

**OGK-2 GROUP
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)
FOR THE THREE MONTHS ENDED 31 MARCH 2012 (UNAUDITED)**

OGK-2 Group

Interim Condensed Consolidated Statement of Financial Position as at 31 March 2012 (unaudited)

(in thousands of Russian Roubles)

	Notes	31 March 2012	31 December 2011
ASSETS			
Non-current assets			
Property, plant and equipment	5	107,273,347	106,497,335
Intangible assets		1,313,820	1,297,359
Other non-current assets		3,327,658	3,211,158
Total non-current assets		111,914,825	111,005,852
Current assets			
Cash and cash equivalents	6	901,748	359,116
Trade and other receivables	7	13,462,973	13,585,399
Inventories	8	6,818,249	6,158,002
Current income tax prepayments		226,583	894,405
Other current assets		546	-
Total current assets		21,410,099	20,996,922
TOTAL ASSETS		133,324,924	132,002,774
EQUITY AND LIABILITIES			
Equity			
Share capital			
Ordinary shares		21,518,239	21,518,239
Treasury shares		(4,058,414)	(4,058,238)
Share premium		23,916,508	23,916,508
Retained earnings		41,525,544	41,097,814
Total equity		82,901,877	82,474,323
Non-current liabilities			
Deferred income tax liabilities		6,106,397	6,234,194
Non-current debt	10	29,418,432	27,168,240
Retirement benefit obligations		1,739,073	1,682,222
Restoration provision		519,375	521,670
Other long-term liabilities	11	281,113	241,261
Total non-current liabilities		38,064,390	35,847,587
Current liabilities			
Current debt and current portion of non-current debt	12	1,613,946	5,601,708
Trade and other payables	13	9,496,351	7,431,510
Other taxes payable	14	1,177,009	597,478
Restoration provision		71,351	50,168
Total current liabilities		12,358,657	13,680,864
Total liabilities		50,423,047	49,528,451
TOTAL EQUITY AND LIABILITIES		133,324,924	132,002,774

Deputy General Director on economics and finance

N.V. Vaytuienis

Chief Accountant

B.Z. Delgoorshinnih

20 May 2012

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

OGK-2 Group
Interim Condensed Consolidated Income Statement for the 3 months ended 31 March 2012
(unaudited)
(in thousands of Russian Roubles, except for earning per ordinary share information)

	Notes	3 months ended 31 March 2012	3 months ended 31 March 2011 (Restated)
Revenues	15	27,118,209	30,019,480
Operating expenses	16	(25,648,580)	(25,666,500)
Other operating items		(116,660)	(147,699)
Operating profit		1,352,969	4,205,281
Finance income	17	69,416	75,335
Finance costs	18	(779,660)	(364,886)
Profit before income tax		642,725	3,915,730
Income tax charge		(66,587)	(801,645)
Profit for the period		576,138	3,114,085
Attributable to:			
Shareholders of OJSC OGK-2		576,138	3,114,085
Earning per ordinary share for profit attributable to the shareholders of OJSC OGK-2 – basic and diluted (in Russian Roubles)	19	0.01	0.05

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

OGK-2 Group
Interim Condensed Consolidated Statement of Comprehensive Income for the 3 months ended
31 March 2012 (unaudited)
(in thousands of Russian Roubles)

Notes	3 months ended 31 March 2012	3 months ended 31 March 2011 (Restated)
Profit for the period	576,138	3,114,085
Net change in fair value of available-for-sale investments (net of income tax)	8,539	(16,618)
Total comprehensive income for the period	584,677	3,097,467
Attributable to:		
Shareholders of OJSC OGK-2	584,677	3,097,467

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 3 months ended 31 March 2012
(unaudited)
(in thousands of Russian Roubles)

