

**OGK-2 GROUP
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)
FOR THE SIX MONTHS ENDED 30 JUNE 2014 (UNAUDITED)**

OGK-2 Group
Interim Condensed Consolidated Statement of Financial Position as at 30 June 2014 (unaudited)

(in thousands of Russian Roubles)

	Notes	30 June 2014	31 December 2013
ASSETS			
Non-current assets			
Property, plant and equipment	5	135,349,187	128,490,301
Intangible assets		1,531,511	1,544,061
Other non-current assets		2,764,669	2,917,982
Total non-current assets		139,645,367	132,952,344
Current assets			
Cash and cash equivalents	6	11,125,915	5,756,231
Trade and other receivables	7	16,688,229	18,734,815
Inventories	8	7,082,120	6,344,290
Income tax prepayments		170,504	398,488
Other current assets	9	-	3,100,000
Total current assets		35,066,768	34,333,824
TOTAL ASSETS		174,712,135	167,286,168
EQUITY AND LIABILITIES			
Equity			
Share capital	10		
Ordinary shares		40,057,009	40,057,009
Treasury shares		(4,057,789)	(4,058,856)
Share premium		28,378,693	28,378,693
Retained earnings and other reserves		53,100,121	48,616,825
Total equity		117,478,034	112,993,671
Non-current liabilities			
Deferred income tax liabilities		7,126,126	6,702,917
Non-current debt	11	38,119,506	34,641,540
Retirement benefit obligations		2,053,173	2,020,359
Restoration provision	12	804,699	419,636
Other long-term liabilities	13	503,637	996,514
Total non-current liabilities		48,607,141	44,780,966
Current liabilities			
Current debt and current portion of non-current debt		58,750	79,751
Trade and other payables	14	7,681,277	8,664,936
Other taxes payable		662,247	727,698
Income tax payable		-	592
Restoration provision	12	224,686	38,554
Total current liabilities		8,626,960	9,511,531
Total liabilities		57,234,101	54,292,497
TOTAL EQUITY AND LIABILITIES		174,712,135	167,286,168

General Director

D.N. Bashuk

Chief Accountant

L.V. Klisch



14 August 2014

OGK-2 Group**Interim Condensed Consolidated Statement of Profit or Loss
for the 6 months ended 30 June 2014 (unaudited)**

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

	Notes	6 months ended 30 June 2014	6 months ended 30 June 2013 (Restated)
Revenues	15	55,686,289	52,705,808
Operating expenses	16	(49,924,392)	(47,174,064)
Other operating items		55,582	27,909
Operating profit		5,817,479	5,559,653
Finance income	17	466,123	256,258
Finance costs	18	(522,645)	(1,019,706)
Profit before income tax		5,760,957	4,796,205
Income tax charge		(1,284,704)	(1,071,395)
Profit for the period		4,476,253	3,724,810
Attributable to:			
Shareholders of OJSC OGK-2		4,476,253	3,724,810
Earning per ordinary share attributable to the shareholders of OJSC OGK-2 – basic and diluted (in Russian Roubles)	19	0.04	0.03

The interim condensed consolidated statement of profit or loss 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 21

OGK-2 Group**Interim Condensed Consolidated Statement of Comprehensive Income for the 6 months ended****30 June 2014 (unaudited)**

(in thousands of Russian Roubles)

	6 months ended 30 June 2014	6 months ended 30 June 2013 (Restated)
Profit for the period	4,476,253	3,724,810
<i>Items that may be reclassified to profit or loss:</i>		
Available-for-sale investments, net of tax	7,808	(16,905)
Total comprehensive income for the period	4,484,061	3,707,905
Attributable to:		
Shareholders of OJSC OGK-2	4,484,061	3,707,905

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 21

OGK-2 Group
Interim Condensed Consolidated Statement of Cash Flows for the 6 months ended 30 June 2014
(unaudited)

(in thousands of Russian Roubles)

