



OGK-2 GROUP

**INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING
STANDARDS (IFRS)
FOR THE NINE MONTHS ENDED
30 SEPTEMBER 2018 (UNAUDITED)**

Translation from the Russian original

CONTENTS

Interim Condensed Consolidated Statement of Financial Position	3
Interim Condensed Consolidated Statement of Comprehensive Income	4
Interim Condensed Consolidated Statement of Cash Flows	5
Interim Condensed Consolidated Statement of Changes in Equity	6

Notes to Interim Condensed Consolidated Financial Statements

Note 1. The Group and its operations	7
Note 2. Basis of preparation	8
Note 3. New accounting developments	8
Note 4. Related Parties	10
Note 5. Property, plant and equipment	16
Note 6. Intangible assets	17
Note 7. Cash and cash equivalents	18
Note 8. Trade and other receivables	19
Note 9. Equity	20
Note 10. Non-current debt	21
Note 11. Other long-term liabilities	21
Note 12. Current debt and current portion of non-current debt	22
Note 13. Trade and other payables	22
Note 14. Other taxes payable	23
Note 15. Revenues	23
Note 16. Operating expenses	23
Note 17. Finance income	24
Note 18. Finance costs	24
Note 19. Earnings per share	25
Note 20. Capital commitments	25
Note 21. Financial instruments and financial risks factors	25
Note 22. Segment information	26
Note 23. Events after the reporting date	28

OGK-2 Group
Interim Condensed Consolidated Statement of Financial Position
as at 30 September 2018 (unaudited)
(in thousands of Russian Roubles unless noted otherwise)



	Notes	30 September 2018	31 December 2017
ASSETS			
Non-current assets			
Property, plant and equipment	5	181,781,006	184,267,282
Intangible assets	6	612,868	718,174
Deferred income tax assets		455,346	357,168
Other non-current assets		865,885	908,728
Total non-current assets		183,715,105	186,251,352
Current assets			
Cash and cash equivalents	7	5,420,898	5,140,926
Trade and other receivables	8	11,891,515	13,472,830
Inventories		11,948,671	11,129,570
Income tax prepayments		300,203	65,106
Total current assets		29,561,287	29,808,432
TOTAL ASSETS		213,276,392	216,059,784
EQUITY AND LIABILITIES			
Equity			
Share capital	9		
Ordinary shares		40,057,009	40,057,009
Treasury shares		(3,706,973)	(3,821,383)
Share premium		28,378,693	28,378,693
Retained earnings and other reserves		61,791,535	56,398,279
Equity attributable to the shareholders of JSC "OGK-2"		126,520,264	121,012,598
Total equity		126,520,264	121,012,598
Non-current liabilities			
Deferred income tax liabilities		13,499,262	12,192,821
Non-current debt	10	45,964,190	57,891,843
Retirement benefit obligations		1,905,423	1,820,404
Restoration provision		1,132,253	1,075,463
Other long-term liabilities	11	7,731,891	561,975
Total non-current liabilities		70,233,019	73,542,506
Current liabilities			
Current debt and current portion of non-current debt	12	954,487	1,443,237
Trade and other payables	13	13,451,806	18,404,720
Other taxes payable	14	2,039,448	1,577,399
Restoration provision		77,368	79,324
Total current liabilities		16,523,109	21,504,680
Total liabilities		86,756,128	95,047,186
TOTAL EQUITY AND LIABILITIES		213,276,392	216,059,784

Managing Director

Chief Accountant



A.V. Semikolenov

L.V. Klishch

15 November 2018

The interim condensed consolidated statement of financial position 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 27

OGK-2 Group
Interim Condensed Consolidated Statement of Comprehensive Income
for the 9 months ended 30 September 2018 (unaudited)
(in thousands of Russian Roubles unless noted otherwise)



	Notes	3 months ended 30 September		9 months ended 30 September	
		2018	2017	2018	2017
Revenues	15	34,142,698	33,596,603	105,271,893	103,690,336
Operating expenses	16	(31,088,156)	(30,108,329)	(91,042,708)	(88,978,567)
Impairment loss on financial assets		(448,675)	(1,028,718)	(1,346,608)	(733,312)
Operating profit		2,605,867	2,459,556	12,882,577	13,978,457
Finance income	17	248,681	119,873	714,719	581,359
Finance costs	18	(1,179,187)	(1,498,254)	(3,860,998)	(4,822,145)
Profit before income tax		1,675,361	1,081,175	9,736,298	9,737,671
Income tax charge		(589,294)	(235,320)	(2,086,677)	(2,065,565)
Profit for the period		1,086,067	845,855	7,649,621	7,672,106
Other comprehensive income / (loss):					
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
Remeasurements of retirement benefit obligation, net of tax		104	1,674	(9,568)	(86,105)
Total comprehensive income for the period		1,086,171	847,529	7,640,053	7,586,001
Profit for the period attributable to:					
Shareholders of JSC "OGK-2"		1,086,067	845,855	7,649,621	7,672,106
		1,086,067	845,855	7,649,621	7,672,106
Total comprehensive income for the period attributable to:					
Shareholders of JSC "OGK-2"		1,086,171	847,529	7,640,053	7,586,001
		1,086,171	847,529	7,640,053	7,586,001
Earnings per ordinary share attributable to the shareholders of JSC "OGK-2" – basic and diluted (in Russian Roubles)	19	0.01	0.01	0.07	0.07

Managing Director

Chief Accountant



A.V. Semikolenov

L.V. Klishch

15 November 2018

OGK-2 Group
Interim Condensed Consolidated Statement of Cash Flows
for the 9 months ended 30 September 2018 (unaudited)
(in thousands of Russian Roubles unless noted otherwise)



