

**OAO E.ON RUSSIA AND SUBSIDIARIES  
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
PREPARED IN ACCORDANCE WITH IAS 34, INTERIM FINANCIAL REPORTING  
FOR THE SIX MONTHS ENDED 30 JUNE 2013**



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

To the Shareholders and Board of Directors of Open Joint Stock Company E.ON Russia (OJSC E.ON Russia)

### **Introduction**

We have reviewed the accompanying condensed consolidated interim statement of financial position of OJSC E.ON Russia and its subsidiaries (the "Group") as of 30 June 2013 and the related condensed consolidated interim statements of comprehensive income, changes in equity and cash flows 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*.

29 August 2013

Moscow, Russian Federation

**OAo E.ON Russia and subsidiaries**  
**Condensed Consolidated Interim Statement of Financial Position**  
**as at 30 June 2013**  
(RUB thousand)

	Note	At 30 June 2013	At 31 December 2012 Restated
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	90,663,051	88,625,688
Intangible assets		405,475	467,245
Long-term financial assets	5	2,354,536	2,279,206
Other non-current assets		774,507	706,479
<b>Total non-current assets</b>		<b>94 197 569</b>	<b>92,078,618</b>
<b>Current assets</b>			
Cash and cash equivalents		18,076,217	5,813,097
Short-term financial assets	8	22,808,461	27,515,492
Accounts receivable and prepayments	7	5,671,911	6,507,581
Inventories	6	2,020,993	1,679,769
Income tax prepayments		643,794	-
Assets held for sale		892	892
<b>Total current assets</b>		<b>49,222,268</b>	<b>41,516,831</b>
<b>TOTAL ASSETS</b>		<b>143,419,837</b>	<b>133,595,449</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital</b>			
Ordinary shares		25,219,482	25,219,482
Share premium		40,052,405	40,052,405
Other reserves	12	566,989	293,573
Retained earnings		48,285,854	57,171,247
<b>Total equity attributable to shareholders of OAo</b>		<b>114,124,730</b>	<b>122,736,707</b>
<b>E.ON Russia</b>		<b>114,124,730</b>	<b>122,736,707</b>
Non-controlling interest		24,669	5,724
<b>Total equity</b>		<b>114,149,399</b>	<b>122,742,431</b>
<b>Non-current liabilities</b>			
Deferred income tax liabilities		4,616,418	4,486,279
Pension liabilities		1,076,041	1,104,635
<b>Total non-current liabilities</b>		<b>5,692,459</b>	<b>5,590,914</b>
<b>Current liabilities</b>			
Accounts payable and accruals	13	22,417,144	3,537,502
Income tax payable		-	199,479
Taxes payable other than income tax		1,160,835	1,525,123
<b>Total current liabilities</b>		<b>23,577,979</b>	<b>5,262,104</b>
<b>Total liabilities</b>		<b>29,270,438</b>	<b>10,853,018</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>143,419,837</b>	<b>133,595,449</b>

General Director

M.G. Shirokov

Financial Director

U. Backmeyer

Approved and signed

29 August 2013

Translation of the original prepared in Russian  
which is official and takes precedence over this translation

**OAo E.ON Russia and subsidiaries**  
**Condensed Consolidated Interim Statement of Comprehensive Income**  
**for the six months ended 30 June 2013**  
(RUB thousand)

	Note	Six months ended 30 June 2013	Six months ended 30 June 2012
			<b>Restated</b>
Revenues	9	38,399,889	35,210,754
Operating expenses	10	(28,160,019)	(25,514,713)
Other operating income		91,761	87,023
<b>Operating profit</b>		<b>10,331,631</b>	<b>9,783,064</b>
Finance income	11	1,345,994	1,019,460
Finance expense	11	(93,624)	(78,417)
<b>Profit before income tax</b>		<b>11,584,001</b>	<b>10,724,107</b>
Income tax charge	14	(2,195,246)	(2,021,352)
<b>Profit for the period</b>		<b>9,388,755</b>	<b>8,702,755</b>
<b>Profit / (loss) for the period attributable to:</b>			
Shareholders of OAO E.ON Russia		9,369,810	8,702,700
Non-controlling interest		18,945	55
<b>Profit for the period</b>		<b>9,388,755</b>	<b>8,702,755</b>
<b>Other comprehensive income:</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of post employment benefit obligations		100,318	14,145
<b>Total items that will not be reclassified to profit or loss</b>		<b>100,318</b>	<b>14,145</b>
<i>Items that may be reclassified subsequently to profit or loss</i>			
Reclassification of cash flow hedge gain to profit and loss, net of tax		(27,435)	(27,428)
Fair value loss on available-for sale financial assets		10,461	45,524
Gain/(loss) from cash flow hedge, net of tax		190,072	(22,320)
<b>Total items that that may be reclassified subsequently to profit or loss</b>		<b>173,098</b>	<b>(4,224)</b>
<b>Total comprehensive income for the period</b>		<b>9,662,171</b>	<b>8,712,676</b>
<b>Comprehensive income / (loss) attributable to:</b>			
Shareholders of OAO E.ON Russia		9,643,226	8,712,621
Non-controlling interest		18,945	55
<b>Earnings per ordinary share for profit attributable to the shareholders of OAO E.ON Russia – basic and diluted (in Russian roubles)</b>	15	0,149	0,138

General Director

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Financial Director

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**OAo E.ON Russia and subsidiaries**  
**Condensed Consolidated Interim Statement of Changes in Equity**  
**for the six months ended 30 June 2013**  
(RUB thousand)

