



OGK-2 GROUP

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)
FOR THE SIX MONTHS ENDED 30 JUNE 2016 (UNAUDITED)**

CONTENTS

Interim Condensed Consolidated Financial Statements

Interim Condensed Consolidated Statement of Financial Position.....	3
Interim Condensed Consolidated Statement of Profit or Loss	4
Interim Condensed Consolidated Statement of Comprehensive Income	5
Interim Condensed Consolidated Statement of Cash Flow	6
Interim Condensed Consolidated Statement of Changes in Equity.....	7

Notes to Interim Condensed Consolidated Financial Statements

Note 1. The Group and its operations.....	8
Note 2. Basis of preparation	9
Note 3. New accounting developments	9
Note 4. Restatement of comparatives	9
Note 5. Related Parties.....	11
Note 6. Property, plant and equipment.....	13
Note 7. Cash and cash equivalents.....	14
Note 8. Trade and other receivables	15
Note 9. Equity.....	16
Note 10. Non-current debt	16
Note 11. Restoration provision.....	17
Note 12. Other long-term liabilities.....	17
Note 13. Current debt and current portion of non-current debt	17
Note 14. Trade and other payables	18
Note 15. Other taxes payable	18
Note 16. Revenues	18
Note 17. Operating expenses	19
Note 18. Finance income	20
Note 19. Finance costs	20
Note 20. Earnings per share	20
Note 21. Capital commitments.....	20
Note 22. Contingencies.....	21
Note 23. Financial instruments and financial risks factors.....	21
Note 24. Segment information	22

OGK-2 Group
Interim Condensed Consolidated Statement of Financial Position
as at 30 June 2016 (unaudited)

(in thousands of Russian Roubles, unless noted otherwise)



	Notes	30 June 2016	31 December 2015
ASSETS			
Non-current assets			
Property, plant and equipment	6	186,143,682	178,397,832
Intangible assets		999,227	1,104,608
Deferred tax assets		95,692	-
Other non-current assets		994,059	978,332
Total non-current assets		188,232,660	180,480,772
Current assets			
Cash and cash equivalents	7	3,260,395	7,544,369
Trade and other receivables	8	15,230,714	15,958,468
Inventories		10,275,122	10,943,670
Income tax prepayments		75,023	449,766
Total current assets		28,841,254	34,896,273
TOTAL ASSETS		217,073,914	215,377,045
EQUITY AND LIABILITIES			
Equity			
Share capital	9		
Ordinary shares		40,057,009	40,057,009
Treasury shares		(4,150,598)	(4,150,598)
Share premium		28,378,693	28,378,693
Retained earnings and other reserves		49,949,804	48,832,446
Equity attributable to the shareholders of JSC "OGK-2"		114,234,908	113,117,550
Non-controlling interest		-	2,083,512
Total equity		114,234,908	115,201,062
Non-current liabilities			
Deferred income tax liabilities		8,153,637	7,163,893
Non-current debt	10	40,807,972	36,574,060
Retirement benefit obligations		2,056,117	1,991,052
Restoration provision	11	940,341	1,051,656
Other long-term liabilities	12	7,063,718	3,744,299
Total non-current liabilities		59,021,785	50,524,960
Current liabilities			
Current debt and current portion of non-current debt	13	31,959,809	36,141,251
Trade and other payables	14	10,735,576	12,239,538
Other taxes payable	15	783,699	794,989
Income tax payable		3,362	-
Restoration provision		334,775	475,245
Total current liabilities		43,817,221	49,651,023
Total liabilities		102,839,006	100,175,983
TOTAL EQUITY AND LIABILITIES		217,073,914	215,377,045

Deputy General Director on economics and finance

E.N. Zemlinoy

Chief Accountant

L.V. Klisch

22 August 2016



OGK-2 Group
Interim Condensed Consolidated Statement
of Profit or Loss for the 6 months ended 30 June 2016 (unaudited)
(in thousands of Russian Roubles, unless noted otherwise)



	Notes	6 months ended 30 June 2016	6 months ended 30 June 2015 (Restated)
Revenues	16	59,719,952	56,110,773
Operating expenses	17	(54,981,886)	(51,966,081)
Other operating (expenses) / income		(48,752)	7,496
Operating profit		4,689,314	4,152,188
Finance income	18	863,789	1,438,952
Finance costs	19	(2,238,119)	(1,247,771)
Profit before income tax		3,314,984	4,343,369
Income tax charge		(896,404)	(1,022,990)
Profit for the period		2,418,580	3,320,379
Attributable to:			
Shareholders of JSC "OGK-2"		2,535,461	3,301,619
Non-controlling interest		(116,881)	18,760
Earnings per ordinary share attributable to the shareholders of JSC "OGK-2" – basic and diluted (in Russian Roubles)	20	0.02	0.03

OGK-2 Group
Interim Condensed Consolidated Statement of Comprehensive Income
for the 6 months ended 30 June 2016 (unaudited)
(in thousands of Russian Roubles, unless noted otherwise)



	6 months ended 30 June 2016	6 months ended 30 June 2015 (Restated)
Profit for the period	2,418,580	3,320,379
Total comprehensive income for the period	2,418,580	3,320,379
Attributable to:		
Shareholders of JSC "OGK-2"	2,535,461	3,301,619
Non-controlling interest	(116,881)	18,760

OGK-2 Group
Interim Condensed Consolidated Statement of Cash Flow
for the 6 months ended 30 June 2016 (unaudited)

(in thousands of Russian Roubles, unless noted otherwise)



	Notes	6 months ended 30 June 2016	6 months ended 30 June 2015 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax		3,314,984	4,343,369
Adjustments to reconcile profit before income tax to net cash provided by operations:			
Depreciation of property, plant and equipment	17	3,811,711	2,942,604
Amortisation of intangible assets	17	117,602	147,354
Reversal of provision for impairment of trade and other receivables	17	(14,392)	(81,946)
Reversal of provision for inventory obsolescence	17	(2,724)	(2,415)
Finance income	18	(863,789)	(1,438,952)
Finance costs	19	2,238,119	1,247,771
Non-state pensions and other long-term benefits	17	42,009	28,907
(Gain) / loss on disposal of assets, net	17	(66,783)	236,935
Other non-cash items		(4,187)	10,282
Operating cash flows before working capital changes and income tax paid		8,572,550	7,433,909
Working capital changes:			
Decrease in trade and other receivables		683,915	2,818,438
Decrease / (increase) in inventories		77,908	(2,854,383)
Decrease in other current assets		(70,526)	-
Decrease in trade and other payables		(1,132,328)	(1,572,651)
Decrease in taxes payable, other than income tax		(11,272)	(10,919)
Payments in respect of retirement benefit obligations		(49,315)	(28,293)
Income tax received / (paid)		375,512	(1,170,609)
Net cash generated from operating activities		8,446,444	4,615,492
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(9,724,575)	(12,015,885)
Proceeds from sale of property, plant and equipment		38,225	1,665
Purchase of intangible assets		(10,264)	(13,850)
Interest received		356,232	783,663
Net cash used in investing activities		(9,340,382)	(11,244,407)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from short-term borrowings		-	2,950,000
Repayment of long-term borrowings		-	(436,135)
Repayment of short-term borrowings		(200,000)	-
Interest paid		(3,153,631)	(2,030,130)
Payments under finance lease		(27,826)	(39,777)
Dividend paid to shareholders of JSC "OGK-2"		(1,161)	-
Finance lease advance		(193)	(193)
Net cash (used in) / generated from financing activities		(3,382,811)	443,765
Net decrease in cash and cash equivalents		(4,276,749)	(6,185,150)
Effect of exchange rate changes on cash and cash equivalents		(7,225)	-
Cash and cash equivalents at the beginning of the period		7,544,369	13,276,031
Cash and cash equivalents at the end of the period		3,260,395	7,090,881