	Notes	9 months ended 30 September 2018	9 months ended 30 September 2017
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before income tax		9,736,298	9,737,671
Adjustments to reconcile profit before income tax to net cash provided by operations:			
Depreciation and amortisation of property, plant, equipment and intangible assets	16	9,604,813	8,351,245
Impairment loss on financial assets		1,346,608	733,312
Charge of provision for inventory obsolescence	16	3,402	12,777
Finance income	17	(714,719)	(581,359)
Finance costs	18	3,860,998	4,822,145
Non-state pensions and other long-term benefits	16	67,683	(529,405)
Loss on disposal of assets, net	16	585,477	114,810
Other non-cash items		24,785	32,100
Operating cash flows before working capital changes and income tax paid		24,515,345	22,693,296
Working capital changes:			
Increase in trade and other receivables		(370,463)	(736,569)
Increase in inventories		(597,373)	(1,180,066)
Increase / (decrease) in trade and other payables		746,296	(961,245)
Increase / (decrease) in taxes payable, other than income tax		459,446	(51,397)
Decrease in retirement benefit obligations		(84,594)	(56,886)
Income tax paid		(1,004,238)	(1,158,494)
Net cash generated from operating activities		23,664,419	18,548,639
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(6,394,113)	(4,313,829)
Proceeds from sale of property, plant and equipment		33,231	5,810
Purchase of intangible assets		(97,627)	(133,706)
Proceeds from loans issued		64,984	-
Interest received		358,316	337,010
Net cash used in investing activities		(6,035,209)	(4,104,715)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from long-term borrowings		14,110,000	38,110,000
Repayment of short-term borrowings		(534,510)	(32,100,000)
Repayment of long-term borrowings		(26,026,899)	(14,137,000)
Interest paid		(3,235,825)	(4,113,426)
Payments under finance lease		(8,474)	(2,730)
Dividend paid to shareholders of JSC "OGK-2"		(1,726,307)	(870,270)
Net cash used in financing activities		(17,422,015)	(13,113,426)
Net increase in cash and cash equivalents		207,195	1,330,498
Effect of exchange rate changes on cash and cash equivalents		72,777	(23,917)
Cash and cash equivalents at the beginning of the period	7	5,140,926	4,538,684
Cash and cash equivalents at the end of the period	7	5,420,898	5,845,265

Managing Director

Chief Accountant



A.V. Semikolenov

L.V. Klishch

15 November 2018

OGK-2 Group
Interim Condensed Consolidated Statement of Changes in Equity
for the 9 months ended 30 September 2018 (unaudited)
(in thousands of Russian Roubles)



	Share capital	Treasury shares	Share premium	Retained earnings and other reserves	Equity attributable to the shareholders of JSC "OGK-2"	Total equity
At 1 January 2017	40,057,009	(3,961,865)	28,378,693	50,317,063	114,790,900	114,790,900
Profit for the period	-	-	-	7,672,106	7,672,106	7,672,106
Remeasurements of retirement benefit obligations, net of tax	-	-	-	(86,105)	(86,105)	(86,105)
<i>Total comprehensive income for the period</i>	-	-	-	<i>7,586,001</i>	<i>7,586,001</i>	<i>7,586,001</i>
Dividends (Note 9)	-	-	-	(874,173)	(874,173)	(874,173)
Payment of remuneration	-	122,640	-	(90,540)	32,100	32,100
At 30 September 2017	40,057,009	(3,839,225)	28,378,693	56,938,351	121,534,828	121,534,828
	Share capital	Treasury shares	Share premium	Retained earnings and other reserves	Equity attributable to the shareholders of JSC "OGK-2"	Total equity
At 1 January 2018 (Note 3)	40,057,009	(3,821,383)	28,378,693	55,968,010	120,582,329	120,582,329
Profit for the period	-	-	-	7,649,621	7,649,621	7,649,621
Remeasurements of retirement benefit obligations, net of tax	-	-	-	(9,568)	(9,568)	(9,568)
<i>Total comprehensive income for the period</i>	-	-	-	<i>7,640,053</i>	<i>7,640,053</i>	<i>7,640,053</i>
Dividends (Note 9)	-	-	-	(1,729,820)	(1,729,820)	(1,729,820)
Payment of remuneration (Note 9)	-	114,410	-	(89,900)	24,510	24,510
Other transactions	-	-	-	3,192	3,192	3,192
At 30 September 2018	40,057,009	(3,706,973)	28,378,693	61,791,535	126,520,264	126,520,264

Managing Director

Chief Accountant



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A.V. Semikolenov

L.V. Klishch

15 November 2018



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" (JSC "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, Groznenskaya TES. Moreover, the Company rents Adlerskaya TES station under operating lease agreement.

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

The Company's office is located at 66-1, lit. A, Peterburgskoye Highway, 196140, Saint Petersburg, Russian Federation.

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

	% owned	
	30 September 2018	31 December 2017
LLC "OGK-2 Finance"	100%	100%
LLC "Centr 112"	100%	100%
LLC "OGK-Investproekt"	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. During the 9 months ended 30 September 2018 the Russian economy continued to be negatively impacted by international sanctions against certain Russian companies and individuals.

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 (www.gazprom.ru), which includes PJSC "GAZPROM" and its subsidiaries. PJSC "Centerenergyholding" owns 73.42% of the shares of JSC "OGK-2" as at 30 September 2018 (as at 31 December 2017: 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 September 2018 and 31 December 2017.

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 Antimonopoly Service ("FAS") and the tariffs regulation executive authorities. JSC "System Operator of the United Power System" ("SO UPS"), which is controlled by the Russian Federation represented by the Federal executive body for state property management, regulates operations of generating assets of the Group.

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 9 months ended 30 September 2018 ("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 consolidated financial statements for the year ended 31 December 2017, 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 and purchases of electricity. This seasonality does not impact on the revenue or cost recognition policies of the Group.

Note 3. New accounting developments

The significant accounting policies followed by the Group and the critical accounting estimates in applying accounting policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2017, except for the application of new standards that became effective on 1 January 2018.

The Group has adopted all new standards, amendments to standards and interpretations that were effective from 1 January 2018.

Application of new IFRSs

IFRS 9 Financial Instruments (issued in November 2009 and effective for annual periods beginning on or after 1 January 2018)

a) Classification and measurement of financial assets

The Group classifies financial assets into three measurement categories: those measured subsequently at amortised cost, those measured subsequently at fair value with changes recognised in other comprehensive income, and those measured subsequently at fair value with changes recognised in profit or loss.

Classification of financial assets depends on the business-model used by the Group for management of financial assets and contractual cash flows.

