

**OGK-2 GROUP
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)
FOR THE THREE MONTHS ENDED 31 MARCH 2010 (UNAUDITED)**

OGK-2 Group
Interim Condensed Consolidated Statement of Comprehensive Income for the 3 months ended
31 March 2010 (unaudited)
(in thousands of Russian Roubles)

	Notes	31 March 2010	31 December 2009
ASSETS			
Non-current assets			
Property, plant and equipment	5	34,731,172	34,845,586
Intangible assets		1,504,160	1,509,771
Other non-current assets	6	4,961,131	6,028,463
Total non-current assets		41,196,463	42,383,820
Current assets			
Cash and cash equivalents	7	3,587,538	1,553,428
Trade and other receivables	8	4,193,054	4,601,861
Inventories		2,244,736	2,246,001
Current income tax prepayments		15,103	130,898
Other current assets		3,500,000	3,200,000
Total current assets		13,540,431	11,732,188
TOTAL ASSETS		54,736,894	54,116,008
EQUITY AND LIABILITIES			
Equity			
Share capital			
Ordinary shares		11,872,828	11,872,828
Treasury shares		(5,579)	(5,579)
Share premium		23,916,508	23,916,508
Merger reserve		(377,383)	(377,383)
Retained earnings		4,244,907	2,042,077
Total equity		39,651,281	37,448,451
Non-current liabilities			
Deferred income tax liabilities		2,115,877	2,120,813
Non-current debt		54	68
Retirement benefit obligations		570,565	554,566
Restoration provision		353,261	355,582
Other long-term liabilities		15,222	15,369
Total non-current liabilities		3,054,979	3,046,398
Current liabilities			
Current debt and current portion of non-current debt	10	8,080,552	9,576,509
Trade and other payables	11	2,570,489	3,343,687
Other taxes payable	12	1,072,042	666,509
Restoration provision		49,659	34,454
Current income tax liabilities		257,892	-
Total current liabilities		12,030,634	13,621,159
Total liabilities		15,085,613	16,667,557
TOTAL EQUITY AND LIABILITIES		54,736,894	54,116,008

General Director

A.A. Mityushov

Chief Accountant

L.V. Klisch

25 May 2010

OGK-2 Group
Interim Condensed Consolidated Statement of Comprehensive Income for the 3 months ended
31 March 2010 (unaudited)
(in thousands of Russian Roubles)

	Notes	3 months ended 31 March 2010	3 months ended 31 March 2009
Revenues	13	14,682,165	9,848,119
Operating expenses	14	(12,637,771)	(9,009,434)
Other operating items		(74,374)	(39,986)
Operating profit		1,970,020	798,699
Finance income	15	137,670	87,483
Finance cost	16	(238,694)	(218,558)
Profit before income tax		1,868,996	667,624
Total income tax charge		(396,765)	(208,650)
Profit for the period		1,472,231	458,974
Attributable to:			
Shareholders of OJSC OGK-2		1,472,231	458,974
Minority interest		-	-
Earning per ordinary share for profit attributable to the shareholders of OJSC OGK-2 – basic and diluted (in Russian Roubles)	17	0.04	0.01

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OGK-2 Group
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	3 months ended 31 March 2010	3 months ended 31 March 2009
Profit for the period	1,472,231	458,974
Available-for-sale investments	18,949	6,920
Total comprehensive income for the period	1,491,180	465,894
Attributable to:		
Shareholders of OJSC OGK-2	1,491,180	465,894
Minority interest	-	-

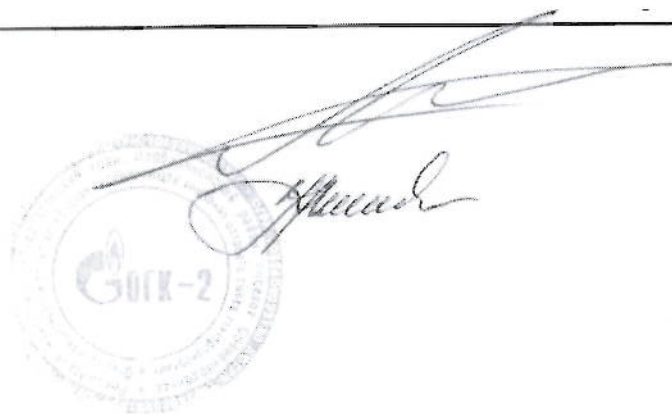
General Director

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Chief Accountant

L.V. Klisch

25 May 2010



OGK-2 Group
Interim Condensed Consolidated Statement of Cash Flows for the 3 months ended 31 March 2010
(unaudited)
(in thousands of Russian Roubles)

