



**RUSHYDRO GROUP**

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

**As at and for the three and six months ended 30 June 2015**

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## ***Report on Review of Condensed Consolidated Interim Financial Information***

To the Shareholders and Board of Directors of Public Joint Stock Company Federal Hydro-Generating Company – RusHydro

### **Introduction**

We have reviewed the accompanying condensed consolidated interim statement of financial position of Public Joint Stock Company Federal Hydro-Generating Company – RusHydro and its subsidiaries (the “Group”) as of 30 June 2015 and the related condensed consolidated interim statements of income and comprehensive income for the three-month and six-month periods then ended, and cash flows and changes in equity for the six-month period then ended. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, “Interim Financial Reporting”. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

### **Scope of Review**

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

### **Conclusion**

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

*AO PricewaterhouseCoopers Audit*

28 August 2015

Moscow, Russian Federation

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



	Note	30 June 2015	31 December 2014
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	722,054	686,190
Investments in associates and joint ventures		15,146	14,032
Available-for-sale financial assets		6,831	4,132
Deferred income tax assets		5,541	5,355
Other non-current assets	8	25,094	25,021
<b>Total non-current assets</b>		<b>774,666</b>	<b>734,730</b>
<b>Current assets</b>			
Cash and cash equivalents	9	42,152	34,394
Income tax receivable		2,614	1,965
Accounts receivable and prepayments	10	52,859	48,012
Inventories	11	20,541	22,133
Other current assets	12	30,455	41,872
		<b>148,621</b>	<b>148,376</b>
Non-current assets and assets of disposal group classified as held for sale	3	1,210	664
<b>Total current assets</b>		<b>149,831</b>	<b>149,040</b>
<b>TOTAL ASSETS</b>		<b>924,497</b>	<b>883,770</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	13	386,255	386,255
Treasury shares		(26,092)	(26,092)
Share premium		39,202	39,202
Retained earnings and other reserves		197,361	179,556
<b>Equity attributable to the shareholders of PJSC RusHydro</b>		<b>596,726</b>	<b>578,921</b>
Non-controlling interest		12,932	16,230
<b>TOTAL EQUITY</b>		<b>609,658</b>	<b>595,151</b>
<b>Non-current liabilities</b>			
Deferred income tax liabilities		37,155	35,891
Non-current debt	15	108,880	119,187
Other non-current liabilities		14,619	11,195
<b>Total non-current liabilities</b>		<b>160,654</b>	<b>166,273</b>
<b>Current liabilities</b>			
Current debt and current portion of non-current debt	15	83,144	57,843
Accounts payable and accruals	16	57,019	51,558
Current income tax payable		603	536
Other taxes payable	17	11,963	11,913
		<b>152,729</b>	<b>121,850</b>
Liabilities of disposal group classified as held for sale	3	1,456	496
<b>Total current liabilities</b>		<b>154,185</b>	<b>122,346</b>
<b>TOTAL LIABILITIES</b>		<b>314,839</b>	<b>288,619</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>924,497</b>	<b>883,770</b>

Chairman of Management Board – General Director

E. V. Dod

Chief Accountant

D. V. Finkel

28 August 2015



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



	Note	Six months ended 30 June		Three months ended 30 June	
		2015	2014	2015	2014
Revenue	18	170,788	165,309	76,174	73,693
Government grants	19	5,520	5,607	2,466	2,507
Other operating income		1,759	697	826	697
Operating expenses (excluding impairment losses)	20	(154,569)	(139,968)	(69,772)	(65,409)
<b>Operating profit excluding impairment losses</b>		<b>23,498</b>	<b>31,645</b>	<b>9,694</b>	<b>11,488</b>
Impairment of property, plant and equipment, net (Impairment) / reversal of impairment of accounts receivable, net		(1,336)	(1,696)	(1,336)	(1,696)
Impairment of available-for-sale financial assets		(785)	(1,446)	506	(934)
		-	(1,147)	-	(103)
<b>Operating profit</b>		<b>21,377</b>	<b>27,356</b>	<b>8,864</b>	<b>8,755</b>
Finance income	21	7,276	4,070	3,018	2,255
Finance costs	21	(5,181)	(4,107)	(2,770)	(1,949)
Profit / (loss) in respect of associates and joint ventures		1,449	30	834	(79)
<b>Profit before income tax</b>		<b>24,921</b>	<b>27,349</b>	<b>9,946</b>	<b>8,982</b>
Total income tax expense	14	(6,339)	(6,013)	(3,226)	(1,940)
<b>Profit for the period</b>		<b>18,582</b>	<b>21,336</b>	<b>6,720</b>	<b>7,042</b>
Attributable to:					
Shareholders of PJSC RusHydro		21,662	20,990	9,898	8,677
Non-controlling interest		(3,080)	346	(3,178)	(1,635)
Earnings per ordinary share attributable to the shareholders of PJSC RusHydro – basic and diluted (in Russian Rubles per share)	22	0.0594	0.0556	0.0272	0.0230
Weighted average number of shares outstanding – basic and diluted (millions of shares)	22	364,469	377,552	364,469	377,552

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



	Six months ended 30 June		Three months ended 30 June	
	2015	2014	2015	2014
Profit for the period	18,582	21,336	6,720	7,042
<b>Other comprehensive income, net of tax:</b>				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of pension benefit obligations	(1,038)	320	(1,038)	320
Other comprehensive income	42	4	51	-
<b>Total items that will not be reclassified to profit or loss</b>	<b>(996)</b>	<b>324</b>	<b>(987)</b>	<b>320</b>
<i>Items that may be reclassified subsequently to profit or loss</i>				
Gain / (loss) arising on available-for-sale financial assets	2,696	(4)	741	96
Loss arising on impaired available-for-sale financial assets	-	(114)	-	(114)
Accumulated loss on available-for-sale financial assets recycled to the Income Statement	-	103	-	103
<b>Total items that may be reclassified subsequently to profit or loss</b>	<b>2,696</b>	<b>(15)</b>	<b>741</b>	<b>85</b>
<b>Other comprehensive income / (loss) for the period</b>	<b>1,700</b>	<b>309</b>	<b>(246)</b>	<b>405</b>
<b>Total comprehensive income for the period</b>	<b>20,282</b>	<b>21,645</b>	<b>6,474</b>	<b>7,447</b>
Attributable to:				
Shareholders of PJSC RusHydro	23,702	21,220	9,995	9,002
Non-controlling interest	(3,420)	425	(3,521)	(1,555)

