WGC-3 GROUP
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)
FOR THE SIX MONTHS ENDED 30 JUNE 2009 (UNAUDITED)

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Independent Auditors' Report

To the Board of Directors of Open Joint-Stock Company Third Generation Company of the Wholesale Electricity Market (JSC WGC-3)

Introduction

We have reviewed the accompanying consolidated interim statement of financial position of JSC WGC-3 (the "Company") and its subsidiaries (the "Group") as at 30 June 2009, and the related consolidated interim statements of comprehensive income, changes in equity and cash flows for the six month period then ended, and a summary of significant accounting policies and other explanatory notes (the consolidated interim financial statements). Management is responsible for the preparation and fair presentation of these consolidated interim 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 financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial statements do not present fairly, in all material respects, the consolidated interim financial position of the Group as at 30 June 2009, and its consolidated interim financial performance and its consolidated interim cash flows for the six month period then ended in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting.*

Other Matter

The consolidated financial statements of the Group as at and for the year ended 31 December 2008 were audited by other auditors whose report dated 17 April 2009 expressed an unmodified opinion on those statements.

ZAO KPMG

ZAO KPMG

25 September 2009

WGC-3 Group
Interim consolidated statement of financial position as at 30 June 2009
(in thousands of Russian Roubles)

	Notes	30 June 2009 (unaudited)	31 December 2008
ASSETS			
Non-current assets			
Property, plant and equipment	5	29 307 559	29 287 313
Intangible assets	6	50 287	52 024
Investments in equity accounted investees	7	14 866 714	16 304 562
Other non-current assets	8	194 369	158 032
Total non-current assets		**44 418 929**	**45 801 931**
Current assets			
Inventories	9	2 143 511	2 855 914
Accounts receivable and prepayments	10	3 799 914	4 673 983
Deposits	11	26 855 093	37 352 940
Financial assets at fair value through profit or loss	12	2 316 875	1 237 095
Current income tax prepayments		1 901 604	34 088
Cash and cash equivalents	13	26 642 027	13 438 834
Assets held for sale	14	1 144 584	-
Total current assets		**64 803 608**	**59 592 854**
TOTAL ASSETS		**109 222 537**	**105 394 785**
EQUITY AND LIABILITIES			
Equity			
Share capital	15	47 487 999	47 487 999
Share premium	15	63 136 744	63 228 766
Treasury shares	15	(7 947 303)	(8 046 714)
Other reserves		(8 245 829)	(8 355 872)
Retained earnings		9 911 639	6 098 800
Total equity		**104 343 250**	**100 412 979**
Non-current liabilities			
Deferred tax liabilities	16	2 191 160	1 920 885
Employee benefits	17	235 285	207 934
Other non-current liabilities		-	15 749
Total non-current liabilities		**2 426 445**	**2 144 568**
Current liabilities			
Accounts payable and accruals	18	1 641 146	1 605 952
Provisions	19	259 206	148 090
Taxes payable	20	552 490	1 083 196
Total current liabilities		**2 452 842**	**2 837 238**
Total liabilities		**4 879 287**	**4 981 806**
TOTAL EQUITY AND LIABILITIES		**109 222 537**	**105 394 785**

General Director — Vladimir Kolmogorov

Chief Financial Officer — Andrey Gainanov

25 September 2009

WGC-3 Group
Interim consolidated statement of comprehensive income for the six months ended 30 June 2009
(in thousands of Russian Roubles)

	Notes	For the six months ended 30 June 2009 (unaudited)	For the six months ended 30 June 2008 (unaudited)
Revenue			
Electricity		17 689 260	17 890 349
Heat		443 747	374 516
Other		109 431	116 433
Gross revenue		**18 242 438**	**18 381 298**
Operating expenses	21	(16 839 587)	(17 101 114)
Other operating income	22	152 212	19 587
Results from operating activities		**1 555 063**	**1 299 771**
Income from investing activities	23	2 318 589	2 934 652
Finance (costs)/ income	24	(7 627)	1 368
Foreign exchange gain		730 113	-
Share of losses of equity accounted investees	7	(391 547)	-
Profit before income tax		**4 204 591**	**4 235 791**
Income tax expense	16	(391 752)	(1 003 597)
Profit for the period		**3 812 839**	**3 232 194**
Other comprehensive income			
Foreign currency translation differences for foreign operations	7	98 282	-
Net change in fair value of available-for-sale financial assets		39 272	(4 912)
Income tax on other comprehensive income	16	(27 511)	1 178
Other comprehensive income for the period, net of income tax		**110 043**	**(3 734)**
Total comprehensive income for the period		**3 922 882**	**3 228 460**
Earnings per ordinary share, basic and diluted (in RR per share)	25	**0.084**	**0.070**

General Director — Vladimir Kolmogorov

Chief Financial Officer — Andrey Gainanov

25 September 2009

WGC-3 Group
Interim consolidated statement of cash flows for the six months ended 30 June 2009
(in thousands of Russian Roubles)

	For the six months ended 30 June 2009 (unaudited)	For the six months ended 30 June 2008 (unaudited)
CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before income tax	**4 204 591**	**4 235 791**
Adjustments for:		
Depreciation and amortisation	833 941	784 859
Bad debt allowance and write-off of accounts receivable	270 100	253 810
Change in fair value of financial investments	(871 757)	-
Finance (costs)/ income	7 627	(1 368)
Interest income	(1 446 832)	(2 934 652)
Foreign exchange gain	(730 113)	-
Gain on disposal of fixed assets	(12 611)	(6 174)
Share of losses of equity accounted investees	391 547	-
Provisions and other non-cash items	147 461	(98 371)
Operating cash flows before working capital changes and income tax paid	**2 793 954**	**2 233 895**
Working capital changes:		
Change in accounts receivable and prepayments	(67 164)	207 876
Change in inventories	736 128	(200 899)
Change in other assets	(6 250)	3 797
Change in accounts payable and accruals	6 616	(355 937)
Change in taxes payable, other than income tax	(51 951)	(185 625)
Change in other non-current liabilities	10 583	(2 250)
Income tax paid	(2 495 262)	(1 252 902)
Net cash from operating activities	**926 654**	**447 955**
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(876 043)	(2 891 424)
Purchase of intangible assets	(5 293)	-
Proceeds from deposits transferred to bank accounts	13 271 754	14 320 000
Purchase of short-term investments held to maturity	-	(6 100 000)
Proceeds from sale of property, plant and equipment and other non-current assets	12 593	13 778
Purchase of investments	(209 941)	-
Loans and borrowings issued	-	1 660
Interest received	2 151 010	2 510 582
Net cash from investing activities	**14 344 080**	**7 854 596**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Purchase of treasury shares	7 389	(8 122 944)
Dividend paid	(3 942)	(4 049)
Net cash generated from/(used in) financing activities	**3 447**	**(8 126 993)**
Effect of exchange rate changes on cash and cash equivalents	(2 070 988)	-
Net increase in cash	**13 203 193**	**175 558**
Cash at the beginning of the period	**13 438 834**	**2 182 360**
Cash at the end of the period	**26 642 027**	**2 357 918**

General Director — Vladimir Kolmogorov
Chief Financial Officer — Andrey Gainanov
25 September 2009

Interim consolidated statement of changes in equity for the six months ended 30 June 2009

(in thousands of Russian Roubles)

	Attributable to equity holders of the Company					
	Share capital	Share Premium	Treasury shares	Other reserves	Retained earnings	Total equity
Balance at 1 January 2009	**47 487 999**	**63 228 766**	**(8 046 714)**	**(8 355 872)**	**6 098 800**	**100 412 979**
Total comprehensive income for the period (unaudited)						
Profit for the period (unaudited)	-	-	-	-	3 812 839	3 812 839
Other comprehensive income (unaudited)						
Net change in fair value of available-for-sale investments, net of tax	-	-	-	31 417	-	31 417
Foreign currency translation differences	-	-	-	78 626	-	78 626
Total other comprehensive income (unaudited)	-	-	-	110 043	-	110 043
Total comprehensive income for the period (unaudited)	-	-	-	**110 043**	**3 812 839**	**3 922 882**
Transactions with owners, recorded directly in equity (unaudited)						
Sale of treasury shares (Note 15)	-	(92 022)	99 411	-	-	7 389
Total transactions with owners	-	**(92 022)**	**99 411**	-	-	**7 389**
Balance at 30 June 2009 (unaudited)	**47 487 999**	**63 136 744**	**(7 947 303)**	**(8 245 829)**	**9 911 639**	**104 343 250**