	Notes	3 months ended 31 March 2010	3 months ended 31 March 2009
CASH FLOW FROM OPERATING ACTIVITIES:			
Profit before income tax		1,868,996	667,624
Adjustments to reconcile profit before income tax to net cash provided by operations:			
Depreciation of property, plant and equipment	5	318,844	338,889
Reversal of property, plant and equipment impairment	5	(548)	-
Amortisation of intangible assets		11,475	7,938
(Reversal) / charge of provision for impairment of trade and other receivables	14	(60,348)	498,994
(Reversal) / charge of provision for inventory obsolescence	14	(7,958)	128,747
Finance income	15	(137,670)	(87,483)
Finance costs	16	238,694	218,558
Increase in retirement benefit obligations	14	28,030	23,598
Employee share option plan		1,962	7,142
(Gain) / loss on disposal of assets	14	(2,897)	11,682
Other non-cash items		148	15,537
Operating cash flows before working capital changes and income tax paid		2,258,728	1,831,226
Working capital changes:			
Decrease / (increase) in trade and other receivables		1,347,204	(527,747)
Payments in respect of retirement benefit obligations		(9,841)	(7,514)
Decrease in inventories		12,893	53,947
Increase in long-term input VAT from advances paid		-	(66,049)
Decrease in trade and other payables		(628,900)	(991,249)
Increase in taxes payable, other than income tax		406,751	303,194
Income tax paid in cash		(28,046)	-
Net cash generated from operating activities		3,358,789	595,808
CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(348,686)	(154,879)
Proceeds from sale of property, plant and equipment		123	77
Purchase of intangible assets		(5,865)	(562)
Increase in deposits		(4,250,000)	(900,000)
Proceeds from deposits		4,250,000	65,500
Interest received		42,055	55,962
Net cash used in investing activities		(312,373)	(933,902)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from short-term borrowings		2,500,000	1,000,000
Repayment of short-term borrowings		(4,100,000)	(1,000,000)
Interest paid		(121,169)	(97,477)
Payments under finance lease		(825)	(7,913)
Refund of premium paid to secure settlement of share-based payments	9	709,688	-
Net cash used in financing activities		(1,012,306)	(105,390)
Net increase / (decrease) in cash and cash equivalents		2,034,110	(443,484)
Cash and cash equivalents at the beginning of the period	7	1,553,428	3,161,417
Cash and cash equivalents at the end of the period	7	3,587,538	2,717,933

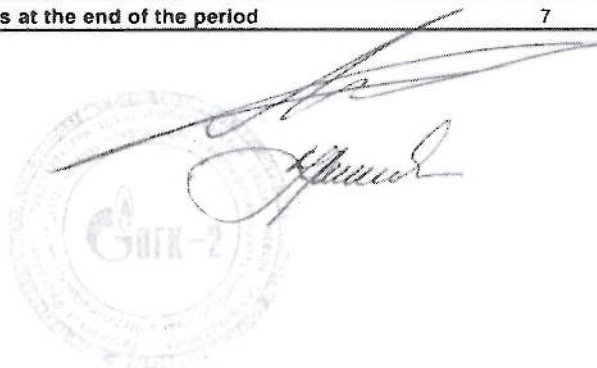
General Director

A.A. Mityushov

Chief Accountant

L.V. Klisch

25 May 2010



OGK-2 Group
Interim Condensed Consolidated Statement of Changes in Equity for the 3 months ended 31 March 2010 (unaudited)
(in thousands of Russian Roubles)

