PJSC Inter RAO

Interim condensed consolidated financial statements

For the three and six months ended 30 June 2015 (unaudited)

Contents

Совершенствуя бизнес,
улучшаем мир

Ernst & Young LLC
Sadovnicheskaya Nab., 77, bld. 1
Moscow, 115035, Russia
Tel: +7 (495) 705 9700
+7 (495) 755 9700
Fax: +7 (495) 755 9701
www.ey.com/ru

ООО «Эрнст энд Янг»
Россия, 115035, Москва
Садовническая наб., 77, стр. 1
Тел.: +7 (495) 705 9700
+7 (495) 755 9700
Факс: +7 (495) 755 9701
ОКПО: 59002827

Report on review of interim condensed consolidated financial statements

To the Shareholders and Board of Directors of
PJSC Inter RAO

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of PJSC Inter RAO and its subsidiaries (the "Group"), comprising the interim consolidated statement of financial position as at 30 June 2015 and the related interim consolidated statements of comprehensive income for the three-month and six-month periods then ended, interim consolidated statements of changes in equity and cash flows for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34, *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial statements 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.

Совершенствуя бизнес,
улучшаем мир

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young LLC

27 August 2015

Moscow, Russia

Interim consolidated statement of financial position

(in millions of RUR)

	Note	30 June 2015	31 December 2014
Assets			
Non-current assets			
Property, plant and equipment	6	294,158	298,625
Intangible assets		11,334	12,514
Investments in associates and joint ventures	7	35,201	34,407
Deferred tax assets		3,265	2,236
Available-for-sale financial assets	8	4,917	7,260
Other non-current assets	9	11,158	10,094
Total non-current assets		**360,033**	**365,136**
Current assets			
Inventories		15,783	14,903
Accounts receivable and prepayments	10	81,341	81,703
Income tax prepaid		3,346	946
Cash and cash equivalents	11	49,379	75,599
Other current assets	12	15,927	9,154
		165,776	**182,305**
Assets classified as held-for-sale		38,057	38,057
Total current assets		**203,833**	**220,362**
Total assets		**563,866**	**585,498**
Equity and liabilities			
Equity			
Share capital		293,340	293,340
Treasury shares		(56,219)	(56,229)
Share premium		69,312	69,312
Hedge reserve		(9)	38
Actuarial reserve		152	(34)
Fair value reserve		308	626
Foreign currency translation reserve		7,035	8,422
Retained earnings		44,526	27,426
Total equity attributable to shareholders of the Company		**358,445**	**342,901**
Non-controlling interest		1,706	5,348
Total equity		**360,151**	**348,249**
Non-current liabilities			
Loans and borrowings	13	55,997	64,185
Deferred tax liabilities		17,412	15,034
Other non-current liabilities	15	10,713	11,448
Total non-current liabilities		**84,122**	**90,667**
Current liabilities			
Loans and borrowings		30,637	42,947
Accounts payable and accrued liabilities	14	80,964	96,836
Amounts payable to non-controlling shareholders for shares of subsidiary	5	2,836	–
Other taxes payable		4,964	5,872
Income tax payable		192	927
Total current liabilities		**119,593**	**146,582**
Total liabilities		**203,715**	**237,249**
Total equity and liabilities		**563,866**	**585,498**

Chairman of the Management Board — Kovalchuk B.Yu.

Member of the Management Board, Chief Financial Officer — Palunin D.N.

27 August 2015

The interim consolidated statement of financial position is to be read in conjunction with the notes to, and forming part of, the interim condensed consolidated financial statements set out in Notes 1-25.

Interim consolidated statement of comprehensive income

(in millions of RUR)

	Note	*For the three months ended 30 June* 2015	2014	*For the six months ended 30 June* 2015	2014
Revenue	16	175,171	163,288	391,633	352,896
Other operating income	17	2,389	1,269	5,573	3,249
Operating expenses, net	18	(172,652)	(161,926)	(374,920)	(343,586)
Operating income		**4,908**	**2,631**	**22,286**	**12,559**
Finance income	19	3,539	1,838	5,955	2,357
Finance expenses	19	(3,472)	(180)	(6,086)	(4,434)
Share of profit/(loss) of associates and joint ventures, net	7	424	(386)	1,313	34
Income before income tax		**5,399**	**3,903**	**23,468**	**10,516**
Income tax expense	20	(1,751)	(862)	(3,778)	(3,660)
Income for the period		**3,648**	**3,041**	**19,690**	**6,856**
Other comprehensive (loss)/income					
Other comprehensive (loss)/income that will be reclassified subsequently to profit or loss when specific conditions are met					
Actuarial gain, net of tax		181	115	181	115
Gain/(loss) on available-for-sale financial assets, net of tax	8	105	(453)	(318)	153
Net (loss)/gain on hedge instruments, net of tax		(42)	60	(42)	29
Exchange loss on translation to presentation currency		(1,097)	(826)	(1,609)	(684)
Other comprehensive loss, net of tax		**(853)**	**(1,104)**	**(1,788)**	**(387)**
Total comprehensive income for the period		**2,795**	**1,937**	**17,902**	**6,469**
Income attributable to:					
Shareholders of the Company		3,440	2,107	18,783	5,133
Non-controlling interest		208	934	907	1,723
		3,648	**3,041**	**19,690**	**6,856**
Total comprehensive income attributable to:					
Shareholders of the Company		2,634	1,058	17,217	4,740
Non-controlling interest		161	879	685	1,729
		2,795	**1,937**	**17,902**	**6,469**
Basic and diluted income per ordinary share for income attributable to the shareholders of the Company		**RUR**	**RUR**	**RUR**	**RUR**
		0.041	**0.022**	**0.223**	**0.057**

Chairman of the Management Board — Kovalchuk B.Yu.

Member of the Management Board, Chief Financial Officer — Palunin D.N.

27 August 2015

The interim consolidated statement of comprehensive income is to be read in conjunction with the notes to, and forming part of, the interim condensed consolidated financial statements set out in Notes 1-25.

Interim consolidated statement of cash flows

(in millions of RUR)

	Note	*For the six months ended 30 June* 2015	2014 (restated)
Operating activities			
Income before income tax		23,468	10,516
Adjustments to reconcile income before tax to net cash flows from operating activities:			
Depreciation and amortisation	18	11,445	10,675
Provision for impairment of accounts receivable	18	2,471	3,069
Other provisions charge/(release)	18	189	(588)
Impairment of available-for-sale financial assets and assets classified as held-for-sale	8, 18	18	485
(Release)/charge of impairment of property, plant and equipment, intangible assets and goodwill	18	(7)	321
Share of profit of associates and joint ventures	7	(1,313)	(34)
Loss from electricity derivatives, net	17, 18	140	41
Foreign exchange loss, net	19	160	470
Interest income	19	(4,055)	(1,262)
Other finance income	19	(783)	(136)
Interest expense	19	5,788	1,893
Other finance expenses	19	138	472
Dividend income	19	(1,117)	(959)
Income from sale of available-for-sale financial assets and assets classified as held-for-sale	8,17	(819)	(147)
Put and call option agreement	19	–	1,599
(Gain)/loss from disposal of controlling interest	5, 18	(17)	4
Other non-cash operations/items		399	170
Operating cash flows before working capital adjustments and income tax paid		**36,105**	**26,589**
Increase in inventories		(1,090)	(95)
Decrease/(increase) in accounts receivable and prepayments		697	(652)
Decrease/(increase) in value added tax recoverable		1,101	(1,188)
Increase in other current assets		(186)	(587)
Decrease in accounts payable and accrued liabilities		(14,026)	(2,886)
(Decrease)/increase in taxes other than income tax prepaid/payable, net		(2,238)	2,905
Other working capital adjustments		202	(378)
		20,565	**23,708**
Income tax paid		(5,486)	(2,893)
Net cash flows from operating activities		**15,079**	**20,815**

The interim consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of, the interim condensed consolidated financial statements set out in Notes 1-25.

Interim consolidated statement of cash flows (continued)

(in millions of RUR)

	Note	*For the six months ended 30 June* 2015	2014 (restated)
Investing activities			
Proceeds from disposal of property, plant and equipment		91	31
Purchase of property, plant and equipment and intangible assets		(9,260)	(11,676)
Purchase of controlling interest, net of cash acquired	5	94	–
Proceeds from disposal of controlling interest, net of cash disposed		–	31
Proceeds from disposal of available-for-sale financial assets and assets classified as held-for-sale	8	2,730	3,863
Proceeds from repayment of loans issued		17	950
Loans issued		–	(720)
Bank deposits placed		(15,394)	(4,123)
Bank deposits returned and proceeds from promissory notes repayment		4,953	3,181
Interest proceeds for bank deposits placed		3,090	767
Purchase of bonds		(10)	(109)
Dividends received		1,045	871
Cash flows from other investing activities		596	225
Net cash flows used for investing activities		**(12,048)**	**(6,709)**
Financing activities			
Proceeds from loans and borrowings		36,803	28,496
Repayment of loans and borrowings		(56,273)	(24,196)
Repayment of finance leases		(454)	(334)
Interest paid		(5,849)	(1,514)
Dividends paid		(368)	(53)
Purchase of non-controlling interest in subsidiary	5	(2,710)	–
Disposal of non-controlling interest in subsidiaries		–	100
Proceeds from treasury shares sold		–	2
Net cash flows (used for)/from financing activities		**(28,851)**	**2,501**
Effect of exchange rate fluctuations on cash and cash equivalents		(400)	10
Net (decrease)/increase in cash and cash equivalents		**(26,220)**	**16,617**
Cash and cash equivalents at the beginning of the period		75,599	39,882
Cash and cash equivalents at the end of the period	11	**49,379**	**56,499**

Chairman of the Management Board Kovalchuk B.Yu.

