

**OGK-2 GROUP
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010 (UNAUDITED)**

OGK-2 Group
Interim Condensed Consolidated Statement of Financial Position as at 30 September 2010
(unaudited)
(in thousands of Russian Roubles)

	Notes	30 September 2010	31 December 2009
ASSETS			
Non-current assets			
Property, plant and equipment	5	35,009,585	34,845,586
Intangible assets		1,485,973	1,509,771
Other non-current assets	6	2,936,135	6,028,463
Total non-current assets		39,431,693	42,383,820
Current assets			
Cash and cash equivalents	7	2,573,997	1,553,428
Trade and other receivables	8	6,382,352	4,601,861
Inventories		2,474,584	2,246,001
Current income tax prepayments		63,071	130,898
Other current assets	9	1,400,000	3,200,000
Total current assets		12,894,004	11,732,188
TOTAL ASSETS		52,325,697	54,116,008
EQUITY AND LIABILITIES			
Equity			
Share capital			
Ordinary shares		11,872,828	11,872,828
Treasury shares		(12,021)	(5,579)
Share premium		23,916,508	23,916,508
Merger reserve		(377,383)	(377,383)
Retained earnings		5,615,750	2,042,077
Total equity		41,015,682	37,448,451
Non-current liabilities			
Deferred income tax liabilities		2,104,526	2,120,813
Non-current debt		12	68
Retirement benefit obligations		602,561	554,566
Restoration provision		539,949	355,582
Other long-term liabilities		13,818	15,369
Total non-current liabilities		3,260,866	3,046,398
Current liabilities			
Current debt and current portion of non-current debt	11	4,907,373	9,576,509
Trade and other payables	12	2,532,816	3,343,687
Other taxes payable	13	538,561	666,509
Restoration provision		70,399	34,454
Total current liabilities		8,049,149	13,621,159
Total liabilities		11,310,015	16,667,557
TOTAL EQUITY AND LIABILITIES		52,325,697	54,116,008

General Director

A.A. Mityushov

Chief Accountant

L.V. Klisch

16 November 2010

OGK-2 Group
Interim Condensed Consolidated Income Statement for the 9 months ended 30 September 2010
(unaudited)

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

	Notes	9 months ended 30 September 2010	9 months ended 30 September 2009
Revenues	14	38,263,230	29,187,314
Operating expenses	15	(34,334,955)	(27,291,115)
Other operating items		(181,883)	(54,581)
Operating profit		3,746,392	1,841,618
Finance income	16	430,677	322,357
Finance cost	17	(501,392)	(654,468)
Profit before income tax		3,675,677	1,509,507
Total income tax charge		(832,878)	(379,561)
Profit for the period		2,842,799	1,129,946
Attributable to:			
Shareholders of OJSC "OGK-2"		2,842,799	1,129,946
Minority interest		-	-
Earning per ordinary share for profit attributable to the shareholders of OJSC "OGK-2" – basic and diluted (in Russian Roubles)	18	0.09	0.03

General Director

A.A. Mityushov

Chief Accountant

L.V. Klisch



16 November 2010

OGK-2 Group
Interim Condensed Consolidated Statement of Comprehensive Income for the 9 months ended
30 September 2010 (unaudited)
(in thousands of Russian Roubles)

	9 months ended 30 September 2010	9 months ended 30 September 2009
Profit for the period	2,842,799	1,129,946
Available-for-sale investments	19,357	20,172
Total comprehensive income for the period	2,862,156	1,150,118
Attributable to:		
Shareholders of OJSC "OGK-2"	2,862,156	1,150,118
Minority interest	-	-

General Director

A.A. Mityushov

Chief Accountant

L.V. Klisch



16 November 2010

OGK-2 Group
Interim Condensed Consolidated Statement of Cash Flows for the 9 months ended
30 September 2010 (unaudited)
(in thousands of Russian Roubles)

