OGK-1 GROUP
CONSOLIDATED FINANCIAL STATEMENTS
PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)
FOR THE YEAR ENDED 31 DECEMBER 2009

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IFRS CONSOLIDATED FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of Open Joint Stock Company "First Generating Company of the Wholesale Electric Power Market" (JSC "OGK-1"):

1 We have audited the accompanying consolidated financial statements of JSC "OGK-1" and its subsidiaries (the "Group") which comprise the consolidated statement of financial position as at 31 December 2009 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

2 Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

3 Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5 We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6 In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2009, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

ZAO PricewaterhouseCoopers Audit

30 April 2010
Moscow, Russian Federation

(in millions of Russian Roubles)

Consolidated Statement of financial position

	Notes	31 December 2009	31 December 2008
ASSETS			
Non-current assets			
Property, plant and equipment	8	36,866	33,677
Intangible assets		96	124
Other non-current assets	9	328	353
Total non-current assets		**37,290**	**34,154**
Current assets			
Cash and cash equivalents	10	9,579	1,930
Accounts receivable and prepayments	11	4,277	4,377
Inventories	12	2,224	2,706
Loans issued	13	-	6,543
Other current assets	14	482	200
Total current assets		**16,562**	**15,756**
TOTAL ASSETS		**53,852**	**49,910**
EQUITY AND LIABILITIES			
Equity	15		
Share capital		25,660	25,660
Treasury shares		(40)	(40)
Other reserves		(38)	(62)
Retained earnings		10,358	7,229
Total equity		**35,940**	**32,787**
Non-current liabilities			
Deferred profit tax liabilities	16	3,063	2,814
Non-current debt	18	8,211	3,316
Pension liabilities	17	424	419
Other non-current liabilities		7	7
Total non-current liabilities		**11,705**	**6,556**
Current liabilities			
Current debt and current portion of non-current debt	19	2,717	7,356
Accounts payable and accrued charges	20	2,793	2,651
Taxes payable	21	697	560
Total current liabilities		**6,207**	**10,567**
Total liabilities		**17,912**	**17,123**
TOTAL EQUITY AND LIABILITIES		**53,852**	**49,910**

Executive Director — Tolstogusov S.N.

Chief Accountant — Evdokimova M.R.

30 April 2010

(in millions of Russian Roubles)

Consolidated Statement of comprehensive income

	Notes	Year ended 31 December 2009	Year ended 31 December 2008
Revenues	22	49,292	49,898
Operating expenses	23	(46,317)	(47,249)
Operating profit		**2,975**	**2,649**
Gain on dilution of interest in NVGRES Holding Ltd.	26	-	4,641
Finance income	24	961	628
Profit before profit tax		**3,936**	**7,918**
Total profit tax charge	16	(807)	(461)
Profit for the period		**3,129**	**7,457**
Other comprehensive income after profit tax:			
Change in fair value of available-for-sale investments		24	(62)
Total comprehensive income		**3,153**	**7,395**
Profit attributable to:			
Shareholders of JSC OGK-1		3,129	7,457
Comprehensive income attributable to:			
Shareholders of JSC OGK-1		3,153	7,395
Earnings per ordinary share for profit attributable to the shareholders of JSC OGK-1 – basic and diluted (in Russian Roubles)	25	0.070	0.167

Executive Director — Tolstogusov S.N.

Chief Accountant — Evdokimova M.R.

30 April 2010

The Consolidated Statement of comprehensive income is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 8 to 48.

(in millions of Russian Roubles)

Consolidated Statement of cash flows

	Notes	Year ended 31 December 2009	Year ended 31 December 2008
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before profit tax		**3,936**	**7,918**
Adjustments to reconcile profit before profit tax to net cash provided by operations:			
Depreciation and amortisation	23	1,770	1,680
Loss on disposal of property plant and equipment	23	716	3
Write off of inventories to net realizable value	23	35	21
Write off of account receivables	23	13	-
Impairment of accounts receivable	23	570	127
Finance income	24	(961)	(628)
Change of pension liabilities and unused vacation provision		33	(61)
Gain on dilution of interest in NVGRES Holding Ltd.	26	-	(4,641)
Merger with JSC OGK-1 Holding		-	181
Other		29	60
Operating cash flows before working capital changes and profit tax paid		**6,141**	**4,660**
Working capital changes:			
Increase in accounts receivable and prepayments		(445)	(706)
Increase in value added tax recoverable		(179)	(832)
(Increase) / decrease in other current assets		(366)	89
Decrease / (increase) in inventories		447	(330)
Decrease in other non-current assets		107	10
(Decrease) / increase in accounts payable and accrued charges		(157)	269
(Decrease) / increase in taxes payable		(44)	215
Decrease in other non-current liabilities		(1)	(1)
Profit tax paid		(379)	(567)
Net cash generated by operating activities		**5,124**	**2,807**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment and intangible assets		(4,085)	(6,019)
Proceeds from sales of property, plant and equipment		19	25
Interest received		364	80
Proceeds from share issuance by NVGRES Holding Ltd.		-	6,291
Proceeds from loans issued		6,850	-
Loans issued		-	(6,244)
Net cash generated by investing activities		**3,148**	**(5,867)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from current debt		3,700	12,060
Proceeds from non-current debt		4,628	1,800
Repayment of debt		(7,550)	(8,310)
Repayment of financial lease liabilities		-	(240)
Interest paid		(1,434)	(713)
Purchase of treasury shares		-	(32)
Net cash used by financial activities		**(656)**	**4,565**
Effect of exchange rate fluctuations on cash and cash equivalents		**33**	**-**
Increase / (decrease) in cash and cash equivalents		**7,649**	**1,505**
Cash and cash equivalents at the beginning of the period		**1,930**	**425**
Cash and cash equivalents at the end of the period		**9,579**	**1,930**

Executive Director — Tolstogusov S.N.

Chief Accountant — Evdokimova M.R.

30 April 2010

The Consolidated Statement of cash flows is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 8 to 48.

(in millions of Russian Roubles)

Statement of changes in equity

	Attributable to the shareholders of JSC OGK-1				
	Ordinary share capital	Treasury shares	Other reserves	Retained earnings	Total
As at 1 January 2008	**25,660**	**-**	**(32)**	**(98)**	**25,530**
Total comprehensive income for the year	-	-	(62)	7,457	7,395
Purchase of treasury shares (see Note 15)	-	(351)	32	-	(319)
Merger with JSC OGK-1 Holding (see Note 15)	-	311	-	(130)	181
As at 31 December 2008	**25,660**	**(40)**	**(62)**	**7,229**	**32,787**
As at 1 January 2009	**25,660**	**(40)**	**(62)**	**7,229**	**32,787**
Total comprehensive income for the year	-	-	24	3,129	3,153
As at 31 December 2009	**25,660**	**(40)**	**(38)**	**10,358**	**35,940**

Executive Director Tolstogusov S.N.

Chief Accountant Evdokimova M.R.

30 April 2010

Note 1. The Group and its operations

Open Joint-Stock Company First Power Generating Company on the Wholesale Energy Market (JSC OGK-1, or the "Company") was established on 23 March 2005 within the framework of the Russian electric power industry restructuring in accordance with Resolution No. 1254-r adopted by the Government of the Russian Federation ("RF") on 1 September 2003.

The Company is registered by the District Inspectorate of the Ministry RF of Taxation No. 3 of Tyumen region. The legal address of the Company is 1/1, Odesskaya street, Tyumen, Tyumen Region, Russian Federation.

The Company's head office is located at 13/17, Bolshaya Cheremushkinskaya street, 117447, Moscow, Russian Federation.

The OGK-1 Group (the "Group") primarily consists of JSC OGK-1, three service subsidiaries and a joint venture interest in NVGRES Holding Ltd. (Nizhnevartovskaya GRES). JSC OGK-1 has the following power station assets: Permskaya GRES, Urengoyskaya GRES, Iriklinskaya GRES, Kashirskaya GRES, and Verkhnetagilskaya GRES.

The Group primary activities are generation and sale of electric power, capacity and heat energy, including re-sale of purchased electric power and capacity.

(a) Change in the Group

On 10 December 2007 JSC OGK-1 established a 100% owned subsidiary, CJSC Nizhnevartovskaya GRES. The property of Nizhnevartovskaya power station, a branch of JSC OGK-1, was contributed to this new entity.

Further, on 6 March 2008 JSC OGK-1 established a 100% owned subsidiary, NVGRES Holding Ltd., located in Cyprus. JSC OGK-1 contributed in return for the share capital of NVGRES Holding Ltd. (10,000 shares par value EURO 1.00) its 100% share in CJSC Nizhnevartovskaya GRES (5,806,456,876 ordinary shares par value RR 1.00).

On 1 August 2008 NVGRES Holding Ltd. issued 3,335 additional shares with a par value of EURO 1.00 that comprised 25% plus one share of the increased share capital. All issued shares were acquired by TNK-BP International Limited (TNK-BP) for EURO 230,082 thousand. TNK-BP is a leading Russian oil and gas exploration and development company.

On 15 February 2008 JSC OGK-1 and TNK-BP International Ltd signed an Agreement to jointly operate the existing units at the Nizhnevartovskaya power station and to finance, construct and operate a third unit at that power station. Pursuant to the terms of the Agreement, JSC OGK-1 and TNK-BP International Ltd jointly control NVGRES Holding Ltd.

(b) Reorganization of RAO UES

As at 30 June 2008 the Russian Federation owned 52.7% of Open Joint Stock Company Energy and Electrification Unified System of Russia ("RAO UES"), which in turn owned 91.7% of voting ordinary shares of JSC OGK-1.

On 1 July 2008 RAO UES completed a corporate reorganization ("the reorganization") and ceased to exist.

As a part of the reorganization, on 1 July 2008 JSC OGK-1 Holding was formed by the way of a spin-off from RAO UES as a new legal entity. Simultaneously with its formation, OJSC OGK-1 Holding was merged with JSC OGK-1 and its shares were converted into JSC OGK-1 shares.

As a result of the reorganization each holder of RAO UES shares, except for the Government of the Russian Federation was entitled to a number of shares in JSC OGK-1 Holding in proportion to the number of RAO UES shares held as at 6 June 2008. Subsequently, these shareholders became shareholders of JSC OGK-1 upon conversion of JSC OGK-1 Holding shares to shares in JSC OGK-1.

Shares of JSC OGK-1 owned by the Government of the Russian Federation were allocated between JSC Federal Grid Company ("FGC") and JSC RusHydro ("RusHydro").

Note 1. The Group and its operations (continued)

(c) Relations with the State and current regulation

On 17 March 2009, JSC INTER RAO UES ("INTER RAO") received under trust management 27,628,151,912 ordinary JSC OGK-1 shares. These shares had been held by FGC and RusHydro and account for 61.9% of voting shares of JSC OGK-1.

In accordance with the agreements signed by FGC, RusHydro and INTER RAO, JSC OGK-1 shares have been transferred under trust management for 5 years with the right for prolongation for the same period. INTER RAO has obtained all rights, concerning the shares, except for the right of disposition.

On June 2009 shareholders of OGK-1 took the decision to transfer executive powers to the management company – JSC INTER RAO UES. In July 2009 JSC INTER RAO UES and OGK-1 signed the agreement "On Transfer of Powers of the Sole Executive Body of OGK-1 to the Management Organization".

As at 31 December 2009 the State Corporation "Rosatom" owned 57.3% of INTER RAO, which in turn managed 61.9% of the voting ordinary shares of JSC OGK-1 respectively. The Government of the Russian Federation is the ultimate controlling party of the Group.

