



**Interregional Distribution Grid
Companies Holding Group**

**Consolidated Interim Condensed
Financial Statements
for the six months ended 30 June 2011
(Unaudited)**

Contents

Independent Auditors' Report	3
Consolidated Interim Condensed Statement of Comprehensive Income	4
Consolidated Interim Condensed Statement of Financial Position	5
Consolidated Interim Condensed Statement of Cash Flows	7
Consolidated Interim Condensed Statement of Changes in Equity	9
Notes to the Consolidated Interim Condensed Financial Statements	11



Independent Auditors' Report on Consolidated Interim Financial Statements

To the Board of Directors of JSC IDGC Holding

Introduction

We have reviewed the accompanying consolidated interim condensed statement of financial position of Joint Stock Company IDGC Holding (the "Company") and its subsidiaries (the "Group") as at 30 June 2011, and the related consolidated interim condensed statements of comprehensive income, changes in equity and cash flows for the six-month periods ended 30 June 2011 and 2010 and notes (the "consolidated interim condensed financial statements"). Management is responsible for the preparation and presentation of these consolidated interim condensed financial statements in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on these consolidated interim condensed 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 consolidated interim condensed 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim condensed financial statements as at 30 June 2011 and for the six-month periods ended 30 June 2011 and 2010 is not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

ZAO KPMG

ZAO KPMG

14 October 2011

IDGC Holding Group
Consolidated Interim Condensed Statement of Comprehensive Income for the six months ended 30 June 2011 (Unaudited)
(in thousands of Russian roubles, unless otherwise stated)

	Notes	Six months ended 30 June 2011 Unaudited	Six months ended 30 June 2010 Unaudited
Revenue and government subsidies	7	322,329,156	272,558,081
Operating expenses	8	(285,614,182)	(245,342,958)
Other income, net		376,732	677,702
Results from operating activities		37,091,706	27,892,825
Finance income		2,049,284	1,612,358
Finance costs		(4,379,767)	(6,992,367)
Net finance costs		(2,330,483)	(5,380,009)
Share of profit of equity accounted investees (net of income tax)		117,604	216,281
Profit before income tax		34,878,827	22,729,097
Income tax expense		(8,755,155)	(5,377,973)
Profit for the period		26,123,672	17,351,124
Other comprehensive income			
Change in fair value of available-for-sale financial assets		(101,717)	(175,893)
Income tax on other comprehensive income		13,474	37,584
Other comprehensive income for the period, net of income tax		(88,243)	(138,309)
Total comprehensive income for the period		26,035,429	17,212,815
Profit attributable to:			
Owners of the Company		16,849,018	11,784,560
Non-controlling interest		9,274,654	5,566,564
Total comprehensive income attributable to:			
Owners of the Company		16,760,775	11,646,251
Non-controlling interest		9,274,654	5,566,564
Earnings per share	11		
Basic and diluted earnings per ordinary share		0.38	0.27

These consolidated interim condensed financial statements were approved by management on 14 October 2011 and were signed on its behalf by:

Deputy General Director, Economics and Finance
A.V. Demidov



Chief Accountant
G.I. Zhabbarova

4

The consolidated interim condensed statement of comprehensive income is to be read in conjunction with the notes to, and forming part of, the consolidated interim condensed financial statements set out on pages 11 to 27.

IDGC Holding Group
Consolidated Interim Condensed Statement of Financial Position as at 30 June 2011 (Unaudited)
(in thousands of Russian roubles, unless otherwise stated)

	Notes	30 June 2011 Unaudited	31 December 2010
ASSETS			
Non-current assets			
Property, plant and equipment	9	615,282,517	603,240,989
Intangible assets		3,874,678	3,635,342
Investments in equity accounted investees		1,154,908	1,051,901
Non-current accounts receivable		16,882,546	15,705,499
Other investments and financial assets		10,063,909	9,904,563
Deferred tax assets		2,959,268	2,413,019
Total non-current assets		650,217,826	635,951,313
Current assets			
Inventories		15,364,334	11,219,432
Other investments and financial assets		6,214,782	9,648,627
Current tax assets		2,967,401	3,050,837
Trade and other receivables		83,595,705	83,045,754
Cash and cash equivalents		33,617,751	24,890,452
Total current assets		141,759,973	131,855,102
Total assets		791,977,799	767,806,415

IDGC Holding Group
Consolidated Interim Condensed Statement of Financial Position as at 30 June 2011 (Unaudited)
(in thousands of Russian roubles, unless otherwise stated)

	Notes	30 June 2011 Unaudited	31 December 2010
EQUITY AND LIABILITIES			
Equity	10		
Share capital		45,039,216	45,039,216
Share premium		6,036,063	6,036,063
Treasury shares		(1,785,731)	(1,785,731)
Reserves		582,518	670,761
Retained earnings		201,000,025	184,635,444
Total equity attributable to equity holders of the Company		250,872,091	234,595,753
Non-controlling interest		170,898,171	161,245,600
Total equity		421,770,262	395,841,353
Non-current liabilities			
Loans and borrowings	12	107,655,098	120,648,547
Trade and other payables		19,227,234	17,068,333
Employee benefits		9,107,093	9,039,394
Deferred tax liabilities		29,166,002	28,017,004
Total non-current liabilities		165,155,427	174,773,278
Current liabilities			
Loans and borrowings	12	30,929,935	27,138,752
Trade and other payables		170,955,586	167,145,116
Provisions		2,295,308	1,976,945
Current tax liabilities		871,281	930,971
Total current liabilities		205,052,110	197,191,784
Total liabilities		370,207,537	371,965,062
Total equity and liabilities		791,977,799	767,806,415