	Notes	9 months ended 30 September 2010	9 months ended 30 September 2009
CASH FLOW FROM OPERATING ACTIVITIES:			
Profit before income tax		3,675,677	1,509,507
Adjustments to reconcile profit before income tax to net cash provided by operations:			
Depreciation of property, plant and equipment	5	963,462	958,369
Reversal of property, plant and equipment impairment	5	(548)	-
Amortisation of intangible assets		38,073	37,741
Charge of provision for impairment of trade and other receivables	15	50,959	508,542
(Reversal) / charge of provision for inventory obsolescence	15	(9,745)	24,450
Finance income	16	(430,677)	(322,357)
Finance costs	17	501,392	654,468
Increase in retirement benefit obligations	15	84,090	70,795
Employee share option plan	10	1,829	7,399
(Gain) / loss on disposal of assets	15	(11,084)	55,122
Other non-cash items		(25,437)	50,009
Operating cash flows before working capital changes and income tax paid		4,837,991	3,554,045
Working capital changes:			
Decrease / (increase) in trade and other receivables		1,345,353	(1,684,549)
Payments in respect of retirement benefit obligations		(60,246)	(3,859)
(Increase) / decrease in inventories		(194,464)	141,520
Decrease in other current assets		-	660
Decrease in trade and other payables		(760,071)	(635,632)
Decrease in other non-current assets		(27,754)	-
Decrease in taxes payable, other than income tax		(123,871)	(55,543)
Income tax (paid) / received in cash		(779,973)	59,702
Net cash generated from operating activities		4,236,965	1,376,344
CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(956,619)	(1,087,345)
Proceeds from sale of property, plant and equipment		14,646	1,342
Purchase of intangible assets		(14,275)	(8,820)
Increase in deposits		-	(2,700,000)
Proceeds from deposits		2,100,000	1,165,500
Interest received		84,399	168,893
Net cash generated from / (used in) investing activities		1,228,151	(2,460,430)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from short-term borrowings		13,700,000	2,650,000
Repayment of short-term borrowings		(13,400,000)	(1,650,000)
Repayment of long-term borrowings		(5,000,000)	-
Purchase of treasury shares	10	(6,466)	-
Interest paid		(446,284)	(498,782)
Payments under finance lease		(1,485)	(20,938)
Refund of premium paid to secure settlement of share-based payments	10	709,688	-
Net cash (used in) / provided from financing activities		(4,444,547)	480,280
Net increase / (decrease) in cash and cash equivalents		1,020,569	(603,806)
Cash and cash equivalents at the beginning of the period		1,553,428	3,161,417
Cash and cash equivalents at the end of the period		2,573,997	2,557,611

General Director

A.A. Mityushov

Chief Accountant

L.V. Klisch

16 November 2010

OGK-2 Group
Interim Condensed Consolidated Statement of Changes in Equity for the 9 months ended
30 September 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	-	-	-	-	1,129,946	1,129,946
Available-for-sale investments	-	-	-	-	20,172	20,172
<i>Total comprehensive income for the period</i>	-	-	-	-	1,150,118	1,150,118
Employee share option plan (Note 10)	-	-	-	-	7,399	7,399
At 30 September 2009	11,872,828	(5,579)	23,916,508	(377,383)	2,071,059	37,477,433
At 1 January 2010	11,872,828	(5,579)	23,916,508	(377,383)	2,042,077	37,448,451
Profit for the period	-	-	-	-	2,842,799	2,842,799
Available-for-sale investments	-	-	-	-	19,357	19,357
<i>Total comprehensive income for the period</i>	-	-	-	-	2,862,156	2,862,156
Purchase of treasure shares (Note 10)	-	(6,442)	-	-	-	(6,442)
Employee share option plan (Note 10)	-	-	-	-	711,517	711,517
At 30 September 2010	11,872,828	(12,021)	23,916,508	(377,383)	5,615,750	41,015,682

General Director

A.A. Mityushov

Chief Accountant

L.V. Klisch



16 November 2010

OGK-2 Group

Notes to Interim Condensed Consolidated Financial Statements for the 9 months ended

30 September 2010 (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" 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, Surgutskaya GRES-1.