The Group's customer base includes a large number of entities controlled by the State. Furthermore, the State controls a number of the Group's fuel and other suppliers.

The Government of the Russian Federation affects the Group's operations through regulation by the Federal Service on Tariff ("FST"), with respect to certain of its wholesale energy sales, and by the regional services on tariff ("RSTs"), with respect to its heat sales. The operations of all generating facilities are coordinated by JSC System Operator of Unified Energy System ("SO UES"). SO UES is controlled by the Russian Federation.

The FST have not always permitted tariff increases in line with the Group's costs and thus some tariffs are insufficient to cover all the costs of generation. Moreover, increases in these tariffs consider costs only on a Russian statutory basis and, accordingly, exclude additional costs recognized under an IFRS basis of accounting.

Starting from 1 January 2009, the share of electric power and capacity traded in the wholesale electric power and capacity market at non-regulated prices increased from 25% to 30%, from 1 July 2009 to 50%, and starting from 1 January 2010 to 60%. The pace of such increase was set by the Government of the Russian Federation in accordance with socio-economic development forecasts. It is expected that the share of electric power and capacity traded at non-regulated prices will continue to increase and will, by the end of 2011, be the primary market for the distribution and sale of electricity by the Group.

The Government of the Russian Federation's economic, social and other policies could materially effect the operations of the Group.

Note 2. Financial condition

(a) Operating environment of the Group

The first half of 2009 year was characterized by the effects of the financial and economic crisis, expressed by higher lending rates, absence of liquidity on the debt market and reduction in energy consumption.

However, during the second half of 2009, the situation on the Russian market began to stabilize gradually allowing the Group to improve its financial and economic position through optimizing its credit portfolio, including refinancing of short-term loans on more advantageous conditions.

Note 2. Financial condition (continued)

(b) Financial condition of the Group

As at 31 December 2009, the Group had cash and deposit balances of approximately RR 9,579 million (as at 31 December 2008: RR 1,930 million) and outstanding debt of RR 10,928 million (as at 31 December 2008: 10,672 millon). The outstanding debt amount includes short-tem debt of RR 2,717 million (as at 31 December 2008: 7,356 million). As at 31 December 2008 included in short-term debt amount is RR 1,000 million due to CJSC Commerzbank which has been reclassified to current from long-term debt as the Group was in violation of certain financial covenants. On 25 March 2009, CJSC Commerzbank amended the financial covenants' requirements to be based on IFRS financial statement data rather than Russian statutory financial statement data. Based on this amendment, the Group is no longer in violation of the covenants and as at 31 December 2009 debt from CJSC Commerzbank is included in long-term debt.

As at 31 December 2009, the Group's current assets exceeded its current liabilities by RR 10,355 million (as at 31 December 2008: RR 5,189 million). The change in the current financial position is mainly explained by short-term debt repayments in the total amount of RR 6,150 million and the attraction of long term financing.

These consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards on a going concern basis which presumes that the Group will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

In preparing these financial statements on such a basis, management has considered the macro-economic environment discussed above and the Group's debt position as at 31 December 2009 and believes that through its operations and through its ability to obtain additional financing the Group will be capable of funding its obligations and funding investment and operational requirements for the foreseeable future. In support, management considers the following factors to be significant:

- The Group has engaged in a number of measures to reduce costs and match expenditures to available funding.
- In March 2010, the Group entered into a loan agreement with JSC INTER RAO UES – the sole executive body (see Note 1), whereby INTER RAO provided RR 8 billion to the Group for the purpose of construction of the Urengoyskaya power station (see Note 31).
- In December 2009, an extraordinary Shareholder's meeting approved an additional issue of shares to fund the construction of the Urengoyskaya power station (see Note 15).
- In January 2009 Moody's Rating Agency rated JSC OGK-1 as having an international credit rating at the level of Ba3/Stable Forecast. This credit rating has not been updated in 2010.
- Currently, the Group has unused open lines of credit amounting to approximately RR 8.27 billion.

The Group believes that the efforts and developments discussed above, will be sufficient to ensure the long-term financial stability of the Group and allow for the completion of strategic initiatives to grow the business.

Note 3. Basis of preparation

These consolidated financial statements ("Financial Statements") for the year ended 31 December 2009 have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Financial Statements are prepared on the historical cost basis except for certain financial instruments that are measured at fair value as described in Note 4.

Group companies maintain their accounting records in Russian Roubles ("RR") and prepare their statutory financial statements in accordance with the Federal Law on Accounting of the Russian Federation, except for NVGRES Holding Ltd. which maintains its accounting records in Euros and prepares its financial statement in accordance with IFRS. These Financial Statements are based on the statutory records, with adjustments and reclassifications recorded for the purpose of fair presentation in accordance with IFRS.

Note 3. Basis of preparation (continued)

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

Change in accounting estimates

Starting from 1 January 2009, the Group has changed its accounting estimates regarding the provision for impairment of account receivables. The Group began to use percentage of impairment as determined from the aging analysis (see Note 11). The change in approach gave approximately RR 260 million increase in provision.

Change in presentation

Starting from 1 January 2009, the Group has changed its presentation of financial statements: the Group began to present Intangible assets separately on the face of Consolidated Statement of financial position. This change in presentation has the following effect on comparative figures:

- Consolidated Statement of financial position – Intangible assets (Software licenses) were reclassified from Non-current assets (see Note 9);
- Operating expenses - Amortisation of intangible assets was reclassified from Other operating expenses (see Note 23).

Starting from 1 January 2009, the Group changed its presentation of Consolidated Statement of cash flows:" Increase in value added tax recoverable" is presented separately from "Increase in accounts receivables and prepayments".

Note 4. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1. Consolidation

(a) Subsidiaries

Subsidiaries are those entities over which the Company has the ability to control the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights.

Subsidiaries are fully consolidated from the date on which control is acquired by the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the cost cannot be recovered.

(b) Joint venture

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

Investments in jointly controlled entities are accounted for using proportionate consolidation. The Group discontinues the use of proportionate consolidation from the date on which it ceases to have joint control over jointly controlled entities or where investments in joint ventures are reclassified to non-current assets held-for-sale.

Gains, losses and balances on transactions between the Group and the joint venture are eliminated to the extent of the Group's interest in the joint venture.

Note 4. Summary of significant accounting policies (continued)

4.2. Foreign currency translation

(a) Functional and presentation currency

The national currency of the Russian Federation is the Russian Rouble ("RR"), which is the functional currency of each of the Group's entities and the currency in which these Financial Statements are presented. All financial information presented in RR has been rounded to the nearest million.

(b) Transactions and balances

Monetary assets and liabilities, which are held by Group entities and denominated in foreign currencies at the balance sheet date, are measured into RR at the exchange rates prevailing at that date. Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions and from the measurement of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(c) Group companies

Monetary assets and liabilities are translated into each entity's functional currency at the official exchange rate of the Central Bank of the Russian Federation ("CBRF") at the respective balance sheet dates. Foreign exchange gains and losses resulting from the settlements of the transactions and from the translation of monetary assets and liabilities into each entity's functional currency at year-end official exchange rates of the CBRF are recognized in profit or loss. Translation at year-end rates does not apply to non-monetary items that are measured at historical cost.

As at 31 December 2009, the official rate of exchange, as determined by the Central Bank of the Russian Federation, between the RR and the US Dollar ("USD") was RR 30.24: USD 1.00 (as at 31 December 2008: RR 29.38: USD 1.00), between the RR and EURO RR 43.39: EURO 1.00 (31 December 2008: RR 41.44: EURO 1.00).

4.3. Property, plant and equipment

(a) Recognition and measurement

As at 31 December 2009 property, plant and equipment are stated at the carrying value determined at the date of their transfer to the Group by RAO UES, and adjusted for further additions, disposals and depreciation charges. Deemed cost was initially determined by a third party valuation as at 31 December 1997 and restated for the impact of inflation until 31 December 2002.

Cost of acquired assets includes expenditure that is directly attributable to the acquisition of the asset. The cost of a self constructed asset includes cost of materials and direct labour. Interest costs on borrowings to finance the construction of property, plant and equipment are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Where an item of property, plant and equipment comprises major components with different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are recognized net in "Gain (loss) on disposals of property, plant and equipment" in profit or loss.

Advances for capital construction and acquisition of property, plant and equipment are included into construction in progress.

(b) Subsequent costs

Renewals and improvements are capitalised and the assets replaced are retired. The costs of repair and maintenance are expensed as incurred.

(c) Depreciation

Depreciation on property, plant and equipment is calculated on a straight-line basis over the estimated useful life of the asset when it is available for use. The remaining useful lives are reviewed annually.

(in millions of Russian Roubles)

Note 4. Summary of significant accounting policies (continued)

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

Type of facility	Useful lives, years
Power equipment	10-50
Production buildings	20-75
Facilities	15-41
Substations	8-25
Hydrotechnical facilities	13-67
Electricity grids and heating networks	3-28
Other	2-18

(d) Leased assets

Where the Group is a lessee in a lease which transferred substantially all the risks and rewards incidental to ownership to the Group, the assets leased are capitalised in property, plant and equipment at the commencement of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The assets acquired under finance leases are depreciated over their useful life.

(e) Impairment of property, plant and equipment

The carrying amounts of the Group's property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets ("cash-generating unit").

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated to reduce the carrying amounts of assets in the unit (group of units) on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

4.4. Intangible assets

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

Amortisation is recognized in the consolidated income statement on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives of intangible assets are in the range of 2-10 years.

4.5. Financial assets

4.5.1. Classification

The Group classifies its financial assets into two categories: a) loans and receivables and b) available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition and re-evaluates this designation at every reporting date.

Note 4. Summary of significant accounting policies (continued)

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables comprise 'trade and other receivables' and 'loans issued' in the statement of financial position.

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any other category. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

4.5.2. Recognition and measurement

Loans and receivables are carried at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Available-for-sale financial assets are measured at fair value. Investments in quoted equity instruments classified as available-for-sale financial assets are measured at quoted market prices as of the reporting date. Investments in equity instruments for which there are no available market quotations are accounted for at fair value. The fair value of unquoted debt instruments classified as available-for-sale financial assets is determined using discounted cash flow valuation techniques based on prevailing market interest rates for similar instruments.

Gains and losses arising from changes in the fair value of securities classified as available-for-sale financial assets are recognized in other comprehensive income. When securities classified as available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in profit or loss as gains (losses) on disposal of available-for-sale financial assets.

4.5.3. Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in other comprehensive income is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognized in other comprehensive income.

4.6. Cash and cash equivalents

Cash comprises cash in hand and cash deposited on demand at banks. Cash equivalents comprise short-term highly liquid investments that are readily convertible into cash and have a maturity of three months or less from the date of acquisition and are subject to insignificant changes in value.

Note 4. Summary of significant accounting policies (continued)

4.7. Accounts receivable and prepayments

Accounts receivable are recorded inclusive of value added taxes. Accounts receivable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method less provision for impairment. Such provision for doubtful debtors is established if there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest for similar borrowers at the date of origination of receivables. Prepayments are carried at cost less provision for impairment. Prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group.

4.8. Inventories

Inventories are recorded at the lower of cost and net realisable value. Cost of inventory is determined on the weighted average cost basis. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

4.9. Share capital

(a) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in other comprehensive income.

(b) Treasury shares

When share capital recognized as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is deducted from equity attributable to the Company's equity holders until the equity instruments are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in other comprehensive income.

