OAO OGK-4 AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)
FOR THE SIX MONTHS ENDED 30 JUNE 2009

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Report on review of interim financial information

To the Shareholders and Board of directors of Open Joint-Stock Company 'Fourth Power Generating Company on the Wholesale Energy Market' (OAO 'OGK-4'):

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of OAO 'OGK-4' and its subsidiaries (the 'Group') as of 30 June 2009 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, 'Interim financial reporting'. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim financial reporting'.

ZAO PricewaterhouseCoopers Audit

19 May 2010

Moscow, Russian Federation

OAO OGK-4 and subsidiaries
Interim Consolidated Statement of Financial Position as at 30 June 2009
(RUB thousand)

	Note	At 30 June 2009	Restated at 31 December 2008	Restated at 31 December 2007
ASSETS				
Non-current assets				
Property, plant and equipment	2,4	55,327,026	47,324,055	33,665,903
Intangible assets		504,455	650,670	454,361
Financial assets		53,368	27,136	-
Other non-current assets	2	186,803	1,063,525	6,774
Total non-current assets		**56,071,652**	**49,065,386**	**34,127,038**
Current assets				
Cash		176,890	130,615	4,138,844
Accounts receivable and prepayments	5	4,062,249	2,887,955	1,275,662
Inventories		1,881,364	1,803,967	1,947,203
Current income tax prepayments		2,002,023	-	-
Short-term financial assets	6	24,301,754	30,994,817	35,790,189
Total current assets		**32,424,280**	**35,817,354**	**43,151,898**
TOTAL ASSETS		**88,495,932**	**84,882,740**	**77,278,936**
EQUITY AND LIABILITIES				
Capital				
Ordinary shares		25,219,482	25,219,482	25,206,846
Treasury shares		-	-	(1,250)
Share premium		40,052,405	40,052,405	39,955,090
Other reserves	9	1,983,931	687,982	150,473
Retained earnings	2	14,010,910	11,522,969	5,334,477
Total equity attributable to shareholders of OAO OGK-4		**81,266,728**	**77,482,838**	**70,645,636**
Minority interest		14,005	14,093	-
Total equity		**81,280,733**	**77,496,931**	**70,645,636**
Non-current liabilities				
Deferred income tax liabilities		2,476,631	2,602,669	3,830,581
Pension liabilities	2,10	412,283	496,068	477,280
Other non-current liabilities		-	-	174
Total non-current liabilities		**2,888,914**	**3,098,737**	**4,308,035**
Current liabilities				
Current debt and current portion of non-current debt		-	-	250,290
Accounts payable and accruals	11	3,788,488	2,957,390	1,779,129
Current income tax liabilities		-	709,650	117,587
Other taxes payable		537,797	620,032	178,259
Total current liabilities		**4,326,285**	**4,287,072**	**2,325,265**
Total liabilities		**7,215,199**	**7,385,808**	**6,633,300**
TOTAL EQUITY AND LIABILITIES		**88,495,932**	**84,882,740**	**77,278,936**

General director Y. Sablukov

Financial director F. Siebert

19 May 2010

The accompanying notes are an integral part of these condensed consolidated interim financial information.

OAO OGK-4 and subsidiaries
Interim Consolidated Statement of Comprehensive Income
for the six months ended 30 June 2009
(RUB thousand)

	Note	Six months ended 30 June 2009	Six months ended 30 June 2008
Revenues	7	19,847,987	17,705,577
Operating expenses	8	(17,458,577)	(17,227,414)
Other operating income		332,656	103,752
Operating profit		**2,722,066**	**581,915**
Finance income		1,015,044	1,414,774
Finance expense		(490,412)	(169,426)
Profit before income tax		**3,246,698**	**1,827,263**
Total income tax charge	12	(758,845)	(268,624)
Profit for the period		**2,487,853**	**1,558,639**
Other comprehensive income			
Fair value gains on available-for-sale financial assets		26,232	-
Actuarial gains, net of tax		27,660	353
Cash flow hedges, net of tax		1,231,547	-
Other comprehensive income for the period		**1,285,439**	**353**
Total comprehensive income for the period		**3,773,292**	**1,558,992**
Profit (loss) attributable to:			
Shareholders of OAO OGK-4		2,487,941	1,558,639
Minority interest		(88)	-
Total comprehensive income attributable to:			
Shareholders of OAO OGK-4		3,773,380	1,558,992
Minority interest		(88)	-
Earnings per ordinary share for profit attributable to the shareholders of OAO OGK-4 – basic and diluted (in Russian roubles)		0,039	0, 025

General director — Y. Sablukov

Financial director — F. Siebert

19 May 2010

The accompanying notes are an integral part of these condensed consolidated interim financial information.