In September 2010 a new operating unit - Adlerskaya TES was created. The Company provides engineering, construction and operation support to the electricity-generating technological complex - Adlerskaya TES with stated electric power not less than 360 megawatt, heat power not less than 227 Gcal/h.

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 30 September 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 30 September 2010 and 31 December 2009.

Note 2. Basis of preparation

The interim condensed consolidated financial statements for the 9 months ended 30 September 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.

OGK-2 Group
Notes to Interim Condensed Consolidated Financial Statements for the 9 months ended
30 September 2010 (unaudited)
(in thousands of Russian Roubles)

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;
- 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 on 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:

	9 months ended 30 September 2010	9 months ended 30 September 2009
<i>Sales:</i>		
Sales of electricity and capacity	8,033,562	4,872,587
Sales of heat	249	285
<i>Purchases:</i>		
Purchases of fuel	12,363,295	8,748,005
Other purchases	13,030	16
Other expenses	29,753	16,210

Balances with Gazprom Group were as follows:

	30 September 2010	31 December 2009
Trade and other receivables	67,453	749,247
Trade and other payables	415,839	11,954

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

	30 September 2010*	31 December 2009
CJSC "Gazenergoprombank"	-	900,000

*On 2 August 2010 the process of reorganization and merger of CJSC "Gazenergoprombank" with OJSC "BANK "ROSSIYA" was finalised. As at 30 September 2010 OJSC "BANK "ROSSIYA" is not included into Gazprom Group.

Interest income accrued on bank deposits for the 9 months ended 30 September 2010 was RR 59,742 thousand (for the 9 months ended 30 September 2009: RR 41,017 thousand).

OGK-2 Group**Notes to Interim Condensed Consolidated Financial Statements for the 9 months ended****30 September 2010 (unaudited)**

(in thousands of Russian Roubles)

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.

Significant transactions with state-controlled entities were as follows:

	9 months ended 30 September 2010	9 months ended 30 September 2009
<i>Sales:</i>		
Sales of electricity, capacity, heat and other utility services	2,133,129	1,963,349
Other sales	2,768	1,754
<i>Purchases:</i>		
Dispatcher's fees	505,968	526,002
Other purchases	333,734	316,071
Other expenses	27,462	27,589
Reversal of provision for impairment of trade and other receivables	(961)	(143)
Charge of provision for impairment of trade and other receivables	695	282

Significant balances with state-controlled entities were as follows:

	30 September 2010	31 December 2009
Trade and other receivables, gross	94,808	86,165
Provision for impairment of trade and other receivables	(61,574)	(61,840)
Available-for-sale investments	70,691	51,334
Trade and other payables	264,256	256,839
Current debt to OJSB "Sberbank"	900,509	2,605,602

Interest expense accrued in respect of debt owed to state-controlled banks for the 9 months ended 30 September 2010 was RR 129,929 thousand (for the 9 months ended 30 September 2009: RR 264,385 thousand).

The Group had no deposits held in state-controlled banks as at 30 September 2010 and as at 31 December 2009. For the 9 months ended 30 September 2010 interest income on bank deposits equals zero (for the 9 months ended 30 September 2009: RR 39,404 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 9 months ended 30 September 2010 was RR 52,977 thousand (for the 9 months ended 30 September 2009: RR 32,189 thousand).