Member of the Management Board, Chief Financial Officer Palunin D.N.

27 August 2015

Interim consolidated statement of changes in equity

(in millions of RUR)

	Note	Share capital	Treasury shares	Share premium	Foreign currency translation reserve	Fair value reserve	Hedge reserve	Actuarial reserve	Retained earnings	Total	Non-controlling interest	Total equity
		Attributable to shareholders of the Company										
Balance at 1 January 2014		**293,340**	**(41,363)**	**69,312**	**413**	**642**	**(64)**	**(280)**	**9,522**	**331,522**	**3,067**	**334,589**
Total comprehensive income/(loss) for the six months ended 30 June 2014		**–**	**–**	**–**	**(683)**	**153**	**35**	**102**	**5,133**	**4,740**	**1,729**	**6,469**
Dividends to shareholders		–	–	–	–	–	–	–	–	**–**	(274)	**(274)**
Disposal of non-controlling interest in subsidiaries		–	–	–	–	–	–	–	25	**25**	75	**100**
Sale of treasury shares		–	1	–	–	–	–	–	–	**1**	–	**1**
Balance at 30 June 2014		**293,340**	**(41,362)**	**69,312**	**(270)**	**795**	**(29)**	**(178)**	**14,680**	**336,288**	**4,597**	**340,885**
Balance at 1 January 2015		**293,340**	**(56,229)**	**69,312**	**8,422**	**626**	**38**	**(34)**	**27,426**	**342,901**	**5,348**	**348,249**
Total comprehensive (loss)/income for the six months ended 30 June 2015		**–**	**–**	**–**	**(1,387)**	**(318)**	**(47)**	**186**	**18,783**	**17,217**	**685**	**17,902**
Dividends to shareholders		–	–	–	–	–	–	–	(91)	**(91)**	(429)	**(520)**
Acquisition of controlling interest in subsidiary	5	–	–	–	–	–	–	–	–	**–**	50	**50**
Acquisition of non-controlling interest in subsidiary	5	–	–	–	–	–	–	–	(701)	**(701)**	(2,009)	**(2,710)**
Disposal of non-controlling interest in subsidiary due to public offer	5	–	–	–	–	–	–	–	(897)	**(897)**	(1,939)	**(2,836)**
Sale of treasury shares		–	10	–	–	–	–	–	6	**16**	–	**16**
Balance at 30 June 2015		**293,340**	**(56,219)**	**69,312**	**7,035**	**308**	**(9)**	**152**	**44,526**	**358,445**	**1,706**	**360,151**

Chairman of the Management Board — Kovalchuk B.Yu.

Member of the Management Board, Chief Financial Officer — Palunin D.N.

27 August 2015

The interim consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the interim condensed consolidated financial statements set out in Notes 1-25.

(in millions of RUR)

1. The Group and its operations

Establishment of the Group

Public Joint Stock Company "Inter RAO UES" (the "Parent Company" or the "Company" or PJSC "Inter RAO") is incorporated and domiciled in the Russian Federation and whose shares are publicly traded.

The Russian Federation is the ultimate controlling party of PJSC Inter RAO and has a controlling interest in the Company of over 50%. The main state shareholders of the Parent Company as at 30 June 2015 are JSC ROSNEFTEGAZ (26.37%) and FGC UES Group (14.07% share).

The Company has controlling interests in a number of subsidiaries operating in different regions of the Russian Federation and abroad (the Company and its subsidiaries collectively are designated as the "Group").

The Group is engaged in the following business activities:

- Electricity production, supply and distribution;
- Export and import of electricity;
- Sales of electricity purchased abroad and on the domestic market;
- Engineering services;
- Energy effectiveness research and development.

The Group's business environment

The governments of the countries where the Group entities operate directly affect the Group's operations through regulation with respect to energy generation, purchases and sales. Governmental economic, social and other policies in these countries could have a material effect on the operations of the Group.

The Russian Federation, Georgia, Armenia, Moldavia (including Transdniestria Republic), Kazakhstan, Turkey, Lithuania, Latvia and Estonia have been experiencing significant (albeit different) political and economic changes that have affected, and may continue to affect, the activities of the Group entities operating in this environment. Consequently, operations in these jurisdictions involve risks that typically do not exist in other mature markets. These risks include matters arising from the policies of the government, economic conditions, the imposition of or changes to taxes and regulations, foreign exchange fluctuations and the enforceability of contract rights. In 2014, the economy of the Russian Federation, primary jurisdiction of the Group, was negatively impacted by a significant drop in crude oil prices and a significant devaluation of the Russian rouble, as well as series of unilateral restrictive political and economic measures imposed on the Russian Federation by several countries. The combination of the above resulted in reduced access to capital, a higher cost of capital, increased inflation and uncertainty regarding economic growth in the Russian Federation, which could negatively affect the Group's future financial position, results of operations and business prospects.

The accompanying interim condensed consolidated financial statements reflect management's assessment of the impact of the business environment on the operating results and the financial position of the Group in the countries where the Group entities operate. Management is unable to predict all developments which could have an impact on the utilities sector and the wider economy in these countries and consequently, what effect, if any, they could have on the financial position of the Group. Therefore, future business environment may differ from management's assessment.

2. Basis of preparation

(a) Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2014.

(b) Functional and presentation currency

The national currencies of the countries where the Group entities operate are usually the individual company's functional currencies, because they generally reflect the economic substance of the underlying transactions and circumstances of those companies.

(in millions of RUR)

2. Basis of preparation (continued)

(b) Functional and presentation currency (continued)

The Group applies judgment in determination of the functional currencies of certain Group entities. The functional currency determination influences foreign exchange gain/losses recognised in profit and loss and translation differences recognised in other comprehensive income.

The interim condensed consolidated financial statements are presented in millions of the Russian roubles ("RUR"). The main part of the Group is represented by entities operating in the Russian Federation having RUR as their functional currency. All values are rounded to the nearest million, except when otherwise indicated.

(c) Seasonality

Demand for electricity is to some extent influenced by the season of the year. Revenue is usually higher in the period from October to March than in other months of the year. This seasonality does not impact revenue or cost recognition policies of the Group.

(d) Changes in presentation

Segment information

Starting from 1 January 2015, the Group changed the calculation of EBITDA of the operating segments as chief operating decision-maker (further "CODM") decided to analyse the effectiveness of operating segments based on their main business activities excluding non-operating expenditures and income (Note 4). The comparative information was revised accordingly.

Other provisions

Since 1 January 2015, the management of Company decided to change presentation of charge and release of other provision within Operating expenses in the interim consolidated statement of comprehensive income. In case of the negative outcome the initially accrued provision should be released through other provision within Operating expenses and the appropriate expenses within Operating expenses should be recorded. The comparative information for the six months, ended 30 June 2014 for the total amount of RUR 1,563 million was revised correspondingly (Note 4, 18).

3. Summary of significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements for the there and six months ended 30 June 2015 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014, except for the adoption of new amendments of the following standards became effective as of 1 January 2015.

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

- *Defined Benefit Plans: Employee Contributions (amendments to IAS 19)* requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. This amendment is not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.
- *IFRS 2 Share-based Payment.* The improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions. This amendment did not have any effect on the consolidated financial statements.
- *IFRS 3 Business Combinations.* The amendment is applied prospectively and clarifies that joint arrangements are outside the Scope of IFRS 3 and that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable). This is consistent with the Group's current accounting policy, and thus this amendment does not impact the Group's accounting policy.
- *IFRS 8 Operating Segment.* The amendment is applied retrospectively and clarify that: an entity must disclose the judgements made by management in applying the aggregation criteria, the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. This amendment did not have any effect on the consolidated financial statements.
- *IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets.* The amendment is applied retrospectively and clarifies the revaluation model statements. This is not relevant to the Group, since the cost model is applied.

(in millions of RUR)

3. Summary of significant accounting policies (continued)

- *IAS 24 Related Party Disclosures.* The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.
- *IFRS 13 Fair Value Measurement.* The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39,as applicable). The Group does not apply the portfolio exception in IFRS 13.
- *IAS 40 Investment Property.* The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. This amendment did not have any effect on the consolidated financial statements.

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

4. Segment information

Operating segments are components of an enterprise about which separate financial information is available and is evaluated regularly by the Chief Operating Decision Maker ('CODM') in deciding how to allocate resources and in assessing performance. The Management Board of the Parent Company has been determined as the CODM; the operating segment has been defined as a legal entity or a particular business activity of a legal entity. The Management Board analyses the effectiveness of the operating segments based on IFRS financial reporting.

The Management Board considers the Group activities from both geographical (by countries of the Group entities' jurisdiction) and business perspective (generation, trading, supply, distribution, engineering and other) meaning that each operating segment represents a certain type of business activities or legal entities in a certain country.