IDGC Holding Group
Consolidated Interim Condensed Statement of Cash Flows for the six months ended 30 June 2011 (Unaudited)
(in thousands of Russian roubles, unless otherwise stated)

	Six months ended 30 June 2011 Unaudited	Six months ended 30 June 2010 Unaudited
OPERATING ACTIVITIES		
Profit for the period	26,123,672	17,351,124
<i>Adjustments for:</i>		
Depreciation and amortization	26,364,715	21,561,092
Change in allowance for doubtful debts and written-off trade and other receivables	5,526,000	6,545,058
Finance costs	4,379,767	6,992,367
Finance income	(2,049,284)	(1,612,358)
Gain on disposal of property, plant and equipment	(113,442)	(9,745)
Share of profit of equity accounted investees (net of income tax)	(117,604)	(216,281)
Allowance for obsolescence of inventories	111,626	(99,955)
Other non-cash transactions	263,565	(480,651)
Income tax expense	8,755,155	5,377,973
Operating profit before working capital changes and reserves	69,244,170	55,408,624
Change in trade and other receivables	(7,047,835)	(11,506,921)
Change in financial assets related to employee benefit fund	5,527	(84,461)
Change in inventories	(4,190,794)	(569,813)
Change in trade and other payables	6,696,488	9,434,103
Change in employee benefit liabilities	67,699	10,846
Cash flows from operations before income taxes and interest paid	64,775,255	52,692,378
Income taxes paid	(8,085,153)	(5,697,220)
Interest paid	(6,534,387)	(9,133,315)
Net cash flows from operating activities	50,155,715	37,861,843

IDGC Holding Group
Consolidated Interim Condensed Statement of Cash Flows for the six months ended 30 June 2011 (Unaudited)
(in thousands of Russian roubles, unless otherwise stated)

	Six months ended 30 June 2011 Unaudited	Six months ended 30 June 2010 Unaudited
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment and intangible assets	(37,488,694)	(22,848,976)
Proceeds from sale of property, plant and equipment	289,184	456,952
Acquisition of investments	(6,345,454)	(1,340,005)
Proceeds from sale of investments	9,931,309	2,001,101
Issuance of loans given to third parties	(532)	(891,414)
Dividends received	14,428	-
Interest received	588,312	482,799
Net cash flows used in investing activities	(33,011,447)	(22,139,543)
FINANCING ACTIVITIES		
Proceeds from loans and borrowings	43,581,633	63,510,138
Repayment of loans and borrowings	(50,299,482)	(76,792,437)
Proceeds from shares issued	1,295,673	4,376,500
Dividends paid	(15,368)	(17,900)
Payment of finance lease liabilities	(2,979,425)	(3,125,243)
Net cash flows used in financing activities	(8,416,969)	(12,048,942)
Net increase in cash and cash equivalents	8,727,299	3,673,358
Cash and cash equivalents at beginning of the period	24,890,452	29,217,245
Cash and cash equivalents at end of the period	33,617,751	32,890,603

IDGC Holding Group
Consolidated Interim Condensed Statement of Changes in Equity for the six months ended 30 June 2011 (Unaudited)
(in thousands of Russian roubles, unless otherwise stated)

	Attributable to equity holders of the Company								
	Share capital	Share premium	Treasury shares	Reserve for prepayment for shares	Available-for-sale investment revaluation reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January 2010	43,116,903	-	(7,011)	-	801,908	162,504,785	206,416,585	149,809,735	356,226,320
Profit for the period	-	-	-	-	-	11,784,560	11,784,560	5,566,564	17,351,124
Net change in fair value of available-for-sale financial assets	-	-	-	-	(175,893)	-	(175,893)	-	(175,893)
Income tax on other comprehensive income	-	-	-	-	37,584	-	37,584	-	37,584
Total comprehensive income for the period	-	-	-	-	(138,309)	11,784,560	11,646,251	5,566,564	17,212,815
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-
Issue of shares (see Note 10)	-	-	-	4,376,500	-	-	4,376,500	-	4,376,500
Dividends	-	-	-	-	-	-	-	(576,873)	(576,873)
Total transactions with owners, recorded directly in equity	-	-	-	4,376,500	-	-	4,376,500	(576,873)	3,799,627
Balance at 30 June 2010 (unaudited)	43,116,903	-	(7,011)	4,376,500	663,599	174,289,345	222,439,336	154,799,426	377,238,762

The consolidated interim condensed statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated interim condensed financial statements set out on pages 11 to 27.

