

RUSHYDRO GROUP

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

As at and for the nine months ended 30 September 2014

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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 2014	31 December 2013
ASSETS			
Non-current assets			
Property, plant and equipment	7	674,023	633,846
Investments in associates and joint ventures	13	14,138	30,301
Available-for-sale financial assets		5,040	5,794
Other non-current assets	8	24,139	24,976
Total non-current assets		717,340	694,917
Current assets			
Cash and cash equivalents	9	41,475	34,472
Income tax receivable		2,561	2,679
Accounts receivable and prepayments	10	49,386	45,385
Inventories	11	24,949	21,449
Other current assets	12	42,209	53,144
Total current assets		160,580	157,129
TOTAL ASSETS		877,920	852,046
EQUITY AND LIABILITIES			
Equity			
Share capital	13	386,255	386,255
Treasury shares		(26,092)	(10,662)
Share premium		39,202	39,202
Retained earnings and other reserves		183,599	164,735
Equity attributable to the shareholders of OJSC RusHydro		582,964	579,530
Non-controlling interest		15,699	17,177
TOTAL EQUITY		598,663	596,707
Non-current liabilities			
Deferred income tax liabilities		33,158	31,000
Non-current debt	15	140,960	131,890
Other non-current liabilities		12,222	12,030
Total non-current liabilities		186,340	174,920
Current liabilities			
Current debt and current portion of non-current debt	15	33,697	19,887
Accounts payable and accruals	16	49,465	49,473
Current income tax payable		232	115
Other taxes payable	17	9,523	10,944
Total current liabilities		92,917	80,419
TOTAL LIABILITIES		279,257	255,339
TOTAL EQUITY AND LIABILITIES		877,920	852,046

Chairman of Management Board – General Director

E. V. Dod

Chief Accountant

D. V. Finkel



18 December 2014

RusHydro Group
Condensed Consolidated Interim Income Statement (unaudited)

(in millions of Russian Rubles unless noted otherwise)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2014	2013	2014	2013 (represented)
Revenue	18	67,999	67,148	233,308	225,428
Government grants	19	2,226	1,820	7,833	7,241
Expenses	20	(65,460)	(60,714)	(206,874)	(196,864)
Impairment of property, plant and equipment and loss on remeasurement of net assets of subsidiary acquired exclusively with a view for resale	7	(608)	(1,331)	(2,304)	(1,828)
Impairment of available-for-sale financial assets		(362)	(1,012)	(812)	(7,311)
Impairment of long-term promissory notes		-	(38)	-	(1,594)
Curtailement in pension plan		-	-	-	1,609
Operating profit		3,795	5,873	31,151	26,681
Finance income	21	2,382	2,527	6,019	7,055
Finance costs	21	(2,342)	(1,766)	(6,016)	(6,419)
Loss in respect of associates and joint ventures		(374)	(399)	(344)	(3,735)
Profit before income tax		3,461	6,235	30,810	23,582
Total income tax expense	14	(2,399)	(2,253)	(8,412)	(8,782)
Profit for the period		1,062	3,982	22,398	14,800
Attributable to:					
Shareholders of OJSC RusHydro		2,926	6,033	23,916	15,638
Non-controlling interest		(1,864)	(2,051)	(1,518)	(838)
Earnings per ordinary share attributable to the shareholders of OJSC RusHydro – basic and diluted (in Russian Rubles per share)	22	0.0080	0.0195	0.0640	0.0506
Weighted average number of shares outstanding – basic and diluted (thousands of shares)	22	366,481,592	308,933,768	373,861,635	308,933,768

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

(in millions of Russian Rubles unless noted otherwise)

	Three months ended 30 September		Nine months ended 30 September	
	2014	2013	2014	2013
Profit for the period	1,062	3,982	22,398	14,800
Other comprehensive income, net of tax:				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of pension benefit obligations	-	-	320	211
Other comprehensive income / (loss)	4	-	8	(5)
Total items that will not be reclassified to profit or loss	4	-	328	206
<i>Items that may be reclassified subsequently to profit or loss</i>				
Loss arising on available-for-sale financial assets	(1)	(47)	(5)	(528)
Income / (loss) arising on impaired available-for-sale financial assets	1	(37)	(113)	(220)
Accumulated loss on available-for-sale financial assets recycled to the Income Statement	-	37	103	281
Total items that may be reclassified subsequently to profit or loss	-	(47)	(15)	(467)
Total comprehensive income for the period	1,066	3,935	22,711	14,539
Attributable to:				
Shareholders of OJSC RusHydro	2,930	5,986	24,150	15,265
Non-controlling interest	(1,864)	(2,051)	(1,439)	(726)

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

(in millions of Russian Rubles unless noted otherwise)

	Note	Nine months ended 30 September 2014	Nine months ended 30 September 2013 (represented)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax		30,810	23,582
Depreciation of property, plant and equipment and intangible assets	7, 20	15,484	13,872
(Gain) / loss on disposal of property, plant and equipment, net	20	(65)	531
Loss in respect of associates and joint ventures		344	3,735
Finance income	21	(6,019)	(7,055)
Finance costs	21	6,016	6,419
Impairment of property, plant and equipment and loss on remeasurement of net assets of subsidiary acquired exclusively with a view for resale		2,304	1,828
Impairment of available-for-sale financial assets		812	7,311
Impairment of accounts receivable, net	20	1,821	2,369
Pension expenses		382	309
Impairment of long-term promissory notes		-	1,594
Curtailement in pension plan		-	(1,609)
Other expense / (income)		90	(16)
Operating cash flows before working capital changes, income tax paid and changes in other assets and liabilities		51,979	52,870
Working capital changes:			
(Increase) / decrease in accounts receivable and prepayments		(5,220)	1,872
Increase in inventories		(3,877)	(4,504)
Decrease in accounts payable and accruals		(3,882)	(5,098)
(Decrease) / increase in other taxes payable		(1,551)	1,607
Decrease in other non-current assets		1,003	99
Decrease in other non-current liabilities		(265)	(797)
Income tax paid		(6,076)	(7,902)
Net cash generated by operating activities		32,111	38,147
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(47,878)	(38,618)
Proceeds from sale of property, plant and equipment		87	156
Investment in bank deposits and purchase of other investments		(123,708)	(85,140)
Redemption of bank deposits and proceeds from sale of other investments		134,660	61,627
Purchase of subsidiaries from third parties, net of cash acquired		(86)	-
Contribution to share capital of associates and joint ventures		(70)	(243)
Interest received		5,601	3,960
Proceeds from sale of associate		-	250
Net cash used in investing activities		(31,394)	(58,008)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from current debt	15	64,472	68,702
Proceeds from non-current debt	15	18,304	40,127
Repayment of debt	15	(60,925)	(74,514)
Interest paid		(9,721)	(10,216)
Dividends paid to the shareholders of OJSC RusHydro		(5,102)	(3,678)
Dividends paid by the Group to non-controlling interest holders		(80)	-
Finance lease payments		(715)	(932)
Proceeds from share issue		-	22
Net cash generated by financing activities		6,233	19,511
Foreign exchange gain on cash balances		53	1
Increase / (decrease) in cash and cash equivalents		7,003	(349)
Cash and cash equivalents at the beginning of the period		34,472	39,857
Cash and cash equivalents at the end of the period	9	41,475	39,508

