

Independent auditor's report  
on the financial statements of  
***PJSC Enel Russia***  
for 2018

*March 2019*

**Independent auditor's report  
on the financial statements of  
PJSC Enel Russia**

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**Translation of the original Russian version**

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## **Independent auditor's report**

### **Translation of the original Russian version**

To the Shareholders and Board of Directors of  
PJSC Enel Russia

#### ***Opinion***

We have audited the financial statements of PJSC Enel Russia (the Company), which comprise the balance sheet as at 31 December 2018, statement of income for 2018 and appendices thereto.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2018 and its financial performance and its cash flows for 2018 in accordance with the rules on preparation of financial statements established in the Russian Federation.

#### ***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Russian Federation, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
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### ***Recognition and measurement of equipment for installation***

The Company recorded equipment for suspended construction project as part of equipment for installation. Due to significance of the cost of this equipment and judgments for its further usage, it was one of the matters of most significance in our audit.

The information on the cost of equipment for installation is disclosed in part 3.1 of the explanatory notes to the Balance Sheet and Income Statement of the Company.

We performed observation of equipment for suspended construction project, recorded as equipment for installation, in order to assess physical existence of this equipment in the warehouse and its condition. We also obtained and analysed third party reports regarding the condition of the equipment. We assessed analysis of the cost of the equipment performed by the Company, as well as plans for its further usage. Among others, our procedures included discussions with the technical personnel and Company's management in respect of this matter.

### ***Recognition, measurement and disclosure of provisions and contingencies***

Recognition, measurement and disclosure of provisions and contingent liabilities related to legal issues, actions of regulatory bodies and counterparties' claims require judgment. Due to significance of provisions and contingent liabilities and complexity in their assessment, it was one of the matters of most significance in our audit.

The information on the Company's accrued provision and contingent liabilities is disclosed in notes 3.10 and 3.20 of the explanatory notes to the Balance Sheet and Income Statement.

Our audit procedures included review of legal claims and court decisions, discussion of potential outcomes of contingent liabilities with the Company's management and the Company's legal department personnel and analysis of provisions' amounts adequacy. We assessed the disclosure regarding provisions and contingencies in the Company's financial statements.

### ***Other information included in the Company's 2018 Annual report***

Other information consists of the information included in the Company's Annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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### ***Responsibilities of management and the Audit Committee of the Board of Directors for the financial statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the rules on preparation of financial statements established in the Russian Federation, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Audit Committee of the Board of Directors are responsible for overseeing the Company's financial reporting process.

### ***Auditor's responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee of the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee of the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee of the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is - T.L.Okolotina.

T.L. OKOLOOTINA  
Partner  
Ernst & Young LLC

22 March 2019

### ***Details of the audited entity***

Name: PJSC Enel Russia  
Record made in the State Register of Legal Entities on 27 October 2014, State Registration Number 1046604013257.  
Address: Russia 620014, Sverdlovsk Region, Yekaterinburg, str. Kokhryakova, 10.

### ***Details of the auditor***

Name: Ernst & Young LLC  
Record made in the State Register of Legal Entities on 5 December 2002, State Registration Number 1027739707203.  
Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.  
Ernst & Young LLC is a member of Self-regulated organization of auditors "Russian Union of auditors" (Association) ("SRO RUA"). Ernst & Young LLC is included in the control copy of the register of auditors and audit organizations, main registration number 11603050648.

**Balance sheet**  
as of December, 31, 2018

Company        **PJSC Enel Russia**  
Taxpayer Identification Number \_\_\_\_\_  
Type of economic activity        **Generation of electric power by thermal power plants**  
Type of business / form of ownership **Public joint-stock company / private**

Codes		
OKUD Form	0710001	
Date (day, month, year)	31	12   2018
RNNBO No.	75012898	
TIN	6671156423	
OKVED	35.11.1	
OKOPF/OKFS No.	12247	34
OKEI No.	384-(385)	

Measurement unit: RUR-ths-RUR mln.  
Location (address) **620014, Yekaterinburg, ul. Khokhryakova, 10**