IDGC Holding Group
Consolidated Interim Condensed Statement of Changes in Equity for the six months ended 30 June 2011 (Unaudited)
(in thousands of Russian roubles, unless otherwise stated)

	Attributable to equity holders of the Company						Total equity		
	Share capital	Share premium	Treasury shares	Reserve for prepayment for shares	Available-for-sale investments revaluation reserve	Retained earnings		Total	Non-controlling interest
Balance at 1 January 2011	45,039,216	6,036,063	(1,785,731)	-	670,761	184,635,444	234,595,753	161,245,600	395,841,353
Profit for the period	-	-	-	-	-	16,849,018	16,849,018	9,274,654	26,123,672
Net change in fair value of available-for-sale financial assets	-	-	-	-	(101,717)	-	(101,717)	-	(101,717)
Income tax on other comprehensive income	-	-	-	-	13,474	-	13,474	-	13,474
Total comprehensive income for the period	-	-	-	-	(88,243)	16,849,018	16,760,775	9,274,654	26,035,429
Transactions with owners, recorded directly in equity									
Dividends	-	-	-	-	-	(103,530)	(103,530)	(1,491,625)	(1,595,155)
Effect on changes in non-controlling interest (see Note 10)	-	-	-	-	-	(573,869)	(573,869)	573,869	-
Issue of shares of subsidiaries (see Note 10)	-	-	-	-	-	-	-	1,295,673	1,295,673
Effect of employee share options (see Note 10)	-	-	-	-	-	192,962	192,962	-	192,962
Total transactions with owners, recorded directly in equity	-	-	-	-	-	(484,437)	(484,437)	377,917	(106,520)
Balance at 30 June 2011 (unaudited)	45,039,216	6,036,063	(1,785,731)	-	582,518	201,000,025	250,872,091	170,898,171	421,770,262

The consolidated interim condensed statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated interim condensed financial statements set out on pages 11 to 27.

1 Background

(a) The Group and its operations

Joint Stock Company Interregional Distribution Grid Companies Holding (hereinafter referred to as “JSC IDGC Holding” or “the Company”) was established on 1 July 2008 in accordance with the resolution of the Extraordinary General Meeting of the Shareholders of the Unified Energy System of Russia (hereinafter referred to as “RAO UES”) dated 26 October 2007 by the means of spin-off from RAO UES.

The ordinary and preference shares of the Company are traded on the MICEX Stock Exchange and the RTS.

The Company’s registered office is located at 26 Ulanskiy pereulok, Moscow, Russia, 107996.

The IDGC Holding Group (hereinafter referred to as “the Group”) comprises JSC IDGC Holding and its subsidiaries presented in Note 5.

The Group’s principal activities are electricity distribution and technological connection services. In addition some Group subsidiaries sell electricity.

(b) Russian business environment

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

(c) Relations with state and current regulations

The Group’s strategic business units (see Note 6) are regional natural monopolies. The Russian Government directly affects the Group’s operations through the system of regional tariffs.

In accordance with legislation the Group’s tariffs are controlled by the Federal Service on Tariffs and Regional Energy Commissions in each region.

As at 30 June 2011 the Russian Government owned 55.95% of the voting ordinary shares and 7.01% of the preference shares of the Company (31 December 2010: 54.99% of the voting ordinary shares and 7.01% of the preference shares). The Russian Government, through the Federal Agency for the Management of Federal Property, is the ultimate controlling party of the Company. The Russian Government supports the Group due to its strategic position for economy of the Russian Federation. The Group’s customer base includes a number of state-controlled entities.

2 Basis of preparation

(a) Statement of compliance

These consolidated interim condensed financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2010.

(b) Use of judgments, estimates and assumptions

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these consolidated interim condensed financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2010.

3 Significant accounting policies

The accounting policies applied by the Group in these consolidated interim condensed financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2010.

4 Determination of fair values

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

In preparing these consolidated interim condensed financial statements, the methods for determination of fair values were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2010.

5 Significant subsidiaries

	Country of incorporation	30 June 2011	31 December 2010
		Unaudited Ownership/voting, %	Ownership/voting, %
JSC "Tyumenenergo"	Russian Federation	100	100
JSC "IDGC of Volga"	Russian Federation	67.63	67.63
JSC "IDGC of North Caucasus"	Russian Federation	58.25	58.25
JSC "IDGC of North-West"	Russian Federation	55.38	55.38
JSC "IDGC of Siberia"	Russian Federation	55.59	52.88
JSC "IDGC of South"	Russian Federation	51.66	51.66
JSC "IDGC of Urals"	Russian Federation	51.52	51.52
JSC "MOESK"	Russian Federation	50.9	50.9
JSC "Lenenergo"	Russian Federation	45.71 / 50.31	45.71 / 50.31
JSC "IDGC of Centre and Volga region"	Russian Federation	50.4	50.4
JSC "IDGC of Centre"	Russian Federation	50.23	50.23
JSC "Yantarenergo"	Russian Federation	100	100
JSC "TDC"	Russian Federation	52.03 / 59.88	52.03 / 59.88
JSC "Chechenenergo"	Russian Federation	51	51
JSC "Kubanenergo"	Russian Federation	45.77*	40.63*
JSC "Karachaevo-Cherkesskenenergo"	Russian Federation	100	100
JSC "Kalmenergosbyt"	Russian Federation	100	100
JSC "Tyvaenergosbyt"	Russian Federation	100	100
JSC "Kabbalkenergo"	Russian Federation	65.27	65.27
JSC "Dagestan Power Sales Company"	Russian Federation	51	51
JSC "Sevkavkazenergo"	Russian Federation	49*	49*
JSC "Ingushenergo"	Russian Federation	49*	49*
JSC "Research Centre of IDGC"	Russian Federation	100	100
JSC "VNIPIenergoprom"	Russian Federation	100	100
JSC "Special design bureau for heat and power equipment VTI"	Russian Federation	100	100
JSC "Power Grid Optical Networks Engineering"	Russian Federation	100	100