	Notes	6 months ended 30 June 2014	6 months ended 30 June 2013 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax		5,760,957	4,796,205
Adjustments to reconcile profit before income tax to net cash provided by operations:			
Depreciation of property, plant and equipment	16	2,367,345	2,251,608
Amortisation of intangible assets	16	88,705	83,242
Charge of provision for impairment of trade and other receivables	16	133,192	179,138
Reversal of provision for inventory obsolescence	16	(930)	(39)
Finance income	17	(466,123)	(256,258)
Finance costs	18	522,645	1,019,706
Increase in retirement benefit obligations	16	44,991	65,812
Gain on disposal of assets, net	16	(41,636)	(15,651)
Other non-cash items		15	(275,885)
Operating cash flows before working capital changes and income tax paid		8,409,161	7,847,878
Working capital changes:			
Decrease / (increase) in trade and other receivables		2,193,806	(10,125)
Increase in inventories		(752,196)	(134,990)
Decrease in trade and other payables		(1,249,737)	(462,034)
Payments in respect of retirement benefit obligations		(96,043)	(81,113)
(Decrease) / increase in taxes payable, other than income tax		(60,077)	508,968
Income tax paid in cash		(641,429)	(1,644,327)
Net cash generated from operating activities		7,803,485	6,024,257
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(7,910,470)	(5,453,189)
Proceeds from sale of property, plant and equipment		29,030	13,508
Purchase of intangible assets		(64,649)	(30,332)
Proceeds from deposits		3,100,000	2,127,380
Interest received		361,678	215,257
Net cash used in investing activities		(4,484,411)	(3,127,376)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from short-term borrowings		-	274,786
Proceeds from long-term borrowings		13,600,000	-
Repayment of short-term borrowings		-	(3,475,146)
Repayment of long-term borrowings		(10,100,000)	-
Interest paid		(1,381,920)	(867,038)
Payments under finance lease		(67,448)	(87,781)
Finance lease advance		(22)	(1,490)
Prepayments for issued shares		-	403
Net cash generated from financing activities / (used in financing activities)		2,050,610	(4,156,266)
Net increase / (decrease) in cash and cash equivalents		5,369,684	(1,259,385)
Cash and cash equivalents at the beginning of the period		5,756,231	3,760,344
Cash and cash equivalents at the end of the period		11,125,915	2,500,959

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 21

OGK-2 Group
Interim Condensed Consolidated Statement of Changes in Equity for the 6 months ended
30 June 2014 (unaudited)

(in thousands of Russian Roubles)

	Share capital	Treasury shares	Share premium	Retained earnings and other reserves	Total
At 1 January 2013	21,518,239	(4,058,856)	23,916,508	66,829,632	108,205,523
Profit for the period (Restated)	-	-	-	3,724,810	3,724,810
Available-for-sale investments, net of tax	-	-	-	(16,905)	(16,905)
<i>Total comprehensive income for the period (Restated)</i>	-	-	-	<i>3,707,905</i>	<i>3,707,905</i>
Prepayments for issued shares	18,538,770	-	4,462,185	(23,000,552)	403
<i>Total transactions with owners</i>	<i>18,538,770</i>	<i>-</i>	<i>4,462,185</i>	<i>(23,000,552)</i>	<i>403</i>
At 30 June 2013 (Restated)	40,057,009	(4,058,856)	28,378,693	47,536,985	111,913,831
At 1 January 2014	40,057,009	(4,058,856)	28,378,693	48,616,825	112,993,671
Profit for the period	-	-	-	4,476,253	4,476,253
Available-for-sale investments, net of tax	-	-	-	7,808	7,808
<i>Total comprehensive income for the period</i>	-	-	-	<i>4,484,061</i>	<i>4,484,061</i>
Acquisition of treasury shares (Note 10)	-	1,067	-	(765)	302
<i>Total transactions with owners</i>	-	<i>1,067</i>	-	<i>(765)</i>	<i>302</i>
At 30 June 2014	40,057,009	(4,057,789)	28,378,693	53,100,121	117,478,034

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 21

OGK-2 Group
Notes to Interim Condensed Consolidated Financial Statements
for the 6 months ended 30 June 2014 (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, Adlerskaya TES, Kirishskaya GRES, Ryazanskaya GRES, Novochebasskaya GRES, Krasnoyarskaya GRES-2, Cherepovetskaya GRES.

