

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 2015

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 2015, the Profit and Loss Statement, the Statement of Changes in Equity, and the Cash Flow Statement for 2015, 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.

An audit contains 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.

An audit also included the appraisal of the accounting policy and validity of estimated figures, as well as the appraisal of performance 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 2015, results of its business activity and cash flow in 2015 in accordance with Russian standards of preparing accounting statements.

Chairman of the Management Board

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 - 29605011647.

Dantser N.A.

Audit Leader

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 – 21005008593.

Mikhailyk R.F.

Balance sheet 31 December 2015

	Codes
Form No. 1 OKUD [Russian National Classifier of Management Documentation]	0710001
	Date 31.12.2015
Organization: Kubanenergo PJSC	OKPO [Russian Classifier of Businesses and Organizations] 00104604
Taxpayer Identification Number	TIN 2309001660
Type of activity <u>electricity transmission</u>	OKVED [Russian Classifier of Types of Economic Activity] 40.10.2/40.10.3
Organizational legal form/ownership form Public Joint-Stock Company/provate property	OKOPF [Russian Classifier of Organizational Legal Forms]/OKFS [Russian National Classifier of Forms of Ownership] 1 22 47 / 16
Unit: thousand rubles	OKEI [Russian Classifier of Measurement Units] 384
Address: 2A Stavropolskaya str., Krasnodar RF, 350040	

notes	Indicator	Line code	as of 31 December 2015	as of 31 December 2014	as of 31 December 2013
5.1.1.- 5.2.2.	ASSETS I. NON-CURRENT ASSETS				
	Intangible assets	1110	13 233	13 473	16 110
5.2.2.	Including purchase of intangible assets in progress	1111	-	-	-
5.2.1.- 5.2.2.	Results of researches and developments	1120	32 385	28 687	25 059
5.2.2.	Including expenditures on researches in progress	1121	32 385	27 698	23 082
	Intangible development assets	1130	-	-	-
	Tangible development assets	1140	-	-	-
5.3.1.- 5.3.6.	Fixed assets	1150	53 710 490	47 499 351	43 293 640

	land plots and environmental facilities	1151	133 257	131 142	104 553
	Buildings, vehicles, equipment, constructions	1152	50 143 264	43 559 421	24 004 021
	Other fixed assets	1153	320 007	355 213	471 155
5.3.5.	Construction in progress	1154	2 196 312	2 553 788	16 499 004
5.3.6.	Advances paid for capital construction and purchase of fixed assets	1155	16 106	248 252	1 532 093
	Raw materials and materials for production of fixed assets*	1156	901 544	651 535	682 814
5.3.1.	Income-bearing investments in tangible valuables	1160	-	-	-
	Property for leasing	1161	-	-	-
	Property provided under rent contract	1162	-	-	-
5.4.1.- 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	972 310	1 110 920	1 032 232
	Other non-current assets	1190	59 480	85 276	283 045
	TOTAL Section I	1100	54 833 486	48 783 295	44 695 674
	II. CURRENT ASSETS				
5.5.1.- 5.5.2.	Stock	1210	1 292 106	1 467 262	1 367 316
	Raw materials, supplies and other similar assets	1211	1 292 106	1 466 708	1 367 316
	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	6 198	7 896	21 337
5.6.1- 5.6.4.	Accounts receivable	1230	4 900 772	3 830 295	5 123 537
	accounts receivable that are due beyond 12 months	1231	12 426	14 979	14 775
	Buyers and customers	123101	-	-	-
	Bills receivable	123102	-	-	-
	Advances paid	123103	-	-	-
	Other accounts receivable	123104	12 426	14 979	14 775
	accounts receivable that are due in the next 12 months	1232	4 888 346	3 815 316	5 108 762
	Buyers and customers	123201	4 601 989	3 267 641	3 955 924
	Bills receivable	123202	-	-	-
	Debts of affiliated and depended companies on interest	123203	-	-	-
	Debts of participants (founders) on share capital payment	123204	-	-	-
	Advances paid	123205	25 236	18 254	50 250
	Other accounts receivable	123206	261 121	529 421	1 102 588
5.4.1.- 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 equivalentes	1250	2 577 455	7 070 974	12 622 500
	Cash bank	1251			
	Operating account	1252	2 577 358	7 070 920	12 622 276
	Currency account	1253	-	-	-
	Other funds	1254	97	54	224
	Other current assets	1260	708 381	554 863	706 815
	VAT on advance payments made for capital	1261	2 197	44 444	275 232

	construction and purchasing OS				
	VAT on received advance payments	1262	659 128	458 349	382 413
	Others	1263	47 056	52 070	49 170
	TOTAL Section II	1200	9 484 912	12 931 290	19 841 505
	BALANCE	1600	64 318 398	61 714 585	64 537 179

	LIABILITIES	Line	as of 31 December 2015	as of December 2014	as of December 2013
1	2	3		4	5
	III. CAPITAL AND RESERVES				
3.1.	Authorized capital (reserve capital, statutory fund and partners' contributions)	1310	28 286 813	28 286 813	28 286 813
3.1.	Treasury stock bought out at from the shareholders	1320	-	-	-
5.3.1., 5.1.1	Revaluation of non-current assets	1340	10 851 166	9 642 200	9 755 180
3.1.	Additional capital (without revaluation)	1350	6 481 916	6 481 916	6 481 916
3.1.	Reserve capital	1360	89 347	89 347	89 347
3.1.	Unallocated profit (uncovered loss)	1370	(13 378 700)	(14 879 177)	(11 359 824)
	Past years	1371	(14 831 179)	(11 246 844)	(8 879 688)
	Reported period	1372	1 452 479	(3 632 333)	(2 480 136)
	TOTAL Section III	1300	32 330 542	29 621 099	33 253 432
	IV. LONG-TERM LIABILITIES				
5.6.7- 5.6.8	Borrowed funds	1410	10 000 000	14 900 000	17 237 000
	Bank credits payable in more than 12 months after the reporting date	1411	3 000 000	14 900 000	17 237 000
	Credits payable in more than 12 months after the reporting date	1412	7 000 000	-	-
5.7.2.	Deferred tax liabilities	1420	122 951	124 789	126 441
5.7.1.	Reserve for contingent liabilities	1430	-	-	-

5.6.5- 5.6.6.	Other liabilities	1450	468 760	1 021 770	595 374
	TOTAL Section IV	1400	10 591 711	16 046 559	17 958 815
	V. SHORT-TERM LIABILITIES				
5.6.7.- 5.6.8.	Borrowed funds	1510	7 071 346	2 517 000	400 000
	Bank payable in more than 12 months after the reporting date	1511	7 000 000	2 517 000	400 000
	Credits payable in more than 12 months after the reporting date	1512	71 346	-	-
5.6.5.- 5.6.6.	Payables	1520	11 799 752	10 619 876	11 651 767
	Suppliers and contractors	1521	4 343 657	7 795 369	9 097 198
	Bills payable	1522	-	-	-
	Salaries payable	1523	181 165	122 577	174 859
	Debt to state extra-budgetary funds	1524	86 764	66 362	120 178
	Taxes payable	1525	1 502 989	183 786	81 424
	Advances received	1526	3 860 085	2 187 283	1 924 893
	Payable to the participants (founders) on income payment	1527	-	-	-
	Other accounts payable	1528	1 825 092	264 499	253 215
	Reserves for future expenses	1530	115 298	122 763	11 474
5.7.1	Estimated liability	1540	2 409 749	2 787 288	1 261 691
	Estimated liability for vacation pay	1541	226 877	201 981	175 841
	Estimated liability for accounts payable to employees	1542	275 097	275 014	-
	Estimated liability on controversial debt	1543	1 791 985	1 189 064	1 085 850
	Estimated liability on lawsuit	1544	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	21 396 145	16 046 927	13 324 932
	BALANCE (assets)	1700	64 318 398	61 714 585	64 537 179

Director _____ Ocheredko O.V.
(signature)

Chief accountant _____ Skiba I.V.
(signature)

29 February 2016

(seal)

(1) – reporting date of the reporting period

(2) – previous year

(3) – year before the previous year

Profit and loss statement for January - December 2015

Form No. 2 OKUD [Russian National Classifier of Management Documentation]	Codes
	0710002
Organization: Kubanenergo PJSC	Date
	31.12.2015
Taxpayer Identification Number	OKPO [Russian Classifier of Businesses and Organizations]
	00104604
Type of activity	INN [Taxpayer Identification Number]
	2309001660
Organizational legal form/ownership form Public Joint-Stock Company	OKVED [Russian Classifier of Economic Activities]
	40.10.2/40.10.3
Unit: thousand rubles	OKOPF [Russian Classifier of Organizational Legal Forms]/OKFS [Russian Classifier of Forms of Ownership]
	1 22 47 / 16
	OKEI [Russian Classifier of Measurement Units]
	384

	Indicator	Line	2015	2014
1	2	3	4	5
	Proceeds	2110	35 704 161	29 393 384
	Including			
	Income from electric energy transmission	2111	34 403 020	28 464 228
	Income from technical connection	2112	1 213 257	847 766
	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	11 664	13 917
	Income from selling other products, goods, works, services of industrial type	2117	76 220	67 473
	Income from selling other products, goods, works,	2118	-	-

	services of non-industrial type			
2.1.	Cost of sales	2120	(33 149 295)	(29 918 777)
	Including			
	Self-cost of energy transmission	2121	(32 516 457)	(29 539 106)
	Self-cost of technical connection	2122	(588 216)	(336 566)
	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	(4 736)	(5 350)
	Self-cost of other products, goods, works, services of industrial type	2127	(39 886)	(37 755)
	Self-cost of other products, goods, works, services of non-industrial type	2128	-	-
	Gross profit (loss)	2100	2 554 866	(525 393)
2.1.	Commercial expenses	2210	-	-
2.1.	Administrative expenses	2220	-	-
	Sales profit (loss)	2200	2 554 866	(525 393)
	Participation incomes	2310	59	5
	Interest receivable	2320	478 593	634 424
	Interest payable	2330	(2 261 263)	(1 801 081)
5.11.	Other incomes	2340	6 850 548	3 039 425
5.11.	Income of past years revealed in reporting period	2341	403 779	122 890
5.11.	Income from reducing (write-off) of provision for doubtful debts	2342	1 620 974	1 913 200
5.11.	Income from reducing (write-off) of reserve for estimated liability	2343	883 095	291 540
5.11.	Other expenses	2350	(5 407 097)	(5 083 520)
5.11.	Provision for doubtful debts	2351	(728 109)	(808 240)
5.11.	Reserve for estimated liability	2352	(3 260 646)	(1 699 078)
5.11.	Losses of past years revealed in reporting period	2353	(534 846)	(45 574)
	Profit (loss) before tax	2300	2 215 706	(3 736 140)
2.3.	Current profit tax	2410	(578 521)	-

2.3.	Including constant tax liabilities (assets)	2421	332 657	791 058
2.3.	Changes in deferred tax liabilities	2430	1 784	1 289
2.3.	Changes in deferred tax assets	2450	(199 061)	(45 119)
2.3.	Other	2460	12 571	147 637
	Net profit (loss)	2400	1 452 479	(3 632 333)
	FOR REFERENCE:	Line	2015	2014)
5.1.1. 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	2 709 443	(3 632 333)
2.2	Basis profit (loss) per share	2900	5,135	-12,8411
2.2.	Diluted profit (loss) per share	2910	5,135	-12,8411

Director _____ Ocheredko O.V.
(signature)

Chief accountant _____ Skiba I.V.
(signature)

29 February 2016

(seal)

2.1. Cost of goods, services and works sold

Indicator	Code	2015	2014
1	2		3
Production costs	6510	33 149 295	29 918 777
including			
direct materials costs	6511	7 311 003	6 496 386
labour costs	6512	3 348 760	3 302 981
fringe benefit expenses	6513	973 293	950 249
depreciation	6514	3 192 584	2 474 732
miscellaneous expenditures	6515	18 323 655	16 694 429
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	33 149 295	29 918 777
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	-	-
including			
materials costs	6561	-	-
labour costs	6562	-	-
fringe benefit expenses	6563	-	-
depreciation	6564	-	-
miscellaneous expenses	6565	-	-

Director _____ Ocheredko O.V.
(signature)

Chief accountant _____ Skiba I.V.
(signature)

29 February 2016

- (1) – reporting date of the reporting period
(2) – previous period similar to the reporting period

2.2 Profit per share, diluted profit per share

Indicator	Code	2015	2014
1	2	3	4
Net profit (uncovered loss) of the reporting period	6610	1 452 479	(3 632 333)
Dividends on preferred shares	6611		
Base earnings (loss) of the reporting period	6612	1 452 479	(3 632 333)
Average amount of ordinary shares in circulation within the reporting period	6613	282 868	282 868
Base earnings (loss) per share (rubles)	6620	5,135	-12,8411
Average market cost of one ordinary share	6621	-	-
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	5,135	-12,8411
adjusted base earning	6641	1 452 479	(3 632 333)
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)

29 February 20160

- (1) – reporting date of the reporting period
(2) – previous period similar to the reporting period
(3) – this indicator includes dividends on cumulative shares for previous reporting periods that were paid out or declared within the reporting period

2.3. Profit taxation

Indicator	Code	2015	2014
1	2	3	4
Profit (loss) before the taxation	6710	2 215 706	(3 736 140)
including 20% rate	67101	2 215 706	(3 736 140)
other rates	67102	-	-
non-taxable	67103	-	-
Permanent difference	6711	1 663 283	3 955 291
For reference only: permanent differences, corresponding with temporary difference	67111	-	-
Change of deductible temporary differences	6712	995 303	324 005
Change of taxable temporary differences	6713	8 921	6 443
Tax base	6714	4 883 213	549 599
Expenditure (revenue) on profit tax	6720	528 833	(589 858)
Conventional expenditure (revenue) on profit tax	6721	443 141	(747 228)
Permanent tax liability (asset)	6722	332 657	791 058
For reference only: change of deferred taxes, posted to profits and losses	67221	(141 758)	(55 458)
Expenditure (revenue) on deferred taxes	6723	(197 277)	(43 830)

including: asset	67231	(199 061)	(45 119)
change of deferred tax liability	67232	1 784	1 289
Current profit tax	6724	(578 521)	-
Sums specification of profit tax for past tax periods	6725	85 692	157 370
Other tax payments and sanctions from profit	6730	(73 121)	(9 733)
including those on essential items	6731	-	-
Profit (loss) from ordinary activities	6740	1 452 479	(3 632 333)

Director _____ Ocheredko O.V.
(signature)

Chief accountant _____ Skiba I.V.
(signature)

- (1) – reporting date of the reporting period
(2) – previous period similar to the reporting period