	Notes	3 months ended 31 March 2012	3 months ended 31 March 2011 (Restated)
CASH FLOW FROM OPERATING ACTIVITIES:			
Profit before income tax		642,725	3,915,730
Adjustments to reconcile profit before income tax to net cash provided by operations:			
Depreciation of property, plant and equipment	5	1,267,303	877,740
Amortisation of intangible assets		21,813	17,072
Charge of provision for impairment of trade and other receivables	16	29,491	73,440
Reversal of provision for inventory obsolescence	16	(1,726)	(39)
Finance income	17	(69,416)	(75,335)
Finance costs	18	779,660	364,886
Increase in retirement benefit obligations	16	43,524	37,770
Loss on disposal of assets	16	5,360	23,989
Other non-cash items		71,573	109,093
Operating cash flows before working capital changes and income tax paid		2,790,307	5,344,346
Working capital changes:			
Increase in trade and other receivables		(102,735)	(7,764,316)
Payments in respect of retirement benefit obligations		(31,251)	(46,887)
(Increase) / decrease in inventories		(664,546)	440,825
Increase in other current assets		(546)	(26,433)
Increase in other non-current assets		-	(97,024)
Increase in trade and other payables		1,928,470	1,709,439
Decrease in other non-current liabilities		-	(12,195)
Increase in taxes payable, other than income tax		615,537	1,240,952
Income tax received / (paid) in cash		435,297	(540,953)
Net cash generated from operating activities		4,970,533	247,764
CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(1,987,530)	(2,356,988)
Proceeds from sale of property, plant and equipment		12,548	1,111
Purchase of intangible assets		(38,274)	(1,552)
Proceeds from deposits		-	24,670
Interest received		7,677	21,377
Net cash used in investing activities		(2,005,579)	(2,311,382)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from short-term borrowings		195,561	4,300,000
Proceeds from long-term borrowings		2,229,612	-
Repayment of short-term borrowings		(4,195,561)	(4,300,000)
Interest paid		(461,028)	(300,231)
Payments under finance lease		(32,444)	(12,873)
Finance lease advance		(1,717)	-
Expenses for share issue		(156,947)	-
Dividend paid by the Group to shareholders of OGK-2		(48)	-
Proceeds from sale of treasury shares		250	-
Net cash used in from financing activities		(2,422,322)	(313,104)
Net increase / (decrease) in cash and cash equivalents		542,632	(2,376,732)
Cash and cash equivalents at the beginning of the period	6	359,116	5,362,378
Cash and cash equivalents at the end of the period	6	901,748	2,985,646

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

OGK-2 Group
Interim Condensed Consolidated Statement of Changes in Equity for the 3 months ended
31 March 2012 (unaudited)
(In thousands of Russian Roubles)

	Share capital	Treasury shares	Share premium	Retained earnings	Total
At 1 January 2011 (Restated)	11,872,828	(12,037)	23,916,508	51,121,762	86,899,061
Profit for the period	-	-	-	3,114,085	3,114,085
Available-for-sale investments	-	-	-	(16,618)	(16,618)
Total comprehensive income for the period	-	-	-	3,097,467	3,097,467
At 31 March 2011 (Restated)	11,872,828	(12,037)	23,916,508	54,219,229	89,996,528
At 1 January 2012	21,518,239	(4,058,238)	23,916,508	41,097,814	82,474,323
Profit for the period	-	-	-	576,138	576,138
Available-for-sale investments	-	-	-	8,539	8,539
Total comprehensive income for the period	-	-	-	584,677	584,677
Sale of treasure shares	-	250	-	-	250
Expenses for share issue	-	-	-	(156,947)	(156,947)
Acquisition of treasury shares	-	(426)	-	-	(426)
At 31 March 2012	21,518,239	(4,058,414)	23,916,508	41,525,544	82,901,877

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

OGK-2 Group

Notes to Interim Condensed Consolidated Financial Statements for the 3 months ended

31 March 2012 (unaudited)

(in thousands of Russian Roubles)

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.

On 21 June 2011 the General Shareholders Meeting of OJSC "OGK-2" made a decision to merge OJSC "OGK-2" with another company controlled by Gazprom, Open Joint Stock Company "The Sixth Generating Company of the Wholesale Electric Power Market" ("OJSC "OGK-6") in accordance with terms specified in the OJSC "OGK-2" and OJSC "OGK-6" merger agreement. OJSC "OGK-6" was established on 17 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 merger resulted in the transfer of assets and liabilities of OJSC "OGK-6" to OJSC "OGK-2". Upon the completion of the merger OJSC "OGK-6" ceased to exist. The merger has been completed on 1 November 2011.