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



	Note	Six months ended 30 June	
		2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
<b>Profit before income tax</b>		<b>24,921</b>	<b>27,349</b>
Depreciation of property, plant and equipment and intangible assets	7, 20	11,157	10,407
Loss on disposal of property, plant and equipment, net	20	210	27
Profit in respect of associates and joint ventures		(1,449)	(30)
Other operating income		(1,759)	(697)
Finance income	21	(7,276)	(4,070)
Finance costs	21	5,181	4,107
Impairment of property, plant and equipment, net		1,336	1,696
Impairment of available-for-sale financial assets		-	1,147
Impairment of accounts receivable, net		785	1,446
Pension expenses		46	267
Other expense		93	143
<b>Operating cash flows before working capital changes, income tax paid and changes in other assets and liabilities</b>		<b>33,245</b>	<b>41,792</b>
Working capital changes:			
Increase in accounts receivable and prepayments		(4,843)	(10,626)
Decrease in inventories		852	1,032
Decrease in accounts payable and accruals		(1,072)	(5,366)
Increase in other taxes payable		224	393
(Increase) / decrease in other non-current assets		(355)	741
Increase / (decrease) in other non-current liabilities		694	(349)
Income tax paid		(5,595)	(5,117)
<b>Net cash generated by operating activities</b>		<b>23,150</b>	<b>22,500</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of property, plant and equipment		(39,530)	(28,140)
Proceeds from sale of property, plant and equipment		615	39
Investment in bank deposits and purchase of other investments		(31,470)	(89,516)
Redemption of bank deposits and proceeds from sale of other investments		42,836	94,130
Contribution to share capital of associates and joint ventures		-	(70)
Proceeds from sale of subsidiaries		60	-
Interest received		4,937	3,278
<b>Net cash used in investing activities</b>		<b>(22,552)</b>	<b>(20,279)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from current debt	15	36,423	40,423
Proceeds from non-current debt	15	11,418	13,881
Repayment of debt	15	(31,208)	(41,587)
Interest paid		(9,089)	(6,343)
Finance lease payments		(333)	(526)
Dividends paid		(6)	(8)
<b>Net cash generated by financing activities</b>		<b>7,205</b>	<b>5,840</b>
Effect of foreign exchange differences on cash and cash equivalents balances		(45)	5
<b>Increase in cash and cash equivalents</b>		<b>7,758</b>	<b>8,066</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>34,394</b>	<b>34,472</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>9</b>	<b>42,152</b>	<b>42,538</b>

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	Foreign currency translation reserve	Revaluation reserve	Available-for-sale financial assets	Remeasurement of pension benefit obligation	Retained earnings	Equity attributable to shareholders of PJSC RusHydro	Non-controlling interest	Total equity
<b>As at 1 January 2014</b>		<b>386,255</b>	<b>(10,662)</b>	<b>39,202</b>	<b>(135,075)</b>	<b>(3)</b>	<b>198,015</b>	<b>(12)</b>	<b>875</b>	<b>100,935</b>	<b>579,530</b>	<b>17,177</b>	<b>596,707</b>
Profit for the period		-	-	-	-	-	-	-	-	20,990	20,990	346	21,336
Loss arising on available-for-sale financial assets		-	-	-	-	-	-	(4)	-	-	(4)	-	(4)
Loss arising on impaired available-for-sale financial assets		-	-	-	-	-	-	(114)	-	-	(114)	-	(114)
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		-	-	-	-	(20)	-	-	-	24	4	-	4
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(20)</b>	<b>-</b>	<b>(15)</b>	<b>241</b>	<b>21,014</b>	<b>21,220</b>	<b>425</b>	<b>21,645</b>
Dividends	13	-	-	-	-	-	-	-	-	(5,130)	(5,130)	(80)	(5,210)
Transfer of revaluation reserve to retained earnings		-	-	-	-	-	(543)	-	-	543	-	-	-
Other movements		-	-	-	-	-	-	-	-	(23)	(23)	2	(21)
<b>As at 30 June 2014</b>		<b>386,255</b>	<b>(10,662)</b>	<b>39,202</b>	<b>(135,075)</b>	<b>(23)</b>	<b>197,472</b>	<b>(27)</b>	<b>1,116</b>	<b>117,339</b>	<b>595,597</b>	<b>17,524</b>	<b>613,121</b>

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	Foreign currency translation reserve	Revaluation reserve	Available-for-sale financial assets	Remeasurement of pension benefit obligation	Retained earnings	Equity attributable to shareholders of PJSC RusHydro	Non-controlling interest	Total equity
<b>As at 1 January 2015</b>		<b>386,255</b>	<b>(26,092)</b>	<b>39,202</b>	<b>(135,075)</b>	<b>(362)</b>	<b>190,476</b>	-	<b>1,721</b>	<b>122,796</b>	<b>578,921</b>	<b>16,230</b>	<b>595,151</b>
Profit for the period		-	-	-	-	-	-	-	-	21,662	21,662	(3,080)	18,582
Gain arising on available-for-sale financial assets		-	-	-	-	-	-	2,693	-	-	2,693	3	2,696
Remeasurement of pension benefit obligations		-	-	-	-	-	-	-	(696)	-	(696)	(342)	(1,038)
Other comprehensive loss		-	-	-	-	45	(1)	-	-	(1)	43	(1)	42
<b>Total comprehensive income</b>		-	-	-	-	<b>45</b>	<b>(1)</b>	<b>2,693</b>	<b>(696)</b>	<b>21,661</b>	<b>23,702</b>	<b>(3,420)</b>	<b>20,282</b>
Dividends	13	-	-	-	-	-	-	-	-	(5,897)	(5,897)	(8)	(5,905)
Disposal of subsidiaries	13	-	-	-	-	-	-	-	-	-	-	130	130
Transfer of revaluation reserve to retained earnings		-	-	-	-	-	(287)	-	-	287	-	-	-
<b>As at 30 June 2015</b>		<b>386,255</b>	<b>(26,092)</b>	<b>39,202</b>	<b>(135,075)</b>	<b>(317)</b>	<b>190,188</b>	<b>2,693</b>	<b>1,025</b>	<b>138,847</b>	<b>596,726</b>	<b>12,932</b>	<b>609,658</b>

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



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

PJSC 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 (in July 2015 OJSC RusHydro was renamed to PJSC RusHydro).

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 frameworks continue to develop and are subject to frequent changes and varying interpretations. Decline in oil prices, ongoing political tension in the region and international sanctions against certain Russian companies and individuals have had and may continue to have a negative impact on the Russian economy, including weakening of the Russian Rouble and making it harder to raise international funding.

During first half of 2015 year:

- exchange rate set by the Central Bank of the Russian Federation fluctuated between RR 49.1777 and RR 69.6640 per USD and between RR 52.9087 and RR 78.7900 per Euro;
- key interest rate set by the Central Bank of the Russian Federation decreased from 17.0 percent p.a. to 11.5 percent p.a.

Currently the financial markets continue to be volatile and are characterised by frequent significant price movements and increased trading spreads.

Subsequent to 30 June 2015: exchange rate set the Central Bank of the Russian Federation fluctuated between RR 55.4756 and RR 70.7465 per USD and between RR 61.5661 and RR 81.1533 per Euro.

These and other events may have a material impact on the Group's operations, its prospective financial position, operational results and business perspectives. Management is unable to foresee the outcome of such impact at this stage, but believes it takes all the necessary measures to support the sustainability and development of the Group's business.

During the six months ended 30 June 2015 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 June 2015 the Russian Federation owned 66.84 percent of the total voting ordinary shares of the Company (31 December 2014: 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 the Group's investment programme, including volume and sources of financing.

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

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



## **Note 2. Basis of preparation**

This Condensed Consolidated Interim Financial Information has been prepared in accordance with 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 2014, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

This Condensed Consolidated Interim Financial Information is unaudited. Certain disclosures duplicating information included in the annual Consolidated Financial Statements as at and for the year ended 31 December 2014 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 2014 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 2015.

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

### ***Critical accounting estimates and judgements***

The preparation of Condensed Consolidated Interim Financial Information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this Condensed Consolidated Interim Financial Information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Consolidated Financial Statements as at and for the year ended 31 December 2014 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 as provided below.

***Discount rate.*** Principal actuarial assumptions used in determining pension benefit obligations as at 30 June 2015 remained unchanged in comparison with 31 December 2014 except for the discount rate which decreased from 13.0 percent as at 31 December 2014 to 11.0 percent as at 30 June 2015.

***Disposal group.*** At the end of the first half of 2015 the Group's management made decision to sell shares of OJSK HRSK and OJSK SK Agroenergo at open auction. As at 30 June 2015 these investments were classified as disposal group held for sale as the sale was highly probable.

### ***New standards and interpretations***

The Group has adopted all new standards and interpretations that were effective from 1 January 2015. 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 2014, have been issued but are not effective for the financial year ending 31 December 2015 and which the Group has not early adopted.

