OGK-2 GROUP
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)
FOR THE THREE MONTHS ENDED 31 MARCH 2011 (UNAUDITED)

OGK-2 Group
Interim Condensed Consolidated Statement of Financial Position as at 31 March 2011
(in thousands of Russian Roubles)

	Notes	31 March 2011	31 December 2010
ASSETS			
Non-current assets			
Property, plant and equipment	5	36,792,190	36,677,606
Intangible assets		1,463,424	1,475,327
Other non-current assets	6	3,243,070	2,608,089
Total non-current assets		**41,498,684**	**40,761,022**
Current assets			
Cash and cash equivalents	7	1,984,030	3,023,466
Trade and other receivables	8	9,792,538	6,012,009
Inventories	9	2,635,145	2,293,939
Current income tax prepayments		1,306	28,035
Total current assets		**14,413,019**	**11,357,449**
TOTAL ASSETS		**55,911,703**	**52,118,471**
EQUITY AND LIABILITIES			
Equity			
Share capital	10		
Ordinary shares		11,872,828	11,872,828
Treasury shares		(12,037)	(12,037)
Share premium		23,916,508	23,916,508
Retained earnings		6,668,404	4,590,133
Total equity		**42,445,703**	**40,367,432**
Non-current liabilities			
Deferred income tax liabilities		1,972,771	1,995,773
Non-current debt		5,000,000	5,000,000
Retirement benefit obligations		649,688	632,397
Restoration provision		58,406	518,038
Other long-term liabilities		516,702	59,747
Total non-current liabilities		**8,197,567**	**8,205,955**
Current liabilities			
Trade and other payables	11	3,927,821	3,144,644
Other taxes payable	12	1,017,353	351,700
Restoration provision		68,797	48,740
Current income tax		254,462	-
Total current liabilities		**5,268,433**	**3,545,084**
Total liabilities		**13,466,000**	**11,751,039**
TOTAL EQUITY AND LIABILITIES		**55,911,703**	**52,118,471**

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

Chief Accountant L.V. Klisch

20 May 2011

OGK-2 Group

Interim Condensed Consolidated Income Statement for the 3 months ended 31 March 2011

(in thousands of Russian Roubles, except for earning per ordinary share information)

	Notes	3 months ended 31 March 2011	3 months ended 31 March 2010
Revenues	13	15,470,425	13,186,558
Operating expenses	14	(12,746,177)	(11,142,164)
Other operating items		6,150	(74,374)
Operating profit		**2,730,398**	**1,970,020**
Finance income	15	55,495	137,670
Finance costs	16	(141,643)	(238,694)
Profit before income tax		**2,644,250**	**1,868,996**
Income tax charge		(556,743)	(396,765)
Profit for the period		**2,087,507**	**1,472,231**
Attributable to:			
Shareholders of OJSC OGK-2		2,087,507	1,472,231
Earning per ordinary share for profit attributable to the shareholders of OJSC OGK-2 – basic and diluted (in Russian Roubles)	17	**0.06**	**0.04**

OGK-2 Group
Interim Condensed Consolidated Statement of Comprehensive Income for the 3 months ended 31 March 2011 (unaudited)
(in thousands of Russian Roubles)

	3 months ended 31 March 2011	3 months ended 31 March 2010
Profit for the period	**2,087,507**	**1,472,231**
Net change in fair value of available-for-sale investments (net of income tax)	(9,236)	18,949
Total comprehensive income for the period	**2,078,271**	**1,491,180**
Attributable to:		
Shareholders of OJSC OGK-2	2,078,271	1,491,180

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

OGK-2 Group
Interim Condensed Consolidated Statement of Cash Flows for the 3 months ended 31 March 2011 (unaudited)

(in thousands of Russian Roubles)