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		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		-	-	-	-	-	(461)	-	-	(461)	(67)	(528)
Loss arising on impaired available-for-sale financial assets		-	-	-	-	-	(220)	-	-	(220)	-	(220)
Accumulated loss on available-for-sale financial assets recycled to the Income Statement		-	-	-	-	-	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	13	-	-	-	(9,234)	-	-	-	2,407	(6,827)	(2,407)	(9,234)
Effect of changes in non-controlling interest	13	-	-	-	-	-	-	-	1,257	1,257	(1,853)	(596)
Dividends	13	-	-	-	-	-	-	-	(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

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 2014		386,255	(10,662)	39,202	(135,075)	198,015	(12)	875	100,932	579,530	17,177	596,707
Profit for the period		-	-	-	-	-	-	-	23,916	23,916	(1,518)	22,398
Loss arising on available-for-sale financial assets		-	-	-	-	-	(5)	-	-	(5)	-	(5)
Loss arising on impaired available-for-sale financial assets		-	-	-	-	-	(113)	-	-	(113)	-	(113)
Accumulated loss on available-for-sale financial assets recycled to the Income Statement		-	-	-	-	-	103	-	-	103	-	103
Remeasurement of pension benefit obligations		-	-	-	-	-	-	241	-	241	79	320
Other comprehensive income		-	-	-	-	-	-	-	8	8	-	8
Total comprehensive income		-	-	-	-	-	(15)	241	23,924	24,150	(1,439)	22,711
Exchange of shares of OJSC Krasnoyarskaya HPP for treasury shares	13	-	(15,430)	-	-	-	-	-	-	(15,430)	-	(15,430)
Dividends	13	-	-	-	-	-	-	-	(5,130)	(5,130)	(80)	(5,210)
Transfer of revaluation reserve to retained earnings		-	-	-	-	(781)	-	-	781	-	-	-
Other movements		-	-	-	-	-	-	-	(156)	(156)	41	(115)
As at 30 September 2014		386,255	(26,092)	39,202	(135,075)	197,234	(27)	1,116	120,351	582,964	15,699	598,663

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 value of 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 Russian economy is particularly sensitive to changes in oil and gas prices.

The legal, tax and regulatory systems continue to develop and are subject to changes, which can occur frequently. The political and economic turmoil witnessed in the region, including the developments in Ukraine, have had and may continue to have a negative impact on the Russian economy, including weakening of the Rouble and making it harder to raise international funding.

The Group has no assets or operations in Ukraine, therefore, these events have no direct impact on the Group. However, there is still uncertainty as to the future economic growth, access to the capital markets and the cost of capital.

A number of sanctions have been introduced against the Russian Federation and Russian officials and their effects are difficult to determine at this stage. In addition, there is a threat that additional sanctions will be introduced. There is a high level of uncertainty and volatility on the financial markets.

These and other events may have a material impact on the Group's operations, its prospective financial position, operational results and business perspectives, and the management is unable to foresee the outcome of such impact at this stage. 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 2014 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 2014 the Russian Federation owned 66.84 percent of the total voting ordinary shares of the Company (31 December 2013: 66.84 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 investment programmes of the Company and several subsidiaries of the Group, 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.

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.

RusHydro Group**Notes to the Condensed Consolidated Interim Financial Information as at and for the nine months ended 30 September 2014 (unaudited)**

(in millions of Russian Rubles unless noted otherwise)

Note 2. Basis of preparation

This Condensed Consolidated Interim Financial Information has been prepared in accordance 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 2013, 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 2013 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 2013 except for income tax which is accrued in the interim periods using the best estimate of the weighted average annual income tax rate that would be applicable to expected total annual profit or loss and new standards and interpretations that are effective from 1 January 2014.

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

Change of comparative data

In November 2013 management made the announcement of the decision not to sell OJSC DRSK. The Condensed Consolidated Interim Income Statement and Condensed Consolidated Interim Statement of Cash Flows for the nine months ended 30 September 2013 are presented as if OJSC DRSK was classified as a part of continuing operations.

The changes to the figures of Group's Condensed Consolidated Interim Income Statement and Condensed Consolidated Interim Statement of Cash Flows for the nine months ended 30 September 2013 are provided below:

	Nine months ended 30 September 2013 (as reported)	Reclassification of OJSC DRSK	Nine months ended 30 September 2013 (represented)
Revenue	222,646	2,782	225,428
Expenses	(194,604)	(2,260)	(196,864)
Impairment of property, plant and equipment and loss on remeasurement of net assets of subsidiary acquired exclusively with a view for resale	(583)	(1,245)	(1,828)
Operating profit	27,404	(723)	26,681
Finance income / (costs), net	1,056	(420)	636
Profit before income tax	24,725	(1,143)	23,582
Total income tax expense	(8,811)	29	(8,782)
Profit for the period from continuing operations	15,914	(1,114)	14,800
Loss for the period from discontinued operations	(1,114)	1,114	-
Profit for the period	14,800	-	14,800
Net cash generated by operating activities	36,764	1,383	38,147
Net cash used in investing activities	(57,686)	(322)	(58,008)
Net cash generated by financing activities	20,455	(944)	19,511

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 2013 with the exception of changes in estimates that are required in determining the estimate weighted average annual income tax rate (Note 14) and discount rate for pension benefit obligations.