	Attributable to shareholders of OAo E.ON Russia					Non – controlling interest	Total equity
	Ordinary share capital	Share premium	Other reserves	Retained earnings	Total		
<b>At 1 January 2012</b>	<b>25,219,482</b>	<b>40,052,405</b>	<b>501,397</b>	<b>42,696,355</b>	<b>108,469,639</b>	<b>5,669</b>	<b>108,475,308</b>
Restated	-	-	-	(192,809)	(192,809)	-	(192,809)
<b>At 1 January 2012</b>	<b>25,219,482</b>	<b>40,052,405</b>	<b>501,397</b>	<b>42,503,546</b>	<b>108,276,830</b>	<b>5,669</b>	<b>108,282,499</b>
Profit / (loss) for the period	-	-	-	8,702,700	8,702,700	55	8,702,755
Other comprehensive income:					-		-
Available-for-sale financial assets revaluation	-	-	45,524	-	45,524	-	45,524
Remeasurements of post employment benefit obligations	-	-	14,145	-	14,145	-	14,145
Cash flow hedge, net of tax	-	-	(22,320)	-	(22,320)	-	(22,320)
Reclassification of cash flow hedge gain to profit and loss, net of tax	-	-	(27,428)	-	(27,428)	-	(27,428)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>9,921</b>	<b>8,702,700</b>	<b>8,712,621</b>	<b>55</b>	<b>8,712,676</b>
Dividends	-	-	-	(3,649,246)	(3 649 246)	-	(3,649,246)
<b>At 30 June 2012</b>	<b>25,219,482</b>	<b>40,052,405</b>	<b>511,318</b>	<b>47,557,000</b>	<b>113,340,205</b>	<b>5,724</b>	<b>113,345,929</b>
<b>At 1 January 2013</b>	<b>25,219,482</b>	<b>40,052,405</b>	<b>293,573</b>	<b>57,302,257</b>	<b>122,867,717</b>	<b>5,724</b>	<b>122,873,441</b>
Restated	-	-	-	(131,010)	(131,010)	-	(131,010)
<b>At 1 January 2013</b>	<b>25,219,482</b>	<b>40,052,405</b>	<b>293,573</b>	<b>57,171,247</b>	<b>122,736,707</b>	<b>5,724</b>	<b>122,742,431</b>
Profit /(loss) for the period	-	-	-	9,369,810	9,369,810	18,945	9,388,755
Other comprehensive income:					-		-
Available-for-sale financial assets revaluation	-	-	10,461	-	10,461	-	10,461
Remeasurements of post employment benefit obligations	-	-	100,318	-	100,318	-	100,318
Cash flow hedge, net of tax	-	-	190,072	-	190,072	-	190,072
Reclassification of cash flow hedge gain to profit and loss, net of tax	-	-	(27,435)	-	(27,435)	-	(27,435)
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>-</b>	<b>273,416</b>	<b>9,369,810</b>	<b>9,643,226</b>	<b>18,945</b>	<b>9,662,171</b>
Dividends	-	-	-	(18,255,203)	(18,255,203)	-	(18,255,203)
<b>At 30 June 2013</b>	<b>25,219,482</b>	<b>40,052,405</b>	<b>566,989</b>	<b>48,285,854</b>	<b>114,124,730</b>	<b>24,669</b>	<b>114,149,399</b>

General Director

M.G. Shirokov

Financial Director

U. Backmeyer

Approved and signed

29 August 2013

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**OA O.E.ON Russia and subsidiaries**  
**Condensed Consolidated Interim Statement of Cash Flow**  
**for the six months ended 30 June 2013**  
(RUB thousand)

	Note	Six months ended 30 June 2013	Six months ended 30 June 2012 Restated
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>			
<b>Profit before income tax</b>		<b>11,584,001</b>	<b>10,724,107</b>
<b>Adjustments for non-cash items:</b>			
Depreciation and amortization	10	4,168,579	3,950,253
Reclassification of cash flow hedge gain to profit and loss	10	(34,294)	(27,428)
Provision for impairment of accounts receivable	10	925,348	121,154
Foreign exchange loss/(gain)	11	10,521	(85,523)
Interest income and effect of discounting	11	(1,345,994)	(933,937)
Interest expense and effect of discounting	11	83,103	78,417
(Income)/Loss on disposal of property, plant and equipment and impairment	4	(31,544)	19,574
Change in pension liabilities		112,202	97,619
Change in provisions for estimated liabilities		(88,240)	(167,036)
Other non-cash items		(124,174)	(60,542)
<b>Operating cash flows before working capital changes and income tax paid</b>		<b>15,259,509</b>	<b>13,716,658</b>
Working capital changes:			
Decrease/(increase) in accounts receivable and prepayments	7	227,905	(160,473)
Increase in inventories	6	(276,830)	(488,105)
(Decrease) /increase in accounts payable and accruals	13	(59,611)	299,054
Contribution paid to pension fund		(15,398)	(24,493)
Decrease in taxes payable other than income tax		(362,701)	(171,307)
Income tax paid	15	(2,954,784)	(2,100,961)
<b>Net cash generated from operating activities</b>		<b>11,818,090</b>	<b>11,070,373</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>			
Purchase of property, plant and equipment and other non-current assets	4	(5,859,846)	(4,929,999)
Proceeds from sale of property, plant and equipment and other non-current assets	4	42,626	6,708
Change in short-term financial assets	8	5,083,769	(8,053,973)
Loans issued		(76,106)	(367,798)
Loans returned		14,269	5,074
Interest received	11	1,217,170	939,667
<b>Net cash from / (used in) investing activities</b>		<b>421,882</b>	<b>(12,400,321)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>			
Dividends paid to non-controlling interest shareholders		-	-
<b>Net cash used in financing activities</b>		<b>-</b>	<b>-</b>
Effect of exchange rate changes on cash and cash equivalents		23,148	17,539
<b>Net (decrease)/increase in cash</b>		<b>12,263,120</b>	<b>(1,312,409)</b>
Cash and cash equivalents at the beginning of the year		5,813,097	10,523,873
Cash and cash equivalents at the end of the year		18,076,217	9,211,464