	Notes	3 months ended 31 March 2011	3 months ended 31 March 2010
CASH FLOW FROM OPERATING ACTIVITIES:			
Profit before income tax		**2,644,250**	**1,868,996**
Adjustments to reconcile profit before income tax to net cash provided by operations:			
Depreciation of property, plant and equipment	5	331,681	318,844
Reversal of property, plant and equipment impairment	5	-	(548)
Amortisation of intangible assets		13,455	11,475
Reversal of provision for impairment of trade and other receivables	14	(11,376)	(60,348)
Reversal of provision for inventory obsolescence	14	(39)	(7,958)
Finance income	15	(55,495)	(137,670)
Finance costs	16	141,643	238,694
Increase in retirement benefit obligations	14	29,067	28,030
Employee share option plan		-	1,962
Loss / (gain) on disposal of assets	14	17,385	(2,897)
Other non-cash items		2,027	148
Operating cash flows before working capital changes and income tax paid		**3,112,598**	**2,258,728**
Working capital changes:			
(Increase) / decrease in trade and other receivables		(4,342,890)	1,347,204
Payments in respect of retirement benefit obligations		(21,406)	(9,841)
(Increase) / decrease in inventories		(354,269)	12,893
Increase / (decrease) in trade and other payables		1,281,620	(628,900)
Increase in taxes payable, other than income tax		668,724	406,751
Income tax paid in cash		(298,554)	(28,046)
Net cash generated from operating activities		**45,823**	**3,358,789**
CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(971,832)	(348,686)
Proceeds from sale of property, plant and equipment		261	123
Purchase of intangible assets		(1,552)	(5,865)
Increase in deposits		-	(4,250,000)
Proceeds from deposits		-	4,250,000
Interest received		9,977	42,055
Net cash used in investing activities		**(963,146)**	**(312,373)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from short-term borrowings		4,300,000	2,500,000
Repayment of short-term borrowings		(4,300,000)	(4,100,000)
Interest paid		(122,105)	(121,169)
Payments under finance lease		(8)	(825)
Refund of premium paid to secure settlement of share-based payments		-	709,688
Net cash used in financing activities		**(122,113)**	**(1,012,306)**
Net (decrease) / increase in cash and cash equivalents		(1,039,436)	2,034,110
Cash and cash equivalents at the beginning of the period	7	3,023,466	1,553,428
Cash and cash equivalents at the end of the period	7	**1,984,030**	**3,587,538**

OGK-2 Group
Interim Condensed Consolidated Statement of Changes in Equity for the 3 months ended 31 March 2011 (unaudited)
(in thousands of Russian Roubles)

	Share capital	Treasury shares	Share premium	Retained earnings	Total
At 1 January 2010	**11,872,828**	**(5,579)**	**23,916,508**	**1,664,694**	**37,448,451**
Profit for the period	-	-	-	1,472,231	1,472,231
Available-for-sale investments	-	-	-	18,949	18,949
Total comprehensive income for the period	-	-	-	1,491,180	1,491,180
Employee share option plan	-	-	-	711,650	711,650
At 31 March 2010	**11,872,828**	**(5,579)**	**23,916,508**	**3,867,524**	**39,651,281**
At 1 January 2011	**11,872,828**	**(12,037)**	**23,916,508**	**4,590,133**	**40,367,432**
Profit for the period	-	-	-	2,087,507	2,087,507
Available-for-sale investments	-	-	-	(9,236)	(9,236)
Total comprehensive income for the period	-	-	-	2,078,271	2,078,271
At 31 March 2011	**11,872,828**	**(12,037)**	**23,916,508**	**6,668,404**	**42,445,703**

(in thousands of Russian Roubles)

Note 1. The Group and its operations

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

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

	% owned	
	31 March 2011	**31 December 2010**
OJSC "Chaika"	100%	100%
OJSC "OGK-2 Finans"	100%	100%

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

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

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

Relations with the state and current regulation. As at 31 December 2010 the Company is controlled by Gazprom, the largest Russian gas production company.

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

Gazprom Group, in its turn, is controlled by the Russian Federation; therefore, the Russian Government is the ultimate controlling party of the Group as at 31 December 2010 and 31 December 2009.

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

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

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

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

The Government currently pursues an active policy of tariff (price) containment.

As described in Note 19, the government's economic, social and other policies could have material effects on the operations of the Group.

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

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

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

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

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

Note 2. Basis of preparation

The interim condensed consolidated financial statements for the 3 months ended 31 March 2011 ("Financial statements") have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2010, which have been prepared in accordance with IFRS.

