

**OGK-2 GROUP  
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
PREPARED IN ACCORDANCE WITH  
INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)  
FOR THE SIX MONTHS ENDED 30 JUNE 2015 (UNAUDITED)**



**OGK-2 Group**  
**Interim Condensed Consolidated Statement of Profit or Loss**  
**for the 6 months ended 30 June 2015 (unaudited)**  
(in thousands of Russian Roubles unless noted otherwise)

|  | Notes | 6 months ended<br>30 June 2015 | 6 months ended<br>30 June 2014 |
|--|-------|--------------------------------|--------------------------------|
| Revenues   | 15    | 56,070,981                     | 55,686,289                     |
| Operating expenses   | 16    | (52,424,983)                   | (49,924,392)                   |
| Other operating items  |       | 3,484                          | 55,582                         |
| <b>Operating profit</b>  |       | <b>3,649,482</b>               | <b>5,817,479</b>               |
| Finance income   | 17    | 1,408,707                      | 466,123                        |
| Finance costs  | 18    | (741,620)                      | (522,645)                      |
| <b>Profit before income tax</b>  |       | <b>4,316,569</b>               | <b>5,760,957</b>               |
| Income tax charge  |       | (1,000,532)                    | (1,284,704)                    |
| <b>Profit for the period</b>   |       | <b>3,316,037</b>               | <b>4,476,253</b>               |
| Attributable to:   |       |                                |                                |
| Shareholders of PJSC OGK-2   |       | 3,316,037                      | 4,476,253                      |
| <b>Earnings per ordinary share attributable to the shareholders of PJSC OGK-2 – basic and diluted (in Russian Roubles)</b> |       |                                |                                |
|  | 19    | <b>0.03</b>                    | <b>0.04</b>                    |

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 2015 (unaudited)**  
(in thousands of Russian Roubles)

|  | 6 months ended<br>30 June 2015 | 6 months ended<br>30 June 2014 |
|--|--------------------------------|--------------------------------|
| <b>Profit for the period</b>                             | <b>3,316,037</b>               | <b>4,476,253</b>               |
| <i>Items that may be reclassified to profit or loss:</i> |                                |                                |
| Available-for-sale investments, net of tax               | 6,554                          | 7,808                          |
| <b>Total comprehensive income for the period</b>         | <b>3,322,591</b>               | <b>4,484,061</b>               |
| Attributable to:   |                                |                                |
| Shareholders of PJSC OGK-2                               | 3,322,591                      | 4,484,061                      |

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 2015****(unaudited)**

(in thousands of Russian Roubles)

|   | Notes | 6 months ended<br>30 June 2015 | 6 months ended<br>30 June 2014 |
|---|-------|--------------------------------|--------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |       |                                |                                |
| Profit before income tax  |       | 4,316,569                      | 5,760,957                      |
| Adjustments to reconcile profit before income tax to net cash provided by operations: |       |                                |                                |
| Depreciation of property, plant and equipment   | 16    | 2,256,736                      | 2,367,345                      |
| Amortisation of intangible assets   | 16    | 147,261                        | 88,705                         |
| (Reversal) / charge of provision for impairment of trade and other receivables        | 16    | (81,946)                       | 133,192                        |
| Reversal of provision for inventory obsolescence                                      | 16    | (2,415)                        | (930)                          |
| Finance income  | 17    | (1,408,707)                    | (466,123)                      |
| Finance costs   | 18    | 741,620                        | 522,645                        |
| Non-state pensions and other long-term benefits                                       | 16    | 28,907                         | 44,991                         |
| Loss / (gain) on disposal of assets, net  | 16    | 236,935                        | (41,636)                       |
| Other non-cash items  |       | 10,282                         | 15                             |
| <b>Operating cash flows before working capital changes and income tax paid</b>        |       | <b>6,245,242</b>               | <b>8,409,161</b>               |
| Working capital changes:  |       |                                |                                |
| Decrease in trade and other receivables   |       | 2,996,128                      | 2,193,806                      |
| Increase in inventories   |       | (2,854,335)                    | (752,196)                      |
| Decrease in trade and other payables  |       | (662,745)                      | (1,249,737)                    |
| Decrease in taxes payable, other than income tax                                      |       | (118,387)                      | (60,077)                       |
| Payments in respect of retirement benefit obligations                                 |       | (28,293)                       | (96,043)                       |
| Income tax paid   |       | (1,170,609)                    | (641,429)                      |
| <b>Net cash generated from operating activities</b>                                   |       | <b>4,407,001</b>               | <b>7,803,485</b>               |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |       |                                |                                |
| Purchase of property, plant and equipment   |       | (9,586,173)                    | (7,910,470)                    |
| Proceeds from sale of property, plant and equipment                                   |       | 1,665                          | 29,030                         |
| Purchase of intangible assets   |       | (13,850)                       | (64,649)                       |
| Proceeds from bank deposits   |       | -                              | 3,100,000                      |
| Interest received   |       | 771,497                        | 361,678                        |
| <b>Net cash used in investing activities</b>  |       | <b>(8,826,861)</b>             | <b>(4,484,411)</b>             |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>  |       |                                |                                |
| Proceeds from long-term borrowings  |       | -                              | 13,600,000                     |
| Repayment of long-term borrowings   |       | -                              | (10,100,000)                   |
| Interest paid   |       | (1,885,176)                    | (1,381,920)                    |
| Payments under finance lease  |       | (39,777)                       | (67,448)                       |
| Finance lease advance   |       | (193)                          | (22)                           |
| <b>Net cash (used in) / generated from financing activities</b>                       |       | <b>(1,925,146)</b>             | <b>2,050,610</b>               |
| <b>Net (decrease) / increase in cash and cash equivalents</b>                         |       | <b>(6,345,006)</b>             | <b>5,369,684</b>               |
| <b>Cash and cash equivalents at the beginning of the period</b>                       |       | <b>13,055,599</b>              | <b>5,756,231</b>               |
| <b>Cash and cash equivalents at the end of the period</b>                             |       | <b>6,710,593</b>               | <b>11,125,915</b>              |