Report on changes in equity for 2015

Form No. 3 OKUD [Russian National Classifier of Management Documentation]		Codes
		0710003
		Date
		31.12.2015
Organization: Kubanenergo PJSC	OKPO [Russian Classifier of Businesses and Organizations]	00104604
Taxpayer Identification Number	INN [Taxpayer Identification Number]	230900166 0
Type of activity	OKVED [Russian Classifier of Economic Activities]	40.10.2
Organizational legal form/ownership form Public Joint-Stock Company / private property	OKOPF [Russian Classifier of Organizational Legal Forms]/OKFS [Russian Classifier of Forms of Ownership]	47/16
Unit: thousand rubles	OKEI [Russian Classifier of Measurement Units]	384

3.1. Cash flow

Indicator description	Line code	Chartered capital	Treasury stock	additional capital	Reserve capital	Unallocated profit (uncovered loss)	Total
Balance as of December 31 2013 (1)	3100	28 286 813	-	16 237 096	89 347	(11 359 824)	33 253 432
2014 (2)							
Increase of capital - total:	3210	-	-	-	-	-	-
including:							
Net profit	3211	x	x	x	x	-	-
Revaluation of property	3212	x	x		x	-	-

Incomes directly related to increase of capital	3213	x	x	-	x	-	-
additional share issue	3214	-		-	x	x	-
increase of share nominal value	3215	-	x	x	x	-	x
legal entity reorganization	3216	-	-	-	-	-	-
Capital amount reduction – total:	3220	-	-	-	-	(3 632 333)	(3 632 333)
including:							
loss	3221	x	x	x	x	(3 632 333)	(3 632 333)
Revaluation of property	3222	x	x		x		-
expenditures directly related to decrease of capital	3223	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	-	-
Additional fund changing	3230	x	x	(112 980)	x	112 980	x
Reserve fund changing	3240	x	x	x	-	-	x
Capital as of 31 December 2014	3200	28 286 813	-	16 124 116	89 347	(14 879 177)	29 621 099
2015							
Increase of capital - total:	3310	-	-	1 256 964	-	1 452 479	2 709 443
including:							
Net profit	3311	x	x	x	x	1 452 479	1 452 479
Revaluation of property	3312	x	x	1 256 964	x		1 256 964
Incomes directly related to increase of capital	3313	x	x	-	x	-	-
additional share issue	3314	-	-	-	x	x	-
increase of share nominal value	3315	-	x	x	x	-	x
legal entity reorganization	3316	-	-	-	-	-	-
Capital amount reduction – total:	3320	-	-	-	-	(3 632 333)	(3 632 333)
including:							
loss	3321	x	x	x	x	(3 632 333)	(3 632 333)
Revaluation of property	3322	x	x	-	x	-	-
expenditures directly related to decrease of capital	3323	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	x	x	x	x	-	-
Additional fund changing	3330	x	x	(47 998)	x	47 998	x
Reserve fund changing	3340	x	x	x	-	-	x
Capital as of 31 December 2015	3300	28 286 813	-	17 333 082	89 347	(13 378 700)	32 330 542

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

Checked:

Value of capital as of 31 December 2011 (2)	3200	-	-	-	-	-	-
Value of capital as of 31 December 2012 (3)	3200	-	-	-	-	-	-

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

Indicator description	Line code	As of 31.12.2013	Capital changing in 2014		As of 31.12.2014
			At the expense of net profit	Due to other factors	
Capital – total					
Before correcting	3400	33 253 432	(3 632 333)	-	29 621 099
Correcting due to the fact of:					
Accounting policy changing	3410	-	-	-	-
Correction of mistakes	3420	-	-	-	-
After correcting	3500	33 253 432	(3 632 333)	-	29 621 099
Including:					
Undistributed profit (unrecovered loss):					
Before correcting	3401	(11 359 824)	(3 519 353)		(14 879 177)
Correcting due to the fact of:					
Accounting policy changing	3411	-	-	-	-
Correction of mistakes	3421	-	-	-	-
After correcting	3501	(11 359 824)	(3 519 353)	-	(14 879 177)
Other corrected capital articles:					
(under the article)					
Before correcting		44 613 256	(112 980)	-	44 500 276
Chartered capital		28 286 813			28 286 813
Treasury stock		-	-	-	-
Additional capital	3402	16 237 096	(112 980)		16 124 116
Reserve capital		89 347		-	89 347
Correcting due to the fact of:					
Accounting policy changing	3412	-	-	-	-

Correction of mistakes	3422	-	-	-	-
After correcting	3502	44 613 256	(112 980)	-	44 500 276

(1) – reporting date of the reporting period

(2) – previous year

Checked:

Amount after correcting	3500	-	-	-	-
Undistributed profit (unrecovered loss)		-			-
Chartered capital		-			-
Treasury stock		-			-
Additional capital		-		5 762 071	-
Reserve capital		-		-	-

3.3 Net assets

Indicator description	Line code	as of 31.12.2015	as of 31.12.2014	as of 31.12.2013
Net assets	3600	32 445 840	29 743 862	33 264 906

Director _____
(signature)

Chief accountant _____
(signature)

(1) – reporting date of the reporting period

(2) – previous year

(3) – year before the previous year

3.4. Accounting of estimated value of net assets

Indicator	Line	as of 31 December 2015	as of 31 December 2014	as of 31 December 2013
1	2	3	4	5
I. Assets				
1. Intangible assets	123	13 233	13 473	16 110
2. Results of researches and developments	1120	32 385	28 687	25 059
3. Intangible development assets	1130	-	-	-
4. Tangible development assets	1140	-	-	-
5. Fixed assets	1150	53 710 490	47 499 351	43 293 640
6. Income-bearing investments in tangible valuables	1160	-	-	-
7. Long-and short-term financial	1170 +	45 588	45 588	45 588

	investments	1240			
8.	Miscellaneous intangible assets ²	1180+1190	1 031 790	1 196 196	1 315 277
9.	Stock	1210	1 292 106	1 467 262	1 367 316
10.	Value added tax on valuables acquired	1220	6 198	7 896	21 337
11.	Accounts receivable ³	1230	4 900 772	3 830 295	5 123 537
12.	Cash and equivalents	1250	2 577 455	7 070 974	12 622 500
13.	Miscellaneous current assets ¹	1260	708 381	554 863	706 815
14.	Total assets taken for accounting, (sum of paragraphs 1-13)		64 318 398	61 714 585	64 537 179
II.	Liabilities				
15.	Long-term borrowed funds	1410	10 000 000	14 900 000	17 237 000
16.	Deferred tax liabilities	1420	122 951	124 789	126 441
17.	Estimated liability	1430+1540	2 409 749	2 787 288	1 261 691
18.	Other long-term liabilities	1450	468 760	1 021 770	595 374
19.	Short-term borrowed funds	1510	7 071 346	2 517 000	400 000
20.	Bills payable ⁴	1520	11 799 752	10 619 876	11 651 767
21.	Miscellaneous short-term liabilities ⁵	1550	-	-	-
22.	Total for liabilities taken for accounting (sum of paragraphs 15-21)		31 872 558	31 970 723	31 272 273
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))		32 445 840	29 743 862	33 264 906

Director _____ Ocheredko O.V.
(signature)

Chief accountant _____ Skiba I.V.
(signature)

29 February 2016

1 – Except actual costs on purchase of own shares from shareholders

2 – Including the amount of deferred tax assets

3 – except debt of participants (founders) of on share capital payments

4 – Including the amount of unpaid dividends

5 – The data on amount of miscellaneous long-term and short-term liabilities includes the sums of reserves made due to contingencies and termination of activity

6 – year before the previous year

7 – previous year

8 – reporting date of the reporting period

Statement on cash flow
January – December 2015

		Codes
Form OKUD [Russian National Classifier of Management Documentation]		0710004
	Date	31.12.2015
Organization: Kubanenergo PJSC	OKPO [Russian Classifier of Businesses and Organizations]	00104604
Taxpayer Identification Number	INN [Taxpayer Identification Number]	2309001660
Type of activity <u>electricity transfer</u>	OKVED [Russian Classifier of Economic Activities]	40.10.2/40.10.3 .
Organizational legal form/ownership form Public Joint-Stock Company / private property	OKOPF [Russian Classifier of Organizational Legal Forms]/OKFS [Russian Classifier of Forms of Ownership]	1 22 47 / 16
Unit: thousand RUR	OKEI [Russian Classifier of Measurement Units]	384

Indicator	Line code	as of 12 months 2015	as of 12 months 2014
1	2	3	4
Cash flow from operating activities			
Income - total	4110	35 296 413	31 825 504
Including:			
From sales of products, goods, work and services	4111	34 958 468	30 312 495
Including from sales of products, goods, work and services to parent, affiliate and subsidiary companies	411101	1 459	1 490
Lease rents, license fee, royalties, commission and other payments	4112	19 299	20 948
Including from lease rents, license fee, royalties, commission and other payments from parent, affiliate and subsidiary companies	411201	337	273
From resale of financial assets	4113	-	-
including from resale of financial assets to parent, affiliate and subsidiary companies	411301	-	-
Other incomes	4119	318 646	1 492 061
Including other incomes from parent, affiliate and subsidiary companies	411901	15 404	-
Payments - total	4120	(34 484 958)	(30 820 258)

including:			
to suppliers (contractors) for materials, stuff, work, services	4121	(25 289 506)	(23 152 824)
Including to suppliers (contractors) for materials, stuff, work, services of parent, affiliate and subsidiary companies	412101	(67 264)	(76 898)
Due to the fact of payment for the labour of an employee	4122	(3 718 513)	(3 983 308)
Interest on debenture	4123	(2 191 814)	(1 796 740)
Including interest on debenture to parent, affiliate and subsidiary companies	412301	-	-
Tax on the profit of organizations	4124	(1 294)	(31)
Other payments	4129	(3 283 831)	(1 887 355)
Including other payments to parent, affiliate and subsidiary companies	412901	(10 934)	(10 937)
Including insurance payments	412902	(984 620)	(1 103 198)
Balance of money flows from current operations	4100	811 455	1 005 246
Cash flow of investment activity funds			
Income – total	4210	608 980	727 100
Including:			
From sale of non-current assets (except financial assets)	4211	1 476	6 513
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	508 564	619 144
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	98 940	101 443

Including other incomes from parent, affiliate and subsidiary companies	421901	-	-
Payments – total	4220	(5 496 997)	(7 063 702)
Including:			
Due to the fact of purchasing, creating, modernization, reconstruction and preparing for use of non-current assets	4221	(5 468 681)	(6 907 866)
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	(7 926)	(1 062)
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	(28 316)	(155 836)
Including other payments to parent, affiliate and subsidiary companies	422901	-	-
Balance of money flows from current operations	4200	(4 888 017)	(6 336 602)
Cash flows from financial operations	Line	2015	2014
Income – total	4310	13 584 587	400 000
Including:			
Receiving the credits and loans	4311	13 584 587	400 000
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, affiliate and subsidiary companies	431201	-	-

From shares release, increasing share of participation	4313	-	-
From shares release, increasing share of participation of parent, affiliate and subsidiary companies	431301	-	-
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	1 250 000	-
Other incomes from parent, affiliate and subsidiary companies	431901	-	-
Payments - total	4320	(14 001 587)	(620 000)
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	-	-
Including to dividends and other payments under appropriation of profit in favor of owners (participants) of parent, affiliate and subsidiary companies	432201	-	-
Due to the fact of payment of promissory notes (purchasing) and other debt securities, repayment of credits and loans	4323	(12 751 587)	(620 000)
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	(1 250 000)	-
Including other payments to parent, affiliate and subsidiary companies	432901	-	-
Balance of money flows from current operations	4300	(417 000)	(220 000)
Balance of money flows in the accounting period	4400	(4 493 562)	(5 551 356)
Cash balance and money equivalent at the beginning of reporting period	4450	7 070 920	12 622 276
Cash balance and money equivalent at the end of reporting period	4500	2 577 358	7 070 920
Effect of exchange rate changes of rubles	4490	-	-

Director _____ Ocheredko O.V.
(signature)

Chief accountant _____ Skiba I.V.
(signature)

29 February 2016

(1) – reporting date of the reporting period

(2) – previous period similar to the reporting period

Check:

Cash balance and money equivalent at the beginning of reporting period	4450	(54)	(224)
Cash balance and money equivalent at the end of reporting period	4500	(97)	(54)

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	Initial/current market value	Accumulated depreciation	Impairment losses	Residual value	entered	Reassessment			Accrued depreciation	Impairment loss	Reassessment		Initial/current market value	Accumulated depreciation	Impairment losses	Residual value
								Initial/current market value	Accumulated depreciation	Impairment losses			Initial/current market value	Accumulated depreciation				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	17	19
Intangible assets - totally	5100	2015	28 091	(14 618)	-	13 473	8 297	-	-	-	(8 537)	-	-	-	36 388	(23 155)	-	13 233
	5110	2014	23 974	(7 864)	-	16 110	4 117	-	-	-	(6 754)	-	-	-	28 091	(14 618)	-	13 473
Objects of intellectual property(exclusive rights for results of intellectual property)	5101	2015	6 271	(448)	-	5 823	-	-	-	-	(1 500)	-	-	-	6 271	(1 948)	-	4 323
	5111	2014	2 543	(602)	-	1 941	3 728	-	-	-	154	-	-	-	6 271	(448)	-	6 719
including:																		
<i>at a patent holder for inventions, industrial sample, useful model</i>	51011	2015	6 079	(411)	-	5 668	-	-	-	-	(1 478)	-	-	-	6 079	(1 889)	-	4 190
	51111	2014	2 351	(587)	-	1 764	3 728	-	-	-	176	-	-	-	6 079	(411)	-	5 668
<i>at a right holder for Computer programs, databases</i>	51012	2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	51112	2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>at a right holder for topologies of integrated microcircuits</i>	51013	2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	51113	2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>at owner for trade mark, service mark, name of place of origin of goods</i>	51014	2015	192	(37)	-	155	-	-	-	-	(22)	-	-	-	192	(59)	-	133
	51114	2014	192	(15)	-	177	-	-	-	-	(22)	-	-	-	192	(37)	-	155
Company's business reputation	5102	2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	5112	2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	5103	2015	21 820	(14 170)	-	7 650	8 297	-	-	-	(7 037)	-	-	-	30 117	(21 207)	-	8 910
	5113	2014	21 431	(7 262)	-	14 169	389	-	-	-	(6 908)	-	-	-	21 820	(14 170)	-	7 650

(1)- reporting year

(2)- previous year

Check:

Intangible assets - total	for 2015
	for 2014

-
-

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, written off to expenses	entered	retired		part of cost, written off to expenses for period	initial cost	part of cost, written off to expenses
						initial cost	part of cost, written off to expenses			
1	2	3	4	5	6	7	8	9	10	11
R&D, totally	5140	2015	2 966	(1 977)	-	-	-	(988)	2 966	(2 966)
	5150	2014	2 966	(989)	-	-	-	(989)	2 966	(1 977)
among them:									-	-
Expenses for R&D, the results of which are used for production needs	5141	2015	2 966	(1 977)	-	-	-	(988)	2 966	(2 966)
	5151	2014	2 966	(989)	-	-	-	(989)	2 966	(1 977)
Patentable results of fulfilled R&D	5142	2015	-	-	-	-	-	-	-	-
	5152	2014	-	-	-	-	-	-	-	-
Expenses for R&D, made in-house	5143	2015	-	-	-	-	-	-	-	-
	5153	2014	-	-	-	-	-	-	-	-
Expenses for R&D, fulfilled by external agencies	5144	2015	-	-	-	-	-	-	-	-
	5154	2014	-	-	-	-	-	-	-	-