## **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 – PJSC RusHydro (Note 5). The principal subsidiaries are presented below according to their allocation to the reportable segments as at 30 June 2015 and 31 December 2014.



(in millions of Russian Rubles unless noted otherwise)

### **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 JSC 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 June 2015		31 December 2014	
	% of ownership	% of voting	% of ownership	% of voting
JSC ESC RusHydro	100.00%	100.00%	100.00%	100.00%
OJSC Krasnoyarskenergosbyt	65.81%	65.81%	65.81%	65.81%
PJSC Ryazan Power Distributing Company	90.52%	90.52%	90.52%	90.52%
JSC Chuvashskaya energy retail company	100.00%	100.00%	100.00%	100.00%
LLC ESC Bashkortostan	100.00%	-	100.00%	-

### **RAO ES East subgroup segment**

RAO ES East subgroup segment consists of PJSC RAO ES 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.

Principal subsidiaries of this segment are presented below:

	30 June 2015		31 December 2014	
	% of ownership	% of voting	% of ownership	% of voting
PJSC RAO ES East*	85.92%	86.20%	85.92%	86.20%
PJSC DEK	44.92%	52.17%	44.92%	52.17%
JSC DGK	44.92%	100.00%	44.92%	100.00%
JSC DRSK	44.92%	100.00%	44.92%	100.00%
PJSC Kamchatskenergo	84.83%	98.74%	84.83%	98.74%
PJSC Magadanenergo**	42.10%	49.00%	42.10%	49.00%
OJSC Sakhalinenergo	47.72%	55.55%	47.72%	55.55%
PJSC Yakutskenergo	72.21%	79.16%	72.21%	79.16%

\* Voting and ownership percent interests in PJSC RAO ES East include 1.80 percent interest held by the Group's subsidiary LLC Vostok-Finance.

\*\* Control over PJSC Magadanenergo is achieved by the majority of votes on the shareholders meeting because the remaining part of the shares not owned by the Group are distributed among a large number of shareholders the individual stakes of which are insignificant.

### **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.

**RusHydro Group**  
**Notes to the Condensed Consolidated Interim Financial Information**  
**as at and for the three and six months ended 30 June 2015 (unaudited)**

(in millions of Russian Rubles unless noted otherwise)



Principal subsidiaries included in all other segments are presented below:

	30 June 2015		31 December 2014	
	% of ownership	% of voting	% of ownership	% of voting
JSC Blagoveschensk HPP	100.00%	100.00%	100.00%	100.00%
JSC VNIIG	100.00%	100.00%	100.00%	100.00%
JSC Geotherm	99.65%	99.65%	99.65%	99.65%
JSC Gidroremont-VKK	100.00%	100.00%	100.00%	100.00%
JSC Zagorskaya GAES-2	100.00%	100.00%	100.00%	100.00%
JSC Zaramag HS	99.75%	99.75%	99.75%	99.75%
JSC Institute Hydroproject	100.00%	100.00%	100.00%	100.00%
PJSC Kolimaenergo	98.76%	98.76%	98.76%	98.76%
JSC Lenhydroproject	100.00%	100.00%	100.00%	100.00%
JSC NIIES	100.00%	100.00%	100.00%	100.00%
JSC Nizhne-Bureiskaya HPP	100.00%	100.00%	100.00%	100.00%
JSC Sahalin GRES-2	100.00%	100.00%	100.00%	100.00%
JSC Sulak GidroKaskad	100.00%	100.00%	100.00%	100.00%
JSC HPP in Sovetskaya Gavan	100.00%	100.00%	100.00%	100.00%
JSC Ust'-Srednekangesstroy	98.76%	100.00%	98.76%	100.00%
JSC Ust'-Srednekanskaya HPP	99.63%	100.00%	99.63%	100.00%
OJSC Chirkeigesstroy	100.00%	100.00%	100.00%	100.00%
JSC ESCO UES	100.00%	100.00%	100.00%	100.00%
JSC Yakutskaya GRES-2	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: PJSC RusHydro (Group's parent company), JSC ESC RusHydro subgroup, RAO ES 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.

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, impairment of available-for-sale financial assets, accounts receivable, loss on disposal of property, plant and equipment and other non-monetary items of operating income and expenses. 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.

All 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 six months ended 30 June 2015 and 30 June 2014 and as at 30 June 2015 and 31 December 2014 is presented below.



Six months ended 30 June 2015	PJSC RusHydro	ESC RusHydro subgroup	RAO ES East subgroup	Other segments	Total segments	Unallocated adjustments and intercompany operations	TOTAL
<b>Revenue</b>	<b>48,292</b>	<b>42,965</b>	<b>81,167</b>	<b>11,168</b>	<b>183,592</b>	<b>(12,804)</b>	<b>170,788</b>
<i>including:</i>							
<i>from external companies</i>	43,670	42,960	81,033	3,125	170,788	-	170,788
<i>sales of electricity</i>	30,504	42,453	51,007	218	124,182	-	124,182
<i>sales of heat and hot water sales</i>	81	-	20,061	-	20,142	-	20,142
<i>sales of capacity</i>	12,582	-	3,041	182	15,805	-	15,805
<i>other revenue</i>	503	507	6,924	2,725	10,659	-	10,659
<i>from intercompany operations</i>	4,622	5	134	8,043	12,804	(12,804)	-
Government grants	-	-	5,505	15	5,520	-	5,520
Other operating income (excluding non-monetary items)	-	-	284	1,006	1,290	-	1,290
Operating expenses (excluding depreciation and other non-monetary items)	(18,604)	(41,411)	(82,778)	(12,485)	(155,278)	12,107	(143,171)
<b>EBITDA</b>	<b>29,688</b>	<b>1,554</b>	<b>4,178</b>	<b>(296)</b>	<b>35,124</b>	<b>(697)</b>	<b>34,427</b>
Depreciation of property, plant and equipment and intangible assets	(6,298)	(348)	(3,837)	(777)	(11,260)	103	(11,157)
Other non-monetary items of operating income and expenses	(291)	(348)	(873)	(366)	(1,878)	(15)	(1,893)
<i>including:</i>							
<i>impairment of property, plant and equipment</i>	(961)	-	(375)	-	(1,336)	-	(1,336)
<i>reversal / (impairment) of accounts receivable, net</i>	924	(344)	(1,146)	(219)	(785)	-	(785)
<i>(loss) / profit on disposal of property, plant and equipment, net</i>	(175)	(4)	20	(147)	(306)	96	(210)
<i>(loss) / profit on disposal of subsidiaries and joint venture, net</i>	(79)	-	628	-	549	(111)	438
<b>Operating profit / (loss)</b>	<b>23,099</b>	<b>858</b>	<b>(532)</b>	<b>(1,439)</b>	<b>21,986</b>	<b>(609)</b>	<b>21,377</b>
Finance income							7,276
Finance costs							(5,181)
Profit in respect of associates and joint ventures							1,449
<b>Profit before income tax</b>							<b>24,921</b>
Total income tax expense							(6,339)
<b>Profit for the period</b>							<b>18,582</b>
<b>Capital expenditure</b>	<b>16,080</b>	<b>40</b>	<b>6,809</b>	<b>26,291</b>	<b>49,220</b>	<b>(438)</b>	<b>48,782</b>
<b>30 June 2015</b>							
<b>Non-current and current debt</b>	<b>122,058</b>	<b>3,565</b>	<b>60,613</b>	<b>5,788</b>	<b>192,024</b>	<b>-</b>	<b>192,024</b>