Discount rate. Principal actuarial assumptions used in determining pension benefit obligations as at 30 September 2014 remained unchanged in comparison with 31 December 2013 except for the discount rate which increased from 7.9 percent as at 31 December 2013 to 8.3 percent as at 30 September 2014.

New standards and interpretations

The Group has adopted all new standards and interpretations that were effective from 1 January 2014. The impact of the adoption of these new standards and interpretations has not been significant with respect to this Condensed Consolidated Interim Financial Information.

Certain new standards, interpretations and amendments to standards and interpretations, as disclosed in the Consolidated Financial Statements as at and for the year ended 31 December 2013, have been issued but are not effective for the financial year beginning 1 January 2014 and which the Group has not early adopted.

In addition, the following new amendments to standards have been issued in 2014 and are effective for annual periods beginning on or after 1 January 2016 and which the Group has not early adopted:

Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 (issued on 6 May 2014 and effective for the periods beginning on or after 1 January 2016). This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business.

Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38 (issued on 12 May 2014 and effective for the periods beginning on or after 1 January 2016). In this amendment, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

IFRS 15, Revenue from Contracts with Customers (issued on 28 May 2014 and effective for the periods beginning on or after 1 January 2017). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed.

IFRS 9, Financial Instruments: Classification and Measurement (issued on 24 July 2014 and effective for annual periods beginning on or after 1 January 2018). Key features of the new standard are:

- Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).
- Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.
- Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.
- Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.
- IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an

RusHydro Group

Notes to the Condensed Consolidated Interim Financial Information as at and for the nine months ended 30 September 2014 (unaudited)

(in millions of Russian Rubles unless noted otherwise)

immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.

- Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after 1 January 2016). These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary.

Annual Improvements to IFRSs 2014 (issued on 25 September 2014 and effective for annual periods beginning on or after 1 January 2016). IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, was amended to clarify that change in the manner of disposal (reclassification from "held for sale" to "held for distribution" or vice versa) does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. The amendment to IFRS 7 adds guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement for the purposes of disclosures required by IFRS 7. The amendment also clarifies that the offsetting disclosures of IFRS 7 are not specifically required for all interim periods, unless required by IAS 34. The amendment to IAS 19 clarifies that the high quality corporate and government bonds used to determine the discount rate for post-employment benefit obligations are required to be denominated in the same currency as the pension liabilities. IAS 34 will require a cross reference from the interim financial statements to the location of "information disclosed elsewhere in the interim financial report".

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

Note 4. Principal subsidiaries

All principal subsidiaries are incorporated and operate in the Russian Federation. Differences between the ownership interest and voting interest held by some subsidiaries represent the effect of preference shares and / or effects of indirect ownership, or non-corporate partnership (LLC).

The Group operates in the three main reportable segments one of which is presented by the Group's parent company – OJSC RusHydro (Note 5). The principal subsidiaries are presented below according to their allocation to the reportable segments as at 30 September 2014 and 31 December 2013.

ESC RusHydro subgroup segment

ESC RusHydro subgroup segment includes the Group's subsidiaries which sell 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 2014		31 December 2013	
	% of ownership	% of voting	% of ownership	% of voting
OJSC ESC RusHydro	100.00%	100.00%	100.00%	100.00%
OJSC Krasnoyarskenergosbyt	65.81%	65.81%	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 subgroup segment consists of OJSC RAO Energy System of East and its subsidiaries that generate, distribute and sell electricity and heat in the Far East region of the Russian Federation and render transportation, construction, repair and other services.

RusHydro Group

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(in millions of Russian Rubles unless noted otherwise)

Principal subsidiaries of this segment are presented below:

	30 September 2014		31 December 2013	
	% of ownership	% of voting	% of ownership	% of voting
OJSC RAO Energy System of East*	85.92%	86.20%	85.92%	86.20%
OJSC DEK	44.92%	52.17%	44.92%	52.17%
OJSC DGK	44.92%	100.00%	44.92%	100.00%
OJSC DRSK	44.92%	100.00%	44.92%	100.00%
OJSC Kamchatskenergo	84.83%	98.74%	84.83%	98.74%
OJSC Magadanenergo**	42.10%	49.00%	42.10%	64.39%
OJSC Sakhalinenergo	47.72%	55.55%	47.72%	55.55%
OJSC Yakutskenergo	72.21%	79.16%	72.21%	79.16%

* 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.

** Control over OJSC Magadanenergo is achieved by the majority of votes on the shareholders meeting.

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.

Principal subsidiaries included in all other segments are presented below:

	30 September 2014		31 December 2013	
	% of ownership	% of voting	% of ownership	% of voting
OJSC VNIIG	100.00%	100.00%	100.00%	100.00%
OJSC Geotherm	99.65%	99.65%	99.65%	99.65%
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	99.75%	99.75%	98.35%	98.35%
OJSC Institute Hydroproject	100.00%	100.00%	100.00%	100.00%
OJSC Kolimaenergo	98.76%	98.76%	98.76%	98.76%
OJSC Lenhydroproject	100.00%	100.00%	100.00%	100.00%
OJSC NIIES	100.00%	100.00%	100.00%	100.00%
OJSC Sulak GidroKaskad	100.00%	100.00%	100.00%	100.00%
OJSC Ust'-Srednekangesstroy	98.76%	100.00%	98.76%	100.00%
OJSC Ust'-Srednekanskaya HPP	99.43%	100.00%	99.43%	100.00%
OJSC Chirkeigesstroy	100.00%	100.00%	100.00%	100.00%
OJSC ESCO UES	100.00%	100.00%	100.00%	100.00%

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.

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.

RusHydro Group

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(in millions of Russian Rubles unless noted otherwise)

Management of operating activities of segments is performed with direct participation of individual segment managers accountable to the CODM. Segment managers on a regular basis submit for approval to the CODM results of operating activities and financial performance of segments. The CODM approves the annual business plan at the level of reportable segments as well as analyses actual financial performance of segments. Management bears responsibility for execution of approved plan and management of operating activities at the level of segments.

