19,145	10,160	7,187	11,541	386,813	541,321
Total segment revenues	7,732,302	3,554,944	3,595,470	3,085,655	2,909,398	2,989,738	1,713,262	1,083,358	2,556,076	400,587	29,620,790
Segment profit/(loss) before income tax	159,145	303,171	399,905	428,832	(38,796)	231,016	(317,192)	(37,276)	122,923	(16,843)	1,234,885
Segment assets	24,414,725	6,820,839	13,039,408	9,412,595	3,948,855	4,488,490	2,044,815	3,588,010	6,899,540	611,312	75,268,589
Including property, plant and equipment	22,463,337	5,365,965	10,680,964	8,653,562	3,263,614	3,868,166	1,535,150	2,877,485	6,322,113	377,864	65,408,220

OJSC IDGC of Center and Volga Region
Notes of the Consolidated Interim Condensed Financial Statements for the six months ended
30 June 2013 (Unaudited)

(in thousands of Russian Roubles, unless otherwise stated)

(iii) Reconciliations of reportable segment profit and loss

Reconciliation of reportable segment profit and loss measured as reported to the Management Board with similar item in these Financial Statements is presented in the table below.

Reconciliation of profit before income tax:

	Six months ended 30 June 2013	Six months ended 30 June 2012
Total profit before income tax for reportable segments	2,189,142	1,234,885
Adjustment for depreciation of property, plant and equipment	7,937	(208,405)
Adjustment for allowance for impairment of debt	1,261	26,984
Adjustment for accrued liabilities	-	(461,541)
Retirement benefit obligations recognition	21,489	(59,794)
Other adjustments	4,012	23,681
Unallocated amounts	21,378	71,746
Other adjustments	(10,352)	(10,699)
Profit before tax per Statement of Comprehensive Income	2,234,867	616,857

The Group performs its activities in the Russian Federation and does not have any revenues from foreign customers or non-current assets located in foreign countries.

Note 6. Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2012.

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Notes of the Consolidated Interim Condensed Financial Statements for the six months ended
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(in thousands of Russian Roubles, unless otherwise stated)

Note 7. Property, plant and equipment

	Land and buildings	Transmission networks	Equipment for electricity transmission	Construction in progress	Other	Total
Balance at 31 December 2011	6,353,216	31,313,235	20,492,807	5,683,721	9,541,912	73,384,891
Additions	54	1,880	10,735	2,917,358	140,993	3,071,020
Transfer	24,817	872,160	698,254	(1,638,448)	43,217	-
Disposals	(16,891)	(1,125)	(7,384)	(2,301)	(27,429)	(55,130)
Balance at 30 June 2012	6,361,196	32,186,150	21,194,412	6,960,330	9,698,693	76,400,781
Depreciation						
Balance at 31 December 2011	(1,148,569)	(9,760,772)	(4,886,763)	-	(3,297,036)	(19,093,140)
Depreciation charge	(210,665)	(1,240,214)	(633,230)	-	(559,609)	(2,643,718)
Disposals	3,539	857	4,510	-	15,918	24,824
Balance at 30 June 2012	(1,355,695)	(11,000,129)	(5,515,483)	-	(3,840,727)	(21,712,034)
Net book value						
At 31 December 2011	5,204,647	21,552,463	15,606,044	5,683,721	6,244,876	54,291,751
At 30 June 2012	5,005,501	21,186,021	15,678,929	6,960,330	5,857,966	54,688,747

	Land and buildings	Transmission networks	Equipment for electricity transmission	Construction in progress	Other	Total
Balance at 31 December 2012	6,132,571	36,807,166	24,115,667	5,202,294	10,392,758	82,650,456
Additions	4,818	7,495	12,803	2,839,509	286,146	3,150,771
Transfer	58,581	1,173,820	415,178	(1,715,034)	67,455	-
Disposals	(2,311)	(1,892)	(8,608)	(245,703)	(21,545)	(280,059)
Balance at 30 June 2013	6,193,659	37,986,589	24,535,040	6,081,066	10,724,814	85,521,168
Depreciation						
Balance at 31 December 2012	(1,285,947)	(12,490,036)	(6,463,886)	-	(4,412,233)	(24,652,102)
Depreciation charge	(171,910)	(1,157,221)	(747,092)	-	(588,693)	(2,664,916)
Disposals	1,068	1,347	5,310	-	15,679	23,404
Balance at 30 June 2013	(1,456,789)	(13,645,910)	(7,205,668)	-	(4,985,247)	(27,293,614)
Net book value						
At 31 December 2012	4,846,624	24,317,130	17,651,781	5,202,294	5,980,525	57,998,354
At 30 June 2013	4,736,870	24,340,679	17,329,372	6,081,066	5,739,567	58,227,554

