OGK-2 GROUP
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011 (UNAUDITED)

OGK-2 Group
Interim Condensed Consolidated Statement of Financial Position as at 30 September 2011 (unaudited)
(in thousands of Russian Roubles)

	Notes	30 September 2011	31 December 2010
ASSETS			
Non-current assets			
Property, plant and equipment	5	41,317,745	36,677,606
Intangible assets	6	1,114,108	1,475,327
Other non-current assets		3,102,343	2,608,089
Total non-current assets		**45,534,196**	**40,761,022**
Current assets			
Cash and cash equivalents	7	543,180	3,023,466
Trade and other receivables	8	4,917,903	6,012,009
Inventories		2,651,520	2,293,939
Current income tax prepayments		184,575	28,035
Other current assets		1,294	-
Total current assets		**8,298,472**	**11,357,449**
TOTAL ASSETS		**53,832,668**	**52,118,471**
EQUITY AND LIABILITIES			
Equity			
Share capital	9		
Ordinary shares		11,872,828	11,872,828
Treasury shares		(4,058,022)	(12,037)
Share premium		23,916,508	23,916,508
Retained earnings		6,462,751	4,590,133
Total equity		**38,194,065**	**40,367,432**
Non-current liabilities			
Deferred income tax liabilities		1,877,967	1,995,773
Non-current debt	10	7,857,409	5,000,000
Retirement benefit obligations		684,268	632,397
Restoration provision		513,458	518,038
Other long-term liabilities		66,951	59,747
Total non-current liabilities		**11,000,053**	**8,205,955**
Current liabilities			
Current debt and current portion of non-current debt	11	1,530,244	-
Trade and other payables		2,533,812	3,144,644
Other taxes payable	12	511,109	351,700
Restoration provision		63,385	48,740
Total current liabilities		**4,638,550**	**3,545,084**
Total liabilities		**15,638,603**	**11,751,039**
TOTAL EQUITY AND LIABILITIES		**53,832,668**	**52,118,471**

Deputy General Director on economics and finance N.V. Vaytulenis

Chief Accountant B.Z. Dolgoarshinnih

25 November 2011

OGK-2 Group
Interim Condensed Consolidated Income Statement for the 9 months ended 30 September 2011 (unaudited)
(in thousands of Russian Roubles, except for earning per ordinary share information)

	Notes	9 months ended 30 September 2011	9 months ended 30 September 2010
Revenues	13	39,893,633	35,074,433
Operating expenses	14	(36,839,377)	(31,146,158)
Other operating items		18,215	(181,883)
Operating profit		**3,072,471**	**3,746,392**
Finance income	15	100,771	430,677
Finance costs	16	(443,476)	(501,392)
Profit before income tax		**2,729,766**	**3,675,677**
Income tax charge		(671,108)	(832,878)
Profit for the period		**2,058,658**	**2,842,799**
Attributable to:			
Shareholders of OJSC "OGK-2"		2,058,658	2,842,799
Earning per ordinary share for profit attributable to the shareholders of OJSC "OGK-2" – basic and diluted (in Russian Roubles)	17	**0.06**	**0.09**

OGK-2 Group
Interim Condensed Consolidated Statement of Comprehensive Income for the 9 months ended 30 September 2011 (unaudited)
(in thousands of Russian Roubles)

	9 months ended 30 September 2011	9 months ended 30 September 2010
Profit for the period	**2,058,658**	**2,842,799**
Net change in fair value of available-for-sale investments (net of income tax)	(26,463)	19,357
Total comprehensive income for the period	**2,032,195**	**2,862,156**
Attributable to:		
Shareholders of OJSC "OGK-2"	2,032,195	2,862,156

The accompanying notes are an integral part of these interim condensed consolidated financial statements

OGK-2 Group
Interim Condensed Consolidated Statement of Cash Flows for the 9 months ended 30 September 2011 (unaudited)
(in thousands of Russian Roubles)

	Notes	9 months ended 30 September 2011	9 months ended 30 September 2010
CASH FLOW FROM OPERATING ACTIVITIES:			
Profit before income tax		**2,729,766**	**3,675,677**
Adjustments to reconcile profit before income tax to net cash provided by operations:			
Depreciation of property, plant and equipment	5	1,053,979	963,462
Reversal of property, plant and equipment impairment	5	(597)	(548)
Amortisation of intangible assets	6	40,737	38,073
Charge of provision for impairment of trade and other receivables	14	467,465	50,959
Charge / (reversal) of provision for inventory obsolescence	14	13,492	(9,745)
Finance income	15	(100,771)	(430,677)
Finance costs	16	443,476	501,392
Increase in retirement benefit obligations	14	87,202	84,090
Employee share option plan	14	-	1,829
Loss / (gain) on disposal of assets	14	416,217	(11,084)
Other non-cash items		398	(25,437)
Operating cash flows before working capital changes and income tax paid		**5,151,364**	**4,837,991**
Working capital changes:			
Decrease in trade and other receivables		306,708	1,345,353
Payments in respect of retirement benefit obligations		(69,588)	(60,246)
Increase in inventories		(448,342)	(194,464)
Increase in other current assets		(1,294)	-
Decrease in trade and other payables		(391,057)	(760,071)
Increase / (decrease) in taxes payable, other than income tax		159,409	(123,871)
Income tax paid in cash		(945,454)	(779,973)
Decrease in other non-current liabilities		(16,253)	(27,754)
Net cash generated from operating activities		**3,745,493**	**4,236,965**
CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(5,782,583)	(956,619)
Proceeds from sale of property, plant and equipment		4,059	14,646
Purchase of intangible assets		(36,063)	(14,275)
Proceeds from deposits		-	2,100,000
Increase in other non-current assets		(1,700)	-
Interest received		24,165	84,399
Net cash (used in) / generated from investing activities		**(5,792,122)**	**1,228,151**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from short-term borrowings		13,460,000	13,700,000
Proceeds from long-term borrowings		2,700,000	-
Repayment of short-term borrowings		(11,960,000)	(13,400,000)
Repayment of long-term borrowings		-	(5,000,000)
Purchase of treasury shares		(4,045,985)	(6,466)
Interest paid		(378,630)	(446,284)
Payments under finance lease		(35,959)	(1,485)
Finance lease advance		(16,348)	-
Dividend paid by the Group to shareholders of OGK-2		(156,735)	-
Refund of premium paid to secure settlement of share-based payments		-	709,688
Net cash used in financing activities		**(433,657)**	**(4,444,547)**
Net (decrease) / increase in cash and cash equivalents		(2,480,286)	1,020,569
Cash and cash equivalents at the beginning of the period	7	3,023,466	1,553,428
Cash and cash equivalents at the end of the period	7	**543,180**	**2,573,997**