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 2015 (unaudited)**  
(in thousands of Russian Roubles)

|  | Share capital     | Treasury shares    | Share premium     | Retained earnings and other reserves | Total              |
|--|-------------------|--------------------|-------------------|--------------------------------------|--------------------|
| <b>At 1 January 2014</b>                         | <b>40,057,009</b> | <b>(4,058,856)</b> | <b>28,378,693</b> | <b>48,616,825</b>                    | <b>112,993,671</b> |
| 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> | -                 | -                  | -                 | 4,484,061                            | 4,484,061          |
| Acquisition of treasury shares                   | -                 | 1,067              | -                 | (765)                                | 302                |
| <i>Total transactions with owners</i>            | -                 | 1,067              | -                 | (765)                                | 302                |
| <b>At 30 June 2014</b>                           | <b>40,057,009</b> | <b>(4,057,789)</b> | <b>28,378,693</b> | <b>53,100,121</b>                    | <b>117,478,034</b> |
| <b>At 1 January 2015</b>                         | <b>40,057,009</b> | <b>(4,339,331)</b> | <b>28,378,693</b> | <b>47,509,382</b>                    | <b>111,605,753</b> |
| Profit for the period                            | -                 | -                  | -                 | 3,316,037                            | 3,316,037          |
| Available-for-sale investments, net of tax       | -                 | -                  | -                 | 6,554                                | 6,554              |
| <i>Total comprehensive income for the period</i> | -                 | -                  | -                 | 3,322,591                            | 3,322,591          |
| Dividends (Note 9)                               | -                 | -                  | -                 | (860,562)                            | (860,562)          |
| <i>Total transactions with owners</i>            | -                 | -                  | -                 | (860,562)                            | (860,562)          |
| <b>At 30 June 2015</b>                           | <b>40,057,009</b> | <b>(4,339,331)</b> | <b>28,378,693</b> | <b>49,971,411</b>                    | <b>114,067,782</b> |

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 2015 (unaudited)**  
(in thousands of Russian Roubles)

**Note 1. The Group and its operations**

Public Joint Stock Company (till 24 June 2015 - Open Joint Stock Company) "The Second Generating Company of the Wholesale Electric Power Market" (PJSC "OGK-2", or the "Company") was established on 9 March 2005 within the framework of Russian electricity sector restructuring in accordance with the Resolution No. 1254-r adopted by the Russian Federation Government on 1 September 2003.

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

In April 2015 new operating branch was set up for the purpose of operation of Groznenskaya TES, which is currently being constructed by Gazprom group.

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.

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

|                     | % owned      |                  |
|---------------------|--------------|------------------|
|                     | 30 June 2015 | 31 December 2014 |
| LLC "OGK-2 Finance" | 100%         | 100%             |
| LLC "Centr 112"     | 100%         | 100%             |

**Operating environment of the Group.** The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations (Note 21). During 6 months ended 30 June 2015 the Russian economy was negatively impacted by low oil prices and ongoing political tension in the region and international sanctions against certain Russian companies and individuals. During 6 months ended 30 June 2015:

- the CBRF exchange rate fluctuated between RR 49.1777 and RR 69.6640 per USD;
- the CBRF key refinancing interest rate decreased from 17.0% p.a. to 11.5% p.a.;
- the RTS stock exchange index ranged between 737 and 1,082;
- credit rating of Russian Federation was downgraded by Moody's Investor Service to Ba1, by Fitch Rating to BBB- and by Standard&Poors to BB+, which is below investing level first time in last 10 years. All of these rating agencies also provided negative forecast.

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

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

**Relations with the state and current regulation.** The Company is part of the Gazprom Group, which includes PJSC "Gazprom" and its subsidiaries. OJSC "Centerenergyholding" owns 73.42% of the shares of PJSC "OGK-2" as at 30 June 2015 (as at 31 December 2014: 73.42%).

Gazprom Group, in its turn, is controlled by the Russian Federation, therefore, the Russian Government is the ultimate controlling party of the Group as at 30 June 2015 and 31 December 2014.

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

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

**OGK-2 Group**  
**Notes to Interim Condensed Consolidated Financial Statements**  
**for the 6 months ended 30 June 2015 (unaudited)**  
(in thousands of Russian Roubles)

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 2015 ("Financial statements") have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with IFRS.

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

**Note 3. New accounting developments**

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

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

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

**Note 4. Related Parties**

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

**Transactions with Gazprom Group and its associates**

Transactions with Gazprom Group and its associates were as follows:

|   | <b>6 months ended<br/>30 June 2015</b> | <b>6 months ended<br/>30 June 2014</b> |
|---|--|--|
| Sales of electricity and capacity               | 2,519,569                              | 3,084,643                              |
| Sales of heat                                   | 278                                    | 1,820                                  |
| Other sales                                     | 18,472                                 | 56,692                                 |
| Other income                                    | 9,821                                  | 208                                    |
| Interest income                                 | 199,459                                | 37,690                                 |
| Purchases of gas                                | 16,994,082                             | 16,620,088                             |
| Other purchases                                 | 4,027,693                              | 3,011,504                              |
| Other expenses                                  | 4,178                                  | 678                                    |
| Interest expense under finance lease agreements | 5,398                                  | 11,962                                 |
| Accrued interest on the loans                   | 1,764,938                              | 1,038,248                              |
| Proceeds from long-term borrowings              | -                                      | 13,600,000                             |



**OGK-2 Group**  
**Notes to Interim Condensed Consolidated Financial Statements**  
**for the 6 months ended 30 June 2015 (unaudited)**  
(in thousands of Russian Roubles)