(1) – reporting year

(2) – previous year

Check:

R&D, total	2012
	2011

(27 698)
(23 082)

(27 698)
(32 385)

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	2015	27 698	6 241	(1 554)	-	32 385
	5170	2014	23 082	8 344	-	(3 728)	27 698
including:							
Scientific and research works	5161	2015	16 144	-	-	-	16 144
	5171	2014	15 582	2 287	-	(1 725)	16 144
Design and experimental works	5162	2015	10 000	6 241	-	-	16 241
	5172	2014	7 500	4 500	-	(2 000)	10 000
Technological works	5163	2015	1 554	-	(1 554)	-	-
	5173	2014	-	1 554	-	-	1 554
Others	5164	2015	-	-	-	-	-
	5174	2014	-	3	-	(3)	-
Operations to acquire intangible assets in-progress- total	5180	2015	-	8 297	-	(8 297)	-
	5190	2014	-	-	-	-	-
including:							
from a patent holder for inventions, industrial sample, useful model	5181	2015	-	-	-	-	-
	5191	2014	-	-	-	-	-
from a right holder for Computer programs, databases	5182	2015	-	-	-	-	-
	5192	2014	-	-	-	-	-
from a right holder for topologies	5183	2015	-	-	-	-	-

of integrated microcircuits	5193	2014	-	-	-	-	-
from owner, for trade mark, service mark, appellation of origin of goods	5184	2015	-	-	-	-	-
	5194	2014	-	-	-	-	-
Others	5185	2015	-	8 297	-	(8 297)	-
	5195	2014	-	-	-	-	-

(1) - reporting year

(2) - previous year

Check

Expenses on researches and developments in progress - total		2015	-	-
		2014	-	-
Operations to acquire intangible assets in-progress- total		2015	-	-
		2014	-	-

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	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
	5210	2014	65 263 827	(40 684 098)	24 579 729	22 088 089	(68)	(770 161)	621 471	(2 473 284)	-	-	86 581 755	(42 535 979)	44 045 776
including:															
Depreciable fixed assets – totally:	5201	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
	5211	2014	65 159 274	(40 684 098)	24 475 176	22 061 500	(68)	(770 161)	621 471	(2 473 284)	-	-	86 450 613	(42 535 979)	43 914 634
including:															
production buildings	52011	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
	52111	2014	8 047 191	(4 342 975)	3 704 216	2 100 636	-	(324 435)	225 587	(153 579)	-	-	9 823 392	(4 270 967)	5 552 425
constructions, except for	2012	2015	2 508 020	(766 928)	1 741 092	114 141	(285)	(629)	561	(139 850)	-	-	2 621 532	(906 502)	1 715 030
	52112	2014	1 873 558	(625 069)	1 248 489	574 414	-	60 048	(42 811)	(99 048)	-	-	2 508 020	(766 928)	1 741 092

PTL															
power transmission lines and devices to them	52013	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
	52113	2014	18 890 803	(10 416 619)	8 474 184	16 328 590	-	(57 444)	43 401	(732 970)	-	-	35 161 949	(11 106 188)	24 055 761
machinery and equipment to produce electric power, substations, equipment to transform electric power	52014	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
	52114	2014	31 890 417	(23 118 072)	8 772 345	1 894 100	(1)	(980 238)	829 757	(937 971)	-	-	32 804 279	(23 226 287)	9 577 992
production stock and household equipment	52015	2015	48 556	(41 187)	7 369	2 459	-	(642)	620	(2 175)	-	-	50 373	(42 742)	7 631
	52115	2014	46 308	(39 798)	6 510	2 991	-	(743)	1 283	(2 672)	-	-	48 556	(41 187)	7 369
others	52016	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
	52116	2014	4 410 997	(2 141 565)	2 269 432	1 160 769	(67)	532 651	(435 746)	(547 044)	-	-	6 104 417	(3 124 422)	2 979 995
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	2015	131 142	-	131 142	2 115	-	-	-	-	-	-	133 257	-	133 257
	5212	2014	104 553	-	104 553	26 589	-	-	-	-	-	-	131 142	-	131 142
including:															
land plots	52021	2015	131 142	-	131 142	2 115	-	-	-	-	-	-	133 257	-	133 257
	52121	2014	104 553	-	104 553	26 589	-	-	-	-	-	-	131 142	-	131 142
objects of nature management	52022	2015	-	-	-	-	-	-	-	-	-	-	-	-	-
	52122	2014	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital investments	5203	2015	-	-	-	-	-	-	-	-	-	-	-	-	-

for fundamental improvement of lands	5213	2014	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounted in composition of income- bearing investments into tangible assets - totally	5220	2015	-	-	-	-	-	-	-	-	-	-	-	-	-
	5230	2014	-	-	-	-	-	-	-	-	-	-	-	-	-
including:			-	-	-	-	-	-	-	-	-	-	-	-	-
property to be transferred on lease	5221	2015	-	-	-	-	-	-	-	-	-	-	-	-	-
	5231	2014	-	-	-	-	-	-	-	-	-	-	-	-	-
property submitted under a lease contract	5222	2015	-	-	-	-	-	-	-	-	-	-	-	-	-
	5232	2014	-	-	-	-	-	-	-	-	-	-	-	-	-

5.3.2. Useful life and methods for depreciation accrual

Indicator name	Code	Established useful life (in months)	Methods for depreciation accrual
1	2	3	4
Production buildings	7001	20-1714	straight-line
Construction, except for PTL (power transmission lines)	7002	25-1200	straight-line
Power transmission lines and devices to them	7003	12-1500	straight-line
Machinery and equipment to produce electric power, substations, equipment to transform electric power	7004	5-893	straight-line
Production stock and household 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	2015	2014
1	2	3	4
Cost increase of the items of the fixed assets as a result of a further construction, further equipping, reconstruction - totally	5260	1 299 304	375 594
including:			
production buildings	5261	33 202	5 120
construction, except for PTL (power transmission lines)	5262	11 604	6 816
power transmission lines and devices to them	5263	1 171 088	211 841
machinery and equipment to produce electric power, substations, equipment to transform electric power	5264	51 076	39 922
production stock and household equipment	5265	-	-
others	5266	32 334	111 895
Cost decrease of the items of the fixed assets as a result of a partial liquidation - totally	5270	(68 168)	(27 125)
including:			
production buildings	5271	-	-
construction, except for PTL (power transmission lines)	5272	-	(8)
power transmission lines and devices to	5273	(63 382)	(14 009)

them			
machinery and equipment to produce electric power, substations, equipment to transform electric power	5274	(4 751)	(12 436)
production stock and household equipment	5275	-	-
miscellaneous	5276	(35)	(672)

5.3.4. Other use of the fixed assets

Indicator name	Code	As of 31 December 2015	As of 31 December 2014	As of 31 December 2013
1	2	3	4	5
Leased out fixed assets, being on the books	5280	37 143	41 159	40 042
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	3 881 215	3 976 318	3 803 384
Items of immovable property, accepted for operation and used actually, being in the state registration process	5284	16 537 249	15 579 411	2 252 889
Fixed assets transferred to standby	5285	14 201	11 758	11 758
Other use of fixed assets (pledge etc.)	5286	-	-	-

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			8
Construction-in-process and unaccomplished operations in respect to acquisition, renovation etc. of the fixed assets - total	5240	For 2015	2 553 788	8 734 607	(538 863)	(8 553 220)	2 196 312
	5250	For 2014	16 499 004	9 456 409	(1 359 054)	(22 042 571)	2 553 788
including:							
of Industrial purpose	5241	For 2015	2 553 788	8 734 607	(538 863)	(8 553 220)	2 196 312
	5251	For 2014	16 499 004	9 456 409	(1 359 054)	(22 042 571)	2 553 788
construction-in-process	52411	For 2015	1 565 614	8 146 657	(70 239)	(8 379 907)	1 262 125
	52511	For 2014	14 595 343	8 934 646	(141 009)	(21 823 366)	1 565 614
fixed assets acquisition	52412	For 2015	6 121	173 815	(802)	(173 313)	5 821
	52512	For 2014	6 789	255 609	(37 072)	(219 205)	6 121
equipment to be installed	52413	For 2015	982 053	414 044	(467 775)	-	928 322
	52513	For 2014	1 896 872	265 072	(1 179 891)	-	982 053
miscellaneous	52414	For 2015	-	91	(47)	-	44
	52514	For 2014	-	1 082	(1 082)	-	-
of non-industrial purpose	5242	For 2015	-	-	-	-	-
	5252	For 2014	-	-	-	-	-
construction-in-process	52421	For 2015	-	-	-	-	-
	52521	For 2014	-	-	-	-	-
fixed assets acquisition	52422	For 2015	-	-	-	-	-
	52522	For 2014	-	-	-	-	-
equipment to be installed	52423	For 2015	-	-	-	-	-
	52523	For 2014	-	-	-	-	-
miscellaneous	52424	For 2015	-	-	-	-	-
	52524	For 2014	-	-	-	-	-

Check:

Construction-in-process and unaccomplished operations in respect to acquisition, renovation etc. of the fixed assets - total	For 2015	-
	For 2014	-

-
-

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	2015	497 445	(204 749)	-	-	(122 095)	-	(39 293)	(10)	165 457	140 397	(122 094)
	5292	2014	2 241 350	(434 025)	318 841	-	(204 749)	(2 050 822)	(10 915)	(1 009)	423 110	497 445	(204 749)
including:													
<i>capital construction</i>	52911	2015	472 022	(197 413)	957	-	(114 704)	(305 359)	(39 293)	-	158 119	128 327	(114 705)
	52921	2014	2 170 937	(431 186)	304 499	-	(197 413)	(1 992 499)	(10 915)	-	420 271	472 022	(197 413)
<i>fixed assets acquisition</i>	52912	2015	2 733	(2 300)	309	-	(2 685)	-	-	-	2 300	3 042	(2 685)
	52922	2014	4 335		47	-	(2 300)	(1 649)	-	-	-	2 733	(2 300)
miscellaneous	52913	2015	22 690	(5 036)	4 047	-	(4 706)	(17 699)	-	(10)	5 038	9 028	(4 704)
	52923	2014	66 078	(2 839)	14 295	-	(5 036)	(56 674)	-	(1 009)	2 839	22 690	(5 036)

Check:	
As of the beginning of the year	As of the end of the period
44 444	2 197
275 232	44 444

5.4. Financial investments
5.4.1. Availability and flow of financial investments

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
						initial cost	accrued adjustment				
1	2	3	4	5	6	7	8	9	10	11	12
Long-term FI - total	5301	2015	62 924	(17 336)	-	-	-	-	-	62 924	(17 336)
	5311	2014	62 924	(17 336)	-	-	-	-	-	62 924	(17 336)
Contributions in other entities' charter (joint-stock) capitals – totally	53021	2015	62 924	(17 336)	-	-	-	-	-	62 924	(17 336)
	53121	2014	62 924	(17 336)	-	-	-	-	-	62 924	(17 336)
including:											
of subsidiary economic entities	530211	2015	62 921	(17 334)	-	-	-	-	-	62 921	(17 334)
	531211	2014	62 921	(17 334)	-	-	-	-	-	62 921	(17 334)
of dependent economic entities	530212	2015	-	-	-	-	-	-	-	-	-
	531212	2014	-	-	-	-	-	-	-	-	-
Miscellaneous	530213	2015	3	(2)	-	-	-	-	-	3	(2)
	531213	2014	3	(2)	-	-	-	-	-	3	(2)
State and municipal securities	53022	2015	-	-	-	-	-	-	-	-	-
	53122	2014	-	-	-	-	-	-	-	-	-
Other entities' securities - totally	53023	2015	-	-	-	-	-	-	-	-	-
	53123	2014	-	-	-	-	-	-	-	-	-
including:											
debt securities (bonds, bills)	530231	2015	-	-	-	-	-	-	-	-	-
	531231	2014	-	-	-	-	-	-	-	-	-
Loans granted	53024	2015	-	-	-	-	-	-	-	-	-
	53124	2014	-	-	-	-	-	-	-	-	-
Deposits	53025	2015	-	-	-	-	-	-	-	-	-
	53125	2014	-	-	-	-	-	-	-	-	-
Miscellaneous	53026	2015	-	-	-	-	-	-	-	-	-
	53126	2014	-	-	-	-	-	-	-	-	-
Long-term FI having current market value- totally	5302	2015	-	-	-	-	-	-	-	-	-
	5312	2014	-	-	-	-	-	-	-	-	-
Contributions in other		2015	-	-	-	-	-	-	-	-	-

entities' charter (joint-stock) capitals – totally	53031											
	53131	2014	-	-	-	-	-	-	-	-	-	-
including:												
of subsidiary economic entities	530311	2015	-	-	-	-	-	-	-	-	-	-
	531311	2014			-	-	-	-	-	-	-	-
of dependent economic entities	530312	2015	-	-	-	-	-	-	-	-	-	-
	531312	2014			-	-	-	-	-	-	-	-
Miscellaneous	530313	2015	-	-	-	-	-	-	-	-	-	-
	531313	2014			-	-	-	-	-	-	-	-
State and municipal securities	53032	2015	-	-	-	-	-	-	-	-	-	-
	53132	2014	-	-	-	-	-	-	-	-	-	-
Other entities' securities - totally	53033	2015	-	-	-	-	-	-	-	-	-	-
	53133	2014	-	-	-	-	-	-	-	-	-	-
including:												-
debt securities (bonds, bills)	530331	2015	-	-	-	-	-	-	-	-	-	-
	531331	2014	-	-	-	-	-	-	-	-	-	-
Miscellaneous	53034	2015	-	-	-	-	-	-	-	-	-	-
	53134	2014	-	-	-	-	-	-	-	-	-	-
Long-term FI on which no current market value is determined - totally	5303	2015	62 924	(17 336)	-	-	-	-	-	-	62 924	(17 336)
	5313	2014	62 924	(17 336)	-	-	-	-	-	-	62 924	(17 336)

Check:

Long-term FI - total	5301	2012 (1)	-	-
	5311	2011 (2)	-	-

-	-
-	-

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
						initial cost	accrued adjustment				
1	2	3	4	5	6	7	8	9	10	11	12
Short-term FI - total	5305	2015	-	-	-	-	-	-	-	-	-
	5315	2014	-	-	-	-	-	-	-	-	-
Contributions in other entities' charter (joint-stock) capitals – total	53061	2015	-	-	-	-	-	-	-	-	-
	53161	2014	-	-	-	-	-	-	-	-	-
State and municipal securities	53062	2015	-	-	-	-	-	-	-	-	-
	53162	2014	-	-	-	-	-	-	-	-	-
Other entities' securities - total	53063	2015	-	-	-	-	-	-	-	-	-
	53163	2014	-	-	-	-	-	-	-	-	-
including:			-	-	-	-	-	-	-	-	-
debt securities (bonds, bills)	530631	2015	-	-	-	-	-	-	-	-	-
	531631	2014	-	-	-	-	-	-	-	-	-
Loans granted	53064	2015	-	-	-	-	-	-	-	-	-
	53164	2014	-	-	-	-	-	-	-	-	-
Deposits	53065	2015	-	-	-	-	-	-	-	-	-
	53165	2014	-	-	-	-	-	-	-	-	-
Miscellaneous	53066	2015	-	-	-	-	-	-	-	-	-
	53166	2014	-	-	-	-	-	-	-	-	-
Short-term FI having current market value- total	5306	2015	-	-	-	-	-	-	-	-	-
	5316	2014	-	-	-	-	-	-	-	-	-
Contributions in other entities' charter (joint-stock) capitals – total	53071	2015	-	-	-	-	-	-	-	-	-
	53171	2014	-	-	-	-	-	-	-	-	-
State and municipal securities	53072	2015	-	-	-	-	-	-	-	-	-
	53172	2014	-	-	-	-	-	-	-	-	-
Other entities' securities -	53073	2015	-	-	-	-	-	-	-	-	-

total	53173	2014	-	-	-	-	-	-	-	-	-
including:			-	-	-	-	-	-	-	-	-
debt securities (bonds, bills)	530731	2015	-	-	-	-	-	-	-	-	-
	531731	2014	-	-	-	-	-	-	-	-	-
Miscellaneous	53074	2015	-	-	-	-	-	-	-	-	-
	53174	2014	-	-	-	-	-	-	-	-	-
Short-term FI on which no current market value is determined - total	5307	2015	-	-	-	-	-	-	-	-	-
	5317	2014	-	-	-	-	-	-	-	-	-
Financial investments - total	5300	2015	62 924	(17 336)	-	-	-	-	-	62 924	(17 336)
	5310	2014	62 924	(17 336)	-	-	-	-	-	62 924	(17 336)

(1) – a reporting year is stated

(2) – a previous year is stated

Check:

Short-term FI - total	5301	2015	-	-
	5311	2014	-	-

-	-
-	-

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
Long-term financial investments	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

<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 December 2015	As of 31 December 2014	As of 31 December 2013
Pledged financial investments – total	5320	-	-	-
including		-	-	-
bonds	5321	-	-	-
bills	5322	-	-	-
shares	5323	-	-	-
Financial investments transferred to third party (except selling)		-	-	-
- total	5325	-	-	-
including		-	-	-
bonds	5326	-	-	-
bills	5327	-	-	-
shares	5328	-	-	-
Other use of financial investments	5329	-	-	-

5.5. Business inventories

5.5.1. Availability and flow of inventories

Indicator	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 amount for cost reduction
						prime cost	reserve for cost reduction				
1	2	3	4	5	6	7	8	9	10	11	12
Inventories - total	5400	2015	1 477 896	(10 634)	1 305 888	(1 480 573)	11 687	(12 158)	x	1 303 211	(11 105)
	5420	2014	1 374 573	(7 257)	1 146 362	(1 043 039)	7 138	(10 515)	x	1 477 896	(10 634)
raw material and materials	5401	2015	1 477 342	(10 634)	1 305 888	(1 480 019)	11 687	(12 158)		1 303 211	(11 105)
	5421	2014	1 374	(7 257)	1 075	(973 093)	7 138	(10 515)	-	1 477 342	(10 634)

			573		862						
production-in-process	5402	2015	-	-	-	-	-	-	-	-	-
	5422	2014	-		-	-	-	-	-	-	-
goods delivered	5403	2015	554	-	-	(554)				-	-
	5423	2014	-	-	70 500	(69 946)	-	-	-	554	-
finished products and goods	5404	2015	-	-	-	-	-	-	-	-	-
	5424	2014	-	-	-	-	-	-	-	-	-
miscellaneous inventories and expenditures	5405	2015	-	-	-	-	-	-	-	-	-
	5425	2014	-	-	-	-	-	-	-	-	-

(1) – reporting year

(2) – previous year

Check: cost of goods minus reserve

Inventories - total	5400	2015	-
	5420	2014	-

stock turnover=0 cost of goods minus reserve

-	-
-	-

5.5.2. Pledged inventory

Indicator	Code	As of 31 December 2015	As of 31 December 2014	As of 31 December 2013
Inventory unpaid as of the reporting date - total	5440	-	-	-
including	5441	-	-	-
raw materials				
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	5446	-	-	-
raw materials				
goods dispatched	5447	-	-	-
finished products and goods	5448	-	-	-
miscellaneous goods and expenses	5449	-	-	-

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	as a result of economic operations (debt amount on a transaction of operation)	entrance	accrual of reserve	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
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Long-term accounts receivable - total	5501	2015	14 979	-	801	-	-	(469)	-	-	-	(2 885)	12 426	-
	5521	2014	14 775	-	4 670	-	-	(1 681)	-	-	-	(2 785)	14 979	-
including:														
Settlements with buyers and customers	5502	2015	-	-	-	-	-	-	-	-	-	-	-	-
	5522	2014	-	-	-	-	-	-	-	-	-	-	-	-
including:														
with respect to electric power transmission	55021	2015	-	-	-	-	-	-	-	-	-	-	-	-
	55221	2014	-	-	-	-	-	-	-	-	-	-	-	-
with respect to grid connection	55022	2015	-	-	-	-	-	-	-	-	-	-	-	-
	55222	2014	-	-	-	-	-	-	-	-	-	-	-	-
with respect to		2015	-	-	-	-	-	-	-	-	-	-	-	-

<i>organization of functioning and development of UES of Russia as to the distribution electric grid complex</i>	55023													
	55223	2014	-	-	-	-	-	-	-	-	-	-	-	-
<i>with respect to resale of electric power and capacity</i>	55024	2015	-	-	-	-	-	-	-	-	-	-	-	-
	55224	2014	-	-	-	-	-	-	-	-	-	-	-	-
<i>with respect to revenues from lease</i>	55025	2015	-	-	-	-	-	-	-	-	-	-	-	-
	55225	2014	-	-	-	-	-	-	-	-	-	-	-	-
<i>with respect to others</i>	55026	2015	-	-	-	-	-	-	-	-	-	-	-	-
	55226	2014	-	-	-	-	-	-	-	-	-	-	-	-
Advances paid	5503	2015	-	-	-	-	-	-	-	-	-	-	-	-
	5523	2014	-	-	-	-	-	-	-	-	-	-	-	-
Bills receivable	5504	2015	-	-	-	-	-	-	-	-	-	-	-	-
	5524	2014	-	-	-	-	-	-	-	-	-	-	-	-
Other accounts receivable	5505	2015	14 979	-	801	-	-	(469)	-	-	-	(2 885)	12 426	-
	5525	2014	14 775	-	4 670	-	-	(1 681)	-	-	-	(2 785)	14 979	-
including:														
<i>non-interest bearing bills</i>	55051	2015	-	-	-	-	-	-	-	-	-	-	-	-
	55251	2014	-	-	-	-	-	-	-	-	-	-	-	-
<i>others</i>	55052	2015	14 979	-	801	-	-	(469)	-	-	-	(2 885)	12 426	-
	55252	2014	14 775	-	4 670	-	-	(1 681)	-	-	-	(2 785)	14 979	-
From total sum of long-term accounts receivable:	5506	2015	-	-	-	-	-	-	-	-	-	-	-	-
	5526	2014	-	-	-	-	-	-	-	-	-	-	-	-
indebtedness of subsidiary companies	55061	2015	-	-	-	-	-	-	-	-	-	-	-	-
	55261	2014	-	-	-	-	-	-	-	-	-	-	-	-
indebtedness of dependent companies	55062	2015	-	-	-	-	-	-	-	-	-	-	-	-
	55262	2014	-	-	-	-	-	-	-	-	-	-	-	-
Short-term accounts receivable - total	5510	2015	(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)	(1 493 369)
	5530	2014	(1 529 898)	3 921 543	-	(1 494 329)	(5 198 847)	(40 768)	(14 688)	1 490 090	2 785	5 308 685	(1 493 369)	(1 529 898)
including:		2015												
Settlements with buyers and customers	5511	2014	(1 055 056)	2 059 844	-	(1 587 739)	(193 575)	(4 277)	(149)	1 055 967	-	6 184 540	(1 582 551)	(1 055 056)
	5531	2015	(1 239 072)	3 357 333	-	(1 055 055)	(4 193 709)	(35 625)	(298)	1 203 446	-	4 322 697	(1 055 056)	(1 239 072)
including:		2014												
<i>with respect to electric power transmission</i>	55111	2015	(993 782)	2 056 577	-	(1 559 355)	(124 247)	(4 277)	-	994 693	-	6 145 471	(1 554 167)	(993 782)
	55311	2014	(1 048)	3 313	-	(993)	(4 089)	-	-	1 048 762	-	4 217 418	(993 782)	(1 048)

			763)	910		781)	651)						763)	
<i>with respect to grid connection</i>	55112	2015	(54 613)	1 101	-	(20 363)	(66 985)	-	-	54 613	-	21 514	(20 363)	(54 613)
	55312	2014	(186 176)	32 735	-	(54 612)	(100 292)	(35 565)	-	150 610	-	87 398	(54 613)	(186 176)
<i>with respect to organization of functioning and development of UES of Russia as to the distribution electric grid complex</i>	55113	2015	-	-	-	-	-	-	-	-	-	-	-	-
	55313	2014	-	-	-	-	-	-	-	-	-	-	-	-
<i>with respect to resale of electric power and capacity</i>	55114	2015	-	-	-	-	-	-	-	-	-	-	-	-
	55314	2014	-	-	-	-	-	-	-	-	-	-	-	-
<i>with respect to revenues from lease</i>	55115	2015	-	487	-	-	(984)	-	-	-	-	2 502	-	-
	55315	2014	(14)	1 785	-	-	(438)	(14)	(162)	-	-	2 999	-	(14)
<i>with respect to others</i>	55116	2015	(6 661)	1 679	-	(8 021)	(1 359)	-	(149)	6 661	-	15 053	(8 021)	(6 661)
	55316	2014	(4 119)	8 903	-	(6 662)	(3 328)	(46)	(136)	4 074	-	14 882	(6 661)	(4 119)
Advances paid	5512	2015	(39 972)	21 359	-	(38 376)	(15 940)	(13)	(19)	39 958	-	63 613	(38 377)	(39 972)
	5532	2014	(52 678)	11 393	-	(39 972)	(55 619)	(423)	(53)	52 255	-	58 226	(39 972)	(52 678)
Bills receivable	5513	2015	-	-	-	-	-	-	-	-	-	-	-	-
	5533	2014	-	-	-	-	-	-	-	-	-	-	-	-
indebtedness of participants (founders) as regards contributions into the charter capital	5514	2015	-	-	-	-	-	-	-	-	-	-	-	-
	5534	2014	-	-	-	-	-	-	-	-	-	-	-	-
Indebtedness of subsidiary and dependent entities as regards dividends	5515	2015	-	-	-	-	-	-	-	-	-	-	-	-
	5535	2014	-	-	-	-	-	-	-	-	-	-	-	-
Other accounts receivable	5516	2015	(398 341)	1 000 503	-	(1 512 436)	(117 247)	(40 472)	(1 597)	359 592	2 885	1 771 834	(1 510 713)	(398 341)
	5536	2014	(238 148)	552 817	-	(399 302)	(949 519)	(4 720)	(14 337)	234 389	2 785	927 762	(398 341)	(238 148)
including:														
<i>non-interest bearing bills</i>	55161	2015	-	-	-	-	-	-	-	-	-	-	-	-
	55361	2014	-	-	-	-	-	-	-	-	-	-	-	-
<i>overpayment in respect to taxes and levies</i>	55162	2015	-	15 030	-	-	(43 759)	-	-	-	-	20 068	-	-
	55362	2014	-	22 865	-	-	(818 177)	-	(11 122)	-	-	48 797	-	-
<i>sale of property</i>	55163	2015	(4 762)	26 743	-	(6 730)	(5 120)	(3 656)	(222)	1 106	-	28 501	(6 730)	(4 762)
	55363	2014	(3 951)	5 678	-	(4 761)	(510)	-	-	3 950	-	10 756	(4 762)	(3 951)
<i>others</i>	55164	2015	(393 579)	958 730	-	(1 505 706)	(68 368)	(36 816)	(1 375)	358 486	2 885	1 723 265	(1 503 983)	(393 579)
	55364	2014	(234 197)	524 274	-	(394 541)	(130 832)	(4 720)	(3 215)	230 439	2 785	868 209	(393 579)	(234 197)

5.6.2. Provision for doubtful debts

Indicator	Code	As of the beginning of the year	Changes for period		As of the end of the period
			Creation of reserve	Writing off of reserve	
1	2	3	4	5	6
Settlements with buyers and customers	7310	1 055 056	1 587 739	(1 060 244)	1 582 551
including:					
<i>in respect to electric power transmission</i>	7311	993 782	1 559 355	(998 970)	1 554 167
<i>in respect to grid connection</i>	7312	54 613	20 363	(54 613)	20 363
<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	6 661	8 021	(6 661)	8 021
Advances paid	7330	244 721	160 471	(244 721)	160 471
Other accounts receivable	7320	398 341	1 512 436	(400 064)	1 510 713
Total	7300	1 698 118	3 260 646	(1 705 029)	3 253 735

5.6.3. Overdue accounts receivable

Indicator name	Code	As of 31 December 2015		As of 31 December 2014		As of 31 December 2013	
		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	3 329 178	1 301 408	2 893 608	1 912 148	2 860 361	1 924 328
including:							
Settlements with buyers and customers, including	5541	1 589 075	1 103 896	2 049 672	1 500 028	2 432 446	1 787 240
<i>in respect to electric power transmission</i>	55411	1 561 695	1 098 541	1 953 395	1 459 951	2 236 649	1 779 264
<i>in respect to grid connection</i>	55412	20 414	51	87 397	32 784	190 520	4 344
<i>in respect to organization of functioning and development of UES of Russia as to the distribution electric grid complex</i>	55413	-	-	-	-	-	-
<i>in respect to resale of electric power and capacity</i>	55414	-	-	-	-	-	-
<i>in respect to revenues from lease</i>	55415	1 954	1 954	2 509	2 509	1 417	1 403
<i>others</i>	55416	5 012	3 350	6 371	4 784	3 860	2 229
Other accounts receivable	5542	1 740 103	197 512	843 936	412 120	427 915	137 088