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Note 8. Equity

Share capital

	30 June 2013	31 December 2012
Number of ordinary shares authorised, issued and fully paid	112,697,817,043	112,697,817,043
Par value (in RUB)	0.10	0.10
Total share capital (in RUB)	11,269,781,704	11,269,781,704

Dividends paid and declared

In accordance with Russian legislation the Company's distributable reserves are limited to the balance of retained earnings as recorded in the Company's statutory financial statements prepared in accordance with Russian Accounting Principles. As at 30 June 2013 the Company had retained earnings, including the profit for the current period, of RUB 12,227,599 thousand (as at 31 December 2012: RUB 10,541,233 thousand).

At the annual shareholders meeting held on 18 June 2013 the decision was made to declare dividends of RUB 478,966 thousand for the year 2012 (In 2012: RUB 315,554 thousand for the year 2011).

Dividends per share as at 30 June 2013 were RUB 0.00425 (31 December 2012: RUB 0.0028).

Earnings per share

The calculation of earnings per share is based upon the profit for the current period and the outstanding number of ordinary shares. The Company has no dilutive potential ordinary shares.

	30 June 2013	30 June 2012
Weighted average number of ordinary shares issued	112,697,817,043	112,697,817,043
Profit attributable to the shareholders	1,504,685	265,304
Weighted average earnings per ordinary share – basic and diluted (in RUB)	0.013	0.0024

Note 9. Loans and borrowings

Non-current borrowings

	Effective interest rate,%	Currency	Year of maturity	30 June 2012	31 December 2012
Loans and borrowings					
including:					
OJSC Sberbank	7.51-10.23	RUB	2015-2016	9,130,453	6,227,998
OJSC Gazprombank	9.1	RUB	2016-2018	5,984,915	5,984,915
OJSC Sviaz-Bank	7.92-9.1	RUB	2014-2015	4,000,048	6,000,000
Barclays Bank	7.92	RUB	2014	1,000,000	2,000,000
OJSC Rosselkhozbank	13-14	RUB	2013-2017	4,188	4,675
Bond loans	9.15	RUB	2015	4,000,000	4,000,000
Total non-current debt				24,119,604	24,217,588
Less current portion of non-current loans				(2,001,022)	(2,000,975)
Total				22,118,582	22,216,613

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Current borrowings

Creditor	Effective interest rate, %	Currency	30 June 2013	31 December 2012
Current borrowings				
including:				
Promissory notes	10.0	RUB	-	108,347
Other			12,032	13,034
Current portion of non-current loans		RUB	2,001,022	2,000,975
Total			2,013,054	2,122,356

Note 10. Revenue

	Six month ended 30 June 2013	Six month ended 30 June 2012
Electricity transmission	30,289,913	28,652,332
Connection services	297,505	413,464
Electricity sales	5,973,655	-
Other revenue	188,285	232,624
Total	36,749,358	29,298,420

Other revenues are comprised of repair, construction, maintenance services, rent services and transport services.

Note 11. Operating expenses

	Six month ended 30 June 2013	Six month ended 30 June 2012
Electricity transmission	13,017,322	11,504,478
Personnel costs	6,726,467	5,979,930
Purchased electricity	3,655,902	3,517,947
Purchased electricity for resale	3,570,698	-
Depreciation and amortisation	2,684,039	2,658,290
Materials	968,096	777,136
Repair and maintenance	613,166	572,085
Allowance for impairment of debts	553,238	1,050,891
Gain on the disposal of property, plant and equipment	239,320	1,502
Taxes other than income tax	222,722	117,880
Electricity and heat power for own needs	219,589	214,765
Consulting, legal and audit services	179,759	256,823
Rent	159,571	130,873
Management fee	127,790	136,397
Insurance	116,264	102,456
Security services	93,514	90,567
Communication services	76,212	75,890
Electricity metering services	63,550	71,047
Social expenditures and charity expenses	38,460	10,330
Land surveying	38,300	13,668
Utilities	34,808	34,250
Transportation expenses	13,018	14,205
Bank commission	7,601	8,002
Other expenses	329,660	621,917
Total	33,749,066	27,961,329