Balances with Gazprom Group and its associates were as follows:

|  | <b>30 June 2015</b> | <b>31 December 2014</b> |
|--|---------------------|-------------------------|
| Long-term loan issued  | 1,048,344           | 1,048,344               |
| Cash and cash equivalents (Note 6)   | 471,484             | 12,794,910              |
| Trade and other receivables  | 1,083,197           | 992,288                 |
| Promissory notes JSC "Gazprombank"<br>(nominal value of promissory notes is<br>RR 462,944 thousand as at 30 June 2015 and<br>RR 633,936 thousand as at 31 December 2014) | 447,527             | 615,800                 |
| Non-current debt   | 37,701,155          | 37,719,817              |
| Current portion of non-current debt  | 6,543,592           | 6,551,037               |
| Trade and other payables   | 1,702,964           | 1,902,664               |

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

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

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

|   | <b>6 months ended<br/>30 June 2015</b> | <b>6 months ended<br/>30 June 2014</b> |
|---|--|--|
| Sales of electricity and capacity   | 15,323,871                             | 13,995,909                             |
| Charge of provision for impairment of<br>trade receivables (sales of electricity<br>and capacity)   | 168,044                                | 55,659                                 |
| Reversal of provision for impairment of<br>trade receivables (sales of electricity<br>and capacity) | (1,067,521)                            | (149,272)                              |
| Interest income on deposits   | 399,735                                | 161,541                                |
| Building and construction works   | 2,954,806                              | 7,194,317                              |
| Purchases of electricity and capacity   | 5,017,638                              | 4 940 321                              |
| Interest expense on loans   | 119,577                                | 119 577                                |

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

|  | <b>30 June 2015</b> | <b>31 December 2014</b> |
|--|---------------------|-------------------------|
| Trade and other receivables, gross   | 12,454,922          | 11,226,347              |
| Provision for impairment of trade and other receivables                        | (2,648,321)         | (3,578,069)             |
| Trade and other payables   | 2,944,281           | 3,703,969               |
| Non-current debt and current portion of non-current<br>debt to PJSC "Sberbank" | 2,872,646           | 2,873,307               |
| Short term deposits (Note 6)   | 1,513,146           | -                       |

***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.

**OGK-2 Group**  
**Notes to Interim Condensed Consolidated Financial Statements**  
**for the 6 months ended 30 June 2015 (unaudited)**  
(in thousands of Russian Roubles)

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

Total remuneration in the form of salary and bonuses accrued to the members of the Board of Directors and Management Board for the 6 months ended 30 June 2015 was RR 74,648 thousand (for the 6 months ended 30 June 2014: RR 84,147 thousand).

**Transactions with other related parties**

Transactions with other related parties represent transactions with the pension fund. For the 6 months ended 30 June 2015 the Group made contributions of RR 28,160 thousand to NPF Electroenergetiki (for the 6 months ended 30 June 2014: RR 30,881 thousand).

**Note 5. Property, plant and equipment**

|  | Production buildings | Constructions | Energy machinery and equipment | Other machinery and equipment | Other       | Construction in progress | Total        |
|--|----------------------|---------------|--------------------------------|-------------------------------|-------------|--------------------------|--------------|
| <b>Cost</b>  |                      |               |                                |                               |             |                          |              |
| Opening balance as at 1 January 2015                   | 38,334,720           | 22,625,466    | 46,368,239                     | 15,545,209                    | 1,674,604   | 83,574,682               | 208,122,920  |
| Additions  | -                    | 161           | -                              | 21,381                        | 44,745      | 12,217,261               | 12,283,548   |
| Transfer   | 48,723               | 94,256        | 301,574                        | 110,658                       | 430         | (555,641)                | -            |
| Disposals  | -                    | (10,115)      | (17,242)                       | (6,701)                       | (12,314)    | (1,503,866)              | (1,550,238)  |
| Closing balance as at 30 June 2015                     | 38,383,443           | 22,709,768    | 46,652,571                     | 15,670,547                    | 1,707,465   | 93,732,436               | 218,856,230  |
| <b>Accumulated depreciation (including impairment)</b> |                      |               |                                |                               |             |                          |              |
| Opening balance as at 1 January 2015                   | (19,497,611)         | (12,432,228)  | (22,067,614)                   | (9,056,296)                   | (1,254,144) | (1,058,793)              | (65,366,686) |
| Charge for the period                                  | (703,907)            | (489,246)     | (1,042,325)                    | (542,018)                     | (26,804)    | -                        | (2,804,300)  |
| Disposals  | -                    | 7,343         | 15,369                         | 6,695                         | 11,685      | -                        | 41,092       |
| Closing balance as at 30 June 2015                     | (20,201,518)         | (12,914,131)  | (23,094,570)                   | (9,591,619)                   | (1,269,263) | (1,058,793)              | (68,129,894) |
| Net book value as at 30 June 2015                      | 18,181,925           | 9,795,637     | 23,558,001                     | 6,078,928                     | 438,202     | 92,673,643               | 150,726,336  |
| Net book value as at 31 December 2014                  | 18,837,109           | 10,193,238    | 24,300,625                     | 6,488,913                     | 420,460     | 82,515,889               | 142,756,234  |
|  | Production buildings | Constructions | Energy machinery and equipment | Other machinery and equipment | Other       | Construction in progress | Total        |
| <b>Cost</b>  |                      |               |                                |                               |             |                          |              |
| 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  |
| <b>Accumulated depreciation (including impairment)</b> |                      |               |                                |                               |             |                          |              |
| 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 2015 (unaudited)**  
(in thousands of Russian Roubles)

**Finance lease**

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

|                                | 30 June 2015   | 31 December 2014 |
|--------------------------------|----------------|------------------|
| Energy machinery and equipment | 34,543         | 36,340           |
| Other machinery and equipment  | 156,977        | 172,464          |
| Other                          | 120,848        | 181,909          |
| <b>Total</b>                   | <b>312,368</b> | <b>390,713</b>   |

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

**Operating lease**

The Group leases a number of land plots owned by local governments and real estate entities under operating leases. Lease payments are determined by lease agreements. Lease agreements are concluded for the different periods. Part of the lease contracts is concluded for a year with right of future prolongation, maximum lease period is 50 years. Lease payments are reviewed regularly to reflect market rentals.