General Director

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Financial Director

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

Open Joint-Stock Company E.ON Russia (OAo E.ON Russia or the Company) was established on 4 March 2005.

The Company's principal activities are generation and sale of electricity and heat.

Shares of E.ON Russia are listed in the Russian Trade System (RTS) and Moscow Interbank Currency Exchange (MICEX).

The Company operates five power plants as its branches and has two subsidiaries. Any references to the "Group" relate to the Company, its branches and subsidiaries, whose structures and principal activities have not changed as at 30 June 2013 as compared with 31 December 2012.

The Company is registered by the District Inspectorate of the Federal Tax Service of Surgut, Tyumen Region, Khanty-Mansiysk Autonomous District (Yugra). The Company's office is located at bld. 10, Block B, Presnenskaya nab. , Moscow, Russia, 123317.

Tariffs for electricity (capacity) and heat for the Group's entities are governed by normative documents on the state regulating of prices (tariffs).

For regulating prices (tariffs) a cost-plus method and tariff indexation are used. When applying a cost-plus method costs are determined under Russian Accounting Rules (RAR), a basis of accounting which significantly differs from International Financial Reporting Standards. In practice, tariff decisions are significantly affected by social and political considerations causing significant delays in tariff increases required to compensate the increasing costs.

### ***Changes in Industry***

The Russian Regulation No 1178 issued by the Russian Government as of 29 December 2011 provides for a basis for determining the regulated prices (tariffs) for electrical utilities and the Rules of the state regulation (review, application) of prices (tariffs) for electrical utilities.

The above Resolution provides for the following:

- The Federal Tariff Service determines the suppliers' regulated prices (tariffs) for electricity (capacity) sold on the wholesale market under regulated contracts for 2012 in accordance with the established procedure without applying price indexes for 2012. Starting from 2013, the period of changing (indexing) the regulated prices (tariffs) for electrical utilities shall be moved from 1 January to 1 July. So, dates for indexation regulated tariffs for electricity (capacity) sold on the wholesale market under regulated contracts in accordance this Resolution: in 2012- 01.01.2012, in 2013-01.07.2013
- The capacity price determined as the result of the competitive capacity selection in 2011 –is not indexed, in 2012 shall be indexed for the period from 1 July 2012 to 1 January 2013. So, dates for indexation of capacity prices resulted from the competitive capacity selection in accordance this Resolution: in 2012- 01.07.2012 to 6,1%, in 2013-01.01.2013 to 6,6%.

On approval by the Russian Government is a draft amendments of the Wholesale Electric Power (capacity) Market Rules, according to which the competitive capacity selection for 4 years ahead once again postponed. The competitive capacity selection for 4 years was transferred from 2013 to 2014, from 2014 to 2015-2018.

### ***Seasonality***

Demand for electricity and heat is influenced by both the seasons of the year and the relative severity of the weather. Major revenues from heat sales are generated over the period from October to March.

Similarly, though not so evidently, major electricity sales fall within the same period. Seasonality of heat and electricity generation influences fuel consumption and energy purchases accordingly.

In addition, repairs and maintenance expenses increase in the period of reduced generation from April to September. This seasonality does not impact the revenue or cost recognition policies of the Group.

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

This condensed consolidated interim financial information for the six months ended 30 June 2013 has been prepared in accordance with IAS 34, Interim Financial Reporting. This condensed consolidated interim financial information should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2012, which have been prepared in accordance with IFRS.

### ***Accounting policies***

The accounting policies applied are consistent with those applied for preparing the consolidated financial statements for the year ended 31 December 2012 except for standards and interpretations come in force starting from 1 January 2013 and income taxes determined at interim reporting periods based on the best estimated weighted average of annual income tax rate expected for the full financial year.

The following new standards and interpretations became effective for the Group from 1 January 2013:

#### **IAS 19 "Employee benefits" (revised in 2011) (IAS 19R)**

IAS 19 (revised) amends the accounting for the defined benefit obligation.

The standard requires recognition of all changes in the net defined benefit liability (asset) when they occur, as follows: (i) service cost and net interest in profit or loss; and (ii) remeasurements in other comprehensive income. There is no recycling of actuarial gains and losses recognised within other comprehensive income to profit or loss in subsequent periods. Group has applied the standard retrospectively in accordance with the transition provisions of the standard, as a result all unrecognised past service costs were recognised as at 31 December 2012 and the following adjustments of comparative data were made:

- Retained earnings at 31 December 2012 has reduced by RUB 131,010 thousand;
- Net income for the 6 months ended 30 June 2012 was increased by RUB 29,765 thousand;
- Deferred tax liabilities at 31 December 2012 were reduced by RUB 32,752 thousand.