	Country of incorporation	30 June 2011	
		Unaudited Ownership/voting, %	31 December 2010 Ownership/voting, %
JSC "NEMC"	Russian Federation	49	49 / 57.4
JSC "Nedvizhimost VNIPIEnergoprom"	Russian Federation	100	100
JSC "NIC of UES"	Russian Federation	100	100
JSC "NIC North - West"	Russian Federation	100	100
JSC "NIC Volga"	Russian Federation	100	100
JSC "NIC of the South"	Russian Federation	100	100
JSC "NIC Urals"	Russian Federation	100	100
JSC "NIC Siberia"	Russian Federation	100	100

* The Group exercises control over these entities stemming from the majority representation on the Board of Directors.

On 16 June 2011 OJSC MRSK Holding and OJSC Gazprombank signed the agreement for transfer of 50.9% shares of OJSC MOESK to OJSC Gazprombank for the purpose of trust management till 31 December 2014. The agreement is subject to a further approval of the Federal Antimonopoly Service. If the agreement comes into effect that will not result in loss of control over JSC "MOESK"

6 Operating segments

The Group has thirteen reportable segments, as described below, which are the Group's strategic business units. Each strategic business unit offers electricity distribution services including technological connection services in separate geographical regions of the Russian Federation and is managed separately. The "other" segment includes insignificant operating segments such as electricity transmission, electricity sales, rent services and repair and maintenance services. For each of the strategic business units, the Management Board reviews internal management reports on at least a quarterly basis. Unallocated items comprise assets and balances of the Group's headquarter which exercises management activity on remuneration basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on earnings before interest expense, income tax and depreciation and amortisation (EBITDA), as included in the internal management reports that are reviewed by the Management Board. EBITDA is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within this industry.

Segment reports are based on the information reported in statutory accounts, which differ significantly from the consolidated financial statements prepared under IFRS. Reconciliation of items measured as reported to the Management Board with similar items in these consolidated interim condensed financial statements includes those reclassifications and adjustments that are necessary for financial statements to be presented in accordance with IFRS.

(i) **Information about reportable segments**

For the six months ended 30 June 2011:

	IDGC Siberia and TDC	Tyumen- energo	IDGC Urals	IDGC Volga	IDGC South	IDGC Kubanenergo	IDGC Caucasus	IDGC Centre and Privolzh'ye	IDGC North-West	Lenenergo	Yantar- energo	IDGC Centre	MOESK	Other	Total
Revenue from external customers	30,207,861	25,060,126	25,082,902	24,307,314	11,955,531	13,792,185	3,477,525	33,214,725	14,565,958	18,340,873	4,903,741	34,540,170	61,497,729	21,260,595	322,207,235
Inter-segment revenue	427,992	1,239	2,476,679	3,372	172,960	25	2,058,493	18,817	1,512,854	385,782	31,431	512,497	8,479	6,318,212	13,928,832
Total segment revenue	30,635,853	25,061,365	27,559,581	24,310,686	12,128,491	13,792,210	5,536,018	33,233,542	16,078,812	18,726,655	4,935,172	35,052,667	61,506,208	27,578,807	336,136,067
Including															
<i>Electricity transmission</i>	29,872,366	24,582,328	26,811,539	24,128,255	11,869,986	13,439,947	5,371,662	32,695,310	15,697,018	14,907,657	3,921,009	33,633,254	54,732,741	4,538,595	296,201,667
<i>Connection services</i>	606,305	299,174	644,647	47,827	157,594	316,428	74,825	365,091	157,958	3,739,682	939,148	1,059,844	6,600,885	314,883	15,324,291
<i>Other revenue</i>	157,182	179,863	103,395	134,604	100,911	35,835	89,531	173,141	223,836	79,316	75,015	359,569	172,582	22,725,329	24,610,109
EBITDA	4,343,604	7,115,940	2,913,870	3,492,097	2,097,153	(346,125)	2,407,251	6,394,495	3,226,577	4,765,003	1,027,144	8,677,649	18,913,365	1,887,848	66,915,871

IDGC Holding Group
Notes to the Consolidated Interim Condensed Financial Statements for the six months ended 30 June 2011 (Unaudited)
(in thousands of Russian roubles, unless otherwise stated)

For the six months ended 30 June 2010:

	IDGC Siberia and TDC	Tyumen- energo	IDGC Urals	IDGC Volga	IDGC South	Kubanenergo	IDGC North Caucasus	IDGC Centre and Privolzhye	IDGC North-West	Lenenergo	Yantar- energo	IDGC Centre	MOESK	Other	Total
Revenue from external customers	24,870,162	23,255,806	23,239,099	19,825,641	10,676,850	11,366,242	2,894,274	26,808,096	12,189,884	12,963,544	3,570,372	29,414,235	51,936,487	17,790,138	270,800,830
Inter-segment revenue	25,866	850	2,090,107	1,374	259,882	3,246	2,393,879	2,049	1,272,631	2,932,336	61,270	-	3,229	5,549,080	14,595,799
Total segment revenue	24,896,028	23,256,656	25,329,206	19,827,015	10,936,732	11,369,488	5,288,153	26,810,145	13,462,515	15,895,880	3,631,642	29,414,235	51,939,716	23,339,218	285,396,629
Including															
<i>Electricity transmission</i>	24,069,885	21,688,104	24,735,437	19,447,588	10,473,689	10,918,126	5,050,909	26,341,066	12,908,556	11,292,084	3,459,200	28,605,518	45,059,080	2,395,853	246,445,095
<i>Connection services</i>	307,754	1,339,807	452,179	186,551	96,859	415,133	137,179	307,934	159,663	4,525,273	103,407	547,001	6,644,290	105,946	15,328,976
<i>Other revenue</i>	518,389	228,745	141,590	192,876	366,184	36,229	100,065	161,145	394,296	78,523	69,035	261,716	236,346	20,837,419	23,622,558
EBITDA	1,421,395	7,192,231	2,599,819	722,404	1,601,594	(477,307)	1,473,396	3,722,814	1,924,458	4,667,467	508,576	5,563,694	16,717,755	3,122,234	50,760,530

IDGC Holding Group
Notes to the Consolidated Interim Condensed Financial Statements for the six months ended 30 June 2011 (Unaudited)
(in thousands of Russian roubles, unless otherwise stated)

As at 30 June 2011:

	IDGC Siberia and TDC	Tyumen- energo	IDGC Urals	IDGC Volga	IDGC South	Kubanenergo	IDGC North Caucasus	IDGC Centre and Privolzhye	IDGC North-West Lenenergo	Yantar- energo	IDGC Centre	Other	Total		
Segment assets	50,816,877	109,937,816	43,181,917	50,306,290	39,072,519	36,980,473	25,219,125	71,279,470	38,982,077	90,652,061	6,753,471	75,483,448	250,705,522	59,210,220	948,581,286
<i>Including property, plant and equipment and construction in progress</i>	38,579,725	92,821,285	32,894,903	43,518,122	26,379,808	20,619,014	17,757,520	55,692,179	31,092,496	78,617,189	4,151,598	60,785,844	181,378,415	24,493,566	708,781,664

As at 31 December 2010:

	IDGC Siberia and TDC	Tyumen- energo	IDGC Urals	IDGC Volga	IDGC South	Kubanenergo	IDGC North Caucasus	IDGC Centre and Privolzhye	IDGC North-West Lenenergo	Yantar- energo	IDGC Centre	Other	Total		
Segment assets	49,340,206	100,091,930	44,545,182	50,428,811	37,857,245	35,049,452	22,481,087	65,493,468	38,326,279	88,700,349	6,384,158	71,135,641	245,236,238	52,306,987	907,377,033
<i>Including property, plant and equipment and construction in progress</i>	39,453,034	87,632,671	33,043,912	44,635,281	26,560,673	20,070,269	17,466,010	53,737,499	30,826,690	77,266,428	4,035,754	54,506,250	177,470,579	23,098,528	689,803,578

(ii) Reconciliations of reportable segment EBITDA

Reconciliation of key segment items measured as reported to the Management Board with similar items in these financial statements is presented in the tables below.

Reconciliation of reportable segment EBITDA is presented below:

	Six months ended 30 June 2011 Unaudited	Six months ended 30 June 2010 Unaudited
EBITDA of reportable segments	66,915,871	50,760,530
Adjustment for disposal of property, plant and equipment	61,955	(116,511)
Adjustment for inventories valuation	(119,235)	101,079
Discounting of financial instruments	238,165	(478,255)
Bad debt allowance adjustment	(4,057,707)	(4,768,215)
Adjustments for financial lease	3,296,300	4,379,481
Accrued salaries and wages	(235,767)	529,366
Retirement benefit obligations recognition	(67,699)	(10,846)
Assets related to employee benefit fund	263,525	84,461
Other provisions	(593,869)	(79,247)
Adjustments for deferred expenses	(161,136)	411,307
Other adjustments	(1,335,679)	(949,988)
Unallocated	1,310,087	702,028
	65,514,811	50,565,190
Depreciation and amortization	(26,364,715)	(21,561,092)
Interest expenses on financial liabilities measured at amortised cost	(3,157,049)	(4,291,081)
Financial leasing	(1,114,220)	(1,983,920)
Income tax expense	(8,755,155)	(5,377,973)
Profit for the period per Consolidated Statement of Comprehensive Income	26,123,672	17,351,124

7 Revenue and government subsidies

During the six months ended 30 June 2011 revenue and government subsidies amounted to RUB 322,329,156 thousand (six months ended 30 June 2010: RUB 272,558,081 thousand) and included revenue from electricity distribution services in the amount of RUB 286,112,770 thousand (six months ended 30 June 2010: RUB 236,865,359 thousand), revenue from technological connection services in the amount of RUB 15,589,210 thousand (six months ended 30 June 2010: RUB 15,563,300 thousand) and revenue from electricity sales in the amount of RUB 16,510,092 thousand (six months ended 30 June 2010: RUB 15,593,775 thousand).