4.10. Deferred profit tax

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

Deferred tax movements are recorded in profit or loss except when they are related to the items directly charged to other comprehensive income. In this case deferred taxes are recorded as part of other comprehensive income.

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

Note 4. Summary of significant accounting policies (continued)

4.11. Pension and post-employment benefits

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

The Group operates a number of defined benefit plans: lump-sum payments at retirement, jubilee benefits, financial support for current pensioners, old-age pension program and death benefits. Defined benefits plans, except old-age pensions, are paid on a pay-as-you-go basis. For old-age pension payments, the Group has contracted with a non-state pension fund. The Group settles its obligations in relation to former employees when they retire from the Group by purchasing annuity policies in the fund. All defined benefits plans are considered to be fully unfunded. When the pension obligation is settled via a non-state pension fund, the employer buys an annuity with the amount of contributions allocated to individual accounts held by the non-state pension fund and any additional contributions that may be required from the employer to meet the cost of the benefit promise.

Defined benefit plans determine the amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognized in the statement of financial position in respect of defined benefit pension plans operated by the Group is the present value of the defined benefit obligations at the balance sheet date, together with adjustments for unrecognized actuarial gains or losses and past service cost. The defined benefit obligations are calculated using the projected unit credit method. The present value of the defined benefit obligations are determined by discounting the estimated future cash outflows using interest rates on Government bonds that are denominated in Russian Roubles, and that have terms to maturity approximating the terms of the related pension liabilities.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligations are charged or credited to profit or loss over the employees' expected average remaining working lives.

4.12. Debt

Debt is recognized initially at its fair value, net of transaction costs incurred. Debt is subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss as an interest expense over the period of the debt using the effective interest method.

4.13. Accounts payable and accrued charges

Accounts payable are stated inclusive of value added tax. Accounts payable are recognized initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

4.14. Provisions

Provisions are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

4.15. Revenue recognition

Revenue is recognized on the delivery of electric power, capacity and heat during the period. Revenue amounts are presented exclusive of value added tax.

4.16. Leases

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Note 4. Summary of significant accounting policies (continued)

4.17. Interest

Financial income comprises interest income on funds invested (including available-for-sale financial assets), dividend income and gains on the disposal of available-for-sale financial assets. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is established.

Financial expenses comprises interest expense on borrowings other than interest expense on capitalised as part of property, plant and equipment, unwinding of the discount on provisions and impairment losses recognized on financial assets. All borrowing costs are recognized in profit or loss using the effective interest method.

4.18. Profit tax

The profit tax expense for the period comprises current and deferred tax. The profit tax is recognized in the profit or loss, except to the extent that it relates to items recognized in other comprehensive income. In this case, the tax is also recognized in other comprehensive income.

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

4.19. Earnings per share

The earnings per share are determined by dividing the profit attributable to ordinary shareholders of JSC OGK-1 by the weighted average number of ordinary shares outstanding during the reporting period.

4.20. Dividends

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

4.21. New Standards and Interpretations

(a) New and revised standards, amendments and interpretations effective for the Group's financial statements from 1 January 2009

- *IFRS 7 (Amendment), 'Improving Disclosures about Financial Instruments' (issued in March 2009; effective for annual periods beginning on or after 1 January 2009).* The amendment requires enhanced disclosures about fair value measurements and liquidity risk. The entity is required to disclose an analysis of financial instruments using a three-level fair value measurement hierarchy. The amendment (a) clarifies that the maturity analysis of liabilities should include issued financial guarantee contracts at the maximum amount of the guarantee in the earliest period in which the guarantee could be called; and (b) requires disclosure of remaining contractual maturities of financial derivatives if the contractual maturities are essential for an understanding of the timing of the cash flows. An entity must also disclose a maturity analysis of financial assets it holds for managing liquidity risk, if that information is necessary to enable users of its financial statements to evaluate the nature and extent of liquidity risk. The financial statements have been prepared under the revised disclosure requirements.
- *IFRS 8, 'Operating segments' (effective for annual periods beginning on or after 1 January 2009).* The standard applies to entities whose debt or equity instruments are traded in a public market or that file, or are in the process of filing, their financial statements with a regulatory organisation for the purpose of issuing any class of instruments in a public market. IFRS 8 requires an entity to report financial and descriptive information about its operating segments, with segment information presented on a similar basis to that used for internal reporting purposes. The financial statements have been prepared under the revised disclosure requirements.

Note 4. Summary of significant accounting policies (continued)

- *IAS 1 'Presentation of Financial Statements' (revised September 2007; effective for annual periods beginning on or after 1 January 2009).* The main change in IAS 1 is the replacement of the income statement by a statement of comprehensive income which includes all non-owner changes in equity, such as the revaluation of available-for-sale financial assets. Alternatively, entities are allowed to present two statements: a separate income statement and a statement of comprehensive income. The revised IAS 1 also introduced a requirement to present a statement of financial position at the beginning of the earliest comparative period whenever the entity restates comparatives due to reclassifications, changes in accounting policies, or corrections of errors.

  The Group has elected to present one statement: a statement of comprehensive income. The financial statements have been prepared under the revised disclosure requirements.

  IAS 1 (Amendment), 'Presentation of financial statements', clarifies that some rather than all financial assets and liabilities classified as held for trading in accordance with IAS 39, 'Financial instruments: Recognition and measurement' are examples of current assets and liabilities respectively.

- *IAS 19 (Amendment), 'Employee benefits' (effective for annual periods beginning on or after 1 January 2009),* clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation. This amendment does not have any material impact on the Group's Financial Statements.

- *IAS 23 (Amendment), 'Borrowing Costs' (effective for annual periods beginning on or after 1 January 2009)* was early adopted from 1 January 2007. The amendment requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. As a result starting from 1 January 2007 the Group prospectively capitalizes such borrowing costs as part of the cost of the asset.

- *IAS 24 (Amendment) 'Related Party disclosure' (revised in November 2009; effective for annual periods beginning on or after 1 January 2011)* simplify the definition of related party and provide a partial exemption from the disclosure requirements for government-related entities. A reporting entity is exempt from the disclosure of transactions and outstanding balances with a government that has control, joint control or significant influence over the reporting entity and another entity that is a related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity. The Group made a decision on earlier application of the amendment (pp. 25-27) which resulted in the disclosure of the most significant transactions and balances with the state-controlled entities (see Note 29).

- *IAS 36 (Amendment), 'Impairment of assets' (effective from 1 January 2009),* clarifies that where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. This amendment does not have any material impact on the Group's Financial Statements.

- *IAS 38 (Amendment), 'Intangible assets' (effective from 1 January 2009).* The amendment is part of the IASB's annual improvements project published in May 2008. A prepayment may only be recognized in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. This amendment does not have any material impact on the Group's Financial Statements.

- *IAS 38 (Amendment), 'Intangible assets' (effective from 1 January 2009).* The amendment is part of the IASB's annual improvements project published in May 2008. The amendment deletes the wording that states that there is 'rarely, if ever' support for use of a method that results in a lower rate of amortization than the straight-line method.

  Unless otherwise described above, the effect of adoption of the above new or revised standards, amendments and interpretations on the Group's financial statements was not significant.

Note 4. Summary of significant accounting policies (continued)

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2010 or later periods, but the Group has not early adopted them:

- *IFRS 3, 'Business Combinations' (revised January 2008; effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009, that is from January 2010).* The revised IFRS 3 will allow entities to choose to measure non-controlling interests using the existing IFRS 3 method (proportionate share of the acquiree's identifiable net assets) or at fair value. The revised IFRS 3 is more detailed in providing guidance on the application of the purchase method to business combinations. The requirement to measure at fair value every asset and liability at each step in a step acquisition for the purposes of calculating a portion of goodwill has been removed. Instead, in a business combination achieved in stages, the acquirer will have to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognise the resulting gain or loss, if any, in profit or loss. Acquisition-related costs will be accounted for separately from the business combination and therefore recognised as expenses rather than included in goodwill. An acquiree will have to recognise at the acquisition date a liability for any contingent purchase consideration. Changes in the value of that liability after the acquisition date will be recognised in accordance with other applicable IFRSs, as appropriate, rather than by adjusting goodwill. The revised IFRS 3 brings into its scope business combinations involving only mutual entities and business combinations achieved by contract alone. The Group is currently assessing the impact of the amended standard on its financial statements.The Group will apply IFRS 3 (Revised) prospectively to all business combinations from 1 January 2010.
- *IAS 27,' Consolidated and Separate Financial Statements' (revised January 2008; effective for annual periods beginning on or after 1 July 2009, that is from January 2010).* The revised IAS 27 will require an entity to attribute total comprehensive income to the owners of the parent and to the non-controlling interests (previously "minority interests") even if this results in the non-controlling interests having a deficit balance (the current standard requires the excess losses to be allocated to the owners of the parent in most cases). The revised standard specifies that changes in a parent's ownership interest in a subsidiary that do not result in the loss of control must be accounted for as equity transactions. It also specifies how an entity should measure any gain or loss arising on the loss of control of a subsidiary. At the date when control is lost, any investment retained in the former subsidiary will have to be measured at its fair value. The Group is currently assessing the impact of the amended standard on its financial statements.
- *IAS 31 (Amendment), 'Interests in joint ventures' (and consequential amendments to IAS 32 and IFRS 7) (effective from 1 July 2009, that is from January 2010)*, clarifies that where an investment in joint venture is accounted for in accordance with IAS 39, only certain rather than all disclosure requirements in IAS 31 need to be made in addition to disclosures required by IAS 32, 'Financial instruments: Presentation', and IFRS 7 'Financial instruments: Disclosures'.

Note 5. Critical accounting estimates and assumptions

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

Note 5. Critical accounting estimates and assumptions (continued)

(a) Provision for impairment of accounts receivable

Provision for impairment of accounts receivable is based on the Group's assessment of whether the collectability of specific customer accounts deteriorated compared to prior estimates. If there is a deterioration in a major customer's creditworthiness or actual defaults are higher than the estimates, the actual results could differ from these estimates (see Notes 3, 11).

(b) Provision for impairment of other assets

At each balance sheet date the Group assesses whether there is any indication that the recoverable amount of the Group's assets has declined below the carrying value. The recoverable amount of property, plant and equipment is the higher of an asset's fair value less costs to sell and its value in use. When such a decline is identified, the carrying amount is reduced to the recoverable amount. The amount of the reduction is recorded in profit or loss in the period in which the reduction is identified. If conditions change and management determines that the value of an asset other than goodwill has increased, the impairment provision will be fully or partially reversed (see Note 8).

(c) Tax contingencies

Russian tax legislation is subject to varying interpretations. The Group's uncertain tax positions (potential tax gains and losses) are reassessed by management at every balance sheet date. Liabilities are recorded for profit tax positions that are determined by management based on the interpretation of current tax laws. Liabilities for penalties, interest and taxes other than on profit are recognized based on management's best estimates of the expenditure required to settle tax obligations at the balance sheet date.

(d) Useful lives of property, plant and equipment

The estimation of the useful lives of an item of property, plant and equipment is a matter of management judgment based upon experience with similar assets. In determining the useful life of an asset, management considers the expected usage, estimated technical obsolescence, physical wear and tear and the physical environment in which the asset is operated. Changes in any of these conditions or estimates may result in adjustments to future depreciation rates.