Amendments to **IAS 1, Presentation of Financial Statements** change the disclosure of items presented in other comprehensive income. These changes require that entities classify the items of the statement of comprehensive income into two categories based on whether these items can be subsequently recycled to income or loss. Respective amendments are disclosed in presentation of Consolidated Statement of Comprehensive Income in this condensed consolidated interim financial information.

During 2013 the Group also applied for the first time some other new standards and amendments. However they don't affect either annual consolidated financial statements or condensed consolidated interim financial information.

#### **New accounting pronouncements**

Certain new standards and interpretations became effective starting from annual periods beginning from 1 of January 2014. Details of these changes were described in the Group's consolidated financial statements prepared in accordance with IFRS for the year ended 31 December 2012. The Group is currently assessing the impact of these standards and interpretations on its financial position and and operating results.

#### **Reclassifications**

Certain reclassifications have been made to prior period data to conform to the current period presentation. These reclassifications are not material and do not affect the Group's net income and equity.



**OA O E.ON Russia and subsidiaries**  
**Notes to Condensed Consolidated Interim Financial Information**  
**for the six months ended 30 June 2013**

(RUB thousand)

**Note 3. Transactions with related parties**

Parties are generally considered to be related if they are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions as defined by IAS 24, Related Party Disclosure.

E.ON SE is the Group's ultimate parent company and ultimate controlling party. E.ON SE is a widely held company. The Group's immediate parent is E.ON Russia Holding GmbH.

The Group had the following transactions and balances with its ultimate parent and other entities under common control:

	At 30 June 2013	At 31 December 2012
Accounts receivable	23,123	24,711
Accounts payable and accruals	2,059	2,990
	<b>Six months ended 30 June 2013</b>	<b>Six months ended 30 June 2012</b>
Revenues (less VAT)	892	3,844
Services provided and works performed (less VAT)	5,430	50,289

On 30 November 2010, the Group provided a loan to E.ON SE in the amount of RUB 1,750,000 thousand due on 30 November 2017. During the period from 1 January 2013 to 30 June 2013 the interest rate was 7.55-7.37% per annum (during the period from 1 January 2012 to 30 June 2012 the interest rate was 6.0-6.8%% per annum). As at 30 June 2013 the loan increased to RUB 2,331,909 thousand ( at 31 December 2012 - RUB 2,246,027 thousand) due to interest amounting to RUB 286,555 thousand accrued in prior and current periods and increase of the loan in May 2012 by RUB 295,353 thousand.

***Remuneration to the members of the Board of Directors and Management Board***

Total remuneration in the form of salary and bonuses paid to the members of the Board of Directors and Management Board for the six months ended 30 June 2013 was RUB 73,001 thousand (for the six months ended 30 June 2012: RUB 60,365 thousand) including:

Name	Six months ended 30 June 2013	Six months ended 30 June 2012
Salaries, bonuses and other benefits	73,001	57,987
Termination benefits	-	2,378
<b>Total</b>	<b>73,001</b>	<b>60,365</b>

These sums include personal income tax but do not include social contributions.

**OA O E.ON Russia and subsidiaries**  
**Notes to Condensed Consolidated Interim Financial Information**  
**for the six months ended 30 June 2013**  
(RUB thousand)

**Note 4. Property, plant and equipment (PP&E)**

	Land	Electricity and heat generation	Electricity distribution	Heating network	Construction in progress	Other	Total
<b>Cost</b>							
<b>Opening balance as at 1 January 2013</b>	<b>67,908</b>	<b>90,803,961</b>	<b>8,008,158</b>	<b>946,279</b>	<b>15,983,124</b>	<b>10,788,893</b>	<b>126,598,323</b>
Additions	-	-	-	-	6,119,526	-	6,119,526
Transfers	464	452,723	28,630	-	(629,439)	147,622	-
Reclassification	-	-	101,734	-	-	(101,734)	-
Disposals	(437)	(61,936)	(3,191)	-	(3,292)	(34,693)	(103,549)
<b>Closing balance as at 30 June 2013</b>	<b>67,935</b>	<b>91,194,748</b>	<b>8,135,331</b>	<b>946,279</b>	<b>21,469,919</b>	<b>10,800,088</b>	<b>132,614,300</b>
<b>Accumulated depreciation (including impairment)</b>							
<b>Opening balance as at 1 January 2013</b>	-	<b>29,485,515</b>	<b>20,385,964</b>	<b>544,796</b>	-	<b>5,556,360</b>	<b>37,972,635</b>
Charge for the period	-	3,182,323	315,635	21,768	-	551,354	4,071,080
Reclassification	-	-	(2,876)	-	-	2,876	-
Disposals	-	(57,899)	(3,044)	-	-	(31,523)	(92,466)
<b>Closing balance as at 30 June 2013</b>	-	<b>32,609,939</b>	<b>2,695,679</b>	<b>566,564</b>	-	<b>6,079,067</b>	<b>41,951,249</b>
<b>Net book value as at 1 January 2013</b>	<b>67,908</b>	<b>61,318,446</b>	<b>5,622,194</b>	<b>401,483</b>	<b>15,983,124</b>	<b>5,232,533</b>	<b>88,625,688</b>
<b>Net book value as at 30 June 2013</b>	<b>67,935</b>	<b>58,584,809</b>	<b>5,439,652</b>	<b>379,715</b>	<b>21,469,919</b>	<b>4,721,021</b>	<b>90,663,051</b>

**OAo E.ON Russia and subsidiaries**  
**Notes to Condensed Consolidated Interim Financial Information**  
**for the six months ended 30 June 2013**  
(RUB thousand)

