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## **Auditor's report on accounting statements for 2016**

### **To shareholders of Kubanenergo PJSC**

#### **Audited entity**

**Public Joint Stock Company “Kubanenergo” (short name “Kubanenergo” PJSC)**

Address: 2A Stavropolskaya street, Krasnodar 350033, Russia

Primary state registration number – 1022301427268

#### **Auditor**

**Limited Liability Company “RSM RUS”**

Address: 4 Pudovkina str., Moscow 119285

Phone: (945) 363 28 48; fax: (945) 981 4121

Limited Liability Company RSM RUS is a member of the Self-Regulatory Organization of Auditors Non-Commercial Partnership “Audit Association Sodruzhestvo” (membership certificate No. 6938, Principal Number of Registration Entry 11306030308), address: 21, bldg. 4, Michurinsky prospect, Moscow, 119192.

We have conducted an audit of the enclosed accounting statements of Kubanenergo PJSC consisting of the Balance Sheet as of 31 December 2016, the Profit and Loss Statement, the Statement of Changes in Equity, and the Cash Flow Statement for 20156, as well as the Explanatory Notes to the Balance Sheet and the Profit and Loss Statement.

#### *Responsibility of the audited entity for the accounting (financial) report*

Management of Kubanenergo is responsible for preparation and reliability of the accounting statements drawn up in accordance with the rules of the Russian Federation for preparation of the accounting statements and for the internal control system necessary for preparation of accounting statements that do not contain material misstatements caused by fraud or faults.

#### *Responsibility of the auditor*

Our responsibility is to express an opinion on the reliability of these accounting statements based on our audit. We conducted the audit in accordance with the federal auditing standards. These standards require that we comply with applicable ethical norms and plan

and perform an audit in such a manner as to obtain reasonable assurance whether the accounting statements are free of any material misrepresentation.

The audit contained the audit procedures aimed to find the audit evidences proving the figures in accounting statements and the disclosed information. The choice of the procedures is the subject-matter of our estimations that are based on the risk assessment of the material misstatements caused by fraud or faults. During the risk assessment the auditor checks the system of internal control, which provides preparation and credibility of accounting statements, in order to choose the appropriate audit procedures, but not with the purpose to evaluate the efficiency of internal control system.

The audit also included the appraisal of the accounting policy and validity of estimated figures that were obtained by the management of the audited entity, as well as the appraisal of provision of accounting report in general.

We believe that the audit evidences obtained in the course of the audit provides sufficient basis to express our opinion on the reliability of the accounting statements.

### *Opinion*

We believe that accounting statements truly depict in all material respects the financial state of Kubanenergo PJSC as of 31 December 2016, results of its business activity and cash flow in 2016 in accordance with Russian standards of preparing accounting statements.

#### **Chairperson of the Management Board**

**Dantser N.A.**

Auditor qualification certificate No. 05-000015 issued based on resolution No. 24 of the Self-Regulatory Organization of Auditors Non-Commercial Partnership “Russian Collegium of Auditors” (dated 15.11.2011) for an indefinite period of time.

PREN in the Register of auditors and audit organizations - 21706004215.

#### **Audit Leader**

**Mikhailyk R.F.**

Auditor qualification certificate No. 03-000591 issued based on the resolution of the Self-Regulatory Organization of Auditors Non-Commercial Partnership “Moscow Audit Chamber” (dated 13.02.2013 No. 188, Minutes No. 25) for an indefinite period of time.

PREN in the Register of auditors and audit organizations – 20103037931.

# Balance sheet

## 31 December 2016

|                                                                                  |                                                                                                                                        |
|----------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                  | Codes                                                                                                                                  |
| <b>Form No. 1 OKUD</b> [Russian National Classifier of Management Documentation] | <b>0710001</b>                                                                                                                         |
|                                                                                  | Date <b>31.12.2016</b>                                                                                                                 |
| Organization: <b>Kubanenergo PJSC</b>                                            | OKPO [Russian Classifier of Businesses and Organizations] <b>00104509</b>                                                              |
| Taxpayer Identification Number                                                   | TIN <b>2309001660</b>                                                                                                                  |
| Type of activity <u>electricity transmission</u>                                 | OKVED [Russian Classifier of Types of Economic Activity] <b>35.12 / 35.13</b>                                                          |
| Organizational legal form/ownership form <b>Public Joint-Stock Company</b>       | OKOPF [Russian Classifier of Organizational Legal Forms]/OKFS [Russian National Classifier of Forms of Ownership] <b>122 \ 47 / 16</b> |
| Unit: <b>thousand rubles</b>                                                     | OKEI [Russian Classifier of Measurement Units] <b>384</b>                                                                              |
| Address: 2A Stavropolskaya str., 350040, Krasnodar, RF,                          |                                                                                                                                        |

| notes             | Indicator                                           | Line code | as of 31 December 2016 | as of 31 December 2015 | as of 31 December 2014 |
|-------------------|-----------------------------------------------------|-----------|------------------------|------------------------|------------------------|
| 5.1.1.-<br>5.2.2. | <b>ASSETS</b>                                       |           |                        |                        |                        |
|                   | <b>I. NON-CURRENT ASSETS</b>                        |           |                        |                        |                        |
|                   | Intangible assets                                   | 1110      | 25 834                 | 13 233                 | 13 473                 |
| 5.2.2.            | Including purchase of intangible assets in progress | 1111      | -                      | -                      | -                      |
|                   |                                                     |           |                        |                        |                        |
| 5.2.1.-<br>5.2.2. | Results of researches and developments              | 1120      | 24 411                 | 32 385                 | 28 687                 |
| 5.2.2.            | Including expenditures on researches in progress    | 1121      | 24 411                 | 32 385                 | 27 698                 |
|                   |                                                     |           |                        |                        |                        |
|                   | Intangible development assets                       | 1130      | -                      | -                      | -                      |
|                   |                                                     |           |                        |                        |                        |
|                   | Tangible development assets                         | 1140      | -                      | -                      | -                      |
|                   |                                                     |           |                        |                        |                        |
| 5.3.1.-<br>5.3.6. | Fixed assets                                        | 1150      | 55 910 737             | 53 710 490             | 47 499 351             |

|                   |                                                                     |      |            |            |            |
|-------------------|---------------------------------------------------------------------|------|------------|------------|------------|
|                   | land plots and environmental facilities                             | 1151 | 136 122    | 133 257    | 131 142    |
|                   | Buildings, vehicles, equipment, constructions                       | 1152 | 50 114 801 | 50 143 264 | 43 559 421 |
|                   | Other fixed assets                                                  | 1153 | 319 843    | 320 007    | 355 213    |
| 5.3.5.            | Construction in progress                                            | 1154 | 4 320 028  | 2 196 312  | 2 553 788  |
| 5.3.6.            | Advances paid for capital construction and purchase of fixed assets | 1155 | 83 921     | 16 106     | 248 252    |
|                   | Raw materials and materials for production of fixed assets*         | 1156 | 936 022    | 901 544    | 651 535    |
|                   |                                                                     |      |            |            |            |
| 5.3.1.            | Income-bearing investments in tangible valuables                    | 1160 | -          | -          | -          |
|                   | Property for leasing                                                | 1161 | -          | -          | -          |
|                   | Property provided under rent contract                               | 1162 | -          | -          | -          |
|                   |                                                                     |      |            |            |            |
| 5.4.1.-<br>5.4.3. | Financial investments                                               | 1170 | 45 588     | 45 588     | 45 588     |
|                   | Investments in affiliates                                           | 1171 | 45 587     | 45 587     | 45 587     |
|                   | Investments in dependent companies                                  | 1172 | -          | -          | -          |
|                   | Investments in outside companies                                    | 1173 | 1          | 1          | 1          |
|                   | Loans to organizations for more than 12 months                      | 1174 | -          | -          | -          |
|                   | Financial investments                                               | 1175 | -          | -          | -          |
|                   |                                                                     |      |            |            |            |
| 5.7.2.            | Deferred tax assets                                                 | 1180 | 839 768    | 972 310    | 1 110 920  |
|                   |                                                                     |      |            |            |            |
|                   | Other non-current assets                                            | 1190 | 52 375     | 59 480     | 85 276     |
|                   | TOTAL Section I                                                     | 1100 | 53 898 713 | 54 833 486 | 48 783 295 |
|                   | <b>II. CURRENT ASSETS</b>                                           |      |            |            |            |
| 5.5.1.-<br>5.5.2. | Stock                                                               | 1210 | 1 407 566  | 1 292 106  | 1 467 262  |
|                   | Raw materials, supplies and other similar assets                    | 1211 | 1 407 566  | 1 292 106  | 1 466 708  |
|                   | Expenses on construction-in-progress                                | 1212 | -          | -          | -          |
|                   | Finished products and goods for resale                              | 1213 | -          | -          | -          |
|                   | Goods delivered                                                     | 1214 | -          | -          | 554        |
|                   | Other stock and expenses                                            | 1215 | -          | -          | -          |
|                   |                                                                     |      |            |            |            |

|                   |                                                           |        |           |           |           |
|-------------------|-----------------------------------------------------------|--------|-----------|-----------|-----------|
|                   | Value added tax on valuables acquired                     | 1220   | 7 496     | 6 198     | 7 896     |
|                   |                                                           |        |           |           |           |
| 5.6.1-<br>5.6.4.  | Accounts receivable                                       | 1230   | 7 119 419 | 4 900 772 | 3 830 295 |
|                   | accounts receivable that are due beyond 12 months         | 1231   | 12 614    | 12 426    | 14 979    |
|                   | Buyers and customers                                      | 123101 | -         | -         | -         |
|                   | Bills receivable                                          | 123102 | -         | -         | -         |
|                   | Advances paid                                             | 123103 | -         | -         | -         |
|                   | Other accounts receivable                                 | 123104 | 12 426    | 12 426    | 14 979    |
|                   |                                                           |        |           |           |           |
|                   | accounts receivable that are due in the next 12 months    | 1232   | 7 106 805 | 4 888 346 | 3 815 316 |
|                   | Buyers and customers                                      | 123201 | 6 410 581 | 4 601 989 | 3 267 641 |
|                   | Bills receivable                                          | 123202 | -         | -         | -         |
|                   | Debts of affiliated and depended companies on interest    | 123203 | -         | -         | -         |
|                   | Debts of participants (founders) on share capital payment | 123204 | -         | -         | -         |
|                   | Advances paid                                             | 123205 | 13 369    | 25 236    | 18 254    |
|                   | Other accounts receivable                                 | 123206 | 682 855   | 261 121   | 529 421   |
|                   |                                                           |        |           |           |           |
| 5.4.1.-<br>5.4.3. | Financial investments                                     | 1240   | -         | -         | -         |
|                   | Loans granted to companies for a period of less 12 months | 1241   | -         | -         | -         |
|                   | Other short-term financial investments                    | 1242   | -         | -         | -         |
|                   |                                                           |        |           |           |           |
| f.4               | Cash and equivalents                                      | 1250   | 1 245 575 | 2 577 455 | 7 070 974 |
|                   | Cash bank                                                 | 1251   |           |           |           |
|                   | Operating account                                         | 1252   | 1 245 436 | 2 577 358 | 7 070 920 |
|                   | Currency account                                          | 1253   | -         | -         | -         |
|                   | Other funds                                               | 1254   | 139       | 97        | 54        |
|                   |                                                           |        |           |           |           |
|                   | Other current assets                                      | 1260   | 609 432   | 708 381   | 554 863   |
|                   | VAT on advance payments made for capital                  | 1261   | 14 613    | 2 197     | 44 444    |

|  |                                  |             |                   |                   |                   |
|--|----------------------------------|-------------|-------------------|-------------------|-------------------|
|  | construction and purchasing OS   |             |                   |                   |                   |
|  | VAT on received advance payments | 1262        | 544 681           | 659 128           | 458 349           |
|  | Others                           | 1263        | 50138             | 47 056            | 52 070            |
|  | <b>TOTAL Section II</b>          | <b>1200</b> | <b>10 389 488</b> | <b>9 484 912</b>  | <b>12 931 290</b> |
|  | <b>BALANCE</b>                   | <b>1600</b> | <b>67 288 201</b> | <b>64 318 398</b> | <b>61 714 585</b> |

|                  | <b>LIABILITIES</b>                                                               | Line        | as of<br>31<br>December<br>2016 | as of 31<br>December<br>2015 | as of 31<br>December<br>2014 |
|------------------|----------------------------------------------------------------------------------|-------------|---------------------------------|------------------------------|------------------------------|
| 1                | 2                                                                                | 3           |                                 | 4                            | 5                            |
|                  | <b>III. CAPITAL AND RESERVES</b>                                                 |             |                                 |                              |                              |
| 3.1.             | Authorized capital (reserve capital, statutory find and partners' contributions) | 1310        | 28 286 813                      | 28 286 813                   | 28 286 813                   |
| 3.1              | Capital (before registration of changes)                                         | 1311        | 2 072 164                       | -                            | -                            |
| 3.1.             | Treasury stock bought out at from the shareholders                               | 1320        | -                               | -                            | -                            |
| 5.3.1.,<br>5.1.1 | Revaluation of non-current assets                                                | 1340        | 10 805 974                      | 10 851 166                   | 9 642 200                    |
| 3.1.             | Additional capital (without revaluation)                                         | 1350        | 6 481 916                       | 6 481 916                    | 6 481 916                    |
| 3.1.             | Reserve capital                                                                  | 1360        | 161 971                         | 89 347                       | 89 347                       |
| 3.1.             | Unallocated profit (uncovered loss)                                              | 1370        | (12 410 429)                    | (13 378 700)                 | (14 879 177)                 |
|                  | Past years                                                                       | 1371        | (14 550 929)                    | (14 831 179)                 | (11 246 844)                 |
|                  | Reported period                                                                  | 1372        | 2 140 500                       | 1 452 479                    | (3 632 333)                  |
|                  | <b>TOTAL Section III</b>                                                         | <b>1300</b> | <b>35 398 409</b>               | <b>32 330 542</b>            | <b>29 621 099</b>            |
|                  | <b>IV. LONG-TERM LIABILITIES</b>                                                 |             |                                 |                              |                              |
| 5.6.7-<br>5.6.8  | Borrowed funds                                                                   | 1410        | 18 912 239                      | 10 000 000                   | 14 900 000                   |
|                  | Bank credits payable in more than 12 months after the reporting date             | 1411        | 11 912 239                      | 3 000 000                    | 14 900 000                   |
|                  | Credits payable in more than 12 months after the reporting date                  | 1412        | 7 000 000                       | 7 000 000                    | -                            |
|                  |                                                                                  |             |                                 |                              |                              |
| 5.7.2.           | Deferred tax liabilities                                                         | 1420        | 128 343                         | 122 951                      | 124 789                      |
|                  |                                                                                  |             |                                 |                              |                              |
| 5.7.1.           | Reserve for contingent liabilities                                               | 1430        | -                               | -                            | -                            |

|                   |                                                                 |      |            |            |            |
|-------------------|-----------------------------------------------------------------|------|------------|------------|------------|
|                   |                                                                 |      |            |            |            |
| 5.6.5-<br>5.6.6.  | Other liabilities                                               | 1450 | 1 429 365  | 468 760    | 1 021 770  |
|                   | TOTAL Section IV                                                | 1400 | 20 469 947 | 10 591 711 | 16 046 559 |
|                   | <b>V. SHORT-TERM LIABILITIES</b>                                |      |            |            |            |
| 5.6.7.-<br>5.6.8. | Borrowed funds                                                  | 1510 | 79 078     | 7 071 346  | 2 517 000  |
|                   | Bank payable in more than 12 months after the reporting date    | 1511 | 3 264      | 7 000 000  | 2 517 000  |
|                   | Credits payable in more than 12 months after the reporting date | 1512 | 75 814     | 71 346     | -          |
|                   |                                                                 |      |            |            |            |
| 5.6.5.-<br>5.6.6. | Payables                                                        | 1520 | 8 280 201  | 11 799 752 | 10 619 876 |
|                   | Suppliers and contractors                                       | 1521 | 4 837 353  | 4 343 657  | 7 795 369  |
|                   | Bills payable                                                   | 1522 | -          | -          | -          |
|                   | Salaries payable                                                | 1523 | 212 336    | 181 165    | 122 577    |
|                   | Debt to state extra-budgetary funds                             | 1524 | 93 935     | 86 764     | 66 362     |
|                   | Taxes payable                                                   | 1525 | 854 431    | 1 502 989  | 183 786    |
|                   | Advances received                                               | 1526 | 1 922 409  | 3 860 085  | 2 187 283  |
|                   | Payable to the participants (founders) on income payment        | 1527 | 37         | -          | -          |
|                   | Other accounts payable                                          | 1528 | 559 700    | 1 825 092  | 264 499    |
|                   |                                                                 |      |            |            |            |
|                   | Reserves for future expenses                                    | 1530 | 130 231    | 115 298    | 122 763    |
|                   |                                                                 |      |            |            |            |
| 5.7.1             | Estimated liability                                             | 1540 | 2 930 335  | 2 409 749  | 2 787 288  |
|                   | Estimated liability for vacation pay                            | 1541 | 240 124    | 226 877    | 201 981    |
|                   | Estimated liability for accounts payable to employees           | 1542 | 243 882    | 275 097    | 275 014    |
|                   | Estimated liability on controversial debt                       | 1543 | 2 207 726  | 1 791 985  | 1 189 064  |
|                   | Estimated liability on lawsuit                                  | 1544 | 238 603    | 11 946     | 706 490    |
|                   | Estimated liability on tax risks                                | 1545 | -          | 66 148     | 139 406    |
|                   | Miscellaneous estimated liability                               | 1546 | -          | 37 696     | 275 333    |
|                   | Miscellaneous liabilities                                       | 1550 | -          | -          | -          |
|                   | TOTAL Section V                                                 | 1500 | 11 419 845 | 21 396 145 | 16 046 927 |

|  |                  |      |            |            |            |
|--|------------------|------|------------|------------|------------|
|  | BALANCE (assets) | 1700 | 67 288 201 | 64 318 398 | 61 714 585 |
|--|------------------|------|------------|------------|------------|

Director \_\_\_\_\_ Ocheredko O.V.  
(signature)

Chief accountant \_\_\_\_\_ Skiba I.V.  
(signature)

21 February 2017

(seal)

## Profit and loss statement for January - December 2016

|                                                                            |                                                                                                          |                      |
|----------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|----------------------|
| <b>Form OKUD</b> [Russian National Classifier of Management Documentation] |                                                                                                          | Codes                |
|                                                                            |                                                                                                          | <b>0710002</b>       |
| Date                                                                       |                                                                                                          | <b>31.12.2016</b>    |
| Organization: <b>Kubanenergo PJSC</b>                                      | OKPO [Russian Classifier of Businesses and Organizations]                                                | <b>00104509</b>      |
| Taxpayer Identification Number                                             | INN [Taxpayer Identification Number]                                                                     | <b>2309001660</b>    |
| Type of activity: electricity transmission                                 | OKVED [Russian Classifier of Economic Activities]                                                        | <b>35.12 / 35.13</b> |
| Organizational legal form/ownership form <b>Public Joint-Stock Company</b> | OKOPF [Russian Classifier of Organizational Legal Forms]/OKFS [Russian Classifier of Forms of Ownership] | <b>122 47 / 16</b>   |
| Unit: <b>thousand rubles</b>                                               | OKEI [Russian Classifier of Measurement Units]                                                           | <b>384</b>           |

|   | Indicator                                                                                              | Line | 2016       | 2015       |
|---|--------------------------------------------------------------------------------------------------------|------|------------|------------|
| 1 | 2                                                                                                      | 3    | 4          | 5          |
|   | Proceeds                                                                                               | 2110 | 41 726 201 | 35 704 161 |
|   | Including                                                                                              |      |            |            |
|   | Income from electric energy transmission                                                               | 2111 | 39 262 365 | 34 403 020 |
|   | Income from technical connection                                                                       | 2112 | 2 380 524  | 1 213 257  |
|   | Income from organization and development of UES of Russia in connection with distributional power grid | 2113 | -          | -          |
|   | Income from reselling of electric energy and capacity                                                  | 2114 | -          | -          |
|   | Income from participating in other organizations                                                       | 2115 | -          | -          |
|   | Income from lease                                                                                      | 2116 | 10 576     | 11 664     |
|   | Income from selling other products, goods, works, services of industrial type                          | 2117 | 72 736     | 76 220     |
|   | Income from selling other products, goods, works, services of non-industrial type                      | 2118 | -          | -          |
|   |                                                                                                        |      |            |            |



|       |                                                                                                         |      |              |              |
|-------|---------------------------------------------------------------------------------------------------------|------|--------------|--------------|
| 2.1.  | Cost of sales                                                                                           | 2120 | (35 829 877) | (32 072 810) |
|       | Including                                                                                               |      |              |              |
|       | Self-cost of energy transmission                                                                        | 2121 | (35 129 542) | (32 441 842) |
|       | Self-cost of technical connection                                                                       | 2122 | (661 086)    | (586 436)    |
|       | Self-cost of organization and development of UES of Russia in connection with distributional power grid | 2123 | -            | -            |
|       | Self-cost of reselling of electric energy and capacity                                                  | 2124 | -            | -            |
|       | Self-cost of participation in other organization                                                        | 2125 | -            | -            |
|       | Self-cost of rent                                                                                       | 2126 | (4 024)      | (4 723)      |
|       | Self-cost of other products, goods, works, services of industrial type                                  | 2127 | (35 225)     | (39 886)     |
|       | Self-cost of other products, goods, works, services of non-industrial type                              | 2128 | -            | -            |
|       |                                                                                                         |      |              |              |
|       | Gross profit (loss)                                                                                     | 2100 | 5 896 324    | 2 631 351    |
| 2.1.  | Commercial expenses                                                                                     | 2210 | -            | -            |
| 2.1.  | Administrative expenses                                                                                 | 2220 | (97 873)     | (76 485)     |
|       | Sales profit (loss)                                                                                     | 2200 | 5 798 451    | 2 554 866    |
|       | Participation incomes                                                                                   | 2310 | -            | 59           |
|       | Interest receivable                                                                                     | 2320 | 89 719       | 478 593      |
|       | Interest payable                                                                                        | 2330 | (1 888 922)  | (2 261 263)  |
| 5.11. | Other incomes                                                                                           | 2340 | 2 615 870    | 6 850 548    |
| 5.11. | Income of past years revealed in reporting period                                                       | 2341 | 211 803      | 403 779      |
| 5.11. | Income from reducing (write-off) of provision for doubtful debts                                        | 2342 | 1 726 050    | 1 620 974    |
| 5.11. | Income from reducing (write-off) of reserve for estimated liability                                     | 2343 | 164 177      | 883 095      |
| 5.11. | Other expenses                                                                                          | 2350 | (3 108 883)  | (5 407 097)  |
| 5.11. | Provision for doubtful debts                                                                            | 2351 | (561 392)    | (728 109)    |
| 5.11. | Reserve for estimated liability                                                                         | 2352 | (1 009 909)  | (3 260 646)  |
| 5.11. | Losses of past years revealed in reporting period                                                       | 2353 | (317 287)    | (534 846)    |
|       | Profit (loss) before tax                                                                                | 2300 | 3 506 235    | 2 215 706    |
| 2.3.  | Current profit tax                                                                                      | 2410 | (1 194 267)  | (578 521)    |
| 2.3.  | Including constant tax liabilities (assets)                                                             | 2421 | 619 645      | 332 657      |

|                  |                                                                                                |      |                 |                 |
|------------------|------------------------------------------------------------------------------------------------|------|-----------------|-----------------|
| 2.3.             | Changes in deferred tax liabilities                                                            | 2430 | (5 399)         | 1 784           |
| 2.3.             | Changes in deferred tax assets                                                                 | 2450 | (121 226)       | (199 061)       |
| 2.3.             | Other                                                                                          | 2460 | (44 843)        | 12 571          |
|                  | Net profit (loss)                                                                              | 2400 | 2 140 500       | 1 452 479       |
|                  | <b>FOR REFERENCE:</b>                                                                          | Line | Jan-Dec<br>2016 | Jan-Dec<br>2015 |
| 5.1.1.<br>5.3.1. | Results of revaluation of non-current assets not included into net profit (loss) of the period | 2510 | -               | 1 256 964       |
| 3.2              | Results of other operations not included into net profit (loss) of the period                  | 2520 | -               | -               |
|                  | Aggregate financial result of the period                                                       | 2500 | 2 140 500       | 2 709 443       |
| 2.2              | Basis profit (loss) per share                                                                  | 2900 | 7 567           | 5,135           |
| 2.2.             | Diluted profit (loss) per share                                                                | 2910 | 7 567           | 5,135           |

Director \_\_\_\_\_ Ocheredko O.V.  
(signature)

Chief accountant \_\_\_\_\_ Skiba I.V.  
(signature)

21 February 20176  
(seal)

### 2.1. Cost of goods, services and works sold

| Indicator                                                                            | Code | 2016       | 2015       |
|--------------------------------------------------------------------------------------|------|------------|------------|
| 1                                                                                    | 2    |            | 3          |
| Production costs                                                                     | 6510 | 35 829 877 | 33 072 810 |
| including                                                                            |      |            |            |
| direct materials costs                                                               | 6511 | 8 336 372  | 7 311 003  |
| labour costs                                                                         | 6512 | 3 852 061  | 3 348 760  |
| fringe benefit expenses                                                              | 6513 | 1 100 758  | 973 293    |
| depreciation                                                                         | 6514 | 3 620 002  | 3 192 584  |
| miscellaneous expenditures                                                           | 6515 | 18 920 684 | 18 247 170 |
|                                                                                      |      |            |            |
| For reference: changes in inventory and provision (augmentation [+], reduction [-]): | 6520 | -          | -          |
| including                                                                            |      |            |            |
| production-in-progress                                                               | 6521 | -          | -          |
| products for sale                                                                    | 6522 | -          | -          |
| purchased products                                                                   | 6523 | -          | -          |
| products shipped                                                                     | 6524 | -          | -          |
| auxiliary material                                                                   | 6525 | -          | -          |
|                                                                                      |      | -          | -          |

|                                                      |      |            |            |
|------------------------------------------------------|------|------------|------------|
| Total cost of sold products (goods, services, works) | 6500 | 35 829 877 | 33 072 810 |
| including                                            |      |            |            |
| cost of goods sold                                   | 6530 | -          | -          |
| management services for third parties                | 6540 | -          | -          |
|                                                      |      |            |            |
| Business expenses                                    | 6550 | -          | -          |
| including                                            |      |            |            |
| materials costs                                      | 6551 | -          | -          |
| labour costs                                         | 6552 | -          | -          |
| fringe benefit expenses                              | 6553 | -          | -          |
| depreciation                                         | 6554 | -          | -          |
| miscellaneous expenses                               | 6555 | -          | -          |
|                                                      |      |            |            |
| Administrative expenses                              | 6560 | 97 873     | 76 485     |
| including                                            |      |            |            |
| materials costs                                      | 6561 | -          | -          |
| labour costs                                         | 6562 | 17 349     | -          |
| fringe benefit expenses                              | 6563 | 4 039      | -          |
| depreciation                                         | 6564 | -          | -          |
| miscellaneous expenses                               | 6565 | 76 485     | 76 485     |
|                                                      |      |            |            |

For reference:

- Property rent expenses
- Taxes and levies (including lease of land)
- Insurance payments
- Expenses on services of infrastructure companies ("ATS" JSC, "TsFR" CJSC)
- Expenses on purchased energy for compensation of losses
- Reserve on expenses on purchased energy for compensation of losses
- Expenses on securities issue and securities services
- Expenses on services rendered by entities involved in regulated types of activity
- Reserve on Expenses on services rendered by entities involved in regulated types of activity
- Property related expenses (except property appraisal expenses)

|            |            |
|------------|------------|
| 169 810    | 40 640     |
| 620 346    | 479 160    |
|            |            |
| -          | -          |
| 7 445 886  | 6 482 770  |
| 148 479    | 106 572    |
| -          | -          |
| 14 855 066 | 13 605 034 |
| 1 645 779  | 1 065 450  |
| -          | -          |

Director \_\_\_\_\_  
(signature)

Ocheredko O.V.

Chief accountant \_\_\_\_\_  
(signature)

Skiba I.V.

21 February 2017

## 2.2 Profit per share, diluted profit per share

| Indicator                                                                          | Code  | 2016      | 2015      |
|------------------------------------------------------------------------------------|-------|-----------|-----------|
| 1                                                                                  | 2     | 3         | 4         |
| Net profit (uncovered loss) of the reporting period                                | 6610  | 2 140 500 | 1 452 479 |
| Dividends on preferred shares                                                      | 6611  |           |           |
| Base earnings (loss) of the reporting period                                       | 6612  | 2 140 500 | 1 452 479 |
| Average amount of ordinary shares in circulation within the reporting period       | 6613  | 282 868   | 282 868   |
| Base earnings (loss) per share (rubles)                                            | 6620  | 7.567     | 5.135     |
| Average market cost of one ordinary share                                          | 6621  | 74        | 61        |
| Possible growth of profit and average amount of shares in circulation              | 6630  | X         | X         |
| Result of conversion of preferred shares into ordinary                             | 6631  | X         | X         |
| possible growth of profit                                                          | 66311 | -         | -         |
| additional amount of shares                                                        | 66312 | -         | -         |
| Result of conversion of obligations into ordinary shares                           | 6632  | X         | X         |
| possible growth of profit                                                          | 66321 | -         | -         |
| additional amount of shares                                                        | 66322 | -         | -         |
| Result of contract on purchase-sale of shares at price lower than the market price | 6633  | X         | X         |
| contract price                                                                     | 66331 | -         | -         |
| possible growth of profit                                                          | 66332 | -         | -         |
| additional amount of shares                                                        | 66333 | -         | -         |
| Diluted profit per share (rubles)                                                  | 6640  | 7.567     | 5.135     |
| adjusted base earning                                                              | 6641  | 2 140 500 | 1 452 479 |
| adjusted amount of average amount of ordinary shares in circulation                | 6642  | 282 868   | 282 868   |

Director \_\_\_\_\_ Ocheredko O.V.  
(signature)

Chief accountant \_\_\_\_\_ Skiba I.V.  
(signature)

21 February 2017

## 2.3. Profit taxation

| Indicator                                                                          | Code  | 2016      | 2015      |
|------------------------------------------------------------------------------------|-------|-----------|-----------|
| 1                                                                                  | 2     | 3         | 4         |
| Profit (loss) before the taxation                                                  | 6710  | 3 506 235 | 2 215 706 |
| including 20% rate                                                                 | 67101 | 3 506 235 | 2 215 706 |
| other rates                                                                        | 67102 | -         | -         |
| non-taxable                                                                        | 67103 | -         | -         |
| Permanent difference                                                               | 6711  | 3 098 227 | 1 663 283 |
| For reference only: permanent differences, corresponding with temporary difference | 67111 | -         | -         |

|                                                                               |       |             |           |
|-------------------------------------------------------------------------------|-------|-------------|-----------|
| Change of deductible temporary differences                                    | 6712  | (606 130)   | 995 303   |
| Change of taxable temporary differences                                       | 6713  | (26 997)    | 8 921     |
| Tax base                                                                      | 6714  | 5 971 335   | 4 883 213 |
| Expenditure (revenue) on profit tax                                           | 6720  | 710 201     | 528 833   |
| Conventional expenditure (revenue) on profit tax                              | 6721  | 701 247     | 443 141   |
| Permanent tax liability (asset)                                               | 6722  | 619 645     | 332 657   |
| For reference only: change of deferred taxes,<br>posted to profits and losses | 67221 | (95 795)    | (141 758) |
| Expenditure (revenue) on deferred taxes                                       | 6723  | (126 625)   | (197 277) |
| including:<br>asset                                                           | 67231 | (121 226)   | (199 061) |
| change of deferred tax liability                                              | 67232 | (5 399)     | 1 784     |
| Current profit tax                                                            | 6724  | (1 194 267) | (578 521) |
| Sums specification of profit tax for past tax<br>periods                      | 6725  | 8 954       | 85 692    |
| Other tax payments and sanctions from profit                                  | 6730  | (53 797)    | (773 121) |
| including those on essential items                                            | 6731  | -           | -         |
| Profit (loss) from ordinary activities                                        | 6740  | 2 140 500   | 1 452 479 |

Director \_\_\_\_\_ Ocheredko O.V.  
(signature)

Chief accountant \_\_\_\_\_ Skiba I.V.  
(signature)

## Report on changes in equity 2016

|                                                                                  |                                                                                                          |                      |
|----------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|----------------------|
|                                                                                  | Codes                                                                                                    |                      |
| <b>Form No. 3</b> OKUD [Russian National Classifier of Management Documentation] | <b>0710003</b>                                                                                           |                      |
|                                                                                  | Date                                                                                                     | <b>31.12.2016</b>    |
| Organization: <b>Kubanenergo PJSC</b>                                            | OKPO [Russian Classifier of Businesses and Organizations]                                                | <b>00104509</b>      |
| Taxpayer Identification Number                                                   | INN [Taxpayer Identification Number]                                                                     | <b>2309001660</b>    |
| Type of activity: <b>transmission of electricity</b>                             | OKVED [Russian Classifier of Economic Activities]                                                        | <b>35.12 / 35,13</b> |
| Organizational legal form/ownership form: <b>Public Joint-Stock Company</b>      | OKOPF [Russian Classifier of Organizational Legal Forms]/OKFS [Russian Classifier of Forms of Ownership] | <b>122 /47 / 16</b>  |
| Unit: <b>thousand rubles</b>                                                     | OKEI [Russian Classifier of Measurement Units]                                                           | <b>384</b>           |