Operating lease rentals are payable as follows:

|  | 30 June 2015     | 31 December 2014  |
|--|------------------|-------------------|
| Not later than one year                            | 4,195,121        | 5,714,294         |
| Later than one year and not later than five years  | 565,226          | 2,028,579         |
| Later than five years and not later than ten years | 614,445          | 1,266,921         |
| Later than ten years                               | 2,672,932        | 6,534,131         |
| <b>Total</b>                                       | <b>8,047,724</b> | <b>15,543,925</b> |

**Note 6. Cash and cash equivalents**

|  | Currency | 30 June 2015     | 31 December 2014  |
|--|----------|------------------|-------------------|
| Current bank accounts                            | RR       | 4,226,266        | 13,055,550        |
| Bank deposits with maturity three months or less | USD      | 1,984,259        | -                 |
| Bank deposits with maturity three months or less | RR       | 500,000          | -                 |
| Other cash equivalents                           | RR       | 68               | 49                |
| <b>Total</b>                                     |          | <b>6,710,593</b> | <b>13,055,599</b> |

The Group has current bank accounts in the following banks:

| Cash in bank              | Credit rating on<br>30 June 2015* | 30 June<br>2015  | Credit rating on<br>31 December 2014* | 31 December<br>2014 |
|---------------------------|-----------------------------------|------------------|---------------------------------------|---------------------|
|                           | WR / Ratings                      |                  | WR / Ratings                          |                     |
| OJSC "BANK "ROSSIYA"      | Withdrawn                         | 4,223,080        | Withdrawn                             | 260,154             |
| PJSC "Sberbank"           | ba2 / Negative                    | 2,768            | ba1 / Negative                        | 424                 |
| JSC "Gazprombank"         | b1 / Negative                     | 371              | ba3 / Negative                        | 12,794,910          |
| JSC "Alfa-bank"           | ba3 / Negative                    | 43               | ba2 / Stable                          | 2                   |
| PJSC "VTB"                | b1 / Negative                     | 4                | ba3 / Stable                          | 60                  |
| <b>Total cash in bank</b> |                                   | <b>4,226,266</b> |                                       | <b>13,055,550</b>   |

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

**OGK-2 Group**  
**Notes to Interim Condensed Consolidated Financial Statements**  
**for the 6 months ended 30 June 2015 (unaudited)**  
(in thousands of Russian Roubles)

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

Credit quality of bank deposits is presented below:

| Bank deposits with maturity of three months or less              | Interest rate | Credit rating on 30 June 2015* | 30 June 2015     | Interest rate | Credit rating on 31 December 2014* | 31 December 2014 |
|--|---------------|--------------------------------|------------------|---------------|------------------------------------|------------------|
| PJSC "VTB"   | 2.25%-4.00%   | Non-Prime                      | 1,513,146        | -             | -                                  | -                |
| OJSC "BANK "ROSSIYA"   | 10.00%        | Non-Prime                      | 500,000          | -             | -                                  | -                |
| JSC "Gazprombank"  | 0.01%         | Non-Prime                      | 471,113          | -             | -                                  | -                |
| <b>Total bank deposits with maturity of three months or less</b> |               |                                | <b>2,484,259</b> |               |                                    | <b>-</b>         |

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

**Note 7. Trade and other receivables**

|  | 30 June 2015      | 31 December 2014  |
|--|-------------------|-------------------|
| Trade receivables<br>(net of provision for impairment of RR 5,448,581 thousand as at 30 June 2015 and RR 6,401,767 thousand as at 31 December 2014, and the effect of discounting of RR 931 thousand as at 30 June 2015 and RR 3,528 thousand as at 31 December 2014)                              | 7,787,613         | 9,013,707         |
| Other receivables<br>(net of provision for impairment of RR 2,049,443 thousand as at 30 June 2015 and RR 1,247,635 thousand as at 31 December 2014, and the effect of discounting of RR 12,845 thousand as at 30 June 2015 and RR 16,130 thousand as at 31 December 2014)                          | 1,023,452         | 943,378           |
| Promissory notes<br>(nominal value of promissory notes is RR 1,108,933 thousand as at 30 June 2015 and RR 1,193,758 thousand as at 31 December 2014)   | 799,804           | 886,675           |
| Interest receivable  | 17,464            | 50,042            |
| <b>Financial assets</b>  | <b>9,628,333</b>  | <b>10,893,802</b> |
| Input VAT  | 1,116,483         | 1,518,855         |
| Advances to suppliers<br>(net of provision for impairment of RR 1,244 thousand as at 30 June 2015 and RR 14,136 thousand as at 31 December 2014)   | 876,708           | 1,035,454         |
| Prepaid other taxes and social funds contribution  | 415,381           | 1,105,334         |
| <b>Total</b>   | <b>12,036,905</b> | <b>14,553,445</b> |
| Less: Long-term promissory notes<br>(nominal value of promissory notes is RR 671,886 thousand as at 30 June 2015 and RR 594,889 thousand as at 31 December 2014)   | (371,843)         | (300,227)         |
| Long-term restructured trade and other receivables<br>(net of provision for impairment of RR 5,930 thousand as at 30 June 2015 and RR 6,700 thousand as at 31 December 2014, and the effect of discounting of RR 11,661 thousand as at 30 June 2015 and RR 19,462 thousand as at 31 December 2014) | (18,256)          | (27,971)          |
| Long-term input VAT from advances paid   | (4,169)           | (4,433)           |
| <b>Total</b>   | <b>11,642,637</b> | <b>14,220,814</b> |

**OGK-2 Group**  
**Notes to Interim Condensed Consolidated Financial Statements**  
**for the 6 months ended 30 June 2015 (unaudited)**  
(in thousands of Russian Roubles)