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

	% owned	
	31 March 2012	31 December 2011
LLC "OGK-InvestProekt" (the former subsidiary of OJSC "OGK-6")	100%	100%
LLC "OGK-2 Finance"	100%	100%

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, Kirishskaya GRES, Ryazanskaya GRES, Novochoercasskaya GRES, Krasnoyarskaya GRES-2, Cherepovetskaya GRES.

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 31 March 2012 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 31 March 2012 and 31 December 2011.

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.

The government of the Russian Federation directly affects the Group's operations through regulations of wholesale and retail sales of electricity and heat exercised by the Federal Service on Tariffs ("FST") and the Tariffs regulation Executive authorities. JSC "System Operator of the United Power System" ("SO UPS"), which is controlled by the Russian Federation, regulates operations of generating assets of the Group.

As described in Note 21, 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 3 months ended 31 March 2012 ("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 2011, which have been prepared in accordance with IFRS.

OGK-2 Group
Notes to Interim Condensed Consolidated Financial Statements for the 3 months ended
31 March 2012 (unaudited)
(in thousands of Russian Roubles)

Restatement. These consolidated financial statements have been prepared as if the merger of OJSC "OGK-2" and OJSC "OGK-6" described in Note 1 had been completed prior to 1 January 2010.

The comparative information has been restated for the effect of the merger of OJSC "OGK-2" and OJSC "OGK-6" as described below:

	As previously reported, 3 months ended 31 March 2011, in thousand RR	Retrospective consolidation of OJSC "OGK-6", in thousand RR	As restated, 3 months ended 31 March 2011, in thousand RR
Revenues	15,470,425	14,552,664	30,019,480
Operating expenses	(12,746,177)	(12,923,932)	(25,666,500)
Other operating items	6,150	(153,849)	(147,699)
Operating profit	2,730,398	1,474,883	4,205,281
Finance income	55,495	19,840	75,335
Finance costs	(141,643)	(223,243)	(364,886)
Profit before income tax	2,644,250	1,271,480	3,915,730
Income tax charge	(556,743)	(244,902)	(801,645)
Profit for the period	2,087,507	1,026,578	3,114,085
Earning per ordinary share for profit attributable to the shareholders of OJSC OGK-2 – basic and diluted (in Russian Roubles)	0.06	0.03	0.05

Note 3. Accounting policies

The accounting policies are consistent with those of the annual financial statements for the year ended 31 December 2011, 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 2012.

The following amendments to standards are mandatory for the first time for the financial year beginning 1 January 2012:

- Amendment to IFRS 7 *Disclosures – Transfers of Financial Assets*.

The effect of adoption of the above amendment to standard on these financial statements was not significant.

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

- IAS 19 (2011) *Employee Benefits*;
- IAS 28 (2011) *Investments in Associates and Joint Ventures*;
- IFRS 9 *Financial Instruments*;
- IFRS 10 *Consolidated Financial Statements*;
- IFRS 11 *Joint Arrangements*;
- IFRS 12 *Disclosure of Interests in Other Entities*;
- IFRS 13 *Fair Value Measurement*;
- Amendment to IAS 1 *Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income*;
- *Improvements to IFRSs*.

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

OGK-2 Group**Notes to Interim Condensed Consolidated Financial Statements for the 3 months ended****31 March 2012 (unaudited)**

(in thousands of Russian Roubles)

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 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 FST, prices for electricity and capacity are based on tariffs set by FST and also based on competitive takeoff on the wholesale electricity (capacity) market. Loans are granted at market rates.

Transactions with Gazprom Group and its associates

Transactions with Gazprom Group were as follows:

	3 months ended 31 March 2012	3 months ended 31 March 2011 (Restated)
<i>Sales:</i>		
Sales of electricity and capacity	1,692,273	3,133,208
Sales of heat	165	147
Other sales	9,425	-
Other income	11	8,122
<i>Purchases:</i>		
Purchases of gas	11,138,804	11,503,292
Other purchases	193,733	62,159
Other expenses	2,419	36

Balances with Gazprom Group were as follows:

	31 March 2012	31 December 2011
Trade and other receivables	203,206	564,467
Trade and other payables	2,613,381	601,901
Loans (non-current debt)	9,262,664	6,901,877
Cash OJSC "Gazprombank"	71	823

Interest expense accrued in respect of loans for the 3 months ended 31 March 2012 was nil (for the 3 months ended 31 March 2011: nil). The Group had no deposits held in banks related to Gazprom Group as at 31 March 2012 and as at 31 December 2011. Interest income on bank deposits accrued for the 3 months ended 31 March 2012 equals zero (for the 3 months ended 31 March 2011: nil).