### 3.1. Cash flow

| Indicator description                           | Line code | Authorized capital | Capital (before registration of changes) | Treasury stock | Additional capital | Reserve capital | Unallocated profit (uncovered loss) | Total      |
|-------------------------------------------------|-----------|--------------------|------------------------------------------|----------------|--------------------|-----------------|-------------------------------------|------------|
| Balance as of December 31 2014 (1)              | 3100      | 28 286 813         | -                                        | -              | 16 124 116         | 89 347          | (14 879 177)                        | 29 624 089 |
| 2014 (2)<br>Increase of capital - total:        | 3210      | -                  | -                                        | -              | 1 256 964          | -               | 1 452 479                           | 2 709 443  |
| including:                                      |           |                    |                                          |                |                    |                 |                                     |            |
| Net profit                                      | 3211      | x                  | x                                        | x              | x                  | x               | 1 452 479                           | 1 452 479  |
| Revaluation of property                         | 3212      | x                  | x                                        | x              | 1 256 964          | x               |                                     | 1 256 964  |
| Incomes directly related to increase of capital | 3213      | x                  | x                                        | x              | -                  | x               |                                     | -          |
| additional share issue                          | 3214      |                    |                                          |                | -                  | -               | -                                   | -          |
| increase of share nominal value                 | 3215      | -                  | -                                        | x              | x                  | x               | -                                   | x          |
| legal entity reorganization                     | 3216      |                    |                                          |                |                    |                 |                                     | -          |
| Capital amount reduction – total:               | 3220      | -                  | -                                        | -              | -                  | -               | -                                   | -          |

|                                                         |      |            |           |   |           |        |              |             |
|---------------------------------------------------------|------|------------|-----------|---|-----------|--------|--------------|-------------|
| including:<br>loss                                      | 3221 | x          | x         | x | x         | x      | -            | -           |
| Revaluation of property                                 | 3222 | x          | x         | x |           | x      | -            | -           |
| expenditures directly related to<br>decrease of capital | 3223 | x          | x         | x | -         | x      | -            | -           |
| reduction of share nominal value                        | 3224 | -          | -         | - | x         | x      | -            | -           |
| reduction of number of shares                           | 3225 | -          | -         | - | x         | x      | -            | -           |
| legal entity reorganization                             | 3226 | -          | -         | - |           |        | -            | -           |
| dividends                                               | 3227 | x          | x         | x | x         | x      | -            | -           |
| Additional fund changing                                | 3230 | x          | x         | x | (47 996)  | x      | 47 998       | x           |
| Reserve fund changing                                   | 3240 | x          | x         | x | x         | -      | -            | x           |
| Capital as of 31 December 2015                          | 3200 | 26 288 813 | -         | - | 17 33 082 | 69 347 | (13 378 700) | 32 330 542  |
| 2016                                                    |      |            |           | - |           |        |              |             |
| Increase of capital - total:                            | 3310 | -          | 2 072 164 | - | -         | -      | 2 140 500    | 4 212 664   |
| including:                                              |      |            |           |   |           |        |              |             |
| Net profit                                              | 3311 | x          | x         | x | x         | x      | 2 140 500    | 2 140 500   |
| Revaluation of property                                 | 3312 | x          | x         | x | x         | x      |              | -           |
| Incomes directly related to increase<br>of capital      | 3313 | x          | x         | x | -         | -      | x            | -           |
| additional share issue                                  | 3314 |            | 2 072 164 |   |           | x      | x            | 2 072 164   |
| increase of share nominal value                         | 3315 | -          | -         | x | x         | x      |              | x           |
| legal entity reorganization                             | 3316 | -          | -         | - | -         | -      | -            | -           |
| Capital amount reduction – total:                       | 3320 | -          | -         | - | -         | -      | (1 144 797)  | (1 144 797) |
| including:                                              |      |            |           |   |           |        |              |             |
| loss                                                    | 3321 | x          | x         | x | x         | x      | -            | -           |
| Revaluation of property                                 | 3322 | x          | x         | x |           | x      | -            | -           |
| expenditures directly related to<br>decrease of capital | 3323 | x          | x         | x |           | x      | -            | -           |
| reduction of share nominal value                        | 3324 | -          | -         | x | x         | x      | -            | -           |
| reduction of number of shares                           | 3325 | -          | -         | - | x         | x      | -            | -           |

|                                       |      |            |           |   |            |         |              |             |
|---------------------------------------|------|------------|-----------|---|------------|---------|--------------|-------------|
| legal entity reorganization           | 3326 | -          | -         | - | -          | -       | -            | -           |
| dividends                             | 3327 | -          | -         | - | -          | -       | (1 144 797)  | (1 144 797) |
| Additional fund changing              | 3330 | x          | x         | x | (45 192)   | x       | 45 192       | x           |
| Reserve fund changing                 | 3340 | x          | x         | x | x          | 72 624  | (72 624)     | x           |
| Capital as of 31 December 2016<br>(3) | 3300 | 28 286 813 | 2 072 164 | - | 17 287 890 | 161 971 | (12 410 429) | 35 398 409  |

(1) – reporting date of the reporting period

(2) – previous year

(3) – year before the previous year



### 3.2. Amendments with regard of changes in accounting policy and correction of mistakes.

| Indicator description                    | Line code | As of<br>31.12.2014 | Capital changing in 2014           |                         | As of<br>31.12.2015 |
|------------------------------------------|-----------|---------------------|------------------------------------|-------------------------|---------------------|
|                                          |           |                     | At the<br>expense of<br>net profit | Due to other<br>factors |                     |
| Capital – total                          |           |                     |                                    |                         |                     |
| Before correcting                        | 3400      | 29 621 099          | 2 709 443                          | -                       | 32 330 542          |
| Correcting due to the fact of:           |           |                     |                                    |                         |                     |
| Accounting policy changing               | 3410      | -                   | -                                  | -                       | -                   |
| Correction of mistakes                   | 3420      | -                   | -                                  | -                       | -                   |
| After correcting                         | 3500      | 29 621 099          | 2 709 443                          | -                       | 32 330 542          |
| Including:                               |           |                     |                                    |                         |                     |
| Undistributed profit (unrecovered loss): |           |                     |                                    |                         |                     |
| Before correcting                        | 3401      | (14 879 177)        | 1 452 479                          | 47 998                  | (13 378 700)        |
| Correcting due to the fact of:           |           |                     |                                    |                         |                     |
| Accounting policy changing               | 3411      | -                   | -                                  | -                       | -                   |
| Correction of mistakes                   | 3421      | -                   | -                                  | -                       | -                   |
| After correcting                         | 3501      | (14 879 177)        | 1 452 479                          | 47 998                  | (13 378 700)        |
| Other corrected capital articles:        |           |                     |                                    |                         |                     |
| Before correcting                        | 3402      | 44 500 276          | 1 256 964                          | (47 998)                | 45 709 242          |
| Chartered capital                        | 34021     | 28 286 813          | -                                  | -                       | 28 286 813          |
| Capital (before registration of changes) | 340211    | -                   | -                                  | -                       | -                   |
| Treasury stock                           | 34022     | -                   | -                                  | -                       | -                   |
| Additional capital                       | 34023     | 16 124 116          | 1 256 964                          | (47 998)                | 17 33 082           |
| Reserve capital                          | 34024     | 89 347              | -                                  | -                       | 89 347              |
| Correcting due to the fact of:           |           |                     |                                    |                         |                     |
| Accounting policy changing               | 3412      | -                   | -                                  | -                       | -                   |
| Correction of mistakes                   | 3422      | -                   | -                                  | -                       | -                   |
| After correcting                         | 3502      | 44 500 276          | 1 256 964                          | (47 998)                | 45 709 242          |

### 3.3 Net assets

| Indicator description | Line code | as of 31.12.2016 | as of 31.12.2015 | as of 31.12.2014 |
|-----------------------|-----------|------------------|------------------|------------------|
| Net assets            | 3600      | 35 528 640       | 32 445 840       | 29 743 862       |

Director \_\_\_\_\_  
(signature)

Chief accountant \_\_\_\_\_  
(signature)

### 3.4. Accounting of estimated value of net assets

| Indicator  |                                                             | Line        | as of 31<br>December<br>2016 | as of 31<br>December<br>2015 | as of 31<br>December<br>2014 |
|------------|-------------------------------------------------------------|-------------|------------------------------|------------------------------|------------------------------|
| 1          |                                                             | 2           |                              | 3                            | 4                            |
| <b>I.</b>  | <b>Assets</b>                                               |             |                              |                              |                              |
| 1.         | Intangible assets                                           | 1110        | 25 834                       | 13 233                       | 13 473                       |
| 2.         | Results of researches and developments                      | 1120        | 24 411                       | 32 385                       | 28 687                       |
| 3.         | Intangible development assets                               | 1130        | -                            | -                            | -                            |
| 4.         | Tangible development assets                                 | 1140        | -                            | -                            | -                            |
| 5.         | Fixed assets                                                | 1150        | 55 910 737                   | 53 710 490                   | 47 499 351                   |
| 6.         | Income-bearing investments in tangible valuables            | 1160        | -                            | -                            | -                            |
| 7.         | Long-and short-term financial investments                   | 1170 + 1240 | 45 588                       | 45 588                       | 45 588                       |
| 8.         | Miscellaneous intangible assets <sup>2</sup>                | 1180+1190   | 892 143                      | 1 031 790                    | 1 196 196                    |
| 9.         | Stock                                                       | 1210        | 1 407 566                    | 1 292 106                    | 1 467 262                    |
| 10.        | Value added tax on valuables acquired                       | 1220        | 7 496                        | 6 198                        | 7 896                        |
| 11.        | Accounts receivable <sup>3</sup>                            | 1230        | 7 119 419                    | 4 900 772                    | 3 830 295                    |
| 12.        | Cash and equivalents                                        | 1250        | 1 245 575                    | 2 577 455                    | 7 070 974                    |
| 13.        | Miscellaneous current assets <sup>1</sup>                   | 1260        | 609 432                      | 708 381                      | 554 863                      |
| 14.        | Total assets taken for accounting, (sum of paragraphs 1-13) |             | 67 288 201                   | 64 318 398                   | 61 714 585                   |
| <b>II.</b> | <b>Liabilities</b>                                          |             |                              |                              |                              |
| 15.        | Long-term borrowed funds                                    | 1410        | 18 912 237                   | 10 000 000                   | 14 900 000                   |
| 16.        | Deferred tax liabilities                                    | 1420        | 128 343                      | 122 951                      | 124 789                      |
| 17.        | Estimated liability                                         | 1430+1540   | 2 930 335                    | 2 409 749                    | 2 787 288                    |
| 18.        | Other long-term liabilities                                 | 1450        | 1 429 365                    | 468 760                      | 1 021 770                    |
| 19.        | Short-term borrowed funds                                   | 1510        | 79 078                       | 7 071 346                    | 2 517 000                    |
| 20.        | Bills payable <sup>4</sup>                                  | 1520        | 8 280 201                    | 11 799 752                   | 10 619 876                   |
| 21.        | Miscellaneous short-term liabilities <sup>5</sup>           | 1550        | -                            | -                            | -                            |

|     |                                                                                                                                                    |  |            |            |            |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------------|--|------------|------------|------------|
| 22. | Total for liabilities taken for accounting (sum of paragraphs 15-21)                                                                               |  | 31 759 561 | 31 872 558 | 31 970 723 |
| 23. | Cost of net assets of joint stock company (total for assets taken for accounting (line 12) minus total liabilities taken for accounting (line 20)) |  | 35 528 640 | 32 445 840 | 29 743 862 |

Director \_\_\_\_\_ Ocheredko O.V.  
(signature)

Chief accountant \_\_\_\_\_ Skiba I.V.  
(signature)

21 February 2017

**Statement on cash flow**  
**January – December 2016**

|                                                                            |                                                               |               |
|----------------------------------------------------------------------------|---------------------------------------------------------------|---------------|
|                                                                            |                                                               | Codes         |
| <b>Form OKUD</b> [Russian National Classifier of Management Documentation] |                                                               | 0710004       |
| Date                                                                       |                                                               | 31.12.2016    |
| Organization: Kubanenergo PJSC                                             | OKPO [Russian Classifier of Businesses and Organizations]     | 00104509      |
| Taxpayer Identification Number                                             | INN [Taxpayer Identification Number]                          | 2309001660    |
| Type of activity <u>electricity transfer</u>                               | OKVED [Russian Classifier of Economic Activities]             | 35.12 / 35.13 |
| Organizational legal form/ownership form                                   | OKOPF [Russian Classifier of Organizational Legal Forms]/OKFS | 122 47 / 16   |
| Public Joint-Stock Company /                                               | [Russian Classifier of Forms of Ownership]                    |               |
| Unit: thousand кгидуы                                                      | OKEI [Russian Classifier of Measurement Units]                | 384           |

| Indicator                                                                                                                         | Line code | Jan - Dec 2016 | Jan - Dec 2015 |
|-----------------------------------------------------------------------------------------------------------------------------------|-----------|----------------|----------------|
| 1                                                                                                                                 | 2         |                | 3              |
| <b>Cash flow from operating activities</b>                                                                                        |           |                |                |
| Income - total                                                                                                                    | 4110      | 38 751 113     | 35 296 413     |
| Including:                                                                                                                        |           |                |                |
| From sales of products, goods, work and services                                                                                  | 4111      | 37 952 311     | 34 958 468     |
| Including from sales of products, goods, work and services to parent, affiliate and subsidiary companies                          | 411101    | 2 938          | 1 459          |
| Lease rents, license fee, royalties, commission and other payments                                                                | 4112      | 18 653         | 19 299         |
| Including from lease rents, license fee, royalties, commission and other payments from parent, affiliate and subsidiary companies | 411201    | 882            | 337            |
| From resale of financial assets                                                                                                   | 4113      | -              | -              |
| including from resale of financial assets to parent, affiliate and subsidiary companies                                           | 411301    |                | -              |
| Other incomes                                                                                                                     | 4119      | 780 149        | 318 646        |
| Including other incomes from parent, affiliate and subsidiary companies                                                           | 411901    | -              | 15 404         |
| Payments - total                                                                                                                  | 4120      | (38 713 872)   | (34 484 958)   |

|                                                                                                                                                                                      |        |              |              |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|--------------|--------------|
| including:                                                                                                                                                                           |        |              |              |
| to suppliers (contractors) for materials, stuff, work, services                                                                                                                      | 4121   | (26 670 799) | (25 289 506) |
| Including to suppliers (contractors) for materials, stuff, work, services of parent, affiliate and subsidiary companies                                                              | 412101 | (102 869)    | (67 264)     |
| Due to the fact of payment for the labour of an employee                                                                                                                             | 4122   | (4 500 988)  | (3 718 513)  |
| Interest on debenture                                                                                                                                                                | 4123   | (1 893 125)  | (2 191 814)  |
| Including interest on debenture to parent, affiliate and subsidiary companies                                                                                                        | 412301 | -            | -            |
| Tax on the profit of organizations                                                                                                                                                   | 4124   | (2 136 066)  | (1 294)      |
| Other payments                                                                                                                                                                       | 4129   | (3 512 894)  | (3 283 831)  |
| Including other payments to parent, affiliate and subsidiary companies                                                                                                               | 412901 | (18 949)     | (10 934)     |
| Including insurance payments                                                                                                                                                         | 412902 | (1 139 905)  | (984 620)    |
| Balance of money flows from current operations                                                                                                                                       | 4100   | 37 241       | 811 455      |
|                                                                                                                                                                                      |        |              |              |
| <b>Cash flow of investment activity funds</b>                                                                                                                                        |        |              |              |
|                                                                                                                                                                                      |        |              |              |
| Income – total                                                                                                                                                                       | 4210   | 836 568      | 608 980      |
| Including:                                                                                                                                                                           |        |              |              |
| From sale of non-current assets (except financial assets)                                                                                                                            | 4211   | 1 653        | 1 476        |
| Including from sale of non-current assets (except financial assets) to parent, affiliate and subsidiary companies                                                                    | 421101 | -            | -            |
| From sale of shares of other organizations (equity share)                                                                                                                            | 4212   | -            | -            |
| Including from sale of shares of other organizations (equity share) to parent, affiliate and subsidiary companies                                                                    | 421201 | -            | -            |
| From returning of granted loans, from sale of debt securities (claim of monetary funds to others)                                                                                    | 4213   | -            | -            |
| Including from returning of granted loans, from sale of debt securities (claim of monetary funds to others) of parent, affiliate and subsidiary companies                            | 421301 | -            | -            |
| From dividends, percent from debt financial placements and similar incomes from share participation in other organizations                                                           | 4214   | 91 896       | 508 564      |
| Including from dividends, percent from debt financial placements and similar incomes from share participation in other organizations from parent, affiliate and subsidiary companies | 421401 | -            | -            |
| Other incomes                                                                                                                                                                        | 4219   | 743 019      | 98 940       |

|                                                                                                                                                                                     |        |                   |                   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-------------------|-------------------|
| Including other incomes from parent, affiliate and subsidiary companies                                                                                                             | 421901 | -                 | -                 |
| Payments – total                                                                                                                                                                    | 4220   | (5 045 521)       | (5 496 997)       |
| Including:                                                                                                                                                                          |        |                   |                   |
| Due to the fact of purchasing, creating, modernization, reconstruction and preparing for use of non-current assets                                                                  | 4221   | (5 022 141)       | (5 468 681)       |
| Including payments to parent, affiliate and subsidiary companies due to the fact of purchasing, creating, modernization, reconstruction and preparing for use of non-current assets | 422101 | (39 368)          | (7 926)           |
| Due to the fact of purchasing shares of other companies (equity share)                                                                                                              | 4222   | -                 | -                 |
| Including payments to parent, affiliate and subsidiary companies due to the fact of purchasing shares of other companies (equity share)                                             | 422201 | -                 | -                 |
| Due to the fact of purchasing debt securities (claim of monetary funds to others), lending procuration to others                                                                    | 4223   | -                 | -                 |
| Including payments to parent, affiliate and subsidiary companies due to fact of purchasing debt securities (claim of monetary funds to others), lending procuration to others       | 422301 | -                 | -                 |
| Interest of debenture, included to value of investment asset                                                                                                                        | 4224   | -                 | -                 |
| Including interest of debenture, included to value of investment asset to parent, affiliate and subsidiary companies                                                                | 422401 | -                 | -                 |
| Other payments                                                                                                                                                                      | 4229   | (23 380)          | (28 316)          |
| Including other payments to parent, affiliate and subsidiary companies                                                                                                              | 422901 | -                 | -                 |
| Balance of money flows from current operations                                                                                                                                      | 4200   | (4 208 953)       | (4 888 017)       |
|                                                                                                                                                                                     |        |                   |                   |
| <b>Cash flows from financial operations</b>                                                                                                                                         | Line   | Jan - Dec<br>2016 | Jan - Dec<br>2015 |
| Income – total                                                                                                                                                                      | 4310   | 16 987 842        | 13 584 587        |
| Including:                                                                                                                                                                          |        |                   |                   |
| Receiving the credits and loans                                                                                                                                                     | 4311   | 13 219 842        | 13 584 587        |
| Including receiving the credits and loans from parent, affiliate and subsidiary companies                                                                                           | 431101 | -                 | -                 |
| From owners' lodgment (participants)                                                                                                                                                | 4312   | -                 | -                 |
| Including from owners' lodgment (participants) of parent,                                                                                                                           | 431201 | -                 | -                 |

|                                                                                                                                                                               |        |              |              |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|--------------|--------------|
| affiliate and subsidiary companies                                                                                                                                            |        |              |              |
| From shares release, increasing share of participation                                                                                                                        | 4313   | 2 072 164    | -            |
| From shares release, increasing share of participation of parent, affiliate and subsidiary companies                                                                          | 431301 | 2 072 164    | -            |
| From issue of bonds, bills and other debt securities and other                                                                                                                | 4314   | -            | -            |
| From issue of bonds, bills and other debt securities and other of parent, affiliate and subsidiary companies                                                                  | 431401 | -            | -            |
| Other incomes                                                                                                                                                                 | 4319   | 1 695 836    | 1 250 000    |
| Other incomes from parent, affiliate and subsidiary companies                                                                                                                 | 431901 |              | -            |
| Payments - total                                                                                                                                                              | 4320   | (14 148 052) | (14 001 587) |
| Including:                                                                                                                                                                    |        |              |              |
| To owners (participants) due to the fact of their shares purchasing (equity share) or their cessation of membership                                                           | 4321   | -            | -            |
| Including to owners (participants) due to the fact of their shares purchasing (equity share) or their cessation of membership of parent, affiliate and subsidiary companies   | 432101 | -            | -            |
| To dividends and other payments under appropriation of profit in favor of owners (participants)                                                                               | 4322   | (1 144 613)  | -            |
| Including to dividends and other payments under appropriation of profit in favor of owners (participants) of parent, affiliate and subsidiary companies                       | 432201 | (1 055 987)  | -            |
| Due to the fact of payment of promissory notes (purchasing) and other debt securities, repayment of credits and loans                                                         | 4323   | (11 307 603) | (12 751 587) |
| Including due to the fact of payment of promissory notes (purchasing) and other debt securities, repayment of credits and loans to parent, affiliate and subsidiary companies | 432301 | -            | -            |
| Other payments                                                                                                                                                                | 4329   | (1 695 836)  | (1 250 000)  |
| Including other payments to parent, affiliate and subsidiary companies                                                                                                        | 432901 | -            | -            |
| Balance of money flows from current operations                                                                                                                                | 4300   | 2 839 790    | (417 000)    |
| Balance of money flows in the accounting period                                                                                                                               | 4400   | (1 331 922)  | (4 493 562)  |
| Cash balance and money equivalent at the beginning of reporting period                                                                                                        | 4450   | 2 577 358    | 7 070 920    |
| Cash balance and money equivalent at the end of reporting period                                                                                                              | 4500   | 1 245 436    | 2 577 358    |
| Effect of exchange rate changes of rubles                                                                                                                                     | 4490   | -            | -            |

Director \_\_\_\_\_ Ocheredko O.V.  
(signature)

Chief accountant \_\_\_\_\_ Skiba I.V.  
(signature)

21 February 2017



**5.1. Intangible assets**  
**5.1.1. Availability and flow of intangible assets**

| Indicator                                                                               |       |        | As of year’s beginning |          |   |        | Changes for period |                              |                          |                   |                      |                 |                |                              | As of period’s end |           |    |        |
|-----------------------------------------------------------------------------------------|-------|--------|------------------------|----------|---|--------|--------------------|------------------------------|--------------------------|-------------------|----------------------|-----------------|----------------|------------------------------|--------------------|-----------|----|--------|
| Name                                                                                    | Code  | Period |                        |          |   |        | entered            |                              |                          |                   | Accrued depreciation | Impairment loss | Reassessment   |                              |                    |           |    |        |
|                                                                                         |       |        |                        |          |   |        |                    | Initial/current market value | Accumulated depreciation | Impairment losses |                      |                 | Residual value | Initial/current market value |                    |           |    |        |
| 1                                                                                       | 2     | 3      | 4                      | 5        | 6 | 7      | 8                  | 9                            | 10                       | 11                | 12                   | 13              | 14             | 15                           | 16                 | 17        | 18 | 19     |
| Intangible assets - totally                                                             | 5100  | 2016   | 36 388                 | (23 155) | - | 13 233 | 18 377             | -                            | -                        | -                 | (5 776)              | -               | -              | -                            | 54 765             | 28 931    | -  | 25 834 |
|                                                                                         | 5110  | 2015   | 28 091                 | (14 618) | - | 13 473 | 8 297              | -                            | -                        | -                 | (8 537)              | -               | -              | -                            | 36 388             | (23 155)  | -  | 13 233 |
| Objects of intellectual property(exclusive rights for results of intellectual property) | 5101  | 2016   | 6 271                  | (1 948)  | - | 4 323  | 18 377             | -                            | -                        | -                 | (2 527)              | -               | -              | -                            | 24 648             | (4 475)   | -  | 20 173 |
|                                                                                         | 5111  | 2015   | 6 271                  | (448)    | - | 5 823  | -                  | -                            | -                        | -                 | (1500)               | -               | -              | -                            | 6 271              | (1 948)   | -  | 4 323  |
| including:                                                                              |       |        |                        |          |   |        |                    |                              |                          |                   |                      |                 |                |                              |                    |           |    |        |
| at a patent holder for inventions, industrial sample, useful model                      | 51011 | 2016   | 2 351                  | (646)    | - | 1 705  | -                  | -                            | -                        | -                 | (236)                | -               | -              | -                            | 2 351              | (882)     | -  | 1 469  |
|                                                                                         | 51111 | 2015   | 2 351                  | (411)    | - | 1 940  | -                  | -                            | -                        | -                 | (235)                | -               | -              | -                            | 2 351              | (646)     | -  | 1 705  |
| at a right holder for Computer programs, databases                                      | 51012 | 2016   | 3 728                  | (1 243)  | - | 2 485  | 18 377             | -                            | -                        | -                 | (2 269)              | -               | -              | -                            | 22 105             | (3 512)   | -  | 18 593 |
|                                                                                         | 51112 | 2015   | 3 728                  | -        | - | 3 728  | -                  | -                            | -                        | -                 | (1 243)              | -               | -              | -                            | 3 728              | (1 243)   | -  | 2 485  |
| at a right holder for topologies of integrated microcircuits                            | 51013 | 2016   | -                      | -        | - | -      | -                  | -                            | -                        | -                 | -                    | -               | -              | -                            | -                  | -         | -  | -      |
|                                                                                         | 51113 | 2015   | -                      | -        | - | -      | -                  | -                            | -                        | -                 | -                    | -               | -              | -                            | -                  | -         | -  | -      |
| at owner for trade mark, service mark, name of place of origin of goods                 | 51014 | 2016   | 192                    | (59)     | - | 133    | -                  | -                            | -                        | -                 | (22)                 | -               | -              | -                            | 192                | (81)      | -  | 111    |
|                                                                                         | 51114 | 2015   | 192                    | (37)     | - | 155    | -                  | -                            | -                        | -                 | (22)                 | -               | -              | -                            | 192                | (59)      | -  | 133    |
| Company’s business reputation                                                           | 5102  | 2016   | -                      | -        | - | -      | -                  | -                            | -                        | -                 | -                    | -               | -              | -                            | -                  | -         | -  | -      |
|                                                                                         | 5112  | 2015   | -                      | -        | - | -      | -                  | -                            | -                        | -                 | -                    | -               | -              | -                            | -                  | -         | -  | -      |
| Others                                                                                  | 5103  | 2016   | 30 117                 | (21 207) | - | 8 910  | -                  | -                            | -                        | -                 | (3 249)              | -               | -              | -                            | 30 117             | (24 456)  | -  | 5 661  |
|                                                                                         | 5113  | 2015   | 21 820                 | (14 170) | - | 7 650  | 8 297              | -                            | -                        | -                 | (7 037)              | -               | -              | -                            | 30 117             | (21 2070) | -  | 8 910  |

(1)- reporting year  
(2)- previous year

## 5.2. Results of the scientific and research, design and experimental and technological works and intangible assets

### 5.2.1. Availability and flow of R&D results

| Indicator name                                                             | Code | Period | As of year's beginning |                                             | Changes for period |                 |                                             |                                                           | As of period's end |                                             |
|----------------------------------------------------------------------------|------|--------|------------------------|---------------------------------------------|--------------------|-----------------|---------------------------------------------|-----------------------------------------------------------|--------------------|---------------------------------------------|
|                                                                            |      |        | initial cost           | part of cost,<br>written off to<br>expenses | entered            | retired         |                                             | part of cost,<br>written off to<br>expenses for<br>period | initial cost       | part of cost,<br>written off to<br>expenses |
|                                                                            |      |        |                        |                                             |                    | initial<br>cost | part of cost,<br>written off to<br>expenses |                                                           |                    |                                             |
| 1                                                                          | 2    | 3      | 4                      | 5                                           | 6                  | 7               | 8                                           | 9                                                         | 10                 | 11                                          |
| R&D, total                                                                 | 5140 | 2016   | 2 966                  | (2 966)                                     | -                  | -               | -                                           | -                                                         | 2 966              | 2 966                                       |
|                                                                            | 5150 | 2015   | 2 966                  | (1 977)                                     | -                  | -               | -                                           | (989)                                                     | 2 966              | 2 966                                       |
| among them:                                                                |      |        |                        |                                             |                    |                 |                                             |                                                           | -                  | -                                           |
| Expenses for R&D, the<br>results of which are used<br>for production needs | 5141 | 2016   | 2 966                  | (2 966)                                     | -                  | -               | -                                           | -                                                         | 2 966              | 2 966                                       |
|                                                                            | 5151 | 2015   | 2 966                  | (1 977)                                     | -                  | -               | -                                           | (989)                                                     | 2 966              | 2 966                                       |
| Patentable results of<br>fulfilled R&D                                     | 5142 | 2016   | -                      | -                                           | -                  | -               | -                                           | -                                                         | -                  | -                                           |
|                                                                            | 5152 | 2015   | -                      | -                                           | -                  | -               | -                                           | -                                                         | -                  | -                                           |
| Expenses for R&D, made<br>in-house                                         | 5143 | 2016   | -                      | -                                           | -                  | -               | -                                           | -                                                         | -                  | -                                           |
|                                                                            | 5153 | 2015   | -                      | -                                           | -                  | -               | -                                           | -                                                         | -                  | -                                           |
| Expenses for R&D,<br>fulfilled by external<br>agencies                     | 5144 | 2016   | -                      | -                                           | -                  | -               | -                                           | -                                                         | -                  | -                                           |
|                                                                            | 5154 | 2015   | -                      | -                                           | -                  | -               | -                                           | -                                                         | -                  | -                                           |

(1) – reporting year

(2) – previous year

### 5.2.2. In-progress and unregistered R&D and operations to acquire intangible assets in-progress

| Indicator name                                                           | Code | Period | As of year's beginning | Changes for period  |                                                                   |                                                                           | As of period's end |
|--------------------------------------------------------------------------|------|--------|------------------------|---------------------|-------------------------------------------------------------------|---------------------------------------------------------------------------|--------------------|
|                                                                          |      |        |                        | expenses for period | expenses written off as those which haven't given positive result | entered in accounting records in the capacity of intangible assets or R&D |                    |
| 1                                                                        | 2    | 3      | 4                      | 5                   | 6                                                                 | 7                                                                         | 8                  |
| Expenses on researches and developments in progress - total              | 5160 | 2016   | 32 385                 | 11 116              | -                                                                 | (19 140)                                                                  | 24 411             |
|                                                                          | 5170 | 2015   | 27 698                 | 6 241               | (1 554)                                                           | -                                                                         | 32 385             |
| including:                                                               |      |        |                        |                     |                                                                   |                                                                           |                    |
| Scientific and research works                                            | 5161 | 2016   | 16 144                 | 7 511               | -                                                                 | (6 744)                                                                   | 16 911             |
|                                                                          | 5171 | 2015   | 16 144                 | -                   | -                                                                 | -                                                                         | 16 144             |
| Design and experimental works                                            | 5162 | 2016   | 16 241                 | 2 200               | -                                                                 | (10 941)                                                                  | 7 500              |
|                                                                          | 5172 | 2015   | 10 000                 | 6 241               | -                                                                 | -                                                                         | 16 241             |
| Technological works                                                      | 5163 | 2016   | -                      | 1 455               | -                                                                 | (1 455)                                                                   | -                  |
|                                                                          | 5173 | 2015   | 1 554                  | -                   | (1 554)                                                           | -                                                                         | -                  |
| Others                                                                   | 5164 | 2016   | -                      | -                   | -                                                                 | -                                                                         | -                  |
|                                                                          | 5174 | 2015   | -                      | -                   | -                                                                 | -                                                                         | -                  |
| Operations to acquire intangible assets in-progress- total               | 5180 | 2016   | -                      | -                   | -                                                                 | -                                                                         | -                  |
|                                                                          | 5190 | 2015   | -                      | 8 297               | -                                                                 | (8 297)                                                                   | -                  |
| including:                                                               |      |        |                        |                     |                                                                   |                                                                           |                    |
| from a patent holder for inventions, industrial sample, useful model     | 5181 | 2016   | -                      | -                   | -                                                                 | -                                                                         | -                  |
|                                                                          | 5191 | 2015   | -                      | -                   | -                                                                 | -                                                                         | -                  |
| from a right holder for Computer programs, databases                     | 5182 | 2016   | -                      | -                   | -                                                                 | -                                                                         | -                  |
|                                                                          | 5192 | 2015   | -                      | -                   | -                                                                 | -                                                                         | -                  |
| from a right holder for topologies of integrated microcircuits           | 5183 | 2016   | -                      | -                   | -                                                                 | -                                                                         | -                  |
|                                                                          | 5193 | 2015   | -                      | -                   | -                                                                 | -                                                                         | -                  |
| from owner, for trade mark, service mark, appellation of origin of goods | 5184 | 2016   | -                      | -                   | -                                                                 | -                                                                         | -                  |
|                                                                          | 5194 | 2015   | -                      | -                   | -                                                                 | -                                                                         | -                  |
| Others                                                                   | 5185 | 2016   | -                      | -                   | -                                                                 | -                                                                         | -                  |
|                                                                          | 5195 | 2015   | -                      | 8 297               | -                                                                 | (8 297)                                                                   | -                  |