(e) Accounting for leases

Management applies judgment in determining whether to account for lease agreements as finance or operating leases. In the application of this judgment, management makes assessment of various factors including which party carries the risks and rewards of ownership, the extent of the lease term and whether early termination clauses can be exercised by the different parties to the lease.

Note 6. Segment information

The Group has adopted IFRS 8: 'Operating segments' with effect from 1 January 2009. IFRS 8 establishes standards for reporting information about operating segments and related disclosures in respect of products and services, geographical areas and major customers. Under IFRS 8 operating segments are components of an enterprise about which separate financial information in available that is evaluated regularly by the chief operating decision-maker (further 'CODM') in deciding how to allocate resources and in assessing performance. The Management Board of JSC OGK-1 has been determined as the CODM.

As the Group operates in a single geographical area and industry, the generation of electric power, capacity and heat in the Russian Federation, the Management Board considers the Group activities from single business perspective (generation) and single geographical area (Russian Federation). Based on the Group's operations, the Management Board establishes a structure of internal management reporting based on operating segments, where the operating segment is a legal entity.

The following reporting segments have been identified based on the requirements of IFRS 8 'Operating segments':

- JSC OGK-1;
- CJSC Nizhnevartovskaya GRES;

Note 6. Segment information (continued)

- Other

'JSC OGK-1' is represented by the head-office and five power stations: Permskaya GRES, Urengoyskaya GRES, Iriklinskaya GRES, Kashirskaya GRES, and Verkhnetagilskaya GRES.Note 6. Segment information (continued)

'CJSC Nizhnevartovskaya GRES' is analysed by the CODM as a separate operating segment in its entirety and without regard to its proportional interest as reflected in the consolidated financial statements.

'Other' includes three service subsidiaries (2008: two service subsidiaries).

'Unallocated' includes elimination of inter-segment transactions.

The CODM evaluates performance of the segment based on Net profit of each segment.

Marginal profit and EBITDA for each segment is supplementary information reviewed by the CODM.

Margin profit of each segment is measured as revenue from sale of electricity, capacity and heat, exclude fuel expenses and purchased electric power.

EBITDA is calculated as profit for the period before interest expense, income tax expense and depreciation of property, plant and equipment. The Group's definition of EBITDA may differ from that of other companies.

Segment assets are measured as total assets allocated to the segment and exclude inter-segment balances.

Segments' measures reviewed by the CODM are prepared based on statutory accounting principles in the Russian Federation and exclude inter-segment balances. Provided below are reconciliation of this data to IFRS.

(in millions of Russian Roubles)

Note 6. Segment information (continued)

Segment information for the year ended 31 December 2009 is provided as follows:

	JSC OGK-1	CJSC Nizhnevartovskaya GRES	Other	Unallocated	Total
Total revenue, including	**42,504**	**8,763**	**160**	**(85)**	**51,342**
Revenue from external customers	*42,419*	*8,763*	*160*	*-*	*51,342*
Inter-segment revenue	*85*	*-*		*(85)*	*-*
Electricity and capacity power revenue	41,858	8,648	-	-	50,506
Heating revenue	505	92	-	-	597
Fuel expenses	(18,111)	(4,395)	-	-	(22,506)
Purchased electric power and capacity for resale	(10,846)	(654)	(2)	-	(11,502)
Margin profit	**13,406**	**3,691**	**(2)**	**-**	**17,095**
EBITDA	**4,658**	**1,747**	**13**	**-**	**6,418**
Net profit	**2,302**	**986**	**1**	**-**	**3,289**
Depreciation of property, plant and equipment	(1,299)	(469)	(10)	-	(1,778)
Interest expense	(270)	-	-	-	(270)
Profit tax expense	(787)	(292)	(2)	-	(1,081)

	JSC OGK-1	CJSC Nizhnevartovskaya GRES	Other	Unallocated	Total
Total assets, including:	**44,735**	**8,503**	**117**	**(5,999)**	**47,356**
Construction in progress	*5,993*	*297*	-	-	*6,290*
Advances given for capital expenditures	*63*	*589*	-	-	*652*
Trade receivables	*2,034*	*474*	*18*	*(6)*	*2,520*
Total liabilities, including:	**14,665**	**1,295**	**18**	**(15)**	**15,963**
Debt	*11,026*	*770*	-	-	*11,796*
Capital expenditure	**5,346**	**319**	-	-	**5,665**

(in millions of Russian Roubles)

Note 6. Segment information (continued)

Segment information for the year ended 31 December 2008 is provided as follows:

	JSC OGK-1	CJSC Nizhnevartovskaya GRES	Other	Unallocated	Total
Total revenue, including	**46,569**	**4,175**	**169**	**(405)**	**50,508**
Revenue from external customers	*46,565*	*3,774*	*169*	*-*	*50,508*
Inter-segment revenue	*4*	*401*		*(405)*	*-*
Electricity and capacity power revenue	45,773	3,705	-	-	49,478
Heating revenue	488	27	-	-	515
Fuel expenses	(23,713)	(1,685)	-	-	(25,398)
Purchased electric power and capacity for resale	(9,723)	(616)	-	-	(10,339)
Margin profit	**12,825**	**1,431**	**-**	**-**	**14,256**
EBITDA	**2,904**	**1,062**	**10**	**(9)**	**3,967**
Net profit	**1,086**	**360**	**-**	**(9)**	**1,437**
Depreciation of property, plant and equipment	(1,173)	(533)	(9)	-	(1,715)
Interest expense	(263)	-	-	-	(263)
Profit tax expense	(382)	(169)	(1)	-	(552)

	JSC OGK-1	CJSC Nizhnevartovskaya GRES	Other	Unallocated	Total
Total assets, including:	**41,319**	**6,535**	**96**	**(5,985)**	**41,965**
Construction in progress	*9,333*	*148*	*-*	*-*	*9,481*
Advances given for capital expenditures	*1,480*	*147*	*-*	*-*	*1,627*
Trade receivables	*1,289*	*278*	*15*	*(18)*	*1,564*
Total liabilities, including:	**13,645**	**312**	**13**	**(23)**	**13,947**
Debt	*10,254*	*-*	*-*	*-*	*10,254*
Capital expenditure	**7,059**	**453**	**-**	**-**	**7,512**

The main differences between financial data prepared to CODM and the financial data prepared in accordance with IFRS are due to the following:

- different methods of accounting CJSC Nizhnevartovskaya GRES;
- IFRS adjustments made in financial statements are not included in management accounting.

(in millions of Russian Roubles)

Note 6. Segment information (continued)

A reconciliation of the reportable segments results to the Consolidated Financial Statements for the year ended 31 December 2009 are provided as follows:

Revenue for reportable segments	**51,342**
Non-controlling 25 % of CJSC Nizhnevartovskaya GRES	(2,199)
Revenue included in other income and expenses	173
Revaluation of available-for-sale investments of JSC OGK-1	(24)
Revenue per Consolidated Statement of comprehensive income	**49,292**

Margin profit for reportable segments	**17,095**
Non-controlling 25 % of CJSC Nizhnevartovskaya GRES	(916)
Purchased electric power for own needs	(72)
Margin profit per Consolidated Statement of comprehensive income	**16,107**
Operating expenses	(13,506)
Other revenues	374
Operating profit per Consolidated Statement of comprehensive income	**2,975**

EBITDA for reportable segments	**6,418**
Consolidation of 75 % of NVGRES Holding Ltd.	478
Non-controlling 25 % of CJSC Nizhnevartovskaya GRES	(437)
Provision for impairment of accounts receivable of JSC OGK-1 and CJSC Nizhnevartovskaya GRES	(321)
Write-off of asset held under hire purchase agreement (see Note 8)	(240)
IFRS adjustment on property, plant and equipment	99
Depreciation and amortisation included in other expenses	29
Pensions accrual	(38)
Pensions reserve	(26)
Revaluation of available-for-sale investments of JSC OGK-1	(24)
IFRS adjustment on deferred expenses	23
Other	15
EBITDA per Consolidated Statement of comprehensive income	**5,976**
Interest expense	(270)
Depreciation of property, plant and equipment	(1,744)
Amortisation of intangible assets	(26)
Profit before profit tax per Consolidated Statement of comprehensive income	**3,936**

Net profit for reportable segments	**3,289**
Consolidation of 75 % of NVGRES Holding Ltd.	460
Provision for impairment of accounts receivable	(321)
Non-controlling 25 % of CJSC Nizhnevartovskaya GRES	(246)
Write-off of asset held under hire purchase agreement (see Note 8)	(240)
Deferred profit tax liabilities adjustment	222
IFRS adjustment on property, plant and equipment	44
Pensions accrual	(38)
Pensions reserve	(26)
Revaluation of available-for-sale investments of JSC OGK-1	(24)
Other	9
Net profit per Consolidated Statement of comprehensive income	**3,129**

(in millions of Russian Roubles)

Note 6. Segment information (continued)

Depreciation of property, plant and equipment for reportable segments	**(1,778)**
Non-controlling 25 % of CJSC Nizhnevartovskaya GRES	118
IFRS adjustment on property, plant and equipment	(55)
Depreciation and amortisation included in other expenses	(29)
Depreciation of property, plant and equipment per Consolidated Statement of comprehensive income	**(1,744)**

Profit tax expense for reportable segments	**(1,081)**
Deferred profit tax liabilities adjustment	222
Non-controlling 25 % Nizhnevartovskaya power station	73
Consolidation of 75 % of NVGRES Holding Ltd.	(18)
Tax contingent liabilities	(3)
Profit tax expense per Consolidated Statement of comprehensive income	**(807)**

Total assets for reportable segments	**47,356**
Consolidation of 75 % of NVGRES Holding Ltd.	7,115
Non-controlling 25 % of CJSC Nizhnevartovskaya GRES	(2,126)
IFRS adjustment on property, plant and equipment	2,004
Provision for impairment of accounts receivable	(404)
Deferred profit tax adjustment	(151)
Pensions accrual	140
Other	(82)
Total assets per Consolidated Statement of financial position	**53,852**

Total liabilities for reportable segments	**15,963**
Deferred profit tax adjustment	1,602
Recognized deferred profit tax liability on investment to NVGRES Holding Ltd.	683
Elimination of loan given to CJSC Nizhnevartovskaya GRES by NVGRES Holding Ltd.	(557)
Pensions accrual	424
Non-controlling 25 % of CJSC Nizhnevartovskaya GRES	(324)
Unused vacation provision	90
Pensions reserve	26
Other	5
Total liabilities per Consolidated Statement of financial position	**17,912**

A reconciliation of the reportable segments results to the Consolidated Financial Statements for the year ended 31 December 2008 are provided as follows:

Revenue for reportable segments	**50,508**
Non-controlling 25 % of CJSC Nizhnevartovskaya GRES	(940)
Revenue included in other income and expenses	479
Elimination of revenue included in other income and expense	(214)
Cut-off on capitalised interest expense on borrowings of JSC OGK-1	33
IFRS adjustment on property, plant and equipment	32
Revenue per Consolidated Statement of comprehensive income	**49,898**

(in millions of Russian Roubles)

Note 6. Segment information (continued)

Margin profit for reportable segments	**14,256**
Non-controlling 25 % of CJSC Nizhnevartovskaya GRES	(356)
Adjustment on leased equipment at Permskaya GRES	240
Purchased electric power for own needs	(68)
Cut-off on capitalised interest expense on borrowings of JSC OGK-1	19
Margin profit per Consolidated Statement of comprehensive income	**14,091**
Operating expenses	(12,280)
Other revenues	838
Operating profit per Consolidated Statement of comprehensive income	**2,649**