	Item	Code	As of 31.12.2018	As of 31.12.2017	As of 31.12.2016
	<b>ASSETS</b>				
	<b>I. NON-CURRENT ASSETS</b>				
1.1	Intangible assets	1110	-	-	-
	Results of research and developments	1120	-	-	-
2.1, 2.2, 2.3, 2.4, ПЗ 3.1	Fixed assets	1150	87 068	88 384	87 634
	Interest-bearing investments into tangible assets	1160	-	-	-
3.1, 3.2, ПЗ 3.2	Financial investments	1170	653	467	25
	Deferred tax assets	1180	1 912	1 839	1 994
ПЗ 2.8	Other non-current assets	1190	1 946	736	253
	Section I total	1100	91 579	91 426	89 906
	<b>II. CURRENT ASSETS</b>				
4.1, 4.2, ПЗ 3.3	Inventories	1210	4 821	5 656	5 011
ПЗ 2.8	Deferred expenses	1220	169	121	96
	VAT on purchased goods	1230	17	-	12
5.1, 5.2, ПЗ 3.4	Trade Receivables	1240	6 668	6 305	6 609
3.1, 3.2, ПЗ 3.2	Financial investments	1250	-	8	261
ПЗ 2.10	Cash	1260	5 679	5 787	5 705
	Shareholder's receivables	1270	-	-	-
	Other current assets	1290	-	-	-
	Section II total	1200	17 354	17 877	17 694
	<b>TOTAL ASSETS</b>	1600	108 933	109 303	107 600

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	Item	Code	As of 31.12.2018	As of 31.12.2017	As of 31.12.2016
	<b>LIABILITIES</b>				
	<b>III. EQUITY AND RESERVES 6</b>				
ПЗ 3.7	Share capital (joint-stock capital, authorized capital, contributions of partners)	1310	35 372	35 372	35 372
ПЗ 3.7	Shares purchased	1320	-	(198)	-
	Revaluation of non-current assets	1340	-	-	-
ПЗ 3.8	Additional capital (without revaluation)	1350	7 347	7 308	7 308
ПЗ 3.8	Reserve capital	1360	1 769	1 688	1 434
ПЗ 3.9	Retained earnings (uncovered loss) including	1370	21 141	21 258	17 977
	Profits distributed by a decision of the General Meeting of Shareholders	1371	16 060	15 316	12 894
	Undistributed profit	1372	5 081	5 942	5 083
	Section III total	1300	65 629	65 428	62 091
	<b>IV. NON-CURRENT LIABILITIES</b>				
ПЗ 3.5	Loans received	1410	15 393	11 088	23 384
	Deferred tax liabilities	1420	7 230	6 685	6 088
7, ПЗ 3.10	Reserves on contingencies	1440	488	454	874
5.3	Other liabilities	1490	-	-	-
	Section IV total	1400	23 111	18 227	30 346
	<b>V. CURRENT LIABILITIES</b>				
ПЗ 3.5	Loans received	1510	9 447	13 023	2 961
5.3, ПЗ 3.6	Accounts payable	1520	7 310	9 994	9 327
	Deferred income	1530	1	1	2
7, ПЗ 3.10	Provisions short	1540	3 418	2 609	2 856
	Shareholder's payable	1570	17	21	17
	Other liabilities	1590	-	-	-
	Section V total	1500	20 193	25 648	15 163
	<b>TOTAL ASSETS</b>	1700	108 933	109 303	107 600

CEO  
" 22 " March 2019

C. Palasciano Villamagna

Chief Accountant

V. Grishachev







**Statement of changes in equity  
for 20 18**

Appendix No.2  
To the Order of Ministry of Finance  
of the Russian Federation  
dd. 02.07.2010 No.668  
(in the edition of the Order of Ministry of Fin  
dd. 05.10.2011 No.1340)