General Director — Vladimir Kolmogorov

Chief Financial Officer — Andrey Gainanov

25 September 2009

(in thousands of Russian Roubles)

	Attributable to equity holders of the Company					
	Share capital	Share Premium	Treasury shares	Other reserves	Retained earnings	Total equity
Balance at 1 January 2008	**47 487 999**	**63 228 766**	-	**(8 323 200)**	**(323 064)**	**102 070 501**
Total comprehensive income for the period (unaudited)						
Profit for the period (unaudited)	-	-	-	-	3 232 194	3 232 194
Other comprehensive income (unaudited)						
Net change in fair value of available-for-sale investments, net of tax	-	-	-	(3 734)	-	(3 734)
Total other comprehensive income (unaudited)	-	-	-	(3 734)	-	**(3 734)**
Total comprehensive income for the period (unaudited)	-	-	-	**(3 734)**	**3 232 194**	**3 228 460**
Transactions with owners, recorded directly in equity (unaudited)						
Purchase of treasury shares (Note 15)	-	-	(8 122 944)	-	-	(8 122 944)
Dividends declared	-	-	-	-	(334 904)	(334 904)
Total transactions with owners	-	-	(8 122 944)	-	(334 904)	**(8 457 848)**
Balance at 30 June 2008 (unaudited)	**47 487 999**	**63 228 766**	**(8 122 944)**	**(8 326 934)**	**2 574 226**	**96 841 113**

General Director — Vladimir Kolmogorov
Chief Financial Officer — Andrey Gainanov
25 September 2009

1 The Group and its operations

Open Joint Stock Company "Third Generation Company of the Wholesale Electricity Market" (JSC "WGC-3", or the "Company") was established on 23 November 2004 within the framework of the Russian electricity sector restructuring in accordance with Resolution No. 1254-r adopted by the Russian Federation Government on 1 September 2003.

Branches. The WGC-3 Group (the "Group") operates 6 state district power plants (SDPP) and its principal activity is electricity and heat generation. These SDPPs are incorporated as production branches. The Group's principal branches as at 30 June 2009 are Kostromskaya SDPP, Cherepetskaya SDPP, Pechorskaya SDPP, Kharanorskaya SDPP, Yuzhnouralskaya SDPP, and Gusinooserskaya SDPP.

Subsidiaries. The Company has 16 subsidiaries which are service and heating retail companies and operate in the regions where power plants are situated. All subsidiaries are 100% controlled and their income is mainly generated by intra-group operations.

Principal shareholders. As at 30 June 2009 the Company's parent and ultimate controlling party is the OJSC "MMC "Norilsk Nickel" (77.87% of shares). The rest of the shares are held by individual and nominee holders (22.13%) (see Note 15).

The Company is registered by the District Inspectorate of the RF Ministry of Taxation of Republic of Buryatiya. The Company's office is located at bld. 165, bld. 1, Mozhayskoye Highway, Moscow, 121596, Russia.

Operating environment. The Russian Federation has been experiencing political and economic change that has affected, and may continue to affect, the activities of enterprises operating in this environment. Consequently, operations in the Russian Federation involve risks that typically do not exist in other markets. In addition, the recent contraction in the capital and credit markets has further increased the level of economic uncertainty in the environment. 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.

Relations with the state and current regulation. The Group's customer base includes a large number of entities controlled by or related to the state. Moreover, the state controls a number of the Group's fuel and other suppliers.

The government of the Russian Federation directly affects the Group's operations through regulation by the Federal Service on Tariffs ("FST"), with respect to its wholesale energy sales. Tariffs which the Group may charge for sales of electricity and heat are governed by regulations specific to the electricity and heat industry and by regulations applicable to natural monopolies.

As described in Notes 2, 27 and 28, the government's economic, social and other policies could have material effects on the operations of the Group.

2 Basis of preparation

Statement of compliance. These consolidated financial statements ("Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Each enterprise of the Group individually maintains its own books of accounts and prepares its statutory financial statements in accordance with the Regulations on Accounting and Reporting of the Russian Federation. The accompanying Financial Statements are based on the statutory records and adjusted and reclassified for the purpose of fair presentation in accordance with IFRS.

Reclassifications. Certain reclassifications have been made to prior year data to conform to the current year presentation. In prior period the Group presented income from investing activities as the finance income. The effect of the reclassification is disclosed below:

(in thousands of Russian Roubles)

	For the six months ended 30 June 2008 (adjusted)	For the six months ended 30 June 2008
Income from investing activities	2 934 652	-
Finance income	1 368	-
Finance income	-	2 938 743
Finance costs	-	(2 723)

The management of the Group believes that the revised presentation provides more relevant and meaningful information about the results of operations.

Functional and presentation currency. The national currency of the Russian Federation is the Russian rouble ("RR"), which is the functional currency of each of the Group's entities and the currency in which these financial statements are presented. All financial information presented in RR has been rounded to the nearest thousand.

Inflation accounting. Prior to 1 January 2003 non-monetary assets acquired and non-monetary liabilities incurred or assumed have been adjusted for the changes in the general purchasing power of the RR in accordance with IAS 29 *Financial Reporting in Hyperinflationary Economies*. IAS 29 requires that the financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date. As the characteristics of the economic environment of the Russian Federation indicate that hyperinflation has ceased, the amounts expressed in the measuring unit current at 31 December 2002 are treated as the basis for the carrying amounts in these Financial Statements.

Changes in accounting policies.

Starting as at 1 January 2009, the Group has changed its accounting policies in the following areas:

- Accounting for acquisitions of non-controlling interests
- Accounting for business combinations
- Accounting for borrowing costs
- Presentation of financial statements.

Accounting for acquisitions of non-controlling interests. The Group has adopted IFRS 3 *Business Combinations* (2008) and IAS 27 *Consolidated and Separate Financial Statements* (2008) for acquisitions of non-controlling interests occurring in the financial year starting 1 January 2009. Under the new accounting policy, acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions. Previously, goodwill was recognised arising on the acquisition of a non-controlling interest in a subsidiary; and that represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of exchange. The change in accounting policy was applied prospectively and had no material impact on the financial statements.

Accounting for business combinations. The Group has adopted IFRS 3 *Business Combinations* (2008) and IAS 27 *Consolidated and Separate Financial Statements* (2008) for all business combinations occurring in the financial year starting 1 January 2009. All business combinations occurring on or after 1 January 2009 are accounted for by applying the acquisition method. The change in accounting policy was applied prospectively and had no material impact on the financial statements.

Accounting for borrowing costs. In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009, the Group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Previously the Group immediately recognised all borrowing costs as an expense. This change in accounting policy was due to the adoption of IAS 23 *Borrowing Costs* (2007) in accordance with the transitional provisions of such standard. The change in accounting policy has no impact on the financial statements as the Group does not have any borrowings.

Presentation of financial statements. The Group applies revised IAS 1 *Presentation of Financial Statements* (2007), which became effective as at 1 January 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

New Standards and Interpretations not yet adopted

The following new Standards, amendments to Standards and Interpretations are not yet effective as at 30 June 2009, and have not been applied in preparing these consolidated financial statements. The Group plans to adopt these pronouncements when they become effective.

- Amendment to IAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items* clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations. The amendment, which becomes mandatory for the Group's 2010 consolidated financial statements, with retrospective application required, is not expected to have any impact on the consolidated financial statements.

- Amendments to IFRS 1 *First-time adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* which will come into effect on 1 July 2009. The Group has not yet determined the potential effect of the amendment.

- Amendment to IFRS 1 *First-time adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters* is applicable to entities in the oil and gas industry providing guidance in assessing a deemed cost for oil and gas assets. Amendment will come into effect on 1 January 2010. The amendment is not expected to have any impact on the consolidated financial statements.

- Amendment to IFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions* which clarifies that the entity receiving goods or services in a share-based payment transaction that is settled by any other entity in the group or any shareholder of such an entity in cash or other assets is required to recognise the goods or services received in its financial statements. Amendment will come into effect on 1 January 2010. The Group has not yet determined the potential effect of the amendment.