	Share capital	Treasury shares	Share premium	Merger reserve	Retained earnings	Total
At 1 January 2009	11,872,828	(5,579)	23,916,508	(377,383)	913,542	36,319,916
Profit for the period	-	-	-	-	458,974	458,974
Available-for-sale investments	-	-	-	-	6,920	6,920
<i>Total comprehensive income for the period</i>	-	-	-	-	465,894	465,894
Employee share option plan	-	-	-	-	7,142	7,142
At 31 March 2009	11,872,828	(5,579)	23,916,508	(377,383)	1,386,578	36,792,952
At 1 January 2010	11,872,828	(5,579)	23,916,508	(377,383)	2,042,077	37,448,451
Profit for the period	-	-	-	-	1,472,231	1,472,231
Available-for-sale investments	-	-	-	-	18,949	18,949
<i>Total comprehensive income for the period</i>	-	-	-	-	1,491,180	1,491,180
Employee share option plan (Note 9)	-	-	-	-	711,650	711,650
At 31 March 2010	11,872,828	(5,579)	23,916,508	(377,383)	4,244,907	39,651,281

General Director

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Chief Accountant

L.V. Klisch



25 May 2010

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

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.

As at 31 March 2010 and 31 December 2009 the Company is controlled by Gazprom Group. 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 2010 and 31 December 2009.

Note 2. Basis of preparation

The interim condensed consolidated financial statements for the 3 months ended 31 March 2010 ("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 2009, which have been prepared in accordance with IFRS.

Note 3. Accounting policies

The accounting policies are consistent with those of the annual financial statements for the year ended 31 December 2009, except for those policies which were changed to comply with the new or amended standards and interpretations that are in force for the year beginning on 1 January 2010.

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 January 2010:

- IFRIC 17, Distribution of Non-Cash Assets to Owners;
- IFRIC 18, Transfers of Assets from Customers;
- IAS 27, Consolidated and Separate Financial Statements;
- IFRS 3, Business Combinations;
- Eligible Hedged Items - Amendment to IAS 39, Financial Instruments: Recognition and Measurement;
- IFRS 1, First-time Adoption of International Financial Reporting Standards;
- Group Cash-settled Share-based Payment Transactions - Amendments to IFRS 2, Share-based Payment;
- Additional Exemptions for First-time Adopters - Amendments to IFRS 1, First-time Adoption of IFRS;
- Improvements to International Financial Reporting Standards (amendments to IFRS 2, IAS 38, IFRIC 9 and IFRIC 16, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36 and IAS 39).

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

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2010 and have not been early adopted:

- Classification of Rights Issues - Amendment to IAS 32;

OGK-2 Group**Notes to Interim Condensed Consolidated Financial Statements for the 3 months ended****31 March 2010 (unaudited)**

(in thousands of Russian Roubles)

- IFRS 9, Financial Instruments Part 1: Classification and Measurement;
- Amendment to IAS 24, Related Party Disclosures;
- Prepayments of a minimum funding requirement - Amendments to IFRIC 14;
- IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments.

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 the revenue or cost recognition policies of the Company.

Note 4. Related Parties

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

Transactions with Gazprom Group

Transactions with Gazprom Group were as follows:

	3 months ended 31 March 2010	3 months ended 31 March 2009
<i>Sales:</i>		
Sales of electricity and capacity	137,937	89,520
Sales of heat	172	138
<i>Purchases:</i>		
Purchases of fuel	5,201,631	3,171,575
Other expenses	18,153	4,811

Balances with Gazprom Group were as follows:

	31 March 2010	31 December 2009
Trade and other receivables	59,023	749,247
Trade and other payables	123,397	11,954

Deposits held in banks related to Gazprom Group were as follows (including interest receivable):

	31 March 2010	31 December 2009
CJSB "Gazenergoprombank"	900,000	900,000

Interest income accrued on bank deposits for the 3 months ended 31 March 2010 was RR 25,842 thousand (for the 3 months ended 31 March 2009: RR 11,621 thousand).

Transactions with state-controlled entities

In the normal course of business in addition to transactions with Gazprom Group the Group enters into transactions with other entities under government control.