Financial assets measured subsequently at amortised cost. Such category of financial assets includes assets held to obtain contractual cash flows and it is expected that they will result in cash flows being solely payments of principal and interest, specifically loans, accounts receivable and investments held-to-maturity.

There are no changes in classification of financial assets that previously were also measured at amortised cost.

Financial assets measured subsequently at fair value with changes recognised in other comprehensive income. Such category of financial assets includes debt-type assets held within business models whose objective is achieved by both collecting contractual cash flows and selling financial assets and it is expected that they will result in cash flows being payments of principal and interest. The Group does not have such financial assets.

Financial assets that do not meet the criteria of recognition as financial assets measured at amortised cost or measured at fair value through other comprehensive income are measured at fair value through profit or loss. The Group does not have such financial assets.

b) Impairment of financial assets

The Group has introduced a new model of recognition of impairment losses - the expected credit loss model. The Group applies the "expected credit loss" model to financial assets measured at amortised cost or at fair value through other comprehensive income, except for investments in equity instruments, and to contract assets.

The allowance for expected credit losses for a financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on that financial asset has increased significantly since initial recognition.

If, at the reporting date, the credit risk on a financial asset has not increased significantly since initial recognition, the allowance for expected credit losses for that financial asset is measured at an amount equal to 12-month expected credit losses.

For trade receivables measurement based on lifetime expected credit losses is applied. For assessment of expected credit losses trade receivables are grouped based on characteristics of general credit risk, type of receivables and default period. The Group calculates expected rates of credit losses for accounts receivables based on historic data that assume reasonable approximation of rates for actual losses taking into account external factors and projected values.

c) Classification and measurement of financial liabilities

Changes of the standard do not have significant effect on accounting of financial liabilities of the Group as the new requirements mainly concern accounting of financial liabilities measured at fair value through profit or loss which are absent in the Group.

Thus, application of IFRS 9 Financial Instruments has not had a significant effect on the consolidated interim condensed financial statements of the Group. The Group applied IFRS 9 Financial Instruments retrospectively and used an option not to restate prior periods in respect of new requirements. The effect of applying IFRS 9 Financial Instruments net of tax was recognized in the opening balance of retained earnings and other reserves as at 1 January 2018 in the interim condensed consolidated statement of changes in equity of the Group for the 9 months ended 30 September 2018.

	Balance as at 1 January 2018	Effect of initial application of IFRS 9	Restated balance as at 1 January 2018
Retained earnings and other reserves	56,398,279	(430,269)	55,968,010
Total equity	121,012,598	(430,269)	120,582,329

According to the new requirements of the standard credit losses in relation to trade and other receivables are presented separately in the interim condensed consolidated statement of comprehensive income. The Group has applied this requirement in relation to current period and also reclassified comparable data on gains on reversal of recognized credit losses in the amount of RR 733,312 thousand from the line "Operating expenses" into the line "Impairment loss on financial assets" in the interim condensed consolidated statement of comprehensive income for the 9 months ended 30 September 2017.

IFRS 15 Revenue from Contracts with Customers (issued in May 2014 and effective for annual periods beginning on or after 1 January 2018)

Revenue is recognized as the obligation to perform is fulfilled by transferring a promised good or service to a customer. An asset is transferred when the control over such asset is passed to the customer.

Application of IFRS 15 Revenue from Contracts with Customers has not had a significant effect on the interim condensed consolidated financial statements of the Group. Therefore, comparative data and opening balance of retained earnings and other reserves as at 1 January 2018 have not been restated.

Application of Interpretations and Amendments to existing Standards

A number of interpretations and amendments to current IFRSs became effective for the periods beginning on or after 1 January 2018:

IFRIC 22 Foreign Currency Transactions and Advance Consideration (issued in December 2016) provides requirements for recognizing a non-monetary asset or a non-monetary obligation arising from a result of committing or receiving prepayment until the recognition of the related asset, income or expense.

The amendments to IFRS 2 Share-based Payment (issued in June 2016). These amendments clarify accounting for a modification to the terms and conditions of a share-based payment and for withholding tax obligations on share-based payment transactions.



The amendments to IAS 40 Investment Property (issued in December 2016). These amendments clarify the criteria for the transfer of objects in the category or from the category of investment property.

The Group has reviewed these interpretations and amendments to standards while preparing interim condensed consolidated financial statements. The interpretations and amendments to standards have no significant impact on the Group's interim condensed consolidated financial statements.

Standards, Interpretations and Amendments to existing Standards that are not yet effective and have not been early adopted by the Group

Certain new standards, interpretations and amendments have been issued that are mandatory for the annual periods beginning on or after 1 January 2019. In particular, the Group has not early adopted the standards and amendments:

IFRS 16 Leases (issued in January 2016 and effective for annual periods beginning on or after 1 January 2019). The new standard replaces the previous IAS 17 Leases and establishes a general accounting model for all types of lease agreements in statement of financial position equal current accounting of the financial lease and obliges lessees to recognize assets and liabilities under lease agreements except cases specifically mentioned. Insignificant changes in the applicable accounting required IAS 17 Leases are implemented for lessors.

IFRIC 23 Uncertainty over Income Tax Treatments (issued in June 2017 and effective for annual periods beginning on or after 1 January 2019) provides requirements in respect of recognizing and measuring of a tax liability or a tax asset when there is uncertainty over income tax treatments.

The amendments to IAS 28 Investments in Associates and Joint Ventures (issued in October 2017 and effective for annual periods beginning on or after 1 January 2019). These amendments clarify that long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture should be accounted in accordance with IFRS 9 Financial Instruments.

The amendments to IAS 23 Borrowing Costs (issued in December 2017 and effective for annual periods beginning on or after 1 January 2019). These amendments clarify which borrowing costs are eligible for capitalization in particular circumstances.

The Group is currently assessing the impact of the amendments on its financial position and results of operations.