(1) - reporting year

(2) - previous year

**5.3. Fixed assets**  
**5.3.1. Availability and flow of fixed assets**

| Indicator                                                                                             | Code  | Period | As of year's beginning |                          |                | Changes over the period |                                                |              |                          |                       |              | As of period's end       |              |                          |                |
|-------------------------------------------------------------------------------------------------------|-------|--------|------------------------|--------------------------|----------------|-------------------------|------------------------------------------------|--------------|--------------------------|-----------------------|--------------|--------------------------|--------------|--------------------------|----------------|
|                                                                                                       |       |        | initial cost           | accumulated depreciation | residual value | entered                 | accumulated depreciation on entered facilities |              |                          | depreciation, accrued | reassessment |                          | initial cost | accumulated depreciation | residual value |
|                                                                                                       |       |        |                        |                          |                |                         |                                                | initial cost | accumulated depreciation |                       | initial cost | accumulated depreciation |              |                          |                |
| 1                                                                                                     | 2     | 3      | 4                      | 5                        | 6              | 7                       | 8                                              | 9            | 10                       | 11                    | 12           | 13                       | 14           | 15                       | 16             |
| Fixed assets (net of income-bearing investments into tangible assets) - totally                       | 5200  | 2016   | 98 908 399             | (48 311871)              | 50 596 528     | 3 625 005               | (2 196)                                        | (197 359)    | 175 415                  | (3 627 627)           | -            | -                        | 102 336 045  | (51 765 279)             | 50 570 766     |
|                                                                                                       | 5210  | 2015   | 86 581 755             | (42 535 979)             | 44 045 776     | 8 653 551               | (12 292)                                       | (311 743)    | 199 564                  | (3 202 524)           | 3 984 836    | (2 760 640)              | 98 908 399   | (48 311 871)             | 50 596 528     |
| including:                                                                                            |       |        |                        |                          |                |                         |                                                |              |                          |                       |              |                          |              |                          |                |
| Depreciable fixed assets – totally:                                                                   | 5201  | 2016   | 98 775 142             | (48 311 871)             | 50 463 271     | 3 622 140               | (2 196)                                        | (197 359)    | 176 415                  | (3 627 267)           | -            | -                        | 102 199 923  | (51 765 279)             | 50 434 644     |
|                                                                                                       | 5211  | 2015   | 86 450 613             | (42 535 979)             | 43 914 634     | 8 651 436               | (12 292)                                       | (311 743)    | 199 564                  | (3 202 524)           | 3 984 836    | (2 760 640)              | 98 775 142   | (48 311 871)             | 50 463 271     |
| including:                                                                                            |       |        |                        |                          |                |                         |                                                |              |                          |                       |              |                          |              |                          |                |
| production buildings                                                                                  | 52011 | 2016   | 10 521 496             | (4 806 446)              | 5 715 050      | 208 366                 | -                                              | 21 305       | 12 006                   | (207 922)             | -            | -                        | 10 751 167   | (5 002 362)              | 5 748 805      |
|                                                                                                       | 52111 | 2015   | 9 823 392              | (4 270 967)              | 5 552 425      | 79 342                  | 374                                            | (51 154)     | 39 379                   | (199 736)             | 669 916      | (375 496)                | 10 521 496   | (4 806 446)              | 5 715 050      |
| constructions, except power lines                                                                     | 52012 | 2016   | 2 621 532              | (906 502)                | 1 715 030      | 70 510                  | -                                              | (53 444)     | 30 606                   | (138 942)             | -            | -                        | 2 638 598    | (1 014 838)              | 1 623 760      |
|                                                                                                       | 52112 | 2015   | 2 508 020              | (766 928)                | 1 741 092      | 114 141                 | (285)                                          | (629)        | 561                      | (139 850)             | -            | -                        | 2 621 532    | (906 502)                | 1 715 030      |
| power transmission lines and devices                                                                  | 52013 | 2016   | 41 914 771             | (12 256 618)             | 29 658 153     | 1 594 671               | -                                              | (80 034)     | 50 449                   | (1 461 567)           | -            | -                        | 43 429 408   | (13 667 736)             | 29 761 672     |
|                                                                                                       | 52113 | 2015   | 35 161 949             | (11 106 188)             | 24 055 761     | 6 826 524               | -                                              | (73 702)     | 32 956                   | (1 183 386)           | -            | -                        | 41 914 771   | (12 256 618)             | 29 658 153     |
| machinery and equipment to produce electric power, substations, equipment to transform electric power | 52014 | 2016   | 37 027 190             | (26 567 034)             | 10 460 156     | 1 215 834               | (2 044)                                        | (351 510)    | 272 186                  | (1 149 122)           | -            | -                        | 37 891 514   | (27 446 014)             | 10 445 500     |
|                                                                                                       | 52114 | 2015   | 32 804 279             | (23 226 287)             | 9 577 992      | 1 047 341               | (10 708)                                       | (139 350)    | 96 207                   | (1 041 102)           | 3 314 920    | (2 385 144)              | 37 027 190   | (26 567 034)             | 10 460 156     |
| production and household equipment                                                                    | 52015 | 2016   | 50 373                 | (42 742)                 | 7 631          | 889                     | -                                              | (7 274)      | 6 358                    | (2 012)               | -            | -                        | 43 988       | (38 396)                 | 5 592          |
|                                                                                                       | 52115 | 2015   | 48 556                 | (41 187)                 | 7 369          | 2 459                   | -                                              | (642)        | 620                      | (2 175)               | -            | -                        | 50 373       | (42 742)                 | 7 631          |
| others                                                                                                | 52016 | 2016   | 6 639 780              | (3 732 529)              | 2 907 251      | 531 870                 | (152)                                          | 273 598      | (195 190)                | (668 062)             | -            | -                        | 7 445 248    | (4 595 933)              | 2 849 315      |

|                                                                                       | 52116 | 2015   | 6 104 417                   | (3 124 422)              | 2 979 995      | 581 629                 | (1 673)                                        | (46 266)     | 29 841                   | (636 275)             | -            | -                        | 6 639 780               | (3 732 529)              | 2 907 251      |
|---------------------------------------------------------------------------------------|-------|--------|-----------------------------|--------------------------|----------------|-------------------------|------------------------------------------------|--------------|--------------------------|-----------------------|--------------|--------------------------|-------------------------|--------------------------|----------------|
| Indicator name                                                                        | Code  | Period | As of beginning of the year |                          |                | Changes over the period |                                                |              |                          |                       |              |                          | As of the end of period |                          |                |
|                                                                                       |       |        | initial cost                | accumulated depreciation | residual value | entered                 | accumulated depreciation on entered facilities |              |                          | depreciation, accrued | reassessment |                          | initial cost            | accumulated depreciation | residual value |
|                                                                                       |       |        |                             |                          |                |                         |                                                | initial cost | accumulated depreciation |                       | initial cost | accumulated depreciation |                         |                          |                |
| 1                                                                                     | 2     | 3      | 4                           | 5                        | 6              | 7                       | 8                                              | 9            | 10                       | 11                    | 12           | 13                       | 14                      | 15                       | 16             |
| Facilities with unrestricted useful life, not depreciable - totally                   | 5202  | 2016   | 133 257                     | -                        | 133 257        | 2 865                   | -                                              | -            | -                        | -                     | -            | -                        | 136 122                 | -                        | 136 122        |
|                                                                                       | 5212  | 2015   | 131 142                     | -                        | 131 142        | 2 115                   | -                                              | -            | -                        | -                     | -            | -                        | 133 257                 | -                        | 133 257        |
| including:                                                                            |       |        |                             |                          |                |                         |                                                |              |                          |                       |              |                          |                         |                          |                |
| land plots                                                                            | 52021 | 2016   | 133 257                     | -                        | 133 257        | 2 865                   | -                                              | -            | -                        | -                     | -            | -                        | 136 122                 | -                        | 136 122        |
|                                                                                       | 52121 | 2015   | 131 142                     | -                        | 131 142        | 2 115                   | -                                              | -            | -                        | -                     | -            | -                        | 133 257                 | -                        | 133 257        |
| objects of nature management                                                          | 52022 | 2016   | -                           | -                        | -              | -                       | -                                              | -            | -                        | -                     | -            | -                        | -                       | -                        | -              |
|                                                                                       | 52122 | 2015   | -                           | -                        | -              | -                       | -                                              | -            | -                        | -                     | -            | -                        | -                       | -                        | -              |
| Capital investments for fundamental improvement of lands                              | 5203  | 2016   | -                           | -                        | -              | -                       | -                                              | -            | -                        | -                     | -            | -                        | -                       | -                        | -              |
|                                                                                       | 5213  | 2015   | -                           | -                        | -              | -                       | -                                              | -            | -                        | -                     | -            | -                        | -                       | -                        | -              |
| Accounted in composition of income-bearing investments into tangible assets - totally | 5220  | 2016   | -                           | -                        | -              | -                       | -                                              | -            | -                        | -                     | -            | -                        | -                       | -                        | -              |
|                                                                                       | 5230  | 2015   | -                           | -                        | -              | -                       | -                                              | -            | -                        | -                     | -            | -                        | -                       | -                        | -              |
| including:                                                                            |       |        | -                           | -                        | -              | -                       | -                                              | -            | -                        | -                     | -            | -                        | -                       | -                        | -              |
| property to be transferred on lease                                                   | 5221  | 2016   | -                           | -                        | -              | -                       | -                                              | -            | -                        | -                     | -            | -                        | -                       | -                        | -              |
|                                                                                       | 5231  | 2015   | -                           | -                        | -              | -                       | -                                              | -            | -                        | -                     | -            | -                        | -                       | -                        | -              |
| property submitted under a lease contract                                             | 5222  | 2016   | -                           | -                        | -              | -                       | -                                              | -            | -                        | -                     | -            | -                        | -                       | -                        | -              |
|                                                                                       | 5232  | 2015   | -                           | -                        | -              | -                       | -                                              | -            | -                        | -                     | -            | -                        | -                       | -                        | -              |

### 5.3.2. Useful life and methods for depreciation accrual

| Indicator name                                                                                                 | Code | Established useful life<br>(in months) | Methods for depreciation<br>accrual |
|----------------------------------------------------------------------------------------------------------------|------|----------------------------------------|-------------------------------------|
| 1                                                                                                              | 2    | 3                                      | 4                                   |
| Production buildings                                                                                           | 7001 | 20-1714                                | straight-line                       |
| Construction, except for power<br>transmission lines                                                           | 7002 | 25-1200                                | straight-line                       |
| Power transmission lines and<br>devices                                                                        | 7003 | 12-1500                                | straight-line                       |
| Machinery and equipment to<br>produce electric power,<br>substations, equipment to<br>transform electric power | 7004 | 5-893                                  | straight-line                       |
| Production and household<br>equipment                                                                          | 7005 | 4-1200                                 | straight-line                       |
| Miscellaneous                                                                                                  | 7006 | 1-1500                                 | straight-line                       |

### 5.3.3. Cost change of the fixed assets as a result of further construction, further equipping, reconstruction and partial liquidation

| Indicator name                                                                                                                           | Code | 2016     | 2015      |
|------------------------------------------------------------------------------------------------------------------------------------------|------|----------|-----------|
| 1                                                                                                                                        | 2    | 3        | 4         |
| Cost increase of the items of the fixed<br>assets as a result of a further<br>construction, further equipping,<br>reconstruction – total | 5260 | 989 575  | 1 299 304 |
| including:                                                                                                                               |      |          |           |
| production buildings                                                                                                                     | 5261 | 5 656    | 33 202    |
| construction, except for power<br>transmission lines                                                                                     | 5262 | 2 855    | 11 604    |
| power transmission lines and devices                                                                                                     | 5263 | 970 395  | 1 171 088 |
| machinery and equipment to produce<br>electric power, substations, equipment<br>to transform electric power                              | 5264 | 10 363   | 51 076    |
| production and household equipment                                                                                                       | 5265 | -        | -         |
| miscellaneous                                                                                                                            | 5266 | 306      | 32 334    |
| Cost decrease of the items of the fixed<br>assets as a result of a partial<br>liquidation –<br>total                                     | 5270 | (56 580) | (68 168)  |
| including:                                                                                                                               |      |          |           |
| production buildings                                                                                                                     | 5271 | (49)     | -         |
| construction, except for power<br>transmission lines                                                                                     | 5272 | -        | -         |
| power transmission lines and devices                                                                                                     | 5273 | (50 086) | (63 382)  |
| machinery and equipment to produce<br>electric power, substations, equipment<br>to transform electric power                              | 5274 | (6 448)  | (4 751)   |

|                                    |      |   |      |
|------------------------------------|------|---|------|
| production and household equipment | 5275 | - | -    |
| miscellaneous                      | 5276 | - | (35) |

#### 5.3.4. Other use of the fixed assets

| Indicator name                                                                                                 | Code | As of 31<br>December<br>2016 | As of 31<br>December<br>2015 | As of 31<br>December<br>2014 |
|----------------------------------------------------------------------------------------------------------------|------|------------------------------|------------------------------|------------------------------|
| 1                                                                                                              | 2    | 3                            | 4                            | 5                            |
| Leased out fixed assets, being on the books                                                                    | 5280 | 53 642                       | 37 143                       | 41 159                       |
| Leased out fixed assets, being off the books                                                                   | 5281 | -                            | -                            | -                            |
| Taken on lease fixed assets, being on the books                                                                | 5282 | -                            | -                            | -                            |
| Taken on lease fixed assets, being off the books                                                               | 5283 | 3 621 268                    | 3 881 215                    | 3 976 318                    |
| Items of immovable property, accepted for operation and used actually, being in the state registration process | 5284 | 4 341 400                    | 16 537 249                   | 15 579 411                   |
| Fixed assets transferred to standby                                                                            | 5285 | 22 957                       | 14 201                       | 11 758                       |
| Other use of fixed assets (pledge etc.)                                                                        | 5286 | -                            | -                            | -                            |

(1) – reporting date of the reporting period

(2) – the previous year

(3) – the year preceding the previous year

### 5.3.5. Capital investments in progress

| Indicator name                                                                                                               | Code  | Period | As of year's beginning | Changes for period      |             |                                                                    | As of period's end |
|------------------------------------------------------------------------------------------------------------------------------|-------|--------|------------------------|-------------------------|-------------|--------------------------------------------------------------------|--------------------|
|                                                                                                                              |       |        |                        | expenditures for period | written off | entered in accounting records as fixed assets or cost is increased |                    |
| 1                                                                                                                            | 2     | 3      | 4                      | 5                       | 6           | 7                                                                  | 8                  |
| Construction-in-process and unaccomplished operations in respect to acquisition, renovation etc. of the fixed assets - total | 5240  | 2016   | 2 196 312              | 6 280 112               | (572 537)   | (3 583 859)                                                        | 4 320 028          |
|                                                                                                                              | 5250  | 2015   | 2 553 788              | 8 734 607               | (538 863)   | (8 553 220)                                                        | 2 193 312          |
| including:                                                                                                                   |       |        |                        |                         |             |                                                                    |                    |
| of Industrial purpose                                                                                                        | 5241  | 2016   | 2 196 312              | 6 280 112               | (572 537)   | (3 583 859)                                                        | 4 320 028          |
|                                                                                                                              | 5251  | 2015   | 2 553 788              | 8 734 607               | (538 863)   | (8 553 220)                                                        | 2 193 312          |
| construction-in-process                                                                                                      | 52411 | 2016   | 1 262 125              | 4 515 868               | (24 418)    | (3 197 737)                                                        | 2 555 838          |
|                                                                                                                              | 52511 | 2015   | 1 565 614              | 8 146 657               | (70 239)    | (8 379 9007)                                                       | 1 262 125          |
| fixed assets acquisition                                                                                                     | 52412 | 2016   | 5 821                  | 429 707                 | (46 403)    | (383 266)                                                          | 5 859              |
|                                                                                                                              | 52512 | 2015   | 6 121                  | 173 815                 | (802)       | (173 313)                                                          | 5 821              |
| equipment to be installed                                                                                                    | 52413 | 2016   | 928 322                | 1 331 663               | (501 698)   | -                                                                  | 1 758 287          |
|                                                                                                                              | 52513 | 2015   | 982 053                | 414 044                 | (467 775)   | -                                                                  | 928 322            |
| miscellaneous                                                                                                                | 52414 | 2016   | 44                     | 2 874                   | (18)        | (2 856)                                                            | 44                 |
|                                                                                                                              | 52514 | 2015   | -                      | 91                      | (47)        | -                                                                  | 44                 |
| of non-industrial purpose                                                                                                    | 5242  | 2016   | -                      | -                       | -           | -                                                                  | -                  |
|                                                                                                                              | 5252  | 2015   | -                      | -                       | -           | -                                                                  | -                  |
| construction-in-process                                                                                                      | 52421 | 2016   | -                      | -                       | -           | -                                                                  | -                  |
|                                                                                                                              | 52521 | 2015   | -                      | -                       | -           | -                                                                  | -                  |
| fixed assets acquisition                                                                                                     | 52422 | 2016   | -                      | -                       | -           | -                                                                  | -                  |
|                                                                                                                              | 52522 | 2015   | -                      | -                       | -           | -                                                                  | -                  |
| equipment to be installed                                                                                                    | 52423 | 2016   | -                      | -                       | -           | -                                                                  | -                  |
|                                                                                                                              | 52523 | 2015   | -                      | -                       | -           | -                                                                  | -                  |
| miscellaneous                                                                                                                | 52424 | 2016   | -                      | -                       | -           | -                                                                  | -                  |
|                                                                                                                              | 52524 | 2015   | -                      | -                       | -           | -                                                                  | -                  |



### 5.3.6. Advances paid for capital construction and fixed assets acquisition

| Indicator name                         | Code  | Period | As of the beginning of the year    |                                        | Changes within the period                                      |                |                      |            |                                               |                                 |                       | As of the end of the period        |                                        |
|----------------------------------------|-------|--------|------------------------------------|----------------------------------------|----------------------------------------------------------------|----------------|----------------------|------------|-----------------------------------------------|---------------------------------|-----------------------|------------------------------------|----------------------------------------|
|                                        |       |        | accounted under contract's clauses | amount of provision for doubtful debts | entrance                                                       |                |                      | retirement |                                               |                                 |                       | accounted under contract's clauses | amount of provision for doubtful debts |
|                                        |       |        |                                    |                                        | as a result of economic operations (debt sum on a transaction) | other accruals | accrual of a reserve | repayment  | writing off owing to reserve, accrued earlier | writing off to financial result | recovery of a reserve |                                    |                                        |
| 1                                      | 2     | 3      | 4                                  | 5                                      | 6                                                              | 7              | 8                    | 9          | 10                                            | 11                              | 12                    | 13                                 | 14                                     |
| Advances paid for capital construction | 5291  | 2016   | 140 397                            | (122 094)                              | 88 436                                                         | -              | (3 901)              | (5 670)    | (17 328)                                      | -                               | 1 366                 | 205 835                            | (107 301)                              |
|                                        | 5292  | 2015   | 497 445                            | (204 749)                              | 5 313                                                          | -              | (122 095)            | (323 058)  | (39 293)                                      | (10)                            | 165 457               | 140 397                            | (122 094)                              |
| including:                             |       |        |                                    |                                        |                                                                |                |                      |            |                                               |                                 |                       |                                    |                                        |
| <i>capital construction</i>            | 52911 | 2016   | 128 327                            | (114 705)                              | 13 412                                                         | -              | (3 901)              | -          | (17 049)                                      | -                               | -                     | 124 690                            | (101 557)                              |
|                                        | 52921 | 2015   | 472 022                            | (197 413)                              | 957                                                            | -              | (114 704)            | (305 359)  | (39 293)                                      | -                               | 158 119               | 128 327                            | (114 705)                              |
| <i>fixed assets acquisition</i>        | 52912 | 2016   | 3 042                              | (2 685)                                | -                                                              | -              | -                    | -          | (163)                                         | -                               | -                     | 2 879                              | (2 522)                                |
|                                        | 52922 | 2015   | 2 733                              | (2 300)                                | 309                                                            | -              | (2 685)              | -          | -                                             | -                               | 2 300                 | 13 042                             | (2 685)                                |
| miscellaneous                          | 52913 | 2016   | 9 028                              | (4 704)                                | 75 024                                                         | -              | -                    | (5 670)    | (116)                                         | -                               | 1 366                 | 78 266                             | (3 222)                                |
|                                        | 52923 | 2015   | 22 690                             | (5 036)                                | 4 047                                                          | -              | (4 706)              | (17 699)   | -                                             | (10)                            | 5 038                 | 9 028                              | (4 704)                                |

**5.4. Financial investments**  
**5.4.1. Availability and flow of financial investments (continued)**

| Indicator                                                               | Code   | Period | As of the beginning of the year |                        | Changes for period |                  |   |                                                                        |                                          | As of the end of the period |                        |
|-------------------------------------------------------------------------|--------|--------|---------------------------------|------------------------|--------------------|------------------|---|------------------------------------------------------------------------|------------------------------------------|-----------------------------|------------------------|
|                                                                         |        |        | initial cost                    | accumulated adjustment | entered            | retired (repaid) |   | interest accrual (including the initial cost bringing to nominal cost) | current market value (impairment losses) | initial cost                | accumulated adjustment |
| 1                                                                       | 2      | 3      | 4                               | 5                      | 6                  | 7                | 8 | 9                                                                      | 10                                       | 11                          | 12                     |
| Short-term FI - total                                                   | 5305   | 2016   | -                               | -                      | 57 228             | (57 228)         | - | -                                                                      | -                                        | -                           | -                      |
|                                                                         | 5315   | 2015   | -                               | -                      | -                  | -                | - | -                                                                      | -                                        | -                           | -                      |
| Contributions in other entities' charter (joint-stock) capitals – total | 53061  | 2016   | -                               | -                      | -                  | -                | - | -                                                                      | -                                        | -                           | -                      |
|                                                                         | 53161  | 2015   | -                               | -                      | -                  | -                | - | -                                                                      | -                                        | -                           | -                      |
| State and municipal securities                                          | 53062  | 2016   | -                               | -                      | -                  | -                | - | -                                                                      | -                                        | -                           | -                      |
|                                                                         | 53162  | 2015   | -                               | -                      | -                  | -                | - | -                                                                      | -                                        | -                           | -                      |
| Other entities' securities - total                                      | 53063  | 2016   | -                               | -                      | -                  | -                | - | -                                                                      | -                                        | -                           | -                      |
|                                                                         | 53163  | 2015   | -                               | -                      | -                  | -                | - | -                                                                      | -                                        | -                           | -                      |
| including:                                                              |        |        | -                               | -                      | -                  | -                | - | -                                                                      | -                                        | -                           | -                      |
| debt securities (bonds, bills)                                          | 530631 | 2016   | -                               | -                      | -                  | -                | - | -                                                                      | -                                        | -                           | -                      |
|                                                                         | 531631 | 2015   | -                               | -                      | -                  | -                | - | -                                                                      | -                                        | -                           | -                      |
| Loans granted                                                           | 53064  | 2016   | -                               | -                      | -                  | -                | - | -                                                                      | -                                        | -                           | -                      |
|                                                                         | 53164  | 2015   | -                               | -                      | -                  | -                | - | -                                                                      | -                                        | -                           | -                      |
| Deposits                                                                | 53065  | 2016   | -                               | -                      | -                  | -                | - | -                                                                      | -                                        | -                           | -                      |
|                                                                         | 53165  | 2015   | -                               | -                      | -                  | -                | - | -                                                                      | -                                        | -                           | -                      |
| Miscellaneous                                                           | 53066  | 2016   | -                               | -                      | 57 228             | (57 228)         | - | -                                                                      | -                                        | -                           | -                      |
|                                                                         | 53166  | 2015   | -                               | -                      | -                  | -                | - | -                                                                      | -                                        | -                           | -                      |
| Short-term FI having current market value- total                        | 5306   | 2016   | -                               | -                      | -                  | -                | - | -                                                                      | -                                        | -                           | -                      |
|                                                                         | 5316   | 2015   | -                               | -                      | -                  | -                | - | -                                                                      | -                                        | -                           | -                      |
| Contributions in other entities' charter (joint-stock) capitals – total | 53071  | 2016   | -                               | -                      | -                  | -                | - | -                                                                      | -                                        | -                           | -                      |
|                                                                         | 53171  | 2015   | -                               | -                      | -                  | -                | - | -                                                                      | -                                        | -                           | -                      |

|                                                                      |        |      |        |          |        |          |   |   |   |        |          |
|----------------------------------------------------------------------|--------|------|--------|----------|--------|----------|---|---|---|--------|----------|
| State and municipal securities                                       | 53072  | 2016 | -      | -        | -      | -        | - | - | - | -      | -        |
|                                                                      | 53172  | 2015 | -      | -        | -      | -        | - | - | - | -      | -        |
| Other entities' securities - total                                   | 53073  | 2016 | -      | -        | -      | -        | - | - | - | -      | -        |
|                                                                      | 53173  | 2015 | -      | -        | -      | -        | - | - | - | -      | -        |
| including:                                                           |        |      | -      | -        | -      | -        | - | - | - | -      | -        |
| debt securities (bonds, bills)                                       | 530731 | 2016 | -      | -        | -      | -        | - | - | - | -      | -        |
|                                                                      | 531731 | 2015 | -      | -        | -      | -        | - | - | - | -      | -        |
| Miscellaneous                                                        | 53074  | 2016 | -      | -        | -      | -        | - | - | - | -      | -        |
|                                                                      | 53174  | 2015 | -      | -        | -      | -        | - | - | - | -      | -        |
| Short-term FI on which no current market value is determined - total | 5307   | 2016 | -      | -        | 57 228 | (57 228) | - | - | - | -      | -        |
|                                                                      | 5317   | 2015 | -      | -        | -      | -        | - | - | - | -      | -        |
| Financial investments - total                                        | 5300   | 2016 | 62 924 | (17 336) | 57 228 | (57 228) | - | - | - | 62 924 | (17 336) |
|                                                                      | 5310   | 2015 | 62 924 | (17 336) | -      | -        | - | - | - | 62 924 | (17 336) |

(1) – a reporting year is stated

(2) – a previous year is stated

#### 5.4.1. Availability and flow of financial investments

| Indictor                                                                  | Code   | Period | As of the beginning of the year |                        | Changes for period |                  |                    |                                                                        |                                          | As of the end of the period |                        |
|---------------------------------------------------------------------------|--------|--------|---------------------------------|------------------------|--------------------|------------------|--------------------|------------------------------------------------------------------------|------------------------------------------|-----------------------------|------------------------|
|                                                                           |        |        | initial cost                    | accumulated adjustment | entered            | retired (repaid) |                    | interest accrual (including the initial cost bringing to nominal cost) | current market value (impairment losses) | initial cost                | accumulated adjustment |
|                                                                           |        |        |                                 |                        |                    | initial cost     | accrued adjustment |                                                                        |                                          |                             |                        |
| 1                                                                         | 2      | 3      | 4                               | 5                      | 6                  | 7                | 8                  | 9                                                                      | 10                                       | 11                          | 12                     |
| Long-term FI - total                                                      | 5301   | 2016   | 62 924                          | (17 336)               | -                  | -                | -                  | -                                                                      | -                                        | 62 924                      | (17 336)               |
|                                                                           | 5311   | 2015   | 62 924                          | (17 336)               | -                  | -                | -                  | -                                                                      | -                                        | 62 924                      | (17 336)               |
| Contributions in other entities’ charter (joint-stock) capitals – totally | 53021  | 2016   | 62 924                          | (17 336)               | -                  | -                | -                  | -                                                                      | -                                        | 62 924                      | (17 336)               |
|                                                                           | 53121  | 2015   | 62 924                          | (17 336)               | -                  | -                | -                  | -                                                                      | -                                        | 62 924                      | (17 336)               |
| including:                                                                |        |        |                                 |                        |                    |                  |                    |                                                                        |                                          |                             |                        |
| of subsidiary economic entities                                           | 530211 | 2016   | 62 924                          | (17 336)               | -                  | -                | -                  | -                                                                      | -                                        | 62 924                      | (17 336)               |
|                                                                           | 531211 | 2015   | 62 924                          | (17 336)               | -                  | -                | -                  | -                                                                      | -                                        | 62 924                      | (17 336)               |
| of dependent economic entities                                            | 530212 | 2016   | -                               | -                      | -                  | -                | -                  | -                                                                      | -                                        | -                           | -                      |
|                                                                           | 531212 | 2015   | -                               | -                      | -                  | -                | -                  | -                                                                      | -                                        | -                           | -                      |

|                                                                           |        |      |   |     |   |   |   |   |   |   |     |
|---------------------------------------------------------------------------|--------|------|---|-----|---|---|---|---|---|---|-----|
| Miscellaneous                                                             | 530213 | 2016 | 3 | (2) | - | - | - | - | - | 3 | (2) |
|                                                                           | 531213 | 2015 | 3 | (2) | - | - | - | - | - | 3 | (2) |
| State and municipal securities                                            | 53022  | 2016 | - | -   | - | - | - | - | - | - | -   |
|                                                                           | 53122  | 2015 | - | -   | - | - | - | - | - | - | -   |
| Other entities' securities - totally                                      | 53023  | 2016 | - | -   | - | - | - | - | - | - | -   |
|                                                                           | 53123  | 2015 | - | -   | - | - | - | - | - | - | -   |
| including:                                                                |        |      |   |     |   |   |   |   |   |   |     |
| debt securities (bonds, bills)                                            | 530231 | 2016 | - | -   | - | - | - | - | - | - | -   |
|                                                                           | 531231 | 2015 | - | -   | - | - | - | - | - | - | -   |
| Loans granted                                                             | 53024  | 2016 | - | -   | - | - | - | - | - | - | -   |
|                                                                           | 53124  | 2015 | - | -   | - | - | - | - | - | - | -   |
| Deposits                                                                  | 53025  | 2016 | - | -   | - | - | - | - | - | - | -   |
|                                                                           | 53125  | 2015 | - | -   | - | - | - | - | - | - | -   |
| Miscellaneous                                                             | 53026  | 2016 | - | -   | - | - | - | - | - | - | -   |
|                                                                           | 53126  | 2015 | - | -   | - | - | - | - | - | - | -   |
| Long-term FI having current market value- totally                         | 5302   | 2016 | - | -   | - | - | - | - | - | - | -   |
|                                                                           | 5312   | 2015 | - | -   | - | - | - | - | - | - | -   |
| Contributions in other entities' charter (joint-stock) capitals – totally | 53031  | 2016 | - | -   | - | - | - | - | - | - | -   |
|                                                                           | 53131  | 2015 | - | -   | - | - | - | - | - | - | -   |
| including:                                                                |        |      |   |     |   |   |   |   |   |   |     |
| of subsidiary economic entities                                           | 530311 | 2016 | - | -   | - | - | - | - | - | - | -   |
|                                                                           | 531311 | 2015 |   |     | - | - | - | - | - | - | -   |
| of dependent economic entities                                            | 530312 | 2016 | - | -   | - | - | - | - | - | - | -   |
|                                                                           | 531312 | 2015 |   |     | - | - | - | - | - | - | -   |
| Miscellaneous                                                             | 530313 | 2016 | - | -   | - | - | - | - | - | - | -   |
|                                                                           | 531313 | 2015 |   |     | - | - | - | - | - | - | -   |
| State and municipal securities                                            | 53032  | 2016 | - | -   | - | - | - | - | - | - | -   |
|                                                                           | 53132  | 2015 | - | -   | - | - | - | - | - | - | -   |
| Other entities' securities - totally                                      | 53033  | 2016 | - | -   | - | - | - | - | - | - | -   |
|                                                                           | 53133  | 2015 | - | -   | - | - | - | - | - | - | -   |
| including:                                                                |        |      |   |     |   |   |   |   |   |   | -   |
| debt securities (bonds, bills)                                            | 530331 | 2016 | - | -   | - | - | - | - | - | - | -   |
|                                                                           | 531331 | 2015 | - | -   | - | - | - | - | - | - | -   |
| Miscellaneous                                                             | 53034  | 2016 | - | -   | - | - | - | - | - | - | -   |
|                                                                           | 53134  | 2015 | - | -   | - | - | - | - | - | - | -   |

|                                                                             |      |      |        |          |   |   |   |   |   |        |          |
|-----------------------------------------------------------------------------|------|------|--------|----------|---|---|---|---|---|--------|----------|
| Long-term FI on which no<br>current market value is<br>determined - totally | 5303 | 2016 | 62 924 | (17 336) | - | - | - | - | - | 62 924 | (17 336) |
|                                                                             | 5313 | 2015 | 62 924 | (17 336) | - | - | - | - | - | 62 924 | (17 336) |