OGK-2 Group**Notes to Interim Condensed Consolidated Financial Statements for the 3 months ended****31 March 2010 (unaudited)**

(in thousands of Russian Roubles)

Significant transactions with state-controlled entities were as follows:

	3 months ended 31 March 2010	3 months ended 31 March 2009
<i>Sales:</i>		
Sales of electricity, capacity, heat and other utility services	902,739	672,703
Other sales	2,234	4,295
<i>Purchases:</i>		
Dispatcher's fees	168,554	175,335
Other purchases	89,224	79,931
Other expenses	20,906	7,507
Reversal of provision for impairment of trade and other receivables	(37)	(76)

Significant balances with state-controlled entities were as follows:

	31 March 2010	31 December 2009
Trade and other receivables, gross	89,285	86,165
Provision for impairment of trade and other receivables	(61,803)	(61,840)
Available-for-sale investments	70,283	51,334
Trade and other payables	266,575	256,839
Current debt to OJSB "Sberbank"	-	2,605,602

Interest expense accrued in respect of debt owed to state-controlled banks for the 3 months ended 31 March 2010 was RR 53,120 thousand (for the 3 months ended 31 March 2009: RR 74,252 thousand).

The Group had no deposits held in state-controlled banks as at 31 March 2010 and as at 31 December 2009. For the 3 months ended 31 March 2010 interest income on bank deposits equals zero (for the 3 months ended 31 March 2009: RR 12,173 thousand).

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 statements of the Company. The compensation is approved by the Board of Directors. Discretionary bonuses are also payable to members of the Management Board, which are approved by the Chairman of the Management Board according to his perception of the value of their contribution.

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

Total remuneration in the form of salary and bonuses accrued to the members of the Board of Directors and Management Board for the 3 months ended 31 March 2010 was RR 38,940 thousand (for the 3 months ended 31 March 2009: RR 9,693 thousand).

In accordance with the Resolution of the Board of Directors the Company decides to terminate from 31 March 2010 the labour agreement with its previous General Director, appointed in 2008.

OGK-2 Group
Notes to Interim Condensed Consolidated Financial Statements for the 3 months ended
31 March 2010 (unaudited)

(in thousands of Russian Roubles)

Note 5. Property, plant and equipment

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

Cost	Production buildings	Constructions	Energy machinery and equipment	Other machinery and equipment	Other	Construction in progress	Total
Opening balance as at 1 January 2009	10,713,056	4,452,932	11,132,577	2,598,243	462,175	19,049,174	48,408,157
Additions	-	-	-	491	12,684	103,523	116,698
Transfer	53,957	2,270	14,914	15,231	2,237	(88,609)	-
Disposals	(944)	-	(110)	(226)	(1,582)	(632)	(3,494)
Closing balance as at 31 March 2009	10,766,069	4,455,202	11,147,381	2,613,739	475,514	19,063,456	48,521,361
Accumulated depreciation (including impairment)							
Opening balance as at 1 January 2009	(3,257,218)	(2,230,270)	(6,158,336)	(1,158,703)	(267,115)	(551,378)	(13,623,020)
Charge for the period	(67,463)	(65,127)	(130,469)	(59,811)	(16,019)	-	(338,889)
Disposals	571	-	60	178	1,467	-	2,276
Closing balance as at 31 March 2009	(3,324,110)	(2,295,397)	(6,288,745)	(1,218,336)	(281,667)	(551,378)	(13,959,633)
Net book value as at 31 March 2009	7,441,959	2,159,805	4,858,636	1,395,403	193,847	18,512,078	34,561,728
Net book value as at 31 December 2008	7,455,838	2,222,662	4,974,241	1,439,540	195,060	18,497,796	34,785,137

As at 31 March 2010 the advances given to the major contractors OJSC "E4 Group" and CJSC "QUARTZ - Novie Technologii" in the framework of investment program implementation amount to RR 17,317,113 thousand (net of VAT) and are recognised within construction in progress (31 December 2009: RR 17,424,519 thousand). The respective input VAT is recognised within other non-current assets.

OGK-2 Group
Notes to Interim Condensed Consolidated Financial Statements for the 3 months ended
31 March 2010 (unaudited)
(in thousands of Russian Roubles)

Finance lease of property, plant and equipment

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 2010	31 December 2009
Energy machinery and equipment	58,444	59,425
Other machinery and equipment	46,639	51,350
Other	11,179	12,625
Total	116,262	123,400

The leased equipment secures lease obligations.