EBITDA for reportable segments	**3,967**
Gain on dilution of interest in NVGRES Holding Ltd.	4,641
Translation difference of NVGRES Holding Ltd. consolidation	860
Adjustment on leased equipment at Permskaya GRES	240
Non-controlling 25 % of CJSC Nizhnevartovskaya GRES	(175)
Provision for impairment of accounts receivable of JSC OGK-1	132
Pensions accrual	91
Consolidation of 75 % of NVGRES Holding Ltd.	70
IFRS adjustment on property, plant and equipment	32
Other	72
EBITDA per Consolidated Statement of comprehensive income	**9,930**
Interest expense	(282)
Finance lease expense	(50)
Depreciation of property, plant and equipment	(1,640)
Amortisation of intangible assets	(40)
Profit before profit tax per Consolidated Statement of comprehensive income	**7,918**

Net profit for reportable segments	**1,437**
Gain on dilution of interest in NVGRES Holding Ltd.	4,641
Translation difference of NVGRES Holding Ltd. consolidation	860
Adjustment on leased equipment at Permskaya GRES	164
Provision for impairment of accounts receivable	132
Pensions accrual	91
Non-controlling 25 % of CJSC Nizhnevartovskaya GRES	(79)
Consolidation of 75 % of NVGRES Holding Ltd.	63
Other	148
Net profit per Consolidated Statement of comprehensive income	**7,457**

Depreciation and amortisation of property, plant and equipment for reportable segments	**(1,715)**
Non-controlling 25 % of CJSC Nizhnevartovskaya GRES	62
IFRS adjustment on property, plant and equipment	39
Adjustment on leased equipment at Permskaya GRES	(26)
Depreciation of property, plant and equipment per Consolidated Statement of comprehensive income	**(1,640)**

Note 6. Segment information (continued)

Profit tax expense for reportable segments	**(552)**
Deferred profit tax liabilities adjustment	64
Non-controlling 25 % Nizhnevartovskaya power station	34
Consolidation of 75 % of NVGRES Holding Ltd.	(7)
Profit tax expense per Consolidated Statement of comprehensive income	**(461)**

Total assets for reportable segments	**41,965**
Consolidation of 75 % of NVGRES Holding Ltd.	7,216
IFRS adjustment on property, plant and equipment	1,960
Non-controlling 25 % of CJSC Nizhnevartovskaya GRES	(1,629)
Adjustment on leased equipment at Permskaya GRES	761
Deferred profit tax adjustment	(264)
Pensions accrual	174
Provision for impairment of account receivables	(83)
Other	(190)
Total assets per Consolidated Statement of financial position	**49,910**

Total liabilities for reportable segments	**13,947**
Deferred profit tax adjustment	1,632
Recognized deferred tax liability on investment to NVGRES Holding Ltd.	596
Adjustment on leased equipment at Permskaya GRES	521
Pensions accrual	419
Non-controlling 25 % of CJSC Nizhnevartovskaya GRES	(74)
Other	82
Total liabilities per Consolidated Statement of financial position	**17,123**

As at 31 December 2009 the amount of revenue from its major customer is equal to RR 15,653 million (as at 31 December 2008: 19,105 million).

Note 7. Financial instruments and financial risk factors

7.1. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including the effects of changes in foreign currency exchange rates, changes in interest rates), credit risk and liquidity risk. The Group does not have an approved risk policy in order to hedge its financial exposures.

(a) Market risk

(i) Foreign currency exchange risk

Electric power, capacity and heat produced by the Group are sold on the domestic market of the Russian Federation with prices fixed in RR. The financial condition of the Group, its liquidity, financing sources, and the results of activities do not depend on foreign currency rates as the Group activities are planned and performed so that its assets and liabilities are denominated in the national currency (the Russian Rouble). Moreover, the Group does not plan to perform activities outside of the Domestic market.

However the Group is exposed to foreign exchange risk arising from cash denominated in euro (Note 10):

Contractual foreign currency assets (in millions)	31 December 2009	31 December 2008
EUROS	165	174

(in millions of Russian Roubles)

Note 7. Financial instruments and financial risk factors (continued)

A sensitivity analysis for foreign currency exchange rate risk at the reporting date is shown in the table below:

Foreign currency exchange rate	-10%	-5%	+5%	+10%
The hypothetical effect on profit / (loss)	(715)	(357)	357	715

A sensitivity analysis for foreign currency exchange rate risk at 31 December 2008 is shown in the table below:

Foreign currency exchange rate	-10%	-5%	+5%	+10%
The hypothetical effect on profit / (loss)	(721)	(361)	361	721

(ii) Interest rate risk

The Group's debt financing activities expose it to interest rate risk. As at 31 December 2009, the Group has loans amounting to RR 4,417 million (as at 31 December 2008: RR 4,000 million) with international banks with a floating rate of MosPrime3M.

A sensitivity analysis to change in interest rates at the reporting date is shown in the table below:

Interest rate (absolute)	-2,5%	-1%	+1%	+3,7%
The hypothetical effect on financial expenses	(110)	(44)	44	163

A sensitivity analysis to change in interest rates at 31 December 2008 is shown in the table below:

Interest rate (absolute) in RR	-1%	+1%	+5%	+10%	+15%
The hypothetical effect on financial expenses	(40)	40	200	400	600

On January 2009 JSC OGK-1 obtained a loan in the amount of RR 1,228 million from management company JSC INTER RAO UES with a floating rate depending from refinancing rate of Central Bank of Russian Federation.

A sensitivity analysis to change in interest rates at the reporting date is shown in the table below:

Interest rate (absolute)	-1,5%	-1%	+1%	+2,75%
The hypothetical effect on financial expenses	(18)	12	12	34

(b) Credit risk

Financial assets which potentially subject Group entities to concentrations of credit risk consist principally of trade receivables.

Credit risk is managed on a Group basis. For wholesale customers there is no independent rating and therefore the Group assesses the credit quality of the customer at the contract execution stage. The Group takes into account the customer's financial position and its credit history. The Group monitors the existing receivables on a continuous basis and takes actions regularly to ensure collection or to minimize losses.

The table below shows balances with the major counterparties at the balance sheet date:

	31 December 2009	31 December 2008
CJSC Financial Settling Center (CJSC CFR)	1,275	625
OJSC Dagestanskaya energy distribution company	170	216
Municipal unitary enterprise Teploresurs, (city Kashira)	-	126
Other	418	304
Total	**1,863**	**1,271**

(in millions of Russian Roubles)

Note 7. Financial instruments and financial risk factors (continued)

CJSC CFR is the unified organization, which provides trade of electricity and capacity on the wholesale electricity and capacity market by concluding sale-and-purchase contracts, as well as commission agreements, and performs a function of a setting centre on settlements on these contracts.

Under the commission agreements between CJCS CFR and JSC OGK-1, CFR states a position of commission agent between OGK-1 (the seller) and the final buyers of electricity and capacity on the wholesale market and is not responsible for the buyer's default on payments for the supplied electricity.

Although the collection of receivables may be influenced by changes in macro-economic conditions, management believes that there is no significant risk of loss to the Group beyond the allowance for doubtful debtors already recorded.

As at 31 December 2009 maximum exposure to credit risk is equal to RR 12,513 million (31 December 2008: RR 10,371 million) (see Note 11).

(c) Liquidity risk

The Group's liquidity risk management includes maintaining a sufficient cash position and the availability of financing to support the Group's operational activity.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
At 31 December 2009				
Debt and borrowings	4,029	4,821	4,859	-
Trade and other payables	2,740	1	3	8
At 31 December 2008				
Debt and borrowings	7,194	1,127	4,015*	-
Trade and other payables	2,651	1	4	8

Note 2 to these consolidated financial statements provide a discussion of the Group's financial condition at 31 December 2009 and should be read in conjunction with this note.

7.2. Capital risk management

The Group's capital risk management has as key objectives compliance with Russian legislative requirements and the reduction of the cost of capital.

The Group monitors capital on the basis of a financial leverage ratio. This ratio is calculated as the total debt divided by the total equity. The total debt is calculated as the sum of non-current debt and current debt, and the total equity is equal to the total equity at the reporting date.

The financial leverage ratios at 31 December 2009 and at 31 December 2008 were as follows:

	31 December 2009	31 December 2008
Total debt	10,928	10,672
Total equity	35,940	32,787
Financial leverage ratio	**30%**	**33%**

The decrease in the financial leverage ratio within the year 2009 is caused by a increase in equity. The debt level and the overall financial condition of the Group are discussed in Note 2 to these consolidated financial statements.

* Although as at 31 December 2008 non-current debt in the amount RR 1,000 million was reclassified to current, the contractual terms for this debt have not changed (see Note 2).

Note 7. Financial instruments and financial risk factors (continued)

7.3. Fair value estimation

The fair value of accounts receivable for disclosure purposes is measured by discounting the value of expected cash flows at the market rate of interest for similar borrowers at the reporting date.

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

(in millions of Russian Roubles)

Note 8. Property, plant and equipment

(a) *Cost*

Cost	Land	Power equipment	Production buildings	Facilities	Substations	Hydrotechnical facilities	Electricity grids and heating networks	Construction in progress	Other	Total
Opening balance as at 31 December 2008	4	18,743	13,107	4,287	2,088	1,116	429	12,646	2,399	54,819
Additions	38	-	-	-	1	-	-	5,716	49	5,804
Transfers	-	5,457	66	389	773	156	7	(8,799)	1,951	-
Disposals	-	(1)	(4)	(804)	-	-	(5)	(160)	(11)	(985)
Closing balance as at 31 December 2009	42	24,199	13,169	3,872	2,862	1,272	431	9,403	4,388	59,638
Accumulated depreciation (including impairment)										
Opening balance as at 31 December 2008	-	(9,938)	(5,429)	(1,982)	(1,337)	(454)	(192)	(1,100)	(710)	(21,142)
Charge for the period	-	(759)	(269)	(145)	(117)	(35)	(29)	-	(390)	(1,744)
Disposals	-	-	2	41	-	-	2	64	5	114
Closing balance as at 31 December 2009	-	(10,697)	(5,696)	(2,086)	(1,454)	(489)	(219)	(1,036)	(1,095)	(22,772)
Net book value as at 01 January 2009	4	8,805	7,678	2,305	751	662	237	11,546	1,689	33,677
Net book value as at 31 December 2009	42	13,502	7,473	1,786	1,408	783	212	8,367	3,293	36,866

(in millions of Russian Roubles)

Note 8. Property, plant and equipment (continued)

Cost	Land	Power equipment	Production buildings	Facilities	Substations	Hydrotechnical facilities	Electricity grids and heating networks	Construction in progress	Other	Total
Opening balance as at 31 December 2007	-	19,162	13,944	4,359	2,151	1,148	428	7,403	1,680	50,275
Additions	4	-	44	16	5	2	24	7,410	180	7,685
Transfers	-	608	415	187	124	3	-	(1,938)	601	-
Disposals	-	(1)	(84)	(7)	-	-	-	(126)	(9)	(227)
Disposals to a jointly controlled entity	-	(1,026)	(1,212)	(268)	(192)	(37)	(23)	(103)	(53)	(2,914)
Closing balance as at 31 December 2008	4	18,743	13,107	4,287	2,088	1,116	429	12,646	2,399	54,819
Accumulated depreciation (including impairment)										
Opening balance as at 31 December 2007	-	(9,625)	(5,704)	(1,983)	(1,257)	(431)	(180)	(1,108)	(430)	(20,718)
Charge for the period	-	(711)	(230)	(163)	(176)	(39)	(29)	-	(292)	(1,640)
Transfers	-	-	80	4	-	-	-	8	-	92
Disposals to a jointly controlled entity	-	398	425	160	96	16	17	-	12	1,124
Closing balance as at 31 December 2008	-	(9,938)	(5,429)	(1,982)	(1,337)	(454)	(192)	(1,100)	(710)	(21,142)
Net book value as at 01 January 2008	-	9,537	8,240	2,376	894	717	248	6,295	1,250	29,557
Net book value as at 31 December 2008	4	8,805	7,678	2,305	751	662	237	11,546	1,689	33,677

(in millions of Russian Roubles)

Note 8. Property, plant and equipment (continued)

Borrowing costs of RR 1,158 million for the year ended 31 December 2009 are capitalized in the above table (for the year ended 31 December 2008: RR 328 million). A capitalization rate of 16.03% for the year ended 31 December 2009 (for the year ended 31 December 2008: 8.73%) was used to determine the amount of borrowing costs eligible for capitalization representing the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period.