In accordance with the Resolution of the Board of Directors the Company decided 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 9 months ended
30 September 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	5,184	215,575	41	13,627	12,603	893,173	1,140,203
Transfer	2,286	6,632	437,812	67,301	585	(514,616)	-
Disposals	(19,487)	(12,379)	(706)	(1,853)	(5,593)	(85)	(40,103)
Closing balance as at 30 September 2010	10,693,587	4,648,748	11,637,596	2,802,199	505,343	20,396,705	50,684,178
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	(174,493)	(173,657)	(415,229)	(168,817)	(31,266)	-	(963,462)
Reversal of impairment	-	-	-	-	-	548	548
Disposals	11,151	8,500	590	1,606	4,966	-	26,813
Closing balance as at 30 September 2010	(3,637,988)	(2,644,644)	(7,084,635)	(1,524,654)	(340,816)	(441,856)	(15,674,593)
Net book value as at 30 September 2010	7,055,599	2,004,104	4,552,961	1,277,545	164,527	19,954,849	35,009,585
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	12,023	19,563	-	11,875	16,661	911,699	971,821
Transfer	59,043	8,444	100,979	49,081	3,427	(220,974)	-
Disposals	(83,679)	(18)	(130)	(15,356)	(7,950)	(797)	(107,930)
Reclassification of advances	-	-	-	-	-	(7,494,364)	(7,494,364)
Closing balance as at 30 September 2009	10,700,443	4,480,921	11,233,426	2,643,843	474,313	12,244,738	41,777,684
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	(173,242)	(187,026)	(397,564)	(157,200)	(43,337)	-	(958,369)
Disposals	13,781	17	77	6,928	4,767	54	25,624
Closing balance as at 30 September 2009	(3,416,679)	(2,417,279)	(6,555,823)	(1,308,975)	(305,685)	(551,324)	(14,555,765)
Net book value as at 30 September 2009	7,283,764	2,063,642	4,677,603	1,334,868	168,628	11,693,414	27,221,919
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 30 September 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 17,384,693 thousand (net of VAT) and are recognised within construction in progress (31 December 2009: RR 17,424,519 thousand). The respective long-term input VAT in the amount of RR 2,294,993 thousand is recognised within other non-current assets (31 December 2009: RR 2,740,024 thousand) and current input VAT in the amount of RR 834,252 thousand is recognised within trade and other receivables (31 December 2009: RR 396,389 thousand).

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:

OGK-2 Group**Notes to Interim Condensed Consolidated Financial Statements for the 9 months ended****30 September 2010 (unaudited)**

(in thousands of Russian Roubles)

	30 September 2010	31 December 2009
Energy machinery and equipment	56,481	59,425
Other machinery and equipment	43,644	51,350
Other	8,829	12,625
Total	108,954	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:

	30 September 2010	31 December 2009
Not later than one year	380,858	399,942
Later than one year and not later than five years	135,566	275,840
Later than five years and not later than ten years	88,352	210,102
Later than ten years	313,803	537,710
Total	918,579	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

	30 September 2010	31 December 2009
Long-term input VAT from advances paid	2,315,879	2,765,000
Long-term restructured trade and other receivables	299,261	727,818
(net of provision for impairment of trade and other receivables of RR 441,081 thousand as at 30 September 2010 and RR 221,120 thousand as at 31 December 2009)		
Prepayments / deposits for pensions	230,835	206,684
Long-term promissory notes	6,374	1,964,355
(nominal value of promissory notes is RR 11,694 thousand as at 30 September 2010 and RR 2,190,524 thousand as at 31 December 2009)		
Long-term bank deposits	-	300,000
Other	83,786	64,606
Total	2,936,135	6,028,463

As at 30 September 2010 the Group has long-term non-interest bearing promissory notes of OJSC "Ulaynovskenergo" with nominal value of RR 11,694 thousand maturing during the period from December 2011 to December 2020. As at 30 September 2010 promissory notes are stated at amortised cost in the amount of RR 6,374 thousand.

As at 30 September 2010 OJSC "NOMOS-BANK" and OJSC "Evrofinance Mosnarbank" the long-term non-interest bearing promissory notes with amortized cost of RR 2,013,793 thousand and RR 59,256 thousand respectively and maturity from the reporting date of less than 12 months were reclassified from other non-current assets into trade and other receivables.

The amortisation of the long-term non-interest bearing promissory notes for the 9 months ended 30 September 2010 in the amount of RR 115,067 thousand (for the 9 months ended 30 September 2009: RR 106,547 thousand) was recognised as a release of discounting effect within finance income (Note 16).