**Note 4. Property, plant and equipment (PP&E) (continued)**

	Land	Electricity and heat generation	Electricity distribution	Heating network	Construction in progress	Other	Total
<b>Cost</b>							
<b>Opening balance as at 1 January 2012</b>	<b>67,916</b>	<b>91,551,055</b>	<b>1,344,944</b>	<b>854,087</b>	<b>8,487,323</b>	<b>14,744,744</b>	<b>117,050,069</b>
Additions	-	139,737	-	-	3,468,673	7,083	3,615,493
Transfers	-	100,638	-	-	(199,907)	99,269	-
Change in estimate of capital expenditure	-	-	-	-	-	(63,795)	(63,795)
Reclassification of some PP&E (chimneys, compressor stations, water lines, other) from «Other» to other groups	-	2,625,490	61,408	-	-	(2,686,898)	-
Reclassification of some PP&E (roads, flyovers and other) from «Electricity and heat generation» to «Other»	-	(2,942,972)	-	-	-	2,942,972	-
Disposals	-	(127,685)	-	(4,473)	(683)	(325,144)	(457,985)
<b>Closing balance as at 30 June 2012</b>	<b>67,916</b>	<b>91,346,263</b>	<b>1,406,352</b>	<b>849,614</b>	<b>11,755,406</b>	<b>14,718,231</b>	<b>120,143,782</b>
<b>Accumulated depreciation (including impairment)</b>							
<b>Opening balance as at 1 January 2012</b>	-	<b>19,797,846</b>	<b>660,189</b>	<b>459,145</b>	-	<b>9,416,677</b>	<b>30,333,857</b>
Charge for the period	-	3,250,976	38,641	17,181	-	592,779	3,899,577
Impairment loss	-	10,278	-	-	-	14,908	25,186
Reclassification of some PP&E (chimneys, compressor stations, water lines, other) from «Other» to other groups	-	1,250,273	784	-	-	(1,251,057)	-
Reclassification of some PP&E (roads, flyovers and other) from «Electricity and heat generation» to «Other»	-	(88,324)	-	-	-	88,324	-
Disposals	-	(119,423)	-	(3,912)	-	(308,790)	(432,125)
<b>Closing balance as at 30 June 2012</b>	-	<b>24,101,626</b>	<b>699,614</b>	<b>472,414</b>	-	<b>8,552,841</b>	<b>33,826,495</b>
<b>Net book value as at 1 January 2012</b>	<b>67,916</b>	<b>71,753,209</b>	<b>684,755</b>	<b>394,942</b>	<b>8,487,323</b>	<b>5,328,067</b>	<b>86,716,212</b>
<b>Net book value as at 30 June 2012</b>	<b>67,916</b>	<b>67,244,637</b>	<b>706,738</b>	<b>377,200</b>	<b>11,755,406</b>	<b>6,165,390</b>	<b>86,317,287</b>

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**Note 4. Property, plant and equipment (continued)**

At 30 June 2013, the carrying amount of property, plant and equipment reflects impairment and obsolescence loss of RUB 151,860 thousand (31 December 2012: RUB 167,440 thousand).

The recoverable amount of property, plant and equipment was not estimated as at 30 June 2013 because the Group's management did not note any indicators of impairment.

The Group reclassified a number of PP&E items (see the detailed breakdown above).

Other property, plant and equipment include auxiliary production equipment, motor vehicles, computer equipment, office equipment and others.

**Note 5. Long-term financial assets**

	At 30 June 2013	At 31 December 2012
Loan E.ON SE	2,331,909	2,246,027
RusHydro shares	22,627	33,179
<b>Total</b>	<b>2,354,536</b>	<b>2,279,206</b>

**Note 6. Inventories**

	At 30 June 2013	At 31 December 2012
Fuel production supplies	1,109,704	1,082,606
Materials and supplies	913,348	604,086
Other inventory	29,068	24,420
Provision for inventory impairment	(31,127)	(31,343)
<b>Total</b>	<b>2,020,993</b>	<b>1,679,769</b>

**Note 7. Accounts receivable and prepayments**

	At 30 June 2013	At 31 December 2012
<b>Trade and other receivables</b>		
Trade receivables	6,974,772	7,329,745
Other financial receivables	469,237	394,654
Less provision for impairment of accounts receivable	(2,539,941)	(1,539,977)
<b>Total financial assets within trade and other receivables</b>	<b>4,904,068</b>	<b>6,184,422</b>
Prepayments to suppliers	738,393	234,477
VAT recoverable	26,602	63,026
Due from budget (excluding VAT)	2,848	25,656
<b>Total account receivable and prepayments</b>	<b>5,671,911</b>	<b>6,507,581</b>

Management has determined the provision for impairment of accounts receivable based on the customers' credit history, customer payment trends, the outlook for payments and settlements, and an analysis of expected future cash flows. Management believes that the Group will be able to realise the net realisable amount through direct collections and other non-cash settlements and that the recorded value therefore approximates their fair value.

The above mentioned accounts receivable and prepayments include amounts receivable from related parties (see Note 3).

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The reason for increase in provision for doubtful accounts for the six months 2013 is additional charge for impairment of receivables from supply companies, which have been deprived of the status of the wholesale market participants in 2013.