Construction in progress includes advances to construction companies and suppliers of property, plant and equipment of RR 2,506 million (net of VAT) and RR 2,451 million (net of VAT) as of 31 December 2009 and 31 December 2008 respectively.

Construction in progress relates primarily to the construction of new generating units at existing power stations as follows:

	31 December 2009	31 December 2008
Urengoyskaya GRES	4,271	2,986
Kashirskaya GRES	2,306	7,146
Permskaya GRES	804	839
Nizhnevartovskaya GRES	557	178
Verkhnetagilskaya GRES	325	336
Iriklinskaya GRES	104	61
Other	-	-
Total	**8,367**	**11,546**

The commissioning of an additional generating unit at Kashirskaya GRES was realised in fourth quarter 2009.

Currently in relation to the land occupied by Verkhnetagilskaya GRES, Iriklinskaya GRES, Permskaya GRES, Urengoyskaya GRES and two servicing subsidiaries, lease contracts are in place for terms ranging between 1 and 49 years.

For the land occupied by the facilities of Kashirskaya GRES and Iriklinskaya GRES, the right for perpetual use has been registered, while the title belongs to the Russian Federation. In accordance with Russian legislation, the Group has the option to reregister the perpetual use right to a tenancy right for these lands or to acquire title for them. In December 2009, title to certain of the land occupied by the facilities of Kashirskaya GRES and Iriklinskaya GRES was acquired.

(b) Impairment provision for property, plant and equipment

The carrying value of property, plant and equipment at 31 December 2009 and 31 December 2008 is stated net of an impairment loss of RR 2,116 million and 2,228 million respectively.

The recoverable amount was assessed based on value in use, calculated by discounting the estimated future cash flows using various assumptions. A weighted average cost of capital of 13.59% was applied for discounting purposes.

Management did not identify any instances where carrying values of property, plant and equipment were considered to be impaired thereby requiring the recording of an impairment loss for the year ended 31 December 2009.

(c) Operating and finance leases

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

(in millions of Russian Roubles)

Note 8. Property, plant and equipment (continued)

Operating lease rentals for land are payable as follows:

	31 December 2009	31 December 2008
Less than one year	67	102
Between one year and five years	160	405
After five years	1,759	4,451
Total	**1,986**	**4,958**

The above lease agreements are usually concluded for 1-49 years with prolongation rights. The lease payments are subject to regular review that may result in adjustment to reflect the market conditions.

The Group leased certain equipment under a finance lease agreement. In May, 2009 the agreement was held invalid in court. Accordingly, the Group has written off the outstanding net book value of the equipment and extinguished the related liability and recognized a RUR 240 million loss. In October 2009 OGK-1 signed a new lease agreement on this equipment for a thirty year period with a termination clause that can be invoked by the Group in mid 2014, without penalties. Lease rentals amount to RUR 15,000 per month and are subject to 10% indexation per annum. Lease rentals to the date that the termination clause can be invoked are as follows:

	31 December 2009
Less than one year	180
Between one year and five years	787
Total	**967**

The previous finance lease was capitalised as follows:

	31 December 2008
Cost – capitalized finance leases	801
Accumulated depreciation	(40)
Net book amount	**761**

Note 9. Other non-current assets

	31 December 2009	31 December 2008
Pension plan assets	140	174
Non-current trade receivables (Net of provision for impairment of RR 40 million as at 31 December 2009 and RR 49 million as at 31 December 2008)	61	55
Available-for-sale financial assets	51	27
Non-current bank bills of exchange	43	63
Non-current value added tax recoverable	20	21
Other non-current assets	13	13
Total	**328**	**353**

Note 10. Cash and cash equivalents

	31 December 2009	31 December 2008
Cash at bank and in hand	1,242	538
Cash equivalents	8,337	1,392
Total	**9,579**	**1,930**

(in millions of Russian Roubles)

Note 10. Cash and cash equivalents (continued)

Cash at bank	Currency	Rating	Rating agency	31 December 2009	31 December 2008
JSCB Peresvet (CJSC)	RR	-	-	634	99
BNP Paribas	EUR	AA1	Moody's	318	-
JSC Alfa-Bank	RR	Ba1	Moody's	180	11
JSC Alfa-Bank	EUR	Ba1	Moody's	76	-
JSC Bank Alemar	RR	-	-	-	301
Other	RR	-	-	34	127
Total				**1,242**	**538**

Despite the fact that JSCB Peresvet (CJSC) and JSC Bank Alemar do not have an international credit rating, management believes it is a reliable counterparty.

Cash equivalents	Currency	Rating	Rating agency	Interest rate	31 December 2009	31 December 2008
BNP Paribas	EUR	AA1	Moody's	0.3%	6,834	642
JSC Alfa-Bank	RR	Ba1	Moody's	4 - 14%	556	-
JSCB Peresvet (CJSC)	RR	-	-	5%	500	-
JSC Sberbank	RR	Baa1	Moody's	6.8% - 12.8%	281	250
JSC Gazprombank	RR	Baa3	Moody's	8.5%	135	-
JSC Zapsibcombank	RR	-	-	3.5%	31	-
CJSC ING Bank (EURASIA)	RR	A1	Moody's	9.5%	-	500
Total					**8,337**	**1,392**

Cash equivalents include short-term bank deposits.

Note 11. Accounts receivable and prepayments

	31 December 2009	31 December 2008
Trade receivables (Net of provision for impairment of RR 912 million as at 31 December 2009 and RR 374 million as at 31 December 2008)	2,165	1,410
Value added tax recoverable	557	658
Advances to suppliers and prepayments (Net of provision for impairment of RR 1 million as at 31 December 2009 and nil as at 31 December 2008)	1,250	1,512
Tax prepayments	173	644
Other receivables (Net of provision for impairment of RR 33 million as at 31 December 2009 and RR 2 million as at 31 December 2008)	132	153
Total	**4,277**	**4,377**

Management has determined the provision for impairment of accounts receivable based on specific customer identification, customers' payment trends, subsequent receipts and settlements and the analyses of expected future cash flows. Management believes that the Group will be able to realize the net receivable amount through direct collections and other non-cash settlements, and that consequently the recorded value approximates their fair value.

All impaired trade receivables, other receivables and advances to suppliers and prepayments are provided for. The movement of the provision is shown in the table below:

	Year ended	
	31 December 2009	**31 December 2008**
As at 1 January	376	249
Accrued provision	572	137
Reversal of provision	(2)	(10)
As at 31 December	**946**	**376**

(in millions of Russian Roubles)

Note 11. Accounts receivable and prepayments (continued)

As at 31 December 2009, trade and other receivables of RR 43 million (31 December 2008: RR 478 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these receivables is as follows:

	31 December 2009	31 December 2008
Less than 3 months	39	78
3 to 6 months	2	57
6 to 12 months	1	250
More than 12 months	1	93
Total	**43**	**478**

The Group does not hold any collateral as security.

The total amount of financial assets as at 31 December 2009 comprises RR 12,513 million (as at 31 December 2008: RR 10,371 million) and includes current and non-current bills of exchange, bank deposits (Note 9 and Note 14), trade and other receivables, except for value added tax recoverable, tax prepayments and advances to suppliers (Note 9 and Note 11), available-for-sale financial assets (Note 9), loan issued (Note 13) and cash and cash equivalents (Note 10).

Note 12. Inventories

	31 December 2009	31 December 2008
Fuel production stock	1,165	1,670
Materials and supplies	1,031	1,015
Other inventories	28	21
Total	**2,224**	**2,706**

The above inventory balances are recorded net of an obsolescence provision of RR 65 million and RR 31 million as at 31 December 2009 and 31 December 2008, respectively.

As at 31 December 2009 and 31 December 2008, the inventory balances did not include any inventories which were pledged as collateral according to loan agreements.

Note 13. Loans issued

	Rating	Rating agency	31 December 2009	31 December 2008
TNK-BP International Ltd	Baa2	Moody's	-	6,543
Total			**-**	**6,543**

As at 31 December 2008, NVGRES Holding Ltd. had a loan receivable from TNK-BP of EURO 210,500 thousand and was repaid in full. The effective interest rate was 7.75%.

Note 14. Other current assets

	31 December 2009	31 December 2008
Bank deposits (effective interest rate of 7.73%-12.10%, maturity in May - June 2010)	290	-
Bank bills of exchange (effective interest rate of 8%, maturity in 2010)	192	190
Other	-	10
Total	**482**	**200**

(in millions of Russian Roubles)

Note 14. Other current assets (continued)

Bank deposits	Rating	Rating agency	Interest rate	31 December 2009	31 December 2008
JSC Sberbank	Baa1	Moody's	12.10%	225	-
CJSC Raiffeisen	Baa3	Moody's	7.73%	65	-
Total				**290**	**-**

Bank bills of exchange	Rating	Rating agency	31 December 2009	31 December 2008
JSC Sberbank	Baa1	Moody's	162	41
LLC CB AGROPROMCREDIT	Baa1	Moody's	30	-
JSC Evrofinance Mosnarbank	Ba3	Moody's	-	149
Total			**192**	**190**

Note 15. Equity

(a) Share capital

(Number of shares unless otherwise stated)	31 December 2009	31 December 2008
Issued shares	44,643,192,918	44,643,192,918
Par value (in RR)	0.57478	0.57478

(b) Treasury shares

In 2008, the Group repurchased 139,272,200 ordinary shares at a price exceeding the nominal value. The consideration paid in the amount of RR 351 million for the purchase of these shares is accounted for as a deduction from capital (treasury shares).

In 2008, as part of the merger between JSC OGK-1 and JSC OGK-1 Holding described in note 1b, the Company provided 123,441,183 of these treasury shares to the new shareholders at the cost of repurchase RR 311 million.

As at 31 December 2009 and 31 December 2008, the number of treasury shares amounted to 15,831,017 comprising 0.035% of issued shares.

(c) Dividends

In accordance with Russian legislation, the Group distributes profits as dividends on the basis of financial statements prepared in accordance with Russian Accounting Rules. During 2009 and 2008 the Group did not pay dividends.

(d) Retained earnings

The difference as at 1 January 2008 of RR 6,869 million between the value of share capital issued and the IFRS carrying values of the contributed assets has been recorded as a merger reserve within retained earnings.

(e) Additional issue of shares

In December 2009, an extraordinary shareholders meeting approved the decision to increase share capital of JSC OGK-1 by the additional issue of 38 billion ordinary shares with nominal value RR 0.57478. The purpose of the addition issue of shares is to finance the construction of the Urengoyskaya power station. As at 31 December 2009 the shares were not issued.