Codes	
0710003	
31	12 2018
75012898	
6671156423	
40 10 11	
47	34
	385

Company: PJSC Enel Russia  
Taxpayer Identification Number: \_\_\_\_\_  
Type of economic activity: Generation of electric power by thermal power plants  
Type of business: form of ownership: Public joint-stock company  
Measurement unit: Rubles - RUB mil.  
OKVED No: \_\_\_\_\_  
OKOPF/OKFS No: \_\_\_\_\_  
OKEI No: \_\_\_\_\_  
Date (day, month, year): \_\_\_\_\_  
RNNBO No: \_\_\_\_\_  
TIN: \_\_\_\_\_  
OKUD Form: \_\_\_\_\_

**I. Capital flow**

Item	Code	Share capital	Shares purchased	Additional capital	Reserve capital	Retained earnings (uncovered loss)	Total
Capital value as of December 31, 20 16: <sup>1</sup>	3100	35 372		7 308	1 434	17 977	62 091
For 20 17: <sup>2</sup>							
Increase of capital - total:	3210						
including:							
net profit:	3211	X	X		X	5 948	5 948
revaluation of assets:	3212	X	X		X	5 942	5 942
income related directly to increase of capital:	3213	X	X		X	6	6
additional shares issue:	3214				X	X	X
increase of shares par value:	3215				X		X
reorganization of legal entity:	3216						

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Item	Code	Share capital	Shares purchased	Additional capital	Reserve capital	Retained earnings (uncovered loss)	Total
Increase of capital - total:	3220					(2 413)	(2 413)
including:							
loss:	3221	X	X		X	0	0
revaluation of assets:	3222	X	X		X		
expenses related directly to decrease of capital:	3223	X	X		X		
decrease of shares par value:	3224				X		
decrease of the quantity of shares:	3225		(198)		X		(198)
reorganization of legal entity:	3226				X		
dividends:	3227	X	X		X	(2 413)	(2 413)
Change of additional capital:	3230	X	X				X
Change of reserve capital:	3240	X	X		254	(254)	X
Capital value as of December 31, 20 17: <sup>3</sup>	3200	35 372	(198)	7 308	1 688	21 238	65 428
For 20 18: <sup>4</sup>							
Increase of capital - total:	3310		198	39		5 091	5 328
including:							
net profit:	3311	X	X		X	5 081	5 081
revaluation of assets:	3312	X	X		X		
income related directly to increase of capital:	3313	X	X		X	10	10
additional shares issue:	3314		198		X	X	237
increase of shares par value:	3315			39	X		X
reorganization of legal entity:	3316				X		X
Decrease of capital - total:	3320					(5 127)	(5 127)
including:							
loss:	3321	X	X		X	0	0
revaluation of assets:	3322	X	X		X		
expenses related directly to decrease of capital:	3323	X	X		X		
decrease of shares par value:	3324				X		
decrease of the quantity of shares:	3325				X		
reorganization of legal entity:	3326				X		
dividends:	3327	X	X		X	(5 127)	(5 127)
Change of additional capital:	3330	X	X		X		X
Change of reserve capital:	3340	X	X		81	(81)	X
Capital value as of December 31, 20 18: <sup>5</sup>	3300	35 372	0	7 347	1 769	21 141	65 629

**2. Adjustments due to change of accounting policy and correction of mistakes**

Item	Code	As of December 31, 20 <u>16</u>	Changes in equity for 20 <u>17</u> r.		As of December 31, 20 <u>17</u>
			due to net profit (loss)	due to other factors	
<b>Capital - total</b>					
before adjustments	3400				
adjustment due to:					
change of accounting policy	3410				
correction of mistakes	3420				
after adjustments	3500				
including:					
<b>retained earnings (uncovered loss):</b>					
before adjustments	3401				
adjustment due to:					
change of accounting policy	3411				
correction of mistakes	3421				
after adjustments	3501				
<b>other capital items, for which the adjustments were made:</b>					
before adjustments	3402				
adjustment due to:					
change of accounting policy	3412				
correction of mistakes	3422				
after adjustments	3501				

**3. Net assets**

Item	Code	As of December 31,	As of December 31,	As of December 31,
		20 18 <sup>3</sup>	20 17 <sup>2</sup>	20 16 <sup>1</sup>
Net assets	3600	65 630	65 429	62 093

CEO \_\_\_\_\_ (signature) \_\_\_\_\_ C. Palasciano Villamagna \_\_\_\_\_ Chief Accountant \_\_\_\_\_ V. Grishachev \_\_\_\_\_ (print name)

" 22 " \_\_\_\_\_ March \_\_\_\_\_ 20 19 г.