OGK-2 Group
Interim Condensed Consolidated Statement of Changes in Equity for the 9 months ended 30 September 2011 (unaudited)
(in thousands of Russian Roubles)

	Share capital	Treasury shares	Share premium	Retained earnings	Total
At 1 January 2010	**11,872,828**	**(5,579)**	**23,916,508**	**1,664,694**	**37,448,451**
Profit for the period	-	-	-	2,842,799	2,842,799
Available-for-sale investments	-	-	-	19,357	19,357
Total comprehensive income for the period	-	-	-	2,862,156	2,862,156
Purchase of treasury shares	-	(6,442)	-	-	(6,442)
Employee share option plan	-	-	-	711,517	711,517
At 30 September 2010	**11,872,828**	**(12,021)**	**23,916,508**	**5,238,367**	**41,015,682**
At 1 January 2011	**11,872,828**	**(12,037)**	**23,916,508**	**4,590,133**	**40,367,432**
Profit for the period	-	-	-	2,058,658	2,058,658
Available-for-sale investments	-	-	-	(26,463)	(26,463)
Total comprehensive income for the period	-	-	-	2,032,195	2,032,195
Purchase of treasury shares (Note 9)	-	(4,045,985)	-	-	(4,045,985)
Dividends (Note 9)	-	-	-	(159,577)	(159,577)
At 30 September 2011	**11,872,828**	**(4,058,022)**	**23,916,508**	**6,462,751**	**38,194,065**

Note 1. The Group and its operations

Open Joint Stock Company "The Second Generating Company of the Wholesale Electric Power Market" (OJSC "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.

OJSC "OGK-2" and its 100% subsidiary LLC "OGK-2 Finans" form the OGK-2 Group ("the Group").

The Group's primary activities are generation and sale of electric and heat power. The Group consists of the following power stations (plants): Troitskaya GRES, Stavropolskaya GRES, Pskovskaya GRES, Serovskaya GRES, Surgutskaya GRES-1, Adlerskaya TES.

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 101-3, Vernadskogo Avenue, 119526, Moscow, Russian Federation.

Relations with the state and current regulation. As at 30 September 2011 the Company is controlled by Gazprom, the largest Russian gas production company.

Until 1 July 2008, Russian Open Joint Stock Company for Energy and Electrification Unified Energy System of Russia ("RAO UES") owned 65.47% of the Company, on 1 July 2008 as part of electric industry restructuring process RAO UES ceased to exist as a separate legal entity. Also as a result of the restructuring process Gazprom Group has obtained control over the Company at this date.

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 September 2011 and 31 December 2010.

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 Gazprom.

A part of the Group's revenue is based on regulated tariffs. The state directly affects the Group's operations through regulation by the Federal Service for Tariffs ("FST") with respect to its wholesale energy (capacity) sales under the terms of Regulated Contracts, and by the Tariffs regulation Executive authorities with respect of its heat sales. Operations of all generation facilities are centrally coordinated by OJSC "System Operator of the Unified Power System" ("SO UPS") in order to meet system requirements in an efficient manner. SO UPS is controlled by the Russian Federation.

Tariffs which the Group may charge for sales of electric energy (capacity), supplied under Regulated bilateral Contracts, and heat are governed by regulations specific to the electricity and heat industry. Depending on a generator's status the tariffs for Regulated Contracts are set either using the "indexation" method or in accordance with the Procedure of prices determination for electricity and capacity produced by a generating unit, which supplies electricity and capacity in a forced regime (set by the Order of the FST № 484-e of October 13, 2010, hereinafter – the Price determination procedure for "constrained" generators). The "indexation" method means an increase in production cost for the previous regulated period by state appreciation indexes of fuel and other costs, also perhaps including investment expenses out of profit. According to the Price determination procedure for "constrained" generators a tariff includes economically justified expenses, all other expenses are included by a standard cost method. Thereby costs are determined under the Regulations on Accounting and Reporting of the Russian Federation ("RAR"), a basis of accounting which significantly differs from International Financial Reporting Standards ("IFRS").