As at 30 September 2010 the long-term deposit held in OJSC "BANK "ROSSIYA", CENTRAL BRANCH (successor of CJSC "Gazenergoprombank") in the amount of RR 300,000 thousand with maturity from the

OGK-2 Group
Notes to Interim Condensed Consolidated Financial Statements for the 9 months ended
30 September 2010 (unaudited)

(in thousands of Russian Roubles)

reporting date of less than 12 months was reclassified from other non-current assets into other current assets (Note 9).

Note 7. Cash and cash equivalents

	Currency	30 September 2010	31 December 2009
Current bank accounts	RR	960,981	1,540,916
Special bank accounts	RR	515	-
Current bank accounts	USD, EURO, GBP, KZT	1	12
Bank deposits with maturity of 3 months or less	RR	1,612,500	12,500
Total		2,573,997	1,553,428

The Group has current bank accounts in the following banks:

Cash in bank	Credit rating on 30 September 2010*	30 September 2010	Credit rating on 31 December 2009*	31 December 2009
OJSC "BANK "ROSSIYA", CENTRAL BRANCH (successor of CJSC "Gazenergoprombank")	E+/Stable	774,862	E+/Stable	402,362
OJSC "Sberbank"	D+/Stable	122,464	D+/Stable	355,899
OJSC "Alfa-bank"	D/Stable	42,295	D/Negative	103,109
OJSC "Evrofinance Mosnarbank"	E+/Stable	17,596	E+/Stable	354,706
CJSC "Mezhdunarodny promyshlenny bank"	E+/Negative	4,272	E+/Negative	324,835
OJSC "Transcreditbank"	D-/Stable	7	D-/Negative	8
OJSC "BANK "ROSSIYA"	E+/Stable	1	-	-
OJSC "NOMOS-BANK"	-	-	D-/Negative	9
Total cash in bank		961,497		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 30 September 2010*	30 September 2010	Interest rate	Credit rating on 31 December 2009*	31 December 2009
CSC "Vneshprombank"	14%	Not-Prime	700,000	-	-	-
OJSC "BANK "ROSSIYA", CENTRAL BRANCH (successor of CJSC "Gazenergoprombank)	10.75%	Not-Prime	600,000	-	-	-
OJSC "BANK "ROSSIYA"	5.5%	Not-Prime	300,000	-	-	-
CJSC "Gazbank"	9.5%	Not-Prime	12,500	14.0%	Not-Prime	12,500
Total bank deposits with maturity of 3 months or less			1,612,500			12,500

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

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Note 8. Trade and other receivables

	30 September 2010	31 December 2009
Promissory notes	2,639,543	1,964,355
(nominal value of promissory notes is RR 2,750,645 thousand as at 30 September 2010 and RR 2,190,524 thousand as at 31 December 2009)		
Trade receivables	2,287,458	3,484,778
(net of provision for impairment of trade receivables of RR 754,545 thousand as at 30 September 2010 and RR 862,025 thousand as at 31 December 2009)		
Interest receivable on deposits	267,608	41,960
Other receivables	99,674	118,097
(net of provision for impairment of other receivables of RR 187,749 thousand as at 30 September 2010 and RR 89,737 thousand as at 31 December 2009)		
Total financial assets	5,294,283	5,609,190
Input VAT	3,433,134	3,429,356
Advances to suppliers	258,197	1,005,322
(net of provision for impairment of advances to suppliers of RR 18,626 thousand as at 30 September 2010 and RR 13,757 thousand as at 31 December 2009)		
Prepaid value-added tax and other tax	14,189	10,948
Prepayments	4,063	4,218
Total	9,003,866	10,059,034
Less: Long-term input VAT from advances paid	(2,315,879)	(2,765,000)
Long-term restructured trade and other receivables	(299,261)	(727,818)
(net of provision for impairment of trade and other receivables of RR 441,081 thousand as at 30 September 2010 and RR 221,120 thousand as at 31 December 2009)		
Long-term promissory notes	(6,374)	(1,964,355)
(nominal value of promissory notes is RR 11,694 thousand as at 30 September 2010 and RR 2,190,524 thousand as at 31 December 2009)		
Total	6,382,352	4,601,861