- IFRIC 17 *Distributions of Non-cash Assets to Owners* addresses the accounting of non-cash dividend distributions to owners. The interpretation clarifies when and how the non-cash dividend should be recognised and how the differences between the dividend paid and the carrying amount of the net assets distributed should be recognised. IFRIC 17 becomes effective for annual periods beginning on or after 1 July 2009.

- IFRIC 18 *Transfers of Assets from Customers* applies to the accounting for transfers of items of property, plant and equipment by entities that receive such transfers from their customers. The interpretation clarifies recognition and measurement of received items, how the resulting credit, as well as a transfer of cash from customers should be accounted for. IFRIC 18 is applied prospectively to transfers of assets from customers received on or after 1 July 2009.

- Various *Improvements to IFRSs* have been dealt with on a standard-by-standard basis. All amendments, which result in accounting changes for presentation, recognition or measurement purpose, will come into effect not earlier than 1 January 2010. The Group has not yet analysed the likely impact of the improvements on its financial position or performance.

Critical accounting estimates and assumptions. The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgments, apart from those involving estimations, in the process of applying the accounting policies. Judgments that have the most significant effect on the amounts recognized in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next reporting period include:

Bad debt allowance and write-off of accounts receivable. Bad debt allowance and write-off of accounts receivable is based on the Group's assessment of whether the collectability of specific customer accounts worsened compared to prior estimates. If there is deterioration in a major customer's creditworthiness or actual defaults are higher than the estimates, the actual results could differ from these estimates.

Impairment of tangible and intangible assets, excluding goodwill. At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less cost to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, for which the estimates of the future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized in the consolidated statement of comprehensive income immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the original carrying amount that would have been determined had no impairment loss been recognized in prior periods. A reversal of an impairment loss is recognized in the consolidated statement of comprehensive income immediately.

Critical assumptions that were made for the purposes of impairment test of property, plant and equipment are described in the Note 5.

Critical assumptions that were made for the Investment in associates are described in the Note 7.

Tax contingencies. Russian tax legislation is subject to varying interpretations and changes, which can occur frequently. Where the Group management believes it is probable that their interpretation of the relevant legislation and the Group's tax positions cannot be sustained, an appropriate amount is accrued for in these consolidated financial statements.

3 Summary of significant accounting policies

Principles of consolidation. The consolidated financial statements comprise the financial statements of JSC WGC-3 and the financial statements of those entities whose operations are controlled by JSC WGC-3. Control is presumed to exist when JSC WGC-3 controls, directly or indirectly through subsidiaries, more than 50% of voting rights.

A) Subsidiaries

The consolidated financial statements incorporate financial statements of the Company and its subsidiaries, from the date that control effectively commenced until the date that control effectively ceased. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All intercompany balances, transactions and any unrealized profits or losses arising from intra-group transactions are eliminated in full on consolidation.

B) Associates

An associate is an entity over which the Group exercises significant influence, but not control, through participation in financing and operating policy decisions, in which it normally owns between 20% and 50% of the voting equity. Associates are equity accounted for from the date significant influence commenced until the date that significant influence effectively ceased.

Investments in associates are carried at cost, including goodwill, as adjusted for the Group's the share of post-acquisition changes in associate's retained earnings and other movements in reserves. The carrying value of investments in associates is reviewed on a regular basis and if any impairment in value has occurred, it is written down in the period in which these circumstances are identified.

The results of associates are equity accounted for based on their most recent financial statements. Losses of associates are recorded in the consolidated interim financial statements until the investment in such associates is written down to nil value. Thereafter losses are only accounted for to the extent that the Group is committed to provide financial support to such associates.

Profits and losses resulting from transactions with associates are eliminated to the extent of the Group's interest in the relevant associates.

Foreign currency

Foreign currency transactions. Monetary assets and liabilities, which are held by the Group entities and denominated in foreign currencies at the balance sheet date, are translated into RR at the exchange rates prevailing at that date. Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

As at 30 June 2009, the official rate of exchange, as determined by the Central Bank of the Russian Federation, between the RR and the US Dollar ("USD") was RR 31.2904: USD 1.00 (31 December 2008: RR 29.3804: USD 1.00), between the RR and EURO RR 43.8191: EURO 1.00 (31 December 2008: RR 41.4411: EURO 1.00).

Foreign operations. The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to rouble at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to rouble at exchange rates at the dates of the transactions. Foreign currency differences are recognised in the foreign currency translation reserve (translation reserve, or FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss as part of the profit or loss on disposal. When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the FCTR.

(in thousands of Russian Roubles)

Property, plant and equipment. In 2004 property, plant and equipment were recognized at the carrying value determined in accordance with the IFRS at the date of their transfer to the Group by the Predecessor.

Renewals and improvements are capitalized and the assets replaced are retired. The costs of repair and maintenance are expensed as incurred. Gains and losses arising from the retirement of property, plant and equipment are included in the statement of comprehensive income as incurred.

Depreciation of property, plant and equipment is calculated on a straight-line basis over the estimated useful life of the group of asset. For the property, plant and equipment which were subject to an independent valuation as at 31 December 1997, the depreciation rate applied is based on the estimated remaining useful lives.

The useful lives, in years, of assets by type of facility are as follows:

Type of facility	Acquired prior to 31 December 1997	Acquired subsequent to 31 December 1997
Electricity and heat generation	4-63	25 -50
Electricity distribution	19-30	30
Heating networks	4-22	25
Other	8	10

Social assets are not capitalized as they are not expected to result in future economic benefits to the Group. Costs associated with fulfilling the Group's social responsibilities are expensed as incurred.

Inventories. Inventories are valued at the lower of net realizable value and weighted average acquisition cost. Provision is made for potential losses on obsolete or slow-moving inventories, taking into account their expected use and future realizable value.

Financial assets. The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and accounts receivable, held-to-maturity and available-for-sale. The classification depends on the purpose for which the financial assets are required. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss. Financial assets are classified as at fair value through profit or loss where the financial asset is either held for trading or it is designated as at fair value through profit or loss.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling or repurchasing in the near future; or
- it is a part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in the consolidated statement of comprehensive income. The net gain or loss recognised in the consolidated statement of comprehensive income incorporates any dividend or interest earned on the financial asset.

(b) Loans and accounts receivable. Loans and accounts receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

(c) Held-to-maturity financial assets. Held to maturity financial assets are financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity other than loans and accounts receivable originated by the Group.

(d) *Available-for-sale financial assets.* Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Available-for-sale financial assets mainly include investments in listed and unlisted shares. Listed shares held by the Group that are traded in an active market are stated at their market value. Gains and losses arising from changes in fair value are recognized directly in equity in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognized directly in the consolidated statement of comprehensive income. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in the investment revaluation reserve is included in the consolidated statement of comprehensive income for the period. Dividends on available-for-sale equity instruments are recognized in the consolidated statement of comprehensive income when the Group’s right to receive the dividends is established. Investments in unlisted shares that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recorded at management’s estimate of fair value.

Leases. Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance leases are capitalised as property, plant and equipment at the lower of fair value or present value of future minimum lease payments at the date of acquisition, with the related lease obligation recognised at the same value. Assets held under finance leases are depreciated over their estimated economic useful lives or over the term of the lease, if shorter. If there is reasonable certainty that the lessee will obtain ownership at the end of the lease term, the period of expected use is useful life of the asset.

Finance lease payments are allocated using the effective interest rate method, between the lease finance cost, which is included in finance costs, and the capital repayment, which reduces the related lease obligation to the lessor.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the consolidated statement of comprehensive income on a straight-line basis over the lease term.

Dividends. Dividends are recognized as a liability and deducted from equity at the balance sheet date only if they are declared (approved by shareholders) before or on the balance sheet date. Dividends are disclosed when they are declared after the balance sheet date, but before the financial statements are authorized for issue.

Intangible assets. Intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses.

Amortization is recognized in the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Type of intangible assets	**Useful lives (in years)**
Computer software	1-13
Licenses	1-5

Cash and cash equivalents. Cash and cash equivalents comprise cash balances, cash deposits and highly liquid investments with maturities of three months or less, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Accounts receivable and prepayments. Accounts receivable are recorded inclusive of value added taxes. Trade accounts receivable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method less provision for impairment. Such a bad debt allowance and write-off of accounts receivable is established if there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the accounts receivable. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest for similar borrowers at the date of origination of the accounts receivable. The primary factors that the Group considers whether a receivable is impaired is its overdue status and reliability of related collateral, if any. The following other principal criteria are also used to determine whether there is objective evidence that an impairment loss has occurred:

- any portion of the receivable is overdue and the late payment cannot be attributed to a delay caused by the settlement systems;
- the counterparty experiences a significant financial difficulty as evidenced by its financial information that the Group obtains;
- the counterparty considers bankruptcy or a financial reorganisation;
- there is adverse change in the payment status of the counterparty as a result of changes in the national or local economic conditions that impact the counterparty.