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 (turnover on accounts receivable, RUR ths.)		Paid for the period (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
"Kubanenergoby"	483 828	483 828	770 523	770 523	362 671	362 671	891 680	891 680
"Oboronenergoby"	8 239	8 239	4 039	4 039	-	-	12 278	12 278
"Maikop CHP"	1 941	1 941	181 927	181 927	1 941	1 941	181 927	181 927
"MagnitEnergo"	869	869	-	-	869	869	-	-
"Mosenergoby"	5 070	5 070	-	-	-	-	5 070	5 070

“Kvant”	59	59	-	-	-	-	59	59
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5.6.5. Availability and flow of accounts payable

Indicator	Code	Period	Balance as of year's beginning	Changes for period					Balance as of period's end
				entrance				transfer from long-term into short-term indebtedness	
				as a result of economic operations (debt amount on a transaction, operation)	accrued interest, penalties and other accruals	repayment	writing off to financial result		
1	2	3	4	5	6	7	8	9	10
Long-term accounts payable – total	5551	for 2015	1 021 770	463 983	-	-	-	(1 016 993)	468 760
	5571	for 2014	595 374	937 530	-	-	-	(511 134)	1 021 770
including:									
accounts payable of suppliers and contractors	5552	for 2015	201 930	42 119	-	-	-	(201 930)	42 119
	5572	for 2014	12 283	201 930	-	-	-	(12 283)	201 930
including:									
<i>construction</i>	55521	for 2015	1 850	42 056	-	-	-	(1 850)	42 056
	55721	for 2014	12 283	1 850	-	-	-	(12 283)	1 850
<i>others</i>	55522	for 2015	200 080	63	-	-	-	(200 080)	63
	55722	for 2014	-	200 080	-	-	-	-	200 080
Other accounts payable	5553	for 2015	819 840	421 864	-	-	-	(815 063)	426 641
	5573	for 2014	583 091	735 600	-	-	-	(498 851)	819 840
From total sum of long-term indebtedness	5554	for 2015	-	-	-	-	-	-	-
	5574	for 2014	-	-	-	-	-	-	-
<i>indebtedness towards subsidiary companies</i>	55541	for 2015	-	-	-	-	-	-	-
	55741	for 2014	-	-	-	-	-	-	-
<i>Indebtedness towards dependent companies</i>	55542	for 2015	-	-	-	-	-	-	-
	55742	for 2014	-	-	-	-	-	-	-
Short-term accounts payable - total	5560	for 2015	10 619 876	6 990 486	-	(6 813 409)	(14 194)	1 016 993	11 799 752
	5580	for 2014	11 651 767	3 194 795	-	(4 731 029)	(6 791)	511 134	10 619 876
including:									
Settlements with suppliers and contractors	5561	for 2015	7 795 369	1 541 977	-	(5 192 430)	(3 189)	201 930	4 343 657
	5581	for 2014	9 097 198	2 176 539	-	(3 490 491)	(160)	12 283	7 795 369
including:									

<i>construction</i>	55611	for 2015	994 810	436 056	-	(919 278)	(1 507)	1 850	511 931
	55811	for 2014	1 304 155	854 341	-	(1 175 969)	-	12 283	994 810
<i>others</i>	55612	for 2015	6 800 559	1 105 921	-	(4 273 152)	(1 682)	200 080	3 831 726
	55812	for 2014	7 793 043	1 322 198	-	(2 314 522)	(160)	-	6 800 559
Advances received	5562	for 2015	2 187 283	2 017 812	-	(1 149 576)	(9 512)	814 078	3 860 085
	5582	for 2014	1 924 893	430 159	-	(661 506)	(3 704)	497 441	2 187 283
including:									
<i>in respect to electric power transmission</i>	55621	for 2015	21 024	11 905	-	(18 289)	-	-	14 640
	55821	for 2014	4 207	20 450	-	(3 633)	-	-	21 024
<i>in respect to grid connection</i>	55622	for 2015	2 158 551	2 001 557	-	(1 127 770)	(6 832)	814 078	3 839 584
	55822	for 2014	1 914 304	405 628	-	(655 344)	(3 478)	497 441	2 158 551
<i>in respect to organization of functioning and development of UES of Russia as to the distribution electric grid complex</i>	55623	for 2015	-	-	-	-	-	-	-
	55823	for 2014	-	-	-	-	-	-	-
<i>from resale of electric power and capacity</i>	55624	for 2015	-	-	-	-	-	-	-
	55824	for 2014	-	-	-	-	-	-	-
<i>in respect to participation in other entities</i>	55625	for 2015	-	-	-	-	-	-	-
	55825	for 2014	-	-	-	-	-	-	-
<i>in respect to lease services</i>	55626	for 2015	8	40	-	(4)	(1)	-	43
	55826	for 2014	30	8	-	(30)	-	-	8
<i>in respect to others</i>	55627	for 2015	7 700	4 310	-	(3 513)	(2 679)	-	5 818
	55826	for 2014	6 352	4 073	-	(2 499)	(226)	-	7 700
Indebtedness to participants (founders) as regards the revenues payout	5563	for 2015	-	-	-	-	-	-	-
	5583	for 2014	-	-	-	-	-	-	-
Bills payable	5564	for 2015	-	-	-	-	-	-	-
	5584	for 2014	-	-	-	-	-	-	-
Indebtedness towards state non-budgetary funds	5565	for 2015	66 362	86 764	-	(66 362)	-	-	86 764
	5585	for 2014	120 178	66 362	-	(120 178)	-	-	66 362
Settlements in respect to taxes and levies	5566	for 2015	183 786	1 502 989	-	(183 786)	-	-	1 502 989
	5586	for 2014	81 424	183 786	-	(81 424)	-	-	183 786
Indebtedness towards organization's personnel	5567	for 2015	122 577	181 165	-	(122 577)	-	-	181 165
	5587	for 2014	174 859	122 577	-	(174 859)	-	-	122 577
Other accounts payable	5568	for 2015	264 499	1 659 779	-	(98 678)	(1 493)	985	1 825 092
	5588	for 2014	253 215	215 372	-	(202 571)	(2 927)	1 410	264 499
From the total sum of short-term indebtedness	5569	for 2015	5 305	1 740	-	(5 305)	-	-	1 740
	5589	for 2014	-	5 305	-	-	-	-	5 305

5.6.6. Overdue accounts payable

Indicator name	Code	As of 31 December 2015	As of 31 December 2014	As of 31 December 2013
1	2	3	4	5
Total	5590	3 885 868	5 845 798	5 814 970
including:				
Settlements with suppliers and contractors	5591	1 401 150	5 036 750	5 673 785
<i>including:</i>				
<i>construction</i>	55911			
<i>others</i>	55912	124 302	206 315	490 231
Indebtedness to participants (founders) in respect to revenues payout	5592	1 276 848	4 830 435	5 183 554
Indebtedness towards state non-budgetary funds	5593	-	-	-
Settlements in respect to taxes and levies	5594	-	-	-
Indebtedness towards organization's personnel	5595	-	13 725	-
Other accounts payable	5596	-	-	-

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	2015	14 900 000	12 134 798	-	(3 634 798)	-	(13 400 000)	10 000 000
	7430	2014	17 237 000	400 000	-	(220 000)	-	(2 517 000)	14 900 000
including:									
Credits	7411	2015	14 900 000	5 134 798	-	(3 634 798)	-	(13 400 000)	3 000 000
	7431	2014	17 237 000	400 000	-	(220 000)	-	(2 517 000)	14 900 000
Loans	7412	2015	-	7 000 000	-	-	-	-	7 000 000
	7432	2014	-	-	-	-	-	-	-
Short-term borrowed funds - total	7420	2015	2 517 000	199 789	2 261 263	(9 116 789)	(2 189 917)	13 400 000	7 071 346
	7440	2014	400 000	-	1 801 081	(400 000)	(1 801 081)	2 517 000	2 517 000
including:									
Credits	7421	2015	2 517 000	199 789	-	(9 116 789)	-	13 400 000	7 000 000
	7441	2014	400 000	-	-	(400 000)	-	2 517 000	2 517 000

<i>Interest on credits</i>	74211	2015	-	-	2 189 917	-	(2 189 917)	-	-
	74411	2014	-	-	1 801 081	-	(1 801 081)	-	-
Loans	7422	2015	-	-	71 346	-	-	-	71 346
	7442	2014	-	-	-	-	-	-	-

Long-term borrowed funds - total	7410	2012	-
	7430	2011	-
Short-term borrowed funds - total	7420	2012	-
	7440	2011	-

-
-
-
-

5.6.8. Expenditures in respect to 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	1 679 948	511 793
written off to other expenditures	7511	1 678 124	511 793
included in the assets' cost	7512	1 824	-
Expenditures on loans, total:	7520	71 346	-
written off to other expenditures	7521	71 346	-
included in the assets' cost	7522	-	-
From total expenditures on loans and credits:	7530	1 749 470	511 793
accrued %	7531	1 749 470	511 793
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
Estimated liabilities - total	5700	2 787 288	1 928 258	(1 422 702)	(883 095)	2 409 749
including:						
Payment of forthcoming vacation leaves	5701	201 981	318 279	(293 339)	(44)	226 877
Payout of remuneration following a year's results	5702	275 014	340 449	(151 675)	(188 691)	275 097
In respect to fixed assets' repair	5703	275 014	340 449	(151 675)	(188 691)	275 097
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	706 490	34 466	(578 794)	(150 216)	11 946
claims of tax authorities following results of tax audits, not settled as of reporting date	5708	139 406	9 450	(82 708)	-	66 148
other estimated liabilities	5709	1 464 397	1 225 614	(316 186)	(544 144)	1 829 681
From total sum of contingent liabilities:						
Created owing to expenditures in respect to ordinary types of activities	5710	1 829 107				
Created owing to other expenditures	5720	90 545				
Included in asset's cost	5730	8 606				

Check:

Estimated liabilities - total	5700	-
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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	5 554 599	1 110 920	623 940	124 789
Revenue	7710	4 069 756	813 951	99 067	19 813
Expenditure	7720	(5 065 059)	(1 013 012)	(107 988)	(21 597)
Result of tax rates' change	7730	X	-	X	-
Result of elimination of errors of past years	7740	444 275	88 855	-	-
Permanent differences in cost of assets and liabilities	7750	-	-	-	-
Writing off, not bringing about tax implications	7760	(142 021)	(28 404)	(263)	(54)
Balance as of reporting period's end	7800	4 861 550	972 310	614 756	122 951

Check:

Balance as of the reporting period's end	-	-
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5.8. Collaterals

Indicator	Code	As of 31	As of 31	As of 31
		December 2015	December 2014	December 2013
1	2	3	4	5
Received – total	5800	853 234	279 744	180 761
including:				
bills	5801	-	-	-
pledged property	5802	787	929	1 238
among it:				
items of fixed assets	58021	787	929	1 238
securities and other financial investments	58022	-	-	-
others	58023	-	-	-
others, received	58024	852 447	278 815	179 523
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	-	-	-
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5.9. State assistance

Indicator name	Code	For 2015				For 2014			
1	2	3				4			
Received budgetary funds - total	5900	5 455				127 791			
including:									
for current expenditures	5901	789				624			
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	-				125 565			
other goals	5906	4 666				1 602			
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 and (or)	5912	-	-	-	-	-	-	-	-

hazardous production factors									
others	5913	-	-	-	-	-	-	-	-

5.10 Government subsidies conditions for provision of which were not met

Indicator	Code	2015		2014	
		Refundable	Refunded	Refundable	Refunded
1	2	3	4	5	6
Budget funds conditions for provision of which were not met including funds for	7910	-	-	-	-
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 including	7920	-	-	-	-
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	-	-	-	-

5.11. Other revenues and expenditures

Indicator		For 2015	For 2014
1	Code		
1	2		
Other revenues total	8000	6 850 548	3 039 425
including:			
From sale of fixed assets, except for flats	8001	6 506	4 143
From sale of flats	8002	-	-
From sale of business inventories	8003	34 583	26 588
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	363 033	
Profit of 2010, revealed in reporting period	8010	15 042	69 870
Profit of 2009, revealed in reporting period	8011	10 704	24 867
Profit before 01.01.2009, revealed in reporting year	8012	15 000	28 153
Acknowledged penalties, fines and forfeits or on	8013	17 759	363 073

which court's decisions (arbitration court's decisions) are got on their collection			
Accounts payable in respect to which a limitation period has expired (over three years)	8014	14 194	6 791
Currency differences	8015		-
Property in surplus following results of inventory taking	8016	20 723	515
Donated assets, except for fixed assets and intangible assets	8017	3 653	1 704
Revenue from donated fixed assets, determined according to an established procedure	8018	16 327	20 912
Cost of material valuables, remained from writing off of assets, which are not eligible for recovery and further use	8019	7 501	10 099
Reassessment of financial investments on current market value	8020	-	-
Revenue from decrease (writing off) of provision for doubtful debts	8021	1 620 974	1 913 200
Revenue from decrease (writing off) of reserve for estimated liabilities	8022	883 095	291 540
Revenue from decrease (writing off) of reserve for cost reduction of business inventories	8023	11 687	7 138
Revenues on claim assignment agreements	8024	15 625	-
Revenue from revealed non-contractual consumption of electric power	8025	158 452	176 303
Insurance payments receivable	8026	136 250	65 344
Revenues tied with participation in other organizations' charter capitals	8027	-	-
Recovery of accounts receivable written off earlier	8028	7	40
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	3 498 108	29 145
Other expenditures total	8100	(5 407 097)	(5 083 520)
including:			
From sale of fixed assets, except for flats	8101	(3 882)	(13 916)
From sale of flats	8102	-	-
From sale of business inventories	8103	(30 666)	(26 388)
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	(4 191)	(6 574)
Expenditures to performance of service financial investments	8110	-	-
Provision for doubtful debts	8111	(3 260 646)	(1 699 078)
Reserve for possible losses of financial investments	8112	-	-

Reserve for cost reduction of material valuables	8113	(12 159)	(10 515)
Reserve for discontinuing operation	8114	-	-
Reserve for estimated liabilities	8115	(73 265)	(1 017 596)
Retirement of incomeless assets	8116	(1 554)	(56 252)
VAT on donated property	8117	-	-
Loss of 2011, revealed in reporting period	8118	(496 645)	-
Loss of 2010, revealed in reporting period	8119	(79 469)	(325 522)
Loss of 2009, revealed in reporting period	8120	(49 496)	(339 445)
Loss before 01.01.2009, revealed in reporting period	8121	(102 499)	(143 273)
Acknowledged penalties, fines and forfeits or on which court's decisions (arbitration court's decisions) are got on their collection	8122	(62 242)	(63 420)
State duties in respect to economic contracts	8123	(8 436)	(9 282)
Reassessment of financial investments on current market value	8124	-	-
Discount on bills	8125	-	-
Expenditures under claim assignment agreements	8126	-	-
Nonreimbursable VAT	8127	(534 846)	(45 574)
Expenditures in respect to revealed non-contractual consumption of electric power	8128	-	-
Contributions in incorporations and funds	8129	(2 552)	(2 795)
Accounts receivable in respect to which a limitation period has expired (over three years)	8130	(1 775)	(15 697)
Currency differences	8131	-	-
Court costs	8132	(1 222)	(1 234)
Plundering, deficiencies	8133	(1)	(35)
Costs in respect to enforcement proceedings	8134	(69)	(920)
Cost redemption of employees' flats	8135	-	-
Other material (financial) aid and other payments to employees	8136	(220 100)	(171 825)
Material aid to pensioners (including lump sum payments, compensations of community charges)	8137	(8 198)	(8 606)
Expenditures to carry out sporting events	8138	(2 604)	(820)
Expenditures to carry out social activities	8139	(2 511)	(2 350)
Expenditures for charitable cause	8140	-	(26 100)
Others	8141	(447 009)	(1 096 303)