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 FAS, prices for electricity and capacity are based on tariffs set by FAS and also based on competitive take-off on the wholesale electricity (capacity) market. Loans and borrowings 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:

Revenues

	9 months ended 30 September 2018	9 months ended 30 September 2017
Electricity and capacity	2,511,617	2,267,582
Heating	2,913	3,216
Other	161,627	139,599
Total	2,676,157	2,410,397

Operating expenses

	9 months ended 30 September 2018	9 months ended 30 September 2017
Fuel	28,121,100	28,586,916
Repairs	2,398,725	2,159,797
Rent	1,921,942	1,517,074
Transport	486,751	482,605
Insurance	160,559	179,034
Purchased electricity, capacity and heat	139,030	142,051
Penalties and fines	99,411	56,138
Consulting, legal and audit services	38,281	26,872
Loss on disposal of assets, net	(1,231)	(364)
Other expenses	1,091,036	1,001,169
Total operating expenses	34,455,604	34,151,292

Finance income

	9 months ended 30 September 2018	9 months ended 30 September 2017
Interest income on bank deposits and current bank account balances	61,419	99,622
Interest income on loans issued	4,886	9,280
Effect of discounting of long-term promissory notes received	-	695
Total finance income	66,305	109,597

Finance costs

	9 months ended 30 September 2018	9 months ended 30 September 2017
Interest expense on debt	2,219,855	2,895,270
Effect of discounting of long-term payables	27,109	2,301
Interest expense under finance lease agreements	5,575	2,704
Total finance costs	2,252,539	2,900,275



Purchase of non-current and current assets

	9 months ended 30 September 2018	9 months ended 30 September 2017
Acquisition of property, plant and equipment including capitalized borrowing costs from related parties	3,166,025	1,587,138
Purchases of materials	92,211	309,522
Purchases of intangible assets	815,219	279,981
	8,559	590
Total purchase of non-current and current assets	3,989,803	1,867,709

Other transactions

	9 months ended 30 September 2018	9 months ended 30 September 2017
Impairment loss on financial assets	6,995	-
Proceeds from borrowings	-	29,600,000
Repayment of borrowings (excluding interest)	4,142,984	32,127,000
Repayment of loans issued (excluding interest)	64,984	-

Balances

	30 September 2018	31 December 2017
Long-term loan issued (Note 8)	52,476	131,101
Cash and cash equivalents (Note 7)	42,703	3,973,595
Trade and other receivables	1,209,607	1,034,244
Advances for property, plant and equipment (net of VAT)	414,698	341,457
Debt (Note 10,12)	30,916,917	35,101,718
Trade and other payables	14,198,754	10,807,732

As at 30 September 2018 the Group has capital commitments to GAZPROM Group and its associates (including VAT) of RR 12,019,930 thousand (as at 31 December 2017: RR 9,401,445 thousand).

Operating lease rentals (excluding contingent rent) to GAZPROM Group are payable as follows:

	30 September 2018	31 December 2017
Not later than one year	3,935,650	2,528,479
Later than one year and not later than five years	511,324	662,372
Total	4,446,974	3,190,851

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.

Transactions with the state-controlled entities were as follows:

Revenues

	9 months ended 30 September 2018	9 months ended 30 September 2017
Electricity and capacity	19,097,545	14,909,123
Heating	668,774	682,458
Other	1,881,844	1,140,929
Total	21,648,163	16,732,510

Operating expenses

	9 months ended 30 September 2018	9 months ended 30 September 2017
Electricity transit (Note 16)	1,675,088	1,468,303
Dispatcher's fees (Note 16)	1,525,098	1,536,462
Penalties and fines	558,634	201,000
Purchased electricity, capacity and heat	478,829	359,824
Ecological payments	48,140	51,894
Transport	5,491	2,695
Rent	3,638	54,821
Repairs	3,227	2,142
Consulting, legal and audit services	1,553	8,804
Other expenses	568,737	784,604
Total operating expenses	4,868,435	4,470,549

Finance income

	9 months ended 30 September 2018	9 months ended 30 September 2017
Interest income on bank deposits and current bank account balances	207,022	211,997
Total finance income	207,022	211,997

Finance costs

	9 months ended 30 September 2018	9 months ended 30 September 2017
Interest expense on debt	189,673	660,371
Total finance costs	189,673	660,371



Purchase of non-current and current assets

	9 months ended 30 September 2018	9 months ended 30 September 2017
Acquisition of property, plant and equipment including capitalized borrowing costs from related parties	429,657	59,753
Other purchases	426,067	55,172
	51,798	203,231
Total purchase of non-current and current assets	481,455	262,984

Other transactions

	9 months ended 30 September 2018	9 months ended 30 September 2017
Impairment loss on financial assets	623,122	704,419
Proceeds from borrowings	9,110,000	8,510,000
Repayment of borrowings (excluding interest)	14,110,000	14,110,000

Balances

	30 September 2018	31 December 2017
Trade and other receivables	3,754,764	4,059,912
Advances for property, plant and equipment (net of VAT)	214,293	19,967
Cash and cash equivalents (Note 8)	2,827,367	542,377
Trade and other payables	1,029,402	847,212
Debt (Note 12,14)	9,115,316	14,119,203

As at 30 September 2018 the Group has capital commitments to state-controlled entities (including VAT) of RR 1,148,754 thousand (as at 31 December 2017: RR 1,148,754 thousand).

Operating lease rentals (excluding contingent rent) to state-controlled entities are payable as follows:

	30 September 2018	31 December 2017
Not later than one year	23,552	69,960
Later than one year and not later than five years	293,698	271,392
Later than five years and not later than ten years	364,954	336,979
Later than ten years	2,440,385	2,308,363
Total	3,122,589	2,986,694

Some of the transactions on the wholesale electricity and capacity market are conducted through commission agreements with Joint-stock company "Financial Settling Center" (JSC "FSC"). Current financial settlement system of JSC "FSC" does not provide the final counterparty with automated information about transactions and settlement balances with end consumers. Government-related entities, GAZPROM Group and its subsidiaries may also act as counterparties.