(in millions of Russian Roubles)

Note 16. Profit tax

(a) Profit tax charge

The Group is not subject to corporate income tax on a consolidated basis, rather Group entities are assessed for corporate income taxes on an individual basis. The statutory corporate income tax rate in Russian Federation is 20 percent and 24 percent for the year ended 31 December 2009 and 31 December 2008, respectively. In 26 November 2009, the Russian Federation reduced the standard corporate income tax rate from 24% to 20% with effect from 1 January 2009. The 10% profit tax rate was applied to NVGRES Holding Ltd. due to Cyprus tax law. The 15.5% profit tax rate was applied to Permskaya GRES due to local state tax relief.

	Year ended	
	31 December 2009	**31 December 2008**
Current profit tax charge	(558)	(390)
Deferred profit tax (charge)	(249)	(71)
Total profit tax charge	**(807)**	**(461)**

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

	Year ended	
	31 December 2009	**31 December 2008**
Profit before profit tax	**3,936**	**7,918**
Theoretical profit tax charge using the appropriate statutory tax rate of 10, 15.5 or 20 percent (During 2008: 10, 20 or 24 percent)	(787)	(1,900)
Effect from submitting amended tax declarations	241	325
Effect from the change in profit tax rate	-	529
Recognised deferred tax liability on investment to NVGRES Holding Ltd.	(87)	(596)
Tax effect of items which are not deductible or assessable for taxation purposes	(174)	1,181
Total profit tax charge	**(807)**	**(461)**

Tax effect of items which are not deductible or assessable for taxation purposes	**Year ended 31 December 2009**	**Year ended 31 December 2008**
Non-deductible expenses	(241)	(144)
Gain on dilution of interest in NVGRES Holding Ltd.	-	1,116
Non-taxable foreign exchange gains	67	209
Total	**(174)**	**1,181**

(b) Deferred profit tax

Differences between income tax accounting under IFRS and Russian statutory taxation regulations give rise to certain temporary differences between the carrying value of certain assets and liabilities for financial reporting purposes and for profit tax purposes. Deferred profit tax assets and liabilities are measured at 15.5 or 20 percent, the rate expected to be applicable when the assets or liabilities will reverse.

(in millions of Russian Roubles)

Note 16. Profit tax (continued)

	31 December 2009	Movements for the year recognized in profit or loss	31 December 2008
Deferred profit tax liabilities	**(3,175)**	**(209)**	**(2,966)**
Property, plant and equipment	(2,465)	(173)	(2,292)
Trade receivables	-	41	(41)
Investments in joint venture	(683)	(87)	(596)
Other	(27)	10	(37)
Deferred profit tax assets	**112**	**(40)**	**152**
Non-current trade receivables	25	25	-
Non-current debt	-	(49)	49
Current debt	-	(32)	32
Other	87	16	71
Deferred profit tax liabilities, net	***(3,063)***	***(249)***	***(2,814)***

	31 December 2008	Movements for the year recognized in profit or loss	Disposals to a jointly controlled entity	31 December 2007
Deferred profit tax liabilities	**(2,966)**	**(31)**	**148**	**(3,083)**
Property, plant and equipment	(2,292)	603	148	(3,043)
Trade receivables	(41)	(10)	-	(31)
Investments in joint venture	(596)	(596)	-	-
Other	(37)	(28)	-	(9)
Deferred profit tax assets	**152**	**(40)**	**(1)**	**193**
Non-current debt	49	(55)	-	104
Current debt	32	(6)	-	38
Other	71	21	(1)	51
Deferred profit tax liabilities, net	***(2,814)***	***(71)***	***147***	***(2,890)***

Pursuant to the option held by TNK-BP to purchase a further 25% of NVGRES Holding Ltd., as at 31 December 2009, the Group had recognised 25% of the deferred tax liability in respect of the Group's investment in NVGRES Holding Ltd. The Group did not recognise a deferred tax liability in respect of the remaining investment because its ultimate realisation is within the control of the Group. As at 31 December 2009, the total amount of such unrecognized deferred tax liabilities ranges between zero and approximately RR 1,366 million (as at 31 December 2008: 1,193 million) depending on how the difference could reverse.

Note 17: Pension liabilities

The tables below provide information about the benefit obligations and actuarial assumptions used for the years ended 31 December 2009 and 31 December 2008. Amounts recognized in the Group's consolidated balance sheet are as follows:

	31 December 2009	31 December 2008
Defined benefit obligations	422	412
Unrecognized actuarial gain	24	35
Unrecognized past service cost	(22)	(28)
Net liability in balance sheet	**424**	**419**

(in millions of Russian Roubles)

Note 17: Pension liabilities (continued)

Amounts recognized in the consolidated Statement of comprehensive income are as follows:

	Year ended 31 December 2009	Year ended 31 December 2008
Current service cost	12	18
Interest cost	33	34
Net actuarial gain recognized in period	4	(14)
Immediate recognition of vested prior service cost	32	4
Curtailment	(29)	(14)
Net expense recognized in the statement of comprehensive income	**52**	**28**

Changes in the present value of the Group's pension benefit obligations are as follows:

	31 December 2009	31 December 2008
Benefit obligation at the beginning of the period	412	535
Current service cost	12	18
Interest cost	33	34
Actuarial loss / (gain)	11	(106)
Past service cost	29	-
Benefits paid	(46)	(38)
Curtailment	(28)	(16)
Disposals to a jointly controlled entity	-	(15)
Other	(1)	-
Benefit obligations at end of the period	**422**	**412**

Reconciliation of the Statement of financial position:

	31 December 2009	31 December 2008
Net liability at start of period	419	439
Net expense recognized in the statement of operations	52	28
Employer contributions	(47)	(38)
Disposals to a jointly controlled entity	-	(10)
Net liability at end of the period	**424**	**419**

Principal actuarial assumptions (expressed as weighted averages) are as follows:

Financial assumptions

	31 December 2009	31 December 2008
Discount rate	9.0%	9.0%
Salary increase	8.0%	8.0%
Pension increase	6.5%	7.0%
Inflation	6.5%	7.0%

Demographic assumptions

Withdrawal rates assumption is as follows: expected staff turnover rates vary depending on employee past service in range from 13% pa for employees with 1 year of past service to around 4% pa for those who have 10 or more years of service. Similar withdrawal rates were used at 31 December 2008.

Retirement ages assumption is as follows: average retirement ages are 58 years for men and 56 years for women. Similar retirement age assumption was used at 31 December 2008.

Mortality table: Russian population mortality table 1998.

(in millions of Russian Roubles)

Note 17: Pension liabilities (continued)

Actuarial gain and losses during this period correspond to experience adjustments in full.

	31 December 2009	31 December 2008
Present value of defined benefit obligations (DBO)	422	412
Gains arising from experience adjustments on plan liabilities	26	64

Note 18. Non-current debt

Name of creditor	Currency	Due	Effective interest rate	31 December 2009	31 December 2008
JSC Transcreditbank	RR	2012	12%	1,600	-
CJSC ING BANK (EURASIA)	RR	2013	MosPrime3M + 2.60%	1,500	1,500
CJSC ING BANK (EURASIA)	RR	2012	MosPrime3M + 1.75%	1,500	1,500
JSC INTER RAO UES	RR	2011	Refinancing rate RF+2.76%	1,228	-
Vnesheconombank	RR	2013	15%	1,300	-
CJSC Commerzbank	RR	2012	MosPrime3M + 1.80%	1,000	-
JSC Russ-Bank	RR	2011	12.50%	600	-
Finance lease liability	RR			-	522
Total non-current debt				**8,728**	**3,522**
Less: current portion of finance lease liability and current portion of non-current debt				(517)	(206)
Total				**8,211**	**3,316**

No property was pledged as collateral for long-term debt.

The carrying amounts of non-current debts, which have variable interest rate linked to MosPrime, approximate the fair value.

The Group has not entered into any hedging arrangements in respect of its interest rate exposure.

Gross finance lease liabilities – minimum lease payments	31 December 2009	31 December 2008
No later than 1 year	-	240
Later than 1 year and no later than 5 years	-	325
Total	**-**	**565**
Future finance charges on finance leases	-	(43)
Present value of finance lease liabilities	**-**	**522**

The present value of finance lease liabilities is as follows	31 December 2009	31 December 2008
No later than 1 year	-	206
Later than 1 year and no later than 5 years	-	316
Total	**-**	**522**

(in millions of Russian Roubles)

Note 19. Current debt and current portion of non-current debt

Name of creditor	Currency	Effective interest rate	31 December 2009	31 December 2008
CJSC UniCredit Bank	RR	10.50% – 13.75%	1,700	500
JSC Alfa-Bank	RR	13.50%	500	-
CJSC Commerzbank	RR	MosPrime3M + 1.8%	250	1,000
CJSC ING BANK (EURASIA)	RR	MosPrime3M + 1.75%	167	-
Vnesheconombank	RR	15%	100	-
OJSC Sberbank RF	RR	11.25% – 14.00%	-	3,100
JSC INTER RAO UES	RR	14.25%	-	-
CJSC Commerzbank	RR	9.40%	-	2,050
JSC Evrofinance Mosnarbank	RR	19.00%	-	250
CJSC International Industrial Bank	RR	18.00%	-	250
Current portion of finance lease liability			-	206
Total			**2,717**	**7,356**

The carrying amounts of current debts approximate their fair values. No property was pledged as collateral for current debts.

Note 20. Accounts payable and accrued charges

	31 December 2009	31 December 2008
Trade payables	1,653	1,916
Dividends payable	4	5
Accrued liabilities and other creditors	1,136	730
Total	**2,793**	**2,651**

The total amount of financial liabilities as at 31 December 2009 comprises RR 13,489 million (as at 31 December 2008: RR 13,094 million) and includes non-current debt (see Note 18), current debt and current portion of non-current debt (see Note 19) and accounts payable and accrued charges (see Note 20), excluding staff payables, advances received, provisions and dividends payable in the total amount of RR 232 million (as at 31 December 2008: RR 229 million).

Management believes that the majority of customers, balances of which are included into trade payables, comprise a single class, as they bear the same characteristics.