The Group received guarantee from OJSC "Gazprombank" in the amount of RR 2 946 thousand.

Transactions with state-controlled entities and its associates

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 and purchases of electricity and capacity) are not significant either individually or collectively. The Group received guarantees from OJSC "VTB" in the amount of RR 3,358,859 thousand, and from OJSC "Sberbank" in the amount of RR 3,128,306 thousand.

OGK-2 Group**Notes to Interim Condensed Consolidated Financial Statements for the 3 months ended****31 March 2012 (unaudited)**

(in thousands of Russian Roubles)

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

	3 months ended 31 March 2012	3 months ended 31 March 2011 (Restated)
Sales of electricity and capacity	5,664,316	3,302,023
Charge of provision for impairment of trade receivables	190,762	69,742
Reversal of provision for impairment of trade receivables	(1,365)	-
Purchases of electricity and capacity	2,109,946	1,875,505

Significant balances with state-controlled entities were as follows:

	31 March 2012	31 December 2011
Trade and other receivables, gross	3,675,645	3,436,396
Provision for impairment of trade and other receivables	(2,030,969)	(1,856,575)
Trade and other payables	714,637	725,758

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 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 3 months ended 31 March 2012 was RR 20,426 thousand (for the 3 months ended 31 March 2011: RR 23,680 thousand).

Transactions with other related parties

Transactions with other related parties represent transactions with the pension fund of energy industry (NPF Electroenergetiki). For the 3 months ended 31 March 2012 the Group's expenses from transactions with NPF Electroenergetiki equals zero (3 months ended 31 March 2011: RR 26,812 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 2012	31,912,121	16,787,828	28,667,762	15,133,297	1,549,213	60,030,913	154,081,134
Additions	-	-	-	2,458	57,349	2,000,507	2,060,314
Transfer	1,971,295	1,536,068	12,692,097	2,015,432	10,910	(18,225,802)	-
Disposals	(40,867)	(12,619)	(2)	(2,814)	(4,494)	-	(60,796)
Closing balance as at 31 March 2012	33,842,549	18,311,277	41,359,857	17,148,373	1,612,978	43,805,618	156,080,652
Accumulated depreciation (including impairment)							
Opening balance as at 1 January 2012	(13,650,264)	(9,451,315)	(15,914,039)	(7,271,973)	(966,573)	(329,635)	(47,583,799)
Charge for the period	(171,210)	(186,869)	(511,195)	(355,021)	(43,008)	-	(1,267,303)
Disposals	24,722	12,615	-	2,779	3,681	-	43,797
Closing balance as at 31 March 2012	(13,796,752)	(9,625,569)	(16,425,234)	(7,624,215)	(1,005,900)	(329,635)	(48,807,305)
Net book value as at 31 March 2012	20,045,797	8,685,708	24,934,623	9,524,158	607,078	43,475,983	107,273,347
Net book value as at	18,261,857	7,336,513	12,753,723	7,861,324	582,640	59,701,278	106,497,335

OGK-2 Group
Notes to Interim Condensed Consolidated Financial Statements for the 3 months ended
31 March 2012 (unaudited)
(in thousands of Russian Roubles)