OAO OGK-4 and subsidiaries
Interim Consolidated Statement of Changes in Equity
for the six months ended 30 June 2009
(RUB thousand)

	Attributable to the shareholders of OAO OGK-4							
	Ordinary share capital	Treasury shares	Share premium	Other reserves	Retained earnings	Total	Minority interest	Total equity
At 1 January 2008	25,206,846	(1,250)	39,955,090	249,728	3,925,049	69,335,463	-	69,335,463
Change in accounting policy and adjustments	-	-	-	(99,255)	1,409,428	1,310,173-	-	1,310,173
Restated balance at 1 Jan 2008	25,206,846	(1,250)	39,955,090	150,473	5,334,477	70,645,636	-	70,645,636
Profit for the period	-	-	-	-	1,558,639	1,558,639	-	1,558,639
Other comprehensive income:								
Actuarial gain, net of tax	-	-	-	353	-	353	-	353
Total comprehensive income for the period	-	-	-	353	1,558,639	1,558,992	-	1,558,992
Sale of treasury shares	-	3	-	-		3		3
Establishment of subsidiary	-	-	-	-	-	-	15,827	15,827
Employees stock option plan	-	-	-	286,896	-	286,896	-	286,896
At 30 June 2008	25,206,846	(1,247)	39,955,090	437,722	6,893,116	72,491,527	15,827	72,507,354
At 1 January 2009	25,219,482	-	40,052,405	722,083	10,003,790	75,997,760	14,093	76,011,853
Change in accounting policy and adjustments	-	-	-	(34,101)	1,519,179	1,485,078	-	1,485,078
Restated balance at 1 January 2009	25,219,482	-	40,052,405	687,982	11,522,969	77,482,838	14,093	77,496,931
Profit for the period	-	-	-	-	2,487,941	2,487,941	(88)	2,487,853
Other comprehensive income:								
Available-for-sale financial assets revaluation	-	-	-	26,232	-	26,232	-	26,232
Actuarial gain, net of tax	-	-	-	27,660	-	27,660	-	27,660
Cash flow hedges, net of tax	-	-	-	1,231,547	-	1,231,547	-	1,231,547
Total comprehensive income for the period	-	-	-	1,285,439	2,487,941	3,773,380	(88)	3,773,292
Employees stock option plan	-	-	-	10,510	-	10,510	-	10,510
At 30 June 2009	25,219,482	-	40,052,405	1,983,931	14,010,910	81,266,728	14,005	81,280,733

General director Y. Sablukov

Financial director F. Siebert

19 May 2010

(RUB thousand)

	Note	Six months ended 30 June 2009	Six months ended 30 June 2008
CASH FLOW FROM OPERATING ACTIVITIES:			
Profit before income tax		**3,246,698**	**1,827,263**
Adjustments for non-cash items:			
Depreciation and amortisation		1,354,652	1,236,580
Reversal of provision for the impairment of inventories		(7,560)	-
Provision for impairment of accounts receivable		187,830	28,983
Foreign exchange loss (net)		40,487	68,981
Interest income		(618,249)	(1,333,719)
Interest expense and effect of discounting		53,130	25,510
Loss on disposal of property, plant and equipment	4	1,332	3,296
Employee share option plan		10,510	286,896
Other non-cash items		15,714	(43,941)
Operating cash flows before working capital changes and income tax paid		**4,284,544**	**2,099,849**
Working capital changes:			
Increase in accounts receivable and prepayments		(658,705)	(869,842)
(Increase)/decrease in inventories		(69,837)	375,815
Increase in accounts payable and accruals		705,674	166,069
Decrease in pension liabilities		(83,970)	(31,882)
(Decrease)/increase in taxes payable other than income tax		(82,235)	140,423
Income tax paid		(3,939,491)	(968,559)
Net cash generated from operating activities		**155,980**	**911,873**
CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment and other non-current assets	4	(7,619,865)	(6,343,807)
Proceeds from sale of property, plant and equipment and other non-current assets	4	4,000	-
Proceeds from deposits (net)		6,688,282	3,733,145
Loans issued		(1,478,408)	-
Loans returned		1,470,000	-
Interest received		789,598	670,949
Net cash used in investing activities		**(146,393)**	**(1,939,713)**

OAO OGK-4 and subsidiaries
Interim Consolidated Statement of Cash Flows
for the six months ended 30 June 2009
(RUB thousand)

	Note	Six months ended 30 June 2009	Six months ended 30 June 2008
CASH FLOW FROM FINANCING ACTIVITIES:			
Repayment of debt		-	(250,000)
Repayment of finance lease		-	(60)
Interest paid		-	(1,397)
Net cash (used in)/generated from financing activities		**-**	**(251,457)**
Effect of exchange rate changes on cash and cash equivalents		36,688	(6,119)
Net increase/(decrease) in cash		**46,275**	**(1,285,416)**
Cash at the beginning of the year		130,615	4,138,844
Cash at the end of the year		176,890	2,853,428

General director Y. Sablukov

Financial director F. Siebert

19 May 2010

Note 1. The Group and its operations

Open Joint-Stock Company Fourth Power Generating Company of the Wholesale Energy Market ("OAO OGK-4" or the "Company") was established on 4 March 2005.