Furthermore the Government regulates capacity prices for generators, which declared the highest prices during the Competitive capacity takeoff, and for generators working in a forced regime. In such cases prices are calculated in accordance with the Price determination procedure for "constrained" generators and Capacity price determination methodology set by the Order of the FST №483-e of October 13, 2010.

The government's economic, social and other policies could have material effects on the operations of the Group.

Changes in the industry. In 2010 Russia's electric power industry approached the completion of reforms aimed at creating a competitive electricity and capacity market and an environment in which the successors to RAO UES (including the Company) will be able to attract the resources required to maintain and expand their production facilities.

Russian Government Resolution 238 "Pricing strategy of capacity trading on the wholesale electricity (capacity) market during the transition period" of 13 April, 2010, determines the pricing parameters for the long-term capacity market (LCM), and, taken together with Russian Government Resolution 89, "On certain issues regarding the organization of the long-term competitive capacity takeoff in the wholesale electricity (or capacity) market" of 24 February, 2010, determines the rules of operation for the long-term capacity market.

The long-term market is based on annual competitive capacity takeoff held four years in advance (i.e., for the year starting four full years after the competitive takeoff). The competitive capacity takeoff process is run by SO UPS. To determine what capacity the energy system will need in four years' time, SO UPS determines (taking account of applications from major consumers) the consumption forecast and structure, plus the amount of capacity reserve required, and produces the demand curve. To take part in a competitive capacity takeoff, suppliers have to submit price bids for the sale of capacity, creating a supply curve.

The new Rules of the wholesale electricity and capacity market, approved by the Russian Federation Government Resolution №1172 of December 27, 2010 and published April 5, 2011, became a crucial step in development of a competitive electricity and capacity market model. The entry into force of this Resolution is a base for further organizational activities and operational support of the wholesale market after termination of a transitional period of the power industry restructuring.

Since 1 January, 2011, a competitive wholesale market has been in operation, where electricity and capacity are sold at free, unregulated prices, except for volumes of electricity and capacity sold to the public and categories of consumers of an equivalent status, for whom government tariff regulation still applies.

Note 2. Basis of preparation

The interim condensed consolidated financial statements for the 9 months ended 30 September 2011 ("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 2010, which have been prepared in accordance with IFRS.

Note 3. Accounting policies

The accounting policies are consistent with those of the annual financial statements for the year ended 31 December 2010, except for those policies which were changed to comply with the new or amended standards and interpretations that are in force for the year beginning on 1 January 2011.

The following new standards, amendments to standards or interpretations effective in 2011:

- IAS 24 *Related Party Disclosures*;
- Amendments to IFRIC 14: *IAS 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*;
- Improvements to International Financial Reporting Standards;
- Amendment to IAS 32 *Financial Instruments: Presentation - Classification of Rights Issues*;
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*.

The effect of adoption of the above new standards, amendments to standards on these financial statements was not significant.

The following new standards and amendments to standards have been issued but are not yet effective and have not been early adopted by the Group:

- IFRS 9 *Financial Instruments* will be effective for annual periods beginning on or after 1 January 2013. The new standard is to be issued in phases and is intended ultimately to replace International Financial Reporting Standard IAS 39 *Financial Instruments: Recognition and Measurement*;
- Amendment to IFRS 7 *Disclosures - Transfers of Financial Assets* introduces additional disclosure requirements for transfers of financial assets in situations where assets are not

derecognised in their entirety or where the assets are derecognised in their entirety but a continuing involvement in the transferred assets is retained. The new disclosure requirements are designated to enable the users of financial statements to better understand the nature of the risks and rewards associated with these assets. The amendment is effective for annual periods beginning on or after 1 July 2011;

- Amendment to IAS 12 *Income taxes - Deferred Tax: Recovery of Underlying Assets*. The amendment introduces an exception to the current measurement principles for deferred tax assets and liabilities arising from investment property measured using the fair value model in accordance with IAS 40 *Investment Property*. The exception also applies to investment property acquired in a business combination accounted for in accordance with IFRS 3 *Business Combinations* provided the acquirer subsequently measures the assets using the fair value model. In these specified circumstances the measurement of deferred tax liabilities and deferred tax assets should reflect a rebuttable presumption that the carrying amount of the underlying asset will be recovered entirely by sale unless the asset is depreciated or the business model is to consume substantially all the asset. The amendment is effective for periods beginning on or after 1 January 2012 and is applied retrospectively;
- *IFRS 10 Consolidated financial statements ("IFRS 10")* (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013, with earlier application permitted), replaces all of the guidance on control and consolidation in IAS 27 *Consolidated and separate financial statements* and SIC-12 *Consolidation - special purpose entities*. IFRS 10 changes the definition of control so that the same criteria are applied to all entities to determine control. This definition is supported by extensive application guidance;
- *IFRS 11 Joint arrangements ("IFRS 11")* (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013, with earlier application permitted), replaces IAS 31 *Interests in Joint Ventures* ("IAS 31") and SIC 13 *Jointly Controlled Entities—Non-Monetary Contributions by Ventures*. Changes in the definitions have reduced the number of "types" of joint arrangements to two: joint operations and joint ventures. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated. Equity accounting is mandatory for participants in joint ventures;
- *IFRS 12 Disclosure of interest in other entities ("IFRS 12")* (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013, with earlier application permitted), applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity; it replaces the disclosure requirements currently found in IAS 27 *Consolidated and Separate Financial Statements* and IAS 28 *Investments in associates*. IFRS 12 requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities;
- *IFRS 13 Fair value measurement ("IFRS 13")* (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013, with earlier application permitted), aims to improve consistency and reduce complexity by providing a precise definition of fair value, and a single source of fair value measurement and disclosure requirements for use across IFRSs;
- *Amended IAS 27 "Separate Financial Statements" ("IAS 27")* (issued May 2011, effective for annual periods beginning on or after 1 January 2013, with earlier application permitted), contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements;
- *Amended IAS 28 "Investments in Associates and Joint Ventures"* ("IAS 28") (issued May 2011, effective for annual periods beginning on or after 1 January 2013, with earlier application permitted), prescribes the accounting for investments in associates and contains the requirements for the application of the equity method to investments in associates and joint ventures;
- *Amendments to IAS 1 "Presentation of financial statements"* ("IAS 1") (issued June 2011, effective for annual periods beginning on or after 1 July 2012), changes the disclosure of items presented in other comprehensive income (OCI). The amendments require entities to separate items presented in OCI into two groups, based on whether or not they may be recycled to profit or loss in the future. The suggested title used by IAS 1 has changed to 'statement of profit or loss and other comprehensive income';