The interim condensed consolidated statement of cash flow is to be read in conjunction with the notes to, and forming part of, the interim condensed consolidated financial statements set out on pages 8 to 24

OGK-2 Group
Interim Condensed Consolidated Statement of Changes in Equity
for the 6 months ended 30 June 2016 (unaudited)

(in thousands of Russian Roubles, unless noted otherwise)



	Share capital	Treasury shares	Share premium	Retained earnings and other reserves	Equity attributable to the shareholders of JSC "OGK-2"	Non-controlling interest	Total equity
At 1 January 2015 (Restated)	40,057,009	(4,339,331)	28,378,693	47,506,962	111,603,333	4,945,624	116,548,957
Profit for the period	-	-	-	3,301,619	3,301,619	18,760	3,320,379
<i>Total comprehensive income for the period</i>	-	-	-	3,301,619	3,301,619	18,760	3,320,379
Dividends (Note 9)	-	-	-	(860,562)	(860,562)	-	(860,562)
At 30 June 2015 (Restated)	40,057,009	(4,339,331)	28,378,693	49,948,019	114,044,390	4,964,384	119,008,774
At 1 January 2016	40,057,009	(4,150,598)	28,378,693	48,832,446	113,117,550	2,083,512	115,201,062
Profit / (loss) for the period	-	-	-	2,535,461	2,535,461	(116,881)	2,418,580
<i>Total comprehensive income / (expense) for the period</i>	-	-	-	2,535,461	2,535,461	(116,881)	2,418,580
Dividends (Note 9)	-	-	-	(600,346)	(600,346)	-	(600,346)
Acquisition of businesses under common control (Note 9)	-	-	-	(817,757)	(817,757)	(1,966,631)	(2,784,388)
At 30 June 2016	40,057,009	(4,150,598)	28,378,693	49,949,804	114,234,908	-	114,234,908

Note 1. The Group and its operations

Public Joint Stock Company (till 24 June 2015 - Open Joint Stock Company) "The Second Generating Company of the Wholesale Electric Power Market" (JSC "OGK-2", or the "Company") was established on 9 March 2005 within the framework of Russian electricity sector restructuring in accordance with the Resolution No. 1254-r adopted by the Russian Federation Government on 1 September 2003.

The primary activities of the Company are generation and sale of electric and heat power. The Company consists of the following power stations (plants): Troitskaya GRES, Stavropolskaya GRES, Pskovskaya GRES, Serovskaya GRES, Surgutskaya GRES-1, Kirishskaya GRES, Ryazanskaya GRES, Novochebasskaya GRES, Krasnoyarskaya GRES-2, Cherepovetskaya GRES, Groznenskaya TES. The Company rents Adlerskaya TES station under operating lease agreement.

The Company is registered by the Izobilnensk District Inspectorate of the RF Ministry of Taxation of Stavropol Region.

The Company's office is located at 101, bld 3, Prospekt Vernadskogo, Moscow, 119526, Russian Federation.

JSC "OGK-2" and its following subsidiaries form the OGK-2 Group (the "Group"):

	% owned	
	30 June 2016	31 December 2015
LLC "OGK-2 Finance"	100%	100%
LLC "Centr 112"	100%	100%
LLC "OGK-Investproekt"	100%	55%

On March 2016 the Company acquired 45% of the capital of LLC "OGK-Investproekt" from MOSENERGO (another company of Gazprom Group), share in capital was increased up to 100%. As a result of acquisition share of non-controlling interest in LLC "OGK-Investproekt" decreased from 45% to 0%. LLC "OGK-Investproekt" is provider of construction services.

Financial information about LLC "OGK-Investproekt" non-controlling interest is presented in Interim condensed consolidated statement of financial position, Interim condensed consolidated statement of profit or loss, Interim condensed consolidated statement of comprehensive Income, Interim condensed consolidated statement of changes in equity. LLC "OGK-Investproekt" did not pay dividends.

The following table summarizes financial information about each subsidiary, that has non-controlling interest, before any intra-group eliminations. The assets, liabilities, revenue, loss, comprehensive expense presented below are total consolidated data, but not only the Group's share:

	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenue	Loss	Total comprehensive expense
As of and for the 6 months ended 30 June 2016							
LLC "OGK-Investproekt"	16,136,754	999,557	11,278,519	1,515,410	944,388	(416,754)	(416,754)
As of and for the year ended 31 December 2015							
LLC "OGK-Investproekt"	16,802,180	1,437,002	7,993,316	5,486,731	2,852,470	(705,365)	(705,365)

Operating environment of the Group. The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations (Note 22). During the 6 months ended 30 June 2016 the Russian economy was negatively impacted by ongoing political tension in the region and international sanctions against certain Russian companies and individuals.

The financial markets continue to be volatile and are characterised by frequent significant price movements and increased trading spreads. These events may have a further significant impact on the Group's future operations and financial position, the effect of which is difficult to predict. The future economic and regulatory situation and its impact on the Group's operations may differ from management's current expectations.



Relations with the state and current regulation. JSC "OGK-2" is part of the Gazprom Group, which includes PJSC "GAZPROM" and its subsidiaries. JSC "Centerenergyholding" owns 73.42% of the shares of JSC "OGK-2" as at 30 June 2016 (as at 31 December 2015: 73.42%).

Gazprom Group, in its turn, is controlled by the Russian Federation, therefore, the Russian Government is the ultimate controlling party of the Group as at 30 June 2016 and 31 December 2015.

The Group's customer base includes a large number of entities controlled by or related to the State. The list of the Group's major fuel suppliers includes subsidiaries of PJSC "GAZPROM".