Operating lease

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

Operating lease rentals are payable as follows:

	31 March 2010	31 December 2009
Not later than one year	314,958	399,942
Later than one year and not later than five years	136,048	275,840
Later than five years and not later than ten years	100,244	210,102
Later than ten years	316,519	537,710
Total	867,769	1,423,594

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

Note 6. Other non-current assets

	31 March 2010	31 December 2009
Long-term input VAT from advances paid	2,399,413	2,765,000
Long-term promissory notes	1,945,826	1,964,355
(nominal value of promissory notes is RR 2,128,090 thousand as at 31 March 2010 and RR 2,190,524 thousand as at 31 December 2009)		
Long-term restructured trade and other receivables	327,984	727,818
(net of provision for impairment of trade and other receivables of RR 120,402 thousand as at 31 March 2010 and RR 221,120 thousand as at 31 December 2009)		
Prepayments / Deposits for pensions	204,493	206,684
Long-term bank deposits	-	300,000
Other	83,415	64,606
Total	4,961,131	6,028,463

As at 31 March 2010 the Group has long-term non-interest bearing promissory notes of OJSC "NOMOS-BANK" with nominal value of RR 2,116,396 thousand maturing on 31 May 2011 and OJSC "Ulaynovskenergo" with nominal value of RR 11,694 thousand maturing during the period from December 2011 to December 2020. As at 31 March 2010, promissory notes are stated at amortised cost in the amount of RR 1,945,826 thousand (31 December 2009: RR 1,964,355 thousand). The amortisation of the long-term non-interest bearing promissory notes for the 3 months ended 31 March 2010 in the amount of RR 37,205 thousand (for the 3 months ended 31 March 2009: RR 34,451 thousand) was recognised as a release of discounting effect within finance income (Note 15).

OGK-2 Group

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

31 March 2010 (unaudited)

(in thousands of Russian Roubles)

As at 31 March 2010 the deposit held in CJSC "Gazenergoprombank" in the amount of RR 300,000 thousand with maturity from the reporting date of less than 12 months was reclassified from other non-current assets into other current assets.

Note 7. Cash and cash equivalents

	Currency	31 March 2010	31 December 2009
Current bank accounts	RR	3,575,026	1,540,916
Current bank accounts	USD, EURO, GBP, KZT	12	12
Bank deposits with maturity of 3 months or less	RR	12,500	12,500
Total		3,587,538	1,553,428

The Group has current bank accounts in the following banks:

Cash in bank	Credit rating on 31 March 2010*	31 March 2010	Credit rating on 31 December 2009*	31 December 2009
OJSC "Alfa-bank"	D/Negative	2,013,818	D/Negative	103,109
OJSC "Sberbank"	D+/Stable	597,173	D+/Stable	355,899
CJSC "Gazenergoprombank"	E+/Stable	536,179	E+/Stable	402,362
OJSC "Evrofinance Mosnarbank"	E+/Stable	211,749	E+/Stable	354,706
CJSC "Mezhdunarodny promyshlenny bank"	E+/Negative	124,363	E+/Negative	324,835
OJSC "Transcreditbank"	D-/Negative	91,601	D-/Negative	8
OJSC "NOMOS-BANK"	D-/Negative	155	D-/Negative	9
Total cash in bank		3,575,038		1,540,928

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

Credit quality of bank deposits is presented below:

Bank deposits with maturity of 3 months or less	Interest rate	Credit rating on 31 March 2010*	31 March 2010	Interest rate	Credit rating on 31 December 2009*	31 December 2009
CJSC "Gazbank"	14.0%	Not-Prime	12,500	14.0%	Not-Prime	12,500
Total bank deposits with maturity of 3 months or less			12,500			12,500

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

According to the contract with CJSC "Gazbank" the deposit can be withdrawn before the maturity date only upon the approval of the bank.