Note 9. Other current assets

	30 September 2010	31 December 2009
Short-term deposits	1,400,000	3,200,000
Total	1,400,000	3,200,000

OGK-2 Group
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Credit quality of bank deposits is presented below:

Bank deposits with maturity more than 3 months but within one year	Interest rate	Credit rating on 30 September 2010*	30 September 2010	Credit rating on 31 December 2009*	31 December 2009
CJSC "Mezhdunarodny promyshhlyeny bank"	12.4%-13.1%	Not-Prime	1,100,000	Not-Prime	1,100,000
CSC "Vneshprombank"	13.1%	-	-	Not-Prime	1,500,000
OJSC "BANK "ROSSIYA", CENTRAL BRANCH (successor of CJSC "Gazenergoprombank")	10.75%-12.25%	Not-Prime	300,000	Not-Prime	600,000
Total bank deposits with maturity more than 3 months but within one year			1,400,000		3,200,000

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

Note 10. Equity

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

Employee share option plan. In 2009 the Company started a 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 9 months ended 30 September 2010 the Group recognized a service cost in amount of RR 1,829 thousand with corresponding increase in retained earnings (during the 9 months ended 30 September 2009: RR 7,399 thousand).

Treasury shares. Company has received claims to repurchase own shares from shareholders who voted against approval of agreements with CJSC "QUARTZ - Novie Technologii" for construction of two power generating units at Troitskaya GRES. Total amount of shares claimed to be repurchased equal to 6,870,300 shares at RR 0.94 per share for total amount of RR 6,466 thousand. Group has repurchased claimed shares in amount of RR 6,442 thousand in September 2010.

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

	Currency	Effective interest rate	30 September 2010	31 December 2009
OJSC "Evrofinance Mosnarbank"	RR	5.5%-11.9%	2,000,000	1,500,000
OJSC "URALSIB"	RR	6.5%	2,000,000	-
OJSC "Sberbank"	RR	5.7%-13.3%	900,000	2,600,000
CJSC "Mezhdunarodny promyshlyeny bank"	RR	11.4%-13.9%	-	500,000
Interest payable	RR	5.5%-13.9%	7,276	6,657
Current portion of finance lease liability	RR	22.6%- 27.3%	97	1,131
Bonds	RR	7.7%-10.65%	-	4,968,721
Total			4,907,373	9,576,509

The bonds were redeemable on 5 July 2010.

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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", OJSC "URALSIB". The Company was in compliance with the covenant as at 30 September 2010 and 31 December 2009.

Note 12. Trade and other payables

	30 September 2010	31 December 2009
Trade payables	1,843,714	2,622,575
Accrued liabilities and other payables	378,670	459,058
Total financial liabilities	2,222,384	3,081,633
Salaries and wages payable	278,032	243,163
Advances from customers	32,400	18,891
Total	2,532,816	3,343,687

Note 13. Other taxes payable

	30 September 2010	31 December 2009
Value added tax	205,594	369,521
Water tax	176,227	143,187
Environment pollution payments	56,437	48,510
Property tax	40,025	46,685
Social funds contribution	32,267	34,547
Personal income tax	26,286	22,974
Other taxes	1,725	1,085
Total	538,561	666,509

Note 14. Revenues

	9 months ended 30 September 2010	9 months ended 30 September 2009
Electricity and capacity	37,572,136	28,603,131
Heat	574,593	490,425
Other	116,501	93,758
Total	38,263,230	29,187,314

Note 15. Operating expenses

	9 months ended 30 September 2010	9 months ended 30 September 2009
Fuel	21,836,445	17,510,301
Purchased electricity, capacity and heat	5,174,995	2,076,154
Employee benefits	2,134,383	1,979,779
Depreciation of property, plant, equipment and intangible assets	1,001,535	996,110
Repairs and maintenance	947,816	1,345,107
Taxes other than income tax	643,424	643,192
Raw materials and supplies	611,884	473,096
Dispatcher's fees	505,968	526,002
Ecological payments	260,712	169,133
Rent	144,041	144,877
Charge of provision for impairment of trade and other receivables	50,959	508,542
Transport	48,125	38,281
Insurance	29,086	26,940
Consulting, legal and audit services	31,476	60,350
(Gain) / loss on disposal of assets	(11,084)	55,122