	PJSC RusHydro	ESC RusHydro subgroup	RAO ES East subgroup	Other segments	Total segments	Unallocated adjustments and intercompany operations	TOTAL
<b>Six months ended 30 June 2014</b>							
<b>Revenue</b>	<b>51,444</b>	<b>40,792</b>	<b>75,054</b>	<b>10,280</b>	<b>177,570</b>	<b>(12,261)</b>	<b>165,309</b>
<i>including:</i>							
<i>from external companies</i>	46,439	40,782	74,921	3,167	<b>165,309</b>	-	<b>165,309</b>
<i>sales of electricity</i>	34,214	40,371	45,153	164	<b>119,902</b>	-	<b>119,902</b>
<i>sales of heat and hot water sales</i>	76	-	19,542	2	<b>19,620</b>	-	<b>19,620</b>
<i>sales of capacity</i>	11,089	-	2,006	128	<b>13,223</b>	-	<b>13,223</b>
<i>other revenue</i>	1,060	411	8,220	2,873	<b>12,564</b>	-	<b>12,564</b>
<i>from intercompany operations</i>	5,005	10	133	7,113	<b>12,261</b>	(12,261)	-
Government grants	-	-	5,607	-	<b>5,607</b>	-	<b>5,607</b>
Operating expenses (excluding depreciation and other non-monetary items)	(17,793)	(40,101)	(71,973)	(10,814)	<b>(140,681)</b>	11,147	<b>(129,534)</b>
<b>EBITDA</b>	<b>33,651</b>	<b>691</b>	<b>8,688</b>	<b>(534)</b>	<b>42,496</b>	<b>(1,114)</b>	<b>41,382</b>
Depreciation of property, plant and equipment and intangible assets	(5,715)	(345)	(3,765)	(681)	<b>(10,506)</b>	99	<b>(10,407)</b>
Other non-monetary items of operating income and expenses	<b>(2,372)</b>	<b>(684)</b>	<b>(758)</b>	<b>(8)</b>	<b>(3,822)</b>	<b>203</b>	<b>(3,619)</b>
<i>including:</i>							
<i>other operating income</i>	697	-	-	-	<b>697</b>	-	<b>697</b>
<i>impairment of property, plant and equipment</i>	(1,696)	-	-	-	<b>(1,696)</b>	-	<b>(1,696)</b>
<i>(impairment) / reversal of impairment of accounts receivable, net</i>	(161)	(688)	(618)	21	<b>(1,446)</b>	-	<b>(1,446)</b>
<i>impairment of available-for-sale financial assets</i>	(1,085)	-	(62)	-	<b>(1,147)</b>	-	<b>(1,147)</b>
<i>(loss) / profit on disposal of property, plant and equipment, net</i>	(127)	4	(78)	(29)	<b>(230)</b>	203	<b>(27)</b>
<b>Operating profit / (loss)</b>	<b>25,564</b>	<b>(338)</b>	<b>4,165</b>	<b>(1,223)</b>	<b>28,168</b>	<b>(812)</b>	<b>27,356</b>
Finance income							4,070
Finance costs							(4,107)
Profit in respect of associates and joint ventures							30
<b>Profit before income tax</b>							<b>27,349</b>
Total income tax expense							(6,013)
<b>Profit for the period</b>							<b>21,336</b>
<b>Capital expenditure</b>	<b>16,236</b>	<b>25</b>	<b>5,706</b>	<b>12,992</b>	<b>34,959</b>	<b>(1,349)</b>	<b>33,610</b>
<b>31 December 2014</b>							
<b>Non-current and current debt</b>	<b>113,060</b>	<b>3,403</b>	<b>54,496</b>	<b>6,071</b>	<b>177,030</b>	<b>-</b>	<b>177,030</b>



Three months ended 30 June 2015	PJSC RusHydro	ESC RusHydro subgroup	RAO ES East subgroup	Other segments	Total segments	Unallocated adjustments and intercompany operations	TOTAL
<b>Revenue</b>	<b>25,794</b>	<b>18,031</b>	<b>32,794</b>	<b>6,215</b>	<b>82,834</b>	<b>(6,660)</b>	<b>76,174</b>
<i>including:</i>							
<i>from external companies</i>	23,685	18,029	32,746	1,714	<b>76,174</b>	-	<b>76,174</b>
<i>sales of electricity</i>	17,397	17,775	21,528	108	<b>56,808</b>	-	<b>56,808</b>
<i>sales of heat and hot water sales</i>	25	-	6,273	-	<b>6,298</b>	-	<b>6,298</b>
<i>sales of capacity</i>	5,798	-	1,719	95	<b>7,612</b>	-	<b>7,612</b>
<i>other revenue</i>	465	254	3,226	1,511	<b>5,456</b>	-	<b>5,456</b>
<i>from intercompany operations</i>	2,109	2	48	4,501	<b>6,660</b>	(6,660)	-
Government grants	-	-	2,457	9	<b>2,466</b>	-	<b>2,466</b>
Other operating income	-	-	49	776	<b>825</b>	1	<b>826</b>
Operating expenses (excluding depreciation and other non-monetary items)	(9,741)	(17,427)	(36,611)	(6,660)	<b>(70,439)</b>	6,288	<b>(64,151)</b>
<b>EBITDA</b>	<b>16,053</b>	<b>604</b>	<b>(1,311)</b>	<b>340</b>	<b>15,686</b>	<b>(371)</b>	<b>15,315</b>
Depreciation of property, plant and equipment and intangible assets	(3,186)	(175)	(1,837)	(328)	<b>(5,526)</b>	52	<b>(5,474)</b>
Other non-monetary items of operating income and expenses	<b>202</b>	<b>129</b>	<b>(1,062)</b>	<b>(227)</b>	<b>(958)</b>	<b>(19)</b>	<b>(977)</b>
<i>including:</i>							
<i>impairment of property, plant and equipment</i>	(961)	-	(375)	-	<b>(1,336)</b>	-	<b>(1,336)</b>
<i>reversal / (impairment) of accounts receivable, net</i>	1,341	133	(767)	(201)	<b>506</b>	-	<b>506</b>
<i>(loss) / profit on disposal of property, plant and equipment, net</i>	(99)	(4)	(3)	(26)	<b>(132)</b>	16	<b>(116)</b>
<i>(loss) / profit on disposal of subsidiaries and joint venture, net</i>	(79)	-	83	-	<b>4</b>	(35)	<b>(31)</b>
<b>Operating profit / (loss)</b>	<b>13,069</b>	<b>558</b>	<b>(4,210)</b>	<b>(215)</b>	<b>9,202</b>	<b>(338)</b>	<b>8,864</b>
Finance income							3,018
Finance costs							(2,770)
Profit in respect of associates and joint ventures							834
<b>Profit before income tax</b>							<b>9,946</b>
Total income tax expense							(3,226)
<b>Profit for the period</b>							<b>6,720</b>
<b>Capital expenditure</b>	<b>10,481</b>	<b>20</b>	<b>3,359</b>	<b>13,518</b>	<b>27,378</b>	<b>122</b>	<b>27,500</b>