Notes

1. Specification of the year preceding the previous one.
2. Specification of the previous year.
3. Specification of the reporting year.

(in the edition of the Order of Ministry of Finance of RF dd 05.10.2011 No.124n)

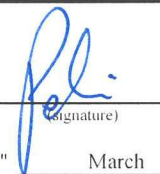
**Statement of cash flow**  
for \_\_\_\_\_ year **20 18**

Company	<b>OJSC Enel Russia</b>	OKUD Form	0710004		
Taxpayer Identification Number		Date (day, month, year)	31	12	2018
Type of economic activity	<b>Generation of electric power by thermal power plants</b>	RNNBO No.	75012898		
Type of business / form of ownership	<b>Public</b>	TIN	6671156423		
Measurement unit: <del>RUR ths.</del> /RUR mln. (delete as applicable)		OKVED No.	35.11.1		
		OKOPP/OKFS No.	12247	34	
		OKEI No.	384/385		


Item	Code	For _____ year 20 18 <sup>1</sup>	For _____ year 20 17 <sup>2</sup>
<b>Cash flows from current operations</b>			
Proceeds - total	4110	<b>75 904</b>	<b>78 639</b>
including:			
from sale of products, goods, works and services	4111	72 154	73 292
lease rents, license fees, royalty, commitment fees and other similar payments	4112	21	33
from resale of financial investments	4113	-	-
other proceeds	4119	3 729	5 314
Payments - total	4120	<b>(65 292)</b>	<b>(67 083)</b>
including:			
to suppliers (contractors) for raw and other materials, works, services	4121	(52 693)	(51 756)
due to payment of employees' labour	4122	(3 168)	(3 391)
interest on debenture	4123	(2 008)	(2 109)
corporate profit tax	4124	(776)	(1 625)
other payments	4129	(6 647)	(8 202)
Balance of cash flows from current operations	<b>4100</b>	<b>10 612</b>	<b>11 556</b>

Item	Code	For _____ year 20 18 <sup>1</sup>	For _____ year 20 17 <sup>2</sup>
<b>Cash flows from investment operations</b>			
Proceeds - total	4210	872	25
including:			
from sale of non-current assets (except for financial investments)	4211	23	24
from sale of shares of other companies (share ownership)	4212	-	-
from repayment of loans issued, from sale of debt securities (claims of cash to other entities)	4213	834	-
dividends, interest on debt financial investments and similar proceeds from share ownership in other companies	4214	2	1
other proceeds	4219	13	-
Payments - total	4220	(6 734)	(6 332)
including:			
due to acquisition, creation, modernization, reconstruction and preparation for use of non-current assets	4221	(4 412)	(5 968)
due to acquisition of shares of other companies (share ownership)	4222	(243)	(362)
due to acquisition of debt securities (claims of cash to other entities), issue of loans to other entities	4223	(2 079)	(2)
interest on debenture included into the cost of investments assets	4224	-	-
other payments	4229	-	-
Balance of cash flows from investment operations	4200	(5 862)	(6 307)
<b>Cash flows from financial operations</b>			
Proceeds - total	4310	14 237	-
including:			
reception of credits and loans	4311	14 000	-
money contributions of the owners (members)	4312	237	-
from issue of shares, increase of the share ownership	4313	-	-
from issue of bonds, bills of exchange and other debt securities, etc.	4314	-	-
other proceeds	4319	-	-