The Company's primary activities are generation and sale of electricity and thermal power.

Equities OGK-4 are quoted at "Russian Trading System" stock exchanges and at The Moscow Interbank Currency Exchange.

The Company has been operating five power plants as branches. Currently the Company has three subsidiaries. All the references to the "Group" refer to the Company and its branches and subsidiaries, which structure has not changed for June, 30th, 2009 in comparison with December, 31st, 2008.

The Company is registered by the Surgut District Inspectorate of the Russian Federation Ministry of Taxation, Khanty-Mansiysk Autonomous District (Yugra), Tyumen Region. The Company's office is located at Bolshaya Ordynka St. 40/4, Moscow, Russia, 119017.

Russia continues to display some characteristics of an emerging market. These characteristics include, but are not limited to, the existence of a currency that is not freely convertible in most countries outside of Russia and relatively high inflation. Furthermore, Russian tax, currency and customs legislation is subject to varying interpretations and changes, which can occur frequently. The global financial crisis has resulted in, among other things, a lower level of capital market funding, lower liquidity levels across the banking sector and wider economy and, at times, higher interbank lending rates and very high volatility in stock and currency markets. The uncertainties in the global financial markets have also led to failures of banks and other corporates, and to bank rescues in the US, Western Europe, Russia and elsewhere. The full extent of the impact of the ongoing financial crisis is proving to be difficult to anticipate or completely guard against.

The Group's management has noticed the reduction of prices and the volumes in the free sector of the wholesale electricity market in November-December 2008 and beginning of 2009. Management believes that it undertakes all necessary actions in order to maintain financial soundness of the Group under the circumstances. Management is unable to predict all developments in the economic environment which could have an impact on the Group's operations and consequently what effect, if any, they could have on the future financial position of the Group.

Industry reform

Tariffs for electricity and capacity in the regulated market are fixed by the Federal Tariff Service, while in the competitive sector prices are determined by supply and demand.

From 1 January 2009 the market's liberalisation level was 25% to 30%, and from 1 July 2009 - up to 50%. Liberalisation levels were fixed by the government in Decision No. 205 of 7 April 2007. The wholesale electricity market is expected to be fully liberalised by the end of the transition period, in 2011.

In 2008 Federal Law No. 35-FZ "On Electric Utilities" was amended, tightening the state's control over power suppliers' dominance and manipulation of prices on the free market.

Russian Government Resolution No. 476, effective from 1 June 2008, was issued on 28 June 2008. The resolution provides for the launch of a capacity market, where "free" capacity is traded at transitional auctions for supplies from 2009 to 2011 and at long-term auctions for 10-year supplies. Free capacity is sold in its respective free flow zone. For the first time, wholesale market agents have the option of concluding non-regulated contracts for capacity supplies.

Seasonality

Demand for electricity and heat is influenced by both the seasons of the year and the relative severity of the weather. Revenues from heating are concentrated within the months of October to March. A similar, although less intense, 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 the purchase of power.

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

Note 2. Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2009 has been prepared in accordance with IAS 34, "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2008, which have been prepared in accordance with IFRSs.

Accounting policies. Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2008, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following change was made in accounting policy in order to provide reliable and more relevant information about the effects of the transactions on the entity's financial position and financial performance and align Group's accounting policy with accounting policy of E.ON Group: actuarial gains and the losses arising from adjustments and changes in actuarial assumptions are reflected in full in other comprehensive income. Previously such gains and losses in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligations were charged or credited to the income statement over the employees' expected average remaining working lives.

Also starting from 1 January 2009 the Group has started to apply hedge accounting for cash flow hedge, details are provided in Note 9.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009:

- IAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement. Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has elected to present all items in the one statement. The interim financial statements have been prepared under the revised disclosure requirements.
- IFRS 2 (amendment), 'Share-based Payment'. The amendment clarified that only service conditions and performance conditions are vesting conditions. Other features of a share-based payment are not vesting conditions. The amendment specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group's accounting for cancellations is in compliance with this amendment.
- IFRS 8, 'Operating segments'. IFRS 8 replaces IAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the General Director.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2009, but are not currently relevant for the Group:

- IAS 23 (amendment), 'Borrowing costs'.

- IAS 32 (amendment), 'Financial instruments: Presentation'.
- IFRIC 13, 'Customer loyalty programmes'.
- IFRIC 15, 'Agreements for the construction of real estate'.
- IFRIC 16, 'Hedges of a Net Investment in a Foreign Operation'.
- IAS 39 (amendment), 'Financial instruments: Recognition and measurement'.