8 Operating expenses

During the six months ended 30 June 2011 operating expenses amounted to RUB 285,614,182 thousand (six months ended 30 June 2010: RUB 245,342,958 thousand) and included electricity transmission expenses in the amount of RUB 109,110,144 thousand (six months ended 30 June 2010: RUB 87,323,946 thousand), cost of purchased electricity for compensation of technological losses in the amount of RUB 54,185,829 thousand (six months ended 30 June 2010: RUB 49,314,007 thousand), personnel costs in the amount of RUB 51,165,300 thousand (six months ended 30 June 2010: RUB 40,997,408 thousand), depreciation and amortisation expenses in the amount of RUB 26,364,715 thousand (six months ended 30 June 2010: RUB 21,561,092 thousand), cost of purchased electricity for resale in the amount of RUB 9,649,162 thousand (six months ended 30 June 2010: RUB 9,059,948 thousand) and allowance for impairment of trade and other receivables in the amount of RUB 5,526,000 thousand (six months ended 30 June 2010: RUB 6,545,058 thousand).

9 Property, plant and equipment

	Land and buildings	Transmission networks	Equipment for electricity transmission	Construction in progress	Other	Total
Balance at 1 January 2010	88,521,462	275,023,109	124,818,583	102,984,368	65,149,798	656,497,320
Additions	6,427	488,111	256,382	23,026,938	1,529,994	25,307,852
Transfer	3,090,405	5,230,316	4,175,886	(15,144,991)	2,648,384	-
Disposals	(82,239)	(177,147)	(167,473)	(466,332)	(312,061)	(1,205,252)
Balance at 30 June 2010 (unaudited)	91,536,055	280,564,389	129,083,378	110,399,983	69,016,115	680,599,920
Depreciation						
Balance at 1 January 2010	(9,816,740)	(48,409,525)	(20,846,169)	-	(17,396,907)	(96,469,341)
Depreciation charge	(2,237,836)	(9,523,711)	(4,567,401)	-	(4,618,721)	(20,947,669)
Disposals	15,781	76,379	85,436	-	201,107	378,703
Balance at 30 June 2010 (unaudited)	(12,038,795)	(57,856,857)	(25,328,134)	-	(21,814,521)	(117,038,307)
Net book value						
At 1 January 2010	78,704,722	226,613,584	103,972,414	102,984,368	47,752,891	560,027,979
At 30 June 2010 (unaudited)	79,497,260	222,707,532	103,755,244	110,399,983	47,201,594	563,561,613

	Land and buildings	Transmis- sion networks	Equipment for electricity transmission	Construc- tion in progress	Other	Total
Balance at 1 January 2011	107,440,757	304,133,961	154,143,888	94,698,143	83,395,118	743,811,867
Additions	151,133	567,354	949,783	35,777,125	1,688,611	39,134,006
Transfer	2,667,404	6,136,343	4,877,470	(16,516,948)	2,835,731	-
Disposals	(59,052)	(321,489)	(281,995)	(809,104)	(394,500)	(1,866,140)
Balance at 30 June 2011 (unaudited)	110,200,242	310,516,169	159,689,146	113,149,216	87,524,960	781,079,733
Depreciation						
Balance at 1 January 2011	(14,401,440)	(68,269,670)	(30,518,344)	-	(27,381,424)	(140,570,878)
Depreciation charge	(2,750,137)	(11,114,401)	(5,237,061)	-	(6,830,806)	(25,932,405)
Disposals	58,439	276,355	110,161	-	261,112	706,067
Balance at 30 June 2011 (unaudited)	(17,093,138)	(79,107,716)	(35,645,244)	-	(33,951,118)	(165,797,216)
Net book value						
At 1 January 2011	93,039,317	235,864,291	123,625,544	94,698,143	56,013,694	603,240,989
At 30 June 2011 (unaudited)	93,107,104	231,408,453	124,043,902	113,149,216	53,573,842	615,282,517

10 Equity

(a) Share capital

Number of shares unless
otherwise stated

	Ordinary shares		Preference shares	
	30 June 2011 Unaudited	31 December 2010	30 June 2011 Unaudited	31 December 2010
Authorised shares	42,964,067,081	42,964,067,081	2,075,149,384	2,075,149,384
Par value	RUB 1	RUB 1	RUB 1	RUB 1

(b) Issuance of additional shares

On 26 March 2010 the Board of Directors of the Company approved an increase in the Company's charter capital through issuance of 1,922,313,097 additional ordinary shares with a par value of 1 rouble each under an open subscription. The offering price was determined at 4.14 roubles per share. During six months ended 30 June 2010 the Company received RUB 4,376,500 thousand as a prepayment for further share issue from the Federal Agency for the Management of Federal Property.