Note 3. Accounting policies

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

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 January 2011:

- IAS 24 Related Party Disclosures;
- Amendments to IFRIC 14: *IAS 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*;
- Improvements to International Financial Reporting Standards.

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

The following new standards, new interpretations and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2011 and have not been early adopted:

- Classification of Rights Issues - Amendment to IAS 32 *Financial Instruments: Presentation*;

(in thousands of Russian Roubles)

- IFRS 9 Financial Instruments;
- Transfers of Financial Assets - Amendment to IFRS 7 *Disclosures*;
- Deferred Tax: Recovery of Underlying Assets - Amendment to IAS 12 *Income taxes;*
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments.

Change in presentation.

Equity

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

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

Revenues

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

	For the 3 months ended 31 March 2010		
	As previously reported	**Change in presentation**	**As adjusted**
Revenues	14,682,165	(1,495,607)	13,186,558
Operating expenses	(12,637,771)	1,495,607	(11,142,164)

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

Seasonality. Demand for electricity and heat is influenced by both the season of the year and the relative severity of the weather. Revenues from heating are concentrated within the months of October to March. A similar, though less severe, concentration of electricity sales occurs within the same period. The seasonality of electricity and heat production has a corresponding impact on the usage of fuel.

Furthermore, during the periods of lower production from April to September, there is an increase in the expenditures on repairs and maintenance. This seasonality does not impact on the revenue or cost recognition policies of the Company.

Note 4. Related Parties

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

(in thousands of Russian Roubles)

Transactions with Gazprom Group

Transactions with Gazprom Group were as follows:

	3 months ended 31 March 2011	3 months ended 31 March 2010
Sales:		
Sales of electricity and capacity	2,143,367	137,937
Sales of heat	147	172
Purchases:		
Purchases of gas	6,762,933	5,201,631
Other purchases	33,431	-
Other expenses	-	18,153

Balances with Gazprom Group were as follows:

	31 March 2011	31 December 2010
Trade and other receivables	860,676	96,041
Trade and other payables	1,030,095	417,460

There were no deposits held in banks related to Gazprom Group as at 31 March 2011 as well as at 31 December 2010.

Interest income on bank deposits accrued for the 3 months ended 31 March 2011 equal zero (for the year ended 31 March 2010: RR 25,842 thousand).

Transactions with state-controlled entities

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

Transactions with key management

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

Fees, compensation or allowances to the members of the Board of Directors for their services in that capacity and for attending Board meetings are paid depending on results for the year.

Total remuneration in the form of salary and bonuses accrued to the members of the Board of Directors and Management Board for the 3 months ended 31 March 2011 was RR 11,302 thousand (for the 3 months ended 31 March 2010: RR 38,940 thousand).

(in thousands of Russian Roubles)

Note 5. Property, plant and equipment

Cost	Production buildings	Constructions	Energy machinery and equipment	Other machinery and equipment	Other	Construction in progress	Total
Opening balance as at 1 January 2011	**10,773,107**	**4,605,595**	**11,863,310**	**3,285,774**	**515,860**	**21,377,612**	**52,421,258**
Additions	-	-	6	7,731	3,480	438,783	450,000
Transfer	4,742	39,091	483,784	490,685	3,610	(1,021,912)	-
Disposals	(6,178)	(1,397)	(2)	(3,491)	(724)	-	(11,792)
Closing balance as at 31 March 2011	**10,771,671**	**4,643,289**	**12,347,098**	**3,780,699**	**522,226**	**20,794,483**	**52,859,466**
Accumulated depreciation (including impairment)							
Opening balance as at 1 January 2011	**(3,709,100)**	**(2,648,084)**	**(7,161,678)**	**(1,556,972)**	**(339,242)**	**(328,576)**	**(15,743,652)**
Charge for the period	(66,819)	(62,046)	(130,318)	(64,154)	(8,344)	-	(331,681)
Reversal of impairment	-	-	-	-	-	-	-
Disposals	3,383	996	-	3,003	675	-	8,057
Closing balance as at 31 March 2011	**(3,772,536)**	**(2,709,134)**	**(7,291,996)**	**(1,618,123)**	**(346,911)**	**(328,576)**	**(16,067,276)**
Net book value as at 31 March 2011	**6,999,135**	**1,934,155**	**5,055,102**	**2,162,576**	**175,315**	**20,465,907**	**36,792,190**
Net book value as at 31 December 2010	**7,064,007**	**1,957,511**	**4,701,632**	**1,728,802**	**176,618**	**21,049,036**	**36,677,606**