	PJSC RusHydro	ESC RusHydro subgroup	RAO ES East subgroup	Other segments	Total segments	Unallocated adjustments and intercompany operations	TOTAL
<b>Three months ended 30 June 2014</b>							
<b>Revenue</b>	<b>28,067</b>	<b>17,874</b>	<b>30,086</b>	<b>4,856</b>	<b>80,883</b>	<b>(7,190)</b>	<b>73,693</b>
<i>including:</i>							
<i>from external companies</i>	24,375	17,864	30,043	1,411	<b>73,693</b>	-	<b>73,693</b>
<i>sales of electricity</i>	18,064	17,670	19,377	76	<b>55,187</b>	-	<b>55,187</b>
<i>sales of heat and hot water sales</i>	18	-	5,796	-	<b>5,814</b>	-	<b>5,814</b>
<i>sales of capacity</i>	5,284	-	940	70	<b>6,294</b>	-	<b>6,294</b>
<i>other revenue</i>	1,009	194	3,930	1,265	<b>6,398</b>	-	<b>6,398</b>
<i>from intercompany operations</i>	3,692	10	43	3,445	<b>7,190</b>	(7,190)	-
Government grants	-	-	2,507	-	<b>2,507</b>	-	<b>2,507</b>
Operating expenses (excluding depreciation and other non-monetary items)	(10,641)	(17,595)	(32,762)	(5,233)	<b>(66,231)</b>	5,922	<b>(60,309)</b>
<b>EBITDA</b>	<b>17,426</b>	<b>279</b>	<b>(169)</b>	<b>(377)</b>	<b>17,159</b>	<b>(1,268)</b>	<b>15,891</b>
Depreciation of property, plant and equipment and intangible assets	(2,905)	(311)	(1,822)	(353)	<b>(5,391)</b>	189	<b>(5,202)</b>
Other non-monetary items of operating income and expenses	<b>(1,048)</b>	<b>(363)</b>	<b>(628)</b>	<b>(98)</b>	<b>(2,137)</b>	<b>203</b>	<b>(1,934)</b>
<i>including:</i>							
<i>other operating income</i>	697	-	-	-	<b>697</b>	-	<b>697</b>
<i>impairment of property, plant and equipment (impairment) / reversal of impairment of accounts receivable, net</i>	(1,696)	-	-	-	<b>(1,696)</b>	-	<b>(1,696)</b>
<i>impairment of available-for-sale financial assets</i>	(6)	(367)	(574)	13	<b>(934)</b>	-	<b>(934)</b>
<i>(loss) / profit on disposal of property, plant and equipment, net</i>	(2)	4	8	(111)	<b>(101)</b>	203	<b>102</b>
<b>Operating profit / (loss)</b>	<b>13,473</b>	<b>(395)</b>	<b>(2,619)</b>	<b>(828)</b>	<b>9,631</b>	<b>(876)</b>	<b>8,755</b>
Finance income							2,255
Finance costs							(1,949)
Loss in respect of associates and joint ventures							(79)
<b>Profit before income tax</b>							<b>8,982</b>
Total income tax expense							(1,940)
<b>Profit for the period</b>							<b>7,042</b>
<b>Capital expenditure</b>	<b>9,651</b>	<b>6</b>	<b>3,704</b>	<b>9,178</b>	<b>22,539</b>	<b>(1,461)</b>	<b>21,078</b>



**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 six months ended 30 June 2015 and 30 June 2014 and as at 30 June 2015 and 31 December 2014 were associates and joint ventures of the Group, government-related entities and key management of the Group.

Disclosure of the Group's related party transactions is presented on an aggregate basis however there may be an additional disclosure of certain significant transactions (balances and turnovers) with certain related parties in each reporting period.

**Joint ventures**

The Group had the following balances with its joint ventures:

	<b>30 June 2015</b>	<b>31 December 2014</b>
Long-term promissory notes receivable	5,449	5,203
Loans issued	1,715	1,492

The Group had the following transactions with its joint ventures:

	<b>Six months ended 30 June</b>		<b>Three months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Sales of electricity and capacity	86	82	24	22
Other revenue	263	247	138	103
Purchased electricity and capacity	(1,080)	(500)	(410)	(205)

**Associates**

The Group had the following balances with its associates:

	<b>30 June 2015</b>	<b>31 December 2014</b>
Trade and other receivables	430	293
Trade payables and advances received	591	352

The Group had the following transactions with its associates:

	<b>Six months ended 30 June</b>		<b>Three months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Sales of electricity and capacity	1,300	1,706	518	727
Other revenue	78	77	39	40
Purchased electricity and capacity	(12)	(143)	(4)	(65)
Rent	(225)	(139)	(149)	(139)

**Government-related entities**

In the normal course of business the Group enters into transactions with the entities controlled by the Government, including sales of electricity and capacity, sales of heat and hot water, purchases of electricity and capacity, purchases of fuel and other goods, electricity distribution and other services, debt financing, investment in bank deposits and other transactions.

Transactions with government-related entities are carried out on the terms comparable to the terms of the similar transactions with entities which are not government-related.

Sales of heat and hot water are carried out based on regulated tariffs. Sales of electricity and capacity in certain circumstances are carried out based on regulated tariffs, in other cases – at unregulated prices including those defined by competitive pricing on the wholesale electricity and capacity market. Purchases of fuel and other goods and services are carried out on market terms. Electricity distribution services are subject to tariff regulations. Debt financing and investing in bank deposits is performed on market interest 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 six months ended 30 June 2015 (for the six months ended 30 June 2014: approximately 30 percent).



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 six months ended 30 June 2015 (for the six months ended 30 June 2014: approximately 20 percent).

Electricity distribution services provided to the Group by government-related entities comprised approximately 55 percent of total electricity distribution expenses for the six months ended 30 June 2015 (for the six months ended 30 June 2014: approximately 60 percent).

**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, heads of the business subdivisions of the Company and their deputies, key management of subsidiaries of RAO ES East subgroup segment.

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 six months ended 30 June 2015 comprised RR 1,443 million (for the six months ended 30 June 2014: RR 1,357 million). Short-term remuneration paid to the key management of the Group for the three months ended 30 June 2015 comprised RR 1,134 million (for the three months ended 30 June 2014: RR 1,142 million).



(in millions of Russian Rubles unless noted otherwise)

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

Revalued amount / cost	Buildings	Facilities	Plant and equipment	Assets under construction	Other	Total
<b>Balance as at 31 December 2014</b>	<b>81,110</b>	<b>378,702</b>	<b>226,137</b>	<b>256,121</b>	<b>14,925</b>	<b>956,995</b>
Reclassification	(174)	133	(1,954)	2,401	(406)	-
Additions	16	40	536	47,974	216	48,782
Reclassification to assets of disposal group classified as held for sale	(469)	(278)	(404)	(72)	(170)	(1,393)
Transfers	670	8,888	15,263	(25,044)	223	-
Disposals and write-offs	(29)	(5)	(554)	(245)	(149)	(982)
<b>Balance as at 30 June 2015</b>	<b>81,124</b>	<b>387,480</b>	<b>239,024</b>	<b>281,135</b>	<b>14,639</b>	<b>1,003,402</b>
<b>Accumulated depreciation (including impairment)</b>						
<b>Balance as at 31 December 2014</b>	<b>(29,504)</b>	<b>(116,411)</b>	<b>(89,161)</b>	<b>(29,062)</b>	<b>(6,667)</b>	<b>(270,805)</b>
Impairment charge	(9)	(7)	(109)	(1,203)	(8)	(1,336)
Charge for the period	(713)	(4,122)	(5,587)	-	(334)	(10,756)
Reclassification to assets of disposal group classified as held for sale	290	179	326	72	153	1,020
Transfers	(78)	(2,250)	(1,038)	3,380	(14)	-
Disposals and write-offs	11	5	399	22	92	529
<b>Balance as at 30 June 2015</b>	<b>(30,003)</b>	<b>(122,606)</b>	<b>(95,170)</b>	<b>(26,791)</b>	<b>(6,778)</b>	<b>(281,348)</b>
<b>Net book value as at 30 June 2015</b>	<b>51,121</b>	<b>264,874</b>	<b>143,854</b>	<b>254,344</b>	<b>7,861</b>	<b>722,054</b>
<b>Net book value as at 31 December 2014</b>	<b>51,606</b>	<b>262,291</b>	<b>136,976</b>	<b>227,059</b>	<b>8,258</b>	<b>686,190</b>