The following reporting segments have been identified based on the requirements of IFRS 8 *Operating Segments* (taking into consideration aggregation criteria as well as quantitative thresholds on revenue and EBITDA):

- **Supply in the Russian Federation** (represented by PJSC Mosenergosbyt (Group of entities), JSC PSK, PJSC Tambov Energy Retailing Company, PJSC Saratovenergo, JSC Altayenergosbyt, LLC INTER RAO Orlovskii Energosbyt, JSC Industrial Energetics, LLC RN-Energo, PJSC Tomskenergosbyt, LLC Omsk Energy Retailing Company (since March 2014), JSC EIRTS LO (since 1 January 2015), LLC RT – Energy Trading (equity accounted investee).
- **Generation in the Russian Federation** represented by the following reporting sub-segments:
  - ***Electric Power Generation*** represented by:
    - *INTER RAO – Electricity Generation Group (represented by* JSC Inter RAO – Electric Power Plants), and
  - ***Thermal Power Generation*** represented by:
    - *TGC-11* (represented by JSC TGC-11, JSC Tomsk generation, JSC TomskRTS and JSC OmskRTS).
    - *Bashkir Generation* (represented by Group Bashkir Generation Company)
- **Trading in the Russian Federation and Europe** (represented by the trading activities of the Parent Company, RAO Nordic Oy, AB INTER RAO Lietuva, SIA INTER RAO Latvia, INTER RAO Eesti OU, Inter Green Renewables and Trading AB, JSC Eastern Energy Company, LLC Payments implementation center (since April 2014) and SOO IRL POLSKA (since January 2015).
- **Georgia** (represented by JSC Telasi, LLC Mtkvari Energy, JSC Khramhesi I and JSC Khramhesi II).
- **Armenia** (represented by JSC Elektricheskiye seti Armenii, JSC RazTec).
- **Moldavia** (represented by CJSC Moldavskaya GRES).
- **Kazakhstan** (represented by JSC Stantsiya Ekibastuzskaya GRES-2 (equity accounted investee) and LLP INTER RAO Central Asia).
- **Turkey** (represented by Group Trakya and Inter Rao Turkey Energy Holding A.S.).
- **Engineering in the Russian Federation** (represented by LLC INTER RAO Engineering, LLC Quartz Novie Tekhnologii (equity accounted investee), LLC Quartz Group, LLC Inter RAO – WorleyParsons (equity accounted investee till 1 April 2014), LLC Power Efficiency Centre INTER RAO UES (equity accounted investee), LLC INTER RAO – Export, Energy beyond borders Non-for-profit Fund and LLC TCC Energy beyond borders).
- Other.

(in millions of RUR)

4. Segment information (continued)

The CODM evaluates performance of the operating segments based on EBITDA, which is calculated as profit/(loss) for the period before finance income and finance expenses; income tax expense; depreciation and amortisation of property, plant and equipment, investment property and intangible assets; impairment charge/(release) of property, plant and equipment and investment property; impairment of goodwill and other intangible assets; impairment of available-for-sale financial assets and assets classified as held-for-sale; provisions for doubtful debts and for inventory obsolescence; other provisions; share in profit/(loss) of associates and effects from acquisition and disposal of Group entities; income/(loss) from purchase and sale of available-for-sale financial assets and assets classified as held for sale; and charity expenses, income/(loss) from disposal of non-financial assets and some other included in Other item within the reconciliation between EBITDA of the reporting segments and net income/(loss) for the reporting period. The Group's definition of EBITDA may differ from that of other companies. Information about depreciation and amortisation of property, plant and equipment and intangible assets, interest income and interest expenses is disclosed in segment information as it is regularly reviewed by the CODM.

Revenue of each segment is mainly represented by sales of electricity and capacity and heat-power allocated to the reporting segments.

The CODM analyses leverage of the Group's subsidiaries, joint ventures (equity accounted investees) on a regular basis; loans and borrowings are allocated to the reporting segments excluding inter-segment balances.

Joint ventures (equity accounted investees) are reviewed by the CODM in terms of the Group's share in their profit/(loss) and loan and borrowings.

"Unallocated and Eliminations" includes elimination of transactions among the reporting segments ("Eliminations") and management expenses, interest income and interest expense of the Parent Company as well as loans and borrowings, obtained by the Parent Company or other subsidiaries, which cannot be allocated to a specific reporting segment on a reasonable basis ("Unallocated").

(in millions of RUR)

4. Segment information (continued)

Below is the performance of the operating segments for the three months ended 30 June 2015:

	Supply	***Generation***			***Trading***						***Engineering***			
		The Russian Federation												
		Electric Power Generation	***Thermal Power Generation***											
	The Russian Federation	***Inter RAO – Electricity Generation Group***	***TGC-11***	***Bashkir Generation***	***The Russian Federation and Europe***	***Armenia***	***Georgia***	***Moldavia***	***Kazakhstan***	***Turkey***	***The Russian Federation***	***Other***	***Unallocated and eliminations***	***Total***
Total revenue	**105,773**	**33,241**	**5,214**	**10,514**	**17,008**	**4,223**	**1,714**	**968**	**–**	**3,696**	**2,530**	**1,297**	**(11,007)**	**175,171**
Revenue from external customers	105,506	27,086	4,470	9,505	16,603	4,223	1,714	968	–	3,696	1,290	110	–	**175,171**
Inter-segment revenue	267	6,155	744	1,009	405	–	–	–	–	–	1,240	1,187	(11,007)	**–**
Operating expenses, including:														
Purchased electricity and capacity	(57,392)	(1,863)	(508)	(824)	(14,178)	(2,285)	(372)	–	–	–	–	(3)	8,562	**(68,863)**
Transmission fees	(42,449)	–	–	(3)	(1,115)	(166)	(157)	(3)	–	–	–	–	2	**(43,891)**
Fuel expenses	–	(17,723)	(2,583)	(5,983)	–	10	(42)	(7)	–	(3,038)	–	–	595	**(28,771)**
Share in profit of joint ventures	43	389	–	–	–	–	–	–	56	–	(23)	10	–	**475**
EBITDA	**1,082**	**7,150**	**81**	**1,152**	**1,289**	**925**	**665**	**592**	**56**	**365**	**(181)**	**700**	**(1,576)**	**12,300**
Depreciation and amortization	(400)	(2,964)	(427)	(831)	(15)	(183)	(119)	(81)	(1)	(321)	(48)	(177)	(126)	**(5,693)**
Interest income	744	476	1	95	64	8	7	–	1	7	59	174	394	**2,030**
Interest expenses	(196)	(2,183)	(553)	(55)	(73)	(165)	(30)	(63)	–	(115)	(19)	(1,609)	2,244	**(2,817)**

(in millions of RUR)

4. Segment information (continued)

Below is the performance of the operating segments for the three months ended 30 June 2014:

	Supply	*Generation*			*Trading*						*Engineering*			
		The Russian Federation												
		Electric Power Generation	*Thermal Power Generation*											
	The Russian Federation	*Inter RAO – Electricity Generation Group*	*TGC-11*	*Bashkir Generation*	*The Russian Federation and Europe*	*Armenia*	*Georgia*	*Moldavia*	*Kazakhstan*	*Turkey*	*The Russian Federation*	*Other*	*Unallocated and eliminations*	*Total*
Total revenue	**104,778**	**33,709**	**4,686**	**10,115**	**10,239**	**2,766**	**1,353**	**1,546**	**14**	**1,640**	**1,647**	**741**	**(9,946)**	**163,288**
Revenue from external customers	104,640	27,694	4,105	9,122	9,876	2,766	1,353	1,546	14	1,640	438	94	–	**163,288**
Inter-segment revenue	138	6,015	581	993	363	–	–	–	–	–	1,209	647	(9,946)	**–**
Operating expenses, including:														
Purchased electricity and capacity	(56,853)	(1,831)	(448)	(811)	(8,519)	(1,373)	(127)	–	(8)	–	–	(16)	8,078	**(61,908)**
Transmission fees	(41,349)	–	–	(11)	(729)	(99)	(106)	(11)	(5)	–	–	–	–	**(42,310)**
Fuel expenses	–	(18,680)	(2,354)	(5,600)	–	(51)	(134)	(930)	–	(1,451)	–	–	342	**(28,858)**
Share in profit/ (loss) of joint ventures	7	66	–	–	–	–	–	–	(350)	–	(6)	–	–	**(283)**
EBITDA	**2,862**	**5,881**	**(88)**	**1,387**	**784**	**552**	**571**	**343**	**(350)**	**(433)**	**45**	**267**	**(1,186)**	**10,635**
Depreciation and amortization	(305)	(2,751)	(426)	(1,112)	(15)	(136)	(99)	(26)	–	(233)	(27)	(116)	(100)	**(5,346)**
Interest income	303	153	–	9	15	3	14	–	–	2	44	103	106	**752**
Interest expenses	(109)	(294)	(200)	(8)	(4)	(146)	(44)	(50)	–	(79)	(18)	(107)	166	**(893)**

(in millions of RUR)

4. Segment information (continued)

Below is the performance of the operating segments for the six months ended 30 June 2015:

	Supply	*Generation*			*Trading*						*Engineering*			
		The Russian Federation												
		Electric Power Generation	*Thermal Power Generation*											
	The Russian Federation	*Inter RAO – Electricity Generation Group*	*TGC-11*	*Bashkir Generation*	*The Russian Federation and Europe*	*Armenia*	*Georgia*	*Moldavia*	*Kazakhstan*	*Turkey*	*The Russian Federation*	*Other*	*Unallocated and eliminations*	*Total*
Total revenue	**229,048**	**72,235**	**15,191**	**24,976**	**40,428**	**9,918**	**4,307**	**2,177**	**27**	**10,067**	**3,714**	**2,166**	**(22,621)**	**391,633**
Revenue from external customers	228,309	58,781	13,315	22,882	39,644	9,918	4,307	2,177	27	10,067	1,928	278	–	**391,633**
Inter-segment revenue	739	13,454	1,876	2,094	784	–	–	–	–	–	1,786	1,888	(22,621)	**–**
Operating expenses, including:														
Purchased electricity and capacity	(125,267)	(3,837)	(1,444)	(1,703)	(32,231)	(5,194)	(570)	–	(16)	–	–	(11)	18,893	**(151,380)**
Transmission fees	(90,469)	–	–	(7)	(2,803)	(439)	(390)	(7)	(10)	–	–	–	3	**(94,122)**
Fuel expenses	–	(38,075)	(7,014)	(14,033)	–	(815)	(1,449)	(37)	–	(8,353)	–	–	1,047	**(68,729)**
Share in profit of joint ventures	78	1,222	–	–	–	–	–	–	177	–	(18)	10	–	**1,469**
EBITDA	**4,911**	**18,197**	**2,521**	**4,425**	**4,587**	**1,606**	**843**	**1,280**	**179**	**1,209**	**(604)**	**773**	**(2,635)**	**37,292**
Depreciation and amortization	(791)	(5,860)	(870)	(1,676)	(30)	(395)	(270)	(189)	(2)	(700)	(96)	(364)	(202)	**(11,445)**
Interest income	1,504	739	1	165	143	23	24	–	1	16	150	368	921	**4,055**
Interest expenses	(256)	(4,501)	(1,082)	(110)	(152)	(394)	(69)	(142)	–	(252)	(29)	(3,047)	4,246	**(5,788)**

