

**OGK-2 GROUP
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)
FOR THE THREE MONTHS ENDED 31 MARCH 2015 (UNAUDITED)**

OGK-2 Group
Interim Condensed Consolidated Statement of Financial Position as at 31 March 2015 (unaudited)

(in thousands of Russian Roubles)

	Notes	31 March 2015	31 December 2014
ASSETS			
Non-current assets			
Property, plant and equipment	5	147,278,560	142,756,234
Intangible assets		1,317,761	1,379,191
Other non-current assets		2,619,222	2,569,205
Total non-current assets		151,215,543	146,704,630
Current assets			
Cash and cash equivalents	6	11,546,274	13,055,599
Trade and other receivables	7	12,710,463	14,220,814
Inventories	8	8,903,960	7,337,075
Income tax prepayments		700	46,990
Total current assets		33,161,397	34,660,478
TOTAL ASSETS		184,376,940	181,365,108
EQUITY AND LIABILITIES			
Equity			
Share capital	9		
Ordinary shares		40,057,009	40,057,009
Treasury shares		(4,339,331)	(4,339,331)
Share premium		28,378,693	28,378,693
Retained earnings and other reserves		51,178,402	47,509,382
Total equity		115,274,773	111,605,753
Non-current liabilities			
Deferred income tax liabilities		6,809,445	6,542,940
Non-current debt	10	40,587,565	40,598,810
Retirement benefit obligations		1,559,560	1,530,239
Restoration provision		1,409,368	1,445,484
Other long-term liabilities		542,900	502,069
Total non-current liabilities		50,908,838	50,619,542
Current liabilities			
Current debt and current portion of non-current debt	11	6,566,539	6,562,255
Trade and other payables	12	9,916,934	11,523,026
Other taxes payable	13	1,027,756	793,160
Income tax payable		370,204	-
Restoration provision		311,896	261,372
Total current liabilities		18,193,329	19,139,813
Total liabilities		69,102,167	69,759,355
TOTAL EQUITY AND LIABILITIES		184,376,940	181,365,108

General Director

Chief Accountant



D.N. Bashuk

L.V. Klisch

22 May 2015

OGK-2 Group
Interim Condensed Consolidated Statement of Profit or Loss
for the 3 months ended 31 March 2015 (unaudited)
(in thousands of Russian Roubles unless noted otherwise)

	Notes	3 months ended 31 March 2015	3 months ended 31 March 2014
Revenues	14	31,090,227	29,146,555
Operating expenses	15	(27,152,174)	(25,505,018)
Other operating items		(16,838)	4,120
Operating profit		3,921,215	3,645,657
Finance income	16	1,048,408	212,659
Finance costs	17	(433,992)	(425,683)
Profit before income tax		4,535,631	3,432,633
Income tax charge		(869,637)	(732,179)
Profit for the period		3,665,994	2,700,454
Attributable to:			
Shareholders of OJSC OGK-2		3,665,994	2,700,454
Earnings per ordinary share attributable to the shareholders of OJSC OGK-2 – basic and diluted (in Russian Roubles)			
	18	0.03	0.02

OGK-2 Group
Interim Condensed Consolidated Statement of Comprehensive Income
for the 3 months ended 31 March 2015 (unaudited)
(in thousands of Russian Roubles)

	3 months ended 31 March 2015	3 months ended 31 March 2014
Profit for the period	3,665,994	2,700,454
<i>Items that may be reclassified to profit or loss:</i>		
Available-for-sale investments, net of tax	3,026	(594)
Total comprehensive income for the period	3,669,020	2,699,860
Attributable to:		
Shareholders of OJSC OGK-2	3,669,020	2,699,860

The interim condensed consolidated statement of comprehensive income is to be read in conjunction with the notes to, and forming part of, the interim condensed consolidated financial statements set out on pages 7 to 22

OGK-2 Group
Interim Condensed Consolidated Statement of Cash Flows for the 3 months ended 31 March 2015
(unaudited)

(in thousands of Russian Roubles)