  

Revalued amount / cost	Buildings	Facilities	Plant and equipment	Assets under construction	Other	Total
<b>Balance as at 31 December 2013</b>	<b>78,712</b>	<b>377,429</b>	<b>191,377</b>	<b>214,999</b>	<b>14,620</b>	<b>877,137</b>
Reclassification	(310)	(2,731)	(1,636)	4,690	(13)	-
Additions	93	18	76	32,912	511	33,610
Transfers	795	1,207	10,527	(12,599)	70	-
Disposals and write-offs	(47)	(78)	(718)	(122)	(218)	(1,183)
<b>Balance as at 30 June 2014</b>	<b>79,243</b>	<b>375,845</b>	<b>199,626</b>	<b>239,880</b>	<b>14,970</b>	<b>909,564</b>
<b>Accumulated depreciation (including impairment)</b>						
<b>Balance as at 31 December 2013</b>	<b>(27,139)</b>	<b>(108,005)</b>	<b>(75,665)</b>	<b>(26,904)</b>	<b>(5,578)</b>	<b>(243,291)</b>
Impairment charge	-	-	(13)	(1,683)	-	(1,696)
Charge for the period	(869)	(3,900)	(4,844)	-	(802)	(10,415)
Transfers	(251)	(103)	(918)	1,273	(1)	-
Disposals and write-offs	9	67	429	(29)	218	694
<b>Balance as at 30 June 2014</b>	<b>(28,250)</b>	<b>(111,941)</b>	<b>(81,011)</b>	<b>(27,343)</b>	<b>(6,163)</b>	<b>(254,708)</b>
<b>Net book value as at 30 June 2014</b>	<b>50,993</b>	<b>263,904</b>	<b>118,615</b>	<b>212,537</b>	<b>8,807</b>	<b>654,856</b>
<b>Net book value as at 31 December 2013</b>	<b>51,573</b>	<b>269,424</b>	<b>115,712</b>	<b>188,095</b>	<b>9,042</b>	<b>633,846</b>

As at 30 June 2015 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 7,822 million (31 December 2014: RR 7,869 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 2014 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 1,336 million for the six months ended 30 June 2015 in respect of additions of property, plant and equipment related to cash-generating units impaired in previous periods (for the six months ended 30 June 2014: RR 1,696 million).

**Note 8. Other non-current assets**

	<b>30 June 2015</b>	<b>31 December 2014</b>
Long-term promissory notes	37,269	37,047
Discount	(16,717)	(16,864)
Impairment provision	(14,025)	(14,025)
Long-term promissory notes, net	6,527	6,158
Dams of Bratskaya, Ust'-Ilimskaya and Irkutskaya HPPs	5,431	5,478
VAT recoverable	3,048	3,226
Goodwill	929	929
Customer base of LLC ESC Bashkortostan	832	1,109
Other non-current assets	8,327	8,121
<b>Total other non-current assets</b>	<b>25,094</b>	<b>25,021</b>

**Note 9. Cash and cash equivalents**

	<b>30 June 2015</b>	<b>31 December 2014</b>
Cash at bank	11,992	14,960
Cash equivalents	30,131	19,417
Cash in hand	29	17
<b>Total cash and cash equivalents</b>	<b>42,152</b>	<b>34,394</b>

Cash equivalents held as at 30 June 2015 and 31 December 2014 comprised short-term bank deposits with original maturities of three months or less.

**Note 10. Accounts receivable and prepayments**

	<b>30 June 2015</b>	<b>31 December 2014</b>
Trade receivables	50,568	50,931
Provision for impairment of trade receivables	(18,156)	(18,643)
<b>Trade receivables, net</b>	<b>32,412</b>	<b>32,288</b>
<b>VAT recoverable</b>	<b>10,607</b>	<b>8,683</b>
Advances to suppliers and other prepayments	5,995	3,957
Provision for impairment of advances to suppliers and other prepayments	(413)	(670)
<b>Advances to suppliers and other prepayments, net</b>	<b>5,582</b>	<b>3,287</b>
Other receivables	7,579	6,637
Provision for impairment of other receivables	(3,321)	(2,883)
<b>Other receivables, net</b>	<b>4,258</b>	<b>3,754</b>
<b>Total accounts receivable and prepayments</b>	<b>52,859</b>	<b>48,012</b>

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



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**Note 11. Inventories**

	30 June 2015	31 December 2014
Fuel	10,401	13,229
Materials and supplies	6,714	6,383
Spare parts	2,248	2,085
Other materials	1,399	645
<b>Total inventories before impairment</b>	<b>20,762</b>	<b>22,342</b>
<b>Impairment of inventories</b>	<b>(221)</b>	<b>(209)</b>
<b>Total inventories</b>	<b>20,541</b>	<b>22,133</b>

**Note 12. Other current assets**

	30 June 2015	31 December 2014
Deposits and promissory notes	28,434	40,122
Loans issued	1,708	1,484
Other short-term investments	313	266
<b>Total other current assets</b>	<b>30,455</b>	<b>41,872</b>

**Note 13. Equity**

	Number of issued ordinary shares (Par value of RR 1.00)
As at 30 June 2015	386,255,464,890
As at 31 December 2014	386,255,464,890
As at 30 June 2014	386,255,464,890
As at 31 December 2013	386,255,464,890

**Effect of changes in non-controlling interest of subsidiaries.** In March 2015 the Group's share in subsidiaries OJSC Daltehenergo and OJSC Guberovskiy machinery and repair plant was sold. In May 2015 LLC Energokomfort. Amur electricity wholesale company went bankrupt, also in June 2015 OJSC Kamchatskenergorem servis was liquidated. As a result non-controlling interest increased by RR 130 million due to decrease of share in losses of these subsidiaries previously absorbed by shareholders of the Group.

**Dividends.** On 26 June 2015 the Company declared dividends for the year ended 31 December 2014 of RR 0.0156 per share in the total amount of RR 6,033 million (RR 5,897 million excluding dividends to subsidiaries).

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 5,248 million (RR 5,130 million excluding dividends to subsidiaries).

Declared dividends of the Group's subsidiaries in favour of non-controlling interest holders amounted to RR 8 million for the six months ended 30 June 2015 (for the six months ended 30 June 2014: RR 80 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, 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 six months ended 30 June 2015 was 25 percent (for the six months ended 30 June 2014: 22 percent).

	Six months ended 30 June		Three months ended 30 June	
	2015	2014	2015	2014
Current income tax expense	5,013	4,849	1,983	2,205
Deferred income tax expense / (benefit)	1,326	1,164	1,243	(265)
<b>Total income tax expense</b>	<b>6,339</b>	<b>6,013</b>	<b>3,226</b>	<b>1,940</b>



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

*Non-current debt*

	Due date	30 June 2015	31 December 2014
PJSC Sberbank of Russia	2016–2022	46,009	48,473
Russian bonds (PJSC RusHydro) issued in February 2013	2018*	20,625	20,628
Eurobonds (RusHydro Finance Ltd)	2015	20,276	20,281
EBRD	2016–2027	19,279	18,560
Russian bonds (PJSC RusHydro) issued in April 2011	2016*	15,231	15,233
Russian bonds (PJSC RusHydro) issued in April 2015	2017*	10,206	-
OJSC Bank of Moscow	2015–2016	7,536	7,536
UniCredit Bank Austria AG	2017–2026	5,005	5,580
Crédit Agricole Corporate and Investment Bank Deutschland	2029	4,645	5,211
PJSC ROSBANK	2016	4,560	4,481
PJSC Bank VTB	2015–2018	4,521	4,522
Municipal authority of Kamchatka region	2034	2,598	2,526
ASIAN Development bank	2017–2026	1,385	1,437
Bayerische Landesbank	2016–2025	914	965
Bank GPB (JSC)	2016	577	1,179
Other long-term debt	-	891	1,112
Finance lease liabilities	-	2,087	2,313
<b>Total</b>		<b>166,345</b>	<b>160,037</b>
Less current portion of non-current debt		(56,623)	(39,937)
Less current portion of finance lease liabilities		(842)	(913)
<b>Total non-current debt</b>		<b>108,880</b>	<b>119,187</b>

\* The bonds mature in 10 years with a put option to redeem them in 2016, 2017 and 2018 respectively.