OGK-2 Group
Notes to Interim Condensed Consolidated Financial Statements
for the 9 months ended 30 September 2018 (unaudited)
(in thousands of Russian Roubles unless noted otherwise)



The Group had the following significant transactions with JSC "FSC":

	9 months ended 30 September 2018	9 months ended 30 September 2017
Sales of electricity	44,683,513	47,840,231
Purchases of electricity	8,273,734	8,502,336
Other income	1,540	2,439
Other expenses	15,078	15,680

The Group had the following significant balances with JSC "FSC":

	30 September 2018	31 December 2017
Trade and other receivables	2,071,773	2,370,953
Trade and other payables	537,051	592,376

OGK-2 Group
Notes to Interim Condensed Consolidated Financial Statements
for the 9 months ended 30 September 2018 (unaudited)
(in thousands of Russian Roubles unless noted otherwise)



Note 5. Property, plant and equipment

	Production buildings	Constructions	Energy machinery and equipment	Other machinery and equipment	Other	Construction in progress	Total
Cost							
Opening balance as at 1 January 2018	60,495,050	36,937,220	106,502,387	40,963,438	3,144,039	23,334,899	271,377,033
Additions	-	-	-	21,829	56,404	7,787,711	7,865,944
Transfer	1,003,882	1,192,045	1,041,552	10,382,414	218,670	(13,838,563)	-
Disposals	(110,481)	(933,039)	(1,235,762)	(238,576)	(61,024)	(16,845)	(2,595,727)
Closing balance as at 30 September 2018	61,388,451	37,196,226	106,308,177	51,129,105	3,358,089	17,267,202	276,647,250
Accumulated depreciation (including impairment)							
Opening balance as at 1 January 2018	(22,100,635)	(15,294,091)	(31,786,790)	(16,091,069)	(1,513,473)	(323,693)	(87,109,751)
Charge for the period	(1,078,475)	(1,032,410)	(4,093,346)	(2,915,207)	(304,311)	-	(9,423,749)
Disposals	88,919	757,908	540,818	223,343	56,268	-	1,667,256
Transfer	-	-	(751)	(6,875)	-	7,626	-
Closing balance as at 30 September 2018	(23,090,191)	(15,568,593)	(35,340,069)	(18,789,808)	(1,761,516)	(316,067)	(94,866,244)
Net book value as at 30 September 2018	38,298,260	21,627,633	70,968,108	32,339,297	1,596,573	16,951,135	181,781,006
Net book value as at 31 December 2017	38,394,415	21,643,129	74,715,597	24,872,369	1,630,566	23,011,206	184,267,282
Cost							
Opening balance as at 1 January 2017	58,497,690	36,112,087	103,412,077	39,716,012	2,331,679	23,608,759	263,678,304
Additions	-	-	690	97,467	28,417	4,327,517	4,454,091
Transfer	351,355	215,785	1,419,480	814,943	381,786	(3,183,349)	-
Disposals	(1,721)	(52,923)	(13,286)	(25,928)	(10,213)	(56,945)	(161,016)
Closing balance as at 30 September 2017	58,847,324	36,274,949	104,818,961	40,602,494	2,731,669	24,695,982	267,971,379
Accumulated depreciation (including impairment)							
Opening balance as at 1 January 2017	(21,500,308)	(14,105,982)	(27,929,643)	(13,017,407)	(1,356,506)	(969,272)	(78,879,118)
Charge for the period	(906,155)	(1,013,823)	(3,734,509)	(2,400,606)	(156,249)	-	(8,211,342)
Transfer	-	-	-	-	(331)	331	-
Disposals	1,509	50,761	11,616	25,878	9,939	2,029	101,732
Closing balance as at 30 September 2017	(22,404,954)	(15,069,044)	(31,652,536)	(15,392,135)	(1,503,147)	(966,912)	(86,988,728)
Net book value as at 30 September 2017	36,442,370	21,205,905	73,166,425	25,210,359	1,228,522	23,729,070	180,982,651
Net book value as at 31 December 2016	36,997,382	22,006,105	75,482,434	26,698,605	975,173	22,639,487	184,799,186

The impairment provision balance in relation to property, plant and equipment and assets under construction is included in accumulated depreciation as at 30 September 2018 in the amount of RR 3,563,625 thousand (as at 31 December 2017: RR 3,572,353 thousand).

For the 9 months ended 30 September 2018 a power unit on site of Troitskaya GRES was commissioned.



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 price significantly lower its fair value. The net book value of leased equipment is presented below:

	30 September 2018	31 December 2017
Other machinery and equipment	32,666	36,924
Total	32,666	36,924

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 other assets 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. Lease payments are reviewed regularly to reflect market rentals.

Operating lease rentals (excluding contingent rent) are payable as follows:

	30 September 2018	31 December 2017
Not later than one year	3,968,719	2,761,801
Later than one year and not later than five years	809,062	933,764
Later than five years and not later than ten years	369,246	336,979
Later than ten years	2,440,385	2,308,363
Total	7,587,412	6,340,907

Note 6. Intangible assets

	SAP software	Other intangibles	Total
Cost			
Balance as at 1 January 2018	862,292	567,230	1,429,522
Additions	-	89,172	89,172
Disposals	-	(67,674)	(67,674)
Balance as at 30 September 2018	862,292	588,728	1,451,020
Amortisation			
Balance as at 1 January 2018	(480,201)	(231,147)	(711,348)
Charge for the period	(67,999)	(126,479)	(194,478)
Disposals	-	67,674	67,674
Balance as at 30 September 2018	(548,200)	(289,952)	(838,152)
Net book value as at 30 September 2018	314,092	298,776	612,868
Net book value as at 31 December 2017	382,091	336,083	718,174

OGK-2 Group
Notes to Interim Condensed Consolidated Financial Statements
for the 9 months ended 30 September 2018 (unaudited)
(in thousands of Russian Roubles unless noted otherwise)



	SAP software	Other intangibles	Total
Cost			
Balance as at 1 January 2017	1,279,057	410,090	1,689,147
Additions	-	133,649	133,649
Disposals	-	(7,667)	(7,667)
Balance as at 30 September 2017	1,279,057	536,072	1,815,129
Amortisation			
Balance as at 1 January 2017	(587,118)	(169,496)	(756,614)
Charge for the period	(104,854)	(48,015)	(152,869)
Disposals	-	7,667	7,667
Balance as at 30 September 2017	(691,972)	(209,844)	(901,816)
Net book value as at 30 September 2017	587,085	326,228	913,313
Net book value as at 31 December 2016	691,939	240,594	932,533