The government of the Russian Federation directly affects the Group's operations through regulations of wholesale sales of electricity (capacity) and retail sales of heat exercised by the Federal Antimonopoly Service ("FAS") and the tariffs regulation executive authorities. JSC "System Operator of the United Power System" ("SO UPS"), which is controlled by the Russian Federation represented by the Federal executive body for state property management, regulates operations of generating assets of the Group.

As described in Note 22, the government's economic, social and other policies could have material effects on the operations of the Group.

Note 2. Basis of preparation

The interim condensed consolidated financial statements for the 6 months ended 30 June 2016 ("Financial statements") have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with IFRS.

Seasonality. Demand for electricity and heat is influenced by both the season of the year and the relative severity of the weather. Revenues from heating are concentrated within the months of October to March. A similar, though less severe, 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. 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 on the revenue or cost recognition policies of the Group.

Note 3. New accounting developments

The accounting policies followed in the preparation of these interim condensed consolidated financial statements are consistent with those applied in the annual consolidated financial statements as at and for the year ended 31 December 2015.

The Group has adopted all new standards, amendments to standards and interpretations that were effective from 1 January 2016. The impact of the adoption of these new standards, amendments to standards and interpretations has not been significant with respect to these interim condensed consolidated financial statements.

Certain new standards and amendments to standards as disclosed in the consolidated financial statements as at and for the year ended 31 December 2015, have been issued but are not effective for the financial year beginning 1 January 2016 and which the Group has not early adopted.

Note 4. Restatement of comparatives

According to the Group's accounting policy the acquisition of the entity under common control (Note 1) is accounted for in the consolidated financial statements as if the acquisition had occurred at the beginning of the earliest comparative period presented, for this purpose comparatives are restated:

Impact on Interim Condensed Consolidated Statement of Profit or Loss:

	6 months ended 30 June 2015
Revenues	39,792
Operating expenses	458,902
Other operating income (expenses) / income	4,012
Operating profit	502,706

OGK-2 Group
Notes to Interim Condensed Consolidated Financial Statements
for the 6 months ended 30 June 2016 (unaudited)

(in thousands of Russian Roubles unless noted otherwise)



Finance income	30,245
Finance costs	(506,151)
Profit before income tax	26,800
Income tax charge	(22,458)
Profit for the period	4,342
Attributable to:	
Shareholders of JSC "OGK-2"	(14,418)
Non-controlling interest	18,760

Impact on Interim Condensed Consolidated Statement of Comprehensive Income:

	6 months ended 30 June 2015
Profit for the period	4,342
Available-for-sale investments, net of tax	(6,554)
Total comprehensive income for the period	(2,212)
Attributable to:	
Shareholders of JSC "OGK-2"	(20,972)
Non-controlling interest	18,760

Impact on Interim Condensed Consolidated Statement of Cash Flows:

	6 months ended 30 June 2015
CASH FLOWS FROM OPERATING ACTIVITIES:	
Profit before income tax	26,800
Adjustments to reconcile profit before income tax to net cash provided by operations:	
Depreciation of property, plant and equipment	685,868
Amortisation of intangible assets	93
Finance income	(30,245)
Finance costs	506,151
Operating cash flows before working capital changes and income tax paid	1,188,667
Working capital changes:	
Decrease in trade and other receivables	(177,690)
Decrease / (increase) in inventories	(48)
Decrease in trade and other payables	(909,906)
Decrease in taxes payable, other than income tax	107,468
Net cash generated from operating activities	208,491
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property, plant and equipment	(2,429,712)
Interest received	12,166
Net cash used in investing activities	(2,417,546)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Interest paid	(144,954)
Proceeds from long-term borrowings	2,950,000
Repayment of long-term borrowings	(436,135)
Net cash (used in) / generated from financing activities	2 368 911
Net increase in cash and cash equivalents	159,856
Cash and cash equivalents at the beginning of the period	220,432
Cash and cash equivalents at the end of the period	380,288

OGK-2 Group
Notes to Interim Condensed Consolidated Financial Statements
for the 6 months ended 30 June 2016 (unaudited)

(in thousands of Russian Roubles, unless noted otherwise)



Impact on Interim Condensed Consolidated Statement of Changes in Equity:

	Retained earnings and other reserves	Equity attributable to the shareholders of JSC "OGK-2"	Non-controlling interest	Total equity
At 1 January 2015	(2,420)	(2,420)	4,945,624	4,943,204
Profit for the period	(14,418)	(14,418)	18,760	4,342
Available-for-sale investments, net of tax	(6,554)	(6,554)	-	(6,554)
<i>Total comprehensive income for the period</i>	<i>(20,972)</i>	<i>(20,972)</i>	<i>18,760</i>	<i>(2,212)</i>
At 30 June 2015	(23,392)	(23,392)	4,964,384	4,940,992

Note 5. Related Parties

Information on transactions and balances with related parties is presented below. All transactions were made in Russian Federation and in Russian Roubles. Transactions with related parties have been made mostly on the same terms and conditions as similar operations with the parties external to the Group. Prices for natural gas and heat are based on tariffs set by FAS, prices for electricity and capacity are based on tariffs set by FAS and also based on competitive take-off on the wholesale electricity (capacity) market. Loans are granted at market rates. Bank deposits are invested at market rates.

Transactions with Gazprom Group and its associates

Transactions with Gazprom Group and its associates were as follows:

	6 months ended 30 June 2016	6 months ended 30 June 2015 (Restated)
Sales of electricity and capacity	655,408	844,012
Other sales	80,134	20,535
Interest income on cash and cash equivalents	162,943	166,893
Other income	24,265	9,821
Purchases of gas	16,459,394	16,994,082
Other purchases	5,592,411	2,132,992
Other expenses	15,016	4,178
Interest expense under finance lease agreements	1,342	6,405
Accrued interest on the loans	2,272,849	2,271,087

Balances with Gazprom Group and its associates were as follows:

	30 June 2016	31 December 2015
Loans issued (Note 8)	218,971	203,154
Cash and cash equivalents (Note 7)	2,500,155	4,930,957
Trade and other receivables	209,487	592,509
Advances for property, plant and equipment	507,928	251,718
Promissory notes Bank GPB (JSC)	57,551	89,955
<small>(nominal value of promissory notes is RR 60,000 thousand as at 30 June 2016 and RR 97,500 thousand as at 31 December 2015)</small>		
Debt	48,550,660	48,477,880
Trade and other payables	8,218,908	4,960,918

Transactions with state-controlled entities and its associates other than Gazprom Group

In the normal course of business the Group enters into transactions with other entities under Government control (in addition to transactions with Gazprom Group), including sales of electricity and capacity, heat, purchases of electricity and capacity resources, services and other transactions. These transactions (except for sales of electricity and capacity, electricity transit, building and construction works and loans received) are not significant either individually or collectively.