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(Reversal) / charge of provision for inventory obsolescence	(9,745)	24,450
Reversal of property, plant and equipment impairment	(548)	-
Other expenses	935,483	713,679
Total operating expenses	34,334,955	27,291,115

Employee benefits expenses comprise the following:

	9 months ended 30 September 2010	9 months ended 30 September 2009
Salaries and wages	1,630,398	1,480,888
Social funds contribution	332,120	296,390
Financial aid to employees and pensioners	85,946	124,307
Non-state pensions and other long-term benefits	84,090	70,795
Employee share option plan	1,829	7,399
Employee benefits	2,134,383	1,979,779
Number of personnel at the end of the period	4,798	4,751

Included in social funds contribution are statutory pension contributions of RR 257,203 thousand (for the 9 months ended 30 September 2009: RR 230,172 thousand).

Note 16. Finance income

	9 months ended 30 September 2010	9 months ended 30 September 2009
Interest income on bank deposits and current bank account balances	310,047	213,713
Release of discounting effect of long-term promissory notes received (Note 6)	115,067	106,547
Foreign exchange differences	4,077	-
Other finance income	1,486	2,097
Total finance income	430,677	322,357

Note 17. Finance cost

	9 months ended 30 September 2010	9 months ended 30 September 2009
Interest expense	468,744	643,012
Unwinding of the present value discount for provision for ash dump	32,491	-
Foreign exchange differences	-	9,204
Interest expense under finance lease agreements	157	2,252
Total finance cost	501,392	654,468

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Note 18. Earnings per share

	9 months ended 30 September 2010	9 months ended 30 September 2009
Weighted average number of ordinary shares issued	32,733,081,332	32,733,468,382
Profit attributable to the shareholders of OJSC "OGK-2" (thousands of RR)	2,842,799	1,129,946
Earning per ordinary share for profit attributable to the shareholders of OJSC "OGK-2" – basic and diluted (in RR)	0.09	0.03

Note 19. Capital commitments

At the beginning of the year 2008 the Company has signed a three-party long-term contract for supply of capacity to the wholesale market with CJSC "Center for Finance Settlements" (hereinafter CFS) and NP Administrator of the Trade System of the Wholesale Electricity Market of the Unified Energy System ("NP ATS"). Under this contract the Group is obliged to provide (supply) and CFS is obliged to accept capacity produced by generation equipment put into operations after 2008. Cumulative power to be supplied to the wholesales market amounts to 2,580 MWh. Location, maximum technical characteristics of generating equipment and time schedule of electricity power supply are defined in the contract. In case of breach of the contract the Group will be obliged to compensate losses incurred by CFS resulting from purchase of missing capacity. Total amount of compensation can not exceed RR 29,850,200 thousand. Cumulative amount of electricity power proposed to supply to CFS, equals to minimum installed capacity of generation equipment, which will be built in line with the Company's investment programme. Date of cease of the liability for electricity power supply is the date when one year period of appropriate fulfillment by the Group of obligation to supply electricity power from respective power generating equipment, but not later than 31 December 2021.

Due to the entry into force of the Russian Federation Government Resolution №89 dated 24 February 2010 "Certain organizational aspects of long-term capacity take-off on a competitive basis on the wholesale electricity (capacity) market", Government Resolution №238 dated 13 April 2010 "Pricing strategy of capacity trading on the wholesale electricity (capacity) market during the transition period" and Government Direction №1334-p dated 11 August 2010 "The list of generating units intended to provide capacity supplies under contracts for provision of capacity" previously signed three-party long-term contract for supply of capacity to the wholesale market became inoperative.