Item	Code	For <u>    </u> year 20 <u>18</u> <sup>1</sup>	For <u>    </u> year 20 <u>17</u> <sup>2</sup>
Payments - total	4320	(19 113)	(5 177)
including:			
to the owners (members) due to redemption of shares (share ownership) of the company with them or their cessation of membership	4321	-	-
for payment of dividends and other payments for allocation of profit in favour of the owners (members)	4322	(5 127)	(2 413)
due to payment (protection) of the bills of exchange and other debt securities, repayment of credits and loans	4323	(13 986)	(2 764)
other payments	4329	-	-
Balance of cash flows from financial operations	4300	(4 876)	(5 177)
<b>Balance of cash flows for the reporting period</b>	<b>4400</b>	<b>(126)</b>	<b>72</b>
<b>Cash and cash equivalents at the beginning of reporting period</b>	<b>4450</b>	<b>5 787</b>	<b>5 705</b>
<b>Cash and cash equivalents at the end of reporting period</b>	<b>4500</b>	<b>5 679</b>	<b>5 787</b>
Effect of exchange rate changes	4490	18	10

CEO  C. Palasciano Villamagna Chief Accountant  
(signature) (print name)

" 22 " March 20 19

 V. Grishachev  
(signature) (print name)

Notes

1. Specify the reporting period.
2. Specify the previous year period similar to the reporting period.



## Explanations to the balance sheet and income statement of PJSC Enel Russia for 2018

### 1. Intangible assets and expenses on research, development and engineering activities 1.1. Availability and flow of intangible assets

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Item	Period	At the beginning of the year		Changes for the period						At the end of the period		
		initial value	accumulated depreciation and losses from	additions	disposals		acquired depreciation	loss from impairment	revaluation		initial value <sup>5</sup>	accumulated depreciation and losses from
					initial value	accumulated depreciation and losses from			initial value <sup>3</sup>	accumulated depreciation		
<b>Intangible assets - total</b>	for 20 18 r. <sup>2</sup>	27	(27)	-	-	-	-	-	-	-	27	(27)
	for 20 17 r. <sup>2</sup>	27	(27)	-	-	-	-	-	-	-	27	(27)
	for 20 16 r. <sup>1</sup>	27	(24)	-	-	(3)	-	-	-	-	27	(27)
including: Software	for 20 18 r. <sup>2</sup>	27	(27)	-	-	-	-	-	-	-	27	(27)
	for 20 17 r. <sup>2</sup>	27	(27)	-	-	-	-	-	-	-	27	(27)
	for 20 16 r. <sup>2</sup>	27	(24)	-	-	(3)	-	-	-	-	27	(27)
Intangible assets acquisition	for 20 18 r. <sup>2</sup>	-	-	-	-	-	-	-	-	-	-	-
	for 20 17 r. <sup>2</sup>	-	-	-	-	-	-	-	-	-	-	-
	for 20 16 r. <sup>2</sup>	0	-	-	-	-	-	-	-	-	-	-

in RUB mln.

### 1.2. Availability and flow of the results of research, development and engineering

Item	Period	At the beginning of the year		additions	Changes for the period		At the end of the period	
		initial value	part of value expensed as incurred		disposals	part of value expensed as incurred for the period	initial value	part of value expensed as incurred
				initial value				
<b>Research, development and engineering activities - total</b>	for 20 18 r.	-	-	-	-	-	-	-
	for 20 17 r.	-	-	-	-	-	-	-
	for 20 16 r.	-	-	-	-	-	-	-

## 2. Fixed assets

## 2.1. Availability and flow of fixed assets

In RUB mln.