Following new standards, amendments to standards and to interpretations have been issued, but are not effective for the financial year beginning on 1 January 2009 and have not been early adopted:

IFRS 3 (revised), 'Business combinations' and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates' and IAS 31, 'Interests in joint ventures', effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. Management is assessing the impact of the new requirements regarding acquisition accounting, consolidation and associates on the group. The group does not have any joint ventures.

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the minority interest in the acquiree either at fair value or at the minority interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The group will apply IFRS 3 (revised) to all business combinations from 1 July 2009.

- IFRIC 17, Distribution of Non-Cash Assets to Owners (effective for annual periods beginning on or after 1 July 2009). The amendment clarifies when and how distribution of non-cash assets as dividends to owners should be recognised. An entity should measure the dividend payable at the fair value of the assets to be distributed. A gain or loss on disposal of the distributed non-cash assets will be recognised in profit or loss when the entity settles the dividend payable. IFRIC 17 is not relevant to the Group's operations because it does not distribute non-cash assets to owners.

- IFRIC 18, Transfers of Assets from Customers (effective for annual periods beginning on or after 1 July 2009). The interpretation clarifies the accounting for transfers of assets from customers, namely, the circumstances in which the definition of an asset is met; the recognition of the asset and the measurement of its cost on initial recognition; the identification of separately identifiable services (one or more services in exchange for the transferred asset); the recognition of revenue; and the accounting for transfers of cash from customers. IFRIC 18 is not expected to have any material impact on the Group's consolidated financial statements.

- Improvements to International Financial Reporting Standards (issued in April 2009; amendments to IFRS 2, IAS 38, IFRIC 9 and IFRIC 16 are effective for annual periods beginning on or after 1 July 2009; amendments to IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36 and IAS 39 are effective for annual periods beginning on or after 1 January 2010). The improvements consist of a mixture of substantive changes and clarifications, including: clarification that contributions of businesses in common control transactions and formation of joint ventures are not within the scope of IFRS 2; clarification of disclosure requirements set by IFRS 5 and other standards for non-current assets (or disposal groups) classified as held for sale or discontinued operations; requiring a measure of total assets and liabilities for each reportable segment under IFRS 8 to be reported only if these amounts are regularly provided to the chief operating decision makers; amending IAS 1 to allow classification of certain liabilities settled by an entity's own equity instruments as non-current; changing IAS 7 such that only expenditures that result in a recognised asset are eligible for classification as investing activities; allowing classification of certain long-term land leases as finance leases under IAS 17, even without transfer of ownership of the land at the end of the lease; providing additional guidance in IAS 18 for determining whether an entity acts as a principal or an agent; clarification in IAS 36 that a cash generating unit shall not be larger than an operating segment before aggregation; supplementing IAS 38 regarding measurement of fair value of intangible assets acquired in a business combination; amending IAS 39 (i) to include in its scope option contracts that could result in business combinations, (ii) to clarify the period of reclassifying gains or losses on cash flow hedging instruments from equity to profit or loss and (iii) to state that a prepayment option is closely related to a host contract if upon exercising it the borrower reimburses the economic loss of the lender; amending IFRIC 9 to state that embedded derivatives in contracts acquired in common control transactions and formation of joint ventures are not within its scope; and removing the restriction in IFRIC 16 that hedging instruments may not be held by the foreign operation that itself is being hedged. The Group does not expect the amendments to have any material effect on its financial statements.

(RUB thousand)

Modification of initial and comparative data. Several balance sheet items on the beginning of 2008 and 2009 were restated from previously reported by adjusting the balance sheet at the end of 2007 and 2008 due to the change in accounting policy and correction of prior period errors.

Account	Amount before adjustment at 31.12.2007	Adjustment	Adjusted amount at 31.12.2007
Property, plant and equipment	31,839,794	1,826,109	33,665,903
Other non-current assets	98,888	(92,114)	6,774
Total asset	**75,544,941**	**1,733,995**	**77,278,936**
Deferred income tax liabilities	3,445,244	385,337	3,830,581
Pension liabilities	438,795	38,485	477,280
Total liabilities	**6,209,478**	**423,822**	**6,633,300**
Retained earnings	3,925,049	1,409,428	5,334,477
Other reserves	249,728	(99,255)	150,473
Total equity	**69,335,463**	**1,310,173**	**70,645,636**

Account	Amount before adjustment at 31.12.2008	Adjustment	Adjusted amount at 31.12.2008
Property, plant and equipment	45,675,068	1,648,987	47,324,055
Total assets	**83,233,753**	**1,648,987**	**84,882,740**
Deferred income tax liabilities	2,480,292	122,378	2,602,670
Pension liabilities	454,536	41,532	496,068
Total liabilities	**7,221,900**	**163,910**	**7,385,810**
Retained earnings	10,003,790	1,519,179	11,522,969
Other reserves	722,083	(34,101)	687,982
Total equity	**76,011,853**	**1,485,079**	**77,496,932**

Pension liabilities as at 31 December 2007 were increased in connection with change in accounting policy in respect of actuarial gains and the losses by 130,599 thousand roubles and decreased with corresponding decrease in other non-current assets due to the classification of pension assets as plan assets in amount of 92,114 thousand roubles. Corresponding decrease in deferred income tax liabilities was recorded in amount of 31,344 thousand roubles.