Note 21. Taxes payable

	31 December 2009	31 December 2008
Water tax	295	301
Value added tax	130	72
Property tax	108	93
Profit tax	103	31
Unified social tax	15	29
Other taxes	46	34
Total	**697**	**560**

Note 22. Revenues

	Year ended	
	31 December 2009	31 December 2008
Electric power	35,938	38,517
Capacity	12,406	10,035
Heating	574	508
Other	374	838
Total	**49,292**	**49,898**

(in millions of Russian Roubles)

Note 23. Operating expenses

	Year ended 31 December 2009	Year ended 31 December 2008
Raw materials and consumables used, comprising	22,085	25,418
Fuel expenses	*21,407*	*24,718*
Other materials	*678*	*700*
Purchased electric power and capacity for resale	11,404	10,251
Employee benefit expenses and payroll taxes	3,912	3,899
Third parties services, including:	3,461	3,405
Repairs and maintenance	*1,091*	*1,123*
Commission fees	*844*	*715*
Rent expenses	*345*	*166*
Security expenses	*297*	*231*
Consulting, legal and information expenses	*160*	*545*
Insurance expenses	*100*	*108*
Transportation expenses	*90*	*117*
Telecommunication services	*67*	*57*
Other	*467*	*343*
Depreciation of property, plant and equipment	1,744	1,640
Taxes other than profit tax	1,533	1,798
Loss on disposals of property, plant and equipment	716	3
Impairment of accounts receivable	570	127
Water usage expenses	125	159
Expenses under managing agreement	121	-
Social charges	88	122
Charge of write-off of inventories to net realisable value	35	21
Amortisation of intangible assets	26	40
Write-off of accounts receivable	13	-
Other expenses	484	366
Total	**46,317**	**47,249**

Note 24. Finance income

	Year ended 31 December 2009	Year ended 31 December 2008
Interest expense	(270)	(282)
Finance lease income / (expense)	522	(50)
Interest income	364	80
Foreign exchange gain	336	868
Effect of discounting of long-term accounts receivable/payable	9	12
Total	**961**	**628**

Note 25. Earnings per ordinary share for profit attributable to the shareholders of JSC OGK-1 basic and diluted (in RR)

	Year ended 31 December 2009	Year ended 31 December 2008
Weighted average number of ordinary shares issued and outstanding (million of shares)	44,627	44,629
Profit attributable to the shareholders of JSC OGK-1 (million of RR)	3,129	7,457
Weighted average earnings per share – basic and diluted (in RR)	**0.070**	**0.167**

(in millions of Russian Roubles)

Note 26: Dilution of interest in NVGRES Holding Ltd.

On 1 August 2008 NVGRES Holding Ltd. issued 3,335 additional shares that comprised 25% plus one share of the increased share capital. All issued shares were acquired by TNK-BP (Note 1). Pursuant to the terms of the Agreement, JSC OGK-1 and TNK-BP International Ltd jointly control NVGRES Holding Ltd.

The carrying values of the 25% interest attributable to TNK-BP International Ltd in identifiable assets and liabilities de-recognized as a result of the dilution interest in NVGRES Holding Ltd. were as follows:

	Carrying amount
Trade receivables	16
Property, plant and equipment	1,790
Other payables	(9)
Deferred income tax liability	(147)
Net identifiable assets and liabilities	**1,650**
Gain on loss of control	4,641
Net cash inflow on the dilution	**6,291**

Note 27. Interest in joint venture

The Group holds a 75% interest in NVGRES Holding Ltd. proportionally consolidated as a joint venture as, per the terms of the Agreement between the Group and TNK-BP (Russian oil and gas company), control is jointly exercised. The following amounts represent the Group's 75% share of the assets and liabilities, revenue and expenses and results of the joint venture. Such amounts are included in the statement of financial position and statement of comprehensive income:

	31 December 2009	**31 December 2008**
Assets:		
Non-current assets	5,570	5,455
Current assets	8,907	7,691
Total assets	**14,477**	**13,146**
Liabilities:		
Non-current liabilities	380	373
Current liabilities	398	244
Total liabilities	**778**	**617**
Net assets	**13,699**	**12,529**

	Year ended	
	31 December 2009	**31 December 2008**
Revenue	7,225	2,999
Expenses	(6,055)	(2,574)
Profit for the period	**1,170**	**425**
Proportionate interest in joint venture's commitments	**80**	**133**

There are no contingent liabilities relating to the Group's interest in the joint venture.

Note 28. Commitments

(a) Fuel commitments

In order to secure gas suppliers for the period from 2010 to 2015 for the Group's power stations the Company signed long-term contracts with JSC NOVATEK. Pricing under these contracts is regulated by the Federal Tariffs Service.

(b) Capital commitments

Future capital expenditures for which contracts have been signed amounted to RR 26,697 million at 31 December 2009 (at 31 December 2008: RR 28,917 million).

Note 29. Contingencies

(a) Operating environment

The future economic direction of the Russian Federation is largely dependent upon the effectiveness of economic, financial and monetary measures undertaken by the Government, together with tax, legal, regulatory, and political developments.

Management is unable to predict all developments in the economic environment which could have an impact on the Group's operations and consequently what effect, if any, they could have on the financial position of the Group.

(b) Insurance

The Group holds insurance policies that cover its assets and other property, personnel, public liability or other risks insurable in accordance with the established business practice and applicable legislation of the Russian Federation. Accordingly, the Group is exposed to those risks for which insurance is not applicable, which have not been insured or are covered by standard exclusions under insurance contracts.

(c) Legal proceedings

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

(d) Tax contingencies

Russian tax, currency and customs legislation is subject to varying interpretation, 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 existing method of calculation of water tax. Recent events within the Russian Federation suggest that the tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments. As a result, significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceeding the year of review. Under certain circumstances review may cover longer periods.

As at 31 December 2009, management believes that its interpretation of the relevant legislation is appropriate and the Group's tax currency and customs 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.

(e) Environmental matters

The Group is primarily made up of a number of generating plants that have operated in the Russian Federation for many years. The enforcement of environmental regulation in the Russian Federation is evolving as is the enforcement posture of Government authorities. Group entities periodically evaluate their obligations under environmental regulations.

Potential liabilities may arise as a result of changes in legislation and regulation or as a result of civil litigation. The impact of these potential changes cannot be estimated but could be material. Currently, management believes that there are no significant exposures to environmental matters.

(f) Investments

Subsequent to the year end the Group deferred further significant expenditures to construction UGRES. Management believes that the construction will be completed and funding will be raised.

(in millions of Russian Roubles)

Note 29. Contingencies (continued)

(g) TNK-BP Call Option

On 15 February 2008 JSC OGK-1 and TNK-BP International Ltd signed an Agreement to jointly operate the existing units at the Nizhnevartovskaya power station and to finance and construct a third unit at that power station with a capacity of 800 MW. According to the Agreement, JSC OGK-1 has granted a written call option to TNK-BP which gives TNK-BP the right to buy additional 25% minus two shares in NVGRES Holding Ltd. at a determinable price at a future date, which is defined as any day within 12 months after the date when the third unit passes the performance tests. As the exercise price under this option is expected to be equal to fair value at the date of exercise, there is no fair value attributed to the option. During 31 December 2009, the joint venture decided to construct the third unit using 2 blocks with capacity of 410-450 MW per each. As at 31 December 2009, the option was not yet exercisable.

Note 30. Related Parties

Related parties are defined in IAS 24 "Related parties disclosures". Parties are generally considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence over the other party in making financial and operational decisions.

Related parties with whom the Group entered into significant transactions in reporting periods ended 31 December 2009 and 31 December 2008 or had significant balances at 31 December 2009 and at 31 December 2008 are detailed below.

(a) Parent company

As at 31 December 2009 the principal shareholders that can exercise significant influence over the Group's activity are FGC (40.2%) and RusHydro (21.7%). Both entities are owned by the Government of the Russian Federation which is the ultimate controlling party of the Company.

The Group had the following significant transactions with FGC and RusHydro for the year ended 31 December 2009 and had the following outstanding balances as at 31 December 2009 and as at 31 December 2008.

Transactions with RusHydro were as follows:

	Year ended 31 December 2009	1 July to 31 December 2008
Electric power and capacity revenues	151	122
Other expenses	6	3

Balances with RusHydro were as follows:

	31 December 2009	31 December 2008
Accounts payable	110	110
Fair value of available-for-sale investments	51	27

Transactions with FGC were as follows:

	Year ended 31 December 2009	1 July to 31 December 2008
Other revenues	8	7

Balances with FGC were as follows:

	31 December 2009	31 December 2008
Accounts receivable	3	2
Accounts payable	203	203

Before 30 June 2008, the Group was under control of RAO UES which owned 91.7% ordinary shares of JSC OGK-1.

Transactions with RAO UES and its subsidiaries were as follows:

	1 January to 30 June 2008
Electric power and capacity revenues	11,797
Other expenses	87

(in millions of Russian Roubles)

Note 30. Related Parties (continued)

(b) JSC INTER RAO UES

Beginning from 6 July 2009 JSC INTER RO UES is the Sole Executive Body of OGK-1 (see Note 1). Information about material transactions with JSC INTER RAO UES from 6 July 2009 to 31 December 2009, and outstanding balances as at 31 December 2009 are disclosed below:

	6 July to 31 December 2009
Electric power and capacity revenues	974
Other revenues	7
Purchased electric power	144
Expenses under managing agreement	121
Accrued interest under loan agreement, including	50
capitalized interest	27

Balances with JSC INTER RAO UES were as follows:

	31 December 2009
Accounts receivable	2
Accounts payable	224
Non-current debt	1,228
Accrued liabilities (Interest accrued under loan agreement)	2

(c) CJSC Financial Settling Center (CJSC CFR)

From July 2006 to 6 July 2009, one of the Company's employees held key management positions in both JSC OGK-1 and CJSC CFR. Accordingly, CJSC CFR is considered to be a related party.

Transactions with CJSC CFR were as follows:

	From 1 January to 6 July 2009	Year ended 31 December 2008
Electric power and capacity revenues	6,767	19,105
Electric power and capacity purchases	4,607	11,942
Other revenues	5	1

Balances with CJSC CFR were as follows:

	31 December 2008
Accounts receivable	625
Accounts payable	314

(d) State-controlled entities

In the normal course of business the Group enters into transactions with other entities under Government control. Prices for natural gas, electric power, capacity and heat are based on tariffs set by FST and RSTs. Bank loans are granted at market rates. Taxes are charged and paid under the Russian tax legislation.

The Group made a decision on earlier application of the amendment to IAS 24 in relation to non-disclosure of small state-controlled entities, which did have a significant influence on Group's transactions and balances. The nature of relationship between small state-controlled entities and Group is domestic regional trade of heat, electricity and capacity (see Note 4).

(in millions of Russian Roubles)

Note 30. Related Parties (continued)

The Group had the following significant transactions with other state-controlled entities:

	Year ended	
	31 December 2009	31 December 2008
Electric power and capacity revenues	7,961	7,198
Fuel expenses	12,394	12,492
Other expenses	165	-
Accrued interest under loan agreement, including	486	141
capitalized interest	323	57
Effect of discounting	6	10
Interest income on deposits	79	6

The Group had the following significant balances with other state-controlled entities:

	31 December 2009	31 December 2008
Accounts receivable	285	223
Cash and cash equivalents	427	317
Other current assets	387	41
Other non current assets	11	54
Accounts payable and accruals	54	33
Current debt and current portion of non-current debt	100	3,100
Non-current debt	2,800	-
Accrued liabilities (Interest accrued under loan agreement)	36	3

Tax balances are disclosed in the statement of financial position and Notes 16 and 21. Tax transactions are disclosed in profit or loss of the statement of comprehensive income and Notes 16 and 23.

(e) Directors' compensation

Key management personnel (the members of the Board of Directors and the Management Board of JSC OGK-1) are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

Remuneration to the members of the Board of Directors is paid for attending the Board meetings; compensation of key management personnel (other then remuneration for attending the Board meetings) is determined by the terms of the employment contracts.

Total remuneration accrued to the members of the Board of Directors and the Management Board was as follows:

	Year ended	
	31 December 2009	31 December 2008
Short-term compensations, including salary and bonuses	78	191
Remuneration for attending the Board meetings	11	16

Short-term compensations include personal income tax and are net of social tax.

The amount of termination payments to the key management personnel is RR 35 million for the year ended 31 December 2009.

Note 31. Events after the balance-sheet date

In March 2010, JSC OGK-1 and JSC INTER RAO UES (see Note 1) have signed an additional agreement on issuing OGK-1 a credit line amounting to RR 8 billion. The credit line is available until 2020. It is provided to finance construction of Urengoyskaya power station.