Breakdown of promissory notes is presented below:

| Bank                    | Credit rating on<br>30 June 2015* | Credit rating on 31 |                  |
|-------------------------|-----------------------------------|---------------------|------------------|
|                         |                                   | 30 June 2015        | December 2014*   |
|                         |                                   |                     | 31 December 2014 |
| JSC "Gazprombank"       | b1 / Negative                     | 447,527             | 615,800          |
| JSC "Alfa-bank"         | ba3 / Negative                    | 276,278             | 264,726          |
| OJSC "BANK<br>"ROSSIYA" | WR / Ratings<br>Withdrawn         | 70,789              | -                |
| Other                   | -                                 | 5,210               | 6,149            |
| <b>Total</b>            |                                   | <b>799,804</b>      | <b>886,675</b>   |

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

**Note 8. Inventories**

|                        | 30 June 2015      | 31 December 2014 |
|------------------------|-------------------|------------------|
| Fuel supplies          | 4,590,118         | 4,273,139        |
| Spare parts            | 4,216,086         | 2,190,544        |
| Materials and supplies | 1,200,826         | 873,392          |
| <b>Total</b>           | <b>10,007,030</b> | <b>7,337,075</b> |

Inventories are presented net of provision for obsolescence of RR 56,471 thousand and RR 149,061 thousand as at 30 June 2015 and 31 December 2014, respectively.

As at 30 June 2015 unpaid inventories amounted to RR 1,769,281 thousand (as at 31 December 2014: RR 2,058,810 thousand).

**Note 9. Equity**

| <i>Share capital</i>            | Number of ordinary shares |                        |
|---------------------------------|---------------------------|------------------------|
|                                 | 30 June 2015              | 31 December 2014       |
| Issued shares                   | 110,441,160,870           | 110,441,160,870        |
| Treasury shares                 | (4,741,836,939)           | (4,741,836,939)        |
| <b>Total outstanding shares</b> | <b>105,699,323,931</b>    | <b>105,699,323,931</b> |

Each ordinary share carries one vote.

As at 30 June 2015 and 31 December 2014 the number of authorised for issue but not issued ordinary shares is 58,886,766,090 shares.

**Dividends**

The Company's annual statutory accounts form the basis for the annual profit distribution and other appropriations. The specific Russian legislation identifies the basis of distribution as net profit. However, this legislation and other statutory laws and regulations dealing with the distribution rights are open to legal interpretation and, accordingly, management believes at present it would not be appropriate to disclose an amount of the distributable reserves in these financial statements.

In June 2015 PJSC "OGK-2" declared final dividends for the year ended 31 December 2014 of RR 0.00814151591815 per ordinary share for RR 860,562 thousand. These dividends were recognized as liability and deducted from equity.

**OGK-2 Group**  
**Notes to Interim Condensed Consolidated Financial Statements**  
**for the 6 months ended 30 June 2015 (unaudited)**  
(in thousands of Russian Roubles)

**Note 10. Non-current debt**

|                         | <b>Currency</b> | <b>Effective interest rate</b> | <b>Due</b>  | <b>30 June 2015</b> | <b>31 December 2014</b> |
|-------------------------|-----------------|--------------------------------|-------------|---------------------|-------------------------|
| Loans                   | RR              | 8.00%-8.40%                    | 2016 - 2017 | 40,570,664          | 40,570,664              |
| Finance lease liability | RR              | 19.62%-27.90%                  | 2016        | 7,630               | 28,146                  |
| <b>Total</b>            |                 |                                |             | <b>40,578,294</b>   | <b>40,598,810</b>       |

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

**Maturity table**

|                             | <b>30 June 2015</b> | <b>31 December 2014</b> |
|-----------------------------|---------------------|-------------------------|
| <b>Due for repayment</b>    |                     |                         |
| Between one and two years   | 31,578,294          | 24,498,810              |
| Between two and three years | 9,000,000           | 16,100,000              |
| <b>Total</b>                | <b>40,578,294</b>   | <b>40,598,810</b>       |

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**

|   | <b>30 June 2015</b> | <b>31 December 2014</b> |
|---|---------------------|-------------------------|
| <b>Due for repayment</b>                  |                     |                         |
| Less than one year                        | 65,134              | 70,605                  |
| Between one year and five years           | 7,997               | 29,767                  |
| Future finance charges on finance lease   | (7,229)             | (12,614)                |
| <b>Present value of lease liabilities</b> | <b>65,902</b>       | <b>87,758</b>           |

**Note 11. Other long-term liabilities**

|  | <b>30 June 2015</b> | <b>31 December 2014</b> |
|--|---------------------|-------------------------|
| Trade payables   | 1,233,135           | 494,049                 |
| (net of effect of discounting RR 158,410 thousand as at 30 June 2015 and 153,980 as at 31 December 2014) |                     |                         |
| Accrued liabilities and other payables   | 7,652               | 8,020                   |
| <b>Total finance liabilities</b>   | <b>1,240,787</b>    | <b>502,069</b>          |

**Note 12. Current debt and current portion of non-current debt**

|  | <b>Currency</b> | <b>Effective interest rate</b> | <b>30 June 2015</b> | <b>31 December 2014</b> |
|--|-----------------|--------------------------------|---------------------|-------------------------|
| Current portion of long-term loans         | RR              | 7.91%-8.40%                    | 6,501,982           | 6,502,643               |
| Current portion of finance lease liability | RR              | 19.62%-27.90%                  | 58,272              | 59,612                  |
| <b>Total</b>                               |                 |                                | <b>6,560,254</b>    | <b>6,562,255</b>        |

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

**OGK-2 Group**  
**Notes to Interim Condensed Consolidated Financial Statements**  
**for the 6 months ended 30 June 2015 (unaudited)**  
(in thousands of Russian Roubles)

**Note 13. Trade and other payables**

|  | <b>30 June 2015</b> | <b>31 December 2014</b> |
|--|---------------------|-------------------------|
| Trade payables                         | 8,359,865           | 10,299,881              |
| Dividends payable                      | 861,146             | 595                     |
| Accrued liabilities and other payables | 622,695             | 383,488                 |
| <b>Financial liabilities</b>           | <b>9,843,706</b>    | <b>10,683,964</b>       |
| Salaries and wages payable             | 340,524             | 604,710                 |
| Advances from customers                | 45,415              | 234,352                 |
| <b>Total</b>                           | <b>10,229,645</b>   | <b>11,523,026</b>       |