(in millions of RUR)

4. Segment information (continued)

Below is the performance of the operating segments for the six months ended 30 June 2014 (restated):

	Supply	*Generation*			*Trading*						*Engineering*			
		The Russian Federation												
		Electric Power Generation	*Thermal Power Generation*											
	The Russian Federation	*Inter RAO – Electricity Generation Group*	*TGC-11*	*Bashkir Generation*	*The Russian Federation and Europe*	*Armenia*	*Georgia*	*Moldavia*	*Kazakhstan*	*Turkey*	*The Russian Federation*	*Other*	*Unallocated and eliminations*	*Total*
Total revenue	**221,661**	**70,896**	**14,020**	**23,640**	**20,493**	**6,211**	**3,024**	**3,094**	**56**	**5,619**	**2,456**	**1,551**	**(19,825)**	**352,896**
Revenue from external customers	221,349	58,331	12,946	21,505	19,889	6,211	3,024	3,094	56	5,619	662	210	–	**352,896**
Inter-segment revenue	312	12,565	1,074	2,135	604	–	–	–	–	–	1,794	1,341	(19,825)	**–**
Operating expenses, including:														
Purchased electricity and capacity	(120,098)	(3,780)	(1,100)	(1,683)	(16,231)	(3,091)	(349)	–	(33)	–	–	(21)	16,665	**(129,721)**
Transmission fees	(89,097)	–	–	(34)	(1,734)	(245)	(244)	(21)	(20)	–	–	–	–	**(91,395)**
Fuel expenses	–	(39,556)	(6,653)	(14,281)	–	(861)	(846)	(1,873)	–	(4,953)	–	–	731	**(68,292)**
Share in profit/(loss) of joint ventures	18	478	–	–	–	–	–	–	(402)	–	(46)	(4)	–	**44**
EBITDA	**5,223**	**14,416**	**2,228**	**3,553**	**1,615**	**675**	**818**	**663**	**(399)**	**(113)**	**(352)**	**437**	**(1,963)**	**26,801**
Depreciation and amortization	(620)	(5,453)	(847)	(2,276)	(28)	(270)	(194)	(50)	(1)	(426)	(72)	(221)	(217)	**(10,675)**
Interest income	552	209	–	16	30	11	28	–	–	4	75	153	184	**1,262**
Interest expenses	(227)	(681)	(410)	(17)	(10)	(293)	(87)	(99)	–	(159)	(35)	(219)	344	**(1,893)**

(in millions of RUR)

4. Segment information (continued)

As at 30 June 2015:

	Supply	*Generation*			*Trading*						*Engineering*			
		The Russian Federation												
		Electric Power Generation	*Thermal Power Generation*											
	The Russian Federation	*Inter RAO – Electricity Generation Group*	*TGC-11*	*Bashkir Generation*	*The Russian Federation and Europe*	*Armenia*	*Georgia*	*Moldavia*	*Kazakhstan*	*Turkey*	*The Russian Federation*	*Other*	*Unallocated and eliminations*	*Total*
Loans and borrowings, including:	**(2,171)**	**(41,676)**	**(8,489)**	**(396)**	**(1,757)**	**(5,165)**	**(1,255)**	**–**	**(9,037)**	**(9,360)**	**(558)**	**(1,617)**	**(14,953)**	**(96,434)**
Share in loans and borrowings of joint ventures	–	–	–	–	–	–	–	–	(9,037)	–	(492)	(421)	150	**(9,800)**

As at 31 December 2014:

	Supply	*Generation*			*Trading*						*Engineering*			
		The Russian Federation												
		Electric Power Generation	*Thermal Power Generation*											
	The Russian Federation	*Inter RAO – Electricity Generation Group*	*TGC-11*	*Bashkir Generation*	*The Russian Federation and Europe*	*Armenia*	*Georgia*	*Moldavia*	*Kazakhstan*	*Turkey*	*The Russian Federation*	*Other*	*Unallocated and eliminations*	*Total*
Loans and borrowings, including:	**(967)**	**(58,699)**	**(8,182)**	**(437)**	**(1,671)**	**(7,416)**	**(1,659)**	**–**	**(9,119)**	**(10,100)**	**(740)**	**(1,834)**	**(16,399)**	**(117,223)**
Share in loans and borrowings of joint ventures	–	–	–	–	–	–	–	–	(9,119)	–	(736)	(386)	150	**(10,091)**

(in millions of RUR)

4. Segment information (continued)

The reconciliation between EBITDA of the reporting segments and net profit for the reporting period in the interim consolidated statement of comprehensive income is presented below:

	For the three months ended 30 June		***For the six months ended 30 June***	
	2015	***2014***	***2015***	***2014 (restated)***
EBITDA of the reportable segments	**12,300**	**10,635**	**37,292**	**26,801**
Depreciation and amortization (Note 18)	(5,693)	(5,346)	(11,445)	(10,675)
Interest income (Note 19)	2,030	752	4,055	1,262
Interest expenses (Note 19)	(2,817)	(893)	(5,788)	(1,893)
Put and Call option agreements (Note 19)	–	125	–	(1,599)
Foreign currency exchange loss, net (Note 19)	(593)	(397)	(160)	(470)
Other finance income (Note 19)	1,447	2,071	1,762	623
Provisions charge, including: (Note 18)	(1,026)	(2,972)	(2,671)	(3,287)
impairment of property, plant and equipment (charge)/release	*(1)*	*1*	*7*	*23*
impairment of available-for-sale financial assets	*(16)*	*(9)*	*(18)*	*(305)*
impairment of assets classified as held-for-sale	–	–	–	*(180)*
other provisions release/(charge) (Note 2d)	*214*	*(87)*	*(189)*	*588*
impairment of account receivables	*(1,223)*	*(2,533)*	*(2,471)*	*(3,069)*
impairment of goodwill	–	*(344)*	–	*(344)*
Gain/(loss) from disposal of controlling interest (Note 17, 18)	–	(33)	17	(4)
Income from sale of available-for-sale and held-for-sale assets	–	146	819	147
Other operating expense, net (Note 2d)	(198)	(82)	(257)	(379)
Share of loss of associates (Note 7)	(51)	(103)	(156)	(10)
Income tax expense (Note 20)	(1,751)	(862)	(3,778)	(3,660)
Profit for the reporting period in the interim consolidated statement of comprehensive income	**3,648**	**3,041**	**19,690**	**6,856**

The reconciliation between loans and borrowings of the reportable segments and loans and borrowings for the reporting period in the interim consolidated statement of financial position is presented below:

	As at 30 June 2015	***As at 31 December 2014***
Loans and borrowings of the reportable segments	**(96,434)**	**(117,223)**
Less:		
Share in loans and borrowings of joint ventures	9,800	10,091
Loans and borrowings in the interim consolidated statement of financial position	**(86,634)**	**(107,132)**

(in millions of RUR)

4. Segment information (continued)

Information about geographical areas

The Management Board also considers revenue of the Group entities generated in their countries of jurisdiction and abroad as well as non-current assets (property, plant and equipment, investment property, investments in associates and jointly controlled entities and intangible assets, including goodwill) based on location of assets.

	For the three months ended 30 June 2015			*For the three months ended 30 June 2014*		
	Revenue in the Group entity's jurisdiction [1]	***Revenue in countries other than Group entity's jurisdiction***	***Total revenue based on location of customers***	***Revenue in the Group entity's jurisdiction***	***Revenue in countries other than Group entity's jurisdiction***	***Total revenue based on location of customers***
Russian Federation	154,235	35	**154,270**	149,687	29	**149,716**
Turkey	3,696	–	**3,696**	1,640	–	**1,640**
Armenia	4,185	–	**4,185**	2,734	–	**2,734**
Georgia	1,714	29	**1,743**	1,352	2	**1,354**
Finland	431	141	**572**	773	42	**815**
China	–	2,421	**2,421**	–	1,570	**1,570**
Lithuania	1,585	–	**1,585**	1,853	–	**1,853**
Ukraine	–	740	**740**	–	16	**16**
Belarus	–	2,904	**2,904**	–	481	**481**
Kazakhstan	–	1,188	**1,188**	14	785	**799**
Moldavia (incl. Transdniestria Republic)	958	10	**968**	122	1,424	**1,546**
Mongolia	–	247	**247**	–	301	**301**
Latvia	179	–	**179**	233	78	**311**
Estonia	86	65	**151**	72	–	**72**
Other	162	160	**322**	8	72	**80**
Total	**167,231**	**7,940**	**175,171**	**158,488**	**4,800**	**163,288**