Director _____ Ocheredko O.V.
(signature)

Chief accountant _____ Skiba I.V.
(signature)

29 February 2016

5.12. Reference on assets booked on off-balance-sheet accounts

Indicator name	Code	As of 31 December 2015	As of 31 December 2014	As of 31 December 2013
1	2	3	4	5
Leased fixed assets	8200	3 881 214	3 976 318	3 803 384
including: on leasing	82001	-	-	-

Goods and materials accepted for custody	8201	3 503	11 306	5 837
Materials accepted for processing	8202	201	-	-
Goods accepted on commission	8203	-	-	-
Equipment accepted for installation	8204	-	-	-
Insolvent debtors' indebtedness written off to loss	8205	259 373	330 035	354 541
Wear of land improvement facilities and other similar facilities	8206	6 291	6 034	3 882
Strict accounting forms	8207	178	90	4
Federally owned property	8208	-	-	-
Intangible assets acquired for use	8209	134 885	132 238	101 826
Property transferred into charter capital against payment of acquired valuables	8210	-	-	-

5.13. Reportable segments information

As of 31.12.2015	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	34 403 020	1 213 257	-	-	-	87 884	35 704 161
Proceeds from sales between segments	8320	-	-	-	-	-	-	-
Proceeds of segment, total	8300	34 403 020	1 213 257	-	-	-	87 884	35 704 161
including								-
<i>proceeds from transmission</i>	8301	28 464 228	-	-	-	-	-	28 464 228
<i>proceeds from grid connection</i>	8302	-	847 766	-	-	-	-	847 766
<i>other proceeds</i>	8303	-	-	-	-	-	81 390	81 390
Interest receivable	8330	-	-	-	-	-	634 424	634 424
Interest payable	8340	1 801 081	-	-	-	-	-	1 801 081
Profit tax expenditures	8350	103 807	-	-	-	-	-	103 807
Profit/loss of segment	8360	(4 612 326)	498 976	-	-	-	481 018	(3 632 333)
Assets of segments	8370	59 597 661	1 728 684	-	-	-	388 240	61 714 585
including non-current assets	8371	47 179 449	1 412 171	-	-	-	191 675	48 783 295
Liabilities of segments	8380	56 895 499	4 486 950	-	-	-	332 136	61 714 585
Depreciation of fixed assets and intangible assets	8390	2 458 714	12 003	-	-	-	4 015	2 474 732



Open joint-stock company
of power energy and electrification of Kuban
Kubanenergo JSC



Notes to Financial Statements for 2015

Krasnodar
2016

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 company 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 JSC: Open 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 JSC: 2A Stavropolskaya str., Krasnodar, Russian Federation 350033.

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

For 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) No. 03378 ВЭ (VA)	17.07.2007 – 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 ВЭ	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	Armavirskiye Elektricheskiye Seti (Armavir Electric Grids)	54 Vorovskogo str., Armavir 352900
4	Adygeyskiye Elektricheskiye Seti (Adygeya Electric Grids)	358 Shovgenova str., Maykop 385000
5	Timashevskiye Elektricheskiye Seti (Timashevsk Electric Grids)	176 Lenina str., Timashevsk 353760
6	Tikhoretskiye Elektricheskiye Seti (Tikhoretsk Electric Grids)	62 Dzerzhinskogo str., Tikhoretsk 352100
7	Leningradskiye Elektricheskiye Seti (Leningradskaya Electric Grids)	6 302-y Divizii str., Leningradskaya village 353740
8	Slavyanskiye Elektricheskiye Seti (Slavyansk Electric Grids)	49 Stroiteley str., Slavyansk-na-Kubani 353840
9	Yugo-Zapadnye Elektricheskiye Seti (South-West Electric Grids)	1 Vostochny Mol, Novorossiysk 353902
10	Labinskiye Elektricheskiye Seti (Labinsk Electric Grids)	334 Mira str., Labinsk 352510
11	Ust-Labinskiye Elektricheskiye Seti (Ust-Labinsk Electric Grids)	4 Krasnodarskaya str., Ust-Labinsk 352300

Average annual number of employees in Kubanenergo PJSC for the reporting period equaled to 8 326 employees, and 8 364 in the previous year (in 2014), in the year preceding the previous year (in 2016) there were 8 168 employees.

Registrar of the Company:

Name: Registrar R.O.S.T., JSC
Location: P.O. box 9, 18 Stromynka str., Moscow 107996, Russia.
Telephone/fax: (495) 771-73-35/771-73-34
Email: rost@rrost.ru
Website: <http://www.rrost.ru>

Number of license: 010-000-1-00264

Date of license issue: February 3, 2002

License issuing authority: Federal Financial Markets Service of Russia

Company's Auditor:

Name: Limited Liability Company "RSM RUS"

Registered address: 4 Pudovkina street, Moscow, 119285

Actual address: 4 Pudovkina street, Moscow, 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 (31.12.2015)

#	Name	Place of employment and position	Status in the Board of Directors
1.	Mangarov Yuriy Nikolaevich	Chief advisor at Rosseti PJSC	Chairperson of the Board of Directors
2.	Bogach Yelena Viktorovna	Head of directorate for strategy planning at Department of strategic projects, Rosseti PJSC	the Board of Directors member
3.	Varvarin Aleksandr Viktorovich	Managing Director in charge of Corporate Relations and Legal Support, Russian Union of Industrialists and Entrepreneurs	the Board of Directors member
4.	Gavrilov Aleksandr Ilyich	Director General of Kubanenergo PJSC, Chairperson of Management Board	the Board of Directors member
5.	Katayev Sergey Mikhailovich	Head of Department for production assets management, Rosseti PJSC	the Board of Directors member
6.	Kislyakov Anton Mikhailovich	Head of Directorate for arrangement of daily operations at Legal department, Rosseti	the Board of Directors member

		PJSC	
7.	Lavrova Marina Aleksandrlovna	Head of Directorate for Economy of Affiliated and Subsidiary Companies at Economic Planning and Budgets Department, Rosseti PJSC	the Board of Directors member
8.	Niyazmetov Artur Kamilovich	Deputy Minister at Ministry for Development of Russian Far East	the Board of Directors member
9.	Terebkov Fyodor Alekseyevich	Head of Directorate of capital markets and structured financing at Department of capital markets, Rosseti PJSC	the Board of Directors member
10.	Kharin Andrei Nikolayevich	Deputy Head of Department of Corporate Governance, Price Environment and Auditing Activity in spheres of Fuel & Energy Complex, RF Ministry of Energy	the Board of Directors member
11.	Khokhlova Kseniya Valerievna	Deputy Head of Directorate of Share Capital Issues, Head of Division of Shareholders' Rights Protection at Department of Corporate Governance and Interaction with Shareholders and Investors , Rosseti PJSC	the Board of Directors member

Table 4 – Members of the Management Board (31.12.2015)

#	Name	Place of employment and position	Status in the Board of Directors
1.	Gavrilov Alexander Ilyich	General director of "Kubanenergo" JSC	Chairperson of the Management Board
2.	Armaganyan Edgar Garrievich	First deputy director general - Director of branch "Kubanenergo" Sochi Electric Networks, deputy director general in charge of selling of 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.	Konevets Kirill Sergeevich	Deputy General Director for 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.	Rud Evgeniy Viktorovich	Director of the branch of Kubanenergo PJSC Krasnodar Electric Networks	Member of the Management Board
10	Ryazancev Dmitry Yurievich	Deputy General Director for Technical Issues - Chief Engineer, Kubanenergo PJSC	Member of the Management Board
11	Statuyev Vladislav Andreyevich	Deputy director general in charge of security at 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.	Lukovkina Irina Pavlovna	Chief expert at Directorate for control and risks at department for control activity, "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.	Shmakov Igor Vladimirovich	Head of Directorate of internal audit, "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 of 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 maintained its accounting records in accordance with the Federal Law dated 06.12.2011 No.402-FZ “On Accounting”, Regulation on Maintaining 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 JSC were prepared based on 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. 91H.

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. 34n 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 assets, in relation to which the conditions of paragraph 4 of Accounting Regulations 6/01 are met and the value of which does not exceed 40.000 rubles per a unit, shall be recorded in the accounting records as inventories.

The fixed assets recorded in the Company’s accounting records include buildings, constructions, machinery, equipment, vehicles and other relevant objects with lifetime over 12 months.

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.

Costs in relation to loans and credits that were incurred before the execution of works with regard to the creation of an investment asset shall not be included in the value of the investments into non-current assets; instead they shall be included in other expenses.

Fixed assets shall be recorded in accounting records based on their initial value.

The fixed assets were depreciated using the straight-line method based on their useful life. The fixed assets recorded in the accounting records before January 1, 2002 were depreciated based on their useful life in accordance with the rates approved by Decree of the Government of the USSR dated October 22, 1990 No. 1072 “On the Uniform Rates of Depreciation for Complete Recovery of Fixed Assets of the USSR Economy”. These rate were applicable as at the date of commissioning such fixed assets.

To charge depreciation expense, the useful life of the fixed assets commissioned after January 1, 2002 was determined in accordance with Decree of the Russian Government dated January 1, 2002 No. 1 “On Classification of Fixed Assets Included in Depreciation Groups”.

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

Income and expenses from retirement, writing-off, transfer without charge of the fixed assets were recorded in the Profit and Loss Statement as other income and expenses. The value of the fixed assets was not subject to change 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. Inventories

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, company shall value 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 (Order of the Russian Ministry of Finance dated June 9, 2001 No. 44n));
- 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 exchange is stated.

According to par. 16 of Accounting Standard 5/01 “Accounting for Inventories” and par. 3.13.14 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 average estimation of the actual cost price of the materials issued to production or written off for other purposes shall be made by determining the actual cost price of the material at the moment of its issue (moving estimate).

At the end of the year 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, have absolutely lost their original quality.

2.6. Prepaid Expenses

Recognition of a cost incurred as a prepaid expense and its 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) it is sure that as a result of a particular transaction the number of 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. 8 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 accounted on account 26 “Administrative expenses” and these expenses are considered as general expenses and from the cost of products, works, services.

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 April 29, 2008 No. 48n.

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 statement 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 2013

Order No.206 dated 12.03.2015 introduced into Accounting policy of the Company for

2015 changes in relation to specification of a term “money equivalents”. The Company considers highly liquid investments that could be easily transformed into a-priori known sum of money and that are subject to minor risk of changing the price as money equivalents. There were no more changes in accounting policy in 2015.

4. Changes in Accounting Policy in 2016

Substantial changes were not introduced in the Company’s Accounting Policy during 2016.

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

The Company did not make adjustments related to the previous periods.

6. Disclosure of Individual Figures in the Accounting Statements for 2014

6.1. Fixed Assets

As of 31.12.2015 a revaluation of fixed assets (code 110 “Production buildings”, code 420 “Equipment for power conversion”) was carried out by “ENPI Consult” JSC in accordance with contract No.2e392/15/407/30-933 dated 01.09.2015. Results of revaluation of homogeneous groups of assets (code 110 “Production buildings”, code 420 “Equipment for power conversion”) were included in accounting report for 2015.

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 31.12.2015 the cost of real estate taken into operation and actually used that is the process of state registration amounted to 16 537 thousand rubles. There aren’t fixed assets received under contracts providing for implementation of obligations using non-monetary assets for the period from 1 January till 31 December 2015.

There aren’t fixed assets acquired through loans and credits for the period from 1 January to 31 December 2015.

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 program of Kubanenergo JSC, for 2015 is formed in accordance with:

- Regulations introduced by Kubanenergo PJSC on 29.02.2012 No.170;
- Regulations on technical policy in distribution grids;
- Parameters of investment programme 2015 approved by Order of RF Ministry of Energy No.706 dd. 30.09.2015.

In 2015, the sources of capital investment financing were as follows:

- Depreciation expenses;
- Funds from additional share issue;
- Advance payments for grid connection.

In fact, in 2014, Kubanenergo PJSC performed the construction, reconstruction and commissioning of 1 039 km of transmission lines, including:

- 110kV overhead line – 173,2 km;
- 10kV overhead line – 381,9 km;
- 0.4kV overhead line – 422,3 km;
- 110kV cable line – 3,6 km;
- 3-10kV cable line - 58,5 km

In 2014 Kubanenergo reconstructed and commissioned the facilities on the territory of Krasnodar region and the Republic of Adygea for 381.9MVA:

- substation 110 kV “Nebug”, replacement of transformers 6.3 MVA with two 25 MVA transformers, replacement of equipment, project development (1st stage);
- substation 110/10 kV “Olginka”, installation of two transformers of 25 MVA;
- substation 35/10 “Bzhedukhovskaya”;
- substation 110 kV “RIP” replacement of two 25MVA transformers with c 40 MVA;
- substation 110 kV “Anapskaya” 3rd start-up facility.

Within 2015 the company built, modernized and commissioned the following power lines:

power line-110 kV “Krymskaya 220 – Vzletnaya - Varenikovskaya” to branch line of substation 110/10 kV “Kazachiya”, branch line from power line -110 kV “Krymskaya 220 – Vzletnaya - Varenikovskaya” to substation 110/10 kV “Kazachiya” – 26,1 km;

- single-circuit power line -110 kV “Pig farm - Compressor plant” 32,5 km;

- branch line from power line 110 kV “Anapskaya -Sukko” to substation 110/10 kV “Russkaya” 2,9 km;

- power line 110 kV “Slavyanskaya - Krasnoarmeiskaya” substation extension 110 kV “Krasnoarmeiskaya” 27,3 km.

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, 2015, the amount of advances and pre-payment for services related to the construction and acquisition of fixed assets, amounted to 160106 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 2 197 thousand rubles. As of 31.12.2015 the sum of purchase of raw materials intended for construction of fixed assets amounted to 901 544 thousand rubles.

Construction-progress facility is on sale: 10/4 Sormovskaya street, repair depot “Krasnodarenergoremont”.

Information on stocks and transactions of construction in progress is disclosed in Annex 5.3.5.