(in thousands of Russian Roubles)

- *Amended IAS 19 "Employee benefits" ("IAS 19")* (issued June 2011, effective for periods beginning on or after 1 January 2013), makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits.

The Group is currently assessing the impact of the standards and amendments to standards on the consolidated financial statements.

Change in presentation.

Equity

Effective 1 January 2010 the Group started to present merger reserve as part of retained earnings. The comparative information has been reclassified to conform with the current presentation. The effects of this reclassification are disclosed below:

	At 1 January 2010		
	As previously reported	**Change in presentation**	**As adjusted**
Merger reserve	(377,383)	377,383	-
Retained earnings	2,042,077	(377,383)	1,664,694

Revenues

Effective 1 January 2010 the Group started to present electricity purchases entered into to support a delivery of non-regulated bilateral contracts net within revenue. The comparative information has been reclassified to conform with the current presentation. The effects of this reclassification are disclosed below:

	For the 9 months ended 30 September 2010		
	As previously reported	**Change in presentation**	**As adjusted**
Revenues	38,263,230	(3,188,797)	35,074,433
Operating expenses	(34,334,955)	3,188,797	(31,146,158)

The management of the Group believes that the revised presentation provides more relevant and meaningful information about the changes in the financial performance of the Group.

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 Company.

Note 4. 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 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 FST, prices for electricity and capacity are based on tariffs set by FST and also based on competitive take-off on the wholesale electricity (capacity) market.

(in thousands of Russian Roubles)

Transactions with Gazprom Group

Transactions with Gazprom Group were as follows:

	9 months ended 30 September 2011	9 months ended 30 September 2010
Sales:		
Sales of electricity and capacity	5,448,416	8,033,562
Sales of heat	200	249
Other sales	3,898	-
Other income	39	-
Purchases:		
Purchases of gas	15,598,646	12,363,295
Other purchases	348,253	13,030
Other expenses	-	29,753

Balances with Gazprom Group were as follows:

	30 September 2011	31 December 2010
Trade and other receivables	571,753	96,041
Trade and other payables	390,018	417,460

Interest income on bank deposits accrued for the 9 months ended 30 September 2011 equals zero (for the 9 months ended 30 September 2010: RR 59,742 thousand).

Transactions with state-controlled entities

In the normal course of business the Group enters into transactions with other entities under Government control (in addition to transactions with Gazprom Group), included sales of electricity and capacity, heat, purchases of electricity and capacity resources, services and other transactions. These transactions (exept for sales and purchases of electricity and capacity) are not significant neither individually nor collectively.

Information concerning sales and purchases of electricity and capacity with state-controlled entities is presented below:

	9 months ended 30 September 2011	9 months ended 30 September 2010
Sales of electricity and capacity	8,268,984	2,104,285
Charge of provision for impairment of trade receivables	325,850	-
Purchases of electricity and capacity	2,962,912	5,163,468

Significant balances with state-controlled entities were as follows:

	30 September 2011	31 December 2010
Trade and other receivables, gross	1,236,325	95,177
Provision for impairment of trade and other receivables	(702,266)	(60,738)
Trade and other payables	291,106	132,324
Current debt to OJSB "Sberbank"	1,000,719	-

Interest expense accrued in respect of debt owed to state-controlled banks for the 9 months ended 30 September 2011 was RR 9,479 thousand (for the 9 months ended 30 September 2010: RR 129,929 thousand).

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.

(in thousands of Russian Roubles)

Fees, compensation or allowances to the members of the Board of Directors for their services in that capacity and 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 9 months ended 30 September 2011 was RR 110,076 thousand (for the 9 months ended 30 September 2010: RR 52,977 thousand).