	For the six months ended 30 June 2015			*For the six months ended 30 June 2014*		
	Revenue in the Group entity's jurisdiction [1]	***Revenue in countries other than Group entity's jurisdiction***	***Total revenue based on location of customers***	***Revenue in the Group entity's jurisdiction***	***Revenue in countries other than Group entity's jurisdiction***	***Total revenue based on location of customers***
Russian Federation	339,936	107	**340,043**	319,973	69	**320,042**
Turkey	10,067	–	**10,067**	5,619	–	**5,619**
Armenia	9,733	–	**9,733**	6,112	–	**6,112**
Georgia	4,308	1,007	**5,315**	3,023	494	**3,517**
Finland	4,553	207	**4,760**	2,509	133	**2,642**
China	–	4,327	**4,327**	–	3,026	**3,026**
Lithuania	4,314	–	**4,314**	3,698	–	**3,698**
Ukraine	–	3,304	**3,304**	–	33	**33**
Belarus	–	3,265	**3,265**	–	2,055	**2,055**
Kazakhstan	27	2,261	**2,288**	56	1,500	**1,556**
Moldavia (incl. Transdniestria Republic)	2,108	69	**2,177**	260	2,834	**3,094**
Mongolia	–	466	**466**	–	536	**536**
Latvia	460	–	**460**	444	188	**632**
Estonia	212	193	**405**	148	–	**148**
Other	321	388	**709**	8	178	**186**
Total	**376,039**	**15,594**	**391,633**	**341,850**	**11,046**	**352,896**

1 Revenues are attributable to countries on the basis of the customer's location.

(in millions of RUR)

4. Segment information (continued)

	Total non-current assets based on location of assets[1]	
	As at 30 June 2015	***As at 31 December 2014***
Russian Federation	311,210	312,851
Armenia	12,546	13,093
Georgia	7,584	9,188
Turkey	5,428	6,184
Moldavia (incl. Transdniestria Republic)	2,542	2,619
Lithuania	1,345	1,569
Other	38	42
Total	**340,693**	**345,546**

5. Acquisitions and disposals

Acquisition of PJSC Mosenergosbyt

As at 31 December 2014 the Group's share in PJSC Mosenergosbyt was 50.92%.

In April 2015, the Group increased its ownership in PJSC Mosenergosbyt by acquisition of 23.98% of ordinary shares from third parties for the total cash consideration of RUR 2,710 million. As a result the Group increased its share from 50.92% to 74.90%. The effect of acquisition of non-controlling interest was recognized in the interim consolidated statement of changes in equity.

On 23 June 2015 the Group announced a public offer to acquire 25.10% of ordinary shares of PJSC Mosenergosbyt held by non-controlling shareholders. The offer price was set at RUB 0.4 per one ordinary share. The offer term expires on 1 September 2015. Accordingly, as at 30 June 2015 the Group accrued a liability to the non-controlling shareholders in the amount of RUR 2,836 million, derecognised non-controlling interest in the amount of RUR 1,939 million and changes in retained earnings in the amount of RUB 897 million.

Other acquisitions and disposals

During the six months ended 30 June 2015 the Group purchased additional 2% of the ordinary shares of the associate, JSC EIRTS LO, for the cash consideration of RUR 2 million. As a result the Group increased its share in the entity's share capital from 49% to 51% and obtained the control over the entity. The fair value of net assets acquired was RUR 102 million, including cash and cash equivalents of RUR 94 million. As a result of this acquisition the non-controlling interest in the amount of RUR 50 million was recognized in the interim consolidated statement of changes in equity.

During the six months ended 30 June 2015 the Group liquidated a number of individually insignificant subsidiaries. The gain from the liquidation of RUR 17 million was recognized in the interim consolidated statement of comprehensive income.

[1] Total non-current assets based on location of assets excludes deferred tax assets, available-for-sale financial assets and other non-current assets.

(in millions of RUR)

6. Property, plant and equipment

	Land and buildings	*Infra-structure assets*	*Plant and equipment*	*Other*	*Const-ruction in progress*	*Total*
Cost						
Balance at 31 December 2014	**107,026**	**105,714**	**240,795**	**9,629**	**46,491**	**509,655**
Reclassification	(38)	284	(207)	(7)	(32)	**–**
Additions	1	11	22	3	8,173	**8,210**
Disposals	(67)	(63)	(164)	(45)	(365)	**(704)**
Transfers	666	1,793	9,983	91	(12,533)	**–**
Transfer (to)/from other accounts	(12)	(10)	(51)	–	9	**(64)**
Acquisition of controlling interest	–	–	3	–	–	**3**
Translation difference	(783)	(2,408)	(1,621)	(227)	(139)	**(5,178)**
Balance at 30 June 2015	**106,793**	**105,321**	**248,760**	**9,444**	**41,604**	**511,922**
Including finance leases	*546*	*227*	*1,189*	*1,708*	*–*	***3,670***
Depreciation and impairment						
Balance at 31 December 2014	**(35,230)**	**(48,363)**	**(119,810)**	**(4,760)**	**(2,867)**	**(211,030)**
Reclassification	2	(63)	60	1	–	**–**
Depreciation charge	(1,350)	(2,137)	(6,231)	(447)	–	**(10,165)**
Impairment loss charge	(2)	–	–	–	–	**(2)**
Impairment loss reversal	–	9	–	–	–	**9**
Disposals	21	13	151	43	250	**478**
Transfers	–	(213)	(1,489)	–	1,702	**–**
Translation difference	577	1,251	975	136	7	**2,946**
Balance at 30 June 2015	**(35,982)**	**(49,503)**	**(126,344)**	**(5,027)**	**(908)**	**(217,764)**
Including finance leases	*(8)*	*(227)*	*(1,189)*	*(368)*	*–*	***(1,792)***
Net book value						
Balance at 31 December 2014	**71,796**	**57,351**	**120,985**	**4,869**	**43,624**	**298,625**
Balance at 30 June 2015	**70,811**	**55,818**	**122,416**	**4,417**	**40,696**	**294,158**

Construction in progress is represented by property, plant and equipment that is not yet ready for operation and advances to suppliers of property, plant and equipment. Such advances amounted to RUR 2,905 million as at 30 June 2015 (31 December 2014: RUR 5,671 million).

Interest capitalized (capitalization rate is 18.40% during the six months ended 30 June 2015) amounted to RUR 596 million (the six months ended 30 June 2014: RUR 19 million).

7. Investments in associates and joint ventures

	Joint ventures				*Associates*		
	NVGRES Holding Limited	*JSC Stantsiya Ekibas-tuzskaya GRES-2*	*JSC INTER RAO LED-Systems*	*Other joint ventures*	*RUS Gas Turbines Holding B.V.*	*Other associates*	*Total*
Carrying value at 31 December 2014	**17,630**	**13,026**	**481**	**1,181**	**1,540**	**549**	**34,407**
Disposals	–	–	–	–	–	(50)	**(50)**
Unrealized loss	–	–	–	(17)	–	–	**(17)**
Share of profit/(loss) after tax	1,222	177	(29)	87	(156)	–	**1,301**
Change in ownership structure	–	–	12	–	–	–	**12**
Recognized actuarial loss and past service cost	(1)	–	–	–	–	–	**(1)**
Dividends received	–	–	–	(11)	–	(4)	**(15)**
Translation difference	–	(434)	–	(2)	–	–	**(436)**
Carrying value at 30 June 2015	**18,851**	**12,769**	**464**	**1,238**	**1,384**	**495**	**35,201**

(in millions of RUR)

8. Available-for-sale financial assets

As at 30 June 2015 available-for-sale financial assets in the total amount of RUR 4,917 million (31 December 2014: RUR 7,260 million) included investments in quoted shares in the total amount of RUR 3,463 million (31 December 2014: RUR 5,806 million) and investment in unquoted shares in the total amount of RUR 1,454 million (31 December 2014: RUR 1,454 million).

For the six months ended 30 June 2015 the amount of RUR 18 million was recognised as impairment loss on available-for-sale financial assets through profit and loss in the interim consolidated statement of comprehensive income (for the the six months ended 30 June 2014: RUR 305 million) (Note 18).

For the six months ended 30 June 2015 the amount of RUR 371 million, net of tax RUR 10 million was recognised as a gain from revaluation of available-for-sale financial assets through other comprehensive income in the interim consolidated statement of comprehensive income (for the six months ended 30 June 2014: RUR 654 million, net of tax RUR 209 million).

During the six months ended 30 June 2015 the Group has sold the shares: 2.34% in Plug Power, 1.97% in JSC TGK-1, 1.38% in JSC TGK-2, 0.60% in JSC TGK-14, 4.17% in JSC OGK-2, 4.97% in JSC Mosenergo, 0.07% in JSC IDGC of Centre and 0.003% in JSC IDGC of Volga. The fair value of the available-for-sale financial assets sold was RUR 2,705 million, the cash consideration received was RUR 2,730 million. As a result of the available-for-sale financial assets disposal the corresponding fair value reserve was derecognized in the interim consolidated statement of changes in equity in the amount of RUR 689 million, net of tax RUR 105 million and the income from sale of available-for-sale financial assets in the amount of RUR 819 million was recognized in the interim consolidated statement of comprehensive income.

9. Other non-current assets

		30 June 2015	***31 December 2014***
Financial non-current assets		***5,513***	***8,247***
Non-current trade receivables		*1,507*	1,860
	Less impairment provision	*(393)*	*(467)*
Non-current trade receivables – net		**1,114**	**1,393**
Other non-current receivables		1,731	5,457
	Less impairment provision	*(149)*	*(114)*
Other non-current receivables – net		**1,582**	**5,343**
Non-current loans issued (including interest)		150	150
Long-term derivative financial instruments – assets		105	1,292
Long-term bank deposits		2,562	69
		2,817	**1,511**
Non-financial non-current assets		***5,645***	***1,847***
Non-current advances to suppliers and prepayments		4,876	1,007
	Less impairment provision	*(7)*	*(7)*
Non-current advances to suppliers and prepayments – net		**4,869**	**1,000**
VAT recoverable		73	105
Other		703	742
		11,158	**10,094**

As at 30 June 2015 non-current advances to suppliers and prepayments included the advance to JSC Enex in the amount of RUR 4,517 million for construction of Termogas Machala gas-fired power plant in Ecuador (31 December 2014: RUR 948 milliion).