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

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

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

	% owned	
	30 June 2014	31 December 2013
LLC "OGK-2 Finance"	100%	100%
LLC "Centr 112"	100%	100%

Operating environment of the Group. The Group's operations are primarily located in the Russian Federation. 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 varying interpretations (Note 21). The political and economic turmoil witnessed in the region, including the developments in Ukraine have had and may continue to have a negative impact on the Russian economy, including weakening of the Rouble and making it harder to raise international funding. At present, there is an ongoing threat of sanctions against Russia and Russian officials the extent and impact of which are at this stage difficult to determine. The financial markets are uncertain and volatile. These and other events may have a significant impact on the Group's operations and financial position, the effect of which is difficult to predict. The future economic and regulatory situation 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 30 June 2014 (as at 31 December 2013: 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 30 June 2014 and 31 December 2013.

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. JSC "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 21, the government's economic, social and other policies could have material effects on the operations of the Group.

Note 2. Basis of preparation

The interim condensed consolidated financial statements for the 6 months ended 30 June 2014 ("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 2013, which have been prepared in accordance with IFRS.

OGK-2 Group
Notes to Interim Condensed Consolidated Financial Statements
for the 6 months ended 30 June 2014 (unaudited)
(in thousands of Russian Roubles)

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

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

Note 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 2013.

The Group has adopted all new standards, amendments to standards and interpretations that were effective from 1 January 2014. 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 2013, have been issued but are not effective for the financial year beginning 1 January 2014 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 FTS, prices for electricity and capacity are based on tariffs set by FTS 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:

	6 months ended 30 June 2014	6 months ended 30 June 2013
<i>Sales:</i>		
Sales of electricity and capacity	3,084,643	2,902,254
Sales of heat	1,820	257
Other sales	56,692	347,028
<i>Other income</i>	208	3,694
<i>Purchases:</i>		
Purchases of gas	16,620,088	19,522,256
Other purchases	3,011,504	859,510
<i>Other expenses</i>	678	821
<i>Proceeds from long-term borrowings</i>	13,600,000	-

OGK-2 Group
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(in thousands of Russian Roubles)

Balances with Gazprom Group and its associates were as follows:

	30 June 2014	31 December 2013
Long-term loan issued	1,048,344	1,048,344
Bank accounts (Note 6)	2,154,377	43,594
Trade and other receivables	402,972	771,883
Promissory notes OJSC "Gazprombank" (nominal value of promissory notes is RR 766,145 thousand as at 30 June 2014 and RR 777,794 thousand as at 31 December 2013)	739,244	750,611
Non-current debt	35,200,000	21,600,000
Trade and other payables	1,230,348	1,229,272

Interest expense accrued in respect of non-current debt for the 6 months ended 30 June 2014 was RR 1,038,248 thousand (for the 6 months ended 30 June 2013: nil).

Interest income accrued in respect of loans issued for the 6 months ended 30 June 2014 was RR 37,690 thousand (for the 6 months ended 30 June 2013: nil).

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) are not significant either individually or collectively.

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

	6 months ended 30 June 2014	6 months ended 30 June 2013 (Restated)
Sales of electricity and capacity	13,995,909	12,873,840
Charge of provision for impairment of trade receivables (sales of electricity and capacity)	55,669	84,658
Reversal of provision for impairment of trade receivables (sales of electricity and capacity)	(149,272)	(84,384)
Building and construction works	7,194,317	2,149,496
Purchases of electricity and capacity	4,940,321	4,171,123

Significant balances with state-controlled entities were as follows:

	30 June 2014	31 December 2013
Trade and other receivables, gross	14,839,330	18,411,101
Provision for impairment of trade and other receivables	(3,037,993)	(3,176,550)
Trade and other payables	1,943,455	2,185,843
Non-current debt and current portion of non-current debt to OJSB "Sberbank"	2,872,646	2,873,307
Cash and cash equivalents	5,024,812	620

Interest expense accrued in respect of debt for 6 months ended 30 June 2014 was RR 119,577 thousand (for 6 months ended 30 June 2013: nil).

Interest income accrued in respect of bank deposit for the 6 months ended 30 June 2014 was RR 161,541 thousand (for the 6 months ended 30 June 2013: nil).

The guarantees from OJSC "Sberbank" equal RR 2,801,697 thousand as at 30 June 2014 (as at 31 December 2013: RR 3,150,096 thousand). Significant amount of this guarantees ensures return

OGK-2 Group
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of the advance payments made to CJSC "QUARTZ-Novie Technologii" to secure the contractor's obligations under the general construction contract.

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 6 months ended 30 June 2014 was RR 84,147 thousand (for the 6 months ended 30 June 2013: RR 42,275 thousand).