Value added tax on purchases and sales. Output value added tax related to sales is payable to tax authorities on the earlier of (a) collection of the accounts receivable from customers or (b) delivery of the goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognized in the statement of financial position on a gross basis and disclosed separately as an asset and liability. Where provision has been made for impairment of accounts receivable, the impairment loss is recorded for the gross amount of the debtor, including VAT.

Income tax. The income tax expense represents the sum of the tax currently payable and deferred income tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Deferred income tax. Deferred tax is provided using the balance sheet liability method for the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts as per the consolidated financial statements. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit or loss. Deferred tax balances are measured at tax rates enacted or substantively enacted at the balance sheet date which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilized. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilized.

Deferred tax movements are recorded in the statement of comprehensive income except when they are related to the items directly charged to the shareholders’ equity. In this case deferred taxes are recorded as part of the shareholders’ equity.

Deferred tax is not provided for the undistributed earnings of subsidiaries, as the Group requires profits to be reinvested, and only insignificant dividends are expected to be declared from future profits of the subsidiaries. Neither these future profits nor the related taxes are recognized in these financial statements.

Accounts payable and accruals. Accounts payable are stated inclusive of value added tax. Trade accounts payable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method. If accounts payable are restructured and the discounted present value of the cash flows under the restructured terms discounted using the original effective interest rate differs by more than ten percent from the discounted present value of the remaining cash flows of the original financial liability, then the fair value of the restructured payable is measured as the discounted present value of the cash flows under the restructured terms. In this case the amount of the discount is credited to the statement of comprehensive income (finance costs) as a gain on restructuring, and the non-current portion of the discounted payable is reclassified to other non-current liabilities. The discount is amortized over the period of the restructuring as an interest expense.

Debt. Debt is recognized initially at its fair value. If it is significantly different from the transaction price, fair value is determined using the prevailing market interest rate for a similar instrument. In subsequent periods, debt is stated at amortized cost using the effective interest rate method; any difference between the fair value at initial recognition (net of transaction costs) and the redemption amount is recognized in the statement of comprehensive income as an interest expense over the period of the debt obligation.

Employee benefits. In the normal course of business the Group contributes to the Russian Federation defined contribution state pension scheme on behalf of its employees. Mandatory contributions to the governmental pension scheme are expensed when incurred.

The Group has also operated a combination of defined benefit and defined contribution plans until December 2007, in respect of which it had contracts with a non-governmental pension fund. The Board of Directors at their meeting of 28 December 2007 has taken the decision to curtail the defined benefit part of the plan which affected the liability recognized in the statement of financial position. The defined benefit pension plans are no longer included in calculation of the liability, but the Group offers various post-employment, long-term and jubilee benefits to its employees which are of a defined benefit nature. The defined benefit obligations and costs are assessed using the projected unit credit method. The present value of the obligations are determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits associated with the operations of the plan will be paid, and that have terms to maturity approximating the terms of the related liabilities.

Actuarial gains and losses arising from changes in actuarial estimations and exceeding 10.00% of the obligations are charged or credited to the statement of comprehensive income over the average remaining service lives of employees starting from the next reporting period.

Provisions. Provisions are recorded where there is a present obligation, the payment is probable and reliable estimates can be made.

Revenue recognition. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer of electricity and heat or non-utility goods and services. Revenue is measured at the fair value of the consideration received or receivable. When the fair value of consideration received cannot be measured reliably, the revenue is measured at the fair value of the goods or services sold/provided. Revenue is stated net of value added tax.

Social expenditure. To the extent that the Group's contributions to social programs benefit the community at large without creating constructive obligation to provide such benefits in the future and are not restricted to the Group's employees, they are recognized in the statement of comprehensive income as incurred.

Segment reporting. The Group operates predominantly in a single operating segment. The generation of electricity and heat are related activities and are subject to similar risks and returns, therefore they are reported as one operating segment.

Earnings per share. The earnings per share are determined by dividing the profit from continuing operations attributable to the shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period.

Finance income and costs. Finance income and costs are recognized in the statement of comprehensive income for all debt instruments on an accrual basis using the effective rate of interest method. Interest income includes nominal interest and amortized discount and premium. When loans become doubtful of collection, they are written down to their recoverable amounts and interest income is thereafter recognized based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount.

Fair value measurement. The fair value of accounts receivable for disclosure purposes is measured by discounting the value of expected cash flows at the market rate of interest for similar borrowers at the reporting date. The fair value of financial liabilities and other financial instruments (except if publicly quoted) for disclosure purposes is measured by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments. The fair value of publicly quoted financial instruments for disclosure purposes are measured based on current market value at the close of business on the reporting date.

Seasonality. Demand for electricity and heat is influenced by both the seasons of the year and the relative severity of the weather. Revenues from heating are concentrated within the months of October to March. A similar, although less intense, concentration of electricity sales occurs within the same period. The seasonality of electricity and heat production has a corresponding impact on the usage of fuel and the purchase of power. Furthermore, during the periods of lower production from April to September, there is an increase in the expenditures on repairs and maintenance. This seasonality does not impact the revenue or cost recognition policies of the Group.

(in thousands of Russian Roubles)

4 Related Parties

The nature of the related party relationships for those related parties with whom the Group entered into significant transactions during the period ended 30 June 2009 and during the period ended 30 June 2008 or had significant balances outstanding at 30 June 2009 and at 31 December 2008 are detailed below.

Parent and parent's subsidiaries

The Group had following significant transactions and balances with the Group "MMC "Norilsk Nickel":

	For the six months ended 30 June 2009	For the six months ended 30 June 2008
Purchases	322 052	-

The Group had the following balances with the parent or its subsidiaries as at 30 June 2009.

	30 June 2009	31 December 2008
Accounts payable	27 393	-
Advances to suppliers	609 435	-

Related parties transactions are based on market prices.

Transactions with key management and close family members

There are no transactions or balances with key management and close family members except for remuneration in the form of salary and bonuses. Total remuneration in the form of salary and bonuses paid to the members of the Board of Directors and Management Board for the six months ended 30 June 2009 was RR 60 675 thousand (for the six months ended 30 June 2008 – RR 40 300 thousand).

5 Property, plant and equipment

Cost	Electricity and heat generation	Electricity transmission	Heating networks	Construction in progress	Other	Total
Opening balance as at 31 December 2008	**30 461 018**	**4 005 865**	**951 295**	**10 583 504**	**7 541 753**	**53 543 435**
Additions	42 927	303	7 871	785 724	21 083	857 908
Transfer	59 310	703	-	(90 340)	30 327	-
Disposals	(5 555)	(464)	-	(5 218)	(9 292)	(20 529)
Closing balance as at 30 June 2009	**30 557 700**	**4 006 407**	**959 166**	**11 273 670**	**7 583 871**	**54 380 814**
Accumulated depreciation (including impairment)						
Opening balance as at 31 December 2008	**(14 972 531)**	**(2 796 226)**	**(524 067)**	**(104 038)**	**(5 859 260)**	**(24 256 122)**
Charge for the period	(537 901)	(46 413)	(20 195)	-	(225 379)	(829 888)
Disposals	2 179	420	-	2 977	7 179	12 755
Closing balance as at 30 June 2009	**(15 508 253)**	**(2 842 219)**	**(544 262)**	**(101 061)**	**(6 077 460)**	**(25 073 255)**
Net book value as at 30 June 2009	**15 049 447**	**1 164 188**	**414 904**	**11 172 609**	**1 506 411**	**29 307 559**
Net book value as at 31 December 2008	**15 488 487**	**1 209 639**	**427 228**	**10 479 466**	**1 682 493**	**29 287 313**

At 30 June 2009 construction in progress includes advance prepayments for property, plant and equipment of RR 6 829 433 thousand (31 December 2008: RR 6 735 659 thousand).

The assets transferred to the Group upon privatization did not include the land on which the Group's buildings and facilities are situated. The Group has the right to purchase this land (except for the land at Moscow) upon application to the state registration body.