#### 5.4.2. Adjustments of financial investments' assessments

| Indicator                                                                                              | Code  | As of the beginning of the year | Changes for period |          |                                                            | As of the end of the period |
|--------------------------------------------------------------------------------------------------------|-------|---------------------------------|--------------------|----------|------------------------------------------------------------|-----------------------------|
|                                                                                                        |       |                                 | Increase           | Decrease | Retirement under writing off of FI (financial investments) |                             |
| 1                                                                                                      | 2     | 3                               | 4                  | 5        | 6                                                          | 7                           |
| <b>Long-term financial investments</b>                                                                 | 7100  | (17 336)                        | -                  | -        | -                                                          | (17 336)                    |
| Difference between the current market value of the financial investments and their previous assessment | 7110  | -                               | -                  | -        | -                                                          | -                           |
| <i>including:</i>                                                                                      |       |                                 |                    |          |                                                            |                             |
| Contributions in other entities' charter (joint-stock) capitals – total                                | 7111  | -                               | -                  | -        | -                                                          | -                           |
| <i>including:</i>                                                                                      |       |                                 |                    |          |                                                            |                             |
| of subsidiary economic companies                                                                       | 71111 | -                               | -                  | -        | -                                                          | -                           |
| of dependent economic entities                                                                         | 71112 | -                               | -                  | -        | -                                                          | -                           |
| miscellaneous                                                                                          | 71113 | -                               | -                  | -        | -                                                          | -                           |
| State and municipal securities                                                                         | 7112  | -                               | -                  | -        | -                                                          | -                           |
| Other entities' securities - total                                                                     | 7113  | -                               | -                  | -        | -                                                          | -                           |
| <i>including:</i>                                                                                      |       |                                 |                    |          |                                                            |                             |
| debt securities (bonds, bills)                                                                         | 71131 | -                               | -                  | -        | -                                                          | -                           |
| Miscellaneous                                                                                          | 7114  | -                               | -                  | -        | -                                                          | -                           |
| Difference between the current cost of the debt securities and their initial cost                      | 7120  | -                               | -                  | -        | -                                                          | -                           |
| <i>including:</i>                                                                                      |       |                                 |                    |          |                                                            |                             |
| Other entities' securities - total                                                                     | 7121  | -                               | -                  | -        | -                                                          | -                           |
| <i>including:</i>                                                                                      |       |                                 |                    |          |                                                            |                             |
| debt securities (bonds, bills)                                                                         | 71211 | -                               | -                  | -        | -                                                          | -                           |
| Miscellaneous                                                                                          | 7122  | -                               | -                  | -        | -                                                          | -                           |
| Provision for impairment of financial investments, on which no market value is determined              |       | (17 336)                        | -                  | -        | -                                                          | 17 336                      |

|                                                                                                                                    |       |                                 |                    |          |                                                            |                             |
|------------------------------------------------------------------------------------------------------------------------------------|-------|---------------------------------|--------------------|----------|------------------------------------------------------------|-----------------------------|
|                                                                                                                                    | 7130  |                                 |                    |          |                                                            |                             |
| <i>including:</i>                                                                                                                  |       |                                 |                    |          |                                                            |                             |
| Contributions in other entities' charter (joint-stock) capitals – total                                                            | 7131  | (17 336)                        | -                  | -        | -                                                          | 17 336                      |
| <i>including:</i>                                                                                                                  |       |                                 |                    |          |                                                            |                             |
| of subsidiary economic companies                                                                                                   | 71311 | (17 334)                        | -                  | -        | -                                                          | 17 334                      |
| of dependent economic entities                                                                                                     | 71312 | -                               | -                  | -        | -                                                          | -                           |
| miscellaneous                                                                                                                      | 71313 | (2)                             | -                  | -        | -                                                          | (2)                         |
| State and municipal securities                                                                                                     | 7132  | -                               | -                  | -        | -                                                          | -                           |
| Other entities' securities – total                                                                                                 | 7133  | -                               | -                  | -        | -                                                          | -                           |
| <i>including:</i>                                                                                                                  |       | -                               | -                  | -        | -                                                          | -                           |
| debt securities (bonds, bills)                                                                                                     | 71331 | -                               | -                  | -        | -                                                          | -                           |
| Loans granted                                                                                                                      | 7134  | -                               | -                  | -        | -                                                          | -                           |
| Deposits                                                                                                                           | 7135  | -                               | -                  | -        | -                                                          | -                           |
| Miscellaneous                                                                                                                      | 7136  | -                               | -                  | -        | -                                                          | -                           |
|                                                                                                                                    |       | As of the beginning of the year | Changes for period |          |                                                            | As of the end of the period |
| Indicator                                                                                                                          | Code  |                                 | Increase           | Decrease | Retirement under writing off of FI (financial investments) |                             |
| 1                                                                                                                                  | 2     | 3                               | 4                  | 5        | 6                                                          | 7                           |
| <b>Short-term financial investments</b>                                                                                            | 7200  | -                               | -                  | -        | -                                                          | -                           |
| Difference between the current market value of the financial investments and their previous assessment, on which it was determined | 7210  | -                               | -                  | -        | -                                                          | -                           |
| <i>including:</i>                                                                                                                  |       | -                               | -                  | -        | -                                                          | -                           |
| Contributions in other entities' charter (joint-stock) capitals – total                                                            | 7211  | -                               | -                  | -        | -                                                          | -                           |
| <i>including:</i>                                                                                                                  |       | -                               | -                  | -        | -                                                          | -                           |
| of subsidiary economic companies                                                                                                   | 72111 | -                               | -                  | -        | -                                                          | -                           |
| of dependent economic entities                                                                                                     | 72112 | -                               | -                  | -        | -                                                          | -                           |
| Miscellaneous                                                                                                                      | 72113 | -                               | -                  | -        | -                                                          | -                           |
| Other entities' securities – total                                                                                                 | 7212  | -                               | -                  | -        | -                                                          | -                           |

|                                                                                     |       |   |   |   |   |   |
|-------------------------------------------------------------------------------------|-------|---|---|---|---|---|
| <i>including:</i>                                                                   |       | - | - | - | - | - |
| debt securities (bonds, bills)                                                      | 72121 | - | - | - | - | - |
| Miscellaneous                                                                       | 7213  | - | - | - | - | - |
| Difference between the current value of the debt securities and their initial value | 7220  | - | - | - | - | - |
| <i>including:</i>                                                                   |       | - | - | - | - | - |
| Other entities' securities – total                                                  | 7221  | - | - | - | - | - |
| <i>including:</i>                                                                   |       | - | - | - | - | - |
| debt securities (bonds, bills)                                                      | 72211 | - | - | - | - | - |
| Miscellaneous                                                                       | 7222  | - | - | - | - | - |
| Provision for impairment of financial investments, not having a market value        | 7230  | - | - | - | - | - |
| <i>including:</i>                                                                   |       | - | - | - | - | - |
| Contributions in other entities' charter (joint-stock) capitals – total             | 7231  | - | - | - | - | - |
| <i>including:</i>                                                                   |       | - | - | - | - | - |
| of subsidiary economic companies                                                    | 72311 | - | - | - | - | - |
| of dependent economic entities                                                      | 72312 | - | - | - | - | - |
| Miscellaneous                                                                       | 72313 | - | - | - | - | - |
| State and municipal securities                                                      | 7232  | - | - | - | - | - |
| Other entities' securities – total                                                  | 7233  | - | - | - | - | - |
| <i>including:</i>                                                                   |       | - | - | - | - | - |
| debt securities (bonds, bills)                                                      | 72331 | - | - | - | - | - |
| Loans granted                                                                       | 7234  | - | - | - | - | - |
| Deposits                                                                            | 7235  | - | - | - | - | - |
| Miscellaneous                                                                       | 7236  | - | - | - | - | - |



### 5.4.3. Other use of financial investments

| Indicator                                                                    | Code | As of 31<br>December 2016 | As of 31<br>December 2015 | As of 31 December<br>2014 |
|------------------------------------------------------------------------------|------|---------------------------|---------------------------|---------------------------|
| Pledged financial investments – total                                        | 5320 | -                         | -                         | -                         |
| including                                                                    |      | -                         | -                         | -                         |
| bonds                                                                        | 5321 | -                         | -                         | -                         |
| bills                                                                        | 5322 | -                         | -                         | -                         |
| shares                                                                       | 5323 | -                         | -                         | -                         |
| Financial investments transferred to<br>third party (except selling) – total | 5325 | -                         | -                         | -                         |
| including                                                                    |      | -                         | -                         | -                         |
| bonds                                                                        | 5326 | -                         | -                         | -                         |
| bills                                                                        | 5327 | -                         | -                         | -                         |
| shares                                                                       | 5328 | -                         | -                         | -                         |
| Other use of financial investments                                           | 5329 | -                         | -                         | -                         |

(1) – reporting date of the reporting period

(2) – previous year

(3) – year preceding the previous

**5.5. Business inventories**  
**5.5.1. Availability and flow of inventories**

| Indictor                                   | Code | Period | As of the beginning of the year |                                   | Changes for period        |             |        |                            |                                          | As of the end of the period |                            |
|--------------------------------------------|------|--------|---------------------------------|-----------------------------------|---------------------------|-------------|--------|----------------------------|------------------------------------------|-----------------------------|----------------------------|
|                                            |      |        | prime cost                      | reserve amount for cost reduction | receipts and expenditures | retired     |        | losses from cost reduction | inventory turnover within groups (types) | prime cost                  | reserve for cost reduction |
| 1                                          | 2    | 3      | 4                               | 5                                 | 6                         | 7           | 8      | 9                          | 10                                       | 11                          | 12                         |
| Inventories - total                        | 5400 | 2016   | 1 303 211                       | (11 105)                          | 1 677 688                 | (1 563 974) | 11 105 | (9 359)                    | x                                        | 1 416 925                   | (9 359)                    |
|                                            | 5420 | 2015   | 1 477 896                       | (10 634)                          | 1 305 888                 | (1 480 573) | 11 687 | (12 158)                   | x                                        | 1 303 211                   | (11 105)                   |
| raw material and materials                 | 5401 | 2016   | 1 303 211                       | (11 105)                          | 1 677 688                 | (1 563 974) | 11 105 | (9 359)                    | -                                        | 1 416 925                   | (9 359)                    |
|                                            | 5421 | 2015   | 1 477 896                       | (10 634)                          | 1 305 888                 | (1 480 573) | 11 687 | (12 158)                   | -                                        | 1 303 211                   | (11 105)                   |
| production-in-process                      | 5402 | 2016   | -                               | -                                 | -                         | -           | -      | -                          | -                                        | -                           | -                          |
|                                            | 5422 | 2015   | -                               | -                                 | -                         | -           | -      | -                          | -                                        | -                           | -                          |
| goods delivered                            | 5403 | 2016   | 554                             | -                                 | -                         | (554)       | -      | -                          | -                                        | -                           | -                          |
|                                            | 5423 | 2015   | -                               | -                                 | -                         | -           | -      | -                          | -                                        | -                           | -                          |
| finished products and goods                | 5404 | 2016   | -                               | -                                 | -                         | -           | -      | -                          | -                                        | -                           | -                          |
|                                            | 5424 | 2015   | -                               | -                                 | -                         | -           | -      | -                          | -                                        | -                           | -                          |
| miscellaneous inventories and expenditures | 5405 | 2016   | -                               | -                                 | -                         | -           | -      | -                          | -                                        | -                           | -                          |
|                                            | 5425 | 2015   | -                               | -                                 | -                         | -           | -      | -                          | -                                        | -                           | -                          |

### 5.5.2. Pledged inventory

| Indicator                                         | Code  | As of 31<br>December 2016<br>(1) | As of 31<br>December<br>2015 (2) | As of 31<br>December<br>2014 (3) |
|---------------------------------------------------|-------|----------------------------------|----------------------------------|----------------------------------|
| Inventory unpaid as of the reporting date - total | 5440  | -                                | -                                | -                                |
| including raw materials                           | 5441  | -                                | -                                | -                                |
| construction in-progress                          | 5442  | -                                | -                                | -                                |
| goods dispatched                                  | 5443  | -                                | -                                | -                                |
| finished products and goods                       | 54441 | -                                | -                                | -                                |
| miscellaneous goods and expenses                  | 54442 | -                                | -                                | -                                |
| Pledged inventory under the contract – total      | 5445  | -                                | -                                | -                                |
| including raw materials                           | 5446  | -                                | -                                | -                                |
| goods dispatched                                  | 5447  | -                                | -                                | -                                |
| finished products and goods                       | 5448  | -                                | -                                | -                                |
| miscellaneous goods and expenses                  | 5449  |                                  |                                  |                                  |

(1) – reporting date of the reporting period

(2) – previous year

(3) – year preceding the previous

## 5.6. Accounts receivable and accounts payable

### 5.6.1. Availability and flow of accounts receivable

| Indicator name                                                                                                            | Code  | Period | As of year's beginning             |                                        | Changes for period                                                             |                                            |                    |           |                                              |                                 |                  |                                                      | As of period's end                 |                                        |
|---------------------------------------------------------------------------------------------------------------------------|-------|--------|------------------------------------|----------------------------------------|--------------------------------------------------------------------------------|--------------------------------------------|--------------------|-----------|----------------------------------------------|---------------------------------|------------------|------------------------------------------------------|------------------------------------|----------------------------------------|
|                                                                                                                           |       |        | accounted under contract's clauses | amount of provision for doubtful debts | entrance                                                                       |                                            |                    | repayment | writing off owing to reserve accrued earlier | writing off to financial result | reserve recovery | transfer from long-term into short-term indebtedness | accounted under contract's clauses | amount of provision for doubtful debts |
|                                                                                                                           |       |        |                                    |                                        | as a result of economic operations (debt amount on a transaction of operation) | due interest, penalties and other accruals | accrual of reserve |           |                                              |                                 |                  |                                                      |                                    |                                        |
| 1                                                                                                                         | 2     | 3      | 4                                  | 5                                      | 6                                                                              | 7                                          | 8                  | 9         | 10                                           | 11                              | 12               | 13                                                   | 14                                 | 15                                     |
| <b>Long-term accounts receivable - total</b>                                                                              | 5501  | 2016   | 12 426                             | -                                      | 6 591                                                                          | -                                          | -                  | (440)     | -                                            | -                               | -                | (5 963)                                              | 12 614                             | -                                      |
|                                                                                                                           | 5521  | 2015   | 14 979                             | -                                      | 801                                                                            | -                                          | -                  | (469)     | -                                            | -                               | -                | (2 885)                                              | 12 426                             | -                                      |
| including:                                                                                                                |       |        |                                    |                                        |                                                                                |                                            |                    |           |                                              |                                 |                  |                                                      |                                    |                                        |
| Settlements with buyers and customers                                                                                     | 5502  | 2016   | -                                  | -                                      | -                                                                              | -                                          | -                  | -         | -                                            | -                               | -                | -                                                    | -                                  | -                                      |
|                                                                                                                           | 5522  | 2015   | -                                  | -                                      | -                                                                              | -                                          | -                  | -         | -                                            | -                               | -                | -                                                    | -                                  | -                                      |
| including:                                                                                                                |       |        |                                    |                                        |                                                                                |                                            |                    |           |                                              |                                 |                  |                                                      |                                    |                                        |
| with respect to electric power transmission                                                                               | 55021 | 2016   | -                                  | -                                      | -                                                                              | -                                          | -                  | -         | -                                            | -                               | -                | -                                                    | -                                  | -                                      |
|                                                                                                                           | 55221 | 2015   | -                                  | -                                      | -                                                                              | -                                          | -                  | -         | -                                            | -                               | -                | -                                                    | -                                  | -                                      |
| with respect to grid connection                                                                                           | 55022 | 2016   | -                                  | -                                      | -                                                                              | -                                          | -                  | -         | -                                            | -                               | -                | -                                                    | -                                  | -                                      |
|                                                                                                                           | 55222 | 2015   | -                                  | -                                      | -                                                                              | -                                          | -                  | -         | -                                            | -                               | -                | -                                                    | -                                  | -                                      |
| with respect to organization of functioning and development of UES of Russia as to the distribution electric grid complex | 55023 | 2016   | -                                  | -                                      | -                                                                              | -                                          | -                  | -         | -                                            | -                               | -                | -                                                    | -                                  | -                                      |
|                                                                                                                           | 55223 | 2015   | -                                  | -                                      | -                                                                              | -                                          | -                  | -         | -                                            | -                               | -                | -                                                    | -                                  | -                                      |
| with respect to resale of electric power and capacity                                                                     | 55024 | 2016   | -                                  | -                                      | -                                                                              | -                                          | -                  | -         | -                                            | -                               | -                | -                                                    | -                                  | -                                      |
|                                                                                                                           | 55224 | 2015   | -                                  | -                                      | -                                                                              | -                                          | -                  | -         | -                                            | -                               | -                | -                                                    | -                                  | -                                      |
| with respect to revenues from lease                                                                                       | 55025 | 2016   | -                                  | -                                      | -                                                                              | -                                          | -                  | -         | -                                            | -                               | -                | -                                                    | -                                  | -                                      |
|                                                                                                                           | 55225 | 2015   | -                                  | -                                      | -                                                                              | -                                          | -                  | -         | -                                            | -                               | -                | -                                                    | -                                  | -                                      |
| with respect to others                                                                                                    | 55026 | 2016   | -                                  | -                                      | -                                                                              | -                                          | -                  | -         | -                                            | -                               | -                | -                                                    | -                                  | -                                      |
|                                                                                                                           | 55226 | 2015   | -                                  | -                                      | -                                                                              | -                                          | -                  | -         | -                                            | -                               | -                | -                                                    | -                                  | -                                      |
| Advances paid                                                                                                             | 5503  | 2016   | -                                  | -                                      | -                                                                              | -                                          | -                  | -         | -                                            | -                               | -                | -                                                    | -                                  | -                                      |
|                                                                                                                           | 5523  | 2015   | -                                  | -                                      | -                                                                              | -                                          | -                  | -         | -                                            | -                               | -                | -                                                    | -                                  | -                                      |
| Bills receivable                                                                                                          | 5504  | 2016   | -                                  | -                                      | -                                                                              | -                                          | -                  | -         | -                                            | -                               | -                | -                                                    | -                                  | -                                      |
|                                                                                                                           | 5524  | 2015   | -                                  | -                                      | -                                                                              | -                                          | -                  | -         | -                                            | -                               | -                | -                                                    | -                                  | -                                      |
| Other accounts receivable                                                                                                 | 5505  | 2016   | 12 426                             | -                                      | 6 591                                                                          | -                                          | -                  | (440)     | -                                            | -                               | -                | (5 963)                                              | 12 614                             | -                                      |
|                                                                                                                           | 5525  | 2015   | 14 979                             | -                                      | 801                                                                            | -                                          | -                  | (469)     | -                                            | -                               | -                | (2 885)                                              | 12 426                             | -                                      |
| including:                                                                                                                |       |        |                                    |                                        |                                                                                |                                            |                    |           |                                              |                                 |                  |                                                      |                                    |                                        |
| non-interest bearing                                                                                                      | 55051 | 2016   | -                                  | -                                      | -                                                                              | -                                          | -                  | -         | -                                            | -                               | -                | -                                                    | -                                  | -                                      |

|                                                                                                                           |       |      |           |             |           |   |             |             |          |         |           |         |           |             |
|---------------------------------------------------------------------------------------------------------------------------|-------|------|-----------|-------------|-----------|---|-------------|-------------|----------|---------|-----------|---------|-----------|-------------|
| bills                                                                                                                     | 55251 | 2015 |           |             | -         | - | -           | -           | -        | -       | -         | -       | -         | -           |
| others                                                                                                                    | 55052 | 2016 | 12 426    | -           | 6 591     | - | -           | (440)       | -        | -       | -         | (5 963) | 12 614    | -           |
|                                                                                                                           | 55252 | 2015 | 14 979    | -           | 801       | - | -           | (469)       | -        | -       | -         | (2 885) | 12 426    | -           |
| From total sum of long-term accounts receivable:                                                                          | 5506  | 2016 | -         | -           | -         | - | -           | -           | -        | -       | -         | -       | -         | -           |
|                                                                                                                           | 5526  | 2015 | -         | -           | -         | - | -           | -           | -        | -       | -         | -       | -         | -           |
| indebtedness of subsidiary companies                                                                                      | 55061 | 2016 | -         | -           | -         | - | -           | -           | -        | -       | -         | -       | -         | -           |
|                                                                                                                           | 55261 | 2015 | -         | -           | -         | - | -           | -           | -        | -       | -         | -       | -         | -           |
| indebtedness of dependent companies                                                                                       | 55062 | 2016 | -         | -           | -         | - | -           | -           | -        | -       | -         | -       | -         | -           |
|                                                                                                                           | 55262 | 2015 | -         | -           | -         | - | -           | -           | -        | -       | -         | -       | -         | -           |
| <b>Short-term accounts receivable - total</b>                                                                             | 5510  | 2016 | 8 019 987 | (3 131 641) | 2 530 875 | - | (1 006 008) | (1 036 114) | (73 047) | (941)   | 1 724 684 | 5 963   | 9 446 723 | (2 339 918) |
|                                                                                                                           | 5530  | 2015 | 5 308 685 | (1 493 369) | 3 081 706 | - | (3 138 551) | (326 762)   | (44 762) | (1 765) | 1 455 517 | 2 885   | 8 019 987 | (3 131 641) |
| including:                                                                                                                |       |      |           |             |           |   |             |             |          |         |           |         |           |             |
| Settlements with buyers and customers                                                                                     | 5511  | 2016 | 6 184 540 | (1 582 551) | 1 927 991 | - | (922 569)   | (232 207)   | (35 591) | (19)    | 1 035 396 | -       | 7 844 714 | (1 434 133) |
|                                                                                                                           | 5531  | 2015 | 4 322 697 | (1 055 056) | 2 059 844 | - | (1 587 739) | (193 575)   | (4277)   | (149)   | 1 055 967 | -       | 6 184 540 | (1 582 551) |
| including:                                                                                                                |       |      |           |             |           |   |             |             |          |         |           |         |           |             |
| with respect to electric power transmission                                                                               | 55111 | 2016 | 6 145 471 | (1 554 167) | 1 910 453 | - | (921 908)   | (214 316)   | (33 319) | -       | 1 016 393 | -       | 7 808 289 | (1 426 363) |
|                                                                                                                           | 55311 | 2015 | 4 217 418 | (993 782)   | 2 056 577 | - | (1 559 355) | (124 247)   | (4 277)  | -       | 994 693   | -       | 6 145 471 | (1 554 167) |
| with respect to grid connection                                                                                           | 55112 | 2016 | 21 514    | (20 363)    | 14 834    | - | -           | (11 788)    | (2 272)  | -       | 10 687    | -       | 22 288    | (7 404)     |
|                                                                                                                           | 55312 | 2015 | 87 398    | (54 613)    | 1 101     | - | (20 363)    | (66 985)    | -        | -       | 54 613    | -       | 21 514    | (20 363)    |
| with respect to organization of functioning and development of UES of Russia as to the distribution electric grid complex | 55113 | 2016 | -         | -           | -         | - | -           | -           | -        | -       | -         | -       | -         | -           |
|                                                                                                                           | 55313 | 2015 | -         | -           | -         | - | -           | -           | -        | -       | -         | -       | -         | -           |
| with respect to resale of electric power and capacity                                                                     | 55114 | 2016 | -         | -           | -         | - | -           | -           | -        | -       | -         | -       | -         | -           |
|                                                                                                                           | 55314 | 2015 | -         | -           | -         | - | -           | -           | -        | -       | -         | -       | -         | -           |
| with respect to revenues from lease                                                                                       | 55115 | 2016 | 2 502     | -           | 902       | - | -           | (1 487)     | -        | -       | -         | -       | 1 917     | -           |
|                                                                                                                           | 55315 | 2015 | 2 999     | -           | 487       | - | -           | (984)       | -        | -       | -         | -       | 2 502     | -           |
| with respect to others                                                                                                    | 55116 | 2016 | 15 053    | (8 021)     | 1 802     | - | (661)       | (4 616)     | -        | (19)    | 8 316     | -       | 12 220    | (366)       |
|                                                                                                                           | 55316 | 2015 | 14 882    | (6 661)     | 1 679     | - | (8 021)     | (1 359)     | -        | (149)   | 6 661     | -       | 15 053    | (8 021)     |
| Advances paid                                                                                                             | 5512  | 2016 | 63 613    | (38 377)    | 9 750     | - | (146)       | (27 279)    | (16 212) | -       | 5 808     | -       | 29 872    | (16 503)    |
|                                                                                                                           | 5532  | 2015 | 58 226    | (39 972)    | 21 359    | - | (38 376)    | (15 940)    | (13)     | (19)    | 39 958    | -       | 63 613    | (38 377)    |

|                                                                                           |       |      |           |             |           |   |             |             |          |         |           |       |           |             |
|-------------------------------------------------------------------------------------------|-------|------|-----------|-------------|-----------|---|-------------|-------------|----------|---------|-----------|-------|-----------|-------------|
| Bills receivable                                                                          | 5513  | 2016 | -         | -           | -         | - | -           | -           | -        | -       | -         | -     | -         | -           |
|                                                                                           | 5533  | 2015 | -         | -           | -         | - | -           | -           | -        | -       | -         | -     | -         | -           |
| indebtedness of participants (founders) as regards contributions into the charter capital | 5514  | 2016 | -         | -           | -         | - | -           | -           | -        | -       | -         | -     | -         | -           |
|                                                                                           | 5534  | 2015 | -         | -           | -         | - | -           | -           | -        | -       | -         | -     | -         | -           |
| Indebtedness of subsidiary and dependent entities as regards dividends                    | 5515  | 2016 | -         | -           | -         | - | -           | -           | -        | -       | -         | -     | -         | -           |
|                                                                                           | 5535  | 2015 | -         | -           | -         | - | -           | -           | -        | -       | -         | -     | -         | -           |
| Other accounts receivable                                                                 | 5516  | 2016 | 1 771 834 | (1 510 713) | 593 134   | - | (83 293)    | (776 628)   | (21 244) | (922)   | 683 480   | 5 963 | 1 572 137 | (889 282)   |
|                                                                                           | 5536  | 2015 | 927 762   | (398 341)   | 1 000 503 | - | (1 512 436) | (117 247)   | (40 472) | (1 597) | 359 592   | 2 885 | 1 771 834 | (1 510 713) |
| including:                                                                                |       |      |           |             |           | - |             |             |          |         |           |       |           |             |
| non-interest bearing bills                                                                | 55161 | 2016 | -         | -           | -         | - | -           | -           | -        | -       | -         | -     | -         | -           |
|                                                                                           | 55361 | 2015 | -         | -           | -         | - | -           | -           | -        | -       | -         | -     | -         | -           |
| overpayment in respect to taxes and levies                                                | 55162 | 2016 | 20 068    | -           | 366 059   | - | -           | (17 329)    | -        | -       | -         | -     | 368 798   | -           |
|                                                                                           | 55362 | 2015 | 48 797    | -           | 15 030    | - | -           | (43 759)    | -        | -       | -         | -     | 20 068    | -           |
| sale of property                                                                          | 55163 | 2016 | 28 501    | (6 730)     | 1 001     | - | (21 290)    | (376)       | -        | -       | -         | -     | 29 126    | (28 020)    |
|                                                                                           | 55363 | 2015 | 10 756    | (4 762)     | 26 743    | - | (6 730)     | (5 120)     | (3 656)  | (222)   | 1 106     | -     | 28 501    | (6 730)     |
| others                                                                                    | 55164 | 2016 | 1 723 265 | (1 503 983) | 226 074   | - | (62 003)    | (758 923)   | (21 244) | (922)   | 683 480   | 5 963 | 1 174 213 | (861 262)   |
|                                                                                           | 55364 | 2015 | 868 209   | (393 579)   | 958 730   | - | (1 505 706) | (68 368)    | (36 816) | (1 375) | 358 486   | 2 885 | 1 723 265 | (1 503 983) |
| From total sum of short-term accounts receivable                                          | 5517  | 2016 | 1 971     | (1000)      | 14        | - | -           | (1 797)     | -        | -       | 1000      | -     | 188       | -           |
|                                                                                           | 5537  | 2015 | 2 100     | (1000)      | -         | - | (1000)      | (129)       | -        | -       | 1000      | -     | 1 971     | (1 000)     |
| indebtedness of subsidiary companies                                                      | 55171 | 2016 | 1 971     | (1000)      | 14        | - | -           | (1 797)     | -        | -       | 1000      | -     | 188       | -           |
|                                                                                           | 55371 | 2015 | 2 100     | (1000)      | -         | - | (1000)      | (129)       | -        | -       | 1000      | -     | 1 971     | (1 000)     |
| indebtedness of dependent companies                                                       | 55172 | 2016 | -         | -           | -         | - | -           | -           | -        | -       | -         | -     | -         | -           |
|                                                                                           | 55372 | 2015 | -         | -           | -         | - | -           | -           | -        | -       | -         | -     | -         | -           |
| TOTAL                                                                                     | 5500  | 2016 | 8 032 413 | (3 131 641) | 2 537 466 | - | (1 006 008) | (1 036 554) | (73 047) | (941)   | 1 724 684 | -     | 9 459 337 | (2 339 918) |
|                                                                                           | 5520  | 2015 | 5 323 664 | (1 493 369) | 3 082 507 | - | (3 138 551) | (327 231)   | (44 762) | (1 765) | 1 455 517 | -     | 8 032 413 | (3 131 641) |

### 5.6.2. Provision for doubtful debts

| Indicator                                                                                                                      |      | As of the beginning of the year | Changes for period  |                        | As of the end of the period |
|--------------------------------------------------------------------------------------------------------------------------------|------|---------------------------------|---------------------|------------------------|-----------------------------|
|                                                                                                                                | Code |                                 | Creation of reserve | Writing off of reserve |                             |
| 1                                                                                                                              | 2    | 3                               | 4                   | 5                      | 6                           |
| Settlements with buyers and customers                                                                                          | 7310 | 1 582 551                       | 922 569             | (1 070 987)            | 1 434 133                   |
| including:                                                                                                                     |      |                                 |                     |                        |                             |
| <i>in respect to electric power transmission</i>                                                                               | 7311 | 1 554 167                       | 921 908             | (1 049 712)            | 1 426 363                   |
| <i>in respect to grid connection</i>                                                                                           | 7312 | 20 363                          | -                   | (12 959)               | 7 404                       |
| <i>in respect to organization of functioning and development of UES of Russia as to the distribution electric grid complex</i> | 7313 | -                               | -                   | -                      | -                           |
| <i>in respect to resale of electric power and capacity</i>                                                                     | 7314 | -                               | -                   | -                      | -                           |
| <i>in respect to revenues from lease</i>                                                                                       | 7315 | -                               | -                   | -                      | -                           |
| <i>others</i>                                                                                                                  | 7316 | 8 021                           | 661                 | (8 316)                | 366                         |
| Advances paid                                                                                                                  | 7330 | 160 471                         | 4 047               | (40 714)               | 123 804                     |
| Other accounts receivable                                                                                                      | 7320 | 1 510 713                       | 83 293              | (704 724)              | 889 282                     |
| <b>Total</b>                                                                                                                   | 7300 | 3 253 735                       | 1 009 909           | (1 816 425)            | 2 447 219                   |

### 5.6.3. Overdue accounts receivable

| Indicator name                                                                                                   | Code  | As of 31 December 2016 (1)         |                                                           | As of 31 December 2015 (2)         |                                                           | As of 31 December 2014 (3)         |                                                           |
|------------------------------------------------------------------------------------------------------------------|-------|------------------------------------|-----------------------------------------------------------|------------------------------------|-----------------------------------------------------------|------------------------------------|-----------------------------------------------------------|
|                                                                                                                  |       | accounted under contract's clauses | balance sheet value (net of provision for doubtful debts) | accounted under contract's clauses | balance sheet value (net of provision for doubtful debts) | accounted under contract's clauses | balance sheet value (net of provision for doubtful debts) |
| 1                                                                                                                | 2     | 3                                  | 4                                                         | 5                                  | 6                                                         | 7                                  | 8                                                         |
| Total                                                                                                            | 5540  | 3 856 750                          | 2 293 408                                                 | 3 329 178                          | 1 301 408                                                 | 2 893 608                          | 1 912 148                                                 |
| including:                                                                                                       |       |                                    |                                                           |                                    |                                                           |                                    |                                                           |
| Settlements with buyers and customers, including                                                                 | 5541  | 2 744 035                          | 2 086 478                                                 | 1 589 075                          | 1 103 896                                                 | 2 049 672                          | 1 500 028                                                 |
| <i>electric power transmission</i>                                                                               | 55411 | 2 722 851                          | 2 073 063                                                 | 1 561 695                          | 1 098 541                                                 | 1 953 395                          | 1 459 951                                                 |
| <i>grid connection</i>                                                                                           | 55412 | 15 273                             | 7 896                                                     | 20 414                             | 51                                                        | 87 397                             | 32 784                                                    |
| <i>organization of functioning and development of UES of Russia as to the distribution electric grid complex</i> | 55413 | -                                  | -                                                         | -                                  | -                                                         | -                                  | -                                                         |
| <i>resale of electric power and capacity</i>                                                                     | 55414 | -                                  | -                                                         | -                                  | -                                                         | -                                  | -                                                         |
| <i>revenues from lease</i>                                                                                       | 55415 | 1 338                              | 1 338                                                     | 1 954                              | 1 954                                                     | 2 509                              | 2 509                                                     |
| <i>иные</i>                                                                                                      | 55416 | 4 573                              | 4 208                                                     | 5 012                              | 3 350                                                     | 6 371                              | 4 784                                                     |
| Other accounts receivable                                                                                        | 5542  | 1 112 715                          | 206 930                                                   | 1 740 103                          | 197 512                                                   | 843 936                            | 412 120                                                   |