Cost	Production buildings	Constructions	Energy machinery and equipment	Other machinery and equipment	Other	Construction in progress	Total
Opening balance as at 1 January 2010	**10,705,604**	**4,438,920**	**11,200,449**	**2,723,124**	**497,748**	**20,018,233**	**49,584,078**
Additions	-	-	2	7,297	694	196,626	204,619
Transfer	8,133	5,346	185,118	29,892	490	(228,979)	-
Disposals	-	(671)	(623)	(845)	(2,397)	(85)	(4,621)
Closing balance as at 31 March 2010	**10,713,737**	**4,443,595**	**11,384,946**	**2,759,468**	**496,535**	**19,985,795**	**49,784,076**
Accumulated depreciation (including impairment)							
Opening balance as at 1 January 2010	**(3,474,646)**	**(2,479,487)**	**(6,669,996)**	**(1,357,443)**	**(314,516)**	**(442,404)**	**(14,738,492)**
Charge for the period	(58,137)	(57,771)	(134,915)	(57,191)	(10,830)	-	(318,844)
Reversal of impairment	-	-	-	-	-	548	548
Disposals	-	533	460	812	2,079	-	3,884
Closing balance as at 31 March 2010	**(3,532,783)**	**(2,536,725)**	**(6,804,451)**	**(1,413,822)**	**(323,267)**	**(441,856)**	**(15,052,904)**
Net book value as at 31 March 2010	**7,180,954**	**1,906,870**	**4,580,495**	**1,345,646**	**173,268**	**19,543,939**	**34,731,172**
Net book value as at 31 December 2009	**7,230,958**	**1,959,433**	**4,530,453**	**1,365,681**	**183,232**	**19,575,829**	**34,845,586**

As at 31 March 2011 the advances given to major contractors: OJSC "E4 Group" to build a power unit on site of Serovskaya GRES amounted to RR 7,217,993 thousand (net of VAT) and CJSC "QUARTZ-Novie Technologii" to build a power unit on site of Troitskaya GRES amounted to RR 9,927,565 thousand (net of VAT) (as at 31 December 2010: RR 7,217,993 thousand (net of VAT) OJSC "E4 Group" and RR 9,859,636 thousand (net of VAT) CJSC "QUARTZ-Novie Technologii"). The respective input VAT is recognised within other non-current assets balance (see Note 6).

(in thousands of Russian Roubles)

Finance lease

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

	31 March 2011	31 December 2010
Energy machinery and equipment	54,518	55,499
Other machinery and equipment	40,650	42,147
Other	3,733	4,524
Total	**98,901**	**102,170**

The leased equipment secures lease obligations.

Operating lease

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

Operating lease rentals are payable as follows:

	31 March 2011	31 December 2010
Not later than one year	153,488	194,375
Later than one year and not later than five years	202,617	203,097
Later than five years and not later than ten years	161,345	162,310
Later than ten years	914,905	920,139
Total	**1,432,355**	**1,479,921**

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

Note 6. Other non-current assets

	31 March 2011	31 December 2010
Long-term input VAT from advances paid	2,690,242	2,102,955
Prepayments / Deposits for pensions	235,467	225,839
Long-term promissory notes (nominal value of promissory notes is RR 523,066 thousand as at 31 March 2011 and RR 474,770 thousand as at 31 December 2010)	232,870	185,732
Long-term restructured trade and other receivables (net of provision for impairment of trade and other receivables of RR 10,304 thousand as at 31 March 2011 and RR 9,585 thousand as at 31 December 2010)	6,541	6,359
Other	77,950	87,204
Total	**3,243,070**	**2,608,089**

Other non-current assets mainly include an investment in 45,227,455 ordinary shares of JSC "RusHydro" (available-for-sale investments) with par value of RR 0.001 thousand amounted to RR 64,892 thousand as at 31 March 2011 (as at 31 December 2010: RR 74,128 thousand).