	Notes	3 months ended 31 March 2015	3 months ended 31 March 2014
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax		4,535,631	3,432,633
Adjustments to reconcile profit before income tax to net cash provided by operations:			
Depreciation of property, plant and equipment	15	1,131,833	1,182,569
Amortisation of intangible assets	15	73,172	39,641
Reversal of provision for impairment of trade and other receivables	15	(748,109)	(144,421)
Reversal of provision for inventory obsolescence	15	(1,459)	(325)
Finance income	16	(1,048,408)	(212,659)
Finance costs	17	433,992	425,683
Non-state pensions and other long-term benefits	15	14,453	22,496
Loss / (gain) on disposal of assets, net	15	178,993	(13,524)
Other non-cash items		10,460	3
Operating cash flows before working capital changes and income tax paid		4,580,558	4,732,096
Working capital changes:			
Decrease in trade and other receivables		2,273,839	1,675,218
Increase in inventories		(1,752,174)	(649,508)
Decrease in trade and other payables		(1,146,308)	(131,697)
Increase in taxes payable, other than income tax		234,747	223,324
Payments in respect of retirement benefit obligations		(7,432)	(70,017)
Decrease in other non-current liabilities		-	(71,955)
Income tax paid		(187,545)	-
Net cash generated from operating activities		3,995,685	5,707,461
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(5,032,458)	(3,573,231)
Proceeds from sale of property, plant and equipment		1,241	11,729
Purchase of intangible assets		(11,812)	(12,233)
Proceeds from bank deposits		-	3,100,000
Interest received		496,795	183,855
Net cash used in investing activities		(4,546,234)	(289,880)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from long-term borrowings		-	4,300,000
Interest paid		(937,052)	(688,324)
Payments under finance lease		(21,627)	(37,604)
Finance lease advance		(97)	(158)
Net cash (used in) / generated from financing activities		(958,776)	3,573,914
Net (decrease) / increase in cash and cash equivalents		(1,509,325)	8,991,495
Cash and cash equivalents at the beginning of the period		13,055,599	5,756,231
Cash and cash equivalents at the end of the period		11,546,274	14,747,726

The interim condensed consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of, the interim condensed consolidated financial statements set out on pages 7 to 22

OGK-2 Group
Interim Condensed Consolidated Statement of Changes in Equity
for the 3 months ended 31 March 2015 (unaudited)
(in thousands of Russian Roubles)

	Share capital	Treasury shares	Share premium	Retained earnings and other reserves	Total
At 1 January 2014	40,057,009	(4,058,856)	28,378,693	48,616,825	112,993,671
Profit for the period	-	-	-	2,700,454	2,700,454
Available-for-sale investments, net of tax	-	-	-	(594)	(594)
<i>Total comprehensive income for the period</i>	-	-	-	<i>2,699,860</i>	<i>2,699,860</i>
At 31 March 2014	40,057,009	(4,058,856)	28,378,693	51,316,685	115,693,531
At 1 January 2015	40,057,009	(4,339,331)	28,378,693	47,509,382	111,605,753
Profit for the period	-	-	-	3,665,994	3,665,994
Available-for-sale investments, net of tax	-	-	-	3,026	3,026
<i>Total comprehensive income for the period</i>	-	-	-	<i>3,669,020</i>	<i>3,669,020</i>
At 31 March 2015	40,057,009	(4,339,331)	28,378,693	51,178,402	115,274,773

The interim condensed consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the interim condensed consolidated financial statements set out on pages 7 to 22

OGK-2 Group
Notes to Interim Condensed Consolidated Financial Statements
for the 3 months ended 31 March 2015 (unaudited)
(in thousands of Russian Roubles)

Note 1. The Group and its operations

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

The primary activities of the Company are generation and sale of electric and heat power. The Company consists of the following power stations (plants): Troitskaya GRES, Stavropolskaya GRES, Pskovskaya GRES, Serovskaya GRES, Surgutskaya GRES-1, Kirishskaya GRES, Ryazanskaya GRES, Novochebasskaya GRES, Krasnoyarskaya GRES-2, Cherepovetskaya GRES. The Company rents Adlerskaya TES station and additional power unit №4 PGU-420 on Cherepovetskaya GRES under operating lease agreement.

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

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

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

	% owned	
	31 March 2015	31 December 2014
LLC "OGK-2 Finance"	100%	100%
LLC "Centr 112"	100%	100%

Operating environment of the Group. The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations (Note 20). During 3 months ended 31 March 2015 the Russian economy was negatively impacted by low oil prices and ongoing political tension in the region and international sanctions against certain Russian companies and individuals. As a result during 3 months ended 31 March 2015:

- the CBRF exchange rate fluctuated between RR 56.2376 and RR 69.6640 per USD;
- the CBRF key refinancing interest rate decreased from 17.0% p.a. to 14.0% p.a.;
- the RTS stock exchange index ranged between 737 and 929;
- credit rating of Russian Federation was downgraded by Moody's Investor Service to Ba1, by Fitch Rating to BBB- and by Standard&Poors to BB+, which is below investing level first time in last 10 years. All of these rating agencies also provided negative forecast.

The financial markets continue to be volatile and are characterised by frequent significant price movements and increased trading spreads.

These events may have a further significant impact on the Group's future operations and financial position, the effect of which is difficult to predict. The future economic and regulatory situation and its impact on the Group's operations may differ from management's current expectations.