Transactions with other related parties

Transactions with other related parties represent transactions with the pension funds. For the 6 months ended 30 June 2014 the Group made contributions of RR 30,881 thousand to NPF Electroenergetiki and NPF GAZFOND (for the 6 months ended 30 June 2013: RR 24,490 thousand).

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 2014	37,874,510	20,759,477	44,853,971	15,033,605	1,653,028	64,060,710	184,235,301
Additions	-	588,899	-	21,243	5,724	8,690,824	9,306,690
Transfer	7,697	107,949	58,697	119,540	29,955	(323,838)	-
Disposals	(24,128)	(5,588)	(3,196)	(677)	(116)	(105)	(33,810)
Closing balance as at 30 June 2014	37,858,079	21,450,737	44,909,472	15,173,711	1,688,591	72,427,591	193,508,181
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	(352,320)	(421,505)	(989,814)	(605,711)	(58,903)	-	(2,428,253)
Disposals	8,085	2,663	2,793	603	115	-	14,259
Closing balance as at 30 June 2014	(17,048,631)	(11,321,753)	(20,296,557)	(8,059,703)	(1,148,203)	(284,147)	(58,158,994)
Net book value as at 30 June 2014	20,809,448	10,128,984	24,612,915	7,114,008	540,388	72,143,444	135,349,187
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 6 months ended 30 June 2014 (unaudited)
(in thousands of Russian Roubles)

	Production buildings	Constructions	Energy machinery and equipment	Other machinery and equipment	Other	Construction in progress	Total
Cost							
Opening balance as at 1 January 2013	37,665,957	19,614,523	44,164,395	14,080,513	1,626,223	48,509,459	165,661,070
Additions (Restated)	-	-	-	1,441	8,535	6,598,672	6,608,648
Transfer	194,674	109,614	261,710	582,499	44,140	(1,192,637)	-
Disposals	(2,005)	(4,888)	-	(11,890)	(8,161)	-	(26,944)
Closing balance as at 30 June 2013 (Restated)	37,858,626	19,719,249	44,426,105	14,652,563	1,670,737	53,915,494	172,242,774
Accumulated depreciation (including impairment)							
Opening balance as at 1 January 2013	(16,003,525)	(10,117,988)	(17,451,848)	(6,325,226)	(981,129)	(326,451)	(51,206,167)
Charge for the period (Restated)	(351,197)	(336,140)	(963,126)	(563,849)	(69,445)	-	(2,283,757)
Disposals	1,064	2,736	-	10,526	8,161	-	22,487
Closing balance as at 30 June 2013 (Restated)	(16,353,658)	(10,451,392)	(18,414,974)	(6,878,549)	(1,042,413)	(326,451)	(53,467,437)
Net book value as at 30 June 2013 (Restated)	21,504,968	9,267,857	26,011,131	7,774,014	628,324	53,589,043	118,775,337
Net book value as at 31 December 2012	21,662,432	9,496,535	26,712,547	7,755,287	645,094	48,183,008	114,454,903

Finance lease

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

	30 June 2014	31 December 2013
Energy machinery and equipment	38,137	39,934
Other machinery and equipment	172,848	175,452
Other	197,422	212,933
Total	408,407	428,319

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 48 years.

Operating lease rentals are payable as follows:

	30 June 2014	31 December 2013
Not later than one year	1,837,619	3,205,755
Later than one year and not later than five years	1,495,971	1,636,478
Later than five years and not later than ten years	947,541	1,087,932
Later than ten years	4,098,599	5,124,937
Total	8,379,730	11,055,102

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 linked to market value of land are reviewed regularly to reflect market rentals.

OGK-2 Group
Notes to Interim Condensed Consolidated Financial Statements
for the 6 months ended 30 June 2014 (unaudited)
(in thousands of Russian Roubles)

Note 6. Cash and cash equivalents

	Currency	30 June 2014	31 December 2013
Current bank accounts	RR	6,102,295	2,288,331
Bank deposits with maturity three months or less	RR	5,023,564	3,467,861
Other cash equivalents	RR	56	39
Total		11,125,915	5,756,231

The Group has current bank accounts in the following banks:

Cash in bank	Credit rating on 30 June 2014*	30 June 2014	Credit rating on 31 December 2013*	31 December 2013
OJSC "Alfa-bank"	D/Stable	2,391,753	D/Stable	2,223,018
OJSC "Gazprombank"	D-/ Negative	2,154,377	D-/Stable	43,594
OJSC "BANK "ROSSIYA"	WR/Ratings Withdrawn	1,554,917	WR/Ratings Withdrawn	21,099
OJSC "Sberbank"	D+/ Negative	1,173	D+/Stable	620
OJSC "VTB"	D-/ Negative	75	-	-
Total cash in bank		6,102,295		2,288,331

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

Credit quality of bank deposits is presented below:

Bank deposits with maturity of three months or less	Interest rate	Credit rating on 30 June 2014*	30 June 2014	Interest rate	Credit rating on 31 December 2013*	31 December 2013
OJSC "VTB"	8.55%- 9.08%	Prime-3	5,023,564	-	-	-
OJSC "Alfa-bank"	-	-	-	6.58%- 7.00%	Not-Prime	3,459,361
OJSC "BANK "ROSSIYA"	-	-	-	6.00%	WR/Ratings Withdrawn	8,500
Total bank deposits with maturity of three months or less			5,023,564			3,467,861

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

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(in thousands of Russian Roubles)

Note 7. Trade and other receivables

	30 June 2014	31 December 2013
Trade receivables (net of provision for impairment of RR 5,622,066 thousand as at 30 June 2014 and RR 5,500,512 thousand as at 31 December 2013, and the effect of discounting of RR 12,280 thousand as at 30 June 2014 and RR 35,795 thousand as at 31 December 2013)	7,878,898	9,304,844
Other receivables (net of provision for impairment of RR 1,231,027 thousand as at 30 June 2014 and RR 1,237,480 thousand as at 31 December 2013, and the effect of discounting of RR 6,614 thousand as at 30 June 2014 and RR 11,088 thousand as at 31 December 2013)	4,778,136	4,365,666
Promissory notes (nominal value of promissory notes is RR 1,784,774 thousand as at 30 June 2014 and RR 1,858,415 thousand as at 31 December 2013)	1,433,820	1,479,532
Interest receivable	59,999	45,826
Financial assets	14,150,853	15,195,868
Input VAT	1,753,370	3,046,246
Prepaid other taxes and social funds contribution	893,204	270,203
Advances to suppliers (net of provision for impairment of RR 14,130 thousand as at 30 June 2014 and RR 14,130 thousand as at 31 December 2013)	325,728	819,950
Total	17,123,155	19,332,267
Less: Long-term promissory notes (nominal value of promissory notes is RR 688,606 thousand as at 30 June 2014 and RR 819,598 thousand as at 31 December 2013)	(375,612)	(484,047)
Long-term restructured trade and other receivables (net of provision for impairment of long-term trade and other receivables of RR 7,735 thousand as at 30 June 2014 and RR 10,766 thousand as at 31 December 2013, effect of discounting of long-term trade and other receivables of RR 18,894 thousand as at 30 June 2014 and 46,883 thousand as at 31 December 2013)	(54,035)	(87,335)
Long-term input VAT	(5,279)	(26,070)
Total	16,688,229	18,734,815

Note 8. Inventories

	30 June 2014	31 December 2013
Fuel supplies	4,283,149	4,383,289
Spare parts	1,612,372	925,895
Materials and supplies	1,111,975	960,482
Other inventories	74,624	74,624
Total	7,082,120	6,344,290

The above inventory balances are recorded net of writes-down of RR 46,413 thousand and RR 47,343 thousand as at 30 June 2014 and 31 December 2013, respectively.

There is no inventory pledged as collateral at 30 June 2014 and at 31 December 2013.

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Note 9. Other current assets

	30 June 2014	31 December 2013
Short-term deposits	-	3,100,000
Total	-	3,100,000

Credit quality of bank deposits is presented below:

Bank deposits with maturity more than three months but within one year	Inte- rest rate	Credit rating on 30 June 2014*	30 June 2014	Credit rating on 31 December 2013*	31 December 2013
OJSC "Alfa-bank"	6.83%- 7.00%	-	-	Not-Prime	3,100,000
Total bank deposits with maturity more than three months but within one year			-		3,100,000

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

Note 10. Equity

<i>Share capital</i>	Number of ordinary shares 30 June 2014	Number of ordinary shares 31 December 2013
Issued shares	110,441,160,870	110,441,160,870
Treasury shares	(2,359,940,300)	(2,361,540,300)
Total outstanding shares	108,081,220,570	108,079,620,570

Each ordinary share carries one vote.