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 and loss on remeasurement of net assets of subsidiary acquired exclusively with a view for resale, impairment of available-for-sale financial assets, accounts receivable, long-term promissory notes, 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 three and nine months ended 30 September 2014 and 30 September 2013 and as at 30 September 2014 and 31 December 2013 is presented below:

RusHydro Group

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(in millions of Russian Rubles unless noted otherwise)

Three months ended 30 September 2014	OJSC RusHydro	ESC RusHydro subgroup	RAO Energy System of East subgroup	Other segments	Total segments	Unallocated adjustments and intercompany operations	TOTAL
Revenue	23,715	17,325	26,898	4,432	72,370	(4,371)	67,999
<i>including:</i>							
<i>from external companies</i>	21,602	17,321	26,864	2,212	67,999	-	67,999
<i>sales of electricity</i>	15,683	17,103	19,568	70	52,424	-	52,424
<i>sales of heat and hot water sales</i>	12	-	2,590	2	2,604	-	2,604
<i>sales of capacity</i>	5,656	-	1,178	77	6,911	-	6,911
<i>other revenue</i>	251	218	3,528	2,063	6,060	-	6,060
<i>from intercompany operations</i>	2,113	4	34	2,220	4,371	(4,371)	-
Government grants	-	-	2,217	9	2,226	-	2,226
Expenses (excluding depreciation and other non-monetary items)	(11,371)	(17,050)	(31,538)	(4,039)	(63,998)	3,898	(60,100)
EBITDA	12,344	275	(2,423)	402	10,598	(473)	10,125
Depreciation of property, plant and equipment and intangible assets	(2,784)	(172)	(1,708)	(414)	(5,078)	1	(5,077)
Other non-monetary items of expenses	(2,033)	650	158	(33)	(1,258)	5	(1,253)
<i>including:</i>							
<i>impairment of property, plant and equipment</i>	(608)	-	-	-	(608)	-	(608)
<i>(impairment) / reversal of impairment of accounts receivable, net</i>	(1,091)	648	134	(66)	(375)	-	(375)
<i>impairment of available-for-sale financial assets</i>	(360)	-	(2)	-	(362)	-	(362)
<i>gain on disposal of property, plant and equipment, net</i>	26	2	26	33	87	5	92
Operating profit / (loss)	7,527	753	(3,973)	(45)	4,262	(467)	3,795
Finance income							2,382
Finance costs							(2,342)
Loss in respect of associates and joint ventures							(374)
Profit before income tax							3,461
Total income tax expense							(2,399)
Profit for the period							1,062
Capital expenditure	10,983	47	5,622	10,618	27,270	(2,190)	25,080

RusHydro Group

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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
Three months ended 30 September 2013							
Revenue	24,187	16,689	26,262	4,163	71,301	(4,153)	67,148
<i>including:</i>							
<i>from external companies</i>	22,482	16,683	26,240	1,743	67,148	-	67,148
<i>sales of electricity</i>	17,253	16,025	18,604	59	51,941	-	51,941
<i>sales heat and hot water sales</i>	12	-	2,647	1	2,660	-	2,660
<i>sales of capacity</i>	5,127	-	807	67	6,001	-	6,001
<i>other revenue</i>	90	658	4,182	1,616	6,546	-	6,546
<i>from other segments</i>	1,705	6	22	2,420	4,153	(4,153)	-
Government grants	-	-	1,818	2	1,820	-	1,820
Expenses (excluding depreciation and other non-monetary items)	(9,699)	(16,657)	(29,035)	(4,257)	(59,648)	4,177	(55,471)
EBITDA	14,488	32	(955)	(92)	13,473	24	13,497
Depreciation of property, plant and equipment and intangible assets	(2,998)	(167)	(1,244)	(259)	(4,668)	-	(4,668)
Other non-monetary items of expenses	(1,751)	(284)	(810)	(111)	(2,956)	-	(2,956)
<i>including:</i>							
<i>impairment of property, plant and equipment and loss on remeasurement of net assets of subsidiary acquired exclusively with a view for resale</i>	(197)	-	(1,134)	-	(1,331)	-	(1,331)
<i>impairment of long-term promissory notes</i>	(38)	-	-	-	(38)	-	(38)
<i>(impairment) / reversal of impairment of accounts receivable, net</i>	(289)	(283)	219	(52)	(405)	-	(405)
<i>impairment of available-for-sale financial assets</i>	(1,012)	-	-	-	(1,012)	-	(1,012)
<i>(loss) / gain on disposal of property, plant and equipment, net</i>	(215)	(1)	105	(59)	(170)	-	(170)
Operating profit / (loss)	9,739	(419)	(3,009)	(462)	5,849	24	5,873
Finance income							2,527
Finance costs							(1,766)
Loss in respect of associates and joint ventures							(399)
Profit before income tax							6,235
Total income tax expense							(2,253)
Profit for the period							3,982
Capital expenditure	15,238	38	3,737	5,663	24,676	(6,049)	18,627

RusHydro Group

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(in millions of Russian Rubles unless noted otherwise)

Nine months ended 30 September 2014	OJSC RusHydro	ESC RusHydro subgroup	RAO Energy System of East subgroup	Other segments	Total segments	Unallocated adjustments and intercompany operations	TOTAL
Revenue	75,148	58,117	101,950	10,581	245,796	(12,488)	233,308
<i>including:</i>							
<i>from external companies</i>	68,041	58,103	101,785	5,379	233,308	-	233,308
<i>sales of electricity</i>	49,897	57,474	64,721	234	172,326	-	172,326
<i>sales of heat and hot water sales</i>	90	-	22,132	2	22,224	-	22,224
<i>sales of capacity</i>	16,745	-	3,184	205	20,134	-	20,134
<i>other revenue</i>	1,309	629	11,748	4,938	18,624	-	18,624
<i>from intercompany operations</i>	7,107	14	165	5,202	12,488	(12,488)	-
Government grants	-	-	7,824	9	7,833	-	7,833
Expenses (excluding depreciation and other non-monetary items)	(29,153)	(57,151)	(103,509)	(10,581)	(200,394)	10,760	(189,634)
EBITDA	45,995	966	6,265	9	53,235	(1,728)	51,507
Depreciation of property, plant and equipment and intangible assets	(8,499)	(517)	(5,473)	(996)	(15,485)	1	(15,484)
Other non-monetary items of expenses	(4,202)	(34)	(600)	(41)	(4,877)	5	(4,872)
<i>including:</i>							
<i>impairment of property, plant and equipment</i>	(2,304)	-	-	-	(2,304)	-	(2,304)
<i>impairment of impairment of accounts receivable, net</i>	(1,252)	(40)	(484)	(45)	(1,821)	-	(1,821)
<i>impairment of available-for-sale financial assets</i>	(748)	-	(64)	-	(812)	-	(812)
<i>gain / (loss) on disposal of property, plant and equipment, net</i>	102	6	(52)	4	60	5	65
Operating profit / (loss)	33,294	415	192	(1,028)	32,873	(1,722)	31,151
Finance income							6,019
Finance costs							(6,016)
Loss in respect of associates and joint ventures							(344)
Profit before income tax							30,810
Total income tax expense							(8,412)
Profit for the period							22,398
Capital expenditure	27,219	72	11,328	23,610	62,229	(3,539)	58,690
30 September 2014							
Non-current and current debt	105,489	3,332	62,665	3,171	174,657	-	174,657