Note 7. Cash and cash equivalents

	Currency	September 2018	31 December 2017
Current bank accounts	RR	262,932	4,267,106
Current bank accounts	KZT	-	63
Bank deposits with maturity of three months or less	RR	4,556,100	350,500
Bank deposits with maturity of three months or less	USD	601,866	523,194
Other cash and cash equivalents	RR	-	63
Total		5,420,898	5,140,926

The Group has current bank accounts in the following banks:

Cash in bank	Credit rating on 30 September 2018*	30 September 2018	Credit rating on 31 December 2017*	31 December 2017
	WR / Ratings		WR / Ratings	
"BANK "ROSSIYA"	Withdrawn	194,713	Withdrawn	274,373
Bank GPB (JSC)	b1 / Positive	42,703	b1 / Positive	3,973,595
Sberbank	ba1 / Positive	25,472	ba1 / Positive	18,842
VTB Bank (PJSC)	b1 / Positive	29	b1 / Positive	341
AO "ALFA-BANK"	ba2 / Stable	15	ba2 / Stable	18
Total cash in bank		262,932		4,267,169

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

Credit quality of bank deposits is presented below:

Bank deposits with maturity of three months or less	Currency	Interest rate	Credit rating on 30 September 2018*	30 September 2018	Currency	Interest rate	Credit rating on 31 December 2017*	31 December 2017
"BANK "ROSSIYA"	RR	7.00%-7.10%	Ratings Withdrawn	2,356,100	RR	6.55%	Ratings Withdrawn	350,500
VTB Bank (PJSC)	RR	7.25%	Non-Prime	2,200,000	-	-	-	-
VTB Bank (PJSC)	USD	3.10%	Non-Prime	601,866	-	-	-	-
Sberbank	-	-	-	-	USD	0.84%	Non-Prime	523,194
Total bank deposits with maturity of three months or less				5,157,966				873,694

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

Note 8. Trade and other receivables

	30 September 2018	31 December 2017
Trade receivables	9,380,607	10,779,181
(net of provision for impairment of RR 10,651,836 thousand as at 30 September 2018 and RR 8,855,893 thousand as at 31 December 2017)		
Other receivables	1,469,540	1,547,651
(net of provision for impairment of RR 6,405,779 thousand as at 30 September 2018 and RR 6,312,701 thousand as at 31 December 2017, and the effect of discounting of RR 5,936 thousand as at 30 September 2018 and RR 7,228 thousand as at 31 December 2017)		
Promissory notes	256,714	242,938
(net of provision for impairment of RR 1,498 thousand as at 30 September 2018 and there were no provision for impairment as at 31 December 2017; nominal value of promissory notes is RR 461,427 thousand as at 30 September 2018 and RR 462,644 thousand as at 31 December 2017)		
Loans issued	52,476	131,101
Interest receivable	2,326	3,034
Financial assets	11,161,663	12,703,905
Advances to suppliers	949,256	842,256
(net of provision for impairment of RR 3,722 thousand as at 30 September 2018 and RR 13,337 thousand as at 31 December 2017)		
Input VAT	137,101	314,890
Prepaid other taxes and social funds contribution	14,222	15,283
Total	12,262,242	13,876,334
Less: Long-term promissory notes	(255,537)	(240,635)
(net of provision for impairment of RR 1,491 thousand as at 30 September 2018 and there were no provision for impairment as at 31 December 2017; nominal value of promissory notes is RR 460,210 thousand as at 30 September 2018 and RR 460,210 thousand as at 31 December 2017)		
Long-term loans issued	(52,476)	(131,101)
Long-term advances to suppliers	(49,520)	(17,019)
Long-term trade and other receivables	(12,999)	(14,749)
(net of provision for impairment of RR 26,867 thousand as at 30 September 2018 and RR 3,337 thousand as at 31 December 2017, and the effect of discounting of 5,752 thousand as at 30 June 2018 and RR 7,046 thousand as at 31 December 2017)		
Long-term input VAT from advances paid	(195)	-
Total	11,891,515	13,472,830

As at 30 September 2018 and 31 December 2017 the effective interest rate on the loans issued was 12.10%.

Breakdown of promissory notes is presented below:

Company	Effective interest rate	Credit rating on 30 September 2018*	30 September 2018	Credit rating on 31 December 2017*	31 December 2017
AO "ALFA-BANK"	8.11%-9.50%	ba2 / Stable	253,692	ba2 / Stable	238,927
Other	12.67%	-	3,022	-	4,011
Total			256,714		242,938

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

Note 9. Equity

Share capital

	Number of ordinary shares 30 September 2018	Number of ordinary shares 31 December 2017
Issued shares	110,441,160,870	110,441,160,870
Treasury shares	(4,373,963,548)	(4,440,913,118)
Total outstanding shares	106,067,197,322	106,000,247,752

Each ordinary share carries one vote. The nominal value of one share is RR 0.3627.

As at 30 September 2018 and 31 December 2017 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 2018 the Company declared final dividends for the year ended 31 December 2017 of RR 0.016319020075 per ordinary share for RR 1,729,820 thousand. These dividends were recognized as liability and deducted from equity.

In June 2017 the Company declared final dividends for the year ended 31 December 2016 of RR 0.00825304739908 per ordinary share for RR 874,173 thousand. These dividends were recognized as liability and deducted from equity.

Treasury shares

On June 2018 the Annual General Meeting of Shareholders of JSC "OGK-2" decided to pay an additional remuneration to the Board members in the form of ordinary shares of JSC "OGK-2" held by JSC "OGK-2", in the total number of 66,949,570 shares. The payment of additional remuneration in the form of JSC "OGK-2" shares was carried at their fair value of RR 24,510 thousand. The fair value was defined as the shares' weighted average price calculated by the Russian organizer of trade in the securities market (stock exchange) based on the results of the organized trading on the date of payment. The difference of RR 89,900 thousand between the fair value of the above shares and their carrying amount was recognized in retained earnings.



Note 10. Non-current debt

	Currency	Effective interest rate	Due as at 30 September 2018	30 September 2018	31 December 2017
Loans	RR	7.10% - 10.00%	2020 - 2025	39,268,982	47,868,982
Bonds	RR	6.95% - 11.87%	2020 - 2021	6,683,101	10,000,000
Finance lease liability	RR	26.52% -27.29%	2019 - 2020	12,107	22,861
Total				45,964,190	57,891,843

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.