**Bonds issue.** In April 2015 the Group placed non-convertible ten years interest bearing bonds of series 09 with a nominal amount of RR 10,000 million. The term of the offer (period of redemption of bonds on request of their owners) – 2.5 years, coupon rate of 12.75 percent per annum was determined for the first 2.5 years only.

*Current debt*

	30 June 2015	31 December 2014
PJSC Sberbank of Russia	9,424	3,331
PJSC ROSBANK	5,270	4,096
PJSC Bank VTB	5,085	4,921
Bank GPB (JSC)	3,176	2,076
JSC Alfa-Bank	1,366	851
AO Raiffeisenbank	557	598
Current portion of non-current debt	56,623	39,937
Current portion of finance lease liabilities	842	913
Other current debt	801	1,120
<b>Total current debt and current portion of non-current debt</b>	<b>83,144</b>	<b>57,843</b>
<i>Reference:</i>		
Interest payable	2,459	2,190

**Liquidity risk.** Management of the Group plans to repay the current 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. In March 2015 the Board of Directors of the Company approved the prospectus of market bonds with total nominal value of RR 200,000 million maturing in 20 years. In July 2015 the Group placed market bonds with a nominal amount of RR 15,000 million (Note 27).



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**Compliance with covenants.** The Group is subject to certain covenants related to its debt. As at 30 June 2015 and 31 December 2014 the Group met all required covenant clauses of the credit agreements.

**Note 16. Accounts payable and accruals**

	30 June 2015	31 December 2014
Trade payables	30,753	31,914
Settlements with personnel	8,340	7,714
Advances received	6,283	7,824
Dividends payable	5,987	88
Accounts payable under factoring agreements	2,830	1,376
Other accounts payable	2,826	2,642
<b>Total accounts payable and accruals</b>	<b>57,019</b>	<b>51,558</b>

All accounts payable and accruals are denominated in Russian Rubles.

**Note 17. Other taxes payable**

	30 June 2015	31 December 2014
VAT	5,391	5,855
Property tax	2,942	2,717
Insurance contributions	2,781	2,404
Other taxes	849	937
<b>Total other taxes payable</b>	<b>11,963</b>	<b>11,913</b>

**Note 18. Revenue**

	Six months ended 30 June		Three months ended 30 June	
	2015	2014	2015	2014
Sales of electricity	124,182	119,902	56,808	55,187
Sales of heat and hot water	20,142	19,620	6,298	5,814
Sales of capacity	15,805	13,223	7,612	6,294
Other revenue	10,659	12,564	5,456	6,398
<b>Total revenue</b>	<b>170,788</b>	<b>165,309</b>	<b>76,174</b>	<b>73,693</b>

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

**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 six months ended 30 June 2015 the Group received government subsidies in the amount of RR 5,520 million (for the six months ended 30 June 2014: RR 5,607 million). During the three months ended 30 June 2015 the Group received government subsidies in amount of RR 2,466 million (for the three months ended 30 June 2014: RR 2,507 million). The subsidies were received in the following territories: Kamchatka territory, Republic of Sakha (Yakutiya), Magadan region and other Far East regions.

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**Note 20. Operating expenses (excluding impairment losses)**

	Six months ended 30 June		Three months ended 30 June	
	2015	2014	2015	2014
Employee benefit expenses (including payroll taxes and pension benefit expenses)	35,899	32,044	18,065	16,585
Purchased electricity and capacity	30,485	26,816	12,622	11,917
Fuel expenses	28,760	24,100	10,269	8,994
Electricity distribution expenses	20,724	21,145	9,189	9,376
Depreciation of property, plant and equipment and intangible assets	11,157	10,407	5,474	5,202
Taxes other than on income	4,854	4,436	2,399	2,252
Other materials	3,710	3,867	2,034	2,254
Third parties services, including:				
Provision of functioning of electricity and capacity market	1,809	1,804	902	897
Services of subcontracting companies	1,808	1,570	1,025	1,059
Security expenses	1,630	1,489	865	723
Purchase and transportation of heat power	1,590	1,510	628	633
Repairs and maintenance	1,486	1,179	990	807
Rent	1,066	940	557	455
Consulting, legal and information expenses	892	909	493	534
Insurance cost	801	621	416	323
Transportation expenses	396	590	194	345
Other third parties services	3,031	2,661	1,448	1,279
Water usage expenses	1,409	1,368	723	685
Travel expenses	938	734	537	332
Social charges	727	729	500	554
Loss / (profit) on disposal of property, plant and equipment, net	210	27	116	(102)
Purchase of oil products for sale	141	243	80	17
Loss on disposal of subsidiaries and joint venture, net	31	-	31	-
Other expenses	1,015	779	215	288
<b>Total expenses</b>	<b>154,569</b>	<b>139,968</b>	<b>69,772</b>	<b>65,409</b>

**Note 21. Finance income, costs**

	Six months ended 30 June		Three months ended 30 June	
	2015	2014	2015	2014
<i>Finance income</i>				
Interest income	5,230	3,398	2,439	1,898
Foreign exchange gain	1,874	466	552	288
Income on discounting	143	78	25	-
Other income	29	128	2	69
<b>Total finance income</b>	<b>7,276</b>	<b>4,070</b>	<b>3,018</b>	<b>2,255</b>
<i>Finance costs</i>				
Interest expense	(3,324)	(2,463)	(1,642)	(971)
Expense on discounting	(747)	(379)	(327)	(217)
Foreign exchange loss	(425)	(522)	(256)	(135)
Finance lease expense	(116)	(90)	(29)	(30)
Other costs	(569)	(653)	(516)	(596)
<b>Total finance costs</b>	<b>(5,181)</b>	<b>(4,107)</b>	<b>(2,770)</b>	<b>(1,949)</b>



**Note 22. Earnings per share**

	Six months ended 30 June		Three months ended 30 June	
	2015	2014	2015	2014
Weighted average number of ordinary shares issued (millions of shares)	364,469	377,552	364,469	377,552
Profit for the period attributable to the shareholders of PJSC RusHydro	21,662	20,990	9,898	8,677
<b>Earnings per share attributable to the shareholders of PJSC RusHydro – basic and diluted</b> (in Russian Rubles per share)	<b>0.0594</b>	<b>0.0556</b>	<b>0.0272</b>	<b>0.0230</b>

**Note 23. Capital commitments**

During the six months ended 30 June 2015 investment programme of the Company and separate investment programmes of subsidiaries of the RAO ES East subgroup segment were revised. In accordance with the revised investment programme of the Company and separate investment programmes of subsidiaries of RAO ES East subgroup segment, the Group has to invest RR 353,279 million for the period 2015–2017 for reconstruction of the existing and construction of new power plants (RR 324,878 million for the period 2014–2016).

Capital commitments of the Group as at 30 June 2015 are as follows: 2015 year – RR 83,630 million, 2016 year – RR 123,138 million, 2017 year – RR 99,654 million.