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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							
Revenue	73,835	56,959	96,695	9,895	237,384	(11,956)	225,428
<i>including:</i>							
<i>from external companies</i>	67,246	56,947	96,431	4,804	225,428	-	225,428
<i>sales of electricity</i>	50,385	55,925	61,491	209	168,010	-	168,010
<i>sales heat and hot water sales</i>	94	-	21,891	2	21,987	-	21,987
<i>sales of capacity</i>	16,534	-	2,192	145	18,871	-	18,871
<i>other revenue</i>	233	1,022	10,857	4,448	16,560	-	16,560
<i>from other segments</i>	6,589	12	264	5,091	11,956	(11,956)	-
Government grants	-	-	7,226	15	7,241	-	7,241
Expenses (excluding depreciation and other non-monetary items)	(25,770)	(56,918)	(98,155)	(9,799)	(190,642)	10,550	(180,092)
EBITDA	48,065	41	5,766	111	53,983	(1,406)	52,577
Depreciation of property, plant and equipment and intangible assets	(8,972)	(497)	(3,688)	(703)	(13,860)	(12)	(13,872)
Other non-monetary items of expenses	(11,198)	(643)	45	(228)	(12,024)	-	(12,024)
<i>including:</i>							
<i>impairment of property, plant and equipment and loss on remeasurement of net assets of subsidiary acquired exclusively with a view for resale</i>	(583)	-	(1,245)	-	(1,828)	-	(1,828)
<i>impairment of long-term promissory notes</i>	(1,594)	-	-	-	(1,594)	-	(1,594)
<i>impairment of accounts receivable, net</i>	(1,269)	(648)	(373)	(79)	(2,369)	-	(2,369)
<i>impairment of available-for-sale financial assets</i>	(7,311)	-	-	-	(7,311)	-	(7,311)
<i>(loss) / gain on disposal of property, plant and equipment, net curtailment in pension plan</i>	(441)	5	54	(149)	(531)	-	(531)
	-	-	1,609	-	1,609	-	1,609
Operating profit / (loss)	27,895	(1,099)	2,123	(820)	28,099	(1,418)	26,681
Finance income							7,055
Finance costs							(6,419)
Loss in respect of associates and joint ventures							(3,735)
Profit before income tax							23,582
Total income tax expense							(8,782)
Profit for the period							14,800
Capital expenditure	24,813	119	8,983	15,397	49,312	(3,841)	45,471
31 December 2013							
Non-current and current debt	102,576	2,196	44,492	2,513	151,777	-	151,777

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Note 6. Related party transactions

Parties are generally considered to be related if the parties 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. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The Group's principal related parties for the nine months ended 30 September 2014 were joint ventures, associates of the Group and government-related entities.

Joint ventures

The Group had the following balances with its joint ventures:

	30 September 2014	31 December 2013
Promissory notes	5,083	4,741
Loans issued	869	533

The Group had the following transactions with its joint ventures:

	Three months ended 30 September		Nine months ended 30 September	
	2014	2013	2014	2013
Sales of electricity and capacity	14	18	96	123
Other revenue	97	178	344	680
Purchased electricity and capacity	231	103	731	121

Associates

The Group had the following balances with its associates:

	30 September 2014	31 December 2013
Trade and other receivables	188	198
Accounts payable	193	26

The Group had the following transactions with its associates:

	Three months ended 30 September		Nine months ended 30 September	
	2014	2013	2014	2013
Sales of electricity and capacity	224	220	1,930	1,403
Other revenue	122	208	199	528
Purchased electricity and capacity	13	68	156	254
Services of subcontracting companies	60	1,027	199	3,196

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 2014 and 30 September 2013 and balances outstanding as at 30 September 2014 and 31 December 2013 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 30 percent of total sales of electricity, capacity and heat for the nine months ended 30 September 2014 (for the nine months ended 30 September 2013: approximately 23 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 and electricity and heating supply tariffs in non-pricing zone of the Far East are approved by FTS and by regional regulatory authorities of the Russian Federation. On DAM the price is determined by balancing the demand and supply and such price is applied to all market participants.

The Group's purchases of electricity, capacity and fuel from government-related entities comprised approximately 20 percent of total expenses on purchased electricity, capacity and fuel for the nine months ended 30 September 2014 (for the nine months ended 30 September 2013: approximately 26 percent).

RusHydro Group

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(in millions of Russian Rubles unless noted otherwise)

Electricity distribution services provided to the Group by government-related entities comprised approximately 60 percent of total electricity distribution expenses for the nine months ended 30 September 2014 (for the nine months ended 30 September 2013: approximately 52 percent). The distribution of electricity is subject to tariff regulations.

Key management of the Group. Key management of the Group includes members of the Board of Directors of the Company, members of the Management Board of the Company, key management of subsidiaries of RAO Energy System of East subgroup segment 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 2014 comprised RR 1,844 million (for the nine months ended 30 September 2013: RR 1,282 million). Short-term remuneration paid to the key management of the Group for the three months ended 30 September 2014 comprised RR 488 million (for the three months ended 30 September 2013: RR 292 million).