Major capital maintenance is capitalized – previously they were expensed as incurred. As a result of Property, plant and equipment as at 31 December 2007 increased by 1,826,109 thousand roubles and deferred tax liabilities increased correspondingly by 438,265 thousand roubles, retained earnings increased by 1,409,109 thousand roubles.

(RUB thousand)

Deferred income tax liabilities were adjusted (decreased) as at 31 December 2007 by 21,584 thousand roubles and as at 31 December 2008 by 198,820 thousand roubles as a result of recognition of deferred tax asset on differences in the amount of 89,935 thousand roubles and 994,099 thousand roubles correspondingly arose due to revaluation of advances paid in foreign currencies for tax purposes.

Note 3. Transactions with related parties

E.on AG is ultimate parent and ultimate controlling party of the Group. E.on AG is widely held.

The Group's immediate parent is E.ON Russia Holding GmbH.

There were no significant operations with related parties during the reporting and comparative periods, except for the operations described below.

On 19 March 2009 the Group provided a loan to E.ON AG in amount of RUB 1,470,000 thousand with pay-back period to 30 December 2009. The contract provides monthly capitalization of interest and monthly specification of the interest rate (not less the refinancing rate of the Central Bank of Russian Federation). For 6 months 2009 interest capitalised amounted to 49,590 thousand roubles. On 18 June 2009 loan has been returned ahead of schedule including interest capitalised.

Directors' compensation

Total remuneration in the form of salary and bonuses paid to the members of the Board of Directors and Management Board for the 6 months ended 30 June 2009 was RUB 56,689 thousand (30 June 2008: RUB 132,881 thousand):

№	Name	Six months ended 30 June 2009	Six months ended 30 June 2008
1	Short-term employee benefits	51,477	88,229
2	Post-employment benefits	369	44,652
3	Termination benefits	4,843	-
	Total	**56,689**	**132,881**

10 April 2009, after approval of the Board of Directors, 13 % annual rate loan in amount of 8,408 thousand roubles has been given to the General director of the Company. The loan is to be returned on 9 January 2011.

Employee remuneration in the form of share purchase options

For the 6 months ended 30 June 2009, the Group recorded the expenses associated with share options granted to employees, primarily to the members of Management Board (including accelerated expenses on cancellations), in the amount of RUB 10,509 thousand (for the 6 months ended 30 June 2008: RUB 286,896 thousand).

(RUB thousand)

Note 4. Property, plant and equipment

	Land	Electricity and heat generation	Electricity distribution	Heating network	Construction in progress	Other	Total
Cost							
Opening balance as at 31 December 2008	**6,341**	**32,441,418**	**647,034**	**691,651**	**24,102,503**	**10,831,263**	**68,720,212**
Additions	-	237,329	-	-	8,848,362	70,242	9,155,933
Transfers	34,084	199,955	-	-	(280,129)	46,091	-
Disposals	-	(3,091)	-	-	-	(6,053)	(9,145)
Closing balance as at 30 June 2009	**40,425**	**32,875,611**	**647,034**	**691,651**	**32,670,736**	**10,941,542**	**77,867,000**
Accumulated depreciation (including impairment)							
Opening balance as at 31 December 2008	**-**	**13,088,633**	**617,742**	**333,183**	**-**	**7,356,599**	**21,396,157**
Charge for the period	-	759,074	1,717	21,962	-	364,878	1,147,630
Disposals	-	(736)	-	-	-	(3,077)	(3,813)
Closing balance as at 30 June 2009	**-**	**13,846,971**	**619,458**	**355,145**	**-**	**7,718,399**	**22,539,974**
Net book value as at 31 December 2008	**6,341**	**19,352,785**	**29,293**	**358,468**	**24,102,503**	**3,474,665**	**47,324,055**
Net book value as at 30 June 2009	**40,425**	**19,028,639**	**27,576**	**336,506**	**32,670,736**	**3,223,144**	**55,327,026**

(RUB thousand)