6.1.2. Leased Fixed Assets

As of 31.12.2015 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, 2015, the deferred expenses amounted to 106 536 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)

55 170 thousand rubles;

- Useful life is within 12 months (Line 1263)

43 489 thousand rubles;

2) Licenses:

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

446 thousand rubles;

- Useful life is within 12 months (Line 1263)

243 thousand rubles;

3) Other:

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

3 864 thousand rubles;

- Useful life is within 12 months (Line 1263)

3 324 thousand rubles.

6.3. Financial Investments

In accordance with Accounting Regulations "Financial Investment Accounting" PBU 19/02 approved by Decree of the Ministry of Finance of the Russian Federation No. 126H dd. 10.12.2002 (hereinafter - PBU 19/02) and Regulations on the Accounting Policies of Kubanenergo JSC for 2015 approved by the Company's Decree No. 1124 dd. 31.12.2014, the Commission for Inspection of Available Devaluation of Financial Investments of Kubanenergo PJSC performed the inspection of available devaluation of financial investments of Kubanenergo PJSC as of 31 December 2015. 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 09.12.2014 No.111-T/407/30-1670, dated 07.10.2015 No.94-V/407/30-997), the company received a grant in the form of subsidies to partially offset the cost of vouchers purchased by the Company for children in the amount of 1 999 rubles and 1 030 rubles respectively. Calculation of grants was performed by the Office of Social Welfare of the Ministry of Social Development and Family Policy of the Krasnodar region.

The Ministry of Energy of the Russian Federation provided to the Company a subsidy for reimbursement on expenses on emergency reserve of diesel generator sets which ensure reliability of energy supply to socially important consumers in the Russian Federation during the cold season 2014-2015, in connection with the relocation of the relevant facilities in Crimean Federal District for the amount of 125 565 thousand rubles. The funds received are used in full for the purposes of the subsidy.

Local bodies of Social Insurance Fund of RF adopted resolutions on financial support of preventive measures for reduction of injuries with the total amount of support – 2 245 thousand rubles and partial compensation of trips in amount of 181 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 31.12.2014	Accrued	Paid	Liability as of 31.12.2015
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			for 2015	for 2015		
	Debit	Credit			Debit	Credit
1	2	3	4	5	6	7
Value-Added Tax	-	112377	2 272 772	1 626 998	13 723	771 874
Property tax	21 985	34 388	422 779	325 465	272	109 989
Income tax	2 394	-	581 684	1 294	-	577 996
Land fee	18 980	1 968	144 290	126 371	1 295	2 202
Individual income tax	751	33 347	487 732	481 246		39082
Transport tax	-	1 565	7 350	7 072	3	1 846
Other taxes and dues						
Total taxes:	44 110	183 645	3 916 607	2 568 446	15 293	1 502 989
Fines	-	-	11 523	11 524	1	-
Penalties	4 688	141	23 373	23 601	4 775	-
Total:	48 798	183 786	3 961 503	2 603 571	20 069	1 502 989

In 2015, accounts receivable for taxes and dues have decreased by 28 729 thousand rubles.

Property tax receivables decreased by 21 716 thousand rubles and land tax by 17 685 thousand rubles.

VAT receivables has reduced by 13 723 thousand rubles as a result of adjustment of tax liabilities for the 4th quarter of 2008.

Table 10 – Insurance contributions for compulsory social insurance

(in thousand rubles)

	Liability		Accrued	Paid	Liability	
	as of 31.12.2014		for 2015	for 2015	as of 31.12.2015	
	Debit	Credit			Debit	Credit
1	2	3	4	5	6	7
Insurance contributions - total:	2 876	66 362	1 080 924	1 062 778	5 132	86 764
including:						
Contributions to the Pension Fund	21	53 605	779 352	766 056	1	66 881
Compulsory Medical Insurance		И 136	191 166	185 016	1	17 287
Social Insurance	2 855	1 621	110 406	111 706	5 130	2 596
Fines - total:						

Penalties - total:	-	-	6	6	-	-
TOTAL:	2 876	66 362	1 080 930	1 062 784	5 132	86 764

Table 11 – Allocation of taxes, fines and penalties over the budget levels
(in thousand rubles)

Indicator	Liability as of 31.12.2014		Accrued for 2015	Paid for 2015	Liability as of 31.12.2015	
	Debit	Credit			Debit	Credit
Taxes - total:	44 110	183 645	3 916 607	2 568 446	15 293	1 502 989
Federal budget	1 286	145 723	2 818 356	2 107 708	13 723	868 808
Regional budget	23 856	35 952	953 974	334 366	275	631 979
Local budget	18 968	1 970	144 277	126 372	1 295	2 202
Fines - total:			11523	11 524	1	
Federal budget	-	-	-	-	-	-
Regional budget	2	-	2	-	-	-
Local budget	-	-	11 523	11 524	1	-
Penalties - total:	4 688	141	23 373	23 601	4 775	
Federal budget	4 480		212	1	4 269	
Regional budget	57		565	634	126	
Local budget	151	141	22 596	22 966	380	
Total:	48 798	183 786	3 951 503	2 603 571	20 069	1 502 989

Reduced receivables occurred in the regional budget for the property tax and the local budget for the land tax.

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 JSC and as of 31.12.2015 it amounts to 28 286 813 000 thousand rubles.

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

Accounts payable for taxes and dues increased by 1 319 203 thousand rubles (table 9). Significant growth occurred in accounts payable on the value added tax. Accounts payable on the value added tax increased by 659 497 thousand rubles in the result of payment of tax return for the 4th quarter 2015 in the amount of 762 630 thousand rubles, for the corresponding period of 2014 the amount of tax payable was 97 505 thousand rubles.

Increase in accounts payable on the property tax by 75 601 thousand rubles is due to the increase in charges on this tax. Tax liabilities on property tax increased due to the increase of the tax base due to the revaluation of fixed assets, fixed assets put into operation in accordance with the large-scale investment programme. In addition, in 2015 the tax rate of 1% is applied in relation to power lines, as well as the facilities that are an integral part of the process to which in 2014 the rate of 0.7% was applied.

At the end of 2015 income tax was accrued in the amount of 578 521 thousand rubles, in 2014 the tax base for income tax was zero.

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 2015	Interest accrued, 31.12.2015
1	2	3	4	5	6
Sberbank of Russia PJSC	No.68	08.11.2013	07.11.2016	4 000 000	-
Sberbank of Russia PJSC	No.94	26.08.2013	09.08.2016	2 000 000	-
Sberbank of Russia PJSC	No.74	28.11.2013	27.11.2016	1 000 000	-
Total for Sberbank of Russia JSC		x	x	7 000 000	
funded loan	No.4B02-02-00063-A-001P	24.11.2015	11.11.2025	-	36 482
funded loan	No.4B02-01-00063-A-001P	04.12.2015	21.11.2025	-	23 688
Total for short-term credits		x	x	7 000 000	71346
Gazprombank JSC	No.0713-085	08.11.2013	07.11.2018	2 560 000	-

Bank	# of credit contract	Date of provision of loan/credit	Date of discharge of credit/loan	Sum of actual debt as of 31 December 2015	Interest accrued, 31.12.2015
1	2	3	4	5	6
Total for Gazprombank JS		x	x	2 560 000	-
Rosenergobank CJSC	No.1071391	08.05.2015	05.05.2017	440 000	-
Total for Rosenergobank CJSC		x	x	440 000	-
funded loan	No.4B02-02-00063-A-001P	24.11.2015	11.11.2025	3 400 000 000	-
funded loan	No.4B02-01-00063-A-001P	04.12.2015	21.11.2025	3 600 000 000	-
Total for long-term credits		x	x	10 000 000	-
Total for credits and loans:		x	x	17 000 000	71 346

6.7.1. Collateral for obligations

Pursuant to Decree of IDGC Holding JSC, No. 240 dd. 07.06.2011 and Decree of Kubanenergo JSC No. 617 dd. 21.07.2011 (with amendments dated 24.09.2012 order No.1058) and No.1058 dated 05.12.2011, the Contractors shall provide a security for the proper performance of the obligations under the contract agreements for construction and assembling operations and for design and exploration work in the form of an irrevocable and unconditional bank guarantee.

As of December 31, 2015, the bank guarantees received and recorded on off balance sheet account 008 "Securities for Obligations and Payments Received" amounted to 852 447 thousand rubles.

Property pledged under purchase contract – 787 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.0713-054 dd 26.06.2013	2 000 000
Rosenergobank (CB "REB" (JSC))	No.1071391 dd 08.05.2015	160 000
Gazprombank	No.0715-057 dd 28.08.2015	500 000

Sberbank of Russia PJSC	No. 15-81 dd 10.09.2015	500 000
Sovcombank PJSC	No.KJI-563-KC/00-563-15 dd 23.04.2015	500 000
Sovcombank PJSC	No.KJI-564-KC/00-564-15 dd 23.04.2015	500 000

6.8. Information on the Risks of Economic Operations

“Rosseti” JSC Board of Directors approved Strategy of development and improvement of internal control system of “Rosseti” JSC 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 Policy of internal control and Policy of risks management (Minutes No. 196/2014 dd. 12.09.2014) 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) Management of risks is implemented on all key spheres of activity on all levels of control (system approach);
- 2) Management of risks is implemented on the basis of stated goals on level of Issuer’s strategy and goals of business-processes and functions (reference to goals);
- 3) Movement of information on risks for adoption of decisions is implemented from lower levels of management to higher levels. The decision on minimization of risks and control of risks management is implemented from higher levels of control to lower ones;
- 4) The system of risks management provides economic efficiency of the events on risks management. The reduction of risks is implemented on the basis of economic efficiency;
- 5) Effectiveness of risks management is implemented by monitoring of key risks indicators, formulated for every priority area of risks management (control of effectiveness of risks management).

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 out of Issuer's control.

6.8.1.

Industry Risks

Tariff risks

Issuer carries out its activity in the power industry sector in Krasnodar region and the Republic of Adygea. Main types of Issuer's activities are rendering of services on electric energy transmission and technological connection to electric networks, regulated by the state including setting of tariffs. In such manner one of the Issuer's risks are tariff risks.

One of the most fundamental tariff risks for the Issuer is risk of approving by Regional Energy Commission of Department of prices and tariffs of Krasnodar region the necessary gross revenue on economically unreasonable level – under conditions of limited growth of network tariffs the adoption of decision by Regional Energy Commission of Department of prices and tariffs of Krasnodar region that doesn't take into account in full amount economically feasible expenses of the Issuer, for example, recognition of part of expenses of purchase of electricity losses, interest on the credits, shortfall in income, uncovered previous losses and other. The possibility of this risk is 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 tariffs 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) forming 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 regions;
- 4) development and implementation of 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. In accordance with the order of RF government dated 30.06.2012 No. 663 "Kubanenergo" JSC passed the "reset" of long-term parameters of tariff regulation. The Federal Tariff Service of Russia has agreed to switch to the regulation of tariffs for the transmission of electric energy using the method of return on invested capital. The use of RAB-regulation should help to attract long-term investment in the sector and reduce the influence of subjective factors on the adoption of tariff decisions.

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 of 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 production process 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 a competitive and regulated procurement of raw materials, production and other services.

6.8.2. Country and regional risks

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.

6.8.3. 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 analyze 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.

6.8.4.

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 Issue's core activity the Issuer will take all necessary measures for obtaining the licenses and permissions required.

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. 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. Due to the fact that the Issuer is a subsidiary of Rossetti, the largest Russian backbone grid company, the Issuer is a participant in implementation of policies and programmes on activities (business processes) of Rossetti. 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:

- 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);
- elaboration of proposals and scenarios to improve the implementation of specific policies and programmes;
- development and implementation of key performance indicators to achieve policies, linking them with bonuses of managers of the Issuer;
- analysis of the effectiveness.

6.8.5. 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 and is monopolist in 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 13109-97 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 2015 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)

Indicator	sum
Permanent tax liabilities (assets), resulting in adjustment of contingent income for income tax, total thousand rubles	332 657
including:	
permanent tax asset arising from the revealed revenue of previous years	(80 756)
permanent tax asset arising from the revealed loss of previous years	145 622
permanent tax liabilities resulting from differences in accounting for depreciation of fixed assets for tax purposes and financial reporting	57 061
permanent tax liabilities resulting from the creation of the provision for estimated liabilities	250 450
permanent tax asset arising from the recovery of provision for estimated liabilities	(138 872)
miscellaneous permanent tax liabilities (assets)	99 152
Recognition of deferred tax assets for the amount of deductible temporary differences, total in thousand rubles	902 806
including:	
recognition of a deferred tax asset for the amount of the difference in accounting for allowance for doubtful accounts	652 130
recognition of a deferred tax asset for the amount of the difference in accounting for the provision for unused vacation	61 438
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	29 689
recognition of a deferred tax asset for the amount of the difference in accounting of donated property	1 913
the recognition of deferred tax assets for the amount of adjusted tax liabilities of previous periods	88 855

Indicator	sum
recognition of deferred tax assets for the amount of difference in accounting of reserve for estimated liabilities	67 261
the recognition of deferred tax assets for the amount of other deductible temporary differences	1 520
Repayment of deferred tax assets for the amount of deductible temporary differences, total in thousand rubles	1 041 416
including:	
repayment of the deferred tax asset for the amount of the difference in accounting for allowance for doubtful accounts	324 196
repayment of the deferred tax asset for the amount of the difference in accounting for the provision for unused vacation	57 192
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	6 469
repayment of the deferred tax asset for the amount of the difference in accounting for losses to be carried forward	552 211
disposal of deferred tax assets, asset retirement	28 404
recognition of deferred tax assets for the amount of difference in accounting of reserve for estimated liabilities	67 244
repayment of the deferred tax asset in the amount of other deductible temporary differences	5 700
Recognition of deferred tax liabilities in the amount of taxable temporary differences, total in thousand rubles	19 813
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	16 796
recognition of a deferred tax liability for the amount of the difference in accounting for other taxable temporary differences	3 017
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	21 651
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	19 102
disposal of deferred tax liabilities related to asset retirement	53
repayment of the deferred tax liability for the amount of the difference in the account of other taxable temporary differences	2 496

The Company has reduce the tax base of the current tax period by 2 761 057 thousand

rubles, which is the part of sum of losses incurred in previous tax periods. Write-off of deferred tax amounted 552 211 thousand rubles.