**Note 14. Other taxes payable**

|                               | <b>30 June 2015</b> | <b>31 December 2014</b> |
|-------------------------------|---------------------|-------------------------|
| Property tax                  | 249,046             | 227,994                 |
| Social tax                    | 177,318             | 216,020                 |
| Water usage tax               | 138,161             | 150,386                 |
| Personal income tax           | 48,806              | 69,018                  |
| Environment pollution payment | 36,045              | 104,327                 |
| Value added tax               | 14,547              | 14,548                  |
| Other taxes                   | 10,850              | 10,867                  |
| <b>Total</b>                  | <b>674,773</b>      | <b>793,160</b>          |

**Note 15. Revenues**

|                          | <b>6 months ended<br/>30 June 2015</b> | <b>6 months ended<br/>30 June 2014</b> |
|--------------------------|--|--|
| Electricity and capacity | 53,285,957                             | 52,816,883                             |
| Heating                  | 2,334,311                              | 2,369,576                              |
| Other                    | 450,713                                | 499,830                                |
| <b>Total</b>             | <b>56,070,981</b>                      | <b>55,686,289</b>                      |

**OGK-2 Group**  
**Notes to Interim Condensed Consolidated Financial Statements**  
**for the 6 months ended 30 June 2015 (unaudited)**  
(in thousands of Russian Roubles)

**Note 16. Operating expenses**

|   | <b>6 months ended<br/>30 June 2015</b> | <b>6 months ended<br/>30 June 2014</b> |
|---|--|--|
| Fuel  | 31,485,405                             | 30,952,475                             |
| Purchased electricity, capacity and heat  | 5,254,215                              | 5,133,310                              |
| Employee benefits   | 3,793,877                              | 3,652,981                              |
| Rent  | 2,545,888                              | 1,164,147                              |
| Depreciation and amortisation of property, plant, equipment and intangible assets | 2,403,997                              | 2,456,050                              |
| Repairs   | 1,314,861                              | 1,216,975                              |
| Taxes other than income tax   | 1,259,431                              | 1,070,250                              |
| Dispatcher's fees   | 975,653                                | 974,270                                |
| Raw materials and supplies  | 705,416                                | 634,295                                |
| Electricity transit   | 620,016                                | 726,207                                |
| Transport   | 329,832                                | 285,433                                |
| Ecological payments   | 235,467                                | 189,970                                |
| Loss / (gain) on disposal of other assets   | 235,143                                | (28,986)                               |
| Insurance   | 94,048                                 | 87,940                                 |
| Consulting, legal and audit services  | 56,447                                 | 36,479                                 |
| Loss / (gain) on disposal of property, plant, equipment                           | 1,792                                  | (12,650)                               |
| Reversal of provision for inventory obsolescence                                  | (2,415)                                | (930)                                  |
| (Reversal) / charge of provision for impairment of trade and other receivables    | (81,946)                               | 133,192                                |
| Other expenses  | 1,197,856                              | 1,252,984                              |
| <b>Total operating expenses</b>   | <b>52,424,983</b>                      | <b>49,924,392</b>                      |

Employee benefits expenses comprise the following:

|   | <b>6 months ended<br/>30 June 2015</b> | <b>6 months ended<br/>30 June 2014</b> |
|---|--|--|
| Salaries and wages                              | 2,630,601                              | 2,578,578                              |
| Social funds contribution                       | 860,766                                | 819,068                                |
| Financial aid to employees and pensioners       | 273,603                                | 210,344                                |
| Non-state pensions and other long-term benefits | 28,907                                 | 44,991                                 |
| <b>Employee benefits</b>                        | <b>3,793,877</b>                       | <b>3,652,981</b>                       |
| Number of personnel at the end of the period    | 9,490                                  | 9,441                                  |

Included in social funds contribution are statutory pension contributions of RR 681,811 thousand for the 6 months ended 30 June 2015 (for the 6 months ended 30 June 2014: RR 659,518 thousand).

**Note 17. Finance income**

|   | <b>6 months ended<br/>30 June 2015</b> | <b>6 months ended<br/>30 June 2014</b> |
|---|--|--|
| Interest income on bank deposits and current bank account balances          | 719,660                                | 334,968                                |
| Foreign currency exchange gain  | 565,608                                | 24,400                                 |
| Interest income on loans  | 47,498                                 | 40,924                                 |
| Effect of discounting of long-term promissory notes received                | 25,695                                 | 37,842                                 |
| Effect of discounting of long-term restructured trade and other receivables | 5,882                                  | 27,989                                 |
| Other finance income  | 44,364                                 | -                                      |
| <b>Total finance income</b>   | <b>1,408,707</b>                       | <b>466,123</b>                         |



**OGK-2 Group**  
**Notes to Interim Condensed Consolidated Financial Statements**  
**for the 6 months ended 30 June 2015 (unaudited)**  
(in thousands of Russian Roubles)

**Note 18. Finance costs**

|  | <b>6 months ended<br/>30 June 2015</b> | <b>6 months ended<br/>30 June 2014</b> |
|--|--|--|
| Foreign currency exchange loss                                   | (512,627)                              | (28,977)                               |
| Interest on employee benefit obligations                         | (103,224)                              | (84,414)                               |
| Unwinding of the present value discount - provision for ash dump | (82,973)                               | (54,221)                               |
| Effect of discounting of long-term promissory notes received     | (27,741)                               | (9,913)                                |
| Interest expense under finance lease agreements                  | (7,835)                                | (14,123)                               |
| Interest expense on debt   | (7,220)                                | (330,997)                              |
| <b>Total finance costs</b>                                       | <b>(741,620)</b>                       | <b>(522,645)</b>                       |

**Note 19. Earnings per share**

|   | <b>6 months ended<br/>30 June 2015</b> | <b>6 months ended<br/>30 June 2014</b> |
|---|--|--|
| Weighted average number of ordinary shares issued   | 105,699,323,931                        | 108,079,832,725                        |
| Profit attributable to the shareholders of PJSC "OGK-2" (thousands of RR)                                       | 3,316,037                              | 4,476,253                              |
| <b>Earnings per ordinary share attributable to the shareholders of PJSC "OGK-2" – basic and diluted (in RR)</b> | <b>0.03</b>                            | <b>0.04</b>                            |

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

**Note 20. Capital commitments**

As at 30 June 2015 in the framework of the investment program implementation the Group has capital commitments (including VAT) of RR 11,002,087 thousand (as at 31 December 2014: RR 22,068,688 thousand).