**Note 8. Short-term financial assets**

During the 6 months of 2013 the Group continued to place temporarily available cash received from operations on deposit accounts with OAO Sberbank (Moody's credit rating Baa1), OAO Bank VTB (Moody's credit rating Baa2), OAO Gazprombank (Moody's credit rating Baa3), ZAO UniCredit Bank (Fitch credit rating BBB+), OOO Eich-es-bi-si Bank (RR) (Fitch credit rating BBB), OAO Rossiyskiy Selskohozyastvenniy Bank (Moody's credit rating Baa3) and DZ BANK AG (Moody's credit rating A1). The interest on these short-term deposits is fixed.

Name	Effective interest rate, %	Closing balance as at 30 June 2013 (hard currency, thousand)	Closing balance as at 30 June 2013 (RUB thousand)	Closing balance as at 31 December 2012 (hard currency, thousand)	Closing balance as at 31 December 2012 (RUB, thousand)
<b>Total short-term deposits</b>			<b>22,427,895</b>		<b>27,254,094</b>
Short-term deposits in US Dollars	0.21-0.8%	56,567	1,850,266	47,043	1,428,822
Short-term deposits in Euros	0.2-0.5%	27,099	1,157,629	43,011	1,730,272
Short-term deposits in Russian Roubles	6.35-7.63%		19,420,000		24,095,000
Total promissory notes			380,566		261,398
<b>Total short-term financial assets</b>			<b>22,808,461</b>		<b>27,515,492</b>

**Note 9. Revenues**

	Six months ended 30 June 2013	Six months ended 30 June 2012
Electricity and capacity	37,287,943	34,174,434
Heating	623,942	587,764
Other	488,004	448,556
<b>Total</b>	<b>38,399,889</b>	<b>35,210,754</b>

**Note 10. Operating expenses**

	Six months ended 30 June 2013	Six months ended 30 June 2012
Fuel	16,888,250	15,487,659
Depreciation and amortization	4,134,285	3,922,825
Staff costs	2,766,298	2,412,882
Provision for impairment of accounts receivable	925,348	121,154
Operational dispatch management	552,345	498,004
Taxes other than income tax	551,049	550,613
Repairs and maintenance	538,106	704,184
Purchase of electricity and heat	480,071	623,500
Raw materials and supplies	202,173	94,976

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	Six months ended 30 June 2013	Six months ended 30 June 2012
Security	178,393	184,861
Water usage expenses	80,115	87,468
Insurance cost	79,700	86,912
Rent expenses	65,203	63,505
Transportation expenses	59,602	55,187
Social expenditure	5,196	1,192
Bank services	3,838	4,771
PPE impairment	-	25,186
Other expenses	650,047	589,834
<b>Total expenses</b>	<b>28,160,019</b>	<b>25,514,713</b>

Staff costs include:

	Six months ended 30 June 2013	Six months ended 30 June 2012
Salaries and wages, including payroll taxes	2,364,738	2,033,350
Pension costs – defined contribution plans (including state pension fund)	342,323	350,529
Pension costs – defined benefit plans	53,174	24,716
Termination benefits	6,063	4,287
<b>Total staff costs</b>	<b>2,766,298</b>	<b>2,412,882</b>

**Note 11. Finance income and expense**

Finance income	Six months ended 30 June 2013	Six months ended 30 June 2012
Interest income (deposits and loan issued)	1,301,522	915,913
Other interest income	44,472	18,024
Foreign exchange gain	-	85,523
<b>Total</b>	<b>1,345,994</b>	<b>1,019,460</b>

The increase in Group's interest income is associated with the increase of money placed on deposit accounts, and the amount and interest rate on loan to E.ON SE.

**Finance expense**

	Six months ended 30 June 2013	Six months ended 30 June 2012
Effect of liability and pension obligation discounting	83,103	78,417
Foreign exchange loss	10,521	-
<b>Total</b>	<b>93,624</b>	<b>78,417</b>

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**Note 12. Other provisions**

	At 30 June 2013			At 31 December 2012		
	Before tax	Income tax expense	After tax	Before tax	Income tax expense	After tax
Revaluation of financial assets available for sale	-	-	-	(10,461)	-	(10,461)
Remeasurements of post employment benefit obligations	52,057	(10,411)	41,646	(73,341)	14,668	(58,673)
Cash flow hedging	656,679	(131,336)	525,343	453,384	(90,677)	362,707
<b>Total</b>	<b>708,736</b>	<b>(141,747)</b>	<b>566,989</b>	<b>369,582</b>	<b>(76,009)</b>	<b>293,573</b>

**Note 13. Accounts payable and accruals**

	At 30 June 2013	At 31 December 2012
<b>Financial liabilities</b>	<b>21,700,463</b>	<b>2,722,792</b>
Trade payables	1,711,885	1,781,662
Accounts payable to capital construction contractors	1,630,777	755,016
Dividends payable	18,294,558	40,302
Other payables	63,243	145,812
<b>Non- financial liabilities</b>	<b>716,681</b>	<b>814,710</b>
Advances from customers	11,027	10,037
Staff payables	705,654	804,673
<b>Total</b>	<b>22,417,144</b>	<b>3,537,502</b>

The Annual General Shareholder's Meeting of E.ON Russia, decided on June 27, 2013 to pay dividends on the Group's common stock based on the financial results for 2012 in the amount of RUB 18,255,203 thousand. At the date of approval of this condensed consolidated interim financial information for issue unpaid dividends amounted to RUB 155,595 thousand.

**Note 14. Income tax**

Income tax expense is recognized based on the management's best estimate of weighted average income tax rate expected for the full financial year. The estimated average income tax rate used for the six months of 2013 is 19% (weighted average income tax rate for the six months 2012 was 19%).