As at 30 June 2014 and 31 December 2013 the number of authorised for issue but not issued ordinary shares is 58,886,766,090 shares.

Treasury shares

In June 2014 LLC "OGK-2 Finance", the Group's subsidiary, sold 1,300,000 shares of OJSC "OGK-2" in the total amount of RR 302 thousand (for the 6 months ended 30 June 2013: nil).

Dividends

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

Note 11. Non-current debt

	Currency	Effective interest rate	Due	30 June 2014	31 December 2013
Loans	RR	7.91%-8.40%	2015-2017	38,070,664	34,570,664
Finance lease liability	RR	19.62%-27.90%	2015-2016	48,842	70,876
Total				38,119,506	34,641,540

All of the above loans are obtained at fixed interest rates.

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Maturity table

	30 June 2014	31 December 2013
Due for repayment		
Between one and two years	6,546,194	3,651,059
Between two and three years	31,573,312	30,990,481
Total	38,119,506	34,641,540

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

Finance lease liabilities – minimum lease payments	30 June 2014	31 December 2013
Due for repayment		
Less than one year	73,563	101,666
Between one year and five years	53,428	80,297
Future finance charges on finance lease	(19,399)	(31,336)
Present value of lease liabilities	107,592	150,627

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

Note 12. Restoration provision

The Group owns an ash dump on the territory of the Republic of Kazakhstan, and an obligation to restore the surface of this ash dump when it is full. The main assumptions used in the calculation of the provision are as following:

	6 months ended 30 June 2014	6 months ended 30 June 2013
Average inflation per annum	4.22%	4.50%
Pre-tax discount rate	8.87%	13.88%
Projected restoration period	10 years	11 years

	Notes	6 months ended 30 June 2014	6 months ended 30 June 2013
Total carrying amount at the beginning of year		458,190	556,252
Less current portion		38,554	45,119
Non-current portion at the beginning of year		419,636	511,133
Unwinding of the present value discount	18	54,221	37,353
Changes in estimates adjusted against property, plant and equipment		588,898	-
Utilisation		(71,924)	-
Total carrying amount at the end of period		1,029,385	593,605
Less current portion		224,686	90,729
Non-current portion at the end of period		804,699	502,876

Note 13. Other long-term liabilities

	30 June 2014	31 December 2013
Trade payables	495,240	987,751
Accrued liabilities and other payables	8,397	8,763
Total finance liabilities	503,637	996,514

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Note 14. Trade and other payables

	30 June 2014	31 December 2013
Trade payables	6,890,103	7,532,200
Accrued liabilities and other payables	375,441	397,620
Dividends payable	3,596	3,624
Interest payable	1,982	2,643
Financial liabilities	7,271,122	7,936,087
Salaries and wages payable	376,541	682,177
Advances from customers	33,614	46,672
Total	7,681,277	8,664,936

Note 15. Revenues

	6 months ended 30 June 2014	6 months ended 30 June 2013
Electricity and capacity	52,816,883	49 821 901
Heating	2,369,576	2 141 082
Other	499,830	742 825
Total	55,686,289	52 705 808

Note 16. Operating expenses

	6 months ended 30 June 2014	6 months ended 30 June 2013 (Restated)
Fuel	30,952,475	29,545,042
Purchased electricity, capacity and heat	5,133,310	4,250,788
Employee benefits	3,652,981	3,590,626
Depreciation and amortisation of property, plant, equipment and intangible assets	2,456,050	2,334,850
Repairs	1,216,975	1,361,807
Rent	1,164,147	815,591
Taxes other than income tax	1,070,250	1,134,696
Dispatcher's fees	974,270	904,644
Electricity transit	726,207	516,491
Raw materials and supplies	634,295	900,370
Transport	285,433	287,623
Ecological payments	189,970	118,427
Charge of provision for impairment of trade and other receivables	133,192	179,138
Consulting, legal and audit services	36,479	35,975
Insurance	87,940	102,659
Gain on disposal of other assets	(28,986)	(14,313)
Gain on disposal of property, plant, equipment	(12,650)	(1,338)
Reversal for inventory obsolescence	(930)	(39)
Other expenses	1,252,984	1,111,027
Total operating expenses	49,924,392	47,174,064

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Employee benefits expenses comprise the following:

	6 months ended 30 June 2014	6 months ended 30 June 2013
Salaries and wages	2,578,578	2,518,709
Social funds contribution	819,068	790,524
Financial aid to employees and pensioners	210,344	215,581
Non-state pensions and other long-term benefits	44,991	65,812
Employee benefits	3,652,981	3,590,626
Number of personnel at the end of the period	9,441	9,769

Included in social funds contribution are statutory pension contributions of RR 659,518 thousand for the 6 months ended 30 June 2014 (for the 6 months ended 30 June 2013: RR 627,358 thousand).