RusHydro Group
Notes to the Condensed Consolidated Interim Financial Information as at and for the nine months ended 30 September 2014 (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 2013	78,712	377,429	191,377	214,999	14,620	877,137
Reclassification	(310)	(2,731)	(1,636)	4,690	(13)	-
Additions	123	97	304	57,119	1,047	58,690
Transfers	957	2,528	23,379	(26,993)	129	-
Disposals and write-offs	(164)	(117)	(1,265)	(239)	(318)	(2,103)
Closing balance as at 30 September 2014	79,318	377,206	212,159	249,576	15,465	933,724
Accumulated depreciation (including impairment)						
Opening balance as at 31 December 2013	(27,139)	(108,005)	(75,665)	(26,904)	(5,578)	(243,291)
Impairment charge	(7)	(1)	(84)	(2,210)	(2)	(2,304)
Charge for the period	(1,277)	(5,532)	(7,252)	-	(1,329)	(15,390)
Transfers	(255)	(124)	(1,436)	1,816	(1)	-
Disposals and write-offs	102	48	861	4	269	1,284
Closing balance as at 30 September 2014	(28,576)	(113,614)	(83,576)	(27,294)	(6,641)	(259,701)
Net book value as at 30 September 2014	50,742	263,592	128,583	222,282	8,824	674,023
Net book value as at 31 December 2013	51,573	269,424	115,712	188,095	9,042	633,846
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

As at 30 September 2014 included in the net book value of the property, plant and equipment are office buildings and plots of land owned by the Group in the amount of RR 7,942 million (31 December 2013: RR 8,014 million) which are stated at cost.

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 2013 were identified as a result of this analysis.

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Basing on the same assumptions the Group continued to recognise impairment loss in the amount of RR 2,304 million for the nine months ended 30 September 2014 in respect of additions of property, plant and equipment related to cash-generating units impaired in previous periods (for the nine months ended 30 September 2013: RR 583 million).

Note 8. Other non-current assets

	30 September 2014	31 December 2013
Long-term promissory notes	36,888	36,690
Discount	(16,910)	(17,021)
Impairment provision	(14,025)	(14,025)
Long-term promissory notes, net	5,953	5,644
Dams of Bratskaya, Ust'-Ilimskaya and Irkutskaya HPPs	5,502	5,573
VAT recoverable	3,866	5,381
Customer base of LLC ESC Bashkortostan	1,247	1,662
Goodwill	929	929
Other non-current assets	6,642	5,787
Total other non-current assets	24,139	24,976

Note 9. Cash and cash equivalents

	30 September 2014	31 December 2013
Cash at bank	20,550	10,744
Cash equivalents	20,892	23,712
Cash in hand	33	16
Total cash and cash equivalents	41,475	34,472

Cash equivalents held as at 30 September 2014 and 31 December 2013 comprised short-term bank deposits with original maturities of three months or less.

Note 10. Accounts receivable and prepayments

	30 September 2014	31 December 2013
Trade receivables	48,266	45,716
Provision for impairment of trade receivables	(16,660)	(15,374)
Trade receivables, net	31,606	30,342
VAT recoverable	8,255	8,059
Advances to suppliers and other prepayments	5,744	4,612
Provision for impairment of advances to suppliers and other prepayments	(490)	(460)
Advances to suppliers and other prepayments, net	5,254	4,152
Other receivables	6,846	5,350
Provision for impairment of other receivables	(2,575)	(2,518)
Other receivables, net	(4,271)	2,832
Total accounts receivable and prepayments	49,386	45,385

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

Note 11. Inventories

	30 September 2014	31 December 2013
Fuel	15,062	13,329
Materials and supplies	7,493	6,249
Spare parts	1,986	1,524
Other materials	585	536
Total inventories before provision for impairment	25,126	21,638
Provision for impairment of inventories	(177)	(189)
Total inventories	24,949	21,449

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(in millions of Russian Rubles unless noted otherwise)

Note 12. Other current assets

	30 September 2014	31 December 2013
Deposits and promissory notes	41,175	52,406
Other short-term investments	1,034	738
Total other current assets	42,209	53,144

Note 13. Equity

	Number of issued ordinary shares (Par value of RR 1.00)
As at 30 September 2014	386,255,464,890
As at 31 December 2013	386,255,464,890
As at 30 September 2013	317,637,520,094
As at 31 December 2012	317,637,520,094

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.

As part of this issue the Group received:

- in 2012 the funds in amount RR 50,000 million from the Russian Federation to fund construction of four heat power plants in the Far East region;
- in 2013 19.54 percent shares of OJSC RAO Energy System of East, 24.54 percent shares of OJSC SEC, 14.83 percent shares of OJSC Ust'-Srednekanskaya HPP, 42.75 percent shares of OJSC IENC, 0.08 percent shares of OJSC Irkutskenergo.

68,617,944,796 shares were actually placed as a result of the issue, which represents 62.38 percent of the additional issue's total number of securities.

As at 31 December 2013 share capital of the Company was increased due to registration of the Report based on the results of additional issue of shares on 26 December 2013.

Treasury shares. As at 30 September 2013 treasury shares were represented by 21,786,611,933 ordinary shares in the amount of RR 26,092 million (31 December 2013: 8,703,807,839 ordinary shares in the amount of RR 10,662 million).

In July 2014 3.39 percent of treasury shares were received by the Group's subsidiary OJSC HydroInvest from OJSC EuroSibEnergo in exchange of 25 percent minus 1 share of OJSC Krasnoyarskaya HPP.

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

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 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.

Dividends. On 27 June 2014 the Company declared dividends for the year ended 31 December 2013 of RR 0.0136 per share in the total amount of RR 5,130 million.

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.

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Dividends in favour of non-controlling interest holders were declared by the Group's subsidiaries in the amount of RR 80 million for the nine months ended 30 September 2014 (for the nine months ended 30 September 2013: RR 160 million).

Note 14. 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 2014 was 27 percent (for the nine months ended 30 September 2013: 37 percent).

The higher estimated average annual effective income tax rate used for the nine months ended 30 September 2013 was mainly due to the effects of assets impairment.