Relations with the state and current regulation. OJSC "OGK-2" is part of the Gazprom Group, which includes OJSC "Gazprom" and its subsidiaries. OJSC "Centerenergyholding" owns 73.42% of the shares of OJSC "OGK-2" as at 31 March 2015 (as at 31 December 2014: 73.42%).

Gazprom Group, in its turn, is controlled by the Russian Federation, therefore, the Russian Government is the ultimate controlling party of the Group as at 31 March 2015 and 31 December 2014.

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 OJSC "Gazprom".

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

As described in Note 20, the government's economic, social and other policies could have material effects on the operations of the Group.

OGK-2 Group
Notes to Interim Condensed Consolidated Financial Statements
for the 3 months ended 31 March 2015 (unaudited)
(in thousands of Russian Roubles)

Note 2. Basis of preparation

The interim condensed consolidated financial statements for the 3 months ended 31 March 2015 ("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 2014, which have been prepared in accordance with IFRS.

Seasonality. Demand for electricity and heat is influenced by both the season of the year and the relative severity of the weather. Revenues from heating are concentrated within the months of October to March. A similar, though less severe, concentration of electricity sales occurs within the same period. The seasonality of electricity and heat production has a corresponding impact on the usage of fuel. Furthermore, during the periods of lower production from April to September, there is an increase in the expenditures on repairs and maintenance. This seasonality does not impact on the revenue or cost recognition policies of the Group.

Note 3. New accounting developments

The accounting policies followed in the preparation of these interim condensed consolidated financial statements are consistent with those applied in the annual consolidated financial statements as at and for the year ended 31 December 2014.

The Group has adopted all new standards, amendments to standards and interpretations that were effective from 1 January 2015. The impact of the adoption of these new standards, amendments to standards and interpretations has not been significant with respect to these interim condensed consolidated financial statements.

Certain new standards and amendments to standards as disclosed in the consolidated financial statements as at and for the year ended 31 December 2014, have been issued but are not effective for the financial year beginning 1 January 2015 and which the Group has not early adopted.

Note 4. Related Parties

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

Transactions with Gazprom Group and its associates

Transactions with Gazprom Group and its associates were as follows:

	3 months ended 31 March 2015	3 months ended 31 March 2014
Sales of electricity and capacity	1,474,694	1,556,255
Sales of heat	209	1,107
Other sales	13,556	22,340
Other income	136	143
Interest income	165,378	18,741
Purchases of gas	9,725,576	8,900,806
Other purchases	1,634,682	1,228,065
Other expenses	3,066	586
Interest expense under finance lease agreements	3,013	6,428
Accrued interest on the loans	877,594	426,082

OGK-2 Group
Notes to Interim Condensed Consolidated Financial Statements
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(in thousands of Russian Roubles)

Balances with Gazprom Group and its associates were as follows:

	31 March 2015	31 December 2014
Long-term loan issued	1,048,344	1,048,344
Bank accounts (Note 6)	1,001,255	12,794,910
Trade and other receivables	1,037,136	992,288
Promissory notes JSC "Gazprombank" (nominal value of promissory notes is RR 546,944 thousand as at 31 March 2015 and RR 633,936 thousand as at 31 December 2014)	529,413	615,800
Non-current debt	37,706,485	37,719,817
Current portion of non-current debt	6,549,909	6,551,037
Trade and other payables	1,546,466	1,902,664

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

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

Information concerning significant operations with the state-controlled entities is presented below:

	3 months ended 31 March 2015	3 months ended 31 March 2014
Sales of electricity and capacity	6,934,599	7,337,226
Reversal of provision for impairment of trade receivables	(685,357)	(106,954)
Interest income on deposits	246,363	3,812
Building and construction works	1,979,498	2,115,185
Purchases of electricity and capacity	2,765,644	2,541,546
Interest expense on loans	59,458	59,458

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

	31 March 2015	31 December 2014
Trade and other receivables, gross	11,597,600	11,226,347
Provision for impairment of trade and other receivables	(2,892,828)	(3,578,069)
Trade and other payables	2,576,809	3,703,969
Non-current debt and current portion of non-current debt to OJSC "Sberbank"	2,873,307	2,873,307
Short term deposits (Note 6)	9,207,141	-

Transactions with key management

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

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

Total remuneration in the form of salary and bonuses accrued to the members of the Board of Directors and Management Board for the 3 months ended 31 March 2015 was RR 20,811 thousand (for the 3 months ended 31 March 2014: RR 23,723 thousand).