(1) – reporting date of the reporting period

(2) – previous year

(3) – year preceding the previous

### 5.6.4. Disputes with Sales Companies

| Counterparty         | As of the beginning of the year |                     | Changes for period                                                    |                     |                                                                 |                     | As of the end of the period |                     |
|----------------------|---------------------------------|---------------------|-----------------------------------------------------------------------|---------------------|-----------------------------------------------------------------|---------------------|-----------------------------|---------------------|
|                      |                                 |                     | Accrued for the period<br>(turnover on accounts receivable, RUR ths.) |                     | Paid for the period<br>(turnover on accounts payable, RUR ths.) |                     |                             |                     |
|                      | Company's data                  | Counterparty's data | Company's data                                                        | Counterparty's data | Company's data                                                  | Counterparty's data | Company's data              | Counterparty's data |
| 1                    | 2                               | 3                   | 4                                                                     | 5                   | 6                                                               | 7                   | 8                           | 9                   |
| Kvant, LLC           | 59                              | 59                  | -                                                                     | -                   | -                                                               | -                   | 59                          | 59                  |
| Kubanenergobyty, JSC | 891 680                         | 891 680             | 123 399                                                               | 123 399             | 343 593                                                         | 343 593             | 671 486                     | 671 486             |
| Maikop CCP, LLC      | 181 927                         | 181 927             | -                                                                     | -                   | 28 731                                                          | 28 731              | 153 196                     | 153 196             |



|                                         |        |        |         |         |       |       |        |        |
|-----------------------------------------|--------|--------|---------|---------|-------|-------|--------|--------|
| Independent energy selling company, JSC | -      | -      | 172 493 | 172 493 | -     | -     | 172    | 172    |
| ESK, LLC                                | -      | -      | 481     | 481     | -     | -     | 481    | 481    |
| Oboronenergosbyt, JSC                   | 12 278 | 12 278 | 11 041  | 11 041  | 444   | 444   | 22 875 | 22 875 |
| Forest, LLC                             | -      | -      | 802     | 802     | -     | -     | 802    | 802    |
| EnergoHolding, LLC                      | -      | -      | 1 075   | 1 075   | -     | -     | 1 075  | 1 075  |
| Mosenergosbyt, PJSC                     | 5 070  | 5 070  | -       | -       | 5 070 | 5 070 | -      | -      |

#### 5.6.5. Presence and flow of accounts payable

| Indicator                                            | Code  | Period   | Balance as of<br>year’s<br>beginning | Changes for period                                                                       |                                                         |           |                                    |                                                               | Balance as of<br>period’s end |
|------------------------------------------------------|-------|----------|--------------------------------------|------------------------------------------------------------------------------------------|---------------------------------------------------------|-----------|------------------------------------|---------------------------------------------------------------|-------------------------------|
|                                                      |       |          |                                      | entrance                                                                                 |                                                         |           |                                    | transfer from<br>long-term into<br>short-term<br>indebtedness |                               |
|                                                      |       |          |                                      | as a result of<br>economic operations<br>(debt amount on a<br>transaction,<br>operation) | accrued<br>interest,<br>penalties and<br>other accruals | repayment | writing off to<br>financial result |                                                               |                               |
| 1                                                    | 2     | 3        | 4                                    | 5                                                                                        | 6                                                       | 7         | 8                                  | 9                                                             | 10                            |
| <b>Long-term accounts payable –<br/>total</b>        | 5551  | 2016 (1) | 468 760                              | 1 382 730                                                                                | -                                                       | -         | -                                  | (422 125)                                                     | 1 429 365                     |
|                                                      | 5571  | 2015 (2) | 1 021 770                            | 463 983                                                                                  | -                                                       | -         | -                                  | (1 016 993)                                                   | 4 68 760                      |
| including:                                           |       |          |                                      |                                                                                          | -                                                       | -         | -                                  |                                                               |                               |
| accounts payable of suppliers and<br>contractors     | 5552  | 2016 (1) | 42 119                               | 47                                                                                       | -                                                       | -         | -                                  | (42 119)                                                      | 47                            |
|                                                      | 5572  | 2015 (2) | 201 930                              | 42 11-                                                                                   | -                                                       | -         | -                                  | (201 930)                                                     | 42 119                        |
| including:                                           |       |          |                                      |                                                                                          | -                                                       | -         | -                                  |                                                               |                               |
| <i>construction</i>                                  | 55521 | 2016 (1) | 42 056                               | 29                                                                                       | -                                                       | -         | -                                  | (42 056)                                                      | 29                            |
|                                                      | 55721 | 2015 (2) | 1 850                                | 42 056                                                                                   | -                                                       | -         | -                                  | (1 850)                                                       | 42 05663                      |
| <i>others</i>                                        | 55522 | 2016 (1) | 63                                   | 18                                                                                       | -                                                       | -         | -                                  | (63)                                                          | 18                            |
|                                                      | 55722 | 2015 (2) | 200 080                              | 63                                                                                       | -                                                       | -         | -                                  | (200 080)                                                     | 63                            |
| Other accounts payable                               | 5553  | 2016 (1) | 426 641                              | 1 382 683                                                                                | -                                                       | -         | -                                  | (380 006)                                                     | 1 429 318                     |
|                                                      | 5573  | 2015 (2) | 819 840                              | 421 864                                                                                  | -                                                       | -         | -                                  | (815 063)                                                     | 426 641                       |
| From total sum of long-term<br>indebtedness          | 5554  | 2016 (1) | -                                    | -                                                                                        | -                                                       | -         | -                                  | -                                                             | -                             |
|                                                      | 5574  | 2015 (2) | -                                    | -                                                                                        | -                                                       | -         | -                                  | -                                                             | -                             |
| <i>indebtedness towards subsidiary<br/>companies</i> | 55541 | 2016 (1) | -                                    | -                                                                                        | -                                                       | -         | -                                  | -                                                             | -                             |
|                                                      | 55741 | 2015 (2) | -                                    | -                                                                                        | -                                                       | -         | -                                  | -                                                             | -                             |
| <i>Indebtedness towards dependent</i>                | 55542 | 2016 (1) | -                                    | -                                                                                        | -                                                       | -         | -                                  | -                                                             | -                             |

|                                                                                                                                |       |          |            |           |   |             |          |           |            |
|--------------------------------------------------------------------------------------------------------------------------------|-------|----------|------------|-----------|---|-------------|----------|-----------|------------|
| <i>companies</i>                                                                                                               | 55742 | 2015 (2) | -          | -         | - | -           | -        | -         | -          |
| <b>Short-term accounts payable - total</b>                                                                                     | 5560  | 2016 (1) | 11 799 752 | 4 120 685 | - | (8 058 863) | (3 498)  | 422 125   | 8 280 201  |
|                                                                                                                                | 5580  | 2015 (2) | 10 619 876 | 6 990 486 | - | (6 813 409) | (14 194) | 1 016 993 | 11 799 752 |
| including:                                                                                                                     |       |          |            |           | - |             |          |           |            |
| Settlements with suppliers and contractors                                                                                     | 5561  | 2016 (1) | 4 343 657  | 2 052 510 | - | (1 599 359) | (1 574)  | 42 119    | 4 837 353  |
|                                                                                                                                | 5581  | 2015 (2) | 7 795 369  | 1 541 977 | - | (5 192 430) | (3 189)  | 201 930   | 4 343 657  |
| including:                                                                                                                     |       |          |            |           | - |             |          |           |            |
| <i>construction</i>                                                                                                            | 55611 | 2016 (1) | 511 931    | 561 332   | - | (403 618)   | (28)     | 42 056    | 711 673    |
|                                                                                                                                | 55811 | 2015 (2) | 994 810    | 436 056   | - | (919 278)   | (1 507)  | 1 850     | 511 931    |
| <i>others</i>                                                                                                                  | 55612 | 2016 (1) | 3 831 726  | 1 491 178 | - | (1 195 741) | (1 546)  | 63        | 4 125 680  |
|                                                                                                                                | 55812 | 2015 (2) | 6 800 559  | 1 105 921 | - | (4 273 152) | (1 682)  | 200 080   | 3 831 726  |
| Advances received                                                                                                              | 5562  | 2016 (1) | 3 880 085  | 700 235   | - | (3 016 695) | (517)    | 379 301   | 1 922 409  |
|                                                                                                                                | 5582  | 2015 (2) | 2 187 283  | 2 017 812 | - | (1 149 576) | (9 512)  | 814 078   | 3 860 085  |
| including:                                                                                                                     |       |          |            |           | - |             |          |           |            |
| <i>in respect to electric power transmission</i>                                                                               | 55621 | 2016 (1) | 14 640     | 1 418     | - | (10 180)    | -        | -         | 5 878      |
|                                                                                                                                | 55821 | 2015 (2) | 21 024     | 11 905    | - | (18 289)    | -        | -         | 14 640     |
| <i>in respect to grid connection</i>                                                                                           | 55622 | 2016 (1) | 3 839 574  | 693 933   | - | (3 003 089) | (240)    | 379 301   | 1 909 489  |
|                                                                                                                                | 55822 | 2015 (2) | 2 158 551  | 2 001 557 | - | (1 127 770) | (6 832)  | 814 078   | 3 839 584  |
| <i>in respect to organization of functioning and development of UES of Russia as to the distribution electric grid complex</i> | 55623 | 2016 (1) | -          | -         | - | -           | -        | -         | -          |
|                                                                                                                                | 55823 | 2015 (2) | -          | -         | - | -           | -        | -         | -          |
| <i>from resale of electric power and capacity</i>                                                                              | 55624 | 2016 (1) | -          | -         | - | -           | -        | -         | -          |
|                                                                                                                                | 55824 | 2015 (2) | -          | -         | - | -           | -        | -         | -          |
| <i>in respect to participation in other entities</i>                                                                           | 55625 | 2016 (1) | -          | -         | - | -           | -        | -         | -          |
|                                                                                                                                | 55825 | 2015 (2) | -          | -         | - | -           | -        | -         | -          |
| <i>in respect to lease services</i>                                                                                            | 55626 | 2016 (1) | 43         | 90        | - | (36)        | -        | -         | 97         |
|                                                                                                                                | 55826 | 2015 (2) | 8          | 40        | - | (4)         | (1)      | -         | 43         |
| <i>in respect to others</i>                                                                                                    | 55627 | 2016 (1) | 5 818      | 4 794     | - | (3 390)     | (277)    | -         | 6 945      |
|                                                                                                                                | 55826 | 2015 (2) | 7 700      | 4 310     | - | (3 513)     | (2 679)  | -         | 5 818      |
| Indebtedness to participants (founders) as regards the revenues payout                                                         | 5563  | 2016 (1) | -          | -         | - | -           | -        | -         | 37         |
|                                                                                                                                | 5583  | 2015 (2) | -          | -         | - | -           | -        | -         | -          |
| Bills payable                                                                                                                  | 5564  | 2016 (1) | -          | -         | - | -           | -        | -         | -          |
|                                                                                                                                | 5584  | 2015 (2) | -          | -         | - | -           | -        | -         | -          |
| Indebtedness towards state non-budgetary funds                                                                                 | 5565  | 2016 (1) | 86 764     | 93 935    | - | (86 764)    | -        | -         | 93 935     |
|                                                                                                                                | 5585  | 2015 (2) | 66 362     | 86 764    | - | (66 362)    | -        | -         | 86 764     |
|                                                                                                                                | 5566  | 2016 (1) | 1 502 989  | 654 431   | - | (1 502 989) | -        | -         | 654 431    |

|                                                 |       |          |            |           |   |             |          |     |            |
|-------------------------------------------------|-------|----------|------------|-----------|---|-------------|----------|-----|------------|
| Settlements in respect to taxes and levies      | 5586  | 2015 (2) | 183 786    | 1 502 989 | - | (183 786)   | -        | -   | 1 502 989  |
| Indebtedness towards organization's personnel   | 5567  | 2016 (1) | 181 165    | 212 336   | - | (181 165)   | -        | -   | 212 336    |
|                                                 | 5587  | 2015 (2) | 122 577    | 181 165   | - | (122 577)   | -        | -   | 181 165    |
| Other accounts payable                          | 5568  | 2016 (1) | 1 825 092  | 407 201   | - | (1 671 891) | (1 407)  | 705 | 559 700    |
|                                                 | 5588  | 2015 (2) | 264 499    | 1 659 779 | - | (98 678)    | (1 496)  | 985 | 1 825 092  |
| From the total sum of short-term indebtedness   | 5569  | 2016 (1) | 1 740      | 947       | - | (1 740)     | -        | -   | 947        |
|                                                 | 5589  | 2015 (2) | 5 305      | 1 740     | - | (5 305)     | -        | -   | 1 740      |
| <i>indebtedness towards subsidiary entities</i> | 55691 | 2016 (1) | 1 740      | 947       | - | (1 740)     | -        | -   | 947        |
|                                                 | 55891 | 2015 (2) | 5 305      | 1 740     | - | (5 305)     | -        | -   | 1 740      |
| <i>indebtedness towards dependent companies</i> | 55692 | 2016 (1) | -          | -         | - | -           | -        | -   | -          |
|                                                 | 55892 | 2015 (2) | -          | -         | - | -           | -        | -   | -          |
| Total                                           | 5550  | 2016 (1) | 12 268 512 | 5 503 415 | - | (8 058 863) | (3 498)  | -   | 9 709 566  |
|                                                 | 5570  | 2015 (2) | 11 641 646 | 7 454 469 | - | (6 813 409) | (14 194) | -   | 12 268 512 |

(1) – reporting year

(2) – previous year

### 5.6.6. Overdue accounts payable

| Indicator name                                                        | Code  | As of 31 December 2016<br>(1) | As of 31 December 2015<br>(2) | As of 31 December 2014<br>(3) |
|-----------------------------------------------------------------------|-------|-------------------------------|-------------------------------|-------------------------------|
| 1                                                                     | 2     | 3                             | 4                             | 5                             |
| Total                                                                 | 5590  | 2 073 360                     | 3 885 868                     | 5 845 798                     |
| including:<br>Settlements with suppliers and contractors              | 5591  | 1 384 390                     | 1 401 150                     | 5 036 750                     |
| <i>including:</i>                                                     |       |                               |                               |                               |
| <i>construction</i>                                                   | 55911 | 472 615                       | 124 302                       | 206 315                       |
| <i>others</i>                                                         | 55912 | 911 775                       | 1 276 848                     | 4 830 435                     |
| Indebtedness to participants (founders) in respect to revenues payout | 5592  | -                             | -                             | -                             |
| Indebtedness towards state non-budgetary funds                        | 5593  | -                             | -                             | -                             |
| Settlements in respect to taxes and levies                            | 5594  | -                             | -                             | 13 725                        |
| Indebtedness towards organization's personnel                         | 5595  | -                             | -                             | -                             |
| Other accounts payable                                                | 5596  | 688 970                       | 2 484 718                     | 795 323                       |

- (1) – reporting date of the reporting period  
(2) – previous year  
(3) – year preceding the previous

### 5.6.7. Credits and loans

| Indicator name                    | Code  | Period   | As of year's beginning | Changes for period |                     |                                              |                       |                                                      | As of period's end |
|-----------------------------------|-------|----------|------------------------|--------------------|---------------------|----------------------------------------------|-----------------------|------------------------------------------------------|--------------------|
|                                   |       |          |                        | Entrance           | Accrual of interest | Repayment of indebtedness's principle amount | Repayment of interest | Transfer from long-term into short-term indebtedness |                    |
| 1                                 | 2     | 3        | 4                      | 5                  | 6                   | 7                                            | 8                     | 9                                                    | 10                 |
| Long-term borrowed funds - total  | 7410  | 2016 (1) | 10 000 000             | 10 770 802         | -                   | (1 329 727)                                  | -                     | (528 836)                                            | 18 912 239         |
|                                   | 7430  | 2015 (2) | 14 900 000             | 12 134 798         | -                   | (3 634 798)                                  | -                     | (13 400 000)                                         | 10 000 000         |
| including:                        |       |          |                        |                    |                     |                                              |                       |                                                      |                    |
| Credits                           | 7411  | 2016 (1) | 3 000 000              | 10 770 802         | -                   | (1 329 727)                                  | -                     | (528 836)                                            | 11 912 239         |
|                                   | 7431  | 2015 (2) | 14 900 000             | 5 134 798          | -                   | (3 634 798)                                  | -                     | (13 400 000)                                         | 3 000 000          |
| Loans                             | 7412  | 2016 (1) | 7 000 000              | -                  | -                   | -                                            | -                     | -                                                    | 7 000 000          |
|                                   | 7432  | 2015 (2) | -                      | 7 000 000          | -                   | -                                            | -                     | -                                                    | 7 000 000          |
| Short-term borrowed funds - total | 7420  | 2016 (1) | 7 071 346              | 2 449 040          | 1 888 922           | (9 977 876)                                  | (1 881 190)           | 528 836                                              | 79 078             |
|                                   | 7440  | 2015 (2) | 2 517 000              | 1 99 789           | 2 261 263           | (9 116 789)                                  | (2 189 917)           | 13 400 000                                           | 7 071 346          |
| including:                        |       |          |                        |                    |                     |                                              |                       |                                                      |                    |
| Credits                           | 7421  | 2016 (1) | 7 000 000              | 2 449 040          | -                   | (9 977 876)                                  | -                     | 528 836                                              | 79 078             |
|                                   | 7441  | 2015 (2) | 2 517 000              | 199 79             | 2 261 263           | (9 116 789)                                  | (2 189 917)           | 13 400 000                                           | 7 071 346          |
| <i>Interest on credits</i>        | 74211 | 2016 (1) | -                      | -                  | 1 081 358           | -                                            | (1 078 094)           | -                                                    | 3 264              |
|                                   | 74411 | 2015 (2) | -                      | -                  | 2 189 917           | -                                            | (2 189 917)           | -                                                    | -                  |
| Loans                             | 7422  | 2016 (1) | 71 346                 | -                  | 807 564             | -                                            | (803 096)             | -                                                    | 75 814             |
|                                   | 7442  | 2015 (2) | -                      | -                  | 71 346              | -                                            | -                     | -                                                    | 71 346             |

- (1) – reporting year  
(2) – previous year

### 5.6.8. Expenditures on credits and loans

| Indicator                                     |      | In respect to long-term credits and loans | In respect to short-term credits and loans |
|-----------------------------------------------|------|-------------------------------------------|--------------------------------------------|
| Name                                          | Code |                                           |                                            |
| 1                                             | 2    | 3                                         | 4                                          |
| Expenditures on credits, total:               | 7510 | 549 397                                   | 543 894                                    |
| written off to other expenditures             | 7511 | 537 895                                   | 543 463                                    |
| included in the assets' cost                  | 7512 | 11 502                                    | 431                                        |
| Expenditures on loans, total:                 | 7520 | 807 564                                   | -                                          |
| written off to other expenditures             | 7521 | 807 564                                   | -                                          |
| included in the assets' cost                  | 7522 | -                                         | -                                          |
| From total expenditures on loans and credits: | 7530 | 1 356 961                                 | 543 895                                    |
| accrued %                                     | 7531 | 1 356 961                                 | 543 895                                    |
| other expenditures                            | 7532 | -                                         | -                                          |

### 5.7. Contingent assets and liabilities

#### 5.7.1. Estimated liabilities

| Indicator                                                                                   |      | Balance as of year's beginning | Acknowledged | Repaid      | Written off as excess sum | Balance as of period's end |
|---------------------------------------------------------------------------------------------|------|--------------------------------|--------------|-------------|---------------------------|----------------------------|
| Name                                                                                        | Code |                                |              |             |                           |                            |
| 1                                                                                           | 2    | 3                              | 4            | 5           | 6                         | 7                          |
| <b>Estimated liabilities - total</b>                                                        | 5700 | 2 409 749                      | 2 846 173    | (2 161 416) | (164 177)                 | 2 930 335                  |
| including:                                                                                  |      |                                |              |             |                           |                            |
| Payment of forthcoming vacation leaves                                                      | 5701 | 226 877                        | 378 584      | (365 337)   | -                         | 240 124                    |
| Payout of remuneration following a year's results                                           | 5702 | 275 097                        | 243 882      | (235 461)   | (39 636)                  | 243 882                    |
| In respect to fixed assets' repair                                                          | 5703 |                                |              |             |                           |                            |
| In respect to works associated with seasonal nature of production                           | 5704 | -                              | -            | -           | -                         | -                          |
| guarantee liabilities and reclamation                                                       | 5705 | -                              | -            | -           | -                         | -                          |
| liquidation liabilities                                                                     | 5706 | -                              | -            | -           | -                         | -                          |
| court proceedings not completed as of reporting date                                        | 5707 | 11 946                         | 307 644      | (68 598)    | (12 389)                  | 238 603                    |
| claims of tax authorities following results of tax audits, not settled as of reporting date | 5708 | 66 148                         | -            | (56 698)    | (9 450)                   | -                          |
| other estimated liabilities                                                                 | 5709 | 1 829 681                      | 1 916 066    | (1 435 319) | (102 702)                 | 2 207 726                  |
| <b>From total sum of contingent liabilities:</b>                                            |      |                                |              |             |                           |                            |
| Created owing to expenditures in respect to ordinary types of activities                    | 5710 | 2 402 005                      |              |             |                           |                            |
| Created owing to other expenditures                                                         | 5720 | 432 069                        |              |             |                           |                            |
| Included in asset's cost                                                                    | 5730 | 12 102                         |              |             |                           |                            |

### 5.7.2. Deferred taxes

| Name                                                    | Code | Deductible temporary differences | Deferred tax assets | Taxable temporary differences | Deferred tax liabilities |
|---------------------------------------------------------|------|----------------------------------|---------------------|-------------------------------|--------------------------|
| 1                                                       | 2    | 3                                | 4                   | 5                             | 6                        |
| Balance as of reporting year's beginning                | 7700 | 4 861 550                        | 972 310             | 614 755                       | 122 951                  |
| Revenue                                                 | 7710 | 1 824 223                        | 364 845             | 131 092                       | 26 218                   |
| Expenditure                                             | 7720 | (2 430 353)                      | (486 071)           | (104 095)                     | (20 819)                 |
| Result of tax rates' change                             | 7730 | X                                | -                   | X                             | -                        |
| Result of elimination of errors of past years           | 7740 | 39 248                           | 7 850               | -                             | -                        |
| Permanent differences in cost of assets and liabilities | 7750 | -                                | -                   | -                             | -                        |
| Writing off, not bringing about tax implications        | 7760 | (95 833)                         | (19 166)            | (38)                          | (7)                      |
| Balance as of reporting period's end                    | 7800 | 4 198 835                        | 3839 768            | 641 714                       | 128 343                  |

### 5.8. Collaterals

| Indicator                                  |       | As of 31 December 2016 (1) | As of 31 December 2015 (2) | As of 31 December 2014 (3) |
|--------------------------------------------|-------|----------------------------|----------------------------|----------------------------|
|                                            | Code  |                            |                            |                            |
| 1                                          | 2     | 3                          | 4                          | 5                          |
| Received – total                           | 5800  | 466 369                    | 853 234                    | 279 744                    |
| including:                                 |       |                            |                            |                            |
| bills                                      | 5801  | -                          | -                          | -                          |
| pledged property                           | 5802  | 107                        | 787                        | 929                        |
| among it:                                  |       |                            |                            |                            |
| items of fixed assets                      | 58021 | 107                        | 787                        | 929                        |
| securities and other financial investments | 58022 | -                          | -                          | -                          |
| others                                     | 58023 | -                          | -                          | -                          |
| others, received                           | 58024 | 466 262                    | 852 447                    | 278 815                    |
| Given out against own liabilities – total  | 5810  | -                          | -                          | -                          |
| including:                                 |       |                            |                            |                            |
| bills                                      | 5811  | -                          | -                          | -                          |
| pledged property                           | 5812  | -                          | -                          | -                          |
| among it:                                  |       |                            |                            |                            |
| facilities of fixed assets                 | 58121 | -                          | -                          | -                          |
| securities and other financial investments | 58122 | -                          | -                          | -                          |
| others                                     | 58123 | -                          | -                          | -                          |
| others, given out                          | 5813  | -                          | -                          | -                          |

(1) – reporting date of the reporting period

(2) – previous year

(3) – year preceding the previous

### 5.9. State assistance

| Indicator name                                                                                  | Code | For 2016               |                   |                   |                  | For 2015               |                   |                   |                  |
|-------------------------------------------------------------------------------------------------|------|------------------------|-------------------|-------------------|------------------|------------------------|-------------------|-------------------|------------------|
| 1                                                                                               | 2    | 3                      |                   |                   |                  | 4                      |                   |                   |                  |
| Received budgetary funds - total                                                                | 5900 | 3 306                  |                   |                   |                  | 5 455                  |                   |                   |                  |
| including:                                                                                      |      |                        |                   |                   |                  |                        |                   |                   |                  |
| for current expenditures                                                                        | 5901 | 179                    |                   |                   |                  | 789                    |                   |                   |                  |
| compensations to Chernobyl cleanup veterans                                                     | 5902 | -                      |                   |                   |                  | -                      |                   |                   |                  |
| for tasks fulfillment in mobilization trainings                                                 | 5903 | -                      |                   |                   |                  | -                      |                   |                   |                  |
| for liquidation of inter-territorial cross-subsidization                                        | 5904 | -                      |                   |                   |                  | -                      |                   |                   |                  |
| for investments in non-current assets                                                           | 5905 | -                      |                   |                   |                  | -                      |                   |                   |                  |
| other goals                                                                                     | 5906 | 3 127                  |                   |                   |                  | 4 666                  |                   |                   |                  |
| Indicator name                                                                                  | Code | As of year's beginning | Received for year | Returned for year | As of year's end | As of year's beginning | Received for year | Returned for year | As of year's end |
| Budget credits - total                                                                          | 5910 | -                      | -                 | -                 | -                | -                      | -                 | -                 | -                |
| including:                                                                                      |      |                        |                   |                   |                  |                        |                   |                   |                  |
| preventive measures financing to reduce production injuries and occupational diseases           | 5911 | -                      | -                 | -                 | -                | -                      | -                 | -                 | -                |
| financing of profound medical inspections of employees, engaged in work associated with harmful | 5912 | -                      | -                 | -                 | -                | -                      | -                 | -                 | -                |

|                                                |      |   |   |   |   |   |   |   |   |
|------------------------------------------------|------|---|---|---|---|---|---|---|---|
| and (or)<br>hazardous<br>production<br>factors |      |   |   |   |   |   |   |   |   |
| others                                         | 5913 | - | - | - | - | - | - | - | - |

(1) – reporting year

(2) – previous year

#### 5.10 Government subsidies conditions for provision of which were not met

| Indicator                                                                                                      | Code | 2016       |          | 2015       |          |
|----------------------------------------------------------------------------------------------------------------|------|------------|----------|------------|----------|
|                                                                                                                |      | Refundable | Refunded | Refundable | Refunded |
| 1                                                                                                              | 2    | 3          | 4        | 5          | 6        |
| Budget funds conditions for provision of which were not met                                                    | 7910 | -          | -        | -          | -        |
| including funds for                                                                                            |      | -          | -        | -          | -        |
| operating costs                                                                                                | 7911 | -          | -        | -          | -        |
| compensations to Chernobyl veterans                                                                            | 7912 | -          | -        | -          | -        |
| mobilization training                                                                                          | 7913 | -          | -        | -          | -        |
| dissolution of inter-territorial cross-subsidy                                                                 | 7914 | -          | -        | -          | -        |
| miscellaneous                                                                                                  | 7915 | -          | -        | -          | -        |
| Public budget loans conditions for provision of which were not met                                             | 7920 | -          | -        | -          | -        |
| including                                                                                                      |      | -          | -        | -          | -        |
| funding of activities for prevention of workplace injuries and occupational diseases                           | 7921 | -          | -        | -          | -        |
| funding of profound medical examination of employees involved in harmful and/or hazardous occupational factors | 7922 | -          | -        | -          | -        |
| miscellaneous                                                                                                  | 7925 | -          | -        | -          | -        |

(1) – reporting year

(2) – previous year

#### 5.11. Other revenues and expenditures

| Indicator                                   |             | 2016             | 2015             |
|---------------------------------------------|-------------|------------------|------------------|
|                                             | Code        |                  |                  |
| 1                                           | 2           |                  |                  |
| <b>Other revenues total</b>                 | <b>8000</b> | <b>2 615 870</b> | <b>6 850 548</b> |
| including:                                  |             |                  |                  |
| From sale of fixed assets, except for flats | 8001        | 1 356            | 6 506            |
| From sale of flats                          | 8002        | 12 591           | -                |
| From sale of business inventories           | 8003        | 11 131           | 34 583           |
| From sale of currency                       | 8004        | -                | -                |
| From sale of intangible assets              | 8005        | -                | -                |
| From sale of securities                     | 8006        | -                | -                |
| From sale of other assets                   | 8007        | -                | 1 325            |
| From joint activities                       | 8008        | -                | -                |



|                                                                                                                                      |             |                    |                    |
|--------------------------------------------------------------------------------------------------------------------------------------|-------------|--------------------|--------------------|
| Profit of 2011, revealed in reporting period                                                                                         | 8009        | 113 633            |                    |
| Profit of 2010, revealed in reporting period                                                                                         | 8010        | 24 393             | 363 033            |
| Profit of 2009, revealed in reporting period                                                                                         | 8011        | 60 013             | 15 042             |
| Profit before 01.01.2009, revealed in reporting year                                                                                 | 8012        | 13 764             | 25 704             |
| Acknowledged penalties, fines and forfeits or on which court's decisions (arbitration court's decisions) are got on their collection | 8013        | 87 213             | 17 759             |
| Accounts payable in respect to which a limitation period has expired (over three years)                                              | 8014        | 3 498              | 14 194             |
| Currency differences                                                                                                                 | 8015        |                    | -                  |
| Property in surplus following results of inventory taking                                                                            | 8016        | 1 172              | 20 723             |
| Donated assets, except for fixed assets and intangible assets                                                                        | 8017        | 3 143              | 3653               |
| Revenue from donated fixed assets, determined according to an established procedure                                                  | 8018        | 22 286             | 16 327             |
| Cost of material valuables, remained from writing off of assets, which are not eligible for recovery and further use                 | 8019        | 6 063              | 7 501              |
| Reassessment of financial investments on current market value                                                                        | 8020        | -                  | -                  |
| Revenue from decrease (writing off) of provision for doubtful debts                                                                  | 8021        | 1 726 050          | 1 620 974          |
| Revenue from decrease (writing off) of reserve for estimated liabilities                                                             | 8022        | 164 177            | 883 095            |
| Revenue from decrease (writing off) of reserve for cost reduction of business inventories                                            | 8023        | 11 093             | 11 667             |
| Revenues on claim assignment agreements                                                                                              | 8024        | 57 228             | 15 625             |
| Revenue from revealed non-contractual consumption of electric power                                                                  | 8025        | 83 026             | 156 452            |
| Insurance payments receivable                                                                                                        | 8026        | 101 734            | 136 250            |
| Revenues tied with participation in other organizations' charter capitals                                                            | 8027        | -                  | -                  |
| Recovery of accounts receivable written off earlier                                                                                  | 8028        | 17                 | 7                  |
| Discount on bills                                                                                                                    | 8029        | -                  | -                  |
| Compensation for difference in tariffs (budgetary financing)                                                                         | 8030        | -                  | -                  |
| Revenue from decrease (writing off) of reserve for possible losses of financial investments                                          | 8031        | -                  | -                  |
| Others                                                                                                                               | 8032        | -                  | -                  |
| <b>Other expenditures total</b>                                                                                                      | <b>8100</b> | <b>(3 108 883)</b> | <b>(5 407 097)</b> |
| including:                                                                                                                           |             |                    |                    |
| From sale of fixed assets, except for flats                                                                                          | 8101        | (505)              | (3 882)            |
| From sale of flats                                                                                                                   | 8102        | (251)              | -                  |
| From sale of business inventories                                                                                                    | 8103        | (7 453)            | (30 666)           |
| From sale of currency                                                                                                                | 8104        | -                  | -                  |
| From sale of intangible assets                                                                                                       | 8105        | -                  | -                  |
| From sale of securities                                                                                                              | 8106        | -                  | -                  |
| From sale of other assets                                                                                                            | 8107        | -                  | (1 060)            |
| Other taxes                                                                                                                          | 8108        | -                  | -                  |
| Expenditures in respect to banks' services payment                                                                                   | 8109        | (446)              | (4 191)            |

|                                                                                                                                      |      |             |             |
|--------------------------------------------------------------------------------------------------------------------------------------|------|-------------|-------------|
| Expenditures to performance of service financial investments                                                                         | 8110 | -           | -           |
| Provision for doubtful debts                                                                                                         | 8111 | (1 009 909) | (3 250 646) |
| Reserve for possible losses of financial investments                                                                                 | 8112 | -           | -           |
| Reserve for cost reduction of material valuables                                                                                     | 8113 | (9 372)     | (12 159)    |
| Reserve for discontinuing operation                                                                                                  | 8114 | -           | -           |
| Reserve for estimated liabilities                                                                                                    | 8115 | (317 287)   | (73 265)    |
| Retirement of incomeless assets                                                                                                      | 8116 | (5 058)     | (1 554)     |
| VAT on donated property                                                                                                              | 8117 | -           | -           |
| Loss of 2011, revealed in reporting period                                                                                           | 8118 | (400 364)   |             |
| Loss of 2010, revealed in reporting period                                                                                           | 8119 | (117 753)   | (496 645)   |
| Loss of 2009, revealed in reporting period                                                                                           | 8120 | (17 323)    | (79 469)    |
| Loss before 01.01.2009, revealed in reporting period                                                                                 | 8121 | (25 952)    | (151 995)   |
| Acknowledged penalties, fines and forfeits or on which court's decisions (arbitration court's decisions) are got on their collection | 8122 | (155 026)   | (62 242)    |
| State duties in respect to economic contracts                                                                                        | 8123 | (7 940)     | (8 436)     |
| Reassessment of financial investments on current market value                                                                        | 8124 | -           | -           |
| Discount on bills                                                                                                                    | 8125 | -           | -           |
| Expenditures under claim assignment agreements                                                                                       | 8126 | (57 228)    | -           |
| Nonreimbursable VAT                                                                                                                  | 8127 | (17 879)    | (534 846)   |
| Expenditures in respect to revealed non-contractual consumption of electric power                                                    | 8128 | -           | -           |
| Contributions in incorporations and funds                                                                                            | 8129 | (2 561)     | (2 552)     |
| Accounts receivable in respect to which a limitation period has expired (over three years)                                           | 8130 | (941)       | (1 775)     |
| Currency differences                                                                                                                 | 8131 | -           | -           |
| Court costs                                                                                                                          | 8132 | (2 160)     | (1 222)     |
| Plundering, deficiencies                                                                                                             | 8133 | -           | (1)         |
| Costs in respect to enforcement proceedings                                                                                          | 8134 | -           | (69)        |
| Cost redemption of employees' flats                                                                                                  | 8135 | (8 616)     | -           |
| Other material (financial) aid and other payments to employees                                                                       | 8136 | (235 962)   | (220 100)   |
| Material aid to pensioners (including lump sum payments, compensations of community charges                                          | 8137 | (7 972)     | (8 198)     |
| Expenditures to carry out sporting events                                                                                            | 8138 | (571)       | (2 604)     |
| Expenditures to carry out social activities                                                                                          | 8139 | (3 769)     | (2 511)     |
| Expenditures for charity                                                                                                             | 8140 | (105 000)   | -           |
| Cost of the redeemed bonds                                                                                                           | 8141 | -           | -           |
| Interest on long-term liabilities                                                                                                    | 8142 | -           | -           |
| Balance after the wrote off of the fixed assets                                                                                      | 8143 | (9 858)     | (59 769)    |
| Write-down of fixed assets                                                                                                           | 8144 | -           | (32 768)    |
| Miscellaneous                                                                                                                        | 8145 | (584 707)   | (357 452)   |