**Income tax charge**

	Six months ended 30 June 2013	Six months ended 30 June 2012
Current income tax charge	2,130,846	2,175,977
Deferred income tax charge / (income)	64,400	(154,625)
<b>Total</b>	<b>2,195,246</b>	<b>2,021,352</b>

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**Note 15. Basic earnings per share payable to shareholders of OAO E.ON Russia**

Basic earnings per share are calculated by dividing the net income attributable to the Group's shareholders by the weighted average number of ordinary shares in circulation, excluding treasury stock:

	<b>Six months ended 30 June 2013</b>	<b>Six months ended 30 June 2012</b>
Weighted average number of ordinary shares in circulation during the reporting period	63,048,706,145	63,048,706,145
Profit attributable to the shareholders of OAO E.ON Russia (RUB thousand)	9,369,810	8,702,700
<b>Basic earnings per ordinary share attributable to the shareholders of OAO E.ON Russia (in RUB)</b>	<b>0,149</b>	<b>0,138</b>

Diluted earnings per share are equal to basic earnings as there were no contracts with a potential dilutive effect during the reporting period.

**Note 16. Capital commitments**

As of 30 June 2013 the Group had commitments to acquire property, plant and equipment under signed contracts in the amount of RUB 26,931,663 thousand (as of 31 December 2012 – RUB 26,699,705 thousand).

**Note 17. Contingencies**

**Political environment.** The Group's operations and earnings continue, intermittently and to varying degrees, to feel the impact of Russian political, legislative, fiscal and regulatory developments, including those related to environmental protection.

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

**Social obligations.** The Group has a responsibility to those regions where it operates to contribute to the development of favourable living conditions, create jobs and minimise harm to the environment. It also has a responsibility to the public and government authorities to pay taxes, support important public initiatives, and participate in the social and economic development of the regions.

Guided by the principles of corporate responsibility, the Group believes it is important to contribute to the development of those regions where it has a presence. To this end, the Group is extensively involved in funding social and charity programmes to support vulnerable segments of society, first and foremost: children and pensioners. Particular attention is paid to the development of educational programmes for schoolchildren and students. A variety of sports events are also supported.

The Group continues traditions present in power plants which have come under its control: providing charity support to various organisations, public associations and individuals in those regions where these power plants operate. The Group spent RUB 6,500 thousand on these programmes for the six months ended 30 June 2013 (for the six months ended 30 June 2012: RUB 17,480 thousand).

**Legal proceedings.** Group entities are party to certain legal proceedings arising in the ordinary course of business. Management does not feel that the final outcome of current legal proceedings and claims could have a material effect on the Group's financial standing.

The Group has created a provision in relation to lawsuits where the risk of a negative outcome is assessed as being high, as of 30 June 2013 the amount of the provision was RUB 24,283 thousand (31 December 2012: RUB 3,892 thousand).



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At the date of approval of this condensed consolidated interim financial information for issue, management believes that it has made adequate provision for all resulting significant probable losses if such claims are initiated and disputed.

**Tax contingencies.** The Russian tax, currency and customs legislation is subject to varying interpretations and changes, which can occur frequently. Group management's interpretation of such legislation as applied to the Group's transactions and activity may be challenged by the regional and federal authorities.

The Russian tax authorities may take a more assertive and sophisticated approach in their interpretation of the legislation and tax assessments. This includes the Supreme Arbitration Court's resolutions on anti-avoidance claims based on reviewing the substance and business purpose of transactions. In addition, this position is affected by a possible increase in tax collection efforts in response to budget pressures.

As of 30 June 2013, management believes that its interpretation of the relevant law is appropriate and that the Group's position is sustainable as it relates to application of tax, currency and customs legislation.

**Environmental matters.** The Group has a long history of operating in the Russian electricity industry. The enforcement of Russian environmental regulation is evolving, and the position of government authorities on enforcing these regulations is continually being reconsidered.

The Group understands its responsibility for environmental protection and the rational use of natural resources. The Group operations are directly related to the exploitation of natural resources and have a direct impact on the environment. The Group endeavours to fully understand the impact of its operations on the environment and to minimise any negative effects.

The Group has implemented and currently operates the Environmental Management System (EMS), which determines the Group's policies, goals and objectives for environmental protection and security as well as the tools needed to achieve these targets.

The Group annually performs established control procedures such as internal audit of EMS and industrial environmental monitoring designed to identify gaps in EMS operation. When any such gaps are identified, the Group develops corrective actions for their prompt removal. In addition, the Group management reviews effectiveness of EMS operation on an annual basis.

Using the information obtained as a result of this work, the Group management decides whether it is reasonable to implement specific environmental protection measures and to include them in the Group's relevant financial programmes.

The Group introduced documented procedures to manage key environmental aspects in order to implement specific initiatives for compliance with the corporate and regulatory requirements. In 2012, the Group introduced "Environmental Rules for OAO E.ON Russia's contractors and lessees", which are basically aimed at achieving contractor's (lessee's) compliance with the Russian environmental legislation and environmental management standards adopted in the customer's organisation.

In April-May 2013 the Group conducted an external (by Bureau Veritas) Evaluative (predsertifikatsionny) audit of the EMS to meet the requirements of the international standard ISO 14001:2004. For October-December 2013 is scheduled EMS certification for compliance with ISO 14001:2004, which should allow:

- to strengthen the Group's favorable image among the partners and to the exchange;
- confirm the controllability and predictability of the risks of emergencies with environmental consequences and as a result affect the amount of insurance premiums;
- strengthen relationships with stakeholders, to make them more transparent and trustworthy;
- strengthen relationships with investors.