Breakdown of loans is presented below:

Company	30 September 2018	31 December 2017
PJSC "GAZPROM"	21,000,000	24,600,000
MOSENERGO	9,158,982	9,158,982
Sberbank	9,110,000	6,510,000
VTB Bank (PJSC)	-	7,600,000
Total	39,268,982	47,868,982

Maturity table

	30 September 2018	31 December 2017
Due for repayment		
Between one and two years	9,122,107	14,787
Between two and three years	30,007,931	24,118,074
Between three and four years	-	26,924,830
More than five years	6,834,152	6,834,152
Total	45,964,190	57,891,843

Note 11. Other long-term liabilities

	30 September 2018	31 December 2017
Trade payables (net of effect of discounting RR 161,558 thousand as at 30 September 2018 and RR 115,907 thousand as at 31 December 2017)	832,667	555,004
Other payables	6,899,224	6,971
Total finance liabilities	7,731,891	561,975

There is debt to MOSENERGO for the share of the capital of LLC "OGK-Investproekt" in the long-term other payables including interest in the amount RR 6,891,529 thousand as at the 30 September 2018, in the short-term other payables RR 6,563,399 thousand as at 31 December 2017.

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

	Currency	Effective interest rate	30 September 2018	31 December 2017
Current portion of long-term loans	RR	7.10% - 10.00%	737,213	1,317,427
Current portion of bonds	RR	6.95% - 11.87%	203,343	114,159
Current portion of finance lease liability	RR	26.52% - 27.29%	13,931	11,651
Total			954,487	1,443,237

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 obtaining of fixed rate loans.

Breakdown of loans is presented below:

Company	30 September 2018	31 December 2017
MOSENERGO	731,897	1,308,224
Sberbank	5,316	5,886
VTB Bank (PJSC)	-	3,317
Total	737,213	1,317,427

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

Finance lease liabilities – minimum lease payments

	30 September 2018	31 December 2017
Due for repayment		
Less than one year	18,732	18,731
Between one year and five years	13,296	27,346
Future finance charges on finance lease	(5,990)	(11,565)
Present value of lease liabilities	26,038	34,512

Note 13. Trade and other payables

	30 September 2018	31 December 2017
Trade payables (net of effect of discounting RR 381 thousand as at 30 September 2018 and RR 23,115 thousand as at 31 December 2017)	12,308,215	10,549,070
Dividends payable	7,499	9,902
Accrued liabilities and other payables	796,298	7,074,655
Financial liabilities	13,112,012	17,633,627
Salaries and wages payable	269,463	716,839
Advances from customers	70,331	54,254
Total	13,451,806	18,404,720

Note 14. Other taxes payable

	30 September 2018	31 December 2017
Value added tax	1,346,768	840,973
Property tax	478,047	349,272
Social contributions	145,539	277,955
Personal income tax	51,266	64,490
Environment pollution payment	6,959	29,905
Water usage tax	270	195
Other taxes	10,599	14,609
Total	2,039,448	1,577,399

Note 15. Revenues

	9 months ended 30 September 2018	9 months ended 30 September 2017
Electricity and capacity	99,032,763	98,319,932
Heating	3,652,562	3,390,617
Other	2,586,568	1,979,787
Total	105,271,893	103,690,336

Note 16. Operating expenses

	9 months ended 30 September 2018	9 months ended 30 September 2017
Fuel	46,761,131	49,396,538
Depreciation and amortisation of property, plant, equipment and intangible assets	9,604,813	8,351,245
Purchased electricity, capacity and heat	9,207,726	9,262,404
Employee benefits	6,198,062	5,536,273
Taxes other than income tax	3,170,033	2,770,226
Repairs and maintenance	2,909,036	2,457,895
Raw materials and supplies	2,247,537	1,631,019
Rent	1,972,985	1,710,947
Penalties and fines	1,689,303	684,876
Electricity transit	1,675,088	1,468,303
Dispatcher's fees	1,525,098	1,536,462
Transport	592,152	675,573
Loss on disposal of assets, net	585,477	114,810
Consulting, legal and audit services	196,912	171,266
Insurance	161,051	179,560
Ecological payments	141,795	148,078
Charge of provision for inventory obsolescence	3,402	12,777
Other expenses	2,401,107	2,870,315
Total operating expenses	91,042,708	88,978,567

Employee benefits expenses comprise the following:

	9 months ended 30 September 2018	9 months ended 30 September 2017
Salaries and wages	4,544,767	4,476,614
Social contributions	1,379,073	1,360,533
Financial aid to employees and pensioners	206,539	210,927
Non-state pensions and other long-term benefits	67,683	(529,405)
Other expenses	-	17,604
Employee benefits	6,198,062	5,536,273
Average number of personnel for the period	8,883	9,104

Included in social contributions are statutory pension contributions of RR 1,108,729 thousand for the 9 months ended 30 September 2018 (for the 9 months ended 30 September 2017: RR 1,071,626 thousand).

In 2017 the Company changed the pension program, which led to a gain for the 9 months ended 30 September 2017.

Note 17. Finance income

	9 months ended 30 September 2018	9 months ended 30 September 2017
Interest income on bank deposits and current bank account balances	339,057	337,623
Foreign currency exchange gain	352,395	152,669
Effect of discounting of long-term promissory notes received	16,491	21,247
Interest income on loans issued	4,886	9,280
Effect of discounting of long-term restructured trade and other receivables	1,292	1,413
Effect of discounting of long-term payables	-	18,476
Other	598	40,651
Total finance income	714,719	581,359

Note 18. Finance costs

	9 months ended 30 September 2018	9 months ended 30 September 2017
Interest expense on debt	3,008,397	4,299,826
Foreign currency exchange loss	523,635	239,810
Effect of discounting of long-term payables	161,908	63,299
Interest on employee benefit obligations	101,048	144,587
Unwinding of the present value discount provision for ash dump	60,435	71,919
Interest expense under finance lease agreements	5,575	2,704
Total finance costs	3,860,998	4,822,145

Note 19. Earnings per share

	9 months ended 30 September 2018	9 months ended 30 September 2017
Weighted average number of ordinary shares issued, pcs	106,008,414,128	105,929,091,433
Profit attributable to the shareholders of JSC "OGK-2" (thousands of RR)	7,649,621	7,672,106
Earnings per ordinary share attributable to the shareholders of JSC "OGK-2" – basic and diluted (in RR)	0.07	0.07

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 September 2018 in the framework of the investment program implementation the Group has capital commitments (including VAT) of RR 16,112,993 thousand (as at 31 December 2017: RR 16,399,422 thousand).