1 January 2012

Cost	Production buildings	Constructions	Energy machinery and equipment	Other machinery and equipment	Other	Construction in progress	Total
Opening balance as at 1 January 2011 (Restated)	31,645,204	16,029,174	29,082,518	12,298,686	1,365,105	45,906,647	136,327,334
Additions	-	-	6	11,105	63,848	1,769,409	1,844,368
Transfer	41,353	53,321	543,276	523,917	3,610	(1,165,477)	-
Disposals	(6,177)	(1,398)	(27)	(4,685)	(1,818)	-	(14,105)
Closing balance as at 31 March 2011 (Restated)	31,680,380	16,081,097	29,625,773	12,829,023	1,430,745	46,510,579	138,157,597
Accumulated depreciation (including impairment)							
Opening balance as at 1 January 2011 (Restated)	(13,083,487)	(8,731,090)	(15,663,231)	(5,558,085)	(859,914)	(328,576)	(44,224,383)
Charge for the period	(156,379)	(145,873)	(312,400)	(228,876)	(34,212)	-	(877,740)
Disposals	3,384	996	20	4,172	1,758	-	10,330
Closing balance as at 31 March 2011 (Restated)	(13,236,482)	(8,875,967)	(15,975,611)	(5,782,789)	(892,368)	(328,576)	(45,091,793)
Net book value as at 31 March 2011 (Restated)	18,443,898	7,205,130	13,650,162	7,046,234	538,377	46,182,003	93,065,804
Net book value as at 1 January 2011 (Restated)	18,561,717	7,298,084	13,419,287	6,740,601	505,191	45,578,071	92,102,951

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:

	31 March 2012	31 December 2011
Energy machinery and equipment	47,318	48,238
Other machinery and equipment	199,348	196,287
Other	156,639	117,042
Total	403,305	361,567

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 48 years.

Operating lease rentals are payable as follows:

	31 March 2012	31 December 2011
Not later than one year	683,841	616,193
Later than one year and not later than five years	1,695,850	1,489,902
Later than five years and not later than ten years	687,518	620,992
Later than ten years	2,363,563	1,973,651
Total	5,430,772	4,700,738

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.

OGK-2 Group
Notes to Interim Condensed Consolidated Financial Statements for the 3 months ended
31 March 2012 (unaudited)

(in thousands of Russian Roubles)

Note 6. Cash and cash equivalents

	Currency	31 March 2012	31 December 2011
Current bank accounts	RR	892,891	337,816
Bank deposits with maturity of 3 months or less	RR	8,000	20,000
Other cash equivalents	RR	857	1,300
Total		901,748	359,116

The Group has current bank accounts in the following banks:

Cash in bank	Credit rating on 31 March 2012*	31 March 2012	Credit rating on 31 December 2011*	31 December 2011
OJSC "BANK "ROSSIYA"	E+/ Stable	718,920	E+/Stable	148,749
OJSC "Alfa-bank"	D/ Stable	96,229	D/Stable	90,549
OJSC "Eurofinance Mosnarbank"	E+/ Ratings Under Review	69,461	E+/Ratings Under Review	71,112
CJSC "International Industrial Bank "	-	4,271	-	4,271
CJSC "VTB 24"	D-/ Negative	2,297	D-/Negative	926
OJSC "Sberbank"	D+/ Stable	1,397	D+/Stable	21,074
OJSC "Transcreditbank"	D-/ Stable	195	D-/Stable	199
OJSC "Gazprombank"	E+/ Stable	71	E+/Stable	823
OJSC "Promsvyazbank" (PSB)	D/ Negative	39	D/Stable	41
OJSC "Nomos-bank"	D-/ Stable	8	D-/Stable	70
OJSC "URALSIB"	D-/ Stable	3	D-/Stable	2
Total cash in bank		892,891		337,816

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

Credit quality of bank deposits is presented below:

Bank deposits with maturity of 3 months or less	Interest rate	Credit rating on 31 March 2012*	31 March 2012	Interest rate	Credit rating on 31 December 2011*	31 December 2011
OJSC "Sberbank"	5.41%	Not-Prime	8,000	5.84%	Not-Prime	8,000
OJSC "BANK "ROSSIYA"	-	-	-	5.75%	Not-Prime	12,000
Total bank deposits with maturity of 3 months or less			8,000			20,000

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

OGK-2 Group**Notes to Interim Condensed Consolidated Financial Statements for the 3 months ended****31 March 2012 (unaudited)**

(in thousands of Russian Roubles)