OGK-2 Group
Notes to Interim Condensed Consolidated Financial Statements
for the 6 months ended 30 June 2016 (unaudited)

(in thousands of Russian Roubles unless noted otherwise)



Significant transactions with the state-controlled entities were as follows:

	6 months ended 30 June 2016	6 months ended 30 June 2015 (Restated)
Sales of electricity and capacity	7,428,456	7,518,357
Charge of provision for impairment of trade receivables (sales of electricity and capacity)	-	168,044
Reversal of provision for impairment of trade receivables (sales of electricity and capacity)	(131,387)	(1,067,521)
Interest income on cash and cash equivalents	173,150	424,910
Building and construction works	4,535,385	2,954,806
Electricity transit (Note 17)	727,792	620,016
Interest expense on loans	571,528	119,577

Significant balances with the state-controlled entities were as follows:

	30 June 2016	31 December 2015
Trade and other receivables, gross	7,777,543	8,227,218
Provision for impairment of trade and other receivables	(3,242,220)	(3,373,894)
Cash and cash equivalents (Note 7)	591,203	899,134
Trade and other payables	3,085,066	3,225,050
Debt	10,472,641	10,473,307

Some of the transactions on the wholesale electricity and capacity market are conducted through commission agreements with Joint-stock company "Financial Settling Center" (JSC "FSC"). Current financial settlement system of JSC "FSC" does not provide the final counterparty with automated information about transactions and settlement balances with end consumers. Government-related entities, Gazprom Group and its subsidiaries may also act as counterparties.

The Group had the following significant transactions with JSC "FSC":

	6 months ended 30 June 2016	6 months ended 30 June 2015
Sales of electricity	30,328,089	30,980,805
Purchases of electricity	5,140,731	4,825,249

The Group had the following significant balances with JSC "FSC":

	30 June 2016	31 December 2015
Trade and other receivables	2,341,001	3,006,692
Trade and other payables	512,461	527,161

Transactions with key management

Compensation is paid to members of the Management Board of the Company for their services in full time management positions. The compensation is made up of a contractual salary and a performance bonus depending on results for the period according to Russian statutory financial results of the Company. The compensation is approved by the Board of Directors. Discretionary bonuses are also payable to members of the Management Board, which are approved by the Chairman of the Management Board according to his perception of the value of their contribution.

Fees, compensation or allowances to the members of the Board of Directors for attending Board meetings are paid depending on results for the year.

Total remuneration in the form of salary and bonuses accrued to the members of the Board of Directors and Management Board for the 6 months ended 30 June 2016 was RR 73,515 thousand (for the 6 months ended 30 June 2015: RR 74,648 thousand).

OGK-2 Group
Notes to Interim Condensed Consolidated Financial Statements
for the 6 months ended 30 June 2016 (unaudited)
(in thousands of Russian Roubles, unless noted otherwise)



Transactions with other related parties

Transactions with other related parties represent transactions with the pension fund. For the 6 months ended 30 June 2016 the Group made contributions of RR 43,743 thousand to NPF Electroenergetiki (for the 6 months ended 30 June 2015: RR 28,160 thousand).

Note 6. Property, plant and equipment

	Production buildings	Constructions	Energy machinery and equipment	Other machinery and equipment	Other	Construction in progress	Total
Cost							
Opening balance as at 1 January 2016	45,128,175	26,461,266	73,124,469	25,017,485	2,029,340	78,648,678	250,409,413
Additions	1,594	32,607	-	31,144	19,434	12,584,978	12,669,757
Transfer	13,237,112	9,226,057	32,743,557	13,978,147	51,574	(69,236,447)	-
Disposals	(9,427)	(17,110)	(1,184,248)	(15,352)	(34,159)	(155,277)	(1,415,573)
Closing balance as at 30 June 2016	58,357,454	35,702,820	104,683,778	39,011,424	2,066,189	21,841,932	261,663,597
Accumulated depreciation (including impairment)							
Opening balance as at 1 January 2016	(20,738,108)	(13,059,125)	(25,190,060)	(10,765,235)	(1,273,903)	(985,150)	(72,011,581)
Charge for the period	(459,133)	(449,317)	(1,751,549)	(1,129,601)	(59,082)	-	(3,848,682)
Transfer	-	-	-	-	(16)	16	-
Disposals	6,381	16,797	267,551	14,075	33,518	2,026	340,348
Closing balance as at 30 June 2016	(21,190,860)	(13,491,645)	(26,674,058)	(11,880,761)	(1,299,483)	(983,108)	(75,519,915)
Net book value as at 30 June 2016	37,166,594	22,211,175	78,009,720	27,130,663	766,706	20,858,824	186,143,682
Net book value as at 31 December 2015	24,390,067	13,402,141	47,934,409	14,252,250	755,437	77,663,528	178,397,832
Cost							
Opening balance as at 1 January 2015 (Restated)	42,825,109	23,130,598	54,944,642	19,905,726	1,814,433	83,574,682	226,195,190
Additions	-	-	-	21,661	44,801	12,135,329	12,201,791
Transfer	48,723	94,256	301,574	110,658	430	(555,641)	-
Disposals	-	(10,115)	(17,242)	(6,701)	(12,314)	(1,503,866)	(1,550,238)
Closing balance as at 30 June 2015 (Restated)	42,873,832	23,214,739	55,228,974	20,031,344	1,847,350	93,650,504	236,846,743
Accumulated depreciation (including impairment)							
Opening balance as at 1 January 2015 (Restated)	(19,522,533)	(12,440,851)	(22,168,683)	(9,162,645)	(1,257,734)	(1,058,793)	(65,611,239)
Charge for the period	(778,673)	(510,526)	(1,344,906)	(824,027)	(32,134)	-	(3,490,266)
Disposals	-	7,343	15,369	6,695	11,685	-	41,092
Closing balance as at 30 June 2015 (Restated)	(20,301,206)	(12,944,034)	(23,498,220)	(9,979,977)	(1,278,183)	(1,058,793)	(69,060,413)
Net book value as at 30 June 2015 (Restated)	22,572,626	10,270,705	31,730,754	10,051,367	569,167	92,591,711	167,786,330
Net book value as at 31 December 2014 (Restated)	23,302,576	10,689,747	32,775,959	10,743,081	556,699	82,515,889	160,583,951

In the 2th quarter of 2016 commissioned the following CSC objects: the Object number 2 (PSU-330), construction of the coal-fired power on the territory of the Novochoercasskaya GRES (capacity increased by 330 MW) and the start-up facilities of the Object number 1 (PSU-660), construction of the coal-fired power on the territory of the Troitskaya GRES (capacity increased by 660 MW).