OGK-2 Group
Notes to Interim Condensed Consolidated Financial Statements for the 3 months ended
31 March 2010 (unaudited)
(in thousands of Russian Roubles)

Note 8. Trade and other receivables

	31 March 2010	31 December 2009
Trade receivables	2,521,945	3,484,778
(net of provision for impairment of trade receivables of RR 807,290 thousand as at 31 March 2010 and RR 862,025 thousand as at 31 December 2009)		
Promissory notes	2,352,932	1,964,355
(nominal value of promissory notes is RR 2,541,896 thousand as at 31 March 2010 and RR 2,190,524 thousand as at 31 December 2009)		
Interest receivable on deposits	98,585	41,960
Other receivables	122,176	118,097
(net of provision for impairment of other receivables of RR 84,283 thousand as at 31 March 2010 and RR 89,737 thousand as at 31 December 2009)		
Total financial assets	5,095,638	5,609,190
Input VAT	3,418,037	3,429,356
Advances to suppliers	328,332	1,005,322
(net of provision for impairment of advances to suppliers of RR 13,757 thousand as at 31 March 2010 and RR 13,757 thousand as at 31 December 2009)		
Prepaid value-added tax and other tax	19,794	10,948
Prepayments	4,476	4,218
Total	8,866,277	10,059,034
Less: Long-term input VAT from advances paid	(2,399,413)	(2,765,000)
Long-term promissory notes	(1,945,826)	(1,964,355)
(nominal value of promissory notes is RR 2,128,090 thousand as at 31 March 2010 and RR 2,190,524 thousand as at 31 December 2009)		
Long-term restructured trade and other receivables	(327,984)	(727,818)
(net of provision for impairment of trade and other receivables of RR 120,402 thousand as at 31 March 2010 and RR 221,120 thousand as at 31 December 2009)		
Total	4,193,054	4,601,861

Note 9. Equity

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

Employee share option plan. In 2009 the Company started litigation in order to cancel the service agreement with OJSC "NOMOS-BANK" and claim back funds transferred to the bank in 2007 in the amount of RR 709,688 thousand. In January 2010 the Supreme Arbitration Court of the Russian Federation agreed to cancel the agreement and ordered OJSC "NOMOS-BANK" to return to the Company the cash transferred in 2007. In March 2010 the Company received cash in full. The transaction was recorded in the Interim Condensed Consolidated Statement of Changes in Equity.

During the 3 months ended 31 March 2010 the Group recognized a service cost in amount of RR 1,962 thousand with corresponding increase in retained earnings (during the 3 months ended 31 March 2009: RR 7,142 thousand).

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Note 10. Current debt and current portion of non-current debt

	Currency	Effective interest rate	31 March 2010	31 December 2009
Bonds	RR	7.7%-10.65%	4,983,936	4,968,721
OJSC "Transkreditbank"	RR	10.8%	2,000,000	-
OJSC "Evrofinance Mosnarbank"	RR	8.5%-11.9%	500,000	1,500,000
CJSC "Mezhdunarodny promyshlenny bank"	RR	11.4%-13.9%	500,000	500,000
OJSC "Sberbank"	RR	10.5%-13.3%	-	2,600,000
Interest payable	RR	7.7%-13.9%	95,990	6,657
Current portion of finance lease liability	RR	22.6%- 27.3%	626	1,131
Total			8,080,552	9,576,509

The Company is subject to the covenant on receipt of revenue proceeds to current accounts under the credit facilities from OJSC "Sberbank", OJSC "Evrofinance Mosnarbank" and OJSC "Transkreditbank". Credit facilities from CJSC "Mezhdunarodny promyshlenny bank" were not restricted by covenants. The Company was in compliance with the covenant as at 31 March 2010 and 31 December 2009.

Note 11. Trade and other payables

	31 March 2010	31 December 2009
Trade payables	1,813,953	2,622,575
Accrued liabilities and other payables	381,998	459,058
Total financial liabilities	2,195,951	3,081,633
Salaries and wages payable	289,480	243,163
Advances from customers	85,058	18,891
Total	2,570,489	3,343,687

Note 12. Other taxes payable

	31 March 2010	31 December 2009
Value added tax	689,758	369,521
Water tax	164,635	143,187
Environment pollution payments	91,204	48,510
Property tax	53,566	46,685
Social funds contribution	46,590	34,547
Personal income tax	25,246	22,974
Other taxes	1,043	1,085
Total	1,072,042	666,509

Note 13. Revenues

	3 months ended 31 March 2010	3 months ended 31 March 2009
Electricity and capacity	14,277,895	9,504,940
Heat	365,302	317,165
Other	38,968	26,014
Total	14,682,165	9,848,119