NP Council Market in cooperation with electricity wholesales market participants developed a new contractual basis for the sales of capacity of generating units, which are being constructed in accordance with investment programs of suppliers, approved by the Government of Russian Federation within Investment Program of RAO UES.

In accordance with new rules, instead of one agreement on provision of investment capacity with NP ATS and CFS suppliers will sign agency agreement with CFS, OJSC "ATS", NP Council Market and OJSC "System Operator of the United Power System" ("SO UPS") for sales of investment capacity. In accordance with this agreement CFS for and on behalf of the supplier will sign contracts on capacity provision with all wholesale electricity (capacity) market customers.

On 1 November 2010 the Company made the agency agreement with CFS, OJSC "ATC", NP Council Market and SO UPS under which CFS in behalf of Company undertook to sign contracts for provision of capacity with coming into operation generating units of the total capacity of 1 860 megawatt.

As at 30 September 2010 in the framework of the investment programme implementation the Group has capital commitments (including VAT) of RR 66,848,993 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 (30 September 2010: RR 3,553,530 thousand and 31 December 2009: RR 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 30 September 2010 the Group has commitments of RR 227,932 thousand related to software implementation costs (31 December 2009: RR 233,710 thousand).

Note 20. 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 a party in 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, water tax accounting, deductibility of certain expenses.

As at 30 September 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 can 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 21. Segment information

The Group gets 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 segments' 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 six primary reporting segments: Surgutskaya GRES-1, Troitskaya GRES, Stavropolskaya GRES, Serovskaya GRES, Pskovskaya GRES, Adlerskaya TES. 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.

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9 months ended 30 September 2010	Surgutskaya GRES-1	Stavropol-skaya GRES	Troitskaya GRES	Serovskaya GRES	Pskovskaya GRES	Adlerskaya TES	Total
Revenue Segment operating profit/ (loss)	16,813,818	9,896,365	6,984,544	2,449,763	2,118,280	460	38,263,230
	4,159,480	693,261	275,276	(80,056)	25,414	101	5,073,476

9 months ended 30 September 2009	Surgutskaya GRES-1	Stavropol-skaya GRES	Troitskaya GRES	Serovskaya GRES	Pskovskaya GRES	Adlerskaya TES	Total
Revenue Segment operating profit	12,855,732	5,096,568	7,543,563	2,093,461	1,597,990	-	29,187,314
	2,534,894	186,603	837,818	48,810	61,271	-	3,669,396

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

	9 months ended 30 September 2010	9 months ended 30 September 2009
Operating profit of reporting segments	5,073,476	3,669,396
Adjustments from different accounting policy:		
Share option plan	(685,557)	(7,399)
Depreciation adjustment	(501,745)	(472,581)
Provision for impairment of trade and other receivables	(245,137)	15,711
Other adjustments	183,092	(24,595)
Unallocated expenses	(77,737)	(1,338,914)
Operating profit (IFRS)	3,746,392	1,841,618

Segment's assets are disclosed below:

	Surgutskaya GRES-1	Stavropol-skaya GRES	Troitskaya GRES	Serovskaya GRES	Pskovskaya GRES	Adlerskaya TES	Total
30 September 2010	3,857,664	2,435,675	14,536,287	8,166,255	2,432,716	-	31,428,597
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:

	30 September 2010	31 December 2009
Total assets of reporting segments	31,428,597	30,864,022
Adjustments from different accounting policy:		
Property, plant and equipment adjustments	6,103,081	6,198,707
Pensions adjustments	230,835	206,684
Impairment of trade and other receivables	(510,831)	(265,694)
Impairment of intangible assets	(391,841)	(391,841)
Discounting of promissory notes	(111,101)	(226,169)
Provision for inventory obsolescence	(35,479)	(45,224)
Other adjustments	(264,149)	(315,629)
Unallocated assets	15,876,585	18,091,152
Total assets (IFRS)	52,325,697	54,116,008

The unallocated assets are the assets which can not be directly related to a 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.

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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.