	Three months ended 30 September		Nine months ended 30 September	
	2014	2013	2014	2013 (represented)
Current income tax expense	1,463	2,082	6,312	8,003
Deferred income tax expense	936	171	2,100	779
Total income tax expense	2,399	2,253	8,412	8,782

Note 15. Current and non-current debt*Non-current debt*

	Due date	30 September 2014	31 December 2013
OJSC Sberbank of Russia	2014–2022	49,237	46,295
Eurobonds (RusHydro Finance Ltd)	2015	20,657	20,254
Russian bonds (OJSC RusHydro) issued in February 2013	2018*	20,199	20,478
EBRD	2014–2027	16,553	14,971
Russian bonds (OJSC RusHydro) issued in April 2011	2016*	15,528	15,225
OJSC Bank of Moscow	2015	7,721	7,700
OJSC VTB Bank	2018	4,521	4,500
OJSC ROSBANK	2014–2016	4,446	1,558
UniCredit Bank Austria AG	2017–2026	3,357	2,523
Municipal authority of Kamchatka region	2034	2,004	1,572
OJSC Gazprombank	2014–2016	1,561	1,997
EM Falcon Ltd	-	-	1,517
Other long-term debt	-	1,763	1,282
Finance lease liabilities	-	1,554	2,082
Total		149,101	141,954
Less current portion of non-current debt		(7,316)	(9,057)
Less current portion of finance lease liabilities		(825)	(1,007)
Total non-current debt		140,960	131,890

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

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(in millions of Russian Rubles unless noted otherwise)

Current debt

	30 September 2014	31 December 2013
OJSC Sberbank of Russia	6,833	2,350
OJSC ROSBANK	6,454	3,419
OJSC Gazprombank	5,577	2,323
OJSC VTB Bank	3,911	950
OJSC Alfa-Bank	851	-
Current portion of non-current debt	7,316	9,057
Current portion of finance lease liabilities	825	1,007
Other current debt	1,930	781
Total current debt and current portion of non-current debt	33,697	19,887

Reference:

Interest payable	2,312	1,768
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Liquidity risk. Management of the Group plans to repay the debt both from own funds and attracting external financing. The Group has a positive credit history, deals with large-sized credit institutions including government-related banks and has access to capital markets.

Compliance with covenants. The Group is subject to certain covenants related primarily to its debt. As at 30 September 2014 and 31 December 2013 the Group met all required covenant clauses of the credit agreements.

Note 16. Accounts payable and accruals

	30 September 2014	31 December 2013
Trade payables	31,091	30,968
Advances received	7,426	8,869
Settlements with employees	7,099	6,933
Dividends payable	113	85
Other accounts payable	3,736	2,618
Total accounts payable and accruals	49,465	49,473

All accounts payable and accruals are denominated in Russian Rubles.

Note 17. Other taxes payable

	30 September 2014	31 December 2013
VAT	4,054	5,982
Property tax	2,647	2,412
Insurance contributions	2,083	1,937
Other taxes	739	613
Total other taxes payable	9,523	10,944

Note 18. Revenue

	Three months ended		Nine months ended	
	30 September		30 September	
	2014	2013	2014	2013 (represented)
Sales of electricity	52,424	51,941	172,326	168,010
Sales of heat and hot water	2,604	2,660	22,224	21,987
Sales of capacity	6,911	6,001	20,134	18,871
Other revenue	6,060	6,546	18,624	16,560
Total revenue	67,999	67,148	233,308	225,428

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

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Note 19. Government grants

In accordance with legislation of the Russian Federation, several companies of the Group are entitled to government subsidies for compensation of 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 2014 the Group received government subsidies in the amount of RR 7,833 million (for the nine months ended 30 September 2013: RR 7,241 million). During the three months ended 30 September 2014 the Group received government subsidies in amount of RR 2,226 million (for the three months ended 30 September 2013: RR 1,820 million). The subsidies were received in the following territories: Kamchatka territory, Republic of Sakha (Yakutiya), Magadan region and other Far East regions.

Note 20. Expenses

	Three months ended 30 September		Nine months ended 30 September	
	2014	2013	2014	2013 (represented)
Employee benefit expenses (including payroll taxes and pension benefit expenses)	15,735	13,388	47,446	41,344
Purchased electricity and capacity	12,348	12,266	39,164	40,368
Fuel expenses	7,128	6,941	31,228	31,273
Electricity distribution expenses	8,682	8,484	29,827	27,215
Depreciation of property, plant and equipment and intangible assets	5,077	4,668	15,484	13,872
Other materials	3,559	3,251	8,171	7,307
Taxes other than on income	2,235	2,127	6,671	7,517
Third parties services, including:				
Services of SO UES, ATS, CFS	890	893	2,694	2,578
Services of subcontracting companies	1,189	1,110	2,347	3,072
Security expenses	858	712	2,347	2,066
Repairs and maintenance	1,008	1,077	2,187	2,199
Purchase and transportation of heat power	545	472	2,055	1,948
Consulting, legal and information expenses	655	454	1,564	1,100
Rent	434	472	1,374	1,445
Transportation expenses	656	244	1,246	857
Insurance cost	343	280	964	827
Other third parties services	1,123	990	3,784	3,214
Water usage expenses	694	631	2,062	2,037
Accrual of impairment of accounts receivable, net	375	405	1,821	2,369
Social charges	981	768	1,710	1,608
Purchase of oil products for sale	37	-	280	113
(Gain) / loss on disposal of property, plant and equipment, net	(92)	170	(65)	531
Other expenses	1,000	911	2,513	2,004
Total expenses	65,460	60,714	206,874	196,864

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Note 21. Finance income, costs

	Three months ended 30 September		Nine months ended 30 September	
	2014	2013	2014	2013 (represented)
<i>Finance income</i>				
Interest income	1,988	2,100	5,386	6,129
Foreign exchange gain	329	(10)	372	214
Income on discounting	3	485	70	572
Other income	62	(48)	191	140
Total finance income	2,382	2,527	6,019	7,055
<i>Finance costs</i>				
Interest expense	(1,343)	(1,676)	(3,806)	(5,095)
Foreign exchange loss	(526)	(57)	(625)	(333)
Expense on discounting	(189)	2	(558)	(433)
Finance lease expense	(70)	(49)	(160)	(239)
Other costs	(214)	14	(867)	(319)
Total finance costs	(2,342)	(1,766)	(6,016)	(6,419)

Note 22. Earnings per share

	Three months ended 30 September		Nine months ended 30 September	
	2014	2013	2014	2013
Weighted average number of ordinary shares issued (thousands of shares)	366,481,592	308,933,768	373,861,635	308,933,768
Profit for the period attributable to the shareholders of OJSC RusHydro	2,926	6,033	23,916	15,638
Earnings per share attributable to the shareholders of OJSC RusHydro – basic and diluted (in Russian Rubles per share)	0.0080	0.0195	0.0640	0.0506

Note 23. Capital commitments

In accordance with approved investment programme of the Company dated 24 September 2013 and approved separate investment programmes of subsidiaries of RAO Energy System of East subgroup segment, the Group has to invest RR 324,878 million for the period 2014–2016 for reconstruction of the existing and construction of new power plants (RR 283,687 million for the period 2013–2015).