(in millions of RUR)

10. Accounts receivable and prepayments

		30 June 2015	31 December 2014
Financial assets		***65,899***	***63,504***
Trade receivables		80,725	80,639
	Less impairment provision	*(25,930)*	*(24,589)*
Trade receivables – net		**54,795**	**56,050**
Other receivables		11,695	8,984
	Less impairment provision	*(2,780)*	*(2,888)*
Other receivables – net		**8,915**	**6,096**
Short-term loans issued (including interest)		427	434
	Less impairment provision	*(277)*	*(284)*
Short-term loans issued (including interest)		**150**	**150**
Short-term outstanding interest on bank deposits		424	249
	Less impairment provision	*(10)*	*(10)*
Short-term outstanding interest on bank deposits – net		**414**	**239**
Short-term receivables on construction contracts		1,054	485
Dividends receivable		571	484
Non-financial assets		***15,442***	***18,199***
Advances to suppliers and prepayments		7,061	11,131
	Less impairment provision	*(610)*	*(627)*
Advances to suppliers and prepayments – net		**6,451**	**10,504**
Short-term VAT recoverable		4,659	4,902
Taxes prepaid		4,332	2,793
		81,341	**81,703**

The Group does not hold any collateral as a security for accounts receivable.

11. Cash and cash equivalents

	30 June 2015	31 December 2014
Cash at bank and in hand, national currency	20,523	25,100
Cash at bank and in hand, foreign currency	4,575	10,566
Bank deposits with maturity of three months or less	24,281	39,933
Total	**49,379**	**75,599**

12. Other current assets

	30 June 2015	31 December 2014
Restricted cash	690	838
Bank deposits with maturity of 3-12 months	14,039	6,098
Short-term derivative financial instruments	156	1,389
Other	1,042	829
Total	**15,927**	**9,154**

(in millions of RUR)

13. Loans and borrowings

This note provides information about the Group's loans and borrowings. Certain loan agreements include financial and non-financial covenants.

Loans and borrowings	***Currency***	***30 June 2015***	***31 December 2014***
Total in RUR	RUR	**46,112**	**66,522**
Total in USD	USD	**22,292**	**24,850**
Total in EUR	EUR	**4,238**	**5,235**
Total in JPY	JPY	**1,237**	**1,336**
Total in AMD	AMD	**141**	**146**
Total in GEL	GEL	**93**	**117**
Finance leases			
Financial lease	USD	1,243	1,541
Financial lease	RUR	479	649
Financial lease	EUR	50	54
Financial lease	LTL	–	6
Total long-term loans and borrowings		**75,885**	**100,456**
Less: current portion of long-term loans and borrowings and long-term finance leases		(19,888)	(36,271)
		55,997	**64,185**

As at 30 June 2015 fair value of loans and borrowings amounts to RUR 75,679 million (31 December 2014: RUR 98,454 million), and is estimated by discounting of contractual future cash flows at the prevailing current market interest rates available to the Group for similar financial instruments (Note 21).

In June 2015 the Group has repaid long-term loan with JSC Mejregionenergostroy and VTB Factoring LLC in the total amount of RUR 17,383 million.

Changes in interest rates impact loans and borrowings by changing either their fair value (fixed rate debt) or their future cash flows (variable rate debt). The Parent Company has a formal policy of determining how much of the Company's exposure should be to fixed or variable rates. At the time of raising new loans or borrowings management applies the policy to determine whether a fixed or variable rate would be more favorable to the Company over the expected period until maturity.

14. Accounts payable and accrued liabilities

	30 June 2015	***31 December 2014***
Financial liabilities		
Trade payables	47,066	51,527
Short-term derivative financial instruments	516	2,359
Dividends payable	159	128
Other payables and accrued expenses	4,553	5,396
Total	**52,294**	**59,410**
Non-financial liabilities		
Advances received	20,361	28,288
Staff payables	5,766	6,506
Provisions, short-term	2,543	2,632
Total	**28,670**	**37,426**
	80,964	**96,836**

As at 30 June 2015 advances received included RUR 10,607 million of payments for electricity sales from customers of PJSC Mosenergosbyt (Group of companies), JSC PSK, LLC RN-Energo and Group Bashkir Generation Company (31 December 2014: RUR 15,105 million).

(in millions of RUR)

15. Other non-current liabilities

	30 June 2015	*31 December 2014*
Financial liabilities		
Long-term derivative financial instruments	122	1,249
Other long-term liabilities	144	217
Total financial liabilities	**266**	**1,466**
Non-financial liabilities		
Pensions liabilities	3,681	3,668
Advances received	5,369	5,053
Restoration provision	673	586
Government grants	601	645
Other long-term liabilities	123	30
Total non-financial liabilities	**10,447**	**9,982**
Total	**10,713**	**11,448**

16. Revenue

	For the three months ended 30 June		*For the six months ended 30 June*	
	2015	*2014*	*2015*	*2014*
Electricity and capacity	162,006	154,581	357,449	329,361
Thermal energy sales	6,376	5,625	20,323	18,195
Other revenue	6,789	3,082	13,861	5,340
	175,171	**163,288**	**391,633**	**352,896**

17. Other operating income

	For the three months ended 30 June		*For the six months ended 30 June*	
	2015	*2014*	*2015*	*2014*
Penalties and fines received	416	476	887	928
Income from sale of available-for-sale financial assets	–	146	819	147
Electricity derivatives income/(loss)	1,067	(62)	1,711	737
Rental income	117	94	226	209
Gain/(loss) from disposal of controlling interest	–	(29)	17	–
Other	789	644	1,913	1,228
	2,389	**1,269**	**5,573**	**3,249**

(in millions of RUR)

18. Operating expenses, net

	For the three months ended 30 June		*For the six months ended 30 June*	
	2015	***2014***	***2015***	***2014 (restated)***
Purchased electricity and capacity	68,863	61,908	151,380	129,721
Electricity transmission fees	43,891	42,310	94,122	91,395
Fuel expense	28,771	28,858	68,729	68,292
Employee benefit expenses and payroll taxes	11,707	10,137	23,295	20,122
Depreciation and amortization	5,693	5,346	11,445	10,675
Provision for impairment of accounts receivable, net	1,223	2,533	2,471	3,069
Loss from electricity derivatives	1,221	(110)	1,851	778
Other materials for production purposes	1,128	1,185	1,844	1,859
Agency fees	1,082	1,056	2,322	2,034
Taxes other than income tax	922	946	2,040	1,666
Water supply expenses	676	593	1,294	1,168
Repairs and maintenance	659	876	1,008	1,105
Transportation expenses	475	264	947	586
Operating lease expenses	433	410	864	846
Consulting, legal and auditing services	241	217	508	484
Thermal power transmission expenses	198	204	834	808
Impairment of available-for-sale financial assets (Note 8)	16	9	18	305
Impairment of property, plant and equipment – release	1	(1)	(7)	(23)
Impairment of assets classified as held-for-sale	–	–	–	180
Impairment of goodwill	–	344	–	344
Loss from disposal of controlling interest	–	4	–	4
(Gain)/loss on sale or write-off of inventory	(46)	(73)	3	–
Other provisions – (release)/charge	(214)	87	189	(588)
Other	5,712	4,823	9,763	8,756
	172,652	**161,926**	**374,920**	**343,586**

Other provisions for the six months ended 30 June 2015 in the amount of RUR 189 million (for the six months ended 30 June 2014: release of provision in the amount of RUR 588 million) included additional charge of provisions related to Mosenergosbyt disagreements with electric network companies in the amount of RUR 389 million (for the six months ended 30 June 2014: release of provision in the amount of RUR 629 million due to negative outcome) and release of provision related to JSC Inter RAO – Electric Power Plants penalties on delay of fulfilment of power delivery contracts in the amount of RUR 327 million (for the six months ended 30 June 2014: additional charge of provision, net of release in the amount of RUR 284 million).

For the six months ended 30 June 2014 Other provisions also included release of provision related to PJSC Tomskenergosbyt legal claim in amount of RUR 628 million and charge of provision related to JSC PSK in the amount of RUR 306 million.

(in millions of RUR)

19. Finance income and expense

	For the three months ended 30 June		*For the six months ended 30 June*	
	2015	***2014***	***2015***	***2014***
Finance income				
Interest income	2,030	752	4,055	1,262
Dividend income	1,117	959	1,117	959
Other finance income	392	127	783	136
	3,539	**1,838**	**5,955**	**2,357**

	For the three months ended 30 June		*For the six months ended 30 June*	
	2015	***2014***	***2015***	***2014***
Finance expenses				
Interest expense	2,817	893	5,788	1,893
Foreign currency exchange loss, net	593	397	160	470
Put and Call option agreement	–	(125)	–	1,599
Other finance expenses/(income), net	62	(985)	138	472
	3,472	**180**	**6,086**	**4,434**

20. Income tax expense

	For the three months ended 30 June		*For the six months ended 30 June*	
	2015	***2014***	***2015***	***2014***
Current tax (benefit)/expense	(99)	679	2,051	2,033
Deferred tax expense	1,714	454	1,630	1,894
Amended tax returns	136	(271)	95	(267)
Provision for income tax	–	–	2	–
Income tax expense	**1,751**	**862**	**3,778**	**3,660**

21. Fair value of financial instruments

Fair value is determined either by reference to market or by discounting relevant cash flows using market interest rates for similar instruments. As a result of this exercise management believes that fair value of its financial assets and liabilities approximates their carrying amounts except for loans and borrowings. Fair value of loans and borrowings is disclosed in Note 13.