Note 17. Finance income

	6 months ended 30 June 2014	6 months ended 30 June 2013
Interest income on bank deposits and current bank account balances	334,968	178,010
Interest income on loans	40,924	19,286
Effect of discounting of long-term promissory notes received	37,842	30,711
Effect of discounting of long-term trade receivables	27,989	28,251
Foreign currency exchange gain	24,400	-
Total finance income	466,123	256,258

Note 18. Finance costs

	6 months ended 30 June 2014	6 months ended 30 June 2013 (Restated)
Interest expense on debt	(330,997)	(824,369)
Interest on employee benefit obligations	(84,414)	(99,601)
Unwinding of the present value discount - provision for ash dump (Note 12)	(54,221)	(37,353)
Foreign currency exchange loss	(28,977)	(14,560)
Interest expense under finance lease agreements	(14,123)	(28,785)
Effect of discounting of long-term promissory notes received	(9,913)	(4,468)
Effect of discounting of long-term trade receivables	-	(10,570)
Total finance costs	(522,645)	(1,019,706)

Note 19. Earnings per share

	6 months ended 30 June 2014	6 months ended 30 June 2013 (Restated)
Weighted average number of ordinary shares issued	108,079,832,725	108,079,572,126
Profit attributable to the shareholders of OJSC "OGK-2" (thousand of RR)	4,476,253	3,724,810
Earning per ordinary share attributable to the shareholders of OJSC "OGK-2" – basic and diluted (in RR)	0.04	0.03

Note 20. Capital commitments

As at 30 June 2014 in the framework of the investment program implementation the Group has capital commitments (including VAT) of RR 23,213,583 thousand (as at 31 December 2013: RR 25,140,241 thousand).

As at 30 June 2014 the Group has commitments (including VAT) of RR 7,076 thousand in respect of software implementation costs (as at 31 December 2013: RR 169,283 thousand).

Note 21. Contingencies

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

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

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

As at 30 June 2014 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.

The transfer pricing rules that became effective from 1 January 2012 appear to be more technically elaborate and, to a certain extent, better aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development. This new legislation provides the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controlled transactions (transactions with related parties and some types of transactions with unrelated parties), provided that the transaction price is not on an arm's length basis. Management has implemented internal controls to be in compliance with the new transfer pricing legislation.

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

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

Note 22. 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 (shares of OJSC "RusHydro") were determined based on quoted market prices and were included in level 1. Fair values of available-for-sale investments (LLC "OGK-Investproekt") as at 30 June 2014 were determined based on comparative market prices from recent transactions and were included in level 2.

(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:

	30 June 2014				31 December 2013			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Promissory notes (Note 7)	-	-	1,433,820	1,433,820	-	-	1,479,532	1,479,532
Trade and other receivables (Note 7)	-	-	12,657,034	12,657,034	-	-	13,670,510	13,670,510
Interest receivable (Note 7)	-	-	59,999	59,999	-	-	45,826	45,826
Loan issued	-	-	1,048,344	1,048,344	-	-	1,048,344	1,048,344
Cash and cash equivalents (Note 6)	6,102,295	5,023,564	56	11,125,915	2,288,331	3,467,861	39	5,756,231
Bank deposits (Note 9)	-	-	-	-	-	3,100,000	-	3,100,000
Total financial assets	6,102,295	5,023,564	15,199,253	26,325,112	2,288,331	6,567,861	16,244,251	25,100,443
Financial liabilities								
Debt (including finance lease liabilities)	-	(38,178,256)	-	(38,178,256)	-	(34,721,291)	-	(34,721,291)
Trade and other payables (Note 13, 14)	-	-	(7,774,759)	(7,774,759)	-	-	(8,932,601)	(8,932,601)
Total financial liabilities	-	(38,178,256)	(7,774,759)	(45,953,015)	-	(34,721,291)	(8,932,601)	(43,653,892)

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 23. 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 99.1% of the Group revenue. The Group operates in Russian Federation.