(c) Non-controlling interest

On 25 October 2010 the Extraordinary General Meeting of Shareholders of JSC Kubanenergo, the Group subsidiary, approved an increase in charter capital through issuance of additional 31,732,913 ordinary shares with a par value of 100 rouble each under an open subscription. The approved offering price was RUB 184.92. This share issuance was registered by the Federal Service for Financial Markets on 14 December 2010. In April 2011, 13,204,353 shares were subscribed by the

Group and 6,949,343 shares by 3rd parties and existing non-controlling shareholders who jointly paid RUB 3,726,821 thousand. Additional capital of RUB 1,285,073 thousand attributable to non-controlling shareholders was recognized as non-controlling interest as at 30 June 2011. As a result of the subscription of shares the Group's ownership interest in JSC Kubanenergo increased from 40.63% to 45.77%.

The Group exercises control over JSC Kubanenergo which stems from the majority representation on the Board of Directors.

On 9 March 2011 the Extraordinary General Meeting of Shareholders of JSC IDGC of Siberia, the Group subsidiary, approved an increase in charter capital through issuance of additional 6,605,021,036 ordinary shares with a par value of RUB 0.1 each under a closed subscription. The approved offering price was RUB 0.32 per share. This share issuance was registered by the Federal Service for Financial Markets on 21 April 2011. In June 2011 all placed 5,447,508,134 shares were subscribed by the Group which paid RUB 1,743,203 thousand. As a result of the subscription of shares the Group's ownership interest in JSC IDGC of Siberia increased from 52.88% to 55.59%.

(d) Dividends

In accordance with Russian legislation the Company's distributable reserves are limited to the balance of retained earnings as recorded in the Company's statutory financial statements prepared in accordance with Russian Accounting Principles.

At the annual shareholders meeting held on 22 June 2011 the decision was made not to declare dividends for the year 2010 for ordinary shares and to declare dividends in the amount of RUB 0.05 per share for preference shares.

(e) Share options

On 9 November 2010 the Company's Board of Directors approved an Incentive Program ("the Option Program") for managers of the Company and its subsidiaries. In March 2011, contracts for the sale of the Company's shares were entered into with a mutual fund which was established by the Group specifically for the purpose of establishing the Option Program, and the participants in the Option Program, stipulating deferred transfer and cash payment obligations by the Option Program participants ("the Contract"). Under the terms of the Contracts, the participants in the Option Program may exercise their right to acquire shares not earlier than three years from the effective date of the Contract, and retain this right until the expiry of a five-year period from the effective date of the Contract. If employment relations between a participant in the Option Program and the Group are terminated before the due date for performance of the Contract, the number of shares the participant is entitled to acquire will depend on time that has passed since the Contract signing date (except for termination due to unsatisfactory work under Russian Federation Labour Code).

During the six months ended 30 June 2011 Contracts were signed for the options with weighted average exercise price of RUB 4.14 per share for 303,600,000 shares out of the 429,642,598 shares allocated for this purpose.

The fair value of services received in return for share options granted to employees is measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes model. Key inputs are as follows:

Share price (in Russian roubles)	4.47
Exercise price (in Russian roubles)	4.14
Expected volatility	42%
Expected average option life (years)	4
Risk-free interest rate	7%
Fair value per share at measurement date (in Russian roubles)	2

Volatility was calculated based on historic volatility of the Company's shares quoted prices at MICEX. Risk-free rate was calculated based on yield of government bonds with the similar maturity.

The expenses arising from share option program for the six months ended 30 June 2011 in the amount of RUB 192,962 thousand were charged as personnel costs to profit and loss. The same amount was recognised within the retained earnings as part of transactions with owners recorded directly in equity in the consolidated interim condensed statement of changes in equity for the six month ended 30 June 2011.

11 Earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2011 was based on the profit attributable to ordinary shareholders of RUB 16,065,126 thousand (six months ended 30 June 2010: RUB 11,217,306 thousand), and a weighted average number of ordinary shares outstanding of 42,528,234 thousand (six months ended 30 June 2010: 41,035,564 thousand), calculated as shown below.

<i>In thousands of shares</i>	2011	2010
Issued shares at 1 January	42,964,067	41,041,754
Effect of own shares held	(435,833)	(6,190)
Weighted average number of shares for the six months ended 30 June	42,528,234	41,035,564

	Six months ended 30 June 2011 Unaudited	Six months ended 30 June 2010 Unaudited
Weighted average number of ordinary shares for the six months ended 30 June (thousand of shares)	42,528,234	41,035,564
Total profit attributable to holders of ordinary shares	16,065,126	11,217,306
Earnings per ordinary share (in RUB) – basic and diluted	0.38	0.27

12 Loans and borrowings

This note provides information about the contractual terms of the Group's loans and borrowings and financial lease liabilities, which are measured at amortised cost.