Finance lease

The Group leased certain equipment under a number of finance lease agreements. At the end of the leases the Group has the option to purchase the equipment at a price significantly lower its fair value. The net book value of leased property, plant and equipment is presented below:

	30 June 2016	31 December 2015
Energy machinery and equipment	-	32,746
Other machinery and equipment	23,920	144,070
Other	-	108,649
Total	23,920	285,465

The leased equipment is pledged as a security for the lease obligation.

Operating lease

The Group leases a number of land plots owned by local governments and other assets under operating leases. Lease payments are determined by lease agreements. Lease agreements are concluded for the different periods. Part of the lease contracts is concluded for a year with right of future prolongation, maximum lease period is 49 years. Lease payments are reviewed regularly to reflect market rentals.

Operating lease rentals are payable as follows:

	30 June 2016	31 December 2015
Not later than one year	1,855,108	2,522,748
Later than one year and not later than five years	278,098	468,922
Later than five years and not later than ten years	339,567	344,231
Later than ten years	2,430,407	2,493,056
Total	4,903,180	5,828,957

Note 7. Cash and cash equivalents

	Currency	30 June 2016	31 December 2015
Current bank accounts	RR	2,618,951	5,018,377
Bank deposits with maturity three months or less	USD	579,410	656,216
Bank deposits with maturity three months or less	RR	62,000	1,869,737
Other cash equivalents	RR	34	39
Total		3,260,395	7,544,369

The Group has current bank accounts in the following banks:

Cash in bank	Credit rating on 30 June 2016*	30 June 2016	Credit rating on 31 December 2015*	31 December 2015
Bank GPB (JSC)	b1 / Negative	2,442,155	b1 / Negative	4,891,957
"BANK "ROSSIYA"	WR / Ratings Withdrawn	168,993	WR / Ratings Withdrawn	122,480
Sberbank	ba2 / Negative	7,684	ba2 / Negative	3,409
VTB Bank (PJSC)	b1 / Negative	109	b1 / Negative	509
AO "ALFA-BANK"	ba3 / Negative	6	ba3 / Negative	22
"Khanty-Mansiysk bank Otkritie" (PJSC)	b1 / Negative	4	-	-
Total cash in bank		2,618,951		5,018,377

* Baseline Credit Assessment / the outlook on all of the bank's ratings, determined by Moody's Investor Service.

OGK-2 Group
Notes to Interim Condensed Consolidated Financial Statements
for the 6 months ended 30 June 2016 (unaudited)
(in thousands of Russian Roubles, unless noted otherwise)



Credit quality of bank deposits is presented below:

Bank deposits with maturity of three months or less	Currency	Interest rate	Credit rating on 30 June 2016*	30 June 2016	Currency	Interest rate	Credit rating on 31 December 2015*	31 December 2015
Sberbank	USD	0.29%	Non-Prime	579,410	USD	0.42%	Non-Prime	656,216
Bank GPB (JSC)	RR	9.75%	Non-Prime	58,000	RR	10.80%	Non-Prime	39,000
Sberbank	RR	7.5%	Non-Prime	4,000	-	-	-	-
"BANK "ROSSIYA"	-	-	-	-	RR	9.00%	Non-Prime	1,451,737
VTB Bank (PJSC)	-	-	-	-	RR	10.80%	Non-Prime	239,000
AO "ALFA-BANK"	-	-	-	-	RR	9.00%	Non-Prime	140,000
Total bank deposits with maturity of three months or less				641,410				2,525,953

* Short-term rating of domestic currency deposits, determined by Moody's Investors Service.

Note 8. Trade and other receivables

	30 June 2016	31 December 2015
Trade receivables	10,640,772	9,849,372
(net of provision for impairment of RR 5,199,499 thousand as at 30 June 2016 and RR 5,203,572 thousand as at 31 December 2015)		
Other receivables	3,852,479	3,739,994
(net of provision for impairment of RR 3,546,749 thousand as at 30 June 2016 and RR 3,562,290 thousand as at 31 December 2015, and the effect of discounting of RR 10,698 thousand as at 30 June 2016 and RR 10,819 thousand as at 31 December 2015)		
Promissory notes	407,466	457,930
(nominal value of promissory notes is RR 671,886 thousand as at 30 June 2016 and RR 743,489 thousand as at 31 December 2015)		
Loans issued	218,971	203,154
Interest receivable on cash and cash equivalents	139	9,046
Financial assets	15,119,827	14,259,496
Input VAT	264,445	609,682
Advances to suppliers	256,914	486,890
(net of provision for impairment of RR 279 thousand as at 30 June 2016 and RR 691 thousand as at 31 December 2015)		
Prepaid other taxes and social funds contribution	12,599	1,024,650
Total	15,653,785	16,380,718
Less: Long-term promissory notes	(289,902)	(294,729)
(nominal value of promissory notes is RR 550,027 thousand as at 30 June 2016 and RR 570,027 thousand as at 31 December 2015)		
Long-term loans issued	(112,238)	(105,999)
Long-term restructured trade and other receivables	(17,520)	(17,341)
(net of provision for impairment of RR 4,639 thousand as at 30 June 2016 and RR 5,326 thousand as at 31 December 2015, and the effect of discounting of RR 9,618 thousand as at 30 June 2016 and RR 10,623 thousand as at 31 December 2015)		
Long-term input VAT from advances paid	(2,357)	(4,181)
Long-term advances to suppliers	(1,054)	-
Total	15,230,714	15,958,468

OGK-2 Group
Notes to Interim Condensed Consolidated Financial Statements
for the 6 months ended 30 June 2016 (unaudited)

(in thousands of Russian Roubles unless noted otherwise)



Breakdown of promissory notes is presented below:

Bank	Credit rating on 30 June 2016*	30 June 2016	Credit rating on 31 December 2015*	31 December 2015
AO "ALFA-BANK"	ba3 / Negative	268,200	ba3 / Negative	288,534
"BANK "ROSSIYA"	WR / Ratings Withdrawn	77,177	WR / Ratings Withdrawn	73,932
Bank GPB (JSC)	b1 / Negative	57,551	b1 / Negative	89,955
Other	-	4,538	-	5,509
Total promissory notes		407,466		457,930

* The bank financial strength rating / the outlook on all of the bank's ratings, determined by Moody's Investor Service.

Note 9. Equity

Share capital	Number of ordinary shares 30 June 2016	Number of ordinary shares 31 December 2015
Issued shares	110,441,160,870	110,441,160,870
Treasury shares	(4,631,395,784)	(4,631,395,784)
Total outstanding shares	105,809,765,086	105,809,765,086

Each ordinary share carries one vote.

As at 30 June 2016 and 31 December 2015 the number of authorised for issue but not issued ordinary shares is 58,886,766,090 shares.