Note 7. Trade and other receivables

	31 March 2012	31 December 2011
Trade receivables	7,002,086	6,578,502
(net of provision for impairment of trade receivables of RR 2,632,942 thousand as at 31 March 2012 and RR 2,603,520 thousand as at 31 December 2011; effect of discounting of long-term trade receivables of RR 52,649 thousand as at 31 March 2012 and nil as at 31 December 2011)		
Other receivables	4,334,117	4,297,505
(net of provision for impairment of other receivables of RR 1,269,032 thousand as at 31 March 2012 and RR 1,268,972 thousand as at 31 December 2011)		
Promissory notes	945,853	671,326
(nominal value of promissory notes is RR 1,365,513 thousand as at 31 March 2012 and RR 1,063,749 thousand as at 31 December 2011)		
Interest receivables	4,636	-
Financial assets	12,286,692	11,547,333
Input VAT	3,905,423	3,895,759
Advances to suppliers	165,641	418,799
(net of provision for impairment of advances to suppliers of RR 16,637 thousand as at 31 March 2012 and RR 16,637 thousand as at 31 December 2011)		
Prepaid other tax and social funds contribution	61,034	554,208
Total	16,418,790	16,416,099
Less: Long-term input VAT from advances paid	(2,159,010)	(2,200,226)
Long-term promissory notes	(632,844)	(610,518)
(nominal value of promissory notes is RR 1,038,144 thousand as at 31 March 2012 and RR 998,642 thousand as at 31 December 2011)		
Long-term restructured trade and other receivables	(163,963)	(19,956)
(net of provision for impairment of trade and other receivables of RR 13,020 thousand as at 31 March 2012 and RR 13,752 thousand as at 31 December 2011, effect of discounting of long-term trade receivables of RR 52,649 thousand as at 31 March 2012 and nil as at 31 December 2011)		
Total	13,462,973	13,585,399

Note 8. Inventories

	31 March 2012	31 December 2011
Fuel supplies	3,979,962	3,942,509
Materials and supplies	1,184,954	846,441
Spare parts	1,577,749	1,293,468
Other inventories	75,584	75,584
Total	6,818,249	6,158,002

The above inventory balances are recorded net of obsolescence provision of RR 51,624 thousand and RR 53,350 thousand as at 31 March 2012 and 31 December 2011, respectively. There is no inventory pledged as collateral at 31 March 2012 and at 31 December 2011.

Note 9. Equity**Dividends**

There were no dividends proposed or declared before the financial statements were authorized.

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Note 10. Non-current debt

	Currency	Effective interest rate	Due	31 March 2012	31 December 2011
Loans	RR	7.25%-8.40%	2015-2022	29,231,489	27,001,877
Finance lease liability	RR	19.62%-32.5%	2013-2016	186,943	166,363
Total				29,418,432	27,168,240

Maturity table

	31 March 2012	31 December 2011
Due for repayment		
Between one and two years	68,997	56,826
Between two and three years	61,552	42,357
Between three and four years	13,649,909	13,647,363
Between four and five years	6,506,485	6,519,817
More than five years	9,131,489	6,901,877
Total	29,418,432	27,168,240

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	31 March 2012	31 December 2011
Due for repayment		
Less than one year	134,592	111,088
Between one year and five years	249,995	219,883
Future finance charges on finance lease	(116,248)	(95,450)
Present value of lease liabilities	268,339	235,521

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. Other long-term liabilities

	31 March 2012	31 December 2011
Trade payables	271,053	230,885
Accrued liabilities and other payables	10,060	10,376
Total finance liabilities	281,113	241,261

Note 12. Current debt and current portion of non-current debt

	Currency	Effective interest rate	31 March 2012	31 December 2011
OJSC "BANK "ROSSIYA"	RR	5.80%	-	4,000,000
Bonds	RR	7.25%	1,532,550	1,532,550
Current portion of finance lease liability	RR	11.36%-43.89%	81,396	69,158
Total			1,613,946	5,601,708

All of the above bank 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.

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Note 13. Trade and other payables

	31 March 2012	31 December 2011
Trade payables	8,041,813	5,972,946
Accrued liabilities and other payables	540,819	728,692
Interest payable	187,449	21,917
Dividend payable	3,678	3,726
Financial liabilities	8,773,759	6,727,281
Salaries and wages payable	695,245	671,985
Advances from customers	27,347	32,244
Total	9,496,351	7,431,510

Trade payables, accrued liabilities and other payables are classified as financial liabilities. The Group's management believes that the majority of suppliers, whose balances are included in trade and other payables balance, relate to the same class of reliable suppliers with similar characteristics.