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Note 14. Operating expenses

	3 months ended 31 March 2010	3 months ended 31 March 2009
Fuel	8,047,134	5,783,707
Purchased electricity, capacity and heat	2,419,428	560,770
Employee benefits	769,167	662,131
Depreciation of property, plant, equipment and intangible assets	330,319	346,827
Taxes other than income tax	229,596	219,475
Dispatcher's fees	168,554	175,335
Repairs and maintenance	152,870	205,841
Raw materials and supplies	110,812	103,095
Ecological payments	105,030	55,902
Rent	55,962	57,734
Transport	11,884	1,863
Insurance	9,737	6,432
Consulting, legal and audit services	9,008	8,452
(Reversal) / charge of provision for impairment of trade and other receivables	(60,348)	498,994
(Reversal) / charge of provision for inventory obsolescence	(7,958)	128,747
(Gain) / loss on disposal of assets	(2,897)	11,682
Reversal of property, plant and equipment impairment	(548)	-
Other expenses	290,021	182,447
Total operating expenses	12,637,771	9,009,434

Employee benefits expenses comprise the following:

	3 months ended 31 March 2010	3 months ended 31 March 2009
Salaries and wages	566,306	494,296
Social funds contribution	131,111	114,911
Financial aid to employees and pensioners	41,758	22,184
Non-state pensions and other long-term benefits	28,030	23,598
Employee share option plan	1,962	7,142
Employee benefits	769,167	662,131
Number of personnel at the end of the period	4,818	4,951

Included in social funds contribution are statutory pension contributions of RR 102,092 thousand (for the 3 months ended 31 March 2009: RR 89,146 thousand).

Note 15. Finance income

	3 months ended 31 March 2010	3 months ended 31 March 2009
Interest income on bank deposits and current bank account balances	98,680	52,319
Release of discounting effect of long-term promissory notes received (Note 6)	37,205	34,451
Foreign exchange differences	1,218	-
Other finance income	567	713
Total finance income	137,670	87,483

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Note 16. Finance cost

	3 months ended 31 March 2010	3 months ended 31 March 2009
Interest expense	225,718	209,912
Unwinding of the present value discount for provision for ash dump	12,883	-
Foreign exchange differences	-	7,492
Interest expense under finance lease agreements	93	1,154
Total finance cost	238,694	218,558

Note 17. Earnings per share

	3 months ended 31 March 2010	3 months ended 31 March 2009
Weighted average number of ordinary shares issued	32,733,468,382	32,733,468,382
Profit attributable to the shareholders of OJSC "OGK-2" (thousands of RR)	1,472,231	458,974
Earning per ordinary share for profit attributable to the shareholders of OJSC "OGK-2" – basic and diluted (in RR)	0.04	0.01

Note 18. Capital commitments

At the moment the agency agreement with CJSC "Center for Finance Settlements" ("CFS"), OJSC "ATC", NP Council Market and OJSC "System Operator of the United Power System" ("SO UPS") for sale of investment capacity (capacity of the generating assets, which are under construction in accordance with the investment program of the Company), as well as the proforma contract for provision of capacity, which CFS will conclude on behalf of the Company under the agency agreement with the buyers of electricity (capacity), wholesale electricity market customers. Expected time for the conclusion of the given contracts is not later than 1 September 2010.

As at 31 March 2010 in the framework of the investment programme implementation the Group has capital commitments (including VAT) of RR 66,392,393 thousand (31 December 2009: RR 66,716,054 thousand). Within the amount of capital commitments disclosed above the Group provided guarantees to OJSC "Bank of Moscow" in the amount of EURO 85,942 thousand (31 March 2010: RR 3,412,130 thousand and 31 December 2009: 3,728,869 thousand) for OJSC "E4 Group" fulfilling its obligations under the agreement to open a letter of credit entered into between the bank and OJSC "E4 Group" in the framework of the general construction contract with the Group.

As at 31 March 2010 the Group has commitments of RR 230,583 thousand related to software implementation costs (31 December 2009: RR 233,710 thousand).

Note 19. Contingencies

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

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

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

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

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As at 31 March 2010 management believes that its interpretation of the relevant legislation is appropriate and the Group's tax and currency positions will be sustained. Where management believes it is probable that a position cannot be sustained, an appropriate amount has been accrued for in these financial statements.