Dividends

The Company's annual statutory accounts form the basis for the annual profit distribution and other appropriations. The specific Russian legislation identifies the basis of distribution as net profit. However, this legislation and other statutory laws and regulations dealing with the distribution rights are open to legal interpretation and, accordingly, management believes at present it would not be appropriate to disclose an amount of the distributable reserves in these financial statements.

In June 2015 the Company declared final dividends for the year, ended 31 December 2014, in the amount of RR 0,00814151591815 per share for the total of RR 860,562 thousand. These dividends were recognized as liability and deducted from equity.

In June 2016 the Company declared final dividends for the year ended 31 December 2015 of RR 0.00567376233395 per ordinary share for RR 600,346 thousand. These dividends were recognized as liability and deducted from equity.

Acquisition of entity under common control

According to the Group's accounting policy assets and liabilities of subsidiary LLC "OGK-Investproekt" (Note 1) transferred between entities under common control are accounted for at the predecessor entity's carrying amounts. Difference between the amount of consideration transferred and net asset value of LLC "OGK-Investproekt" is recognized in financial statements as retained earnings in the amount of RR 817,757 thousand.

Note 10. Non-current debt

	Currency	Effective interest rate	Due	30 June 2016	31 December 2015
Loans	RR	8.18%-12.00%	2017-2025	30,807,972	26,574,060
Bonds	RR	11.87%	2020	10,000,000	10,000,000
Total				40,807,972	36,574,060

OGK-2 Group
Notes to Interim Condensed Consolidated Financial Statements
for the 6 months ended 30 June 2016 (unaudited)



(in thousands of Russian Roubles, unless noted otherwise)

The above debt is obtained at fixed and floating (the CBR key rate + 0.85%) interest rates. The effective interest rate is the market interest rate applicable to the loan at the date of origination for fixed rate loans.

Maturity table

	30 June 2016	31 December 2015
Due for repayment		
Between one and two years	9,000,000	16,100,000
Between two and three years	12,561,315	3,639,908
Between three and four years	-	-
Between four and five years	12,412,505	10,000,000
More than five years	6,834,152	6,834,152
Total	40,807,972	36,574,060

Note 11. Restoration provision

The Group owns an ash dump on the territory of the Republic of Kazakhstan, and an obligation to restore the surface of this ash dump when it is full.

	Note	6 months ended 30 June 2016	6 months ended 30 June 2015
Total carrying amount at the beginning of year		1,526,901	1,706,856
Less current portion		(475,245)	(261,372)
Non-current portion at the beginning of year		1,051,656	1,445,484
Unwinding of the present value discount	19	91,714	82,973
Utilisation		(343,499)	(87,291)
Total carrying amount at the end of period		1,275,116	1,702,538
Less current portion		(334,775)	(332,687)
Non-current portion at the end of period		940,341	1,369,851

Note 12. Other long-term liabilities

	30 June 2016	31 December 2015
Other payables	5,821,636	2,836,953
Trade payables	1,242,082	907,346
(net of effect of discounting RR 294,101 thousand as at 30 June 2016 and 171,326 thousand as at 31 December 2015)		
Total finance liabilities	7,063,718	3,744,299

Note 13. Current debt and current portion of non-current debt

	Currency	Effective interest rate	30 June 2016	31 December 2015
Current portion of long-term loans	RR	8.00%-12.00%	31,851,011	33,394,714
Current loans	RR	12.00%	-	2,602,504
Current portion of bonds	RR	11.87%	101,169	110,045
Current portion of finance lease liability	RR	19.62%-23.51%	7,629	33,988
Total			31,959,809	36,141,251

All of the above debt is obtained at fixed interest rates. The effective interest rate is the market interest rate applicable to the loan at the date of origination for fixed rate loans.

The lease liabilities are effectively secured as the rights for the leased asset revert to the lessor in the event of default.

OGK-2 Group
Notes to Interim Condensed Consolidated Financial Statements
for the 6 months ended 30 June 2016 (unaudited)

(in thousands of Russian Roubles unless noted otherwise)



Finance lease liabilities – minimum lease payments

	30 June 2016	31 December 2015
Due for repayment		
Less than one year	7,997	36,288
Future finance charges on finance lease	(368)	(2,300)
Present value of lease liabilities	7,629	33,988

Note 14. Trade and other payables

	30 June 2016	31 December 2015
Trade payables	9,282,479	11,293,164
(net of effect of discounting RR 698 thousand as at 30 June 2016 and RR 5,867 thousand as at 31 December 2015)		
Accrued liabilities and other payables	436,907	370,949
Dividends payable	602,369	3,323
Financial liabilities	10,321,755	11,667,436
Salaries and wages payable	359,242	558,652
Advances from customers	54,579	13,450
Total	10,735,576	12,239,538

Note 15. Other taxes payable

	30 June 2016	31 December 2015
Property tax	379,361	297,670
Social funds contribution	191,500	212,008
Value added tax	116,155	134,535
Personal income tax	51,376	58,514
Environment pollution payment	30,738	56,896
Water usage tax	203	27,119
Other taxes	14,366	8,247
Total	783,699	794,989

Note 16. Revenues

	6 months ended 30 June 2016	6 months ended 30 June 2015 (Restated)
Electricity and capacity	56,455,580	53,285,957
Heating	2,694,690	2,334,311
Other	569,682	490,505
Total	59,719,952	56,110,773

Note 17. Operating expenses

	6 months ended 30 June 2016	6 months ended 30 June 2015 (Restated)
Fuel	30,825,716	31,485,405
Purchased electricity, capacity and heat	5,451,166	5,254,215
Employee benefits	3,931,278	3,860,301
Depreciation and amortisation of property, plant, equipment and intangible assets	3,929,313	3,089,957
Raw materials and supplies	2,073,261	707,085
Repairs	1,888,188	1,314,879
Taxes other than income tax	1,548,676	1,308,621
Rent	1,161,068	1,278,620
Dispatcher's fees	997,635	975,653
Electricity transit	727,792	620,016
Transport	403,713	329,832
Ecological payments	148,397	235,467
Insurance	90,249	94,208
Consulting, legal and audit services	54,587	57,531
Loss on disposal of other assets	30,830	235,143
Reversal of provision for inventory obsolescence	(2,724)	(2,415)
Reversal of provision for impairment of trade and other receivables	(14,392)	(81,946)
(Gain) / loss on disposal of property, plant, equipment	(97,613)	1,792
Other expenses	1,834,746	1,201,717
Total operating expenses	54,981,886	51,966,081

Employee benefits expenses comprise the following:

	6 months ended 30 June 2016	6 months ended 30 June 2015 (Restated)
Salaries and wages	2,860,176	2,685,366
Social funds contribution	886,960	872,425
Financial aid to employees and pensioners	142,133	273,603
Non-state pensions and other long-term benefits	42,009	28,907
Employee benefits	3,931,278	3,860,301
Number of personnel at the end of the period	9,474	9,562

Included in social funds contribution are statutory pension contributions of RR 730,005 thousand for the 6 months ended 30 June 2016 (for the 6 months ended 30 June 2015 (Restated): RR 692,911 thousand).