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, Troitskaya GRES, Stavropolskaya GRES, Serovskaya GRES, Kirishskaya GRES, Novocherkasskaya GRES, Ryazanskaya GRES. All reporting segments are located on the territory of Russian Federation. In the process of evaluation of segments, results and allocation of economic resources of the Group the Management Board uses financial information provided below prepared in accordance with RAR. The

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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 "FSC" which generates 54% of the Group revenue for the 6 months ended 30 June 2014 (for the 6 months ended 30 June 2013: 55%).

6 months ended 30 June 2014	Surgutskaya GRES-1	Stavropolskaya GRES	Troitskaya GRES	Serovskaya GRES	Kirishskaya GRES
Revenue	12,824,226	7,110,714	2,626,108	1,505,071	9,320,549
Segment operating profit / (loss)	3,400,328	724,036	(803,008)	(44,504)	2,269,377
6 months ended 30 June 2014	Novocherkasskaya GRES	Ryazanskaya GRES	Other operating segments	Total operating segments	
Revenue	7,739,820	5,836,299	8,723,502	55,686,289	
Segment operating profit / (loss)	606,181	512,416	588,513	7,253,339	
6 months ended 30 June 2013	Surgutskaya GRES-1	Stavropolskaya GRES	Troitskaya GRES	Serovskaya GRES	Kirishskaya GRES
Revenue	11,806,815	6,027,717	3,004,866	1,495,782	9,343,131
Segment operating profit / (loss)	2,677,433	588,468	(465,901)	(84,732)	2,203,666
6 months ended 30 June 2013	Novocherkasskaya GRES	Ryazanskaya GRES	Other operating segments	Total operating segments	
Revenue	6,393,309	6,096,741	8,537,447	52,705,808	
Segment operating profit / (loss)	425,725	728,462	899,717	6,972,838	

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

	6 months ended 30 June 2014	6 months ended 30 June 2013 (Restated)
Segment operating profit	7,253,339	6,972,838
Adjustments, arised from different accounting policy:		
Provision for impairment of trade and other receivables	1,130	1,117
Depreciation adjustment	(601,289)	(507,791)
Loss on disposal of assets	(5,205)	(2,720)
Finance lease	70,811	93,154
Other adjustments	104,225	25,969
Unallocated expenses:	(1,005,532)	(1,022,914)
Provision for impairment of trade and other receivables	(134,323)	(228,130)
Employee benefit	(338,863)	(259,482)
Rent	(123,734)	(126,031)
Consulting, legal and audit services	(26,897)	(25,936)
Other corporate expenses	(381,715)	(383,335)
Operating profit (IFRS)	5,817,479	5,559,653

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Segment's assets are disclosed below:

	Surgutskaya GRES-1	Stavropolskaya GRES	Troitskaya GRES	Serovskaya GRES	Kirishskaya GRES
30 June 2014	4,031,578	2,817,435	38,407,706	18,596,206	21,307,611
31 December 2013	4,163,632	5,866,484	35,580,191	14,692,145	21,626,144

	Novocherkasskaya GRES	Ryazanskaya GRES	Other operating segments	Total assets
30 June 2014	24,643,811	13,109,559	8,963,659	131,877,565
31 December 2013	22,779,257	13,140,852	9,252,974	127,101,679

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

	30 June 2014	31 December 2013
Total assets for reportable segment	131,877,565	127,101,679
Adjustments, arising from different accounting policy:		
Property, plant and equipment adjustment	13,776,317	13,188,849
Deposits for pensions	682,660	683,208
Discounting of promissory notes	(350,954)	(378,883)
Discounting of long-term trade and other receivables	(18,894)	(46,883)
Impairment of trade and other receivables	(8,218)	(9,348)
Writes-down of inventories (Note 8)	(46,413)	(47,343)
Deferred tax	(62,716)	(440,337)
Other adjustments	(330,626)	(343,627)
Unallocated assets	29,193,414	27,578,853
Total assets (IFRS)	174,712,135	167,286,168

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.

Note 24. Subsequent events

In July 2014 the Group received from Gazprom Group the long-term loan in the amount of RR 2,000,000 thousand.