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

Environmental matters. 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 posture of government authorities is continually being reconsidered. The Group periodically evaluates their obligations under environmental regulations.

The Group owns an ash dump on the territory of the Republic of Kazakhstan which is a foreign country. Therefore, the Group is subject to the environmental regulation of the country in respect of the usage of the ash dump. The Group is also periodically evaluates its obligations under Kazakhstan environmental regulations.

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 provision has been recognised by the Group in these financial statements.

Note 20. Segment information

The Group generates its revenues from the generation of electricity and heat in one geographical segment - Russian Federation. The Group major customers are the regional electricity wholesalers. Management does not believe that the Group is dependent on any particular customer.

The Management Board of the Company controls and allocates economic resources of the Group between segments and evaluates segment's operating efficiency. Primary activity of the Group is production of electric and heat power and capacity which covers 99.7% of the Group revenue. The technology of electricity and heat production does not allow segregation of electricity and heat segments. Due to significant decentralization and distances between Company branches, the Group identifies five primary reporting segments: Surgutskaya GRES-1, Troitskaya GRES, Stavropolskaya GRES, Serovskaya GRES, Pskovskaya GRES. All reporting segments are located on the territory of Russian Federation. In the process of valuation of segments results and allocation of economic resources of the Group the Management Board uses financial information provided below prepared in accordance with RAR. The differences between the above-mentioned financial indicators analyzed by the Management Board and IFRS financial information are caused by different approaches applied in IFRS and RAR. The main difference is the estimation of the value of property, plant and equipment. The Group does not have inter-segment revenue.

3 months ended 31 March 2010	Surgutskaya GRES-1	Stavropol- skaya GRES	Troitskaya GRES	Serovskaya GRES	Pskovskaya GRES	Total
Revenue	5,979,350	4,018,441	3,067,251	870,955	746,168	14,682,165
Segment operating profit	1,554,304	413,131	447,287	10,375	42,284	2,467,381
3 months ended 31 March 2009	Surgutskaya GRES-1	Stavropol- skaya GRES	Troitskaya GRES	Serovskaya GRES	Pskovskaya GRES	Total
Revenue	4,189,274	2,779,114	1,718,218	710,577	450,936	9,848,119
Segment operating profit	1,052,675	479,876	211,322	78,224	61,882	1,883,979

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

	3 months ended 31 March 2010	3 months ended 31 March 2009
Operating profit of reporting segments	2,467,381	1,883,979
Adjustments from different accounting policy:		
Provision for impairment of trade and other receivables	44,614	64,554
Share option plan	(685,690)	(7,142)
Depreciation adjustment	(164,339)	(179,774)
Land rent adjustment	-	(18,448)
Other adjustments	(20,468)	(62,915)
Unallocated income / (expenses)	328,522	(881,555)
Operating profit (IFRS)	1,970,020	798,699

Segment's assets are disclosed below:

	Surgutskaya GRES-1	Stavropol- skaya GRES	Troitskaya GRES	Serovskaya GRES	Pskovskaya GRES	Total
31 March 2010	3,773,336	2,519,932	13,997,660	8,101,850	2,536,740	30,929,518
31 December 2009	3,804,656	2,383,932	13,825,012	8,262,852	2,587,570	30,864,022

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

	31 March 2010	31 December 2009
Total assets of reporting segments	30,929,518	30,864,022
Adjustments from different accounting policy:		
Property, plant and equipment adjustments	6,049,657	6,198,707
Pensions adjustments	204,493	206,684
Impairment of intangible assets	(391,841)	(391,841)
Impairment of trade and other receivables	(221,080)	(265,694)
Discounting of promissory notes	(188,964)	(226,169)
Provision for inventory obsolescence	(37,266)	(45,224)
Other adjustments	(255,676)	(315,629)
Unallocated assets	18,648,053	18,091,152
Total assets (IFRS)	54,736,894	54,116,008

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

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

Note 21. Subsequent events

In May 2010 the Company received back pledged interest-free bearing promissory notes issued by OJSC "NOMOS-BANK" with the total nominal value of RR 1,000,000 thousand in recognition of the service agreement on stock option program with OJSC "NOMOS-BANK" void (Note 9).