(in thousands of Russian Roubles)

Impairment

The impairment provision included in accumulated depreciation balance as at 30 June 2009 and 31 December 2008 is RR 2 069 339 thousand.

As at 30 June 2009 management estimated the value in use of the property, plant and equipment through updating future discounted cash flows. As a result of the analysis, no additional impairment loss was recognized.

Operating leases

The Group leases a number of land areas owned by local governments under operating lease. Land lease payments are determined by lease agreements.

Non-cancelable operating lease rentals are payable as follows:

	30 June 2009	31 December 2008
not later than one year	21 586	34 609
later than one year and not later than five years	18 203	37 065
later than five years	126 616	132 369
Total	**166 405**	**204 043**

The land areas leased by the Group are the territories on which the Group's electric power stations, heating stations and other assets are located. Lease payments are reviewed regularly to reflect market rentals.

6 Intangible assets

Cost	**Computer software**	**Licenses**	**Total**
Balance at 31 December 2008	39 298	18 967	58 265
Additions	3 799	1 494	5 293
Disposals	-	-	-
Balance at 30 June 2009	43 097	20 461	63 558
Amortisation			
Balance at 31 December 2008	(5 882)	(359)	(6 241)
Amortisation for the period	(6 555)	(475)	(7 030)
Balance at 30 June 2009	(12 437)	(834)	(13 271)
Carrying amounts			
At 31 December 2008	**33 416**	**18 608**	**52 024**
At 30 June 2009	**30 660**	**19 627**	**50 287**

(in thousands of Russian Roubles)

7 Investments in equity accounted investees

Equity investments in associated company accounted for using the equity method are presented by investments in RUSIA Petroleum and Plug Power and are as follows:

	RUSIA Petroleum	Plug Power	Total
Balance at beginning of the period	**15 015 219**	**1 289 343**	**16 304 562**
Share of losses	(148 505)	(243 042)	(391 547)
Foreign currency translation differences for foreign operations	-	98 283	98 283
Transferred to assets held for sale (Note 14)	-	(1 144 584)	(1 144 584)
Balance at end of the period	**14 866 714**	**-**	**14 866 714**

The following is summarised financial information, in aggregate, in respect of equity accounted investees:

Name of associate	Market value	Carrying value of investment	Total assets	Total liabilities	Sales	Loss
RUSIA Petroleum	n/a	14 866 714	35 363 087	15 156 939	9 605	(594 021)

RUSIA Petroleum. On 20 October 2008 the Group acquired 25% (minus one share) of OJSC RUSIA Petroleum Company (RUSIA Petroleum) from Jarford Enterprises Inc for RR 15 060 290 thousand paid in cash. RUSIA Petroleum holds license for Kovyktinskoe gas condensate field, one of the most strategically important fields in Russia.

8 Other non-current assets

	30 June 2009	31 December 2008
Available-for-sale investments	132 721	93 448
Accounts receivable	58 008	60 211
Value added tax	843	1 218
Other non-current assets	2 797	3 155
Total	**194 369**	**158 032**

The carrying amount of Group's other non-current assets approximates their fair value.

The available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of other categories of financial assets. The available-for-sale financial assets mainly comprise marketable and non-marketable securities.

The gain arising from changes in fair value during the period ended 30 June 2009 comprising RR 39 273 thousand was recognized directly in equity.

9 Inventories

	30 June 2009	31 December 2008
Fuel supplies	1 403 568	2 196 938
Materials and supplies	319 076	258 134
Other inventories	420 867	400 842
Total	**2 143 511**	**2 855 914**

The above inventory balances are recorded net of an obsolescence provision of RR 160 809 thousand and RR 184 592 thousand as at 30 June 2009 and 31 December 2008 respectively.

(in thousands of Russian Roubles)

10 Accounts receivable and prepayments

	30 June 2009	31 December 2008
Trade accounts receivable (net of bad debt allowance and write-off of accounts receivable of RR 797 388 thousand as at 30 June 2009 and RR 537 639 thousand as at 31 December 2008)	1 632 525	1 566 451
Advances to suppliers (net of provision for impairment of advances to suppliers of RR 68 222 thousand as at 30 June 2009 and RR 66 111 thousand as at 31 December 2008)	1 207 414	824 327
Value added tax recoverable	30 371	260 900
Interest and other accounts receivable (net of provision for impairment of other accounts receivable of RR 374 735 thousand as at 30 June 2009 and RR 366 495 thousand as at 31 December 2008)	929 604	2 022 305
Total	**3 799 914**	**4 673 983**

The bad debt allowance and write-off of accounts receivable were calculated based on analysis of collectibility.

Movement of the provision is shown in the table below:

	For the six months ended 30 June 2009	For the six months ended 30 June 2008
As at 1 January	970 245	848 116
Reversal of provision	(27 846)	(3 135)
Accrued provision	297 946	256 945
As at 30 June	**1 240 345**	**1 101 926**

Management has determined the bad debt allowance and write-off of accounts receivable based on specific customer identification, customer payment trends, subsequent receipts and settlements and analyses of expected future cash flows.

The Group has the following overdue balances of accounts receivable which are not considered impaired as at 30 June 2009:

Overdue period	For the six months ended 30 June 2009	For the six months ended 30 June 2008
Less than 180 days	159 081	399 341
More than 180 days but less than 365 days	26 977	51 159
Over 365 days	-	3 063
As at 30 June	**186 058**	**453 563**

Management believes that Group entities will be able to realize the net receivable amount through direct collections and other non-cash settlements, and therefore the recorded value of accounts receivable approximates their fair value.

(in thousands of Russian Roubles)

11 Deposits

Name of bank	Currency	Type	Interest rate, %	30 June 2009 (in foreign currency)	30 June 2009	31 December 2008
VTB Bank	USD	Deposit	5.35	273 162	8 547 343	-
VTB Bank	EUR	Deposit	6.20	417 687	18 302 750	-
VTB Bank	RR	Deposit	9.00-9.35		5 000	25 000 000
Rosbank	USD	Deposit	9.00-9.25	-	-	8 341 004
Rosbank	EUR	Deposit	9.25	-	-	2 511 936
Rosbank	RR	Deposit	9.00	-	-	1 500 000
Total					**26 855 093**	**37 352 940**

As at 30 June 2009 cash held in deposits amounted to RR 26 855 million. In accordance with the contract between the Group and OJSC "VTB Bank" the Group can not demand a refund of all or part of deposits prior to maturity date. Deposit periods are from three to nine months and interest rates are fixed for a certain period.

For the six months ended 30 June 2009 interest income on deposits amounted to RR 1 395 569 thousand, for the six months ended 30 June 2008 – RR 1 882 636 thousand.

The Group's deposits in banks and other financial assets are short-term and their carrying amount approximates fair value.

For the six months ended 30 June 2009 the foreign exchange gain from deposits and other financial assets comprised RR 2 773 907, (30 June 2008 – nil).

12 Financial assets at fair value through profit or loss

Name of the Company	Type of security	Amount	Historical cost	Market price at 30 June 2009	Change in fair value for the six months ended 30 June 2009	Carrying value at 30 June 2009	Carrying value at 31 December 2008
OJSC "MMC "Norilsk Nickel"	Ordinary shares	778 302	2 312 722	2 939	869 839	2 316 875	1 237 095
Total					**869 839**	**2 316 875**	**1 237 095**

Financial assets at fair value through profit or loss comprise marketable securities held for trading that are a part of an identified portfolio of financial instruments that are under the trust management and has a recent actual pattern of short-term profit-taking.

(in thousands of Russian Roubles)

13 Cash and cash equivalents

	30 June 2009		31 December 2008	
	RUR	Foreign currency' 000	RUR	Foreign currency' 000
Cash nominated in:				
USD	21 531 612	688 122	10 477	357
EUR	3 377 689	77 083	223	5
RUR	1 732 606	-	2 764 189	-
GBR	120	2	222	5
Term deposits with original maturity of less than three months:				
USD	-	-	10 654 723	362 147
RUR	-	-	9 000	-
Total	**26 642 027**		**13 438 834**	

For the six months ended 30 June 2009 the foreign exchange loss from transactions with cash and cash equivalents comprised RR 2 070 988 thousand, (30 June 2008 – nil).