Future capital expenditures are mainly related to reconstruction of equipment of power plants: Volzhskaya HPP in the amount of RR 15,780 million, Saratovskaya HPP in the amount of RR 15,014 million, Zhigulevskaya HPP in the amount of RR 12,592 million; and to construction of power plants: Zaramagskie HPP in the amount of RR 25,489 million, Sakhalin GRES-2 in the amount of RR 25,094 million, Yakutskaya GRES-2 in the amount of RR 16,935 million, Nizhne-Bureiskaya HPP in the amount of RR 13,310 million, HPP in Sovetskaya Gavan in the amount of RR 11,806 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.

**Tax contingencies.** Russian tax legislation which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged by tax 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. Russian tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax incompliant counterparties. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year when decisions about the review was made. Under certain circumstances reviews may cover longer periods.

The Russian transfer pricing legislation is to a large extent aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD). This 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 six months ended 30 June 2015 the Group's subsidiaries had controlled transactions and transactions which highly probably will be considered by tax authorities to be controlled based on the results



of the period. Management has implemented internal controls to be in compliance with the new transfer pricing legislation.

Tax liabilities arising from transactions between companies are determined using actual transaction prices. It is possible, with the evolution of the interpretation of the transfer pricing rules, that such transfer prices could be challenged. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.

Management believes that as at 30 June 2015 its interpretation of the relevant legislation was appropriate and the Group's tax position would be sustained.

New provisions aimed at deoffshorisation of Russian economy have been added to the Russian tax legislation and are effective from 1 January 2015. Specifically, they introduce new rules for controlled foreign companies, a concept of beneficiary owner of income for the purposes of application of preferential provisions of taxation treaties of the Russian Federation, a concept of tax residency for foreign persons and taxation of indirect sale of Russian real estate assets.

The Group is currently assessing the effects of new tax rules on the Group's operations and takes necessary steps to comply with the new requirements of the Russian tax legislation. However, in view of the recent introduction of the above provisions and insufficient related administrative and court practice, at present the probability of claims from Russian tax authorities and probability of favourable outcome of tax disputes (if they arise) cannot be reliably estimated. Tax disputes (if any) may have an impact on the Group's financial position and results.

**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 721 million as at 30 June 2015 (31 December 2014: RR 653 million).

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

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

<b>Counterparty</b>	<b>30 June 2015</b>	<b>31 December 2014</b>
<i>for OJSC Boguchanskaya HPP:</i>		
State Corporation Vnesheconombank	27,744	28,106
<i>for CJSC Boguchansky Aluminium Plant:</i>		
ALSTOM Grid SAS	121	134
<b>Total guarantees issued</b>	<b>27,865</b>	<b>28,240</b>

## **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), credit risk and liquidity risk.

This Condensed Consolidated Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements; it should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2014.

There have been no changes in any risk management policies during the six months ended 30 June 2015.

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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 June 2015 and 31 December 2014:

<b>As at 30 June 2015</b>	<b>Loans and receivables</b>	<b>Available-for-sale financial assets</b>	<b>Total</b>
<b>Assets</b>			
<b>Other non-current assets (Note 8)</b>	<b>7,029</b>	-	<b>7,029</b>
Promissory notes	6,527	-	6,527
Deposits	70	-	70
Long-term loans issued	346	-	346
Net settled derivatives	86	-	86
<b>Available-for-sale financial assets</b>	-	<b>6,831</b>	<b>6,831</b>
<b>Trade and other receivables (Note 10)</b>	<b>35,492</b>	-	<b>35,492</b>
Trade receivables	32,412	-	32,412
Promissory notes receivable	27	-	27
Other financial receivables	3,053	-	3,053
<b>Other current assets (Note 12)</b>	<b>30,186</b>	-	<b>30,186</b>
Deposits and promissory notes	28,434	-	28,434
Short-term loans issued	1,708	-	1,708
Net settled derivatives	44	-	44
<b>Cash and cash equivalents (Note 9)</b>	<b>42,152</b>	-	<b>42,152</b>
<b>Total financial assets</b>	<b>114,859</b>	<b>6,831</b>	<b>121,690</b>
<b>Non-financial assets</b>			<b>801,597</b>
<b>Non-current assets and assets of disposal group classified as held for sale</b>			<b>1,210</b>
<b>Total assets</b>			<b>924,497</b>
<b>As at 31 December 2014</b>			
<b>Assets</b>			
<b>Other non-current assets (Note 8)</b>	<b>7,297</b>	-	<b>7,297</b>
Promissory notes	6,158	-	6,158
Deposits	585	-	585
Long-term loans issued	373	-	373
Net settled derivatives	181	-	181
<b>Available-for-sale financial assets</b>	-	<b>4,132</b>	<b>4,132</b>
<b>Trade and other receivables (Note 10)</b>	<b>35,113</b>	-	<b>35,113</b>
Trade receivables	32,288	-	32,288
Promissory notes receivable	13	-	13
Other financial receivables	2,812	-	2,812
<b>Other current assets (Note 12)</b>	<b>41,703</b>	-	<b>41,703</b>
Deposits and promissory notes	40,122	-	40,122
Short-term loans issued	1,484	-	1,484
Net settled derivatives	97	-	97
<b>Cash and cash equivalents (Note 9)</b>	<b>34,394</b>	-	<b>34,394</b>
<b>Total financial assets</b>	<b>118,507</b>	<b>4,132</b>	<b>122,639</b>
<b>Non-financial assets</b>			<b>760,467</b>
<b>Non-current assets and assets of disposal group classified as held for sale</b>			<b>664</b>
<b>Total assets</b>			<b>883,770</b>

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).



**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:

<b>30 June 2015</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>				
Available-for-sale financial assets	6,705	-	126	<b>6,831</b>
<b>Non-financial assets</b>				
Property, plant and equipment (except for construction in progress, office buildings and land)	-	-	459,871	<b>459,871</b>
<b>Total assets recurring fair value measurements</b>	<b>6,705</b>	<b>-</b>	<b>459,997</b>	<b>466,702</b>
<b>31 December 2014</b>				
<b>Financial assets</b>				
Available-for-sale financial assets	4,055	-	77	<b>4,132</b>
<b>Non-financial assets</b>				
Property, plant and equipment (except for construction in progress, office buildings and land)	-	-	451,262	<b>451,262</b>
<b>Total assets recurring fair value measurements</b>	<b>4,055</b>	<b>-</b>	<b>451,339</b>	<b>455,394</b>

The Group had no liabilities measured at fair value as at 30 June 2015 and 31 December 2014.

There were no changes in valuation techniques, inputs and assumptions for recurring fair value measurements during the six months ended 30 June 2015.

**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 (Level 1 of the fair value hierarchy) and accounts receivable (Level 3 of the fair value hierarchy) approximates their carrying value. The estimated fair value of long term accounts receivable, other non-current and current assets (Level 3 of the fair value hierarchy) is based on future cash flows expected to be received discounted at current interest rates with similar credit risks and remaining maturities. Discount rates used depend on the credit risk of the counterparty. 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 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 current liabilities carried at amortised cost approximates their carrying value.

As at 30 June 2015 the carrying value of bonds exceeded their fair value by RR 1,055 million (31 December 2014: by RR 2,527 million).

As at 30 June 2015 the carrying value of non-current fixed rate debt exceeded their fair value by RR 8,977 million (31 December 2014: by RR 7,319 million).

**Note 27. Subsequent events**

**Bonds issue.** In July 2015 the Group placed market bonds with a nominal amount of RR 15,000 million for the purpose of refinancing the eurobonds issued in October 2010 and financing the investment programme of the Company. The maturity of the bonds – 3 years, coupon rate is 11.85 percent per annum.