	Land	Electricity and heat generation	Electricity distribution	Heating network	Construction in progress	Other	Total
Cost							
Opening balance as at 31 December 2007	-	**31,463,085**	**647,034**	**668,238**	**9,761,242**	**10,161,642**	**52,701,241**
Additions	-	293,845	-	(3,178)	5,909,451	130,231	6,330,349
Transfers	-	747	-	16,299	(138,937)	121,891	-
Disposals	-	(19,371)	-	-	(3,064)	(18,094)	(40,529)
Closing balance as at 30 June 2008	-	**31,738,305**	**647,034**	**681,359**	**15,528,693**	**10,395,671**	**58,991,062**
Accumulated depreciation (including impairment)							
Opening balance as at 31 December 2007	-	**11,577,521**	**614,308**	**288,670**	-	**6,554,838**	**19,035,337**
Charge for the period	-	748,232	1,717	22,891	-	437,530	1,210,370
Disposals	-	(15,209)	-	-	-	(22,219)	(37,428)
Closing balance as at 30 June 2008	-	**12,310,544**	**616,025**	**311,561**	-	**6,970,150**	**20,208,280**
Net book value as at 31 December 2007	-	**19,885,564**	**32,726**	**379,568**	**9,761,242**	**3,606,804**	**33,665,903**
Net book value as at 30 June 2008	-	**19,427,761**	**31,009**	**369,798**	**15,528,693**	**3,425,521**	**38,782,782**

(RUB thousand)

Note 4. Property, plant and equipment (continued)

The increase in the fixed assets for the 6 months in 2009 is connected with fulfilment of the investment program (primarily building four new blocks on Shaturskaya GRES, Surgutskaya GRES-2 and Yayvinskaya GRES).

The impairment provision included in the accumulated depreciation balance as at 30 June 2009 was RUB 243,203 thousand (as at 31 December 2008: RUB 258,006 thousand).

No test on impairment of property, plant and equipment was performed as at 30 June 2009 by management as no indicators of impairment were noted.

Note 5. Accounts receivable and prepayments

	At 30 June 2009	At 31 December 2008	At 31 December 2007
Trade and other receivables			
Trade receivables	1,530,716	1,305,323	637,247
Other financial receivables	131,001	298,802	128,709
Less impairment loss provision	(612,348)	(424,666)	(182,765)
Total financial assets within trade and other receivables	**1,049,369**	**1,179,459**	**583,191**
VAT recoverable	2,632,603	1,300,178	25,975
Due from budget (excluding VAT)	5,442	9,084	5,451
Prepayments	374,835	399,234	661,045
Total account receivable and prepayments	**4,062,249**	**2,887,955**	**1,275,662**

Management has determined the bad debt provision based on specific customers' credit history, customer payment trends, the outlook for payments and settlements, and analyses of expected future cash flows. Management believes that Group will be able to realise the net receivable amount through direct collections and other non-cash settlements and that therefore the recorded value approximates the fair value.

Note 6. Short-term financial assets

During the reporting period the Group has continued to place on deposits cash received as the result of an additional share issue which took place in 2007. Deposits were placed in OAO Sberbank (Moody's credit rating Baa1), OAO Vneshtorgbank (Moody's credit rating Baa1) and AB Gazprombank (ZAO) (Moody's credit rating Baa2). The interest on these short-term deposits is fixed and, therefore, exposed to the risk of changes in market interest rates.

During half-year 2009 the Group received as a settlement nine non-interest banking promissory notes of OAO Alfa-bank with nominal value of RUB 71,162 thousand, due in 2010, and seven non-interest banking promissory notes of OAO Sberbank with total nominal value of RUB 46,186 thousand. These promissory notes were received as a settlement of customer debt for electricity and capacity sold in 2007–2008 (OAO Kalmenergosbyt, OAO Karachayevo-Cherkesskenergo, OAO Kabbalkenergo, OAO Sevkavkazenergo, OAO Dagestan ESK and OAO Ingushenergo).

Note 6. Short-term financial assets (continued)

Name	Effective interest rate, %	Closing balance as at 30 June 2009 (hard currency, thousand)	Closing balance as at 30 June 2009 (RUB, thousand)	Closing balance as at 31 December 2008 (hard currency, thousand)	Closing balance as at 31 December 2008 (RUB, thousand)	Closing balance as at 31 December 2007 (RUB, thousand
Total short-term deposits			**24,150,118**		**30,866,143**	**35,543,280**
Short-term deposits in US Dollar	0,50-6,88%%	157,716	4,935,005	221,716	6,514,094	-
Short-term deposits in Euro	0,35-6,80%%	352,715	15,455,713	422,516	17,509,500	-
Short-term deposits in Rouble	6,50-11,10%%	-	3,579,400	-	6,842,549	35,543,280
Total promissory notes		-	**151,636**	-	**128,674**	**246,909**
Total short-term financial assets		-	**24,301,754**	-	**30,994,817**	**35,790,189**

Note 7. Revenues

	Six months ended 30 June 2009	Six months ended 30 June 2008
Electricity and capacity	18,934,140	17,122,355
Heating	485,329	457,815
Other	428,518	125,407
Total	**19,847,987**	**17,705,577**

Electricity and capacity sales increase is connected with growth of volume of electricity sold on day-ahead market, higher tariffs set for electricity and capacity on the regulated market, growth in the volume of power sold on bilateral contracts and other services.