14 Assets classified as held for sale

Investment in associated company Plug Power, Inc. is presented as held for sale (please refer to Note 7) following the decision of the Group's management, approved on 28 May 2009, to sell 34.97% of Plug Power shares. Efforts to sell the Plug Power shares have commenced, and a sale is expected by June 2010. Plug Power shares valued at lower of carrying amount (RR 1 144 584 thousand) and market price (RR 1 232 039 thousand). There was no impairment loss recognized.

15 Equity

Share capital *(Number of shares unless otherwise stated)*	**Ordinary shares 30 June 2009**	**Ordinary shares 31 December 2008**
Issued shares	47 487 999 252	47 487 999 252
Par value (in RR)	1.00	1.00

Treasury shares. On 20 February 2009 the Group sold 24 594 460 treasury ordinary shares out of 2 009 634 858 treasury ordinary shares for RR 7 389 thousand resulting in decrease in share premium of RR 92 022 thousand.

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.

On 26 June 2008 the Annual General Meeting approved the proposal to pay dividends in respect of the period ended 30 June 2008 in the amount of RR 0.007364 per ordinary share totalling RR 334 904 thousand. These dividends are deducted from equity at 30 June 2008. The unpaid amount of RR 96 943 thousand is recognized as a liability at 30 June 2009.

(in thousands of Russian Roubles)

16 Income tax

Income tax expense	For the six months ended 30 June 2009	For the six months ended 30 June 2008
Current income tax expense	(148 975)	(1 076 132)
Deferred income tax (expense)/ benefit	(242 763)	72 535
Total income tax expense	**(391 738)**	**(1 003 597)**

During the period ended 30 June 2009 the Group entities were subject to 20% income tax rate on taxable profits. During the period ended 30 June 2008 the Group entities were subject to 24% income tax rate on taxable profits. In accordance with Russian tax legislation, tax losses in different Group companies may not be offset against taxable profits of other Group companies. Accordingly, tax may accrue even where there is a net consolidated tax loss.

Reconciliation between the expected and the actual taxation change is provided below:

	For the six months ended 30 June 2009	For the six months ended 30 June 2008
Profit before tax	4 204 591	4 235 791
Theoretical income tax expense at the statutory tax rate	(840 918)	(1 016 590)
Tax effect of items which are not deductible or assessable for taxation purposes:		
Taxes overprovided in prior years	462 351	-
Other non-deductible and non-taxable items, net	(13 171)	12 993
Total income tax expense	**(391 738)**	**(1 003 597)**

Deferred income tax. Differences between IFRS and Russian statutory taxation regulations give rise to certain temporary differences between the carrying value of certain assets and liabilities for financial reporting purposes and their tax bases. At 30 June 2009 deferred tax assets and liabilities are measured at 20%, the rate applicable when the temporary differences will reverse.

Deferred tax liabilities

	31 December 2008	Movement for the period recognized in the statement of comprehensive income	Movement for the period recognized in the statement of changes in equity	30 June 2009
Property, plant and equipment	(2 094 467)	(168 904)	-	(2 263 371)
Accounts payable	(1 205)	1 108	-	(97)
Investments in equity accounted investees	(80 104)	48 608	-	(31 496)
Foreign currency translation differences	-	-	(19 656)	(19 656)
Other	(500)	-	500	-
Total	**(2 176 276)**	**(119 188)**	**(19 156)**	**(2 314 620)**

(in thousands of Russian Roubles)

Deferred tax assets

	31 December 2008	Movement for the period recognized in the statement of comprehensive income	Movement for the period recognized in the statement of changes in equity	30 June 2009
Accounts receivable including provision for impairment	5 730	3 139	-	8 869
Accounts payable	46 666	2 484	-	49 150
Inventories	8 476	6 056	-	14 532
Financial assets at fair value through profit or loss	173 084	(173 968)	-	(884)
Long-term available-for-sale investments	21 435	-	(8 355)	13 080
Investments in equity accounted investees	-	38 713	-	38 713
Total	**255 391**	**(123 576)**	**(8 355)**	**123 460**
Net deferred tax liabilities	**(1 920 885)**	**(242 764)**	**(27 511)**	**(2 191 160)**

17 Employee benefits

Until December 2007 the Group had a defined benefit pension plan, which was curtailed according to the decision taken at the Board of Directors meeting held on 28 December 2007 (see Note 3).

The Group also provides various long-term and post employment benefits including lump sum payments upon retirement and jubilee benefits to active employees and others. Additionally the Group provides quarterly financial support payments of a defined benefit nature to its former employees, who have reached the age of the state old age pension.

Amounts recognized in the consolidated statement of financial position:

	30 June 2009	31 December 2008
Defined benefit obligations	**388 477**	**368 244**
Fair value of plan assets	-	-
Funded status	388 477	368 244
Unrecognized net actuarial loss	(47 029)	(47 565)
Unrecognized past service cost	(106 163)	(112 745)
Net liability in statement of financial position	**235 285**	**207 934**

(in thousands of Russian Roubles)

Amounts recognized in the consolidated statement of comprehensive income:

	For the six months ended 30 June 2009	For the six months ended 30 June 2008
Current service cost	10 984	9 241
Interest cost	17 202	9 390
Recognized actuarial loss	537	2 988
Amortization of past service cost	6 582	2 629
Total	**35 305**	**24 248**

Changes in the present value of the Group's defined benefit obligation are as follows:

	For the six months ended 30 June 2009	For the six months ended 30 June 2008
Benefit obligations at the beginning of the period	368 244	278 729
Current service cost	10 984	9 241
Interest cost	17 202	9 390
Benefits paid	(7 953)	(6 861)
Benefit obligations at the end of the period	**388 477**	**290 499**

Principal actuarial estimations are as follows:

	30 June 2009	31 December 2008
Discount rate	9.00	9.00
Salary increase	10.24	10.24
Pension increase (for “qualified pension”)	n/a	n/a
Financial support benefits increase	6.00	6.00
Inflation	5.00	5.00

Reconciliation of the statement of financial position:

	30 June 2009	31 December 2008
Net liability at start of period	207 934	150 098
Net expense recognised in the statement of comprehensive income	35 305	73 743
Employer contributions	(7 954)	(15 907)
Net liability at the end of the period	**235 285**	**207 934**

Experience adjustments:

	For the six months ended 30 June 2009	For the six months ended 30 June 2008
Present value of defined benefit obligations (DBO)	388 477	290 499
Fair value of plan assets	-	-
Deficit in plan	388 477	290 499
Losses arising of experience adjustments on plan liabilities	-	-
Gains/(losses) arising of experience adjustments on plan assets	-	-

Sensitivity of defined benefit obligation to changes in assumptions:

	Increase	effect on DBO six months ended 30 June 2009
Discount	+1.00%	-8.00%
Salary growth	+1.00%	+ 5.00%

(in thousands of Russian Roubles)

18 Accounts payable and accruals

	30 June 2009	31 December 2008
Trade accounts payable	1 086 831	1 068 828
Accrued liabilities and other accounts payable	446 377	419 874
Dividends payable	96 943	100 885
Advances from customers	10 995	16 365
Total	**1 641 146**	**1 605 952**

For the six months ended 30 June 2009 the foreign exchange loss from accounts payable and accruals comprised RR 144 thousand, (30 June 2008 – nil).

19 Provisions

Movements in provision for liability and charges are as follows:

	Note	Tax risks	Legal claims	Total
Carrying amount at 31 December 2008		**40 043**	**108 047**	**148 090**
Accrual of provision	21	110 727	2 341	113 068
Provision usage		-	(457)	(457)
Reversal of provision	21	(1 375)	(120)	(1 495)
Carrying amount at 30 June 2009		**149 395**	**109 811**	**259 206**

All of the above provisions were classified as current liabilities because the Group does not have any rights to defer settlements beyond one year. Expected timing of the cash outflows is indicated below.

Tax risks. Management assessed, based on their interpretation of the relevant tax legislation that it is probable that certain tax positions taken by the Group would not be sustained, if challenged by the tax authorities. Accordingly, the Group created provisions for the associated unassessed taxes and the related penalties and interest. Accrual in the amount of RR 110 727 thousand relate to income tax which was in the opinion of tax authorities incorrectly assessed by the Group. The case is under court investigation.

Legal claims. Provision for legal claims relates to the claims brought against the Group referred to repayment of cash for joint liability with other counterparty for foregone expenses. The balance at 30 June 2009 is expected to be utilised within a year. In the management's opinion, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the accrued amounts.