Note 5. Property, plant and equipment

Cost	Production buildings	Constructions	Energy machinery and equipment	Other machinery and equipment	Other	Construction in progress	Total
Opening balance as at 1 January 2011	**10,773,107**	**4,605,595**	**11,863,310**	**3,285,774**	**515,860**	**21,377,612**	**52,421,258**
Additions	-	17,837	6	229,972	69,166	5,397,443	5,714,424
Transfer	21,843	199,121	500,417	782,453	4,002	(1,507,836)	-
Disposals	(19,379)	(7,723)	(21,939)	(9,309)	(7,894)	(10,354)	(76,598)
Closing balance as at 30 September 2011	**10,775,571**	**4,814,830**	**12,341,794**	**4,288,890**	**581,134**	**25,256,865**	**58,059,084**
Accumulated depreciation (including impairment)							
Opening balance as at 1 January 2011	**(3,709,100)**	**(2,648,084)**	**(7,161,678)**	**(1,556,972)**	**(339,242)**	**(328,576)**	**(15,743,652)**
Charge for the period	(194,033)	(194,050)	(396,590)	(239,127)	(30,179)	-	(1,053,979)
Release impairment	-	-	-	-	-	597	597
Disposals	11,226	5,797	16,464	8,547	7,512	6,149	55,695
Closing balance as at 30 September 2011	**(3,891,907)**	**(2,836,337)**	**(7,541,804)**	**(1,787,552)**	**(361,909)**	**(321,830)**	**(16,741,339)**
Net book value as at 30 September 2011	**6,883,664**	**1,978,493**	**4,799,990**	**2,501,338**	**219,225**	**24,935,035**	**41,317,745**
Net book value as at 31 December 2010	**7,064,007**	**1,957,511**	**4,701,632**	**1,728,802**	**176,618**	**21,049,036**	**36,677,606**

Cost	Production buildings	Constructions	Energy machinery and equipment	Other machinery and equipment	Other	Construction in progress	Total
Opening balance as at 1 January 2010	**10,705,604**	**4,438,920**	**11,200,449**	**2,723,124**	**497,748**	**20,018,233**	**49,584,078**
Additions	5,184	215,575	41	13,627	12,603	893,173	1,140,203
Transfer	2,286	6,632	437,812	67,301	585	(514,616)	-
Disposals	(19,487)	(12,379)	(706)	(1,853)	(5,593)	(85)	(40,103)
Closing balance as at 30 September 2010	**10,693,587**	**4,648,748**	**11,637,596**	**2,802,199**	**505,343**	**20,396,705**	**50,684,178**
Accumulated depreciation (including impairment)							
Opening balance as at 1 January 2010	**(3,474,646)**	**(2,479,487)**	**(6,669,996)**	**(1,357,443)**	**(314,516)**	**(442,404)**	**(14,738,492)**
Charge for the period	(174,493)	(173,657)	(415,229)	(168,817)	(31,266)	-	(963,462)
Reversal of impairment	-	-	-	-	-	548	548
Disposals	11,151	8,500	590	1,606	4,966	-	26,813
Closing balance as at 30 September 2010	**(3,637,988)**	**(2,644,644)**	**(7,084,635)**	**(1,524,654)**	**(340,816)**	**(441,856)**	**(15,674,593)**
Net book value as at 30 September 2010	**7,055,599**	**2,004,104**	**4,552,961**	**1,277,545**	**164,527**	**19,954,849**	**35,009,585**
Net book value as at 31 December 2009	**7,230,958**	**1,959,433**	**4,530,453**	**1,365,681**	**183,232**	**19,575,829**	**34,845,586**

As at 30 September 2011 the advances given to major contractors: OJSC "E4 Group" to build a power unit on site of Serovskaya GRES amounted to RR 7,217,993 thousand (net of VAT) and LLC "QUARTZ-Novie Technologii" to build a power unit on site of Troitskaya GRES amounted to RR 12,832,390 thousand (net of VAT) (as at 31 December 2010: RR 7,217,993 thousand (net of VAT) OJSC "E4 Group"

(in thousands of Russian Roubles)

and RR 9,859,636 thousand (net of VAT) CJSC "QUARTZ-Novie Technologii" (later reorganized to LLC "QUARTZ-Novie Technologii"). The respective input VAT is recognised within other non-current assets balance.
In addition to the guarantees, disclosed in the annual financial statements for the year ended 31 December 2010, as at 30 September 2011 the return of advances paid to the contractors in case of non-fulfillment of construction commitments is secured by the guarantees given by LLC "QUARTZ-Novie Technologii" in the amount of RR 12,672,693 thousand; OJSC "VTB" in the amount of RR 3,300,000 thousand (for the return of the advance given to LLC "QUARTZ-Novie Technologii"); LLC "PRO GRES" in the amount of RR 73,939 thousand; LLC "TER – Moskva" in the amount of RR 393,530 thousand.

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 beneficial price. The net book value of leased property, plant and equipment is presented below:

	30 September 2011	31 December 2010
Energy machinery and equipment	49,158	55,499
Other machinery and equipment	206,784	42,147
Other	27,231	4,524
Total	**283,173**	**102,170**

The leased equipment secures lease obligations.

Operating lease

The Group leases a number of land plots owned by local governments and real estate 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.