Director \_\_\_\_\_ Ocheredko O.V.  
(signature)

Chief accountant \_\_\_\_\_ Skiba I.V.  
(signature)

21 February 2017

## 5.12. Information on assets booked on off-balance-sheet accounts

| Indicator name                                                                  | Code  | As of 31<br>December<br>2016 | As of 31<br>December<br>2015 | As of 31<br>December<br>2014 |
|---------------------------------------------------------------------------------|-------|------------------------------|------------------------------|------------------------------|
| 1                                                                               | 2     | 3                            | 4                            | 5                            |
| Leased fixed assets                                                             | 8200  | 3 621 269                    | 3 881 214                    | 3 976 318                    |
| including: on leasing                                                           | 82001 |                              | -                            | -                            |
| Goods and materials accepted for custody                                        | 8201  | 17 261                       | 3 503                        | 11 306                       |
| Materials accepted for processing                                               | 8202  | 1 346                        | 201                          | -                            |
| Goods accepted on commission                                                    | 8203  | -                            | -                            | -                            |
| Equipment accepted for installation                                             | 8204  | -                            | -                            | -                            |
| Insolvent debtors' indebtedness written off to loss                             | 8205  | 269 182                      | 259 373                      | 330 035                      |
| Wear of land improvement facilities and other similar facilities                | 8206  | 6 298                        | 6 291                        | 6 034                        |
| Strict accounting forms                                                         | 8207  | 209                          | 178                          | 90                           |
| Federally owned property                                                        | 8208  | -                            | -                            | -                            |
| Intangible assets acquired for use                                              | 8209  | 106 174                      | 134 885                      | 132 238                      |
| Property transferred into charter capital against payment of acquired valuables | 8210  | -                            | -                            | -                            |

- (1) – reporting date of the reporting period
- (2) – previous year
- (3) – year preceding the previous

#### 5.14. Reportable segments information

|                                                           | Code        | Transfer of electric energy | Technological connection | Reporting segment | Reporting segment | Reporting segment | Other segments | Total             |
|-----------------------------------------------------------|-------------|-----------------------------|--------------------------|-------------------|-------------------|-------------------|----------------|-------------------|
| 1                                                         | 2           | 3                           | 4                        | 5                 | 6                 | 7                 | 8              | 9                 |
| Proceeds from outside buyers                              | 8310        | 39 262 365                  | 2 380 524                | -                 | -                 | -                 | 83 312         | <b>41 726 201</b> |
| Proceeds from sales between segments                      | 8320        | -                           | -                        | -                 | -                 | -                 | -              | -                 |
| <b>Proceeds of segment, total</b>                         | <b>8300</b> | <b>39 262 365</b>           | <b>2 350 524</b>         | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>83 312</b>  | <b>41 726 201</b> |
| 201                                                       |             |                             |                          |                   |                   |                   |                | -                 |
| <i>proceeds from transmission</i>                         | 8301        | 39 265 365                  | -                        | -                 | -                 | -                 | -              | 39 265 365        |
| <i>proceeds from grid connection</i>                      | 8302        | -                           |                          | -                 | -                 | -                 | -              | <b>2 380 524</b>  |
| <i>other proceeds</i>                                     | 8303        | -                           | -                        | -                 | -                 | -                 | 83 312         | <b>83 312</b>     |
| Interest receivable                                       | 8330        | -                           | -                        | -                 | -                 | -                 | 89 719         | <b>89 719</b>     |
| Interest payable                                          | 8340        | 1 888 9222                  | -                        | -                 | -                 | -                 | -              | <b>1 88 922</b>   |
| Profit tax expenditures                                   | 8350        | 1 365 735                   | -                        | -                 | -                 | -                 | -              | <b>1 365 735</b>  |
| <b>Profit/loss of segment</b>                             | <b>8360</b> | <b>200 304</b>              | <b>1 695 716</b>         | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>244 480</b> | <b>2 140 500</b>  |
| <b>Assets of segments</b>                                 | <b>8370</b> | <b>63 435 993</b>           | <b>3 467 542</b>         | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>384 666</b> | <b>67 288 201</b> |
| including non-current assets                              | 8371        | 53 540 726                  | 3 242 252                | -                 | -                 | -                 | 115 735        | <b>56 898 713</b> |
| <b>Liabilities of segments</b>                            | <b>8380</b> | <b>61 144 842</b>           | <b>5 687 070</b>         | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>456 289</b> | <b>67 288 201</b> |
| <b>Depreciation of fixed assets and intangible assets</b> | <b>8390</b> | <b>3 587 898</b>            | <b>41 192</b>            | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>4 313</b>   | <b>3 633 403</b>  |



**Public joint-stock company  
of power energy and electrification of Kuban  
Kubanenergo PJSC**



## **Notes to Financial Statements for 2016**

Krasnodar

2017

## 1. General Provisions

Kubanenergo PJSC is the largest power grid company in the Krasnodar Region and the Republic of Adygea. It transmits and distributes electricity via 110 kV electrical grids and lower across the populated places, in the rural settlements, certain cities and towns as well as district centres of the Krasnodar Region and the Republic of Adygea, including Sochi.

**Full name:** Public Joint-Stock Company of Power industry and Electrification of Kuban.

**Abbreviated name:** Kubanenergo PJSC.

The company was registered on February 10, 1993.

The name was entered into the Unified State Register of Legal Entities by Russian Federal Tax Service Inspection No. 3 for Krasnodar under No. 1022301427268 on September 17, 2002. Certificate 23 No. 001806938.

**Taxpayer Identification Number (tax registration reason code):** 2309001660 (997450001);

**Form of incorporation/type of ownership of Kubanenergo PJSC:** Public Joint-Stock Company (code under the Russian Classifier of Forms of Incorporation is 47) / private ownership (code under the Russian Classifier of Types of Ownership is 16).

**Location/registered address of Kubanenergo PJSC:** 2A Stavropolskaya str., 350033, Krasnodar, Russian Federation.

**The Company's main activities are:**

- Services related to transmission and distribution of electricity in electrical grids;
- Services related to technological connection to electrical grids.

Table 1 - Licenses

| Type of Activity                                                                                                                              | Issuing Authority                         | Details                   | Validity Period of License |
|-----------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|---------------------------|----------------------------|
| 1                                                                                                                                             | 2                                         | 3                         | 4                          |
| The right to use mineral resources (to extract fresh groundwater for utility and drinking water supply and process water supply in Krasnodar) | The Russian Ministry of Natural Resources | КРД (KRD)<br>No. 03378 БЭ | 17.07.2007 –<br>20.07.2034 |

|                                                                                                                                                               |                                                                                      |                                   |                                     |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|-----------------------------------|-------------------------------------|
| To execute works with the use of information constituting a state secret                                                                                      | Department of the Russian Federal Security Service (FSB) for the Krasnodar Region    | GT 0062143, registration # 1223   | 06.08.2013 – 06.08.2018             |
| Permit to works related to construction, reconstruction and overhaul                                                                                          | Self-regulatory Organization Energostroy, NP (non-for-profit partnership)            | 0212.03-2012-2309001660-S-060     | 16.12.2013, with no expiration date |
| Permit to works related to preparation of design documentation for external networks of 35kV and their installation                                           | Self-regulatory organization Energostroy, NP (non-for-profit partnership)            | P-0263-01-2010-0274               | 03.02.2014, with no expiration date |
| For the right to use mineral resources (to extract fresh groundwater for utility and drinking water supply and process water supply in the Tverskaya village) | The Russian Ministry of Natural Resources                                            | КРД (KRD) No. 03813 БЭ            | 17.12.2009 – 01.01.2035             |
| To operate fire explosive production facilities                                                                                                               | The Russian Federal Service for Environmental, Technological and Nuclear Supervision | BP-30-003995 series AB No. 087343 | 11.11.2011, with no expiration date |

The financial statements of Kubanenergo PJSC include performance indicators of all the branches, representative offices and other subdivisions as stated below:

Table 2 – **branches of Kubanenergo PJSC**

| # | Name                                                           | Location                                 |
|---|----------------------------------------------------------------|------------------------------------------|
| 1 | Krasnodarskiye Elektricheskiye Seti (Krasnodar Electric Grids) | 131 Pashkovskaya str., Krasnodar 350000  |
| 2 | Sochinskiye Elektricheskiye Seti (Sochi Electric Grids)        | 42 Konstitutsii str., Sochi 354000       |
| 3 | Armavirskiy Elektricheskiy Set (Armavir Electric Grids)        | 54 Vorovskogo str., Armavir 352900       |
| 4 | Adygeyskiye Elektricheskiye Seti (Adygeya Electric Grids)      | 358 Shovgenova str., Maykop 385000       |
| 5 | Timashevskiy Elektricheskiy Set (Timashevsk Electric Grids)    | 176 Lenina str., Timashevsk 353760       |
| 6 | Tikhoretskiye Elektricheskiye Seti (Tikhoretsk Electric Grids) | 62 Dzerzhinskogo str., Tikhoretsk 352100 |



|    |                                                                        |                                                     |
|----|------------------------------------------------------------------------|-----------------------------------------------------|
| 7  | Leningradskiye Elektricheskiye Seti<br>(Leningradskaya Electric Grids) | 6 302-y Divizii str., Leningradskaya village 353740 |
| 8  | Slavyanskiye Elektricheskiye Seti<br>(Slavyansk Electric Grids)        | 49 Stroiteley str., Slavyansk-na-Kubani 353840      |
| 9  | Yugo-Zapadnye Elektricheskiye Seti<br>(South-West Electric Grids)      | 1 Vostochny Mol, Novorossiysk 353902                |
| 10 | Labinskiye Elektricheskiye Seti<br>(Labinsk Electric Grids)            | 334 Mira str., Labinsk 352510                       |
| 11 | Ust-Labinskiye Elektricheskiye Seti<br>(Ust-Labinsk Electric Grids)    | 4 Krasnodarskaya str., Ust-Labinsk 352300           |

**Average annual number of employees** in Kubanenergo PJSC for the reporting period equaled to 8 428 employees, and 8 326 in the previous year, in the year preceding the previous year (in 2014) there were 8 364 employees.

**Company's Auditor:**

Name: RSM RUS  
Legal address: 4, Pudovkina Str., Moscow, Russia 119285  
Location address: 4, Pudovkina Str., Moscow, Russia 119285  
Individual Taxpayer  
Number (INN): 7722020834  
Primary State Registration  
Number (OGRN): 1027700257540  
Telephone/fax: (495) 363-2848 / (495) 981-4121

**The Company's management bodies are** as follows: the General Meeting of Shareholders, the Company's Board of Directors, the Company's Management Board (collective executive body), General Director of the Company (sole executive body).

**General Director of the Company:** Gavrilov Alexandr Ilyich

**Chief Accountant of the Company:** Skiba Inna Viktorovna.

**Table 3 – Members of the Board of Directors (31.12.2016)**

| #  | Name                       | Place of employment and position    | Status in the Board of Directors      |
|----|----------------------------|-------------------------------------|---------------------------------------|
| 1. | Mangarov Yuriy Nikolaevich | Deputy Chief of Staff, Rosseti PJSC | Chairperson of the Board of Directors |

|    |                                |                                                                                                                                                                                                 |                               |
|----|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| 2. | Bobkov Dmitry Alexeyevich      | Head of Department of Information Policy and Public Relations, Rosseti PJSC                                                                                                                     |                               |
| 3. | Bogashov Alexandr Evgenievich  | Head of Corporate Governance Sector at Department of Corporate Governance, Price Environment and Audit and Inspection Activity in the spheres of Fuel & Energy Complex of RF Ministry of Energy | the Board of Directors member |
| 4. | Varvarin Aleksandr Viktorovich | Vice-president - Managing Director in charge of Corporate Relations and Legal Support, Russian Union of Industrialists and Entrepreneurs                                                        | the Board of Directors member |
| 5. | Gavrilov Aleksandr Ilyich      | Director General of Kubanenergo PJSC, Chairperson of Management Board                                                                                                                           | the Board of Directors member |
| 6. | Gritsenko Vladimir Fyodorovich | Business Development Director, Unitel Engineering LLC                                                                                                                                           | the Board of Directors member |
| 7. | Yefimov Alexander Leonidovich  | Head of Administrative department, Rosseti PJSC                                                                                                                                                 | the Board of Directors member |
| 8. | Serov Alexey Yurievich         | Director of the Department of Finances, Rosseti PJSC                                                                                                                                            | the Board of Directors member |
| 9. | Sofyin Vladimir Vladimirovich  | Director of the Department for Technological Development and Innovations, Rosseti PJSC                                                                                                          | the Board of Directors member |
| 10 | Khokholkova Kseniya Valerievna | Deputy Head of Directorate of Share Capital Issues, Department of Corporate Governance and Interaction with Shareholders, Rosseti PJSC                                                          | the Board of Directors member |
| 11 | Shmakov Igor Vladimirovich     | Deputy Director General in charge of Controlling, Kubanenergo PJSC                                                                                                                              | the Board of Directors member |

**Table 4 – Members of the Management Board (31.12.2016)**

| #  | Name                          | Place of employment and position                                                                                                                                                       | Status in the Board of Directors    |
|----|-------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|
| 1. | Gavrilov Alexander Ilyich     | General director of Kubanenergo PJSC                                                                                                                                                   | Chairperson of the Management Board |
| 2. | Armaganian Edgar Garrievich   | First Deputy Director General – Director of Sochi electric grids, branch of Kubanenergo PJSC, Deputy Director General in charge of Sales Services (as part-time job), Kubanenergo PJSC | Member of the Management Board      |
| 3. | Golov Andrey Valerievich      | Deputy Director General in charge of Investment Activity, Kubanenergo PJSC                                                                                                             | Member of the Management Board      |
| 4. | Golovakha Dmitriy Nikolaevich | Director of branch South-Western electric grids, branch of Kubanenergo PJSC                                                                                                            | Member of the Management Board      |
| 5. | Golovakha Lyudmila Alekseevna | Deputy Director General, Chief of Staff, Kubanenergo PJSC                                                                                                                              | Member of the Management Board      |

|    |                                 |                                                                                        |                                            |
|----|---------------------------------|----------------------------------------------------------------------------------------|--------------------------------------------|
| 6. | Ivanova Irina Viktorovna        | Deputy Director General in charge of Corporate Governance, Kubanenergo PJSC            | Member of the Management Board             |
| 7. | Kostetskiy Vyacheslav Yurievich | Deputy Director General in charge of Development and Grid Connection, Kubanenergo PJSC | Member of the Management Board             |
| 8. | Ocheredko Olga Vyacheslavovna   | Deputy General Director for Economics and Finance, Kubanenergo PJSC                    | Member of the Management Board             |
| 9. | Ryazancev Dmitry Yurievich      | Deputy General Director for Technical Issues – Chief Engineer, Kubanenergo PJSC        | Deputy Chairperson of the Management Board |
| 10 | Statuyev Vladislav Andreyevich  | Deputy Director General in charge of Security, Kubanenergo PJSC                        | Member of the Management Board             |

The Company's Auditing Commission controls financial and business operations of the Company.

**Table 5 – Members of the Auditing Commission (31.12.2015)**

| #  | Name                           | Place of employment and position                                                                                              | Status in the Board of Directors |
|----|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| 1. | Kim Svetlana Anatolievna       | Head of Directorate for auditing activity at department for control activity, Rosseti PJSC                                    | Chairperson of the Commission    |
| 2. | Kabizskina Yelena Alexandrovna | Deputy Head of Directorate for auditing activity at department for control activity, Rosseti PJSC                             | Member of the Commission         |
| 3. | Kirillov Artyom Nikolayevich   | Deputy head of Directorate for auditing activity and internal audit at department of internal audit and control, Rosseti PJSC | Member of the Commission         |
| 4. | Malyshev Sergey Vladimirovich  | Chief specialist of Directorate for auditing activity at department for control activity, Rosseti PJSC                        | Member of the Commission         |
| 5. | Slesareva Yelena Yurievna      | Chief expert at Internal audit directorate, Rosseti PJSC                                                                      | Member of the Commission         |

**Table 6 – Company's Subsidiaries and Affiliates**

| Name                               | Share in the charter capital (%) | Location                                                                              | Type of activities                                                                                                                                               |
|------------------------------------|----------------------------------|---------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "Energetik" Recreation Center" JSC | 100                              | 4 Pionerskaya str., village of Divnomorskoye, Gelendzik, the Krasnodar Region, 353490 | Provision of healthcare services, health and fitness services, services related to accommodation (temporary accommodation), catering and servicing to population |

|                                 |     |                                                                              |                                                                                                                                                                                 |
|---------------------------------|-----|------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Energoservis Kuban” JSC        | 100 | 47 Novorossiyskaya str., Krasnodar, the Krasnodar Region, 350080             | Implementation of the Programs for Energy Saving and Improvement of Energy Efficiency in the Regions of Responsibility by Implementing the Multilevel System of Energy Services |
| “Plamya” Recreation Center” JSC | 100 | Novomikhaylovsky-2 settlement, Tuapse district, the Krasnodar Region, 352856 | Provision of healthcare services, health and fitness services, services related to accommodation (temporary accommodation), catering and servicing to population                |

## 2. General Provisions of the Accounting Policy

Kubanenergo PJSC maintains its accounting records in accordance with the Federal Law dated 06.12.2011 No.402-FZ “On Accounting”, Regulation on Keeping Accounting Records and Financial Statements in the Russian Federation approved by Order of the Russian Ministry of Finance dated July 29, 1998 No. 34n and other regulations on accounting.

The financial statements of Kubanenergo PJSC were prepared under the Accounting Standards applicable in Russia.

The figures in the financial statements are given in thousands of rubles (unless otherwise stated).

### 2.1. Assets and Liabilities in Foreign Currencies

At the beginning and the end of the reporting year, no assets and liabilities expressed in foreign currency were recorded in the Company’s accounting records.

### 2.2. Expenses on research-and-development activities (R&D)

Accounting of expenses on research-and-development activities is carried out in accordance with Regulations of Accounting 17/02 approved by order of RF ministry of Finance No.115H on 19.11.2002, as subsequently amended.

Expenses on each particular R&D activity are written off using straight-line method.

### 2.3. Intangible Assets

The Company accounts intangible assets in accordance with Accounting Standard 14/2007 “Accounting for Intangible Assets” approved by Order of the Russian Ministry of Finance dated December 27, 2007 No. 153H.

The intangible assets with definite useful life are amortized using the straight-line

method.

#### **2.4. Fixed Assets and Construction in Progress**

The Company accounts fixed assets in accordance with Accounting Standard 6/01 “Accounting for Fixed Assets” approved by Order of the Russian Ministry of Finance dated March 30, 2001 No. 26n and Guidelines for Accounting for Fixed Assets approved by Order of the Russian Ministry of Finance dated October 13, 2003 No. 91н.

The Company accounts construction work in progress in accordance with the Russian Accounting Standard approved by Order of the Russian Ministry of Finance dated July 29, 1998 No. 34н as well as in accordance with the Regulation on Accounting for Long-Term Investments (Letter of the Russian Ministry of Finance dated December 30, 1993 No. 160) insofar as it does not conflict with any subsequent law or regulation in relation to accounting.

The fixed assets recorded in the accounting records based on their initial value, which is to be determined based on the method of receipt/acquisition: for a fee, creation with the use of the company’s own resources, construction, receipt free of charge, etc.

Costs in relation to loans and credits received in relation to forming an investment asset (fixed assets, property complexes and other similar assets that require a lot of time and cost to purchase and/or build) shall be included in the value of the asset being depreciated.

The fixed assets were depreciated using the straight-line method based on their useful life.

Depreciation expense in relation to fully depreciated / worn-out fixed assets was not charged.

The value of the fixed assets was not subject to changes except as the objects were renovated, reconstructed or their construction was completed. Costs of the recovery of fixed assets shall be recorded in the accounting records of the reporting period to which they relate.

Property received under financial lease agreements shall be recorded in accounting records in accordance with the Federal Law dated October 29, 1998 No. 164-FZ “On

Financial Lease”.

## **2.5. Inventory**

The Company accounts its inventories in accordance with the Accounting Standard 05/01 Accounting for Inventories” approved by Order of the Russian Ministry of Finance dated June 9, 2001 No. 44n and Guidelines for Accounting for Inventories approved by Order of the Ministry of Finance dated December 28, 2001 No. 119n.

When entering inventories into the books of account, the Company values them as follows:

- if the inventories are purchased for a fee – as the amount of actual costs of their purchase, except for value-added tax and other taxes to be recovered from the budget (par. 6, 11 of Accounting Standard 5/01);
- if the inventories are produced with the use of the company’s own resources – based on actual costs related to the production of such inventories. Costs of the inventories production shall be recorded and formed in the books of account in the manner set forth to determine the prime cost of the relevant types of products (par.7 of Accounting Standard 5/01);
- if the inventories are received as a contribution to the charter capital – based on their estimated money value approved by the founders / members except as otherwise required by the law of the Russian Federation; for these purposes, the actual expenses for delivery of the inventories and making them suitable for use shall be taken into account, according to par. 6 of Accounting Standard 5/01 (par. 8, 11 of Accounting Standard 5/01);
- if the inventories are received without charge or under a deed of gift as well as remained after the retirement of fixed assets and other property, entering the inventories, which have been found as overstock based on the results of stock-taking, into the books of account – based on the current market value of the inventories as at the date of their entering into the books of account; the actual expenses for delivery of the inventories and making them suitable for use shall be taken into account (par. 9, 11 of Accounting Standard 5/01);
- if the inventories are received under the agreements, which stipulate that the

obligations shall be performed (payment shall be made) without use of money, - based on the price of the values passed or to be passed to the Company; such price shall be determined based on the price, under which the Company typically determines the price of similar values under comparable circumstances. If it is impossible to determine the value of the assets passed or to be passed to the Company, the value of the inventories received by the company under the agreements, which stipulate that the obligations shall be performed (payment shall be made) without use of money, shall be determined based on the price, by which similar inventories are normally purchased under comparable circumstances. The actual cost price of such inventories also includes the actual expenses for delivery of the inventories and making them suitable for use, according to par. 6, 10, 11 of Accounting Standard 5/01;

- the fixed price specified in the contract is considered to be the value of the inventories received under the contracts of exchange, in which the agreed price of the property being exchanged is stated.

According to par. 16 of Accounting Standard 5/01 “Accounting for Inventories” and par. 3.13.13 of the Company’s Accounting Policy, if inventories are issued to production or are otherwise retired they shall be valued based on the average cost price of each type of the inventories.

Special clothing before it is put into use shall be recorded in the accounting records on account 10 “Materials”, separate sub-account “Special Gear and Special Clothing in Stock”. The value of special clothing with useful life over 12 months shall be amortized using the straight-line method based on the useful life of the special clothing stated in the standard industry norms for provision of special clothing, special footwear and other personal protective gear, as well as in the Rules for Provision of Employees with Special Clothing, Special Footwear and Other Personal Protective Gear approved by Decree of the Russian Ministry of Labor and Social Development dated 01.07.2009 No.290n.

The Company makes provision for diminution in value of the inventories out of the financial results. Such provision is to be applied to all inventories that have become obsolete or absolutely lost their original quality.

## **2.6. Prepaid Expenses**

Recognition of costs incurred as a prepaid expense and their reporting on the books of account and financial statement as an asset is a principled approach accepted in the Company. This approach is based on the understanding of the temporary fact that the company is likely to receive economic benefits from this asset in the future and of its value assessment with a sufficient degree of reliability.

The Company has determined that balance of prepaid expenses shall be recorded on the rows “Other Non-Current Assets” and “Other Current Assets”.

For these purposes, distribution between sections I and II of the balance sheet shall be made based on the period of expensing relevant costs, i.e. costs with the period of expensing over 12 months shall be recorded in section I of the balance sheet, the rest of costs shall be recorded in section II.

## **2.7. Financial Investments**

The Company accounts financial investments in accordance with Accounting Standard 19/02 “Accounting for Financial Investments” approved by Order of the Russian Ministry of Finance dated December 10, 2002 No. 126n.

Investments into authorized capitals of other companies are recognized as financial investments of the company and shall be recorded in the books of account as actual costs of the investor, i.e. in accordance with the value of the contributed assets, based on which they were reported on the investor’s balance sheet.

Financial investments, in relation to which the current market value cannot be determined, shall be reported in the books of account and financial statements as at the reporting date in accordance with the initial value (par. 21 of Accounting Standard 19/02).

Financial investments, in relation to which it is possible to determine the current market value, shall be reported in the financial statements as at the end of the reporting year in accordance with the current market value by adjusting their valuation as at the previous reporting date (par. 20 of Accounting Standard 19/02).

Debt securities shall be recorded in the accounting records in accordance with the purchase price. The difference between the nominal purchase price and nominal value of the securities shall be included in “Other Income and Expenses”.



## **2.8. Loans and Credits**

The Company accounts costs of loans and credits in accordance with Accounting Standard 15/2008 “Accounting for Costs of Loans and Credits” approved by Order of the Russian Ministry of Finance dated October 6, 2008 No. 107n.

## **2.9. Estimated Liabilities**

The Company accounts estimated and contingent liabilities in accordance with Accounting Standard 1 “Estimated Liabilities, Contingent Liabilities and Contingent Assets” approved by Order of the Russian Ministry of Finance dated December 13, 2010 No. 167n.

## **2.10. Deferred Taxes**

The Company accounts for deferred taxes in accordance with Accounting Standard 18/02 “Accounting for Settlements in relation to Corporate Income Tax” approved by Order of the Russian Ministry of Finance dated November 19, 2002 No. 114n.

When preparing its financial statements company shall report on the amounts of deferred tax assets and deferred tax liabilities on the balance sheet in expanded form.

## **2.11. Revenue and other income**

The Company accounts for its revenue and other income in accordance with Accounting

Standard 9/99 “Income of Company” approved by Order of the Russian Ministry of Finance dated May 6, 1999 No. 32n.

Revenue shall be recognized in the Company’s books of account if the following conditions are met:

- 1) the company has the right to receive this revenue, which follows from a particular agreement or is otherwise confirmed;
- 2) the amount of the revenue can be determined;
- 3) there is certainty that as a result of a particular transaction the company’s economic benefits will increase. Confidence that as a result of a particular transaction the number of the company’s economic benefits will increase is in case where the company has received the asset in return or there is no uncertainty with regard to the receipt of the asset;

4) the title (including right, title and interest) to products / goods has passed from the company to the buyer or the work has been accepted by the client (the service has been rendered);

5) costs that has been incurred or will be incurred in connection with this transaction can be determined.

The Company's other income includes receipt related to the participation in charter capitals of other companies; receipts from the sale of fixed assets and other assets; fines, penalties (including interest-based penalties) for breach of contract conditions; receipt of assets without consideration; profit of previous years; accounts payable, in relation to which the limitation period has expired; foreign exchange differences and other income, according to par. 7 of Accounting Standard 9/99.

## **2.12. Cost of Sold Goods, Products, Works, Services, Selling and Administrative Expenses, Other Expenses**

The Company accounts the expenses in accordance with Accounting Standard 10/99 "Expenses of Company" approved by Order of the Russian Ministry of Finance dated May 6, 1999 No. 33n. Management and administrative expenses are included in the cost of goods of the products sold and services of the reporting period; then they are distributed by the types of activity proportionally to the revenue. Management expenses are formed in accordance with the approved regulations and standards. In the financial statements, the management expenses are specified in line 2220 of the "Profit and loss statements".

## **2.13. Government Assistance**

The Company accounts the funds received as government assistance in accordance with Accounting Standard 13/2000 "Accounting for Government Assistance" approved by Order of the Russian Ministry of Finance dated October 16, 2000 No. 92n.

## **2.14. Related Parties**

The Company discloses information on related parties in accordance with Accounting Standard 11/2008 "Information on Related Parties" approved by Order of the Russian Ministry of Finance dated 08.11.20120 No.143n.

## **2.15. Segment Information**

The Company discloses segment information in accordance with Accounting Standard 12/2010 “Segment Information” approved by Order of the Russian Ministry of Finance dated November 8, 2010 No. 143n.

## **2.16. Information on Cash Flows**

Information on cash flow is disclosed by the Company in accordance with Regulations of accounting “Report on cash flow” 23/2011, approved by order of RF Ministry of Finance No.11n dated 02.02.2011.

According to par. 16 of Accounting Standard 23/2011, cash flows shall be reported in the cash flow statements in short where they characterize the activities of the company’s contracting parties rather than the activities of the company and / or where receipts from some parties give rise to payments to other parties.

## **3. Changes in Accounting Policy in 2016**

In 2016, the Company did not introduce any changes to its Accounting Policy. By order of Kubanenergo PJSC No.1168 dated 31.12.2015 there were some additions related to specification of information in financial statements on the amount of the authorized capital before registration of changes in the constituent documents.

## **4. Changes in Accounting Policy in 2017**

Substantial changes were not introduced in the Company’s Accounting Policy in 2017.

## **5. Adjustments and Other Changes in Accounting Related to Prior Periods**

Because of changing of the method of accounting management expenses, the profit and loss statements contain corrections in line 2220 “Management Expenses”, also indicators of production costs were amended and amount 76 458 thousand rubles for corresponding period of 2015.

## **6. Disclosure of Individual Figures in the Accounting Statements for 2016**

### **6.1. Fixed Assets**

As of 31.12.2015<sup>6</sup> a revaluation of fixed assets (code 110 “Production buildings”, code 420 “Equipment for power conversion”) was carried out by “LAIR” LLC in accordance with contract No.407/30-833 dated 20.09.2016. The Company management bodies decided not to include the results of revaluation of homogeneous groups of assets in accounting statements for 2016, because after revaluation the cost of fixed assets does

not exceed the materiality level specified in paragraph 3.5.17 of the Company's Accounting Policy.

The properties taken into operation and actually used that are currently in the process of state registration were accounted on the balance account 01.06 "Real estate with unregistered ownership". As of 31.12.2016 the cost of real estate taken into operation and actually used that is the process of state registration amounted to 4 341 400 thousand rubles.

There are not fixed assets received under contracts providing for implementation of obligations using non-monetary assets for the period from 1 January till 31 December 2016.

There are not fixed assets acquired through loans and credits for the period from 1 January to 31 December 2016.

Information about the presence and movement of fixed assets is disclosed in annexes 5.3.1; 5.3.2; 5.3.3; 5.3.4; 5.3.6.

#### **6.1.1. Capital Investments in Progress (Construction in Progress; CIP)**

The investment programme of Kubanenergo PSC for 2016 is formed in accordance with:

- Regulations for preparation and amendment of investment programme and preparation of report on implementation of the programme, enhancement of its efficiency and reduction of losses, introduced by the order of Kubanenergo PJSC No.586 on 12.07.2016;
- Parameters of investment programme 2016 approved by Order of RF Ministry of Energy No.1388 dd. 22.12.2016.

In 2016, Kubanenergo pJSC constructed, modernized and commissioned 1 149.8 km of power lines, namely:

- 110kV overhead line – 11.9 km;
- 35 kV overhead line – 11.5 km
- 10kV overhead line – 79.9 km;
- 0.4kV overhead line – 1024.0 km;
- 110kV cable line – 0.5 km;

– 3-10kV cable line – 22.0 km

Kubanenergo constructed, reconstructed, and then commissioned facilities on the territory of the Krasnodar region and the Republic of Adygea for 277.7MVA, including:

- construction of 110/35/10kV substation “Adygeiskaya”, installation of 2 transformers of 16MVA
- reconstruction 110/35/10kV substation “Giaginskaya”, replacement of 2.5MVA and 4MVA transformers with two transformers of 6.3MVA.

The amount of advances and pre-payment for services related to the construction and acquisition of fixed assets as well as purchase of raw materials and materials, excluding VAT, are recorded in the Company's balance sheet as the capital investments in progress. As of December 31, 2016, the amount of advances and pre-payment for services related to the construction and acquisition of fixed assets, amounted to 83 291 thousand rubles; VAT on advances and pre-payment for services related to the construction and acquisition of fixed assets is recorded in line 1260 “Other Current Assets” and amounts to 14 613 thousand rubles. As of 31.12.2016 the sum of purchase of raw materials intended for construction of fixed assets amounted to 936 022 thousand rubles. Information on stocks and transactions of construction in progress is disclosed in Annex 5.3.5.