	30 June 2011 Unaudited	31 December 2010
<i>Non-current liabilities</i>		
Secured loans	1,516	17,069
Secured bonds issued	-	5,986,116
Unsecured loans	97,635,308	99,335,476
Unsecured bonds issued	6,000,219	8,700,219
Promissory notes	818,945	1,709,581
Loans from other related parties	75,617	119,623
Financial lease liabilities	3,123,493	4,780,463
	107,655,098	120,648,547
<i>Current liabilities</i>		
Current portion of unsecured loans and bonds	17,874,767	13,268,826
Secured loans and bonds, including current portion of long-term loans and bonds	5,993,319	383,571
Unsecured loans	1,213,383	6,890,274
Promissory notes	1,720,396	1,770,610
Loans from other related parties, including current portion of long-term loans	324,118	286,668
Current portion of financial lease liabilities	3,803,952	4,538,803
	30 929 935	27,138,752

The Group raised the following bank loans during the six months ended 30 June 2011:

<u>Amount</u>	<u>Interest rate</u>	<u>Maturity</u>
30,049,970*	4.90-7.91%	2011-2016
3,622,135*	5.90-7.85%	2011-2016
252,000*	7.80%	2012
6,814,665	5.70-8.26%	2011-2016
1,356,000	7.40-8.06%	2015
558,685	5.75%	2011
554,753	8.28%	2012-2015
176,861	5.60-8.75%	2011
42,786	12.00%	2011
28,726	10.00%	2011

The Group repaid the following significant bank facilities during the six months ended 30 June 2011:

	<u>Amount</u>
Promissory notes	857,897
Loans*	34,956,211
Loans	14,416,680

*- Loans from state-controlled entities.

13 Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2010.

14 Commitments

As at 30 June 2011 the Group has outstanding commitments under the contracts for the purchase and construction of property, plant and equipment for RUB 86,947,303 thousand (as at 31 December 2010: RUB 75,900,073 thousand).

15 Contingencies

(a) Insurance

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

(b) Taxation contingencies

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

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

(c) Legal proceedings

The Group is a party to certain legal proceedings arising in the ordinary course of business. In the opinion of management, there are no current legal proceedings or other claims outstanding, which, upon final disposition, will have a material adverse effect on the financial position of the Group.

(d) Environmental matters

The Group and its predecessors have operated in the electric transmission industry in the Russian Federation for many years. The enforcement of environmental regulations in the Russian Federation is evolving and the enforcement posture of Government authorities is continually being reconsidered. The Group's management periodically evaluates its 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.

(e) Guarantees

The Group provided the following financial guarantees for loans granted by the following banks to the Group's lessors.

	Amount on contract 30 June 2011 Unaudited	Amount on contract 31 December 2010
OJSC "Rosbank"	845,551	1,009,201
OJSC "Sberbank"	115,908	198,286
OJSC "VTB Bank"	18,450	26,780
OJSC "Alpha Bank"	6,950	11,583
OJSC "Promsvyazbank"	-	50,058
	986,859	1,295,908

(f) Other contingencies

Management believes that all Group's sales arrangements are generally in compliance with the Russian legislation regulating electric power transmission. However, based on uncertainty of legislation that regulates the lease of Unified National Electricity Network property by the Group ("last-mile") there is a risk that customers may challenge that the Group has no legal ground to invoice them and hence recognize revenue for electric power transmission services provided via leased "last-mile" grids and courts agree with the customers' view. The potential amount of such claims could be significant, but cannot be reliably estimated as each claim has individual legal circumstances and respective estimation should be based on variety of assumptions and judgments, which makes it impracticable. The Group did not recognize as at the reporting date any provision for those actual and potential claims as it believes that it is not probable that related outflow of resources or decrease of benefits inflow will take place. The Group believes that expected changes in legislation will further reduce the level of risk.

16 Related party transactions

(a) Control relationships

The Russian Government holds the majority of the voting rights of the Company and it is the ultimate controlling party of the Group.

(b) Transactions with associates

The Group had the following significant balances with associates:

	Outstanding balance 30 June 2011 Unaudited	Outstanding balance 31 December 2010
Accounts receivable	1,510,765	1,538,577
	1,510,765	1,538,577

(c) Management remuneration

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

Key management received the following remuneration during the period, which is included in personnel costs:

	Six months ended 30 June 2011 Unaudited	Six months ended 30 June 2010 Unaudited
Salaries and bonuses	808,947	705,672

Also key management of the Company participates in the share-option program (see Note 10).

(d) Transactions with state-controlled entities

In the course of its operating activities the Group is also engaged in significant transactions with state-controlled entities. Revenues and purchases from state-controlled entities are measured at regulated tariffs where applicable.

Revenues from state-controlled entities for the six months ended 30 June 2011 constitute 34% (six months ended 30 June 2010: 37%) of total Group revenues, including 35% (six months ended 30 June 2010: 36%) of electricity transmission revenues.

Electricity transmission costs for state-controlled entities for the six months ended 30 June 2011 constitute 55% (six months ended 30 June 2010: 54%) of total transmission costs.

Significant raised and repaid loans from state controlled entities are disclosed in Note 12.

(e) Pricing policies

Related party revenue for electricity transmission is based on the tariffs determined by the government.

17 Events after the reporting period

Additional share issue

On 30 September 2011 the Board of Directors of the Company approved the decision for issue of 5,444,391,292 additional shares under an open subscription with an offering price of RUB 3.08 per share.