Note 14. Other taxes payable

	31 March 2012	31 December 2011
Value added tax	347,450	-
Property tax	316,869	97,475
Social tax	259,526	252,625
Water usage tax	100,250	129,108
Environment pollution payment	74,833	46,215
Personal income tax	48,487	54,991
Other taxes	29,594	17,064
Total	1,177,009	597,478

Note 15. Revenues

	3 months, ended 31 March 2012	3 months, ended 31 March 2011 (Restated)
Electricity and capacity	25,698,031	28,517,021
Heating	1,190,645	1,238,245
Other	229,533	264,214
Total	27,118,209	30,019,480

OGK-2 Group

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Note 16. Operating expenses

	Notes	3 months, ended 31 March 2012	3 months, ended 31 March 2011 (Restated)
Fuel		17,042,478	17,253,428
Purchased electricity, capacity and heat		2,163,596	2,564,594
Employee benefits		1,918,375	1,877,880
Depreciation and amortisation of property, plant, equipment and intangible assets	5	1,289,116	894,812
Repairs and maintenance		580,708	576,865
Taxes other than income tax		552,154	489,229
Dispatcher's fees		405,667	404,746
Raw materials and supplies		364,115	318,345
Transport		180,823	167,187
Rent		118,618	122,395
Ecological payments		117,642	93,127
Consulting, legal and audit services		69,004	49,777
Insurance		49,370	49,379
Provision for impairment of trade and other receivables		29,491	73,440
Loss on disposal of property, plant, equipment		15,440	33,460
Reversal of provision for inventory obsolescence	8	(1,726)	(39)
Profit on disposal of other assets		(10,080)	(9,471)
Other expenses		763,789	707,346
Total operating expenses		25,648,580	25,666,500

Employee benefits expenses comprise the following:

	3 months, ended 31 March 2012	3 months, ended 31 March 2011 (Restated)
Salaries and wages	1,427,808	1,397,002
Social funds contribution	421,292	393,177
Non-state pensions and other long-term benefits	43,524	37,770
Financial aid to employees and pensioners	25,751	49,931
Employee benefits	1,918,375	1,877,880
Number of personnel at the end of the period	10,141	10,095

Included in social funds contribution are statutory pension contributions of RR 310,459 thousand (for the 3 month ended 31 March 2011: RR 316,328 thousand).

Note 17. Finance income

	3 months, ended 31 March 2012	3 months, ended 31 March 2011 (Restated)
Foreign exchange differences	46,859	6,600
Interest income on bank deposits and current bank account balances	12,274	21,365
Release of discounting effect of long-term promissory notes received	10,201	47,341
Other finance income	82	29

OGK-2 Group**Notes to Interim Condensed Consolidated Financial Statements for the 3 months ended****31 March 2012 (unaudited)**

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Total finance income	69,416	75,335
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Note 18. Finance costs

	3 months, ended 31 March 2012	3 months, ended 31 March 2011 (Restated)
Interest expense on debt	(605,911)	(323,757)
Effect of discounting of long-term restructured trade receivables	(52,649)	-
Interest on employee benefit obligations	(50,938)	(16,778)
Effect of discounting of long-term promissory notes received	(37,438)	(4,687)
Unwinding of the present value discount - provision for ash dump	(18,888)	(18,721)
Interest expense under finance lease agreements	(13,836)	(943)
Total finance costs	(779,660)	(364,886)

Note 19. Earnings per share

	3 months, ended 31 March 2012	3 months, ended 31 March 2011 (Restated)
Weighted average number of ordinary shares issued	56,966,984,121	59,319,956,660
Profit attributable to the shareholders of OJSC "OGK-2" (thousand of RR)	576,138	3,114,085
Earning per ordinary share attributable to the shareholders of OJSC "OGK-2" – basic and diluted (in RR)	0.01	0.05

Note 20. Capital commitments

As at 31 March 2012 in the framework of the investment program implementation the Group has capital commitments (including VAT) of RR 65,372,990 thousand (as at 31 December 2011: RR 66,616,100 thousand).