Operating lease rentals are payable as follows:

	30 September 2011	31 December 2010
Not later than one year	251,394	194,375
Later than one year and not later than five years	227,617	203,097
Later than five years and not later than ten years	164,874	162,310
Later than ten years	1,051,651	920,139
Total	**1,695,536**	**1,479,921**

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

Note 6. Intangible assets

	SAP R-3 software	System NSI software	Other intangibles	Total intangible assets
Cost				
Balance as at 1 January 2011	**1,172,956**	**619,050**	**216,690**	**2,008,696**
Additions	83,488	-	2,305	85,793
Disposals	(736,400)	-	-	(736,400)
Balance as at 30 September 2011	**520,044**	**619,050**	**218,995**	**1,358,089**
Balance as at 1 January 2010	**1,168,060**	**619,050**	**203,718**	**1,990,828**
Additions	4,896	-	9,379	14,275
Balance as at 30 September 2010	**1,172,956**	**619,050**	**213,097**	**2,005,103**

(in thousands of Russian Roubles)

Amortisation (including impairment)				
Balance as at 1 January 2011	**(418,580)**	**-**	**(114,789)**	**(533,369)**
Charge for the period	(10,776)	-	(29,961)	(40,737)
Impairment loss	330,125	-	-	330,125
Balance as at 30 September 2011	**(99,231)**	**-**	**(144,750)**	**(243,981)**
Balance as at 1 January 2010	**(407,014)**	**-**	**(74,043)**	**(481,057)**
Charge for the period	(7,849)	-	(30,224)	(38,073)
Balance as at 30 September 2010	**(414,863)**	**-**	**(104,267)**	**(519,130)**
Net book value as at 30 September 2011	**420,813**	**619,050**	**74,245**	**1,114,108**
Net book value as at 31 Decemder 2010	**754,376**	**619,050**	**101,901**	**1,475,327**

The amount of intangible assets includes advances paid to contractors in the amount of RR 15,380 thousand (net of VAT) as at 30 September 2011 (as at 31 December 2010: RR 384,119 thousand (net of VAT).

In September, 2011 a range of systems related to SAP R-3 software were written off due to its obsolescence, including RR 330,125 thousand out of impairment provision.

Note 7. Cash and cash equivalents

	Currency	30 September 2011	31 December 2010
Current bank accounts	RR	535,180	3,023,465
Current bank accounts	KZT	-	1
Bank deposits with maturity of 3 months or less	RR	8,000	-
Total		**543,180**	**3,023,466**

The Group has current bank accounts in the following banks:

Cash in bank	Credit rating on 30 September 2011*	30 September 2011	Credit rating on 31 December 2010*	31 December 2010
OJSC "Evrofinance Mosnarbank"	E+/ Ratings under review	273,978	E+/ Stable	281,332
OJSC BANK "ROSSIYA"	E+/ Stable	189,196	E+/ Stable	2,591,303
OJSC "Alfa-bank"	D/ Stable	55,359	D/ Stable	20,295
OJSC "Sberbank"	D+/ Stable	12,166	D+/ Stable	126,217
CJSC "Mezhdunarodny promyshleny bank"	-	4,271	-	4,272
OJSC "Transcreditbank"	D-/ Stable	202	D-/ Stable	10
OJSC "NOMOS-bank"	D-/ Stable	7	D-/ Stable	35
OJSC "URALSIB"	D-/Stable	1	E+/Stable	2
Total cash in bank		**535,180**		**3,023,466**

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

(in thousands of Russian Roubles)

Credit quality of bank deposits is presented below:

Bank deposits with maturity of 3 months or less	Interest rate	Credit rating on 30 September 2011*	30 September 2011	Interest rate	Credit rating on 31 December 2010	31 December 2010
OJSC "Sberbank"	3.11%	Not-Prime	8,000	-	-	-
Total bank deposits with maturity of 3 months or less			**8,000**			**-**

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

Note 8. Trade and other receivables

	30 September 2011	31 December 2010
Trade receivables (net of provision for impairment of trade receivables of RR 1,272,889 thousand as at 30 September 2011 and RR 827,467 thousand as at 31 December 2010)	3,022,388	2,018,965
Promissory notes (nominal value of promissory notes is RR 547,216 thousand as at 30 September 2011 and RR 3,148,994 thousand as at 31 December 2010)	265,509	2,794,690
Other receivables (net of provision for impairment of other receivables of RR 1,225,365 thousand as at 30 September 2011 and RR 1,219,601 thousand as at 31 December 2010)	89,953	53,401
Financial assets	**3,377,850**	**4,867,056**
Input VAT	3,754,938	3,198,619
Advances to suppliers (net of provision for impairment of advances to suppliers of RR 121,823 thousand as at 30 September 2011 and RR 105,544 thousand as at 31 December 2010)	557,161	225,272
Prepaid other tax and social funds contribution	7,812	11,564
Prepayments	-	4,544
Total	**7,697,761**	**8,307,055**
Less: Long-term input VAT from advances paid	(2,532,438)	(2,102,955)
Long-term promissory notes (nominal value of promissory notes is RR 523,066 thousand as at 30 September 2011 and RR 474,770 thousand as at 31 December 2010)	(241,405)	(185,732)
Long-term restructured trade and other receivables (net of provision for impairment of trade and other receivables of RR 9,677 thousand as at 30 September 2011 and RR 9,585 thousand as at 31 December 2010)	(6,015)	(6,359)
Total	**4,917,903**	**6,012,009**

Note 9. Equity

Share capital

The share capital is RR 11,872,828 thousand and consists of ordinary shares with nominal value RR 0.3627 each.