**Note 21. Contingencies**

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

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

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

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

Russian transfer pricing legislation was modified and effective from 1 January 2012. New principles are significantly detailed and, to a certain extent, better aligned with international principles developed by Organization for Economic Co-operation and Development (OECD). The new transfer pricing legislation also provides the possibility for tax authorities to impose additional tax liabilities in respect of all

## OGK-2 Group

### Notes to Interim Condensed Consolidated Financial Statements for the 6 months ended 30 June 2015 (unaudited)

(in thousands of Russian Roubles)

controllable transactions (transactions with interdependent parties and some sort of transactions with independent parties), if transactions do not comply with market conditions.

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

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

As at 30 June 2015 Management believes that its interpretation of the relevant legislation is appropriate and the Group's tax and currency positions will be sustained.

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

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

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

#### Note 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.

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

Fair values of available-for-sale investments (LLC "OGK-Investproekt") as at 30 June 2015 and 31 December 2014 were determined based on discounted cash flows from investing and were included in level 3.

**OGK-2 Group**  
**Notes to Interim Condensed Consolidated Financial Statements**  
**for the 6 months ended 30 June 2015 (unaudited)**  
(in thousands of Russian Roubles)

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

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

|  | Note   | Level 1           | Level 2             | Level 3             | Fair value          | Carrying value      |
|--|--------|-------------------|---------------------|---------------------|---------------------|---------------------|
| <b>30 June 2015</b>                        |        |                   |                     |                     |                     |                     |
| <b>Financial assets</b>                    |        |                   |                     |                     |                     |                     |
| Promissory notes                           | 7      | -                 | 775,232             | -                   | 775,232             | 799,804             |
| Trade and other receivables                | 7      | -                 | -                   | 8,811,065           | 8,811,065           | 8,811,065           |
| Interest receivable                        | 7      | -                 | -                   | 17,464              | 17,464              | 17,464              |
| Long term loan issued                      |        | -                 | 918,168             | -                   | 918,168             | 1,048,344           |
| Cash and cash equivalents                  | 6      | 6,710,525         | -                   | 68                  | 6,710,593           | 6,710,593           |
| <b>Total financial assets</b>              |        | <b>6,710,525</b>  | <b>1,693,400</b>    | <b>8,828,597</b>    | <b>17,232,522</b>   | <b>17,387,270</b>   |
| <b>Financial liabilities</b>               |        |                   |                     |                     |                     |                     |
| Debt (including finance lease liabilities) | 10, 12 | -                 | (43,999,146)        | -                   | (43,999,146)        | (47,138,548)        |
| Trade and other payables                   | 11, 13 | -                 | -                   | (11,070,454)        | (11,070,454)        | (11,084,493)        |
| <b>Total financial liabilities</b>         |        | <b>-</b>          | <b>(43,999,146)</b> | <b>(11,070,454)</b> | <b>(55,069,600)</b> | <b>(58,223,041)</b> |
|  | Note   | Level 1           | Level 2             | Level 3             | Fair value          | Carrying value      |
| <b>31 December 2014</b>                    |        |                   |                     |                     |                     |                     |
| <b>Financial assets</b>                    |        |                   |                     |                     |                     |                     |
| Promissory notes                           | 7      | -                 | 778,390             | -                   | 778,390             | 886,675             |
| Trade and other receivables                | 7      | -                 | -                   | 9,957,085           | 9,957,085           | 9,957,085           |
| Interest receivable                        | 7      | -                 | -                   | 50,042              | 50,042              | 50,042              |
| Long term loan issued                      |        | -                 | 675,687             | -                   | 675,687             | 1,048,344           |
| Cash and cash equivalents                  | 6      | 13,055,550        | -                   | 49                  | 13,055,599          | 13,055,599          |
| <b>Total financial assets</b>              |        | <b>13,055,550</b> | <b>1,454,077</b>    | <b>10,007,176</b>   | <b>24,516,803</b>   | <b>24,997,745</b>   |
| <b>Financial liabilities</b>               |        |                   |                     |                     |                     |                     |
| Debt (including finance lease liabilities) | 10, 12 | -                 | (39,627,384)        | -                   | (39,627,384)        | (47,161,065)        |
| Trade and other payables                   | 11, 13 | -                 | -                   | (11,121,708)        | (11,121,708)        | (11,186,033)        |
| <b>Total financial liabilities</b>         |        | <b>-</b>          | <b>(39,627,384)</b> | <b>(11,121,708)</b> | <b>(50,749,092)</b> | <b>(58,347,098)</b> |

**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 99.2% of the Group revenue. The Group operates in Russian Federation.