#### **6.1.2. Leased Fixed Assets**

As of 31.12.2016 that are no leased fixed assets. Lease payments are not planned in the nearest future.

#### **6.2. Other Non-Current and Current Assets**

As of December 31, 2016, the deferred expenses amounted to 102 513 thousand rubles; these expenses are recorded in the balance sheet depending on the writing-off period fixed as of the date of entry in the accounting records, as follows:

1) Non-exclusive rights to software programmes:

- Useful life is more than 12 months (Line 1190)

49 738 thousand rubles;

- Useful life is within 12 months (Line 1263)

48 326 thousand rubles;

## 2) Licenses:

- Useful life is more than 12 months (Line 1190)

261 thousand rubles;

- Useful life is within 12 months (Line 1263)

186 thousand rubles;

## 3) Other:

- Useful life is more than 12 months (Line 1190)

2 376 thousand rubles;

- Useful life is within 12 months (Line 1263)

1 626 thousand rubles.

### **6.3. Financial Investments**

In accordance with Accounting Regulations “Financial Investment Accounting” PBU 19/02 approved by the Decree of the Ministry of Finance of the Russian Federation No. 126H dd. 10.12.2002 (hereinafter – PBU 19/02) and the Regulations on the Accounting Policies of Kubanenergo PJSC for 2016 approved by the Company's Decree No. 1144 dd. 31.12.2015, the Commission for Inspection of Available Devaluation of Financial Investments of Kubanenergo PJSC performed the inspection of presence of devaluation of financial investments of Kubanenergo PJSC as of 31 December 2016. According to the inspection results, the Commission ordered: reserve for possible losses from other financial interments is proposed to be left without changes. Information on stocks and transactions of financial investments is disclosed in Annexes 5.4.1, 5.4.2.

### **6.4. Government Aid**

From the regional budget of the Krasnodar region, in accordance with the signed agreements (dated 20.10.2016 No.111-B/407/30-1169), the company received a grant in the form of subsidies to partially offset the cost of trips purchased by the Company for children in the amount of 976 rubles. Calculation of grants was performed by the Office of Social Welfare of the Ministry of Social Development and Family Policy of the Krasnodar region.

Local bodies of the Social Insurance Fund of RF adopted resolutions on financial support of preventive measures for reduction of injuries with the total amount of support

– 2 250 thousand rubles. Expenses on departmental special-purpose programme “Advanced training of engineers and technical personnel 2015-2016” were compensated by the federal budget, according to the order of Ministry of Education and Science of the Russian Federation and amounted to 80 thousand rubles.

The accounting of the amounts received was made in accordance with Accounting Regulations “Government Aid Accounting” PBU 13/2000 approved by Decree of the Ministry of Finance of the Russian Federation No. 92H dd. 16/10/2000.

Information is disclosed in Annex 5.9.

## 6.5. Accounts Receivable

Table 9 – Budget settlements

(in thousand rubles)

| Indicator             | Liability as of 31.12.2015 |           | Accrued   | Paid      | Liability as of 31.12.2016 |         |
|-----------------------|----------------------------|-----------|-----------|-----------|----------------------------|---------|
|                       |                            |           | for 2016  | for 2016  |                            |         |
|                       | Debit                      | Credit    |           |           | Debit                      | Credit  |
| 1                     | 2                          | 3         | 4         | 5         | 6                          | 7       |
| Value-Added Tax       | 13 723                     | 771 874   | 1 972 742 | 2 257 002 | -                          | 473 891 |
| Property tax          | 272                        | 109 989   | 553 038   | 529 028   | 2                          | 133 729 |
| Income tax            | -                          | 577 996   | 1 193 163 | 2 136 066 | 364 907                    | -       |
| Land fee              | 1 295                      | 2 202     | 66 615    | 67 292    | 1 939                      | 2 169   |
| Individual income tax | -                          | 39 082    | 559 598   | 55 887    | -                          | 42 793  |
| Transport tax         | 3                          | 1 846     | 7 479     | 7 473     | -                          | 1 849   |
| Total taxes:          | 15 293                     | 1 502 989 | 4 352 635 | 5 552 748 | 366 848                    | 654 431 |
| Fines                 | 1                          | -         | 23 070    | 23 071    | 2                          | -       |
| Penalties             | 4 775                      | -         | 10 819    | 7 994     | 1 950                      | -       |
| Total:                | 20 069                     | 1 502 989 | 4 386 524 | 5 583 813 | 368 800                    | 654 431 |

In 2015, accounts receivable for taxes and dues have decreased by 348 731 thousand rubles.

Income tax receivable increased up to 364 907 thousand rubles, it happened due to advanced payments on this tax. In 2015 the Company did not have liability to pay advanced payments, as by the results of 9 months of 2015 such liability did not occur. Other tax receivables have reduced by 16 176 thousand rubles.

Table 10 – Insurance contributions for compulsory social insurance

(in thousand rubles)

|                                      | Liability        |        | Accrued   | Paid      | Liability        |        |
|--------------------------------------|------------------|--------|-----------|-----------|------------------|--------|
|                                      | as of 31.12.2015 |        | for 2016  | for 2016  | as of 31.12.2016 |        |
|                                      | Debit            | Credit |           |           | Debit            | Credit |
| 1                                    | 2                | 3      | 4         | 5         | 6                | 7      |
| Insurance contributions<br>- total:  | 5 132            | 86 764 | 1 230 747 | 1 22 565  | 2 121            | 93 935 |
| including:                           |                  |        |           |           |                  |        |
| Contributions to the Pension<br>Fund | 1                | 66 881 | 886 215   | 880 863   | -                | 72 232 |
| Compulsory Medical Insurance         |                  |        |           |           |                  |        |
| Social Insurance                     | 1                | 17 287 | 220 320   | 218 123   | -                | 19 483 |
| Fines - total:                       | -                | -      | 313       | 313       | -                | -      |
| Penalties - total:                   | -                | -      | 452       | 452       | -                | -      |
| TOTAL:                               | 5 132            | 86 764 | 1 231 512 | 1 221 330 | 2 121 93 935     |        |

There were not any significant changes in compulsory medical insurance receivables and payables in 2016.

**Table 11 – Allocation of taxes, fines and penalties over the budget levels**

(in thousand rubles)

| Indicator          | Liability as of 31.12.2015 |           | Accrued   | Paid      | Liability as of 31.12.2016 |         |
|--------------------|----------------------------|-----------|-----------|-----------|----------------------------|---------|
|                    | Debit                      | Credit    | for 2016  | for 2016  | Debit                      | Credit  |
| Taxes - total:     | 15 293                     | 1 502 989 | 4 352 635 | 5 552 748 | 366 848                    | 654 431 |
| Federal budget     | 13 723                     | 868 808   | 2 651 659 | 3 026 268 | 36 209                     | 516 685 |
| Regional budget    | 275                        | 631 979   | 1 632 962 | 2 457 787 | 328 699                    | 135 578 |
| Local budget       | 1 295                      | 2 202     | 68 014    | 68 693    | 1 940                      | 2 168   |
| Fines - total:     | 1                          | -         | 23 070    | 2 0771    | 2                          | -       |
| Federal budget     | -                          | -         | 19        | 19        | -                          | -       |
| Regional budget    | -                          | -         | 9         | 9         | -                          | -       |
| Local budget       | 1                          | -         | 23 042    | 23 043    | 2                          | -       |
| Penalties - total: | 4 775                      | -         | 10 819    | 7 994     | 1 950                      | -       |
| Federal budget     | 4 269                      | -         | 2 752     | 70        | 1 587                      | -       |
| Regional budget    | 126                        | -         | 12        | -25       | 89                         | -       |
| Local budget       | 380                        | -         | 8 055     | 7 949     | 274                        | -       |
| Total:             | 20 069                     | 1 502 989 | 4 386 524 | 5 83 813  | 368 800                    | 654 431 |

Accounts receivable from customers and clients and other accounts receivable are disclosed in Annexes 5.6.1 - 5.6.3.

## **6.6. Capital and Reserves**

No changes occurred in the authorized capital of Kubanenergo PJSC and as of 31.12.2016 it amounts to 28 286 813 thousand rubles. The amount of the authorized capital before the changes to the Company's Charter amounted 2 072 164 thousand



rubles.

In order to implement the Plan of development of Kubanenergo PJSC (approved by the BoD of Rosseti PJSC, minutes of meeting No.232 dd 10.06.2016) the extraordinary general meeting of the Company's shareholders decided to increase the authorized capital of Kubanenergo PJSC by placing additional shares. The BoD of Kubanenergo PJSC approved the Decision on additional shares and Securities Prospectus (minutes of meeting No.255/2016 dd 30.11.2016).

On 15 December 2016, the Bank of Russia performed state registration of the additional issue and the securities prospectus.

Rosseti PJSC and the Company concluded a contract on purchase of maximum 20 721 640 additional shares of Kubanenergo PJSC

On 17 January 2017, the Company's Registrar accepted the application from Rosseti PJSC on purchase of 20 721 640 additional shares of Kubanenergo PJSC and on 26 January 2017 made an entry in the registry of the Company's shareholders about transfer of 20 721 640 shares to the account of Rosseti PJSC.

There are no stated and unclaimed dividends to shareholders in the current period. Additional paid-in capital of the Company was formed due to increase in the fixed assets value as determined by revaluation and due to share premium.

The Company generates the reserve capital for covering losses that, although not specifically identified, but may be incurred during the economic operations. The reserve capital is created from net income of the Company.

### **6.7. Accounts Payable, Loans and Borrowings**

In 2016 taxes payable to federal and local budgets reduced. Taxes payable reduced by 848 558 thousand rubles.

Significant reduction occurred in income tax payable, it amounted to 577 996 thousand rubles. Such reduction happened due to increase of advance payments during 2016 over the income taxes that accrued by the results of year.

Accounts payable on the value added tax reduced by 297 983 in the result of payment of tax return for the 4<sup>th</sup> quarter 2016 in the amount of 464 933 thousand rubles, for the corresponding period of 2015 the amount of tax payable was 762 630 thousand rubles.

Tax liabilities on property tax increased by 23 740 as a results of increase of the tax base due to increase of rate applicable to electricity transmission activity, as well as the facilities that are an integral part of the from 1% in 2015 to 1.3% in 2016.

**Table 12 – Amounts and maturities of loans and borrowings of Kubanenergo PJSC**

in thousand rubles

| Bank                                | # of credit contract    | Date of provision of loan/credit | Date of discharge of credit/loan | Sum of actual debt as of 31 December 2016 | Interest accrued, 31.12.2016 |
|-------------------------------------|-------------------------|----------------------------------|----------------------------------|-------------------------------------------|------------------------------|
| 1                                   | 2                       | 3                                | 4                                | 5                                         | 6                            |
| Sberbank of Russia PJSC             | No.5400/307             | 12.09.2016                       | 11.09.2019                       | -                                         | 3 264                        |
| funded loan                         | No.4B02-02-00063-A001P  | 24.11.2015                       | 11.11.2025                       | -                                         | 45 934                       |
| funded loan                         | No.4B02-01-00063-A001P  | 04.12.2015                       | 21.11.2025                       | -                                         | 29 880                       |
| <b>Total for short-term credits</b> |                         | x                                | x                                | -                                         | 79 078                       |
| Gazprombank JSC                     | No.0713-085             | 08.11.2013                       | 07.11.2018                       | 2 560 000                                 | -                            |
| Gazprombank JSC                     | No.0713-054             | 26.06.2013                       | 25.06.2018                       | 1 670 273                                 | -                            |
| Gazprombank JSC                     | No.0716-060             | 30.09.2016                       | 30.09.2019                       | 720 000                                   | -                            |
| Gazprombank JSC                     | No.0716-061             | 01.11.2016                       | 30.10.2019                       | 1 000 000                                 | -                            |
| Gazprombank JSC                     | No.0716-062             | 01.11.2016                       | 30.10.2019                       | 2 000 000                                 | -                            |
| Gazprombank JSC                     | No.0716-063             | 01.11.2016                       | 30.10.2019                       | 1 961 966                                 | -                            |
| Sberbank of Russia PJSC             | 5400-307                | 12.09.2016                       | 11.09.2019                       | 2 000 000                                 | -                            |
| funded loan                         | No.4B02-02-00063-A-001P | 24.11.2015                       | 11.11.2025                       | 3 400 000                                 | -                            |
| funded loan                         | No.4B02-01-00063-A-001P | 04.12.2015                       | 21.11.2025                       | 3 600 000                                 | -                            |
| <b>Total for long-term credits</b>  |                         | x                                | x                                | 18 912 239                                | -                            |
| <b>Total for credits and loans:</b> |                         | x                                | x                                | 18 912 239                                | 79 078                       |

Information is disclosed in Annexes 5.6.5. – 5.6.8.

### 6.7.1. Collateral for obligations

As of December 31, 2016, the bank guarantees received and recorded on off balance sheet account 008 “Securities for Obligations and Payments Received” amounted to 466 262 thousand rubles.

Property pledged under purchase contract – 107 thousand rubles. (Annex 5.8.)

### 6.7.2. Information on the Company's Capabilities to Raise Additional Funds as of the Reporting Date

**Table13 – Unutilized credit lines of the Company**

thousand rubles)

| Creditor Bank | Agreement | unutilized limits |
|---------------|-----------|-------------------|
|---------------|-----------|-------------------|

|                                   |                           |           |
|-----------------------------------|---------------------------|-----------|
| Gazprombank JSC                   | No.0716-029 dd 31.03.2016 | 1 000 000 |
| Gazprombank JSC                   | No.0716-063 dd 01.11.2016 | 38 033    |
| Sberbank of Russia PJSC           | No.5400/327 dd 28.12.2016 | 1 100 000 |
| Sberbank of Russia PJSC           | No.5400/328 dd 28.12.2016 | 1 000 000 |
| Sberbank of Russia PJSC           | No.5400/329 dd 28.12.2016 | 1 000 000 |
| Russian Regional Development Bank | No.341ю dd 29.12.2016     | 800 000   |

## **6.8. Information on the Risks of Economic Operations**

“Rosseti” PJSC Board of Directors approved Strategy of development and improvement of internal control system of “Rosseti” PJSC and subsidiaries and affiliates of “Rosseti” JSC (Minutes No. 143 dd. 13.02.2014), that determines current and target condition of internal control and risks management system of “Rosseti” PJSC and its subsidiaries and affiliates.

To implement this Strategy the Issuer’s Board of Directors approved the Policy of internal control and Policy of risks management (Minutes No. 233/2016 dd. 18.03.2016) that are aimed at timely finding and providing of preventive actions on minimization of risk (control procedures) to decrease the possibility of financial and other losses that influence at reaching the goals of the Company. The Policy of the Issuer on risks management requires the necessity of compliance with the following principals:

1) creation and protection of values of the Company (the risk management system promotes achievement of the purposes and productivity improvement, provision of health and safety of the person, safety of all types of activity of the Company, observance of legal and standard requirements, preservation of the environment, improvement of quality of services, efficiency of operations, management and reputation).

2) management of risks is an integral part of all organizational processes (management of risks is not an isolated activity which is separated from the core activity and processes in the organization; it is a part of obligations of the management and an integral part of all organizational processes, including strategic planning and all processes to manage projects and changes)

3) management of risks is a part of the decision-making process

4) management of risks is regular, structured and timely

- 5) management of risks is based on the best available information.
- 6) management of risks is transparent and considers interests of interested parties.
- 7) management of risks is dynamical, iterative (repeating) and reacting to changes.
- 8) management of risks promotes constant improvement of the organization.
- 9) responsibility for management of risks: all participants of the Risk Management System bear responsibility for revealing, estimation, analysis and continuous monitoring of risks within the limits of their activity, development and implementation of necessary events for management of risks, continuous monitoring of efficiency of events for management of risks.
- 10) the optimality principle (the ratio of costs for implementation of events for management of risks and effect from realization of these events, including conformity between the level of complexity of the Risk Management System at the level of complexity and degree of importance of the object subject to the analysis from the point of view of risks, is analyzed)
- 11) the unity of methodological base. Management of risks (revealing, analysis, estimation and monitoring of risks, development and monitoring of efficiency of events for management of risks) is performed on the basis of approaches and standards, uniform for all structural units of the Company.

Every quarter the Issuer collects and analyses information on internal and external factors that can negatively affect at Issuer's goals achieving. For minimization of consequences from risks implementation the Issuer developed and carried out the events on prevention of negative consequences; at the same time there are political and economic factors that influence the activity of "Kubanenergo" PJSC in respect of which the Issuer cannot guarantee that events aimed to overriding of possible negative situations can change the situation for the better because these risks factors are beyond the Issuer's control.

### **Industry Risks**

The Issuer is a natural monopoly, whose activities are subject to government regulation. In connection with the restriction of growth of tariffs for transmission services for end-users at the level of the RF Government, the likelihood of establishing a tariff lower

than the economically justified level is estimated as high.

To prevent and mitigate the impacts from implementation of this risk the Company provides supporting materials to regulatory authorities, that confirm level of economically feasible expenses of the Issuer, upholds the position on necessity of outrunning growth of expenditures, as strategic Company, collective fund holder of Krasnodar region and Republic of Adygea, forms and send disputes to Federal Antimonopoly Service of the Russian Federation.

The Issuer is exposed to risks of reducing of revenues amount in connection with changing of structure of electric energy transmission relating to accepted one while tariffs were approved, and risks of changing of legislation in sphere of tariffs setting.

The following events are implemented to minimize risks:

- 1) interaction with tariff regulatory authorities concerning questions related to accounting of losses that were caused by determining at the federal level the sums of falling out income from applying non-regulated price at necessary gross revenue of the Issuer in the next period of tariff regulation;
- 2) preparation and submission to authorities of state regulating of tariffs the propositions on technological electric energy/power consumption taking into account dynamics of productive supply for purposes of forming of consolidated balance forecast for production and delivery of electricity for the next year;
- 3) development and implementation of Programme of increasing of electric energy efficiency and its coordination with administration of the regions;
- 4) development and implementation of eth Programme of cost management.

The issuer's sphere of influence in decision-making the bodies of tariff regulation is limited, and the issuer cannot guarantee that the measures aimed at minimizing the consequences will be as effective as possible.

The Issuer is exposed to risk of scarcities of source of funding of events on agreements on implementation of technological connection (hereafter – technological connection) due to approving by regulating authority of paying rate for technological connection lower of economically feasible level. One of the factors of this risks arising is introduction of amendments to legislation of the Russian Federation (Federal Law No.

35-FZ dd. 26.03.2003 “On power industry”) on excluding of power receivers of maximum capacity 150 kW from paying for technological connection of investment component for covering of charges for construction of power supply network facilities (from 1 October of 2015 – no more than 50% from amount of specified expenditures, from 1 October of 2017 – excluding this expenditures from paying for technological connection).

To minimize risk the Company cooperates with tariffs regulatory authorities, forms correct scope of obligation on technological connection agreements, develops project documents on scope of obligations on technological connection agreements, submits in regulatory authorities the additional supporting materials, and adopts economic feasibility of paying rate for technological connection.

Risk of antimonopoly legislation is evaluated by Company as medium.

The reason of risk implementation is non-fulfillment of obligations of the Issuer on technological connection on concluded agreement on technological connection (because of scarcity of funds and large number of agreements on technological connection), it may lead to paying of forfeit by the Company. To avoid the risk the Issuer plans to implement its obligations on technological connection agreement in full.

**Risk of reducing the amount of services on electric energy transmission.**

Risk of reducing the amount of services on electric energy transmission is industry risk.

The reducing of electric energy consumption can be the consequence of external factors influence such as economy crisis and production decline, construction of electrical generation facilities by customers, extreme weather events, industrial accidents, and industrial disasters. Potential influence of these factors may influence on changing of revenue of the Issuer.

In connection with economic development of the region where the Issuer operates, there is a dynamic of increasing of amounts of electric energy consumption for the last few years. This risk is evaluated as medium. The Issuer implements monitoring of current and expected economic situation in region and in country, fulfills preparation works for appropriate work of power equipment in all seasons, carries out maintenance and repair of power facilities.

## **Operational risks**

In the process of its activity the Issuer is exposed to risks associated with physical deterioration, abuse and critical changes in the parameters of the equipment.

The main ones are:

- 1) deterioration of performance and economic indicators of electric equipment;
- 2) threat of failures with partial or full undersupply of electricity with corresponding negative social consequences;
- 3) failure to comply with the obligations under the contracts for the provision of electricity transmission services;
- 4) negative environmental effects.

In order to decrease the risk of the group the issuer takes the following steps:

- 1) scheduled repair and maintenance of equipment
- 2) technical re-equipment, reconstruction and new construction
- 3) regular optimization of structure and amount of components and spare parts in reserve and other
- 4) providing of industrial security and manufacturing control.

Issuer assesses the level of risk above the average and believes that the negative factors will not materially affect its activities and performance of obligations on its securities.

## **Price risks**

Provision of electricity transmission services includes as well the purchase of raw materials, services, equipment and other materials used by the Company in its operations. The price increase is mainly explained by inflationary pressures and the impact of macroeconomic factors. During the economic instability the risk of augmentation of cost for goods and services used by the Company increases.

In order to minimize these risks, the issuer uses the position of a large consumer and purchases the material and technical resources, and selects the service providers through competitive and regulated procurements.

## **Risks associated with the political and economic situation in the country and region**

The worsening of economic and political situation in the country and the region are main risk factors for the Company.

Because of the fact that the Issuer operates only on internal market, government of the Russian Federation develops programmes on import substitution including in regions where the Issuer operates, it leads to increasing of amount of electric energy consumption. Increasing of energy efficiency and adoption of energy-efficient technologies are development priorities of economics.

In the event of significant political instability, which can negatively affect the operations and earnings, the Issuer takes measures of crisis management, reduces as much as possible the expenses, and investment plans.

**Risks associated with military conflicts, introduction of a state of emergency, natural disasters that may have consequences as follows:**

- Deterioration of the whole national economy status and, consequently, of the Issuer's financial status
- Detriment to the Issuer's properties that may negatively affect one's ability to timely and fully fulfil one's liabilities to consumers and counterparties.

The Company operates in the Krasnodar Territory and the Republic of Adygea. The regions where the Issuer carries out one's activity are politically stable with the risk of a military conflict or a state of emergency occurrence there due to internal causes being the minimum. At the same time, because of the proximity of the republics of the North Caucasus region, there is a considerable risk of terrorist acts; for its minimization, the Issuer actively cooperates with state bodies in charge and takes coordinated measures to ensure security of production.

The Issuer has elaborated and is carrying out target arrangements for protection of the Issuers' energy facilities against subversive or terrorist acts.

The Company established a permanent working group on combating terrorism in the power distribution facilities in the region. To compensate for damage of the effect of emergency circumstances associated, inter alia, with natural disasters, the Issuer concludes property insurance contracts.

Sharp regional scale changes (environmental, political, demographic, social) are unlikely, but their emergence will doubtlessly affect the Company's activity.

Taking into account the region transport infrastructure development level, the risks of



interruption of transport communication due to difficulty of access or remoteness of location are minimal.

In the Issuer's opinion, the situation in the region will have a favourable effect on the Issuer's activity; there existing no reasons to expect that a change of the situation in the region will entail the Issuer's failure to fulfil one's liabilities.

## **Financial risks**

### **Risk of interest rates change:**

The Issuer attracts short- and long-term borrowings from the Russian financial market. A substantial increase of interest rates on credits and loans may entail appreciation of the Issuer's debt servicing. For optimization of the debt portfolio structure and reduction of its servicing costs, the Issuer strains after use of credits and loans with the fixed interest rate which results in significant reduction of the above risk. Issuer's supposed actions in the event of negative effect of interest rates change on one's activity: Attraction of longer-term credits to avoid negative effect of interest rates short-term fluctuations and diversify funding sources.

### **Risk of changes of foreign currencies exchange rates:**

Carrying out one's core business activity within the territory of the Russian Federation, the Issuer has neither investments into foreign companies value of net assets whereof is exposed to the risk of currency exchange rates fluctuations nor revenues or expenses expressed in terms of foreign currency. Risks connected with exchange rate fluctuations, are not factors of direct impact on the financial and economic activities of the Issuer, but may lead to augmentation of prices for energy equipment. Currently, this risk is assessed as medium. In order to reduce the risk, the Company is implementing a program of import substitution. In case of a further weakening of the national currency the issuer plans to analyse the risks and make appropriate decisions in each particular situation

### **Risk of reducing the customer's prices**

Changes in the consumer price index to some extent affect the Issuer's rate of return and one's financial and business activity results, but their effect is not a direct dependence factor. Indirect dependence of the Issuer's rate of return on changes of the

consumer price index is mainly conditioned by the fact that tariffs for services for transmission of electric energy cross electric power grids are established by state tariff bodies on the basis of justified expenses on their provision and fully or partially compensate for growth of the Issuer's expenses associated with inflation. However, during high inflation periods, risks of reduction of the tariff compensatory component amount and of solvency of the Issuer's major consumers grow up.

Taking into account the abovementioned information, there are no guarantees that possible increase of consumer prices will not lead to a drop of the Issuer's rate of return in future.

### **Inflation risks**

To estimate of the inflation level critical for the Issuer appears impossible since, apart from the consumer prices level, one needs to account for changes in the ruble real purchasing power, Russian and international energy carrier markets environment and further state policy regarding tariffs for electric and thermal energy.

The current inflation level may have effect on the Issuer's financial status. For minimization of financial risks associated with inflation processes and affecting the financial results of activity, the Issuer is implementing an integrated program for analysis of financial risks, planning and appraisal of actual profitability of activity; one identifies return rate indices that are indicative of the Issuer's level of cost-efficiency, normative values of financial coefficients characterizing the Issuer's solvency and liquidity, which enable one to promptly detect drawbacks in the Issuer's work and take measures for their elimination.

As well as in accordance with RF Government Regulation No. 1178 dd. 29.12.2011 "On price formation in sphere of regulated prices (tariffs) in power industry" when regulating electricity tariffs inflation level should be taken into consideration (consumer price index), that was defined in the prognosis of social and economic development of the Russian Federation. Thus, the Issuer considers these risks as moderate.

The Issuer's financial reporting indices are most badly subject to changes resulting from the effect of the abovementioned financial risks including risks, the possibility of occurrence and character of changes in the report: The index of accounts receivable

accruing due to counterparties' incapability to pay for the Issuer's services is most badly subject to change in the Issuer's reporting resulting from the abovementioned risks occurrence. This risk occurrence probability is not high and is related to situation in the country in general, inflation and changes of currency exchange rates and their effect on the Russian economy as a whole. Deterioration of the economic situation in Russia may affect growth of costs of electric energy transmission across the Issuer's electric power grids, which will lead to profit reduction if the established tariffs remain in effect. In order to reduce this risk, the issuer carries out the work on receivables management aimed at optimization of its amount and repayment of debts.

### **Legal risks**

The Issuer carries out one's activity only in the domestic market; consequently, the legal risks are considered only from the corresponding point of view.

### **Risks associated with tax and environmental legislation and customs and currency regulation.**

Since no special taxation mode is applicable to the Issuer's activity and the Issuer has no overdue tax and levy indebtedness to budgets of all levels, the Issuer's tax risks are considered as the minimum within the framework of a conscientious taxpayer's activity. In the shorter term, the Issuer does foresee emergence of any significant risks in one's financial and business activity associated with changes in tax and civil legislation.

Changes of currency and customs legislation of the Russian Federation are of no relevance for the Issuer's activity and, consequently, do not entail emergence of legal risks.

In case of changes and/or launch of requirements for licensing the Issuer's core activity the Issuer will take all necessary measures for obtaining the licenses and permissions required.

The Issuer has licenses for carrying out other activity data whereon is given in chapter 3.2.5 of this report. The Issuer carries out regular work for prolongation of the licenses necessary for conduction of its business activity. The Issuer's exposure to the above risk may be considered insignificant. In case of change of requirements on licensing of the basic kinds of activity, the Issuer will take necessary steps to obtain the appropriate

licenses and permits. Risks connected with absence of possibility to extend the license of the Issuer are minimal and cannot influence on Issuer's fulfillment of obligations on placed securities.

### **Reputational risks**

The risk that the issuer of incurs losses due to such factors as a reduction in the number of customers (counterparties) because of the formation of negative image of financial stability, the financial position of the issuer, the quality of the work, is considered as minimal. The Issuer is a natural monopoly, there is an annual increase in the number of electricity consumers. In addition, the Issuer developed good practice for long-term cooperation with its partners.

### **Strategy risks**

The Issuer, being a part of the single distribution grid complex of Russia, seeks to achieve the objectives defines at the national level. On 3 April 2013, the Russian Government approved the development strategy for the electric grid complex of the Russian Federation. Because the Issuer is a subsidiary of Rosseti, the largest Russian backbone grid company, the Issuer is a participant in implementation of policies and programmes on activities (business processes) of Rosseti.

The decision to start the implementation of a specific strategy (programme) in the activities of the Issuer's shall be accepted by the Board of Directors.

The probability of the risk of the Issuer losses arising from errors (defects) made in management decisions, defining the strategy and activities of the Issuer, is assessed as low. Measures to prevent the occurrence of this risk are:

- elaboration of proposals and scenarios to improve the implementation of specific policies and programmes;
- analysis of effectiveness of particular strategy, adoption of managerial solutions by the results of analysis
- development and implementation of key performance indicators to achieve policies, linking them with bonuses of managers of the Issuer;
- continuous monitoring by the structural units of the Issuer's the ratio of the cost of implementing a specific strategy to the received profit and submission to the Board of

Directors of the Issuer of the information for decision-making (including, by definition, the quantity and quality of resources)

**Risks connected with Issuer's activity**

**Risks connected with current legal trials where the Issuer participates**

The Issuer participates in legal trials the results of which can influence at financial and operational activities of the Issuer. Enforcement proceeding is implemented in regard to accounts and loan receivables of the Issuer.

The Issuer carries out monitoring of judicial practice that allows to use this information for reaching positive judicial decision for the Issuer.

Currently there are no changes in judicial practice that can negatively affect at results of current trials and thus on the results of business activity of the Company.

**Risks connected with potential liability of the Issuer on debts of third parties including affiliates of the Issuer.**

The Issuer has affiliate joint stock companies with owning of 100% shares in the authorized capital. As the parent Company for subsidiaries and affiliates, the Issuer can be responsible for their debts. These liabilities can negatively effect on results of financial and operational activities of the Issuer. The possibility of specified risks is evaluated as medium.

**Risks connected with possibility of loss of customers that constitute at least 10% of total revenue from sales of products (work, services) of the Issuer.**

The Company cooperates with main customers for a long time and is a monopolist in the sphere of services rendering on electric energy transmission in the regions of the Issuer's activity. The possibility of loss of main customers is minimal.

Risks in manufacturing activity of the Issuer:

- 1) systematic interruption of power supply of customers in the result of accidents and disturbances at grid sections and substation equipment;
- 2) violation of requirements of GOST 32144-2013 on providing the quality of electric energy;
- 3) disturbance of regime of electric energy transmission and reducing of quality of rendered services;

- 4) non-implementation of maintenance (including diagnosis) and repair in time;
- 5) low quality of repair works implementation;
- 6) methodological mistakes while planning repair programme;
- 7) incorrect ranking of reparable facilities;
- 8) occurring of emergency situations in related networks, that can breakdown the equipment of the Issuer;
- 9) excessive losses of electric energy.

To reduce these risks the Issuer pays much attention to development of electric grid complex with using of science based engineering decisions and technologies, tested in operation, modern electric equipment.

Increasing of tariffs on rendered services by the Issuer, due to increasing of “external” expenses influence on risks: purchased electric energy on losses compensation, changing of amount of payment of services for electric energy transmission of “FGC UES” PJSC and other factors.

### **Investment risk**

Implementation of investment programme of the Issuer demands fund raising both owned and loaned, on conditions satisfying the requirements of RAB-regulating.

One of the investment risks is risk of reduction of sources of financing of Company’s investment programme. Currently this risk is rated as minimal and is determined by influence of the following factors: decline in the ruble, upturn in inflation, and rise in cost of debt capital.

To decrease the investment risk the investment programmes of the Issuer are planned taking into account following key criterions of efficiency:

- increasing of reliability and availability of network infrastructure;
- decreasing of amortization and modernization of facilities of power supply network system;
- reaching of high load of commissioned capacity;
- optimization of engineering solutions out of necessity of excluding the usage of imported equipment and materials, cost of which has high dependence from rate of exchange.

To minimize risk of untimely and incorrect implementation of investment programme, the Issuer approved several local document aimed to fulfillment of control of terms and quality of investment projects.

## 6.9. Deferred taxes

In order to recognize income and expense when calculating the income tax the Company applies accrual method of accounting. The company accounts and includes in the report deferred tax assets and obligations on income tax. Deferred tax assets and obligations are accounted for temporary differences that are incomes and expenditures, which form the profit (loss) in one reporting period, and taxable base on income tax in other reporting periods.

Current income tax is tax for taxation purposes defined in accounting on the basis of the amount of conditional tax, adjusted sum of permanent tax assets and liabilities as well as deferred tax assets and liabilities of reporting period.

Current income is recognized as obligation to budget equal to non-paid sum of income tax.