Financial assets and liabilities measured using a valuation technique based on assumptions that are supported by observable current market transactions and assets and liabilities for which pricing is obtained via pricing services. In case prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Group's own models whereby the majority of assumptions are market observable. Non-market observable inputs mean that fair values are determined in whole or partly using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions with the same instrument nor they are based on available market data. Main asset classes in this category are unlisted equity investments and debt instruments. Valuation techniques are used to the extent that observable inputs are not available, whereby allow situations in which there is little, if any, market activity for the financial instrument at the measurement date. Therefore, unobservable inputs reflect the Group's own assumptions about the assumptions that market participants would use in pricing of the financial instrument (including risk assumptions). These inputs are developed based on the best information available, which might include the Group's own data.

Determination of fair value and fair values hierarchy

The Group uses the following hierarchy to determine and disclose fair value of financial instruments:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

(in millions of RUR)

21. Fair value of financial instruments (continued)

The following table shows an analysis of financial instruments by level of the fair value hierarchy:

At 30 June 2015	*Note*	*Total fair value*	*Fair value hierarchy*		
			Level 1	*Level 2*	*Level 3*
Financial assets					
Derivative financial instruments					
Foreign exchange SWAP	12	**51**	–	51	–
Electricity derivatives	9,12	**210**	210	–	–
Available-for-sale financial assets					
Quoted investment securities	8	**3,463**	3,463	–	–
Held to maturity financial assets					
Long-term bank deposits	9	**2,562**	–	–	2,562
Bonds issued by financial institutions		**312**	312	–	–
Total financial assets		**6,598**	**3,985**	**51**	**2,562**
Financial liabilities					
Derivative financial instruments					
Electricity derivatives	14,15	**178**	178	–	–
Interest rate SWAP	14,15	**39**	–	39	–
Forward foreign exchange contracts	14	**421**	421	–	–
Financial liabilities at amortised cost					
Loans and borrowings	13	**75,679**	–	75,679	–
Total financial liabilities		**76,317**	**599**	**75,718**	**–**

At 31 December 2014	*Note*	*Total fair value*	*Fair value hierarchy*		
			Level 1	*Level 2*	*Level 3*
Financial assets					
Derivative financial instruments					
Forward foreign exchange contracts	12	**317**	317	–	–
Foreign exchange SWAP	12	**82**	–	82	–
Electricity derivatives	9,12	**2,282**	2,282	–	–
Available-for-sale financial assets					
Quoted investment securities	8	**5,806**	5,806	–	–
Held to maturity financial assets					
Long-term bank deposits	9	**69**	–	–	69
Bonds issued by financial institutions		**302**	302	–	–
Total financial assets		**8,858**	**8,707**	**82**	**69**
Financial liabilities					
Derivative financial instruments					
Electricity derivatives	14,15	**2,183**	2,183	–	–
Interest rate SWAP	14,15	**55**	–	55	–
Forward foreign exchange contracts	14	**1,370**	1,370	–	–
Financial liabilities at amortised cost					
Loans and borrowings	13	**98,454**	–	98,454	–
Total financial liabilities		**102,062**	**3,553**	**98,509**	**–**

(in millions of RUR)

22. Commitments

Investment and capital commitments

In accordance with the memorandum signed between the Group and the Government of Georgia in March 2013, the Group has to invest in realization of projects aimed to improve the electricity network which belongs to the Group entity JSC Telasi. As at 30 June 2015 realisation of investment commitments was in line with schedule for the year 2015.

As at 30 June 2015 joint venture JSC Stantsiya Ekibastuzskaya GRES-2 has contracted capital commitments for construction of block 3 in the amount of RUR 8,923 million.

As at 30 June 2015 capital commitments of subsidiaries of the Company, are as follows:

Subsidiary	***RUR, million***
JSC Inter RAO – Electric Power Plants	15,805
JSC TGC-11	1,719
LLC Bashkir Generation Company	292
Total	**17,816**

Capital commitments of JSC Inter RAO – Electric Power Plants as at 30 June 2015 are for gas turbines and other equipment for Verkhnetagilskaya GRES (block 12), for supply of equipment for Permskaya GRES, for technological connection services at Yuzhnouralskaya GRES-2 (block 1, 2), for supply of equipment for Severo-Zapadnaya TEC and for gas turbines for Kostromskaya GRES.

Capital commitments of JSC TGK-11 mainly comprise of contractual obligation to JSC Power Machines on purchase of gas turbine and to LLC Electrogas company on purchase of equipment and general contractor works.

Capital commitments of LLC Bashkir Generation Company included contractual obligations in favor of JSC Power Machines on purchase of energy blocks, of LLC Nova Terra on modernization of water treatment plant and of LLC STG-Eco on reconstruction of collectors.

Guarantees

- In December 2010 the Group established together with General Electric and State Corporation Russian Technologies an associate entity, RUS Gas Turbines Holding B.V. The Group's share in the entity is 25%. The entity was established to participate in production and sales of high-performance industrial gas turbines in the Russian Federation. The Group carries certain financial obligations to finance the associate.

  By the order of the Parent Company VTB Bank JSC issued a StandBy Letter of Credit in favor of GE ENERGY HOLDINGS VOSTOK B.V. (Beneficiary) to the maximum aggregate amount of EUR 50 million in order to fulfill the Group's investment obligations related to the associate at an annual interest rate of 0.45%.

  As at 30 June 2015 the financial guarantee outstanding amount was EUR 32 million, or RUR 1,969 million at the Central Bank of the Russian Federation exchange rate as of 30 June 2015 (as at 31 December 2014: EUR 32 million (or RUR 2,187 million at the Central Bank of the Russian Federation as of 31 December 2014)).

  The guarantee expires in August 2020.

- Guarantees of the Group's share of the joint ventures contingent liabilities in the amount of RUR 2,176 million which are to be incurred jointly with other investors.

23. Contingencies

(a) Operating environment

The operations and earnings of Group entities continue, from time to time and in varying degrees, to be affected by political, legislative, fiscal and regulatory developments, including those related to environmental protection, in Russia, Georgia, Armenia, Moldavia (including Transdniestria Republic), Lithuania and Kazakhstan.

In 2014, the United States, European Union and other countries have introduced a series of unilateral restrictive political and economic actions against the Russian Federation and a number of Russian and Ukrainian individuals and organizations. These official actions, particularly in the case of a further escalation, may result in reduction of economic cooperation between business of before mentioned countries and Russian companies on the international capital markets, as well as other economic consequences. The impact of these events on the future results of operations and financial position of the Company at this time is difficult to determine.

(in millions of RUR)

23. Contingencies (continued)

(b) Insurance

The unified corporate standards are established in the Group for insurance coverage, for insurance companies reliability requirements and insurance coverage procedures developed by Parent Company.

There are two types of insurance undertaken by the Group: obligatory (as required by the law or by agreement between parties) and voluntary.

Obligatory insurance includes public liability insurance of owners of dangerous facilities and public liability insurance of car owners. The Group is obligated to insure different types of property plant and equipment under loan agreements provisions.

Voluntary insurance includes property insurance against certain risks and equipment breakdown insurance, vehicles insurance, insurance against construction and assembly risks, voluntary public liability insurance of owners of dangerous facilities against social and environmental harm risks. The Group also undertakes insurance of directors' and officials' of certain Group entities responsibilities to cover financial losses of third parties.

The Groups' assets are insured for its replacement value which is set by valuation reports for insurance purposes considering technical risks. Obligatory condition of the property insurance of foreign subsidiaries is the availability of reliable reinsurance protection, which is done by transferring part of the risk to the foreign reinsurers with high reliability ratings.

In order to optimize insurance protection management performs regular appraisal of efficiency of Group's insurance terms and rationale for new insurance products acquired.

(c) Litigation

Legal proceedings

In the normal course of business the Group is a party to legal actions and consequently had received a number of legal claims from customers with the likelihood of negative outcome for the Group as not probable, but only possible, and, consequently, no provision has been made in these financial statements:

	30 June 2015	***31 December 2014***
Subcontractors claims,	825	671
including joint ventures	*106*	*34*
Customer's complaints	82	79
	907	**750**

Other than those litigations which have been accrued in the provisions (Note 14) and disclosed above, management of the Group is unaware of any actual, pending or threatened claims as at the date of approval of these interim condensed consolidated financial statements, which would have a material impact on the Group.

(d) Tax contingencies

The taxation systems in the Russian Federation and in other countries in which the Group operates are relatively new and characterised by frequent changes in legislation, official pronouncements and court decisions which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during three to five subsequent calendar years; however, under certain circumstances a tax year may remain open longer.

In addition, tax and other legislation do not address specifically all the aspects of the Group's reorganisation related to reforming of the electric utilities industry in the Russian Federation. As such there may be tax and legal challenges to the various interpretations, transactions and resolutions that were a part of the reorganisation and reform process.

These circumstances may create tax risks in the Russian Federation and in the other countries in which the Group operates. Management believes that it has adequately provided for tax liabilities based on its interpretations of applicable relevant tax legislation, official pronouncements and court decisions.

However, the interpretations of the relevant authorities could differ and the effect on these interim condensed consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

The Parent Company and subsidiaries in the countries where they operate have various transactions with related parties. The pricing policy could give rise to transfer pricing risks. In management's opinion, the Group is in substantial compliance with the tax laws of the countries where Group entities operate. However, relevant authorities could take different positions with regard to interpretive issues or court practice could develop adversely with respect to the positions taken by the Group and the effect could be significant.

(in millions of RUR)

23. Contingencies (continued)

(d) Tax contingencies (continued)

The Group includes a number of operating and investment companies located in a number of different tax jurisdictions across Europe and the CIS. Those entities are subject to a complex variety of tax regimes and the nature of current and past trading and investment activities exposes them to areas of tax legislation involving considerable judgement and, consequently, uncertainty. The Group estimates that possible claims in respect of certain open tax positions of Group entities as at 30 June 2015 would be successfully challenged in the amount of RUR 289 million (as at 31 December 2014: RUR 417 million).