OGK-2 Group
Notes to Interim Condensed Consolidated Financial Statements
for the 3 months ended 31 March 2015 (unaudited)
(in thousands of Russian Roubles)

Transactions with other related parties

Transactions with other related parties represent transactions with the pension fund. For the 3 months ended 31 March 2015 the Group made contributions of RR 9,361 thousand to NPF Electroenergetiki (for the 3 months ended 31 March 2014: nil).

Note 5. Property, plant and equipment

	Production buildings	Constructions	Energy machinery and equipment	Other machinery and equipment	Other	Construction in progress	Total
Cost							
Opening balance as at 1 January 2015	38,334,720	22,625,466	46,368,239	15,545,209	1,674,604	83,574,682	208,122,920
Additions	-	160	-	14,169	1,413	5,915,487	5,931,229
Transfer	35,709	61,410	59,592	42,662	431	(199,804)	-
Disposals	-	(6,395)	(405)	(837)	(1,759)	(13,689)	(23,085)
Closing balance as at 31 March 2015	38,370,429	22,680,641	46,427,426	15,601,203	1,674,689	89,276,676	214,031,064
Accumulated depreciation (including impairment)							
Opening balance as at 1 January 2015	(19,497,611)	(12,432,228)	(22,067,614)	(9,056,296)	(1,254,144)	(1,058,793)	(65,366,686)
Charge for the period	(340,147)	(248,609)	(519,434)	(278,327)	(7,147)	-	(1,393,664)
Disposals	-	4,861	389	837	1,759	-	7,846
Closing balance as at 31 March 2015	(19,837,758)	(12,675,976)	(22,586,659)	(9,333,786)	(1,259,532)	(1,058,793)	(66,752,504)
Net book value as at 31 March 2015	18,532,671	10,004,665	23,840,767	6,267,417	415,157	88,217,883	147,278,560
Net book value as at 31 December 2014	18,837,109	10,193,238	24,300,625	6,488,913	420,460	82,515,889	142,756,234
	Production buildings	Constructions	Energy machinery and equipment	Other machinery and equipment	Other	Construction in progress	Total
Cost							
Opening balance as at 1 January 2014	37,874,510	20,759,477	44,853,971	15,033,605	1,653,028	64,060,710	184,235,301
Additions	-	538,380	-	15,279	4,700	4,158,518	4,716,877
Transfer	7,697	32,500	31,069	52,098	29,955	(153,319)	-
Disposals	(23,955)	(4,745)	(16)	-	-	(105)	(28,821)
Closing balance as at 31 March 2014	37,858,252	21,325,612	44,885,024	15,100,982	1,687,683	68,065,804	188,923,357
Accumulated depreciation (including impairment)							
Opening balance as at 1 January 2014	(16,704,396)	(10,902,911)	(19,309,536)	(7,454,595)	(1,089,415)	(284,147)	(55,745,000)
Charge for the period	(176,194)	(207,864)	(494,462)	(301,565)	(29,361)	-	(1,209,446)
Disposals	7,980	2,175	12	-	-	-	10,167
Closing balance as at 31 March 2014	(16,872,610)	(11,108,600)	(19,803,986)	(7,756,160)	(1,118,776)	(284,147)	(56,944,279)
Net book value as at 31 March 2014	20,985,642	10,217,012	25,081,038	7,344,822	568,907	67,781,657	131,979,078
Net book value as at 31 December 2013	21,170,114	9,856,566	25,544,435	7,579,010	563,613	63,776,563	128,490,301

OGK-2 Group
Notes to Interim Condensed Consolidated Financial Statements
for the 3 months ended 31 March 2015 (unaudited)
(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 2015	31 December 2014
Energy machinery and equipment	35,442	36,340
Other machinery and equipment	163,755	172,464
Other	127,008	181,909
Total	326,205	390,713

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

Operating lease

The Group leases a number of land plots owned by local governments and real estate entities 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 50 years. Lease payments are reviewed regularly to reflect market rentals.

Operating lease rentals are payable as follows:

	31 March 2015	31 December 2014
Not later than one year	5,509,980	5,714,294
Later than one year and not later than five years	843,380	2,028,579
Later than five years and not later than ten years	938,502	1,266,921
Later than ten years	3,819,809	6,534,131
Total	11,111,671	15,543,925

Note 6. Cash and cash equivalents

	Currency	31 March 2015	31 December 2014
Bank deposits with maturity three months or less	RR	9,516,041	-
Current bank accounts	RR	1,036,800	13,055,550
Current bank accounts	USD	502,271	-
Bank deposits with maturity three months or less	USD	491,100	-
Other cash equivalents	RR	62	49
Total		11,546,274	13,055,599

The Group has current bank accounts in the following banks:

Cash in bank	Credit rating on 31 March 2015*	31 March 2015	Credit rating on 31 December 2014*	31 December 2014
JSC "Gazprombank"	b1 / Negative	1,001,255	ba3 / Negative	12,794,910
OJSC "Alfa-bank"	ba3 / Negative	502,337	ba2 / Stable	2
	WR / Ratings		WR / Ratings	
OJSC "BANK "ROSSIYA"	Withdrawn	33,998	Withdrawn	260,154
OJSC "Sberbank"	ba2 / Negative	1,423	ba1 / Negative	424
OJSC "VTB"	b1 / Negative	58	ba3 / Stable	60
Total cash in bank		1,539,071		13,055,550

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

OGK-2 Group
Notes to Interim Condensed Consolidated Financial Statements
for the 3 months ended 31 March 2015 (unaudited)
(in thousands of Russian Roubles)

Due to the fact that Moody's Investors Service has ceased to give Bank Financial Strength Ratings, the Group leads baseline credit assessment of Moody's Investors Service. The Bank Financial Strength Ratings at 31 December 2014 translated at the official scale of Moody's Investors Service.

Credit quality of bank deposits is presented below:

Bank deposits with maturity of three months or less	Interest rate	Credit rating on 31 March 2015*	31 March 2015	Interest rate	Credit rating on 31 December 2014*	31 December 2014
OJSC "VTB"	13.00 – 15.42%	Not-Prime	8,707,141	-	-	-
OJSC "Alfa-bank"	12.50 – 13.75%	Not-Prime	800,000	-	-	-
OJSC "Sberbank"	13.00%	Not-Prime	500,000	-	-	-
Total bank deposits with maturity of three months or less			10,007,141			-

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

Note 7. Trade and other receivables

	31 March 2015	31 December 2014
Trade receivables	8,409,955	9,013,707
(net of provision for impairment of RR 5,643,101 thousand as at 31 March 2015 and RR 6,401,767 thousand as at 31 December 2014, and the effect of discounting of RR 2,038 thousand as at 31 March 2015 and RR 3,528 thousand as at 31 December 2014)		
Other receivables	1,362,625	943,378
(net of provision for impairment of RR 1,250,974 thousand as at 31 March 2015 and RR 1,247,635 thousand as at 31 December 2014, and the effect of discounting of RR 14,336 thousand as at 31 March 2015 and RR 16,130 thousand as at 31 December 2014)		
Promissory notes	804,889	886,675
(nominal value of promissory notes is RR 1,105,550 thousand as at 31 March 2015 and RR 1,193,758 thousand as at 31 December 2014)		
Interest receivable	36,705	50,042
Financial assets	10,614,174	10,893,802
Input VAT	1,504,133	1,518,855
Advances to suppliers	754,828	1,035,454
(net of provision for impairment of RR 1,244 thousand as at 31 March 2015 and RR 14,136 thousand as at 31 December 2014)		
Prepaid other taxes and social funds contribution	201,142	1,105,334
Total	13,074,277	14,553,445
Less: Long-term promissory notes	(340,630)	(300,227)
(nominal value of promissory notes is RR 634,889 thousand as at 31 March 2015 and RR 594,889 thousand as at 31 December 2014)		
Long-term restructured trade and other receivables	(19,015)	(27,971)
(net of provision for impairment of RR 6,298 thousand as at 31 March 2015 and RR 6,700 thousand as at 31 December 2014, and the effect of discounting of RR 12,186 thousand as at 31 March 2015 and RR 19,462 thousand as at 31 December 2014)		
Long-term input VAT from advances paid	(4,169)	(4,433)
Total	12,710,463	14,220,814

OGK-2 Group
Notes to Interim Condensed Consolidated Financial Statements
for the 3 months ended 31 March 2015 (unaudited)
(in thousands of Russian Roubles)

Breakdown of promissory notes is presented below:

Bank	Credit rating on 31	31 March 2015	Credit rating on 31	31 December 2014
	March 2015*		December 2014*	
JSC "Gazprombank"	b1 / Negative	529,413	ba3 / Negative	615,800
OJSC "Alfa-bank"	ba3 / Negative	270,410	ba2 / Stable	264,726
Other	-	5,066	-	6,149
Total		804,889		886,675

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

Note 8. Inventories

	31 March 2015	31 December 2014
Fuel supplies	4,241,606	4,273,139
Spare parts	3,554,542	2,190,544
Materials and supplies	1,107,812	873,392
Total	8,903,960	7,337,075

Inventories are presented net of provision for obsolescence of RR 147,602 thousand and RR 149,061 thousand as at 31 March 2015 and 31 December 2014, respectively.

As at 31 March 2015 unpaid inventories amounted to RR 1,900,895 thousand (as at 31 December 2014: RR 2,058,810 thousand).