(in thousands of Russian Roubles)

	Number of ordinary shares 30 September 2011	Number of ordinary shares 31 December 2010
Issued shares	32,734,568,382	32,734,568,382
Treasury shares	(2,360,604,527)	(7,970,300)
Total outstanding shares	30,373,963,855	32,726,598,082

As at 30 September 2011 the total number of authorised ordinary shares is 59,328,280,734 shares (as at 31 December 2010: 44,757,822,542 shares) with a par value of RR 0.3627 per share (as at 31 December 2010: RR 0.3627 per share). All issued ordinary shares are fully paid. Each ordinary share carries one vote.

Reorganisation of the Group / Exchange of shares transaction

In June 2011 the annual shareholders meeting approved a decision to reorganize OJSC "OGK-2" in a form of a merger with OJSC "OGK-6". Shareholders who voted against the merger in August 2011 made claims to the Company to repurchase its shares. The Company repurchased 2,351,934,227 shares at RR 1.72 per share totalling to RR 4,045,327 thousand in August-September 2011. Besides LLC "OGK-2 Finance" purchased for further sale 700,000 shares of OJSC "OGK-2" for RR 0.94 per share in the total amount of RR 658 thousand.

The merger of OJSC "OGK-6" to OJSC "OGK-2" occurred 1 November 2011. The share capital of OJSC "OGK-2" will be increased by an additional issue of 26,593,358,578 ordinary shares with nominal value of RR 0.3627 per share and will be amounted to 59,327,926,960 shares or RR 21,518,239 thousand. Besides 353,774 ordinary shares with nominal value of RR 0.3627 per share may be issued in addition.

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 the 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 2011 OJSC "OGK-2" declared final dividends for the year ended 31 December 2010 of RR 0.0048759 per share for the total of RR 159,577 thousand. These dividends were recognized as liability and deducted from equity at 30 September 2011.

Employee share option plan

1 May 2011 is the end-date of the employee share option plan program, there are no exercised stock options of this program.

Note 10. Non-current debt

	Currency	Effective interest rate	Due	30 September 2011	31 December 2010
Loan	RR	8.0%-8.4%	2015-2016	7,700,000	5,000,000
Finance lease liability	RR	19.62%-27.90%	2012-2016	157,409	-
Total				**7,857,409**	**5,000,000**

Maturity table

	30 September 2011	31 December 2010
Due for repayment		
Between one and two years	38,002	-
Between two and three years	42,882	-
Between three and four years	43,963	-
Between four and five years	7,732,562	5,000,000
Total	**7,857,409**	**5,000,000**

(in thousands of Russian Roubles)

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

Finance lease liabilities – minimum lease payments	30 September 2011	31 December 2010
Due for repayment		
Less than one year	64,755	-
Between one year and five years	217,109	-
Future finance charges on finance lease	(94,930)	-
Present value of lease liabilities	**186,934**	-

Management believes that the total current value of non-current debt approximates its fair value since actual interest rates approximate current market interest rates available to the Group for similar financial instruments.

Note 11. Current debt and current portion of non-current debt

	Currency	Effective interest rate	30 September 2011	31 December 2010
OJSC "Sberbank"	RR	5.25%	1,000,000	-
OJSC "Evrofinance Mosnarbank"	RR	5.20%	500,000	-
Interest payable	RR	5.25%	719	-
Current portion of finance lease liability	RR	19.62%-27.90%	29,525	-
Total			**1,530,244**	-

Note 12. Other taxes payable

	30 September 2011	31 December 2010
Water usage tax	155,634	182,803
Value added tax	147,749	5,712
Environment pollution payments	69,989	62,441
Social funds contribution	58,629	30,054
Property tax	52,157	44,373
Personal income tax	25,232	24,539
Other taxes	1,719	1,778
Total	**511,109**	**351,700**

Note 13. Revenues

	9 months ended 30 September 2011	9 months ended 30 September 2010
Electricity and capacity	39,194,768	34,383,339
Heating	537,522	574,593
Other	161,343	116,501
Total	**39,893,633**	**35,074,433**

(in thousands of Russian Roubles)

Note 14. Operating expenses

	Notes	9 months ended 30 September 2011	9 months ended 30 September 2010
Fuel		24,304,574	21,836,445
Purchased electricity, capacity and heat		2,991,159	1,986,198
Employee benefits		2,636,201	2,134,383
Repairs and maintenance		1,129,667	947,816
Depreciation and amortisation of property, plant, equipment and intangible assets	5,6	1,094,716	1,001,535
Raw materials and supplies		789,530	611,884
Taxes other than income tax		666,739	643,424
Dispatcher's fees		591,477	505,968
Charge of provision for impairment of trade and other receivables		467,465	50,959
Loss / (gain) on disposal of assets		416,217	(11,084)
Transport		239,990	48,125
Ecological payments		216,005	260,712
Rent		159,435	144,041
Consulting, legal and audit services		126,420	31,476
Insurance		52,090	29,086
Charge / (reversal) of provision for inventory obsolescence		13,492	(9,745)
Reversal of property, plant and equipment impairment	5	(597)	(548)
Other expenses		944,797	935,483
Total		**36,839,377**	**31,146,158**

Employee benefits expenses comprise the following:

	9 months ended 30 September 2011	9 months ended 30 September 2010
Salaries and wages	1,928,412	1,630,398
Social funds contribution	509,275	332,120
Financial aid to employees and pensioners	111,312	85,946
Non-state pensions and other long-term benefits	87,202	84,090
Employee share option plan expenses	-	1,829
Employee benefits	**2,636,201**	**2,134,383**
Number of personnel at the end of the period	4,676	4,798

Included in social funds contribution are statutory pension contributions of RR 387,824 thousand (for the 9 months ended 30 September 2010: RR 257,203 thousand).