(in thousands of Russian Roubles)

Note 7. Cash and cash equivalents

	Currency	31 March 2011	31 December 2010
Current bank accounts	RR	1,984,029	3,023,465
Current bank accounts	KZT	1	1
Total		**1,984,030**	**3,023,466**

The Group has current bank accounts in the following banks:

Cash in bank	Credit rating on 31 March 2011*	31 March 2011	Credit rating on 31 December 2010*	31 December 2010
OJSC BANK "ROSSIYA"	E+/ Stable	1,891,869	E+/ Stable	2,591,303
OJSC "Alfa-bank"	D/ Stable	34,904	D/ Stable	20,295
OJSC "Evrofinance Mosnarbank"	E+/ Stable	31,338	E+/ Stable	281,332
OJSC "Sberbank"	D+/ Stable	21,556	D+/ Stable	126,217
CJSC "Mezhdunarodny promyshleny bank"	-	4,272	-	4,272
OJSC "Transcreditbank"	D-/ Stable	63	D-/ Stable	10
OJSC "NOMOS-bank"	D-/ Stable	28	D-/ Stable	35
OJSC "URALSIB"	-	-	E+/Stable	2
Total cash in bank		**1,984,030**		**3,023,466**

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

Note 8. Trade and other receivables

	31 March 2011	31 December 2010
Trade receivables (net of provision for impairment of trade receivables of RR 804,317 thousand as at 31 March 2011 and RR 827,467 thousand as at 31 December 2010)	6,626,253	2,018,965
Promissory notes (nominal value of promissory notes is RR 2,871,343 thousand as at 31 March 2011 and RR 3,148,994 thousand as at 31 December 2010)	2,554,782	2,794,690
Other receivables (net of provision for impairment of other receivables of RR 1,225,639 thousand as at 31 March 2011 and RR 1,219,601 thousand as at 31 December 2010)	59,403	53,401
Financial assets	**9,240,438**	**4,867,056**
Input VAT	3,226,179	3,198,619
Advances to suppliers (net of provision for impairment of advances to suppliers of RR 111,280 thousand as at 31 March 2011 and RR 105,544 thousand as at 31 December 2010)	242,187	225,272
Prepaid other tax and social funds contribution	8,994	11,564
Prepayments	4,393	4,544
Total	**12,722,191**	**8,307,055**
Less: Long-term input VAT from advances paid	(2,690,242)	(2,102,955)
Long-term promissory notes (nominal value of promissory notes is RR 523,066 thousand as at 31 March 2011 and RR 474,770 thousand as at 31 December 2010)	(232,870)	(185,732)

(in thousands of Russian Roubles)

Long-term restructured trade and other receivables (net of provision for impairment of trade and other receivables of RR 10,304 thousand as at 31 March 2011 and RR 9,585 thousand as at 31 December 2010)	(6,541)	(6,359)
Total	**9,792,538**	**6,012,009**

Note 9. Inventories

	31 March 2011	31 December 2010
Fuel supplies	1,210,947	1,003,227
Materials and supplies	521,400	416,064
Spare parts	900,529	872,379
Finished goods	2,269	2,269
Total	**2,635,145**	**2,293,939**

The above inventory balances are recorded net of the obsolescence provision of RR 31,977 thousand and RR 32,016 thousand as at 31 March 2011 and 31 December 2010, respectively.

There is no inventory pledged as collateral at 31 March 2011 and at 31 December 2010.

Note 10. Equity

Dividends

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

Employee share option plan

1 May 2011 is the end-date of the employee share option plan program. As at 31 March 2011 there are no exercised stock options.