Note 21. Financial instruments and financial risks factors

Compliance with covenants. The Group is subject to certain covenants related primarily to its loans and borrowings. The Group was in compliance with covenants at 30 September 2018 and 31 December 2017.

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.

(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 (except those financial assets which carrying value is equal to fair value):

	Notes	Level 1	Level 2	Level 3	Fair value	Carrying value
30 September 2018						
Financial assets						
Promissory notes	8	-	268,555	-	268,555	256,714
Loan issued	8	-	51,154	-	51,154	52,476
Total financial assets		-	319,709	-	319,709	309,190
Financial liabilities						
Debt	10, 12	-	(47,313,635)	-	(47,313,635)	(46,918,677)
Trade and other payables	11, 13	-	-	(20,652,899)	(20,652,899)	(20,843,903)
Total financial liabilities		-	(47,313,635)	(20,652,899)	(67,966,534)	(67,762,580)

OGK-2 Group
Notes to Interim Condensed Consolidated Financial Statements
for the 9 months ended 30 September 2018 (unaudited)
(in thousands of Russian Roubles unless noted otherwise)



	Notes	Level 1	Level 2	Level 3	Fair value	Carrying value
31 December 2017						
Financial assets						
Promissory notes	8	-	283,785	-	283,785	242,938
Loan issued	8	-	128,034	-	128,034	131,101
Total financial assets		-	411,819	-	411,819	374,039
Financial liabilities						
Debt	10, 12	-	(62,099,256)	-	(62,099,256)	(59,335,080)
Trade and other payables	11, 13	-	-	(18,242,685)	(18,242,685)	(18,195,602)
Total financial liabilities		-	(62,099,256)	(18,242,685)	(80,341,941)	(77,530,682)

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

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

Note 22. Segment information

The Management 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 97,5% of the Group revenue for the 9 months ended 30 September 2018 (for the 9 months ended 30 September 2017: 98,1%). The Group operates in Russian Federation.

The technology of electricity and heat production does not allow segregation of electricity and heat segments. The Company's branches are managed separately due to significant decentralization and distances between them, as a result Group discloses seven reporting segments: Kirishskaya GRES, Surgutskaya GRES-1, Novocherkasskaya GRES, Stavropolskaya GRES, Troitskaya GRES, Ryazanskaya 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 of the Company uses financial information provided below prepared in accordance with RAR. The differences between the above-mentioned financial indicators analyzed by the Management of the Company 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 JSC "FSC" which generates 42,4% of the Group revenue for the 9 months ended 30 September 2018 (for the 9 months ended 30 September 2017: 46,1%).

OGK-2 Group
Notes to Interim Condensed Consolidated Financial Statements
for the 9 months ended 30 September 2018 (unaudited)
(in thousands of Russian Roubles unless noted otherwise)



9 months ended 30 September 2018	Kirishskaya GRES	Surgutskaya GRES-1	Novocherkasskaya GRES	Stavropolskaya GRES	Troitskaya GRES
Revenue	18,967,104	16,281,297	15,552,377	13,460,124	9,786,050
Segment operating profit*	5,763,833	1,745,959	582,403	31,184	2,487,552
9 months ended 30 September 2018	Ryazanskaya GRES	Serovskaya GRES	Other operating segments	Total operating segments	
Revenue	7,744,491	4,515,942	18,964,508	105,271,893	
Segment operating profit*	2,095,946	406,702	1,974,204	15,087,783	

9 months ended 30 September 2017	Kirishskaya GRES	Surgutskaya GRES-1	Novocherkasskaya GRES	Stavropolskaya GRES	Troitskaya GRES
Revenue	15,062,087	17,246,183	15,231,716	14,225,991	9,719,480
Segment operating profit / (loss)*	3,348,071	2,526,554	(25,512)	(38,950)	3,781,971
9 months ended 30 September 2017	Ryazanskaya GRES	Serovskaya GRES	Other operating segments	Total operating segments	
Revenue	8,739,154	4,861,392	18,604,333	103,690,336	
Segment operating profit / (loss)*	1,883,301	921,469	2,655,007	15,051,911	

* Segment operating profit / (loss) represents segment operating profit / (loss) under RAR.

The main items of reconciliation of management financial information prepared in accordance with RAR to consolidated financial statements prepared in accordance with IFRS is provided in consolidated financial statements for the year ended 31 December 2017.

Segment's assets are disclosed below:

	Kirishskaya GRES	Surgutskaya GRES-1	Novocherkasskaya GRES	Stavropolskaya GRES	Troitskaya GRES
30 September 2018	20,261,766	5,718,801	36,485,375	3,092,267	57,848,781
	Ryazanskaya GRES	Serovskaya GRES	Other operating segments	Total assets	
30 September 2018	14,497,573	21,481,606	27,727,587	187,113,756	
	Kirishskaya GRES	Surgutskaya GRES-1	Novocherkasskaya GRES	Stavropolskaya GRES	Troitskaya GRES
31 December 2017	20,988,147	5,515,593	37,619,739	3,381,361	57,220,749
	Ryazanskaya GRES	Serovskaya GRES	Other operating segments	Total assets	
31 December 2017	15,024,540	20,386,788	28,616,720	188,753,637	

The main items of reconciliation of management financial information to consolidated financial statements prepared in accordance with IFRS is provided in consolidated financial statements for the year ended 31 December 2017.

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

Note 23. Events after the reporting date

There were no significant subsequent events that can influence the Group's financial position, cash flows or operating results which took place during the period between reporting date and date of signing of the Group's interim condensed consolidated financial statements for the 9 months ended 30 September 2018.

Managing Director

Chief Accountant



A.V. Semikolenov

L.V. Klishch

15 November 2018