Note 18. Finance income

	6 months ended 30 June 2016	6 months ended 30 June 2015 (Restated)
Foreign currency exchange gain	424,641	565,608
Interest income on bank deposits and current bank account balances	347,293	750,471
Effect of discounting of long-term promissory notes received	21,139	25,695
Effect of discounting of long-term payables	21,029	-
Interest income on loans	12,047	46,932
Effect of discounting of long-term restructured trade and other receivables	1,002	5,882
Other finance income	36,638	44,364
Total finance income	863,789	1,438,952

Note 19. Finance costs

	6 months ended 30 June 2016	6 months ended 30 June 2015 (Restated)
Interest expense on debt	1,678,799	513,371
Foreign currency exchange loss	344,695	512,627
Interest on employee benefit obligations	98,566	103,224
Unwinding of the present value discount - provision for ash dump (Note 11)	91,714	82,973
Effect of discounting of long-term payables	22,412	-
Interest expense under finance lease agreements	1,933	7,835
Effect of discounting of long-term promissory notes received	-	27,741
Total finance costs	2,238,119	1,247,771

Note 20. Earnings per share

	6 months ended 30 June 2016	6 months ended 30 June 2015 (Restated)
Weighted average number of ordinary shares issued	105,809,765,086	105,699,323,931
Profit attributable to the shareholders of JSC "OGK-2" (thousands of RR)	2,535,461	3,301,619
Earnings per ordinary share attributable to the shareholders of JSC "OGK-2" – basic and diluted (in RR)	0.02	0.03

The diluted earnings per share are equal to the basic earnings per share as the Company has no dilutive ordinary shares.

Note 21. Capital commitments

In November 2010 the Company had signed agency agreements with JSC "FSC", JSC "Trading system of Wholesale Electricity Market Transaction" (JSC "TSA"), Association "NP Market Council" and JSC "SO UPS", under which JSC "FSC" was to sign on behalf of the Company contracts on capacity provision. In December 2010 JSC "FSC" on behalf of the Company signed the contracts on provision of capacity from estimated generating units. At 30 June 2016 the Company had an obligation to put into operation generating units, included in the Company's investment program, of 420 MW.

As at 30 June 2016 in the framework of the investment program implementation the Group has capital commitments (including VAT) of RR 7,016,139 thousand (as at 31 December 2015: RR 9,937,908 thousand).

Note 22. Contingencies

Political and economic environment. The operations and earnings of the Group 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 Russian Federation.

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 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 position of the Group.

Tax contingency. Russian tax, currency and customs legislation are subject to varying interpretation and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activities of the Group may be challenged by the relevant regional and federal authorities, in particular, the way of accounting for tax purposes of some income and expenses of the Group as well as deductibility of input VAT from suppliers and contractors. Tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments. As a result, significant additional taxes, penalties and interest may arise. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances review may cover longer periods.

As at 30 June 2016 management believes that its interpretation of the relevant legislation is appropriate and the Group's tax and currency positions will be sustained.

Environmental matters. The Group and its 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 position of government authorities is continually being reconsidered.

The Group owns an ash dump on the territory of the Republic of Kazakhstan, and is subject to the environmental regulations in this country in respect of the usage of the ash dump. As such, the Group periodically evaluates its obligations under Kazakhstan environmental regulations and accrues the respective provision.

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 remediation in excess of those amounts for which the provision has been recognised by the Group in these consolidated financial statements.

Note 23. Financial instruments and financial risks factors

Compliance with covenants. The Group is subject to certain covenants related primarily to its loans and borrowings. On 31 December 2015 the Group partly did not comply with particular terms of financial covenants. As a result, on 31 December 2015 long-term loans in the amount of RR 7,600,000 thousand are classified as short-term loans. Before the 30 June 2016 the Group received covenant waivers from bank confirming absence of intention to request early repayment of loans. As a result, on 30 June 2016 loans in the amount of RR 7,600,000 thousand are classified as long-term loans.

Fair values. Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

OGK-2 Group
Notes to Interim Condensed Consolidated Financial Statements
for the 6 months ended 30 June 2016 (unaudited)

(in thousands of Russian Roubles unless noted otherwise)



(i) Recurring fair value measurements

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period.

(ii) Assets and liabilities not measured at fair value but for which fair value is disclosed

Fair values analysed by level in the fair value hierarchy and carrying value of assets and liabilities not measured at fair value are as follows:

	Notes	Level 1	Level 2	Level 3	Fair value	Carrying value
30 June 2016						
Financial assets						
Promissory notes	8	-	404,069	-	404,069	407,466
Trade and other receivables	8	-	-	14,493,251	14,493,251	14,493,251
Interest receivable on cash and cash equivalents	8	-	-	139	139	139
Long term loan issued	8	-	206,351	-	206,351	218,971
Cash and cash equivalents	7	3,260,394	-	1	3,260,395	3,260,395
Total financial assets		3,260,394	610,420	14,493,391	18,364,205	18,380,222
Financial liabilities						
Debt (including finance lease liabilities)	10, 13	-	(69,827,079)	-	(69,827,079)	(72,767,781)
Trade and other payables	12, 14	-	-	(17,101,218)	(17,101,218)	(17,385,473)
Total financial liabilities		-	(69,827,079)	(17,101,218)	(86,928,297)	(90,153,254)

	Notes	Level 1	Level 2	Level 3	Fair value	Carrying value
31 December 2015						
Financial assets						
Promissory notes	8	-	442,045	-	442,045	457,930
Trade and other receivables	8	-	-	13,589,366	13,589,366	13,589,366
Interest receivable	8	-	-	9,046	9,046	9,046
Long term loan issued	8	-	187,249	-	187,249	203,154
Cash and cash equivalents	7	7,544,330	-	39	7,544,369	7,544,369
Total financial assets		7,544,330	629,294	13,598,451	21,772,075	21,803,865
Financial liabilities						
Debt (including finance lease liabilities)	10, 13	-	(68,879,879)	-	(68,879,879)	(72,715,311)
Trade and other payables	12, 14	-	-	(15,424,263)	(15,424,263)	(15,411,735)
Total financial liabilities		-	(68,879,879)	(15,424,263)	(84,304,142)	(88,127,046)

Financial assets carried at amortised cost. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on credit risk of the counterparty. The carrying amounts of trade and other receivables approximates their fair values. Cash and cash equivalents are carried at amortised cost which approximates their current fair value.