Note 9. Equity

Share capital	Number of ordinary	Number of ordinary
	shares	shares
	31 March 2015	31 December 2014
Issued shares	110,441,160,870	110,441,160,870
Treasury shares	(4,741,836,939)	(4,741,836,939)
Total outstanding shares	105,699,323,931	105,699,323,931

Each ordinary share carries one vote.

As at 31 March 2015 and 31 December 2014 the number of authorised for issue but not issued ordinary shares is 58,886,766,090 shares.

Dividends

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

Note 10. Non-current debt

	Currency	Effective interest rate	Due	31 March 2015	31 December 2014
Loans	RR	8.00%-8.40%	2016 - 2017	40,570,664	40,570,664
Finance lease liability	RR	19.62%-27.90%	2016	16,901	28,146
Total				40,587,565	40,598,810

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

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Maturity table

	31 March 2015	31 December 2014
Due for repayment		
Between one and two years	24,487,565	24,498,810
Between two and three years	16,100,000	16,100,000
Total	40,587,565	40,598,810

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

Finance lease liabilities – minimum lease payments

	31 March 2015	31 December 2014
Due for repayment		
Less than one year	73,685	70,605
Between one year and five years	17,866	29,767
Future finance charges on finance lease	(10,754)	(12,614)
Present value of lease liabilities	80,797	87,758

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

	Currency	Effective interest rate	31 March 2015	31 December 2014
Current portion of long-term loans	RR	7.91%-8.40%	6,502,643	6,502,643
Current portion of finance lease liability	RR	19.62%-27.90%	63,896	59,612
Total			6,566,539	6,562,255

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

Note 12. Trade and other payables

	31 March 2015	31 December 2014
Trade payables	9,100,932	10,299,881
Accrued liabilities and other payables	358,731	383,488
Dividends payable	591	595
Financial liabilities	9,460,254	10,683,964
Salaries and wages payable	442,769	604,710
Advances from customers	13,911	234,352
Total	9,916,934	11,523,026

Note 13. Other taxes payable

	31 March 2015	31 December 2014
Property tax	428,413	227,994
Water usage tax	198,746	150,386
Social tax	197,004	216,020
Environment pollution payment	127,370	104,327
Personal income tax	51,424	69,018
Value added tax	13,893	14,548
Other taxes	10,906	10,867
Total	1,027,756	793,160

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Note 14. Revenues

	3 months ended 31 March 2015	3 months ended 31 March 2014
Electricity and capacity	29,299,296	27,341,901
Heating	1,554,556	1,548,594
Other	236,375	256,060
Total	31,090,227	29,146,555

Note 15. Operating expenses

	3 months ended 31 March 2015	3 months ended 31 March 2014
Fuel	17,412,177	16,484,015
Purchased electricity, capacity and heat	2,892,959	2,645,949
Employee benefits	1,900,401	1,718,517
Rent	1,281,930	581,683
Depreciation and amortisation of property, plant, equipment and intangible assets	1,205,005	1,222,210
Taxes other than income tax	618,056	520,153
Repairs	507,047	543,181
Dispatcher's fees	487,829	487,079
Electricity transit	311,578	361,962
Raw materials and supplies	257,371	282,294
Loss / (gain) on disposal of other assets	179,355	(13,403)
Ecological payments	161,336	99,335
Transport	153,176	123,835
Insurance	46,751	43,777
Consulting, legal and audit services	20,396	21,138
Gain on disposal of property, plant, equipment	(362)	(121)
Reversal of provision for inventory obsolescence	(1,459)	(325)
Reversal of provision for impairment of trade and other receivables	(748,109)	(144,421)
Other expenses	466,737	528,160
Total operating expenses	27,152,174	25,505,018

Employee benefits expenses comprise the following:

	3 months ended 31 March 2015	3 months ended 31 March 2014
Salaries and wages	1,329,761	1,236,046
Social funds contribution	439,155	410,418
Financial aid to employees and pensioners	117,032	49,557
Non-state pensions and other long-term benefits	14,453	22,496
Employee benefits	1,900,401	1,718,517
Number of personnel at the end of the period	9,490	9,479

Included in social funds contribution are statutory pension contributions of RR 345,268 thousand for the 3 months ended 31 March 2015 (for the 3 months ended 31 March 2014: RR 323,659 thousand).