As at 31 March 2012 the Group has commitments of RR 18,875 thousand in respect of software implementation costs (as at 31 December 2011 - RR 76,685 thousand).

Note 21. 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.

As at 31 March 2012 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.

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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 consolidated financial statements.

Note 22. 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 99.2% 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 discloses seven reporting segments: Surgutskaya GRES-1, Troitskaya GRES, Stavropolskaya GRES, Serovskaya GRES, Kirishskaya GRES, Novocherkasskaya GRES, Ryazanskaya 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 difference is the estimation of the value of property, plant and equipment. The Group does not have inter-segment revenue.

Year ended 31 March 2012	Surgutskaya GRES-1	Stavropolskaya GRES	Troitskaya GRES	Serovskaya GRES	Kirishskaya GRES
Revenue	5,646,981	4,915,452	1,532,142	800,279	3,792,712
Segment operating profit/ (loss)	1,315,988	371,200	(285,711)	(14,611)	316,932
Year ended 31 March 2012	Novocherkasskaya GRES	Ryazanskaya GRES	Other operating segments	Total operating segments	
Revenue	3,296,832	3,445,974	3,687,837	27,118,209	
Segment operating profit/ (loss)	363,412	66,152	352,362	2,485,724	
Year ended 31 March 2011 (Restated)	Surgutskaya GRES-1	Stavropolskaya GRES	Troitskaya GRES	Serovskaya GRES	Kirishskaya GRES
Revenue	6,727,956	4,708,327	1,893,308	1,261,477	3,954,880
Segment operating profit/ (loss) before income tax	2,161,326	866,193	(9,920)	131,165	661,022
Year ended 31 March 2011 (Restated)	Novocherkasskaya GRES	Ryazanskaya GRES	Other operating segments	Total operating segments	
Revenue	4,036,531	3,863,977	3,576,633	30,023,089	
Segment operating profit/ (loss) before income tax	710,568	397,960	403,309	5,321,623	

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

	3 months ended 31 March 2012	3 months ended 31 March 2011 (Restated)
Segment operating profit	2,485,724	5,321,623
Adjustments, arising from different accounting policy:		
Provision for impairment of trade and other receivables	(780)	(109,382)
Depreciation adjustment	(324,555)	(190,302)
Loss on disposal of assets	(6,221)	(9,991)
Other adjustments	215,863	(161,897)
Unallocated expenses:	(1,017,062)	(848,173)
Provision for impairment of trade and other receivables	(180,890)	61,448
Employee benefit	(165,099)	(175,657)
Rent	(77,949)	(33,875)
Consulting, legal and audit services	(65,154)	(13,003)
Other corporate expense	(527,970)	(687,086)
Operating profit (IFRS)	1,352,969	4,001,878

Segment's assets are disclosed below:

	Surgutskaya GRES-1	Stavropolskaya GRES	Troitskaya GRES	Serovskaya GRES	Kirishskaya GRES
31 March 2012	4,222,590	3,076,257	26,589,723	10,197,211	21,894,589
31 December 2011	4,136,252	2,887,087	25,899,355	9,996,699	21,545,458

	Novocherkasskaya GRES	Ryazanskaya GRES	Other operating segments	Total assets
31 March 2012	16,181,163	12,578,402	9,067,935	103,807,870
31 December 2011	16,107,227	12,554,617	9,032,526	102,159,221

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

	3 months ended 31 March 2012	Year ended 31 December 2011
Total assets for reportable segment	103,807,870	102,159,221
Adjustments, arising from different accounting policy:		
Property, plant and equipment adjustment	14,256,857	14,578,216
Prepayments / deposits for pensions	257,303	263,663
Discounting of promissory notes	(419,660)	(392,423)
Impairment of trade and other receivables	-	(14,599)
Provision for inventory obsolescence	(51,624)	(53,350)
Other adjustments	(6,910)	(154,857)
Unallocated assets	15,481,088	15,616,903
Total assets (IFRS)	133,324,924	132,002,774

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.

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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.