Liabilities carried at amortised cost. Fair values of financial liabilities were determined using valuation techniques. The estimated fair value of fixed interest rate instruments with stated maturity was estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

Note 24. Segment information

The Management Board of the Company controls and allocates economic resources of the Group between segments and evaluates segments' operating efficiency. Primary activity of the Group is production of electric and heat power and capacity which covers 99.1% of the Group revenue. The Group operates in Russian Federation.

The technology of electricity and heat production does not allow segregation of electricity and heat segments. The Company's branches are managed separately due to significant decentralization and

OGK-2 Group
Notes to Interim Condensed Consolidated Financial Statements
for the 6 months ended 30 June 2016 (unaudited)



(in thousands of Russian Roubles, unless noted otherwise)

distances between them, as a result the Group discloses nine reporting segments: Surgutskaya GRES-1, Kirishskaya GRES, Novochoerkasskaya GRES, Stavropolskaya GRES, Krasnoyarskaya GRES-2, Troitskaya GRES, Serovskaya GRES, Ryazanskaya GRES, Cherepovetskaya GRES. All reporting segments are located on the territory of Russian Federation. In the process of evaluation of segments, results and allocation of economic resources of the Group the Management Board uses financial information provided below prepared in accordance with RAR. The differences between the above-mentioned financial indicators analyzed by the Management Board and IFRS financial information are caused by different approaches applied in IFRS and RAR. The main differences relate to the respective carrying values of the value of property, plant and equipment. The Group does not have inter-segment revenue. The main contractor of the Group is JSC "FSC" which generates 51% of the Group revenue for the 6 months ended 30 June 2016 (for the 6 months ended 30 June 2015: 55%).

6 months ended 30 June 2016	Surgutskaya GRES-1	Kirishskaya GRES	Novochoerkasskaya GRES	Stavropolskaya GRES	Krasnoyarskaya GRES-2	
Revenue	10,972,773	9,387,762	7,222,247	7,921,850	4,168,402	
Segment operating profit / (loss)	1,324,520	2,512,994	(136,566)	216,834	1,192,827	
6 months ended 30 June 2016	Troitskaya GRES	Serovskaya GRES	Ryazanskaya GRES	Cherepovets- kaya GRES	Other operating segments	Total operating segments
Revenue	1,976,877	3,582,897	5,397,121	5,127,723	3,962,587	59,720,239
Segment operating profit / (loss)	(932,525)	832,989	896,329	996,729	(483,005)	6,421,126
6 months ended 30 June 2015 (Restated)	Surgutskaya GRES-1	Kirishskaya GRES	Novochoerkasskaya GRES	Stavropolskaya GRES	Krasnoyarskaya GRES-2	
Revenue	11,549,557	8,683,661	7,823,266	8,805,583	4,155,548	
Segment operating profit / (loss)	2,712,204	2,574,175	(231,055)	474,277	1,377,995	
6 months ended 30 June 2015 (Restated)	Troitskaya GRES	Serovskaya GRES	Ryazanskaya GRES	Cherepovets- kaya GRES	Other operating segments	Total operating segments
Revenue	2,087,496	1,202,092	4,769,995	3,478,590	3,554,985	56,110,773
Segment operating profit / (loss)	(1,319,474)	(340,930)	219,486	(302,934)	714,034	5,877,778

A reconciliation of management financial information prepared in accordance with RAR to IFRS financial information is provided below:

	6 months ended 30 June 2016	6 months ended 30 June 2015 (Restated)
Segment operating profit	6,421,126	5,877,778
<i>Adjustments, arised from different accounting policy:</i>	(238,175)	(290,656)
Finance lease	27,985	40,616
Provision for impairment of trade and other receivables	792	778
(Loss) / gain on disposal of assets	(677)	589
Depreciation adjustment	(388,447)	(393,849)
Other adjustments	122,172	61,210
<i>Unallocated expenses:</i>	(1,493,637)	(1,434,934)
Provision for impairment of trade and other receivables	137,988	81,168
Consulting, legal and audit services	(22,191)	(20,626)
Rent	(175,995)	(226,022)
Employee benefits	(283,712)	(273,742)
Other corporate expenses	(1,149,727)	(995,712)
Operating profit (IFRS)	4,689,314	4,152,188

OGK-2 Group
Notes to Interim Condensed Consolidated Financial Statements
for the 6 months ended 30 June 2016 (unaudited)

(in thousands of Russian Roubles unless noted otherwise)



Segment's assets are disclosed below:

	Surgutskaya GRES-1	Kirishskaya GRES	Novocherkasskaya GRES	Stavropolskaya GRES	Krasnoyarskaya GRES-2	
30 June 2016	4,604,556	22,782,275	38,820,698	3,280,870	4,036,783	
	Troitskaya GRES	Serovskaya GRES	Ryazanskaya GRES	Cherepovets- kaya GRES	Other operating segments	Total assets
30 June 2016	57,286,425	24,479,200	14,724,427	4,865,527	18,913,516	193,794,277
	Surgutskaya GRES-1	Kirishskaya GRES	Novocherkasskaya GRES	Stavropolskaya GRES	Krasnoyarskaya GRES-2	
31 December 2015	4,557,832	22,722,876	35,901,944	3,437,070	3,915,007	
	Troitskaya GRES	Serovskaya GRES	Ryazanskaya GRES	Cherepovets- kaya GRES	Other operating segments	Total assets
31 December 2015	52,326,191	24,348,966	15,178,452	5,164,355	19,752,436	187,305,129

A reconciliation of management financial information to IFRS financial information is provided below:

	30 June 2016	31 December 2015
Total assets for reportable segment	193,794,277	187,305,129
<i>Adjustments, arising from different accounting policy:</i>	<i>8,266,514</i>	<i>8,156,765</i>
Property, plant and equipment adjustment	8,152,533	8,578,917
Deposits for pensions	564,331	549,428
Deferred tax	(4,031)	-
Impairment of trade and other receivables	(4,779)	(5,571)
Discounting of long-term trade and other receivables	(10,698)	(10,819)
Provision for inventory obsolescence	(24,808)	(27,532)
Discounting of promissory notes	(264,420)	(285,559)
Other adjustments	(141,614)	(642,099)
<i>Unallocated assets</i>	<i>15,013,123</i>	<i>19,915,151</i>
Total assets (IFRS)	217,073,914	215,377,045

The unallocated assets are the assets which cannot be directly related to the certain operating segment and are also out of the operating segment control for decision making purposes. These assets include intangible assets, short – term and long - term trade receivables (which mainly presented by receivables for sales of electricity and power on the wholesale electric power market), cash in bank, deposits, inventories and items of property, plant and equipment which are subject to the headquarters control.

Management of the Group does not review the information in respect of operating segment's liabilities in order to make a decision about allocation of resources, because of centralisation of significant part of payment transactions.