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Note 12. Related parties

(a) Control relationships

As at 30 June 2013 and 31 December 2012 IDGC Holding was the parent company of the Company.

The party with ultimate control over the Company is the Government of the Russian Federation, which held the majority of the voting rights of JSC "Russian Grids" (formerly JSC IDGC Holding).

(b) Transactions with the parent and entities under common control of the parent

Transactions with the Parent's subsidiaries and associates were as follows:

	Six months ended 30 June 2013	Six months ended 30 June 2012
Revenue	4,758	2,172
Other revenue	4,758	2,172
Expenses	5,642,746	4,998,700
Electricity transmission	5,503,208	4,852,683
Purchased electricity for resale	4,686	-
Other expenses	134,852	146,017

All outstanding balances with related parties are to be settled in cash within a year of the Statement of financial position date. None of the balances are secured.

Balances on settlements were as follows:

	30 June 2013	31 December 2012
Accounts receivable and prepayments	301,120	1,178,657
Less: Allowance for impairment of debts	-	-
Accounts payable and accrued liabilities	(916,662)	(699,368)

Related party revenue for electricity transmission and connection services is based on the tariffs determined by the Government; other related party transmissions are based on normal market prices.

(c) Transactions with other state controlled entities

In the normal course of business the Group enters into transactions with other entities under Government control. Prices for electricity and heat are based on tariffs set by the Federal Service on Tariffs and the regional services on tariffs. Bank loans are provided on the basis of market rates.

Estimate of the important transaction of the Group with other entities under Government control were as follows:

- revenue from transaction with other entities under Government control less than 1% during the six months ended 30 June 2013 of the total amount of revenue (six months ended 30 June 2012: less than 1%)
- operating expenses received from other entities under Government control is approximately 1% during the six months ended 30 June 2013 of total amount of operating expenses received from entities (six months ended 30 June 2011: approximately 3%)

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

	30 June 2013	31 December 2012
Loans and borrowings	(19,115,416)	(18,212,913)

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(d) Transactions with management and close family members

There are no transactions or balances with key management and their close family members, except for remuneration in the form of salary and bonuses.

Compensation is paid to members of the Board of Directors and Top management for their services in full time management positions. The compensation is made up of a contractual salary, non-cash benefits, and performance bonuses depending on results for the period according to Russian statutory financial statements.

Members of the Board of Directors and the Top management of the Group received the following remuneration:

	Six months ended 30 June 2013		Six months ended 30 June 2012	
	Members of Board of Directors	Top management	Members of Board of Directors	Top management
Salaries and bonuses	5,102	71,384	16,746	179,281

Note 13. Commitments

Capital commitments

As at 30 June 2013 the Group has outstanding commitments under contracts for the purchase and construction of property, plant and equipment for RUB 2,743,108 thousand (as at 31 December 2012: RUB 4,597,317 thousand).

Note 14. Contingencies

Insurance

The insurance industry in the Russian Federation is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Group does not have full coverage for its stations, business interruption, or third party liability in respect of property or environmental damage arising from accidents on Group property or relating to Group operations. Until the Group obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Group's operations and financial position.

Legal proceedings

The Group is a party to certain legal proceedings arising in the ordinary course of business. Management believes that it has provided adequately for all Group liabilities based on its assessment of the possible decision on the litigation with counterparties.

Taxation

The taxation system in the Russian Federation continues to evolve and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances a tax year may remain open longer. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive and substance-based position in their interpretation and enforcement of tax legislation.

These circumstances may create tax risks in the Russian Federation that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Russian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

Environmental matters

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

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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.

Note 14. Events subsequent to the reporting date

Material events are not present.