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Note 16. Finance income

	3 months ended 31 March 2015	3 months ended 31 March 2014
Interest income on bank deposits and current bank account balances	483,458	153,005
Foreign currency exchange gain	475,720	6,299
Interest income on loans	28,441	18,802
Effect of discounting of long-term promissory notes received	13,141	19,046
Effect of discounting of long-term restructured trade and other receivables	3,284	15,507
Other finance income	44,364	-
Total finance income	1,048,408	212,659

Note 17. Finance costs

	3 months ended 31 March 2015	3 months ended 31 March 2014
Foreign currency exchange loss	(323,479)	(26,610)
Interest on employee benefit obligations	(51,612)	(53,275)
Unwinding of the present value discount - provision for ash dump	(40,753)	(33,643)
Interest expense on debt	(7,121)	(292,288)
Effect of discounting of long-term promissory notes received	(6,719)	(11,873)
Interest expense under finance lease agreements	(4,308)	(7,994)
Total finance costs	(433,992)	(425,683)

Note 18. Earnings per share

	3 months ended 31 March 2015	3 months ended 31 March 2014
Weighted average number of ordinary shares issued	105,699,323,931	108,079,620,570
Profit attributable to the shareholders of OJSC "OGK-2" (thousands of RR)	3,665,994	2,700,454
Earnings per ordinary share attributable to the shareholders of OJSC "OGK-2" – basic and diluted (in RR)	0.03	0.02

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

Note 19. Capital commitments

As at 31 March 2015 in the framework of the investment program implementation the Group has capital commitments (including VAT) of RR 16,169,265 thousand (as at 31 December 2014: RR 22,068,688 thousand).

Note 20. Contingencies

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

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

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

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

Russian transfer pricing legislation was modified and effective from 1 January 2012. New principles are significantly detailed and, to a certain extent, better aligned with international principles developed by Organization for Economic Co-operation and Development (OECD). The new transfer pricing legislation also provides the possibility for tax authorities to impose additional tax liabilities in respect of all controllable transactions (transactions with interdependent parties and some sort of transactions with independent parties), if transactions do not comply with market conditions.

During the reporting period the Group's subsidiaries had controllable transactions and transactions, that could be considered as such with a high degree of certainty. The Management of the Group implements internal control procedures to apply requirements of transfer pricing legislation.

There is no practice in application of new principles at the moment, consequences of trials with tax authorities of the Group's transfer pricing cannot be reliably estimated therefore it may be significant to the financial results and / or operations of the Group.

As at 31 March 2015 Management believes that its interpretation of the relevant legislation is appropriate and the Group's tax and currency positions will be sustained.

Environmental matters. The entities of the Group have operated in the electric power industry in the Russian Federation for many years. The enforcement of environmental regulation in the Russian Federation is evolving and the enforcement position of government authorities is continually being reconsidered.

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

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

Note 21. Fair values of financial instruments

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

(i) Recurring fair value measurements

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

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Financial instruments carried at fair value. Available-for-sale investments are carried on the consolidated statement of financial position at their fair value.

Fair values of available-for-sale investments (LLC "OGK-Investproekt") as at 31 March 2015 and 31 December 2014 were determined based on discounted cash flows from investing and were included in level 3.

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

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

	Note	Level 1	Level 2	Level 3	Fair value	Carrying value
31 March 2015						
Financial assets						
Promissory notes	7	-	728,509	-	728,509	804,889
Trade and other receivables	7	-	-	9,772,580	9,772,580	9,772,580
Interest receivable	7	-	-	36,705	36,705	36,705
Long term loan issued		-	816,301	-	816,301	1,048,344
Cash and cash equivalents	6	11,546,212	-	62	11,546,274	11,546,274
Total financial assets		11,546,212	1,544,810	9,809,347	22,900,369	23,208,792
Financial liabilities						
Debt (including finance lease liabilities)	10, 11	-	(42,072,297)	-	(42,072,297)	(47,154,104)
Trade and other payables		-	-	(9,978,108)	(9,978,108)	(10,003,154)
Total financial liabilities		-	(42,072,297)	(9,978,108)	(52,050,405)	(57,157,258)

	Note	Level 1	Level 2	Level 3	Fair value	Carrying value
31 December 2014						
Financial assets						
Promissory notes	7	-	778,390	-	778,390	886,675
Trade and other receivables	7	-	-	9,957,085	9,957,085	9,957,085
Interest receivable	7	-	-	50,042	50,042	50,042
Long term loan issued		-	675,687	-	675,687	1,048,344
Cash and cash equivalents	6	13,055,550	-	49	13,055,599	13,055,599
Total financial assets		13,055,550	1,454,077	10,007,176	24,516,803	24,997,745
Financial liabilities						
Debt (including finance lease liabilities)	10, 11	-	(39,627,384)	-	(39,627,384)	(47,161,065)
Trade and other payables		-	-	(11,121,708)	(11,121,708)	(11,186,033)
Total financial liabilities		-	(39,627,384)	(11,121,708)	(50,749,092)	(58,347,098)

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

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

Note 22. Segment information

The Management Board of the Company controls and allocates economic resources of the Group between segments and evaluates segments' operating efficiency. Primary activity of the Group is production of electric and heat power and capacity which covers 99.2% of the Group revenue. The Group operates in Russian Federation.