Note 11. Trade and other payables

	31 March 2011	31 December 2010
Trade payables	3,231,085	2,557,095
Accrued liabilities and other payables	184,347	269,455
Financial liabilities	**3,415,432**	**2,826,550**
Salaries and wages payable	350,124	268,204
Advances from customers	162,265	49,890
Total	**3,927,821**	**3,144,644**

Note 12. Other taxes payable

	31 March 2011	31 December 2010
Value added tax	668,791	5,712
Water usage tax	148,406	182,803
Social funds contribution	64,696	30,054
Environment pollution payments	54,571	62,441
Property tax	52,289	44,373
Personal income tax	26,957	24,539
Other taxes	1,643	1,778
Total	**1,017,353**	**351,700**

(in thousands of Russian Roubles)

Note 13. Revenues

	3 months ended 31 March 2011	3 months ended 31 March 2010
Electricity and capacity	15,056,588	12,782,288
Heating	358,111	365,302
Other	55,726	38,968
Total	**15,470,425**	**13,186,558**

Note 14. Operating expenses

	Notes	3 months ended 31 March 2011	3 months ended 31 March 2010
Fuel		9,127,327	8,047,134
Purchased electricity, capacity and heat		1,204,985	923,821
Employee benefits		857,696	769,167
Depreciation and amortisation of property, plant, equipment and intangible assets		345,136	330,319
Taxes other than income tax		216,724	229,596
Dispatcher's fees		197,220	168,554
Repairs and maintenance		190,571	152,870
Raw materials and supplies		127,802	110,812
Transport		62,601	11,884
Ecological payments		61,800	105,030
Rent		50,350	55,962
Consulting, legal and audit services		20,695	9,008
Insurance		17,749	9,737
Loss / (gain) on disposal of assets		17,385	(2,897)
Reversal of provision for impairment of trade and other receivables		(11,376)	(60,348)
Reversal of provision for inventory obsolescence	9	(39)	(7,958)
Reversal of property, plant and equipment impairment	5	-	(548)
Other expenses		259,551	290,021
Total operating expenses		**12,746,177**	**11,142,164**

Employee benefits expenses comprise the following:

	3 months ended 31 March 2011	3 months ended 31 March 2010
Salaries and wages	632,771	566,306
Social funds contribution	183,266	131,111
Non-state pensions and other long-term benefits	29,067	28,030
Financial aid to employees and pensioners	12,592	41,758
Employee share option plan expenses	-	1,962
Employee benefits	**857,696**	**769,167**
Number of personnel at the end of the period	4,607	4,818

Included in social funds contribution are statutory pension contributions of RR 142,235 thousand (for the 3 months ended 31 March 2010: RR 102,092 thousand).

(in thousands of Russian Roubles)

Note 15. Finance income

	3 months ended 31 March 2011	3 months ended 31 March 2010
Release of discounting effect of long-term promissory notes received	42,430	37,205
Interest income on bank deposits and current bank account balances	9,977	98,680
Foreign exchange differences	3,071	1,218
Other finance income	17	567
Total finance income	**55,495**	**137,670**

Note 16. Finance costs

	3 months ended 31 March 2011	3 months ended 31 March 2010
Interest expense on debt	118,235	225,718
Unwinding of the present value discount for provision for ash dump	18,721	12,883
Effect of discounting of long-term promissory notes received	4,687	-
Interest expense under finance lease agreements	-	93
Total finance costs	**141,643**	**238,694**

Note 17. Earnings per share

	3 months ended 31 March 2011	3 months ended 31 March 2010
Weighted average number of ordinary shares issued	32,726,598,082	32,733,468,382
Profit attributable to the shareholders of OJSC "OGK-2" (thousands of RR)	2,087,507	1,472,231
Earning per ordinary share attributable to the shareholders of OJSC "OGK-2" – basic and diluted (in RR)	**0.06**	**0.04**

Note 18. Capital commitments

As at 31 March 2011 in the framework of the investment program implementation the Group has capital commitments (including VAT) of RR 42,589,244 thousand (31 December 2010: RR 43,068,198 thousand).

As at 31 March 2011 the Group has commitments of RR 264,020 thousand in respect of software implementation costs (as at 31 December 2010 - RR 227,932 thousand).

Note 19. Contingencies

Political environment. The operations and earnings of the Group continue, from time to time and in varying degrees, to be affected by political, legislative, fiscal and regulatory developments, including those related to environmental protection, in Russian Federation.