Note 8. Operating expenses

	Six months ended 30 June 2009	Six months ended 30 June 2008
Fuel	10,692,145	10,351,604
Employee benefits	1,829,507	1,918,387
Depreciation	1,354,652	1,236,580
Purchased power and electricity	1,314,840	1,434,934
Operational dispatch management	369,896	303,437
Repairs and maintenance	365,198	636,111
Taxes other than income tax	203,902	195,790
Provision for impairment of accounts receivable	194,516	29,007
Security	125,112	133,681
Lease payments, including rent expenses	117,596	90,986
Water usage expenses	104,035	107,070
Raw materials and supplies	68,239	142,696
Insurance cost	62,232	45,204
Transportation expenses	41,679	137,111
Other expenses	615,028	464,816
Total	**17,458,577**	**17,227,414**

(RUB thousand)

Employee benefits expenses comprise the following:

	Six months ended 30 June 2009	Six months ended 30 June 2008
Salaries and wages, payroll taxes	1,634,799	1,622,963
Termination benefits	87,873	75
Pension costs - Defined contributions plans (including state plan)	91,798	5,408
Pension costs - defined benefit plans	4,528	3,045
Share options granted to directors and employees	10,509	286,896
Employee benefits	**1,829,507**	**1,918,387**

Note 9. Equity

Since 1 January 2009 the Group began to apply hedge accounting in relation to cash flow hedge of the currency risks related to cash outflows in foreign currencies on investment program. Funds received as a result of additional share issue which took place in 2007 and to be spent on investment program under the contracts concluded in foreign currencies were placed on deposits in the same currencies (hedging instrument). The Group has applied accounting policy to reclassify associated gains and losses that were recognised in other comprehensive income to profit or loss as a reclassification adjustment in the same periods during which the asset acquired affects profit or loss (that is in the periods when depreciation expense is recognised). The amount of foreign exchange gain on hedging instrument recognised in other comprehensive income during the period ended 30 June 2009 equals to 1,231,547 thousand roubles (net of income tax). No amounts were reclassified from equity to profit or loss during the reporting period and it is expected that profit or loss will be affected starting from October 2010. The cash outflows under the corresponding contracts in foreign currencies are expected to occur at the May 2010. The cash flow hedge was effective and correspondingly no ineffectiveness was recognised in profit or loss during the reporting period.

The Annual General Meeting in June, 17 2009 decided not to pay out dividends and to retain the funds at the company's disposal.

The structure of other reserves is provided below:

	At 30 June 2009	At 31 December 2008	At 31 December 2007
Available-for-sale financial assets revaluation	(35,795)	(62,027)	-
Actuarial loss	(6,441)	(34,101)	(99,255)
Cash flow hedges	1,231,547	-	-
Share option plan	794,620	784,110	249,728
Total	**1,983,931**	**687,982**	**150,473**

Note 10. Pension liabilities

Pension liabilities decreased during the reporting period by 83,783 thousands roubles mainly due to contributions paid to pension fund.

Note 11. Accounts payable and accruals

	At 30 June 2009	At 31 December 2008	At 31 December 2007
Financial liabilities	**3,315,033**	**2,402,439**	**1,250,950**
Trade payables	1,617,067	959,248	982,367
Accounts payable to capital construction contractors	1,348,590	1,273,803	69,594
Other creditors	340,962	160,977	187,770
Dividends payable	8,414	8,410	11,219
Non- financial liabilities	**473,455**	**554,952**	**528,179**
Advances from customers	56,222	52,454	50,002
Staff payables	417,233	502,498	478,177
Total	**3,788,488**	**2,957,390**	**1,779,129**

Note 12. Income tax

Income tax expense is recognized based on management's best estimate of weighted average annual income tax rate expected for the full financial year. The estimated average annual income tax rate used for the six month 2009 is 23 % (the estimated income tax rate for the six months 2008 was 15%).

	Six months ended 30 June 2009	Six months ended 30 June 2008
Current income tax charge	919,109	588,842
Deferred income tax benefit	(160,264)	(320,218)
Total	**758,845**	**268,624**

Note 13. Basic earnings per share payable to shareholders of OAO OGK-4

Basic earning per share is calculated by dividing the net profit for the Group's shareholders by the weighted average amount of ordinary shares in circulation, excluding treasury stock.

	Six months ended 30 June 2009	Six months ended 30 June 2008
Weighted average number of ordinary shares issued during the year	63 048 706 145	63 016 548 870
Profit attributable to the shareholders of OAO OGK-4 (RUB thousand)	2,487,941	1,558,639
Earnings per ordinary share for profit attributable to the shareholders of OAO OGK-4 – basic (in RUB)	0,039	0,025

Diluted earnings per share is calculated by dividing the net profit attributable to the Group's shareholders by the weighted average number of shares issued, increased by the number of additional ordinary shares that would be issued if all contracts with a dilutive effect were converted into ordinary shares.