The new Russian transfer pricing legislation, which came into force on 1 January 2012, allows the tax Russian authority to apply transfer pricing adjustments and impose additional profits tax liabilities in respect of all “controlled” transactions if the transaction price differs from the market level of prices. The list of “controlled” transactions includes transactions performed with related parties and certain types of cross-border transactions. For domestic transactions the transfer pricing rules apply only if the amount of all transaction with related party exceeds RUR 1 billion starting 2014 and thereafter (RUR 2 billion in 2013). In cases where the domestic transaction resulted in an accrual of additional tax liabilities for one party, another party could correspondingly adjust its profit tax liabilities according to the special notification issued by the authorized body in due course.

The current Russian transfer pricing rules have considerably increased the compliance burden for the taxpayers compared to the transfer pricing rules which were in effect before 2012 due to, inter alia, shifting the burden of proof from the Russian tax authorities to the taxpayers. These rules are applicable not only to the transactions taking place in 2012 but also to the prior transactions with related parties if related income and expenses were recognized in 2012. Special transfer pricing rules apply to transactions with securities and derivatives.

In 2015 the Group determined its tax liabilities arising from “controlled” transactions using actual transaction prices (or making appropriate transfer pricing adjustments (where applicable).

Due to the uncertainty and absence of current practice of application of the current Russian transfer pricing legislation the Russian tax authorities may challenge the level of prices applied by the Company under the “controlled” transactions and assess additional tax liabilities unless the Company is able to demonstrate the use of market prices with respect to the “controlled” transactions, and that there has been proper reporting to the Russian tax authorities, supported by appropriate available transfer pricing documentation.

(e) Environmental matters

Group entities operate in the electric power industry in the Russian Federation, Georgia, Armenia, Kazakhstan and Moldavia. The enforcement of environmental regulations in these countries is evolving and position of government authorities is continually being reconsidered. Group entities periodically evaluate their obligations under environmental regulations.

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, except restoration provision.

Restoration provision liabilities relate to reclamation of land plots, used for ash dumps by generating entities, which use coal for production purposes (see Note 15).

(f) Ownership of land

The current legislation in Georgia is unclear in relation to ownership issues with regard to land over which the Company's (JSC Telasi) equipment for the transmission of electricity is located. On further clarification of the law, it is possible that the Company may be required to acquire ownership over certain land plots or to pay rentals to other parties for their use. At the date of approval of these financial statements, management considers that it is not possible to quantify any additional expense, if any, which JSC Telasi might incur and consequently, no provision has been made against such potential liabilities in these financial statements.

(in millions of RUR)

24. Related party transactions

(a) Parent Company and control relationships

The Russian Federation is the ultimate controlling party of PJSC Inter RAO and has a controlling interest in the Company of over 50%. Details of operations with entities controlled by the Russian Federation are provided in Note 24 (d).

(b) Transactions with key management personnel

The members of the Management Board own 0.0063% of ordinary shares of PJSC Inter RAO as at 30 June 2015 (31 December 2014: 0.0063%).

Compensation paid to key management and members of the Board of Directors for their service in that capacity is made up of contractual salary and performance bonuses. Key management and members of the Board of Directors received the following remuneration during the period, which is included in employee benefit expenses and payroll taxes (Note 18):

	Six months ended 30 June 2015	***Six months ended 30 June 2014***
Salaries and bonuses	722	440

Employee's Share Option Programme. In December 2010 the Company's Board of Directors approved Share Option Programme (hereinafter referred to as “the Programme”) in which members of the Management Board and other key employees of the Group were to be participants (hereinafter referred to as “the Programme participants”).

The Programme participants could exercise the share option at any time during 2013-2015.

Changes in the amounts of options granted are described in the table below:

	All options granted under the Programme	***Attributed to members of the Management Board***
Number of options outstanding as at 31 December 2013	**1,267,634,375**	**655,830,000**
Options exercised during the year ended 31 December 2014	(485,800)	–
Number of options outstanding as at 31 December 2014	**1,267,148,575**	**655,830,000**
Options exercised during the six months ended 30 June 2015	(3,536,984)	–
Number of options outstanding as at 30 June 2015	**1,263,611,591**	**655,830,000**

Fair value of services received in return for share options granted to employees is measured by reference to fair value of the share options granted. The estimate of the fair value of the services received is measured based on the Binomial model.

To determine volatility the Group used the historical volatility of the market prices of the Company’s publicly traded shares.

To implement the Share Option Programme the Company issued interest-free loans to key-management; as at 30 June 2015 amount of the loans equals to RUR 4 million (31 December 2014: RUR 40 million).

(in millions of RUR)

24. Related party transactions (continued)

(c) Transactions with associates and joint ventures

Sales to and purchases from joint ventures and associates are made at terms equivalent to those that prevail in arm's length transactions.

The Group's transactions with associates and joint ventures are disclosed below.

	Six months ended 30 June 2015	*Six months ended 30 June 2014*
Revenue		
Joint ventures	482	635
Other operating income		
Joint ventures	4	15
Associates		–
Interest income		
Joint ventures	17	30
Dividend income		
Joint ventures	11	331
	514	**1,011**
Purchased power		
Joint ventures	34	34
Purchased capacity		
Joint venture	515	300
Other expenses		
Joint venture	143	246
Interest expenses		
Joint venture	143	8
	835	**588**
Capital expenditures		
Joint ventures	317	195

	30 June 2015	*31 December 2014*
Accounts receivable		
Joint ventures	179	149
Loans issued		
Joint ventures	300	300
Accounts payable		
Joint ventures	116	253

(in millions of RUR)

24. Related party transactions (continued)

(d) Transactions with entities controlled by the Russian Federation

Sales to and purchases from entities controlled by the Russian Federation are made at terms equivalent to those that prevail in arm's length transactions.

Information on transactions with entities controlled by the Russian Federation is presented below:

	Six months ended 30 June 2015	*Six months ended 30 June 2014*
Revenue		
Electricity and capacity	121,050	111,331
Other revenues	7,235	1,858
Other operating income	1,410	386
	129,695	**113,575**
Operating expenses		
Purchased power and capacity	35,496	32,941
Transmission fees	88,870	88,029
Fuel expense (gas)	24,549	23,325
Fuel expense (coal)	413	427
Other purchases	66	133
Other expenses	5,417	5,728
	154,811	**150,583**
Capital expenditures	**2,092**	**2,412**

	Six months ended 30 June 2015	*Six months ended 30 June 2014*
Finance income/(expenses)		
Interest income	1,206	400
Other finance income	2	10
Interest expenses	(967)	(847)
Put and Call option agreements (Note 19)	–	(1,599)
	241	**(2,036)**

	30 June 2015	*31 December 2014*
Long-term accounts receivable		
Other account receivables	125	53
Less impairment provision	(39)	(38)
Other receivables – net	**86**	**15**
Short-term accounts receivable		
Trade accounts receivable, gross	23,563	24,092
Less impairment provision	(10,095)	(9,202)
Trade receivables – net	**13,468**	**14,890**
Advances issued	1,200	1,437
Advances issued for capital construction	1,754	301
Other receivables	1,639	1,073
	18,061	**17,701**

	30 June 2015	*31 December 2014*
Accounts payable		
Trade accounts payable	22,742	25,148
Payables for capital construction	1,374	1,466
Other accounts payable	516	1,028
Advances received	3,897	7,271
	28,529	**34,913**

(in millions of RUR)

24. Related party transactions (continued)

(d) Transactions with entities controlled by the Russian Federation (continued)

	30 June 2015	*31 December 2014*
Loans and borrowings		
Short-term loans and borrowings	9,746	27,627
Long-term loans and borrowings	519	837
Interest on loans and borrowings	16	22
	10,281	**28,486**

	30 June 2015	*31 December 2014*
Cash and cash equivalents	4,718	9,327

	30 June 2015	*31 December 2014*
Other current assets (bank deposits)	15,647	16,997

	Six months ended 30 June 2015	*Six months ended 30 June 2014*
Financial transactions		
Loans and borrowings received	6,723	1,907
Loans and borrowings repaid	(23,767)	(2,971)
	(17,044)	**(1,064)**

In July 2011 subsidiary of PJSC Inter RAO entered into an agreement with a state-controlled company for sale of electric power under the “take-or-pay” arrangement through 30 June 2026. The sales to and purchases from enterprises controlled by the Russian Federation are made at terms equivalent to those that prevail in arm’s length transactions.

(e) Transactions with other related parties

Sales to and purchases from other related parties are made at terms equivalent to those that prevail in arm’s length transactions. Amounts of transactions with other related parties (except for those controlled by the Russian Federation, equity investees and joint ventures), for each of the reporting periods are provided below:

	Six months ended 30 June 2015	*Six months ended 30 June 2014*
Revenue		
Electricity and capacity	2,481	926
Dividends received	1,018	787
Operating expenses		
Purchased electricity and capacity	2,018	1,359
Other expenses	50	40

	30 June 2015	*31 December 2014*
Short-term accounts receivable		
Trade and other accounts receivable	165	248
Short-term accounts payable		
Trade and other accounts payable	84	134

	30 June 2015	*31 December 2014*
Loans and borrowings payable		
Long-term loans and borrowings	4,984	9,033
Short-term loans and borrowings	3,287	3,560
	8,271	**12,593**

(in millions of RUR)

24. Related party transactions (continued)

(e) Transactions with other related parties (continued)

	30 June 2015	*31 December 2014*
Cash and cash equivalents		
Cash in bank	5,176	13,910
Short-term bank deposits	1,447	7,788
	6,623	**21,698**

	Six months ended 30 June 2015	*Six months ended 30 June 2014*
Income and expenses		
Interest income	(728)	(283)
Interest expenses	674	131

25. Events after the reporting period

There were no any significant events after the reporting period.