20 Taxes payable

	30 June 2009	31 December 2008
Value added tax	291 359	304 728
Water usage tax	107 016	169 474
Property tax	72 949	71 305
Unified social tax	39 758	22 852
Land tax	19 725	8 268
Income tax	1 087	481 179
Other taxes	20 596	25 390
Total	**552 490**	**1 083 196**

(in thousands of Russian Roubles)

21 Operating expenses

	Notes	For the six months ended 30 June 2009	For the six months ended 30 June 2008
Fuel		7 314 473	8 194 874
Purchased electricity		3 683 343	4 029 572
Employee benefits		2 015 955	1 775 210
Depreciation and amortization	5, 6	833 941	784 859
Taxes other than income tax		443 584	525 210
Fees to Trade System Administrator, Centre of financial settlements, System Operator		348 448	286 772
Raw materials and supplies		304 366	301 725
Transportation of gas		299 847	321 511
Advertising expenses		280 358	-
Impairment of accounts receivable		270 100	253 810
Repairs and maintenance		263 703	254 896
Consulting, legal and audit services		113 360	40 951
Change in provisions	19	111 573	-72 588
Security services		92 470	83 707
Charity expenses		49 720	12 434
Rent		38 895	36 675
Insurance cost		26 128	30 328
Annual General Meeting Expenses		26 009	-
Transportation services		25 756	29 948
Water usage expenses		24 299	17 513
Safety arrangement costs		21 425	16 943
Telecommunication services		19 388	16 563
Social overhead costs		19 206	20 072
Business trip expenses		11 225	13 662
Bank services		4 629	5 655
Other expenses		197 386	120 812
Total operating expenses		**16 839 587**	**17 101 114**

Employee benefits expenses comprise the following:

	For the six months ended 30 June 2009	For the six months ended 30 June 2008
Salaries and wages, payroll taxes	1 944 295	1 715 772
Financial aid to employees and pensioners	43 811	41 768
Non-governmental pension fund expenses	27 849	17 670
Employee benefits	**2 015 955**	**1 775 210**

22 Other operating income

	For the six months ended 30 June 2009	For the six months ended 30 June 2008
Capacity supply agreement losses reimbursement	43 709	-
Income resulting from stock-take	40 929	-
VAT refund	31 100	-
Fines, penalties and legal proceedings	16 667	-
Gain on disposal of PPE	12 611	6 174
Other operating income	7 196	13 413
Total	**152 212**	**19 587**

(in thousands of Russian Roubles)

23 Income from investing activities

	Notes	For the six months ended 30 June 2009	For the six months ended 30 June 2008
Interest income on bank deposits		1 395 569	1 882 636
Interest income on promissory notes		-	1 002 116
Income of revaluation financial assets at fair value through profit or loss	12	869 839	-
Interest income on bank account contracts		51 025	49 900
Interest income on loans		238	-
Other		1 918	-
Total		**2 318 589**	**2 934 652**

24 Finance (costs)/income

	For the six months ended 30 June 2009	For the six months ended 30 June 2008
Effect of discounting	(6 608)	3 719
Interest expense	(1 019)	(2 723)
Other	-	372
Total	**(7 627)**	**1 368**

25 Earnings per share, basic and diluted

	For the six months ended 30 June 2009	For the six months ended 30 June 2008
Profit attributable to the shareholders of JSC WGC-3 (thousands of RR)	3 812 839	3 232 194
Weighed average number of outstanding ordinary shares (thousands of shares)	45 514 927	45 975 252
Earnings per share, basic and diluted (in RR per share)	**0.084**	**0.070**

26 Commitments

Fuel commitments. The Group has a number of outstanding contracts to purchase natural gas and coal. The volume of gas supplied by Gazprom at regulated tariffs is subject to pre-agreed limits. Such limits are typically less than SDPPs require for their generating operations, and any gas required in excess of those limits may only be obtained at non-regulated prices, either from Gazprom or an independent producer. The gas industry is highly regulated by the Russian government, which regularly increases prices for natural gas supplied by Gazprom. In contrast to gas, coal prices are not regulated.

The following long-term contracts on delivery of gas for the needs of production were concluded by the Group:

- Kostromskaya SDPP – for delivery of gas within pre-agreed limits for the term of 5 years (2008-2012) with the regional gas company of OJSC “Gazprom” – LLC “Kostromaregiongas”; for delivery of gas within pre-agreed limits for the term of 4 years (2008-2011) with OJSC “Novatek”
- Pechorskaya SDPP – for delivery of gas within pre-agreed limits for the term of 5 years (2008-2012) with the regional gas company of OJSC “Gazprom” – LLC “Komiregiongas”
- Yuzhnouralskaya SDPP – for delivery of gas within pre-agreed limits for the term of 5 years (2008-2012) with the regional gas company of OJSC “Gazprom” – LLC “Chelyabinskregiongas”

Capital commitments. Future capital expenditure for which contracts have been signed amounted to RR 27 821 426 thousand at 30 June 2009 (at 31 December 2008: RR 6 849 582 thousand).

27 Contingencies

Political environment. The operations and earnings of the 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.

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

Legal proceedings. The Group entities are 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 and not provided for which, upon final disposition, will have a material adverse effect on the financial position of the Group.

Tax contingency. The taxation system in the Russian Federation is relatively new and is 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 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 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 financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

Environmental matters. Group entities and their predecessor entities have operated in the electric power industry in the Russian Federation for many years. The enforcement of environmental regulation in the Russian Federation is evolving and the enforcement posture of government authorities is continually being reconsidered. 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.

28 Financial instruments and financial risks

Financial risk factors. The Group's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates, changes in interest rates, and the collectability of accounts receivable. The Group does not have a risk policy to hedge its financial exposures.

Credit risk. Credit risk is the risk of financial loss in the case of non-fulfilment by the contractor of the obligations on the financial instrument under a particular contract. Financial assets, which potentially subject the Group to concentrations of credit risk, consist principally of trade accounts receivable. Although collection of accounts receivable could be influenced by economic factors, management believes that there is no significant risk of loss to the Group beyond the provision for impairment of accounts receivable already recorded.

Credit risk is managed on a Group basis. For wholesale customers there is no independent rating and therefore the management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

The table below shows the balance of the ten major counterparties at the reporting date:

(in thousands of Russian Roubles)

	Rating	Rating agency	Currency	30 June 2009	31 December 2008
Accounts receivable					
OJSC Komienergo energy retail company	unrated	-	RUR	638 882	315 896
CJSC Center of financial settlements	unrated	-	RUR	444 712	610 963
OJSC Energosbyt Rostovenergo energy retail company	unrated	-	RUR	63 982	-
OJSC Nignovatomenergosbyt energy retail company	unrated	-	RUR	45 305	4 343
OJSC Tverskaya energy retail company	unrated	-	RUR	27 293	-
OJSC Sverdlovenergosbyt energy retail company	unrated	-	RUR	19 060	-
OJSC Nurenergo energy retail company	unrated	-	RUR	17 737	-
OJSC Kabbalkenergo energy retail company	unrated	-	RUR	17 213	-
OJSC Tyumenskaya energy retail company	unrated	-	RUR	16 066	-
OJSC Rusenergosbyt	unrated	-	RUR	12 501	1 537
Total accounts receivable				**1 302 751**	**932 739**
Deposits					
VTB	BBB/negative/A-3	S&P	EUR	18 302 750	-
VTB	BBB/negative/A-3	S&P	USD	8 547 343	-
VTB	BBB/negative/A-3	S&P	RUR	5 000	25 000 000
Rosbank	BB+/CreditWatch negative /B	S&P	RUR	-	1 500 000
Rosbank	BB+/CreditWatch negative /B	S&P	USD	-	8 341 004
Rosbank	BB+/CreditWatch negative /B	S&P	EUR	-	2 511 936
Total deposits				**26 855 093**	**37 352 940**

(in thousands of Russian Roubles)