Provisional profits tax expense (income) is accounted as multiplication of accounting income (loss) with rate of the income tax set by the RF legislation on taxes and levies. In 2016, the Company defined the following components of income tax, in thousand rubles:

Table 14 – **Income tax**

thousand rubles

| Indicators                      | Sum       | Tax rate | Sum     | Tax component                            |
|---------------------------------|-----------|----------|---------|------------------------------------------|
| Profit/loss before the taxation | 2 215 706 | 20%      | 443 141 | Provisional profits tax income           |
| Taxable temporary difference    | (8 921)   | 20%      | (1 784) | Deferred tax obligations                 |
| including                       |           |          |         |                                          |
| - difference appeared           | 99 067    | 20%      | 19 813  | Deferred tax obligations were accrued    |
| - difference was discharged     | 107 988   | 20%      | 21 597  | Deferred tax obligations were discharged |
| Deductible temporary difference | 1 765 752 | 20%      | 353 150 | Deferred tax asset                       |
| including                       |           |          |         |                                          |
| - difference appeared           | 4 069 756 | 20%      | 813 951 | Deferred tax assets were accrued         |
| - difference was discharged     | 2 304 004 | 20%      | 460 801 | Deferred tax assets were discharged      |

|                                           |           |     |           |                          |
|-------------------------------------------|-----------|-----|-----------|--------------------------|
| Taxable (deductible) permanent difference | 1 663 283 | 20% | 332 657   | Permanent tax obligation |
| Tax base                                  | 5 653 662 | 20% | 1 130 732 | Current tax              |

Таблица –16 **Flow of permanent and temporary differences**

(thousand rubles)

| <b>Indicator</b>                                                                                                                                             | <b>sum</b>     |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| <b>Permanent tax liabilities (assets), resulting in adjustment of contingent income for income tax, total thousand rubles</b>                                | <b>619 645</b> |
| including:                                                                                                                                                   |                |
| permanent tax asset arising from the revealed revenue of previous years                                                                                      | (42 361)       |
| permanent tax asset arising from the revealed loss of previous years                                                                                         | 112 279        |
| permanent tax liabilities resulting from differences in accounting for depreciation of fixed assets for tax purposes and financial reporting                 | 73 345         |
| permanent tax liabilities resulting from the creation of the provision for estimated liabilities                                                             | 445 265        |
| permanent tax asset arising from the recovery of provision for estimated liabilities                                                                         | (115 997)      |
| miscellaneous permanent tax liabilities (assets)                                                                                                             | 147 114        |
| <b>Recognition of deferred tax assets for the amount of deductible temporary differences, total in thousand rubles</b>                                       | <b>372 694</b> |
| including:                                                                                                                                                   |                |
| recognition of a deferred tax asset for the amount of the difference in accounting for allowance for doubtful accounts                                       | 202 049        |
| recognition of a deferred tax asset for the amount of the difference in accounting for the provision for unused vacation                                     | 72 774         |
| recognition of a deferred tax asset for the amount of the difference in accounting for depreciation of fixed assets for tax purposes and financial reporting | 30 320         |
| recognition of a deferred tax asset for the amount of the difference in accounting of donated property                                                       | 7 644          |
| the recognition of deferred tax assets for the amount of adjusted tax liabilities of previous periods                                                        | 48 776         |
| recognition of deferred tax assets for the amount of difference in accounting of reserve for estimated liabilities                                           | 7 850          |
| the recognition of deferred tax assets for the amount of other deductible temporary differences                                                              | 3 281          |
| <b>Repayment of deferred tax assets for the amount of deductible temporary differences, total in thousand rubles</b>                                         | <b>505 235</b> |
| including:                                                                                                                                                   |                |
| repayment of the deferred tax asset for the amount of the difference in accounting for allowance for doubtful accounts                                       | 345 277        |
| repayment of the deferred tax asset for the amount of the difference in accounting for the provision for unused vacation                                     | 70 355         |



| <b>Indicator</b>                                                                                                                                                                      | <b>sum</b>    |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| repayment of the deferred tax asset for the amount of the difference in accounting for depreciation of fixed assets for tax purposes and financial reporting                          | 8 993         |
| repayment of the deferred tax asset for the amount of the difference in accounting for losses to be carried forward                                                                   | 3 603         |
| disposal of deferred tax assets, asset retirement                                                                                                                                     | 19 166        |
| recognition of deferred tax assets for the amount of difference in accounting of reserve for estimated liabilities                                                                    | 55 020        |
| repayment of the deferred tax asset in the amount of other deductible temporary differences                                                                                           | 2 822         |
| <b>Recognition of deferred tax liabilities in the amount of taxable temporary differences, total in thousand rubles</b>                                                               | <b>26 218</b> |
| including:                                                                                                                                                                            |               |
| recognition of a deferred tax liability for the amount of the difference in accounting for depreciation of fixed assets for tax purposes and financial reporting                      | 22 329        |
| recognition of a deferred tax liability for the amount of the difference in accounting for other taxable temporary differences                                                        | 3 889         |
| <b>Repayment of deferred tax liabilities in the amount of taxable temporary differences that resulted in adjustment of contingent income for income tax, total in thousand rubles</b> | <b>20 826</b> |
| including:                                                                                                                                                                            |               |
| repayment of the deferred tax liability for the amount of the difference in accounting for depreciation of fixed assets for tax purposes and financial reporting                      | 19 780        |
| disposal of deferred tax liabilities related to asset retirement                                                                                                                      | 7             |
| repayment of the deferred tax liability for the amount of the difference in the account of other taxable temporary differences                                                        | 1 039         |

There were no changes on the tax rates in comparison to the previous period.

There were no grounds to change the tax rate.

During the reporting period due to disposal of assets (sale, transfer on free of charge basis, dissolution) the differed tax obligation in amount 7thousand rubles, deferred tax assets in amount of 19 166 thousand rubles were written-off on account of profit and losses. Information on taxation of profit, cash flow is disclosed in annexes 2.3 and 5.7.2.

## **6.10. Cost of goods sold, commercial expenses, administrative expenses and other expenses**

Expenses are calculated for the reporting period in which they occurred regardless the time of actual payment of monetary assets (the accrual principle assumption).

Table 16 – “Miscellaneous costs”

(thousand rubles)

| Indicator                                   |      | 2016       | 2015       |
|---------------------------------------------|------|------------|------------|
| Name                                        | Code |            |            |
| Cost of goods sold,                         | 6510 | 35 829 877 | 33 072 810 |
| including                                   |      |            |            |
| Other expenses                              | 6515 | 18 920 684 | 18 247 170 |
| Including                                   |      |            |            |
| Electricity distribution companies services |      | 9 950 476  | 8 803 783  |
| “FSK UES” PJSC services                     |      | 4 904 589  | 4 801 251  |
| Other expenses                              |      | 4 065 619  | 4 642 136  |

**6.10.1 Information on the expenses of energy resources usage**

Table 17 – Information on the expenses of energy resources usage

| No.      | Approved target indicators                                              | Measurement unit                                     | 2015 (fact) | 2016 (fact) |
|----------|-------------------------------------------------------------------------|------------------------------------------------------|-------------|-------------|
| 1        | 2                                                                       | 3                                                    |             |             |
| 1.1.     | Electric energy losses, Including                                       | Mln rubles, including VAT                            | 7 649.669   | 8 786.145   |
|          |                                                                         | Mln kilowatt-hour                                    | 2 835.68    | 2 947.589   |
| 1.1.1.   | Energy for own needs                                                    | Mln rubles, including VAT                            | 37.400      | 49.995      |
|          |                                                                         | Mln kilowatt- hour                                   | 16.345      | 16.603      |
| 1.2.     | Energy purchased for operational and household needs, by resource types | Mln rubles, including VAT                            | 128.784     | 134.233     |
| 1.2.1.   | Fuel and energy, including                                              | Mln rubles, including VAT                            | 122.186     | 128.811     |
|          |                                                                         | Tons of fuel                                         | 5340.000    | 4 944       |
| 1.2.1.1. | Electric energy                                                         | Mln rubles, including VAT                            | 108.858     | 117.327     |
|          |                                                                         | Thousands kilowatt-hour                              | 35 887.241  | 33 538.640  |
|          |                                                                         | Thousands kilowatt-hour per square meter of premises | 0.238       | 0.227       |
| 1.2.1.2. | Thermal energy                                                          | Mln roubles, including VAT                           | 11.623      | 10.538      |
|          |                                                                         | gCal                                                 | 5 851.270   | 5 088.892   |
|          |                                                                         | gCal per square meter of premises                    | 0.169       | 0.134       |
| 1.2.2.   | Hot water supply                                                        | Thousands of cubic meters                            | 1.483       | 0           |
|          |                                                                         | Mln roubles, including VAT                           | 0.085       | 0           |
| 1.2.3.   | Cold water supply                                                       | Thousands of cubic meters                            | 185.037     | 131.629     |
|          |                                                                         | Mln roubles, including VAT                           | 6.512       | 5.422       |
| 1.2.4.   | Natural gas                                                             | Thousands of cubic meters                            | 173.931     | 141.385     |

|      |                                                                                            |                            |             |             |
|------|--------------------------------------------------------------------------------------------|----------------------------|-------------|-------------|
|      |                                                                                            | Mln roubles, including VAT | 1.704       | 0.946       |
| 1.3. | Presence of metering devices of electric energy consumed for the Company's household needs | %                          | <b>100</b>  | <b>100</b>  |
| 1.4. | Electric power metering devices equipment by retail market's consumers                     | %                          | <b>29.2</b> | <b>67.9</b> |

## 6.11. Cash flow dynamics information

In accordance with Accounting Regulations 23-2011 the Company's Cash Flow Report concludes a brief calculation of a VAT including incomes from customers and receivers, payments to suppliers and payment to a budget system of Russian Federation or reimbursement from it in line 4129 "Other payments" in form "Cash flow dynamics report" in the amount of (633 626) thousands rubles, including:

|                                     |                            |
|-------------------------------------|----------------------------|
| VAT included in received amounts    | 6 960 413 thousands rubles |
| VAT included in amounts transferred | 5 350 771 thousands rubles |
| VAT paid to a budget                | 2 243 268 thousands rubles |
| Result                              | (633 626) thousands rubles |

Highly liquid investments (cash equivalents) that can be readily converted into previously known amounts of cash and which are subject to insignificant risk of changes in value for the period from 01.01.2016 to 31.12.2016 were not performed.

**Table 18 – Minimum amount of minimum balance of funds on current accounts of the Company as of 31.12.2016**

| Ground (additional agreement, confirmation of transaction) | Transaction starting date | Transaction ending date | Interest rate | Sum of minimum required balance |
|------------------------------------------------------------|---------------------------|-------------------------|---------------|---------------------------------|
| <b>1</b>                                                   | <b>2</b>                  | <b>3</b>                | <b>4</b>      | <b>5</b>                        |
| 439                                                        | 30.12.2016                | 09.01.2017              | 8.00          | 159 000                         |
| <b>Gazprombank JSC, total</b>                              |                           |                         |               | <b>159 000</b>                  |
| 12                                                         | 30.12.2015                | 09.01.2017              | 8.00          | 17 800                          |
| <b>Joint stock bank "Rossiya" JSC, total</b>               |                           |                         |               | <b>17 800</b>                   |
| <b>Total</b>                                               |                           |                         |               | <b>176 800</b>                  |

There is no debt on overdraft loan as of 31 December 2016.

As of December 31, 2016, third-party guarantees received and not used by the Company to raise a credit with specification of the amount of monetary funds that can be raised by the Company are not present.

Cash (or cash equivalents) that cannot be used by the Company (e.g., letters of credit opened for the benefit of other organizations for transactions in progress as of the reporting sheet date) is not available as of December 31, 2016.

## **6.12. Segment Information**

According to Accounting Regulations 12/2010, the management and decision-making structure of the organization and the internal reporting system were taken as bases of segmentation in the Company.

**The Company determined the structure of the reportable segments:**

- 1) Electricity transmission;
- 2) Grid connection to the power supply networks.

The Company discloses the information in the accounting statements only by the reportable segments. The remaining segments are presented in the accounting statements as other segments. Information on the reportable segments does not contain data on the cash flow from operating, investment and financial operations because of the labor intensity of its presentation in the financial statements

**Table 19 – Consumers, the sales revenue from which is not less than 10 % of the total revenue of the Company**

(thousand rubles)

| # | Consumer (Customer)                 | Total Revenue | Including Electricity Transmission | Including Other Services |
|---|-------------------------------------|---------------|------------------------------------|--------------------------|
| 1 | Independent Power Sales Company JSC | 14 757 178    | 14 757 178                         | -                        |
| 2 | Kuban Power Sales Company JSC       | 18 539 390    | 18 539 390                         | -                        |

In addition, information by the reportable segments is presented in Annex 5.13.

## **6.13. Information on the Related Parties**

### **6.13.1. List of the Related Parties**

The operations of Kubanenergo JSC are strongly affected by following persons/entities, which are affiliated to the Company. Within the legislation of the Russian Federation, Kubanenergo JSC publishes the lists of affiliates on its website at <http://www.kubanenergo.ru> in Section "For Shareholders and Investors" / "Lists of Affiliates", as well as at <http://www.e-disclosure.ru/portal/company.aspx?id=2827>.

Entities/ persons affecting the Company's activity:

- the largest shareholders of the Company – Rosseti JSC (owns 92.24 % of the Company shares);
- persons, that are members of the management bodies of the Company (BoD members, Management Board members, director general of Kubanenergo PJSC).

Kubanenergo JSC supervises the operations of its subsidiaries: “Recreation Centre “Energetik” JSC and “Energoservis Kuban” JSC by methods of corporate management.

### 6.13.2. Transactions Made with the Related Parties and Related-Party Transactions in Progress

Table 20 – Income and related receivables for 2015

thousand rubles

| Counterparty           | As of 31 December 2014 | Accrued | Paid     | As of 31 December 2015 |
|------------------------|------------------------|---------|----------|------------------------|
| IDGC of the South JSC* | 14                     | -       | -        | 14                     |
| P/o Energetik JSC***   | 2 049                  | 2 331   | (2 431)  | 1 949                  |
| Reserve                | (1 000)                | -       | -        | (1000)                 |
| Energoservis Kuban JSC | 51                     | 668     | (97)     | 22                     |
| Russian Grids JSC***   | 3 949                  | 15 625  | (19 574) | -                      |
| Mobile GTES JSC*       | -                      | 195     | (180)    | 15                     |

Table 21 – Income and related receivables for 2016

thousand rubles

| Counterparty           | As of 31 December 2015 | Accrued | Paid    | As of 31 December 2016 |
|------------------------|------------------------|---------|---------|------------------------|
| IDGC of the South JSC* | 14                     | 5 373   | 5 378   | -                      |
| P/o Energetik JSC***   | 1 949                  | 2 473   | (4 242) | 180                    |
| Reserve                | (1000)                 | -       | 1000    | -                      |

|                                        |    |       |         |    |
|----------------------------------------|----|-------|---------|----|
| Energoservis Kuban JSC                 | 22 | 251   | (265)   | 8  |
| Russian Grids JSC***                   | -  | 1 398 | (1 398) | -  |
| Main computer center of power industry | 15 | 180   | (165)   | 30 |

**Table 22 – Expenses and other transactions and related to it payables for 2015**

(thousand rubles)

| Counterparty                             | As of 31<br>December 2014 | Accrued     | Repaid      | As of 31<br>December 2015 |
|------------------------------------------|---------------------------|-------------|-------------|---------------------------|
| 1                                        | 2                         | 3           | 4           | 5                         |
| IDGC of the South PJSC*                  |                           |             |             |                           |
| - Trading Transactions                   | (26 812)                  | (3 250)     | 2 827       | (27 235)                  |
| - Other payables                         | (114 301)                 | (36 518)    | 13 781      | (137 038)                 |
| IDGC of the Centre and Volga region PJSC |                           |             |             |                           |
| - Other payables                         | (31 404)                  | (22 468)    | 2 251       | (51 321)                  |
| Rosseti PJSC **                          |                           |             |             |                           |
| - Other payables                         | (4 513)                   | (108 272)   | 107 488     | (5 297)                   |
| FGC UES PJSC *                           |                           |             |             |                           |
| - Trading Transactions                   | (3 333 908)               | (7 313 454) | 8 557 803   | (2 089 559)               |
| - Other payables                         | -                         | (620 226)   | 476 518     | (143 708)                 |
| - Other payables                         | 208 584                   | 1 146 633   | (1 117 703) | 237 514                   |
| Reserve                                  | (168 076)                 | -           | 960         | (167 116)                 |
| IDGC of North Caucasus PJSC *            |                           |             |             |                           |
| - Other payables                         | (7 716)                   | -           | -           | (7 716)                   |
| P/o Energetik JSC***                     |                           |             |             |                           |
| - Other payables                         | -                         | (10 934)    | 10 934      | -                         |
| Mobile GTES JSC                          |                           |             |             |                           |
| - Trading Transactions                   | -                         | (1 080)     | 1 080       | -                         |
| - Other payables                         | (26 924)                  | -           | 1 413       | (25 511)                  |
| IT Energy Service JSC                    |                           |             |             |                           |
| - Other payables                         | (447)                     | (5 616)     | 5780        | (283)                     |
| IDGC of Volga PJSC *                     |                           |             |             |                           |
| - Other payables                         | (93 718)                  | -           | 8 289       | (85 429)                  |
| Energoservis Kuban JSC***                |                           |             |             |                           |
| - Other payables                         | (5 305)                   | (8 297)     | 11 862      | (1 740)                   |
| IDGC of Centre PJSC *                    |                           |             |             |                           |
| - Other payables                         | (10 460)                  | (23 389)    | 10 369      | (23 480)                  |
| IDGC of Ural JSC*                        |                           |             |             |                           |
| - Other payables                         | (52 265)                  | -           | -           | (52 265)                  |
| IDGC of Siberia PJSC *                   |                           |             |             |                           |
| - Other payables                         | (45 302)                  | -           | -           | (45 302)                  |
| IDGC of North-West PJSC*                 |                           |             |             |                           |
| - Other payables                         | (6 842)                   | (12 094)    | -           | (18 936)                  |
| Lenenergo PJSC *                         |                           |             |             |                           |
| - Other payables                         | (34 137)                  | (2 524)     | 11 022      | (25 639)                  |
| Tyumenenergo JSC*                        |                           |             |             |                           |
| - Other payables                         | (18 799)                  | (2 384)     | 2 384       | (18 799)                  |
| Yantarenergo PJSC*                       |                           |             |             |                           |
| - Other payables                         | (5 605)                   | -           | -           | (5 605)                   |

|                                          |           |          |        |           |
|------------------------------------------|-----------|----------|--------|-----------|
| TRK PJSC*                                |           |          |        |           |
| - Other payables                         | (7 722)   | -        | -      | (7 722)   |
| Moskabelenergozemont PJSC *              |           |          |        |           |
| - Other payables                         | (484)     | -        | 484    | -         |
| MOESK PJSC*                              |           |          |        |           |
| - Other payables                         | (42 239)  | -        | -      | (42 239)  |
| IDGC of the South PJSC*                  |           |          |        |           |
| - Trading Transactions                   | (26 812)  | (3 250)  | 2 827  | (27 235)  |
| - Other payables                         | (114 301) | (36 518) | 13 781 | (137 038) |
| IDGC of the Centre and Volga region PJSC |           |          |        |           |
| - Other payables                         | (31 404)  | (22 468) | 2 251  | (51 321)  |
| Rosseti PJSC **                          |           |          |        |           |

**Table 23 – Expenses and other transactions and related to it payables for 2016**

(thousand rubles)

| Counterparty                               | As of 31 December 2015 | Accrued     | Repaid    | As of 31 December 2016 |
|--------------------------------------------|------------------------|-------------|-----------|------------------------|
| 1                                          | 2                      | 3           | 4         | 5                      |
| IDGC of the South PJSC *                   |                        |             |           |                        |
| - Trading Transactions                     | (27 235)               | (104 418)   | 106 792   | (24 861)               |
| - Other payables                           | (137 038)              | (19 570)    | 66 229    | (90 379)               |
| IDGC of the Centre and Volga region PJSC * |                        |             |           |                        |
| - Other payables                           | (51 621)               | -           | 51 621    | -                      |
| Rosseti PJSC ***                           |                        |             |           |                        |
| - Other payables                           | (5 297)                | (115 874)   | 115 874   | (5 297)                |
| FGC UES PJSC *                             |                        |             |           |                        |
| - Trading Transactions                     | (2 089 559)            | (7 034 856) | 8 622 147 | (502 268)              |
| - Other payables                           | (143 708)              | (149 700)   | 259 523   | (33 885)               |
| - Other payables                           | 237 514                |             |           |                        |
| Reserve                                    | (167 116)              |             |           |                        |
| IDGC of North Caucasus PJSC *              |                        |             |           |                        |
| - Other payables                           | (7 716)                | -           | 7 662     | (54)                   |
| P/o Energetik JSC***                       |                        |             |           |                        |
| - Other payables                           | -                      | (11 156)    | 11 156    | -                      |
| Mobile GTES JSC                            |                        |             |           |                        |
| - Other payables                           | (25 511)               | (7 652)     | 33 163    | -                      |
| IT Energy Service LLC*                     |                        |             |           |                        |
| - Other payables                           | (283)                  | (2 833)     | 2 927     | (189)                  |
| IDGC of Volga PJSC *                       |                        |             |           |                        |
| - Other payables                           | (85 429)               | (2 356)     | 85 429    | (2 356)                |
| Energoservis Kuban JSC***                  |                        |             |           |                        |
| - Other payables                           | (1 740)                | (61 799)    | 62 592    | (947)                  |
| IDGC of Centre PJSC *                      |                        |             |           |                        |
| - Other payables                           | (23 480)               | (18 091)    | 41 571    | -                      |
| IDGC of Ural JSC*                          |                        |             |           |                        |
| - Other payables                           | (52 265)               | -           | 52 265    | -                      |
| IDGC of Siberia PJSC*                      |                        |             |           |                        |
| - Other payables                           | (45 302)               | -           | 45 302    | -                      |

|                          |          |         |        |   |
|--------------------------|----------|---------|--------|---|
| IDGC of North-West PJSC* | -        |         |        |   |
| - Other payables         | (18 936) | -       | 18 936 | - |
| Lenenergo PJSC *         |          |         |        |   |
| - Other payables         | (25 639) | (2 918) | 28 557 | - |
| Tyumenenergo JSC*        |          |         |        |   |
| - Other payables         | (18 799) | -       | 18 799 | - |
| Yantarenergo PJSC*       |          |         |        |   |
| - Other payables         | (5 605)  | -       | 5 605  | - |
| TRK PJSC                 |          |         |        |   |
| - Other payables         | (7 722)  | -       | 7 722  | - |
| MOESK PJSC*              |          |         |        |   |
| - Other payables         | (42 239) | -       | 42 239 | - |

\* - company belongs to the same group as the Company

\*\* - company has the right to dispose of more than 20 % of the Company's shares

\*\*\* - company has the right to dispose of more than 50 % of the total votes of the shares in the Authorized Capital of the person

Write-off of accounts receivable, the limitation period of which has expired, of other bad debts, including out of provision for doubtful debts, has not been made.

### 16.13.3. Compensations Payable to Key Management Personnel

**Table 24 – Information on the compensations payable to key management personnel**

thousand rubles

| Payments                                                                                                                                            | Members of the Board of Directors |        | Members of Auditing Committee |       | Members of Management Board |       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|--------|-------------------------------|-------|-----------------------------|-------|
|                                                                                                                                                     | 2015                              | 2016   | 2015                          | 2016  | 2015                        | 2016  |
| <b>Short-term compensations, incl.:</b>                                                                                                             | 3 517                             | 17 130 | 747                           | 1 172 | 2 143                       | 2 211 |
| <b>1.1. Salaries for the reporting period (vacation bonus excl.)</b>                                                                                | 2 719                             | 14 026 | 573                           | 899   | 1 855                       | 1 696 |
| a) premiums                                                                                                                                         | 0                                 | 0      | 0                             | 0     | 0                           | 0     |
| b) bonuses                                                                                                                                          | 0                                 | 0      | 0                             | 0     | 0                           | 0     |
| c) other incentive payments, the bases for which are the indices of labour or performance                                                           | 0                                 | 0      | 0                             | 0     | 0                           | 0     |
| <b>1.2. Annual paid holidays for operations in the reporting period</b>                                                                             | 0                                 | 0      | 0                             | 0     | 0                           | 0     |
| <b>1.3. Total other payments for the benefit of key management personnel (not depending on the respective terms in the labour contract), incl.:</b> | 0                                 | 0      | 0                             | 0     | 0                           | 0     |
| a) the Company's payment for public services                                                                                                        | 0                                 | 0      | 0                             | 0     | 0                           | 0     |
| b) the Company's payment for medical care, incl. treatment                                                                                          | 0                                 | 0      | 0                             | 0     | 0                           | 0     |
| c) one-off pecuniary aid payments for vacation                                                                                                      | 0                                 | 0      | 0                             | 0     | 0                           | 0     |
| d) full or partial vacation bonus                                                                                                                   | 0                                 | 0      | 0                             | 0     | 0                           | 0     |
| e) full or partial payment for education in the private interests                                                                                   | 0                                 | 0      | 0                             | 0     | 0                           | 0     |



|                                                                                                                         |       |        |     |     |       |       |
|-------------------------------------------------------------------------------------------------------------------------|-------|--------|-----|-----|-------|-------|
| f) others (please, specify), incl.:                                                                                     | 0     | 0      | 0   | 0   | 0     | 0     |
| compensation for residential premises lease                                                                             | 0     | 0      | 0   | 0   | 0     | 0     |
| material aid for mortgage repayment                                                                                     | 0     | 0      | 0   | 0   | 0     | 0     |
| <b>1.4. Taxes payable and other compulsory payments into the respective budgets and extrabudgetary funds</b>            | 799   | 3 104  | 174 | 273 | 288   | 515   |
| <b>2. Long-term compensations, incl.:</b>                                                                               | 0     | 0      | 0   | 0   | 0     | 0     |
| 2.1. Compensations upon withdrawal, incl.:                                                                              | 0     | 0      | 0   | 0   | 0     | 0     |
| a) payments under the voluntary insurance contracts concluded with the insurance companies                              | 0     | 0      | 0   | 0   | 0     | 0     |
| b) payments under the non-governmental retirement insurance contracts concluded with the non-governmental pension funds | 0     | 0      | 0   | 0   | 0     | 0     |
| c) other pension and social safety net payments upon withdrawal                                                         | 0     | 0      | 0   | 0   | 0     | 0     |
| 2.2. Other long-term compensations                                                                                      | 0     | 0      | 0   | 0   | 0     | 0     |
| 2.3. Long-term compensation charges                                                                                     | 0     | 0      | 0   | 0   | 0     | 0     |
| <b>3. TOTAL (short-term and long-term) compensations, charges excl.</b>                                                 | 2 718 | 14 026 | 573 | 899 | 1 855 | 1 696 |
| <b>4. TOTAL (short-term and long-term) compensation charges</b>                                                         | 799   | 3 104  | 174 | 273 | 288   | 515   |

## 6.14. Going Concern Principle

Accounting (financial) statements of Kubanenergo PJSC for 2016 have been prepared on a going concern basis, which assumes that the Company is able to sell its assets and discharge its liabilities in the normal course of business in the foreseeable future. As reflected in the accounting (financial) statements the Company's net profit in 2016 amounted to 2 140 500 thousand rubles (in 2015 net loss amounted 1 452 479 thousand rubles) and a working capital deficit (excess of current liabilities over current assets) as of December 31, 2016 amounted to 1 030 357 thousand rubles. Short-term liabilities of the Company as of 31 December 2015 amounted to 21 396 145 thousand rubles.

Short-term liabilities of the Company in connection with borrowings as of December 31, 2016 include the outstanding loans to Sberbank of Russia JSC and amount 11 419 845 thousand rubles, including borrowed money obligation in amount of 79 078 thousand rubles. There is no debt on credit mature in 2017.

Short-term obligations on borrowed funds as of 31 December 2016 are formed due to the interest accrued on bonded loan and the credit of Sberbank PJSC. Payment under the credit contract and conditions of placement of bonded loans is due in 2017.

As of 31 December 2016 the Company established credit limit for the amount of 5 938 033 thousand rubles, among which there are Gazprombank JSC for the amount of 1 038 033 thousand rubles, Sberbank PJSC for the amount of 3 100 000 thousand rubles and Russian Regional Development Bank JSC for the amount of 1 000 000

thousand rubles.

We assume that the cash flow from business activity in 2017 will be enough to cover our obligations that are due in 2017.

Thus, despite the shortage of working capital, the Company's management believes that the Company will be able to meet all its current obligations during 2017.

#### **6.15. Estimated Liabilities, Contingent Assets and Liabilities**

In 2016, the Company recognized in the accounting the estimated liabilities related to possible compensation for unused vacation in the amount of 378 584 thousand rubles, partly the written off previously formed a provision in the amount of 365 337 thousand rubles, the balance as of the end of the reporting period amounted 240 124 thousand rubles. As of 31.12.2016 a provision related to the possible payment of remuneration for the year was recognized in the amount of 243 882 thousand rubles.

The Company signed the certificates of acceptance of electric power losses and electricity transmission services with disagreements regarding the unadjusted electric power losses and electricity transmission services and, at the same time, executed the objections to the certificates. Assessing the probability of fulfilling the disputed claims of suppliers within twelve months of the courts as high, the Company made a decision to recognize liabilities. The amount of liabilities on outstanding claims at the beginning of reporting period is reflected in the financial statements in the amount of 1 829 681 thousand rubles, including 736 330 thousand rubles in part of inconsistent volume of losses, 1 055 655 thousand rubles in terms of electricity transmission services. Charges totaled 1 916 066 thousand rubles, including 257 317 thousand rubles in part of inconsistent volume of losses, 1 658 749 thousand rubles in terms of electricity transmission services. The magnitude of the estimated liability for outstanding claims providers at end of period is 2 207 726 thousand rubles, including 589 623 thousand rubles in part of inconsistent volume of losses, 1 618 103 thousand rubles in terms of electricity transmission services.

As of 2016, a provision for tax disputes was used in full and there is no balance as of the end of the reporting quarter.

The amount of the provision for judicial disputes is 238 603 thousand rubles (annex

5.7.1).

Discounting of the value of the recognized estimated liabilities was not made because the expected period of performance is less than 12 months after the balance sheet date. The expected amount of counter-claims or amounts to a third party claims in respect of costs which the Company will incur in the performance of obligations and assets recognized by such requirements in accordance with paragraph 19 of PBU 8/2010 at the balance sheet date are absent.

There are no formed contingent liabilities and contingent assets as of December 31, 2016.

#### **6.16. Events After the Reporting Date**

The Company maintains accounting of the events occurring after the reporting date and makes disclosure thereof in the statements in accordance with the Accounting Regulations “Events Occurring after the Reporting Date” PBU 7/98 approved by Decree of the Ministry of Finance of the Russian Federation No. 56H dd. 25.11.1998.

There are no other facts of economic operations, which have, or in the future may have, an impact on the financial condition or the performance of the Company and which occur from the reporting date (December 31, 2016) till the date of signing of the accounting statements for 2016.

Deputy Director General in charge of  
economics and finances of Kubanenergo PJSC

Ocheredko O.V.

Chief accountant - head of department for  
accounting, tax accounting and reports,  
Kubanenergo PJSC

Skiba I.V.

21 February 2017

## Annexes to the Balance Sheet and to the Income Statement

Annex 5.1.1 "Stocks and Transactions of Intangible Assets"  
Annex 5.2.1 "R&D Stocks and Transactions"  
Annex 5.2.2 "R&D in Progress, Unexecuted R&D and Intangible Assets Acquisition Transactions in Progress"  
Annex 5.3.1 "Stocks and Transactions of Fixed Assets"  
Annex 5.3.2 "Useful Lives and Depreciation Methods"  
Annex 5.3.3 "Changes in the Fixed Assets Value as a Result of Completion of Construction, Extra Fitting, Reconstruction and Partial Liquidation"  
Annex 5.3.4 "Other Use of Fixed Assets"  
Annex 5.3.5 "Capital Investments in Progress"  
Annex 5.3.6 "Advances for Capital Construction and Fixed Assets Acquisition"  
Annex 5.4.1 "Stocks and Transactions of Financial Investments"  
Annex 5.4.2 "Adjustments of Financial Investment Estimates"  
Annex 5.5.1 "Stocks and Transactions of Inventories"  
Annex 5.6.1 "Stocks and Transactions of Accounts Receivable"  
Annex 5.6.2 "Provision for Doubtful Debts"  
Annex 5.6.3 "Overdue Accounts Receivable"  
Annex 5.6.4 "Disagreements with the Sales Companies"  
Annex 5.6.5 "Stocks and Transactions of Accounts Payable"  
Annex 5.6.6 "Overdue Accounts Payable"  
Annex 5.6.7 "Loans and Borrowings"  
Annex 5.6.8 "Cost of Loans and Borrowings"  
Annex 5.7.1 "Estimated Liabilities"  
Annex 5.7.2 "Deferred Taxes"  
Annex 5.8 "Provisions"  
Annex 5.9 "Government Aid"  
Annex 5.12 "Statement on Valuables on Off-Balance-Sheet Accounts"  
Annex 2.1 "Cost of Sales, Works and Services by Cost Elements"  
Annex 2.2 "Earnings per Share, Diluted Earnings per Share"  
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Annex 5.11 "Other Income and Expenses"  
Annex 5.13 "Information by the Reportable Segments"  
Annex 2.1. Cost of goods, services and works sold  
Annex 2.2 Profit per share, diluted profit per share  
Annex 2.3. Profit taxation