(in thousands of Russian Roubles)

Note 15. Finance income

	9 months ended 30 September 2011	9 months ended 30 September 2010
Release of discounting effect of long-term promissory notes received	76,149	115,067
Interest income on bank deposits and current bank account balances	24,120	310,047
Foreign exchange differences	-	4,077
Other finance income	502	1,486
Total	**100,771**	**430,677**

Note 16. Finance costs

	9 months ended 30 September 2011	9 months ended 30 September 2010
Interest expense on debt	368,379	468,744
Unwinding of the present value discount for provision for ash dump	53,395	32,491
Interest expense under finance lease agreements	17,227	157
Effect of discounting of long-term promissory notes received	3,552	-
Foreign exchange differences	923	-
Total	**443,476**	**501,392**

Note 17. Earnings per share

	9 months ended 30 September 2011	9 months ended 30 September 2010
Weighted average number of ordinary shares issued	32,546,444,718	32,733,081,332
Profit attributable to the shareholders of OJSC "OGK-2" (thousands of RR)	2,058,658	2,842,799
Earning per ordinary share attributable to the shareholders of OJSC "OGK-2" – basic and diluted (in RR)	**0.06**	**0.09**

Note 18. Capital commitments

As at 30 September 2011 in the framework of the investment program implementation the Group has capital commitments (including VAT) of RR 39,304,442 thousand (as at 31 December 2010: RR 43,068,198 thousand).

As at 30 September 2011 the Group has commitments of RR 36,654 thousand in respect of software implementation costs (as at 31 December 2010: RR 227,932 thousand).

Note 19. Contingencies

Political 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. Group is 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 and currency legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant regional and federal authorities, in particular, the way of accounting of water tax, deductibility of certain expenses.

(in thousands of Russian Roubles)

As at 30 September 2011 management believes that its interpretation of the relevant legislation is appropriate and the Group's tax and currency positions will be sustained. Where management believes it is probable that a position cannot be sustained, an appropriate amount has been accrued for in these financial statements.

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

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 periodically evaluates their obligations under environmental regulations.

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 financial statements.

Note 20. 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 99,6% of the Group revenue. The technology of electricity and heat production does not allow segregation of electricity and heat segments. Due to significant decentralization and distances between Company branches, the Group identifies six primary reporting segments: Surgutskaya GRES-1, Troitskaya GRES, Stavropolskaya GRES, Serovskaya GRES, Pskovskaya GRES and Adlerskaya TES. 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 difference is the estimation of the value of property, plant and equipment. The Group does not have inter-segment revenue.

9 months ended 30 September 2011	Surgutskaya GRES-1	Stavropol-skaya GRES	Troitskaya GRES	Serovskaya GRES	Pskovskaya GRES	Adler-skaya TES	**Total operating segments**
Revenue	18,398,338	11,349,845	4,811,488	3,254,289	2,079,673	-	**39,893,633**
Segment operating profit / (loss) before income tax	4,880,272	1,148,829	(565,999)	13,708	(35,323)	(63,551)	**5,377,936**

9 months ended 30 September 2010	Surgutskaya GRES-1	Stavropol-skaya GRES	Troitskaya GRES	Serovskaya GRES	Pskovskaya GRES	Adler-skaya TES	**Total operating segments**
Revenue	15,399,459	9,116,244	6,397,150	2,289,273	1,871,847	460	**35,074,433**
Segment operating profit / (loss) before income tax	4,159,480	693,261	275,276	(80,056)	25,414	101	**5,073,476**

(in thousands of Russian Roubles)

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

	9 months ended 30 September 2011	9 months ended 30 September 2010
Segment operating profit	5,377,936	5,073,476
Adjustments, arised from different accounting policy:		
Provision for impairment of trade and other receivables	(571,206)	(245,137)
Share option plan	-	(685,557)
Depreciation adjustment	(388,112)	(501,745)
Gain on disposal of assets	(34,469)	587
Other adjustments	577	182,505
Unallocated expenses	(1,312,255)	(77,737)
Operating profit (IFRS)	3,072,471	**3,746,392**

Segment's assets are disclosed below:

	Surgutskaya GRES-1	Stavropol-skaya GRES	Troitskaya GRES	Serovskaya GRES	Pskovskaya GRES	Adler-skaya TES	Total assets
30 September 2011	4,058,909	3,015,235	23,587,988	10,095,248	2,263,499	5,401	**43,026,280**
31 December 2010	4,039,167	2,502,992	17,977,793	9,896,458	2,390,110	2,441	**36,808,961**

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

	30 September 2011	31 December 2010
Total assets for reportable segment	43,026,280	36,808,961
Adjustments, arised from different accounting policy:		
Property, plant and equipment adjustment	5,919,682	6,055,379
Prepayments / deposits for pensions	260,095	225,839
Discounting of promissory notes	(281,707)	(354,304)
Impairment of trade and other receivables	(715,622)	(144,416)
Provision for inventory obsolescence	(45,509)	(32,016)
Other adjustments	(451,520)	(630,769)
Unallocated assets	6,120,969	10,189,797
Total assets (IFRS)	**53,832,668**	**52,118,471**

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, 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.