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The technology of electricity and heat production does not allow segregation of electricity and heat segments. The Company's branches are managed separately due to significant decentralization and distances between them, as a result the Group discloses seven reporting segments: Surgutskaya GRES-1, Kirishskaya GRES, Novochoerkasskaya GRES, Stavropolskaya GRES, Ryazanskaya GRES, Troitskaya GRES, Serovskaya GRES. All reporting segments are located on the territory of Russian Federation. In the process of evaluation of segments, results and allocation of economic resources of the Group the Management Board uses financial information provided below prepared in accordance with RAR. The differences between the above-mentioned financial indicators analyzed by the Management Board and IFRS financial information are caused by different approaches applied in IFRS and RAR. The main differences relate to the respective carrying values of the value of property, plant and equipment. The Group does not have inter-segment revenue. The main contractor of the Group is OJSC "CFR" which generates 57% of the Group revenue for the 3 months ended 31 March 2015 (for the 3 months ended 31 March 2014: 62%).

3 months ended 31 March 2015	Surgutskaya GRES-1	Kirishskaya GRES	Novochoerkass kaya GRES	Stavropolskaya GRES	Ryazanskaya GRES
Revenue	5,824,969	4,524,915	4,520,940	5,486,158	2,421,857
Segment operating profit / (loss)	1,592,488	1,653,585	127,141	471,976	96,084
3 months ended 31 March 2015	Troitskaya GRES	Serovskaya GRES	Other operating segments		Total operating segments
Revenue	1,507,670	631,776	6,171,942		31,090,227
Segment operating profit / (loss)	(691,285)	(116,800)	1,133,964		4,267,153
3 months ended 31 March 2014	Surgutskaya GRES-1	Kirishskaya GRES	Novochoerkass kaya GRES	Stavropolskaya GRES	Ryazanskaya GRES
Revenue	6,308,564	4,541,131	4,282,908	3,990,968	3,117,959
Segment operating profit / (loss)	1,533,034	1,226,334	426,060	483,646	240,866
3 months ended 31 March 2014	Troitskaya GRES	Serovskaya GRES	Other operating segments		Total operating segments
Revenue	1,245,966	758,445	4,900,614		29,146,555
Segment operating profit / (loss)	(461,457)	(13,277)	621,827		4,057,033

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

	3 months ended 31 March 2015	3 months ended 31 March 2014
Segment operating profit	4,267,153	4,057,033
Adjustments, arising from different accounting policy:		
Finance lease	22,306	38,778
Loss / (gain) on disposal of assets	544	(6,053)
Provision for impairment of trade and other receivables	405	528
Depreciation adjustment	(176,639)	(299,219)
Other adjustments	41,661	123,331
Unallocated expenses:	(234,215)	(268,741)
Provision for impairment of trade and other receivables	689,617	143,892
Consulting, legal and audit services	(12,486)	(8,040)
Rent	(109,914)	(61,867)
Employee benefit	(170,637)	(145,116)
Other corporate expenses	(630,795)	(197,610)
Operating profit (IFRS)	3,921,215	3,645,657

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Segment's assets are disclosed below:

	Troitskaya GRES	Novocherkass kaya GRES	Kirishskaya GRES	Serovskaya GRES	Ryazanskaya GRES
31 March 2015	46,101,187	29,280,914	22,396,614	21,299,488	13,738,696
31 December 2014	44,528,768	28,790,634	21,498,572	20,412,493	13,512,167

	Surgutskaya GRES-1	Stavropolskaya GRES	Other operating segments	Total assets
31 March 2015	4,401,997	3,204,404	11,344,455	151,767,755
31 December 2014	4,284,779	3,176,393	9,624,076	145,827,882

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

	31 March 2015	31 December 2014
Total assets for reportable segment	151,767,755	145,827,882
Adjustments, arised from different accounting policy:		
Property, plant and equipment adjustment	8,215,260	7,979,348
Deposits for pensions	8,337,704	8,107,995
Impairment of trade and other receivables	677,753	662,700
Discounting of long-term trade and other receivables	(6,771)	(7,176)
Provision for inventory obsolescence	(16,374)	(19,658)
Deferred tax	(45,998)	(47,457)
Discounting of promissory notes	(149,268)	(124,593)
Other adjustments	(300,661)	(307,085)
Unallocated assets	(281,125)	(285,378)
	24,393,925	27,557,878
Total assets (IFRS)	184,376,940	181,365,108

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

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