

RSM Rus, LLC
4 Pudovkina str., Moscow 119285
Phone: +7 945 363 28 48
Fax: +7 945 981 4121
email: mail@rsmrus.ru
www.rsmrus.ru

**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.