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

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

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

(in thousands of Russian Roubles)

As at 31 March 2011 management believes that its interpretation of the relevant legislation is appropriate and the Group's tax and currency positions will be sustained. Where management believes it is probable that a position cannot be sustained, an appropriate amount has been accrued for in these financial statements.

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

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

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

Potential liabilities might arise as a result of changes in legislation and regulation or civil litigation. The impact of these potential changes cannot be estimated but could be material. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental remediation in excess of those amounts for which the provision has been recognised by the Group in these financial statements.

Note 20. Segment information

The Management Board of the Company controls and allocates economic resources of the Group between segments and evaluates segments' operating efficiency. Primary activity of the Group is production of electric and heat power and capacity which covers 99,6% of the Group revenue. The technology of electricity and heat production does not allow segregation of electricity and heat segments. Due to significant decentralization and distances between Company branches, the Group identifies six primary reporting segments: Surgutskaya GRES-1, Troitskaya GRES, Stavropolskaya GRES, Serovskaya GRES, Pskovskaya GRES and Adlerskaya TES. All reporting segments are located on the territory of Russian Federation. In the process of evaluation of segments, results and allocation of economic resources of the Group the Management Board uses financial information provided below prepared in accordance with RAR. The differences between the above-mentioned financial indicators analyzed by the Management Board and IFRS financial information are caused by different approaches applied in IFRS and RAR. The main difference is the estimation of the value of property, plant and equipment. The Group does not have inter-segment revenue.

3 months ended 31 March 2011	Surgutskaya GRES-1	Stavropolskaya GRES	Troitskaya GRES	Serovskaya GRES	Pskovskaya GRES	Adlerskaya TES	**Total operating segments**
Revenue	6,733,375	4,708,327	1,893,308	1,261,477	873,938	-	**15,470,425**
Segment operating profit / (loss) before income tax	2,161,327	866,193	(9,920)	131,165	95,628	(10,650)	**3,233,743**

3 months ended 31 March 2010	Surgutskaya GRES-1	Stavropolskaya GRES	Troitskaya GRES	Serovskaya GRES	Pskovskaya GRES	Adlerskaya TES	**Total operating segments**
Revenue	5,289,985	3,649,735	2,738,151	859,231	649,456	-	**13,186,558**
Segment operating profit before income tax	1,554,304	413,131	447,287	10,375	42,284	-	**2,467,381**

(in thousands of Russian Roubles)

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

	3 months ended 31 March 2011	3 months ended 31 March 2010
Segment operating profit	3,233,743	2,467,381
Adjustments, arised from different accounting policy:		
Depreciation adjustment	(127,300)	(164,339)
Provision for impairment of trade and other receivables	(24,566)	44,614
Share option plan	-	(685,690)
Other adjustments	(105,032)	(20,468)
Unallocated (expenses) / profit	(246,447)	328,522
Operating profit (IFRS)	**2,730,398**	**1,970,020**

Segment's assets are disclosed below:

	Surgutskaya GRES-1	Stavropol-skaya GRES	Troitskaya GRES	Serovskaya GRES	Pskovskaya GRES	Adler-skaya TES	Total assets
31 March 2011	4,021,657	2,608,912	18,598,432	9,949,879	2,372,878	4,047	37,555,805
31 December 2010	4,039,167	2,502,992	17,977,793	9,896,458	2,390,110	2,441	36,808,961

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

	31 March 2011	31 December 2010
Total assets for reportable segment	37,555,805	36,808,961
Adjustments, arised from different accounting policy:		
Property, plant and equipment adjustment	6,008,290	6,055,379
Prepayments / deposits for pensions	235,467	225,839
Discounting of promissory notes	(316,561)	(354,304)
Impairment of trade and other receivables	(168,982)	(144,416)
Provision for inventory obsolescence	(31,977)	(32,016)
Other adjustments	(749,770)	(630,769)
Unallocated assets	13,379,431	10,189,797
Total assets (IFRS)	**55,911,703**	**52,118,471**

The unallocated assets are the assets which cannot be directly related to the certain operating segment and are also out of the operating segment control for decision making purposes. These assets include intangible assets, short – term and long - term trade receivables, cash in bank, deposits, inventories and items of property, plant and equipment which are subject to the headquarters control.

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