Capital commitments of the Group as at 30 September 2014 are as follows: 2014 year – RR 58,491 million, 2015 year – RR 115,934 million, 2016 year – RR 87,355 million.

Future capital expenditures are mainly related to reconstruction of equipment of power plants: Saratovskaya HPP in the amount of RR 16,251 million, Zhigulevskaya HPP in the amount of RR 14,397 million, Volzhskaya HPP in the amount of RR 10,390 million; and to construction of power plants: Nizhne-Bureiskaya HPP in the amount of RR 19,691 million, Sakhalin GRES-2 in the amount of RR 14,383 million, HPP in Sovetskaya Gavan in the amount of RR 11,622 million, Yakutskaya GRES-2 in the amount of RR 10,966 million.

Note 24. Contingencies

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.

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.

RusHydro Group

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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.

Management believes that as at 30 September 2014 its interpretation of the relevant legislation was appropriate and the Group's tax, currency and customs positions would be sustained.

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 2014 the Group's entities had controlled transactions and transactions which highly probably will be considered by tax authorities to be controlled based on the results of the period.

The Group's management believe that prices applied by the Group's entities during the nine months ended 30 September 2014 and previous years are consistent with market levels and the Group has implemented internal control procedures to meet the new transfer pricing requirements.

Due to the specifics of the Russian transfer pricing rules, the outcome of any disputes with tax authorities over applied prices cannot be estimated reliably but may have a material effect on the Group's financial results and operations.

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 other accounts payable and comprised RR 689 million as at 30 September 2014 (31 December 2013: RR 693 million).

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

Guarantees. The Group has issued guarantees for CJSC Boguchansky Aluminium Plant in favour of its suppliers for future equipment deliveries and for OJSC Boguchanskaya HPP in favour of the State Corporation Vnesheconombank for the loan agreement concluded in December 2010:

Counterparty	30 September 2014	31 December 2013
<i>for OJSC Boguchanskaya HPP:</i>		
State Corporation Vnesheconombank	28,098	25,605
<i>for CJSC Boguchansky Aluminium Plant:</i>		
ALSTOM Grid SAS	-	82
Total guarantees issued	28,098	25,687

Note 25. Financial instruments and financial risk management

Financial risks. The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

These condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2013.

There have been no changes in any risk management policies during the nine months ended 30 September 2014.

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Presentation of financial instruments by measurement category. The following table provides a reconciliation of classes of financial assets with the measurement categories of IAS,39 Financial instruments: Recognition and Measurement as at 30 September 2014 and 31 December 2013:

As at 30 September 2014	Loans and receivables	Available-for-sale financial assets	Total
Assets			
Other non-current assets (Note 8)	6,176	-	6,176
Promissory notes	5,953	-	5,953
Deposits	47	-	47
Long-term loans receivable	176	-	176
Available-for-sale financial assets	-	5,040	5,040
Trade and other receivables (Note 10)	35,007	-	35,007
Trade receivables	31,606	-	31,606
Promissory notes receivable	138	-	138
Other financial receivables	3,263	-	3,263
Other current assets (Note 12)	41,175	-	41,175
Promissory notes and deposits	41,175	-	41,175
Cash and cash equivalents (Note 9)	41,475	-	41,475
Total financial assets	123,834	5,040	128,874
Non-financial assets			749,047
Total assets			877,920
As at 31 December 2013			
Assets			
Other non-current assets (Note 8)	5,878	-	5,878
Promissory notes	5,644	-	5,644
Deposits	38	-	38
Long-term loans receivable	196	-	196
Available-for-sale financial assets	-	5,794	5,794
Trade and other receivables (Note 10)	32,511	-	32,511
Trade receivables	30,342	-	30,342
Promissory notes receivable	1	-	1
Other financial receivables	2,168	-	2,168
Other current assets (Note 12)	52,406	-	52,406
Promissory notes and deposits	52,406	-	52,406
Cash and cash equivalents (Note 9)	34,472	-	34,472
Total financial assets	125,267	5,794	131,061
Non-financial assets			720,985
Total assets			852,046

All financial liabilities of the Group are carried at amortised cost. Financial liabilities are represented mainly by the current and non-current debt (Note 15), trade payables and other accounts payable (Note 16).

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Note 26. Fair value of assets and liabilities**a) Recurring fair value measurements**

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period.

The level in the fair value hierarchy into which the recurring fair value measurements are categorised are as follows:

30 September 2014	Level 1	Level 2	Level 3	Total
Financial assets				
Available-for-sale financial assets	4,968	-	72	5,040
Non-financial assets				
Property, plant and equipment (except for construction in progress, office buildings and land)	-	-	443,799	443,799
Total assets recurring fair value measurements	4,968	-	443,871	448,839
31 December 2013				
Financial assets				
Available-for-sale financial assets	5,766	-	28	5,794
Non-financial assets				
Property, plant and equipment (except for construction in progress, office buildings and land)	-	-	437,737	437,737
Total assets recurring fair value measurements	5,766	-	437,765	443,531

The Group had no liabilities measured at fair value as at 30 September 2014 and 31 December 2013.

There were no changes in valuation techniques, inputs and assumptions for recurring fair value measurements during the nine months ended 30 September 2014.

b) Assets and liabilities not measured at fair value but for which fair value is disclosed

Financial assets carried at amortised cost. The Group considers that the fair value of cash, short-term deposits and accounts receivable approximates their carrying value (Level 3 of the fair value hierarchy). The fair value of long term accounts receivable is estimated based on future cash flows expected to be received including expected losses (Level 3 of the fair value hierarchy), the fair value of these assets approximates their carrying value.

Liabilities carried at amortised cost. The fair value of floating rate liabilities approximates their carrying value. The fair value of Eurobonds and Russian bonds is based on quoted market prices (Level 1 of the fair value hierarchy). Fair value of the fixed rate liabilities is estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity (Level 3 of the fair value hierarchy). The fair value of liabilities carried at amortised cost approximates their carrying value.

Note 27. Subsequent events

In November 2014 a number of separate investment programmes of subsidiaries of RAO Energy System of East subgroup segment was changed. According to the changes the Group has to invest RR 338,255 million for the period 2014–2016. Capital commitments of the Group, taking into consideration changes made and actual finance up to 30 September 2014, are RR 276,298 million, including 2014 year – RR 55,728 million, 2015 year – RR 128,808 million, 2016 year – RR 91,762 million.