Contracts with a potential dilutive effect relate to share purchase options that the Group provided to employees (see Note 3). In 2008 and 2009 these options did not have a dilutive effect, as the exercise price of the options exceeded the market price of the ordinary shares.

(RUB thousand)

Note 14. Capital commitments

As of 30 June 2009 the Group had commitments to spend on property, plant and equipment items under concluded contracts in amount of 26,986,459thousand roubles (as of 31 December 2008 - 35,581,330 thousand roubles).

Note 15. Contingencies

Russian tax, currency and customs law is subject to varying interpretation and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the regional and federal authorities. In particular, the method for accounting of water tax and also operations with a number of counterparties of the Group in years 2008-2009 may be challenged. In addition, tax and other legislation do not specifically address all of the aspects of the Group's reorganisation resulting from power industry reform. As such, there may be tax and legal challenges to the various interpretations, transactions and resolutions that were a part of the reorganisation and reform process (see also Note 17).

Tax authorities may be taking a more assertive position in their interpretation of the law and their assessments and as a result, significant additional taxes, penalties and interest may be assessed. Fiscal periods for three calendar years proceeding the year of review remain open to review by the tax authorities. Under certain circumstances a review may cover longer periods.

No detailed disclosure has been made regarding the above contingencies and possible financial effect of potential claims or disputes on these matters, so as not to prejudice seriously the position of the Group.

As of 30 June 2009, management believes that its interpretation of the relevant law is appropriate and that the Group's position is sustainable as it relates to application of tax, currency and customs legislation.

Note 16. Segment information

The chief operating decision-maker has been identified as the General Director. The General Director reviews the Group's internal reporting prepared in accordance with Russian accounting regulation in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The General Director considers the business from the power plants perspective, ie the performance of each of the 5 power plants (Surgutskaya GRES-2, Berezovskaya GRES, Shaturskaya GRES, Yayvinskaya GRES and Smolenskaya GRES) is assessed. Surgutskaya GRES-2, Berezovskaya GRES, Shaturskaya GRES, Yayvinskaya GRES are aggregated into a single operating segment, that comprised more than 90% of Group's external revenue, as they have similar economic and other characteristics. The operating segment Smolenskaya GRES comprised not more than 6% of the total external revenue and 2% of total assets. Other services are provided by the group including communal services in Shatura district Moscow region. These sales have not been included within the reportable operating segments, as they are not included within the reports provided to the General Director. As a result the Group has one operating reportable segment that comprised more than 90% of Group's external revenue.

The General Director assesses the performance of the operating segments based on a measure of adjusted earnings before interest and tax (EBIT). This measurement basis excludes foreign exchange differences.

A reconciliation of total adjusted EBIT in accordance with Russian accounting regulation to total profit before income tax is provided as follows:

	Six months ended 30 June 2009	**Six months ended 30 June 2008**
Adjusted EBIT in accordance with Russian accounting regulation for 5 power plants	3,788,820	1,916,632
Other services and other operating income and expenses	(294,799)	(1,041,711)
Operating profit	3,494,021	874,921

(RUB thousand)

Finance income	4,620,537	1,402,113
Finance costs	(2,518,924)	(145,084)
IFRS translation adjustments	(2,348,936)	(304,687)
Profit before income tax	3,246,698	1,827,263

A reconciliation of total assets in accordance with Russian accounting regulation to total assets in this financial information is provided as follows:

	At 30 June 2009	At 31 December 2008	At 31 December 2007
Total assets in accordance with Russian accounting regulation	81,879,296	77,676,674	69,423,704
IFRS translation adjustments	6,616,636	7,206,066	7,855,232
Total assets in this financial information	88,495,932	84,882,740	77,278,936

IFRS translation adjustments relate mainly to higher PPE value and correspondingly higher depreciation in this financial information.

Revenue from external customers for all 5 power plants equals to 19,491,559 thousand roubles in the 6 months 2009 and 17,595,160 thousands roubles in the 6 months 2008 in accordance with both Russian accounting regulation and this financial information.

Note 17. Events subsequent to the balance sheet date

OAO Avtotransenergo (100% subsidiary of OAO OGK-4) has been liquidated on 7 July 2009, assets and activities were transferred to OAO OGK-4. OOO OGK-4 Finance (100% subsidiary of OAO OGK-4) has been liquidated on 14 December 2009 as a result of cancellation of Group's options program. The liquidation of these subsidiaries did not result in disposals of the Group's assets and/or settlement of liabilities.

In October 2009 OAO OGK-4 received a decision from tax authorities as a result of tax inspection for the years 2006-2007. In accordance with this decision the Company accrued additional 178 millions roubles of income tax and 82 million roubles of VAT in the fourth quarter 2009.