	Rating	Rating agency	Currency	30 June 2009	31 December 2008
Cash and cash equivalents					
Gazprombank	BB+/CreditWatch negative /B	S&P	USD	20 823 040	10 477
Gazprombank	BB+/CreditWatch negative /B	S&P	EUR	2 766 103	223
Gazprombank	BB+/CreditWatch negative /B	S&P	RUR	679 768	2 039 032
Gazprombank	BB+/CreditWatch negative /B	S&P	GBP	120	222
Sberbank	BBB/ negative	Fitch	RUR	904 859	673 539
Sberbank	BBB/ negative	Fitch	USD	707 857	-
Sberbank	BBB/ negative	Fitch	EUR	611 465	-
Alfabank	BB+/CreditWatch negative /B	S&P	RUR	41 017	-
Rosbank	BB+/CreditWatch negative /B	S&P	RUR	5 285	11 681
VTB	BBB/negative/A-3	S&P	RUR	1 836	-
VTB	BBB/negative/A-3	S&P	USD	715	10 654 723
VTB	BBB/negative/A-3	S&P	EUR	121	-
Other	-	-	RUR	99 841	48 937
Total cash and cash equivalents				**26 642 027**	**13 438 834**

Guarantees received

The following guarantees were received as at 30 June 2009 for projecting, supply and construction agreements related to an energy unit construction of 3 225 MW at Kharanorskaya SDPP and 2 225 MW at Chrepetskaya SDPP:

Guarantor	Creditor	№/Date of credit contract	Maturity Date	№/Date of guarantee contract	Currency	Amount
OJSC VTB	OJSC "Technopromexport"	5304782500/01-НСЧГРЭС-1141-08 dtd. 14.11.08	03.08.2012	IGR08/MSHD/5275 dtd. 25.11.08	RUR	3 725 008
OJSC Rosbank	OJSC "Energoproject"	01-НСХГРЭС-0360-08 dtd. 31.03.08	01.05.2011	БГ-544/08 dtd.07.05.08	RUR	1 553 664
OJSC Rosbank	OJSC "Technopromexport"	5304782500/01-НСЧГРЭС-1141-08 dtd. 14.11.08	03.05.2012	IGR09/MSHD/5302 dtd. 30.01.2009	RUR	1 241 669
OJSC VTB	OJSC "Technopromexport"	5304782500/01-НСЧГРЭС-1141-08 dtd. 14.11.08	03.11.2012	IGR08/MSHD/5302 dtd. 16.12.08	RUR	1 241 669
OJSC Rosbank	OJSC "Energoproject"	01-НСХГРЭС-0360-08 o dtd. 31.03.08	31.05.2011	БГ-712/08 dtd.19.05.08	RUR	304 350
Total						**8 066 360**

Collateral received

The following collateral was received as at 30 June 2009 for projecting, supply and construction agreements related to energy unit construction № 3 225 MW at Kharanorskaya SDPP.

Pledger	Pledgee	№/Date of credit contract	Maturity Date	№ /Date of pledge agreement	Currency	Amount
OJSC "Energoproject"	OJSC "WGC-3"	01-НСХГРЭС-0360-08 от 31.03.08	16.05.2011	01-НСХГРЭС-0511-08 от 23.05.08	RUR	819 631
OJSC "Energoproject"	OJSC "WGC-3"	01-НСХГРЭС-0360-08 от 31.03.08	16.05.2011	01-НСХГРЭС-0517-08 от 30.04.08	RUR	239 010
OJSC "Energoproject"	OJSC "WGC-3"	01-НСХГРЭС-0360-08 от 31.03.08	16.05.2011	01-НСХГРЭС-0637-08 от 27.06.08	RUR	174 417
OJSC "Energoproject"	OJSC "WGC-3"	01-НСХГРЭС-0360-08 от 31.03.08	16.05.2011	01-НСХГРЭС-0559-08 от 07.06.08	RUR	95 329
Total						**1 328 387**

Interest rate risk. The Group's operating profits and cash flows from operating activities are largely not dependent on the changes in market interest rates. At 30 June 2009 the Group held significant short-term interest-bearing assets. The interest rates on these assets are fixed; these are disclosed in Note 12. They are not exposed to significant interest rate risk through market value fluctuations as the interest-bearing assets are short-term.

The Group has no interest-bearing short-term borrowings exposed to interest rate risk through market value fluctuations.

Interest rate risk is monitored by the Board of Directors which approves the maximum acceptable level of weighted average borrowing costs for a certain period (usually a quarter).

Currency risk. Power and Heat produced by the Group is sold on the internal market of Russian Federation with prices fixed in the currency of Russian Federation. Hence, the Group's net exposure to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities is kept at minimum level. The financial condition of the Group, its liquidity, financing sources and the results of activities do not considerably depend on currency rates as the Group activities are planned to be performed in such a way that its assets and liabilities be denominated in the national currency. Moreover, the Group does not plan to perform activities on the outer market. That is why the influence of foreign currency rates fluctuations on the financial position of the Group is estimated as insignificant.

However the Group is exposed to foreign exchange risk arising from deposit balances denominated in US dollar and Euro (see note 11) and liabilities denominated in US dollars. Foreign currency contracts denominated in US dollar account for USD 502 thousand.

The following table presents sensitivities of statement of comprehensive income and equity to reasonably possible changes in exchange rates applied at the balance sheet date relative to the functional currency of the respective Group entities, with all other variables held constant:

In thousands of Russian Roubles	**Impact on statement of comprehensive income**
US Dollar strengthening by 10%	3 007 896
US Dollar weakening by 10%	(3 007 896)
Euro strengthening by 10%	2 168 046
Euro weakening by 10%	(2 168 046)

The exposure was calculated only for deposits and cash equivalent balances denominated in currencies other than the functional currency of the respective entity of the Group.

Liquidity risk. Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities.

(in thousands of Russian Roubles)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the particular maturity date. The amounts disclosed in the table are the contractual and legal undiscounted cash flows. Balances due within 12 months equal their carrying balances.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 30 June 2009				
Trade and other accounts payable	2 226 299	-	-	-
At 31 December 2008				
Trade and other accounts payable	1 240 846	21 468	308	-

Capital risk management. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain the optimal structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings shown in the consolidated statement of financial position less cash and cash equivalents. Total capital is calculated as equity, shown in the consolidated statement of financial position, plus net debt.

Taking into consideration the absence of borrowings as at 30 June 2009 and the significant amount of short-term bank deposits the Group is not exposed to the capital risk at 30 June 2009.

Financial instruments by category. For the purposes of measurement, IAS 39, Financial Instruments: Recognition and Measurement, classifies financial assets into the following categories: (a) loans and accounts receivable; (b) available-for-sale financial assets; (c) held-to-maturity financial assets; (d) financial assets at fair value through profit or loss ("FVTPL"). The following table provides a reconciliation of classes of financial assets with these measurement categories as at 30 June 2009 and 31 December 2008:

	Loans and accounts receivable	Financial assets at fair value through profit or loss	Available-for-sale financial assets
30 June 2009			
Assets as per statement of financial position			
Deposits	26 855 093	-	-
Accounts receivable	2 562 129	-	-
Financial assets at fair value through profit or loss	-	2 316 875	-
Other non-current assets	58 008	-	132 721
Total	**29 475 230**	**2 316 875**	**132 721**

(in thousands of Russian Roubles)

	Loans and accounts receivable	Financial assets at fair value through profit or loss	Available-for-sale financial assets
31 December 2008			
Assets as per statement of financial position			
Deposits and promissory notes	37 352 940	-	-
Loans issued	3 588 756	-	-
Accounts receivable	-	1 237 095	-
Other non-current assets	60 211	-	93 448
Total	**41 001 907**	**1 237 095**	**93 448**

Fair Value of Financial Instruments. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by an active quoted market price.

The estimated fair values of financial instruments have been determined by the Group using available market information, where it exists, and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to determine the estimated fair value. The Russian Federation continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in the financial markets. Market quotations may be outdated or reflect distress sale transactions and therefore not represent fair values of financial instruments. Management has used all available market information in estimating the fair value of financial instruments.

Financial assets at fair value through profit or loss and available-for-sale investments are carried on the statement of financial position at their fair value.

Fair values were determined based on quoted market prices except for certain investment securities available-for-sale for which there were no available external independent market price quotations. These securities have been fair valued by the Group on the basis of results of recent sales of equity interests in the investees between unrelated third parties, consideration of other relevant information such as discounted cash flows and financial data of the investees and application of other valuation methodologies. Valuation techniques required certain assumptions that were not supported by observable market data.

The carrying value less impairment provision for trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

The Group's deposits in banks are short-term and their carrying amount approximates fair value.

The maximum exposure for each risk is limited to the fair value of each class of financial instrument.