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 53 thousand rubles, deferred tax assets in amount of 28 404 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

Administrative expenses are calculated on a Company's Account No.26 "Administrative expenses". At the same time they are acknowledged as expenses from ordinary activities and generate cost of goods, works and services

Table 16 – "Miscellaneous costs"

(thousand rubles)

Indicator		2015	2014
Name	Code		
Cost of goods sold,	6510	33 149 295	29 918 777
including			
Other expenses	6515	18 323 655	16 694 429
Including		16 694 429	17 636 452
Electricity distribution companies services		8 803 783	7 778 157
JSC "FSK UES" services		4 801 251	5 036 790
Other expenses		4 718 621	3 879 482

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)	2014 (fact)
-----	----------------------------	------------------	-------------	-------------

1	2	3		
1.1.	Electric energy losses, Including	Mln rubles, including VAT	7 649,669	6 568,388
		Mln kilowatt-hour	2 835,68	2 852,724
1.1.1.	Energy for own needs	Mln rubles, including VAT	37,400	31,949
		Mln kilowatt- hour	16,345	16,437
1.2.	Energy purchased for operational and household needs, by resource types	Mln rubles, including VAT	128,784	108,498
1.2.1.	Fuel and energy, including	Mln rubles, including VAT	122,186	103,307
		Tons of fuel	5340,000	12 911,000
1.2.1.1.	Electric energy	Mln rubles, including VAT	108,858	91,702
		Thousands kilowatt-hour	35 887,241	34 393,421
		Thousands kilowatt-hour per square meter of premises	0,238	0,102
1.2.1.2.	Thermal energy	Mln roubles, including VAT	11,623	10,374
		gCal	5 851,270	5 568,190
		gCal per square meter of premises	0,169	0,016
1.2.2.	Hot water supply	Thousands of cubic meters	1,483	1,030
		Mln roubles, including VAT	0,085	0,246
1.2.3.	Cold water supply	Thousands of cubic meters	185,037	141,159
		Mln roubles, including VAT	6,512	4,945
1.2.4.	Natural gas	Thousands of cubic meters	173,931	203,272
		Mln roubles,including VAT	1,704	1,231
1.3.	Presence of metering devices of electric energy consumed for the Company's household needs	%	100	100
1.4.	Electric power metering devices equipment by retail market's consumers	%	29,2	29

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 4119 “Other payments” in form “Cash flow dynamics report” in the amount of 641 031 thousands rubles, including:

VAT included in received amounts	6 324 825 thousands rubles
VAT included in amounts transferred	5 338 859 thousands rubles
VAT paid to a budget	1 626 997 thousands rubles
Result	641 031 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 01.01.2015 to 31.12.2015 were not performed.

Table 18 – Minimum amount of minimum balance of funds on current accounts of the Company as of 31.12.2015

Ground (additional agreement, confirmation of transaction)	Transaction starting date	Transaction ending date	Interest rate	Sum of minimum required balance
1	2	3	4	5
1193	30.12.2015	11.01.2016	9,00	86 000
285	29.12.2015	12.01.2016	10,15	104 600
286	31.12.2015	01.02.2016	10,50	345 100
Gazprombank JSC				878 000
707	30.12.2015	12.01.2016	6.19	20 400
Total Krasnodar branch #8619 Sberbank of Russia JSC				20 400
622	30.12.2015	11.01.2016	9,36	590 000
623	31.12.2015	11.01.2016	2,99	71 400
274	28.12.2015	11.01.2016	8,90	194 600
Total Astrakhan branch #8625 Sberbank of Russia JSC				856 000
Total				1 754 400

In the 3rd quarter of 2015 Kubanenergo concluded credit agreements in the form of an overdraft for the amount of 1 000 000 thousand rubles. During the reporting period, the Company attracted a loan in the form of an overdraft for the amount of 199 789 thousand rubles. There is no debt on this type of lending as of 31 December 2015.

As of December 31, 2015, 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 available.

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, 2015.

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	12 933 001	12 932 840	161
2	Kuban Power Sales Company JSC	16 295 951	16 271 969	23 982

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

6.13. Information on Related Parties

6.13.1. List of Related Parties

The operations of Kubanenergo JSC are strongly affected by the following persons/entities, which are affiliated to the Company:

- the largest shareholders of the Company – Russian Grids JSC (owns 92.24 % of the Authorized Capital of the Company); the Russian Federation represented by the Federal Agency for State Property Management (7,36 % of the Authorized Capital;
- persons, that are members of the management bodies of the Company.

Kubanenergo JSC supervises the operations of its subsidiaries.

In accordance with the Federal Law No. 208-Φ3 dd. 26.12.1995 “On Joint-Stock Companies”, the transactions concluded between the Company and the abovementioned persons/entities will be considered as interest-party transactions.

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>.

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

Table 20 – Income and related receivables for 2014

thousand rubles

Counterparty	As of 31 December 2013	Accrued	Paid	As of 31 December 2014
IDGC of the South JSC*	10	4		14
P/o Energetik JSC***	1 918	2 189	(2 058)	2 049
Reserve	(1 000)	-	-	(1 000)
Energoservis Kuban JSC	6	68	(23)	51
Russian Grids JSC****	-	3 949	-	3 949
Mobile GTES JSC*	-	1 573	(1 573)	-

Table 21 – 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)	-	-	(1 000)
Energoservis Kuban JSC	51	68	(97)	22
Russian Grids JSC***	3 949	15 625	(19 574)	-
Main computer center of power industry	-	195	(180)	15

Table 22 – Expenses and other transactions and related to it payables for 2014

(thousand rubles)

Counterparty	As of 31 December 2013	Accrued	Repaid	As of 31 December 2014
1	2	3	4	5
IDGC of the South JSC*				
- Trading Transactions	(1 683)	(29 857)	4 728	(26 812)
- Other payables	(93 830)	(26 719)	6 248	(114 301)
IDGC of the Centre and Volga region JSC				
- Other payables	-	(33 679)	2 275	(31 404)
Rosseti JSC**				
- Other payables	(4 513)	(90 252)	90 252	(4 513)
Kuban Transmission Networks JSC*				
- Other payables	(4 751)	-	4 751	-
FGC UES JSC*				
- Trading Transactions	(2 937 962)	(6 053 423)	5 657 477	(3 333 908)
- Other payables	(874)	(769)	1 643	-
- Other payables	212 298	751 128	(754 842)	208 584
Reserve	(168 076)	-	-	(168 076)
IDGC of North Caucasus JSC*				
- Other payables	-	(7 716)	-	(7 716)
P/o Energetik JSC***				
- Other payables	-	(10 937)	10 937	-
Mobile GTES JSC				

- Trading Transactions	(73)	-	73	-
- Other payables	(1 232)	(27 339)	1 647	(26 924)
IT Energy Service JSC				
- Other payables	(283)	(4 788)	4 624	(447)
IDGC of Volga JSC*				
- Other payables	(71 984)	(24 134)	2 400	(93 718)
Energoservis of Kuban JSC***				
- Other payables		(7 046)	1 741	(5 305)
IDGC of Centre JSC*				
- Other payables	-	(10 460)	-	(10 460)
IDGC of Ural JSC*				
- Other payables	-	(52 265)	-	(52 265)
IDGC of Siberia PJSC*				
- Other payables	-	(45 302)	-	(45 302)
IDGC Scientific and Research Centre JSC*				
- Other payables		(1 834)	1 834	
IDGC of North-West PJSC*	-	(1 834)	1 834	-
- Other payables	-	(6 842)	-	(6 842)
Lenenergo JSC*				
- Other payables	-	(34 137)	-	(34 137)
Tyumenenergo JSC*				
- Other payables	-	(18 799)	-	(18 799)
Yantarenergo PJSC*				
- Other payables	-	(5 605)	-	(5 605)
TRK PJSC*				
- Other payables	-	(7 722)	-	(7 722)
Scientific and Research Centre of FGC UES JSC*				
- Other payables	-	(90)	90	-
Moskabelenergoremont JSC*				
- Other payables	-	(484)	-	(484)
MOESK PJSC*				
- Other payables	-	(42 239)	-	(42 239)

Table 23 – Expenses and other transactions and related to it payables for 2015

(thousand rubles)

Counterparty	As of 31 December 2014	Accrued	Repaid	As of 31 December 2015
1	2	3	4	5
IDGC of the South JSC*				
- Trading Transactions	(26 812)	(3 250)	2 827	(27 235)
- Other payables	(114301)	(36 518)	13 781	(137 038)
IDGC of the Centre and Volga region JSC*				
- Other payables	(31 404)	(22 468)	2 251	(51 621)
Rosseti JSC***				
- Other payables	(4 513)	(108 272)	107 488	(5 297)
FGC UES JSC*				
- 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 JSC*				
- 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)	5 780	(283)
IDGC of Volga JSC*				
- Other payables	(93 718)		8 289	(85 429)
Energoservis of Kuban JSC***				
- Other payables	(5 305)	(8 297)	И 862	(1 740)
IDGC of Centre JSC*				
- 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*	-	(1 834)	1 834	-
- Other payables	(6 842)	(12 094)		(18 936)
Lenenergo JSC*				
- 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)
Moskabelenergoremont JSC*				
- Other payables	(484)	-	484	-
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 25 – Information on the compensations payable to key management personnel

thousand rubles

Payments	Director general		Deputies, directors of branches		Members of the Board of Directors		Members of Auditing Committee		Members of Management Board	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
Short-term compensations, incl.:	7070	18068	66509	106665	5255	3517	2084	747	2142	2143
1.1. Salaries for the reporting period (vacation bonus excl.)	5900	13703	47578	80330	4030	2718	1598	573	1688	1855
a) premiums	1093	4772	13512	38807	0	0	0	0	0	0
b) bonuses	0	0	0	0	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	0	0	0	0
1.2. Annual paid holidays for operations in the reporting period	400	1851	5893	6457	0	0	0	0	0	0
1.3. Total other payments for the benefit of key management personnel (not depending on the respective terms in the labour contract), incl.:	0	0	4054	4262	0	0	0	0	0	0
a) the Company's payment for public services	0	0	0	0	0	0	0	0	0	0
b) the Company's payment for medical care, incl. treatment	0	0	0	0	0	0	0	0	0	0
c) one-off pecuniary aid payments for vacation	0	0	2294	2852	0	0	0	0	0	0
d) full or partial vacation bonus	0	0	6	0	0	0	0	0	0	0
e) full or partial payment for education in the private interests	0	0	0	0	0	0	0	0	0	0
f) others (please, specify), incl.:	0	0	0	0	0	0	0	0	0	0
compensation for residential premises lease	0	0	1754	988	0	0	0	0	0	0
material aid for mortgage repayment	0	0	0	422	0	0	0	0	0	0
1.4. Taxes payable and other compulsory payments into the respective budgets and extrabudgetary funds	770	2514	8984	15616	1225	799	486	174	454	288
2. Long-term compensations, incl.:	0	0	0	0	0	0	0	0	0	0
2.1. Compensations upon withdrawal, incl.:	0	0	0	0	0	0	0	0	0	0
a) payments under the voluntary insurance contracts concluded with the insurance companies	0	0	0	0	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	0	0	0	0
c) other pension and social safety net payments upon withdrawal	0	0	0	0	0	0	0	0	0	0
2.2. Other long-term compensations	0	0	0	0	0	0	0	0	0	0
2.3. Long-term compensation charges	0	0	0	0	0	0	0	0	0	0

3. TOTAL (short-term and long-term) compensations , charges excl.	6300	15554	57525	91049	4030	2718	1598	573	1688	1855
4. TOTAL (short-term and long-term) compensation charges	770	2514	8984	15616	1225	799	486	174	454	288

6.14. Going Concern Principle

Accounting (financial) statements of Kubanenergo PJSC for 2015 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 2015 amounted to 1 452 479 thousand rubles (in 2014 net loss amounted 3 632 333 thousand rubles) and a working capital deficit (excess of current liabilities over current assets) as of December 31, 2015 amounted to 11 911 233 thousand rubles. Short-term liabilities of the Company as of 31 December 2015 amounted to 21 396 145 thousand rubles, including the obligations on borrowed funds in the amount of 7 071 346 thousand rubles.

Short-term liabilities of the Company in connection with borrowings as of December 31, 2015 include the outstanding loans to Sberbank of Russia JSC and amount 7 000 000 thousand rubles. More information on loans and borrowings is provided in paragraph 5.6.7.

Also, as of December 31, 2015 the Company has signed a loan agreement with AB Gazprombank on revolving credit facility with a limit of 2 000 000 thousand rubles and a loan agreement with CB Rosenergobank (JSC) with a free limit of 160 000 thousand rubles. In addition the Company opened limits on overdraft lending at PJSC Sberbank of Russia and Gazprombank totaling 1 000 000 thousand rubles.

In view of the planned refinancing of short-term loans in the amount of 2,517,000 thousand rubles in 2016, we forecast net cash flow from operating activities of the Company in 2016 will be sufficient to meet our obligations to be paid in 2015.

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 2016.

6.15. Estimated Liabilities, Contingent Assets and Liabilities

In 2015, the Company recognized in the accounting the estimated liabilities related to possible compensation for unused vacation in the amount of 318 279 thousand rubles, partly the written off previously formed a provision in the amount of 293 339 thousand rubles, the balance as of the end of the reporting period

amounted 226 877 thousand rubles. A provision related to the possible payment of remuneration for the year was recognized in the amount of 275,097 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 1 189 064 thousand rubles, including 938 127 thousand rubles in part of inconsistent volume of losses, 250 937 thousand rubles in terms of electricity transmission services. Charges totaled 1 172 022 thousand rubles, including 106 572 thousand rubles in part of inconsistent volume of losses 1 065 450 thousand rubles in terms of electricity transmission services. The magnitude of the estimated liability for outstanding claims providers at end of period is 1 791 985 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.

As of 2015 a provision for tax disputes in the amount of 82 708 rubles was made. The amount of the provision for tax disputes at the end of the reporting period is 66 148 thousand rubles. Disagreements with the tax authority arose in part of determining the person who is the payer of the land tax for the land transferred under the spin-off balance sheet, spin-off company, since the reorganization of the Company.

The Company created a reserve for litigation in the amount of 11 946 thousand rubles..

On other economic contracts reserve was created in the amount of 37 696 thousand rubles (Appendix 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, 2015.

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.

Due to the fact that on 10 January 2016 came in force the decision of the Arbitration Court of Appeal concerning case No.A32-46857/2014, the accounting (financial) statements include a settlement agreement concluded the Company and “Kuban Energy Retail Company” JSC. Since the signing of the settlement agreement the parties read their counter claims, “Kuban Energy Retail Company” JSC in order to compensate losses of electric power purchase and sale of electricity during its transmission under the contract from 20.04.2012 No.1310275/407/30-590, Kubanenergo PJSC under the contract on rendering services on electric power transmission from 10.01.2012 No.407/30-11, from 30.04.2015 No/407/30-454, in the amount of 326 049 thousand rubles.

In accounting report the company included the decision of the Commercial Court of Krasnodar region from 21.09.2015 on the case No.A32-11346/2015 that entered into legal force on 15 January 2016, on acceptance for settlement facts of unmetered electricity consumption included in the disputed part of the acts on the provision of electricity transmission services for November, December of 2014 and January of 2015, in the amount of 34 240 thousand rubles.

These facts of economic activities are qualified by Kubanenergo PJSC as significant events after the balance sheet date, which are recorded in the accounting (financial) statements for 2015.

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, 2015) till the date of signing of the accounting statements for 2015.

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.

29 February 2016

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"
- Annex 2.3 "Taxation of Profit"
- 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