**OGK-2 Group**  
**Notes to Interim Condensed Consolidated Financial Statements**  
**for the 6 months ended 30 June 2015 (unaudited)**  
(in thousands of Russian Roubles)

The technology of electricity and heat production does not allow segregation of electricity and heat segments. The Company's branches are managed separately due to significant decentralization and distances between them, as a result the Group discloses seven reporting segments: Surgutskaya GRES-1, Kirishskaya GRES, Novochoerkasskaya GRES, Stavropolskaya GRES, Ryazanskaya GRES, Troitskaya GRES, Serovskaya GRES. All reporting segments are located on the territory of Russian Federation. In the process of evaluation of segments, results and allocation of economic resources of the Group the Management Board uses financial information provided below prepared in accordance with RAR. The differences between the above-mentioned financial indicators analyzed by the Management Board and IFRS financial information are caused by different approaches applied in IFRS and RAR. The main differences relate to the respective carrying values of the value of property, plant and equipment. The Group does not have inter-segment revenue. The main contractor of the Group is OJSC "CFR" which generates 55% of the Group revenue for the 6 months ended 30 June 2015 (for the 6 months ended 30 June 2014: 54%).

| 6 months ended<br>30 June 2015       | Surgutskaya<br>GRES-1 | Kirishskaya<br>GRES | Novochoerkass<br>kaya GRES  | Stavropolskaya<br>GRES | Ryazanskaya<br>GRES         |
|--------------------------------------|-----------------------|---------------------|-----------------------------|------------------------|-----------------------------|
| Revenue                              | 11,549,557            | 8,683,661           | 7,823,266                   | 8,805,583              | 4,769,995                   |
| Segment operating<br>profit / (loss) | 2,712,204             | 2,574,175           | (231,055)                   | 474,277                | 219,486                     |
| 6 months ended<br>30 June 2015       | Troitskaya GRES       | Serovskaya GRES     | Other operating<br>segments |                        | Total operating<br>segments |
| Revenue                              | 2,087,496             | 1,202,092           | 11,149,331                  |                        | 56,070,981                  |
| Segment operating<br>profit / (loss) | (1,319,474)           | (340,930)           | 1,283,028                   |                        | 5,371,711                   |
| 6 months ended<br>30 June 2014       | Surgutskaya<br>GRES-1 | Kirishskaya<br>GRES | Novochoerkass<br>kaya GRES  | Stavropolskaya<br>GRES | Ryazanskaya<br>GRES         |
| Revenue                              | 12,824,226            | 9,320,549           | 7,739,820                   | 7,110,714              | 5,836,299                   |
| Segment operating<br>profit / (loss) | 3,400,328             | 2,269,377           | 606,181                     | 724,036                | 512,416                     |
| 6 months ended<br>30 June 2014       | Troitskaya GRES       | Serovskaya GRES     | Other operating<br>segments |                        | Total operating<br>segments |
| Revenue                              | 2,626,108             | 1,505,071           | 8,723,502                   |                        | 55,686,289                  |
| Segment operating<br>profit / (loss) | (803,008)             | (44,504)            | 588,513                     |                        | 7,253,339                   |

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

|  | 6 months ended<br>30 June 2015 | 6 months ended<br>30 June 2014 |
|--|--------------------------------|--------------------------------|
| Segment operating profit                                   | 5,371,711                      | 7,253,339                      |
| Adjustments, arised from different accounting<br>policy:   |                                |                                |
| Finance lease  | 40,616                         | 70,811                         |
| Provision for impairment of trade and other<br>receivables | 778                            | 1,130                          |
| Loss / (gain) on disposal of assets                        | 589                            | (5,205)                        |
| Depreciation adjustment                                    | (394,627)                      | (601,289)                      |
| Other adjustments  | 65,349                         | 104,225                        |
| Unallocated expenses:                                      | (1,434,934)                    | (1,005,532)                    |
| Provision for impairment of trade and other<br>receivables | 81,168                         | (134,323)                      |
| Consulting, legal and audit services                       | (20,626)                       | (26,897)                       |
| Rent   | (226,022)                      | (123,734)                      |
| Employee benefit   | (273,742)                      | (338,863)                      |
| Other corporate expenses                                   | (995,712)                      | (381,715)                      |
| <b>Operating profit (IFRS)</b>                             | <b>3,649,482</b>               | <b>5,817,479</b>               |

**OGK-2 Group**  
**Notes to Interim Condensed Consolidated Financial Statements**  
**for the 6 months ended 30 June 2015 (unaudited)**  
(in thousands of Russian Roubles)

Segment's assets are disclosed below:

|                         | Troitskaya<br>GRES | Novocherkas<br>skaya GRES | Kirishskaya<br>GRES | Serovskaya<br>GRES | Ryazanskaya<br>GRES |
|-------------------------|--------------------|---------------------------|---------------------|--------------------|---------------------|
| <b>30 June 2015</b>     | 48,098,146         | 30,743,554                | 22,583,425          | 21,321,358         | 14,025,243          |
| <b>31 December 2014</b> | 44,528,768         | 28,790,634                | 21,498,572          | 20,412,493         | 13,512,167          |

  

|                         | Surgutskaya<br>GRES-1 | Stavropolskaya<br>GRES | Other operating<br>segments | Total assets |
|-------------------------|-----------------------|------------------------|-----------------------------|--------------|
| <b>30 June 2015</b>     | 4,478,945             | 3,264,792              | 11,587,278                  | 156,102,741  |
| <b>31 December 2014</b> | 4,284,779             | 3,176,393              | 9,624,076                   | 145,827,882  |

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

|   | <b>30 June 2015</b> | <b>31 December 2014</b> |
|---|---------------------|-------------------------|
| Total assets for reportable segment                   | 156,102,741         | 145,827,882             |
| Adjustments, arised from different accounting policy: | 8,392,563           | 7,979,348               |
| Property, plant and equipment adjustment              | 8,550,489           | 8,107,995               |
| Deposits for pensions                                 | 661,870             | 662,700                 |
| Impairment of trade and other receivables             | (6,399)             | (7,176)                 |
| Discounting of long-term trade and other receivables  | (13,776)            | (19,658)                |
| Provision for inventory obsolescence                  | (45,042)            | (47,457)                |
| Deferred tax  | (133,821)           | (124,593)               |
| Discounting of promissory notes                       | (309,129)           | (307,085)               |
| Other adjustments                                     | (311,629)           | (285,378)               |
| Unallocated assets                                    | 19,155,915          | 27,557,878              |
| <b>Total assets (IFRS)</b>                            | <b>183,651,219</b>  | <b>181,365,108</b>      |

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

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