The Group is implementing a dry ash disposal construction project at Berezovskaya GRES. This system is principally intended for environmentally safe storage of ashes and slag waste for sustainable operation of the power plant without allocation of additional land plots for storing such waste (with similar area filled in within 3 years with hydraulic ash disposal and within 40 years with dry ash disposal). Another intended

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purpose of the system is to reduce water usage for ashes and slag waste transportation (water is used only for humidifying to exclude dusting).

The Group initiated construction of pollution control facilities for waste water at Yayvinskaya GRES with the aim to meet strict requirements for maximum allowable concentration levels for water released to fishery water bodies.

In the current situation at the present time in connection with the entry into force of the Federal Law of 07.12.2011 № 416- FZ "On the Water Supply and Sanitation ", as well as a number of RF Government Regulation establishing the need to ration effluent entering the centralized sewerage system and the simultaneous absence of regulations that establish specific procedures and mechanisms for the implementation of these regulations , from OAo " E.ON Russia ", as well as other businesses , there are risks to be notoriously guilty of dereliction of environmental legislation without the ability to take preventive measures to prevent such violations.

In the short term, the Group will encounter and with the tightening of regulation in the area of the negative impact on the basis of the best available technology (BAT) , which include equipment and technology to meet the latest achievements of science, with a minimum level of environmental pollution and thus economically affordable for businesses. In the transition to the technological regulation for large companies will increase the amount of burden on businesses in terms of the need to move on or use of BAT significant increase (75 - and 100 -fold ) of the coefficients in the absence of measures to reduce the negative impact.

**Note 18. Segment information**

The Group's chief operating decision-maker is the General Director and Management board (hereinafter «Chief operating decision-maker»), who review the Group's internal reporting forms prepared in accordance with E.ON's Accounting Manual in order to assess the Group's performance and allocate resources efficiently. E.ON's Accounting Manual is based on IFRS, however, the amounts may differ as the Company's internal reporting forms are intended for the purpose of the preparing consolidated financial statements for the entire E.ON Group. Operating segments are determined based on the above internal reporting forms.

The Chief operating decision-maker assesses the performance on a plant-by-plant basis, i.e. the performance of each of the 5 power plants: Surgutskaya GRES-2, Berezovskaya GRES (except heat sales), Shaturskaya GRES, Yayvinskaya GRES and Smolenskaya GRES. Surgutskaya GRES-2, Berezovskaya GRES (except heat sales), Shaturskaya GRES, and Yayvinskaya GRES are combined into one operating segment which accounts for over 90% of the Group's external revenue, as they have similar economic and other characteristics. Smolenskaya GRES operating segment comprises less than 4% of the total external revenue and 1% of total assets. The other segments comprise costs of the Moscow office, heat sales at Berezovskaya GRES and subsidiaries' numbers.

The Chief operating decision-maker assesses the performance of the operating segments based on earnings before interest, tax, depreciation and amortization (EBITDA) and revenue. In addition, the information on amortization and impairment of non-current assets and earnings before interest and tax (EBIT) is provided to the Chief operating decision-maker. Information regarding assets and liabilities of the segments are not provided to the Chief operating decision-maker.

	<b>Six months ended 30 June 2013</b>	<b>Six months ended 30 June 2012</b>
Earnings before interest, tax, depreciation and amortization for 5 power plants (EBITDA)	16,136,994	14,431,423
Other segments	(1,701,139)	(535,922)
<b>Total earnings before interest, tax, depreciation and amortization (EBITDA)</b>	<b>14,435,855</b>	<b>13,895,501</b>
Depreciation and impairment	(3,378,961)	(3,914,952)

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<b>Total earnings before interest and tax (EBIT)</b>	<b>11,056,894</b>	<b>9,980,549</b>
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Reconciliation of earnings before interest and tax (EBIT) for operating segments provided to the Chief operating decision-maker, with profit before tax as in this condensed consolidated interim financial information of the Group, is provided below:

	Six months ended 30 June 2013	Six months ended 30 June 2012
<b>Earnings before interest and tax (EBIT)</b>	<b>11,056,894</b>	<b>9,980,549</b>
Finance income	1,345,994	1,019,460
Finance expense	(93,624)	(78,417)
Other adjustments	(725,263)	(197,485)
<b>Profit before income tax</b>	<b>11,584,001</b>	<b>10,724,107</b>

Other adjustments mainly relate to the following:

Description	Six months ended 30 June 2013	Six months ended 30 June 2012
Bad debt provision	70,274	(117,732)
PPE depreciation and capitalized repairs amortization	(793,891)	(64,897)
Other	(1,646)	(14,856)
<b>Other adjustments</b>	<b>(725,263)</b>	<b>(197,485)</b>

Reconciliation of revenue from external customers:

	Six months ended 30 June 2013	Six months ended 30 June 2012
Revenue of 5 power plants	37,752,972	34,837,735
Other segments	549,424	384,214
Other adjustments for E.ON SE consolidation	97,493	(11,195)
<b>Total revenue</b>	<b>38,399,889</b>	<b>35,210,754</b>

Revenues from customers representing 10% or more of the total revenues are as follows:

	Six months ended 30 June 2013	Six months ended 30 June 2012
ZAO CFS	23,956,852	21,828,853
Others (mainly distribution companies, under 10% each)	14,443,037	13,381,901
<b>Total</b>	<b>38,399,889</b>	<b>35,210,754</b>