Item	Period	At the beginning of the year		Changes for the period						At the end of the period	
		initial value	accumulated depreciation	additions	disposed items	depreciation accrued	revaluation	initial value	accumulated depreciation	initial value	accumulated depreciation
					initial value	accumulated depreciation		initial value	accumulated depreciation		
Fixed assets (without regard to interest-bearing investments into tangible assets) - total	for 20 18 r. <sup>2</sup>	136 017	(54 775)	4 217	(680)	638	(5 968)	-	-	139 554	(60 105)
	for 20 17 r. <sup>1</sup>	128 806	(48 985)	7 594	(383)	232	(6 022)	-	-	136 017	(54 775)
	for 20 16 r. <sup>1</sup>	119 125	(42 865)	10 157	(476)	287	(6 407)	-	-	128 806	(48 985)
including: Land	for 20 18 r. <sup>2</sup>	152	-	1	-	-	-	-	-	153	-
	for 20 17 r. <sup>2</sup>	152	-	-	-	-	-	-	-	152	-
	for 20 16 r. <sup>1</sup>	152	-	-	-	-	-	-	-	152	-
Buildings and structures	for 20 18 r. <sup>2</sup>	31 293	(8 200)	367	(33)	13	(913)	-	-	31 627	(9 100)
	for 20 17 r. <sup>2</sup>	30 331	(7 305)	976	(14)	6	(901)	-	-	31 293	(8 200)
	for 20 16 r. <sup>2</sup>	29 729	(6 419)	645	(43)	6	(892)	-	-	30 331	(7 305)
Machinery and equipment	for 20 18 r. <sup>2</sup>	104 212	(46 312)	3 807	(640)	618	(5 023)	-	-	107 379	(50 717)
	for 20 17 r. <sup>2</sup>	97 992	(41 438)	6 579	(359)	217	(5 091)	-	-	104 212	(46 312)
	for 20 16 r. <sup>2</sup>	88 939	(36 230)	9 478	(425)	275	(5 483)	-	-	97 992	(41 438)
Transport	for 20 18 r. <sup>2</sup>	108	(84)	7	(2)	2	(9)	-	-	113	(91)
	for 20 17 r. <sup>2</sup>	102	(77)	11	(5)	4	(11)	-	-	108	(84)
	for 20 16 r. <sup>2</sup>	94	(67)	9	(1)	1	(11)	-	-	102	(77)
Other	for 20 18 r. <sup>2</sup>	252	(179)	35	(5)	5	(23)	-	-	282	(197)
	for 20 17 r. <sup>1</sup>	229	(165)	28	(5)	5	(19)	-	-	252	(179)
	for 20 16 r. <sup>2</sup>	211	(149)	25	(7)	5	(21)	-	-	229	(165)



## 2.2. Uncompleted capital investments

In RUB mln.

Item	Period	At the beginning of the year	Changes for the period			At the end of the period
			expenses for the period	written off	added to accounting as fixed assets or value increased	
	for 20 <u>18</u> r. <sup>2</sup>	7 142	4 695	(1)	(4 217)	7 619
Assets under construction and non-completed operations on acquisition, modernization, etc. of fixed assets - total	for 20 <u>17</u> r. <sup>2</sup>	7 813	6 923	-	(7 594)	7 142
	for 20 <u>16</u> r. <sup>1</sup>	10 287	7 683	(1)	(10 156)	7 813
ВТОМ ЧИСТЕ:	for 20 <u>18</u> r. <sup>1</sup>					
Equipment for the construction of CCGT		1 787	-	-	-	1 787
Rearmed with those bl.8		54	226	-	(280)	-
TPD unit №8		46	137	-	(183)	-
Rearmed with those CCGT-410		493	41	-	(493)	41
Rearmed with those bl.1 with the replacement of the heating surface		71	(71)	-	-	-
Refurbishment of electrostatic precipitators of power unit No3		66	398	-	-	464
Refurbishment of Unit 3 with heating surfaces replacement		122	537	-	-	659
Refurbishment of Unit 9 with heating surfaces replacement		597	289	-	(683)	203
Refurbishment of electrostatic precipitators of power unit No9		446	328	-	(752)	22
Unit #10 modernization		226	-	-	(226)	-
Refurbishment of DE-0.4kV / 6 kV		302	142	-	-	444
Rearmed with those generator bl.3		62	100	-	-	162
220 kV outdoor switchgear. Change disconnectors with manual transmission for		31	11	-	-	42

B TOM ЧИРСЕ:	for 20 17 F.					
Equipment for the construction of CCGT		1 787	-	-	-	1 787
Modernization of the CCGT-419		935	49	-	(984)	-
Rearmed with those bl.10 with the replacement of the heating surface		461	343	-	(804)	-
Rearmed with those CCGT-410		451	385	-	(343)	493
Rearmed with those bl.1 with the replacement of the heating surface		409	468	-	(806)	71
Reconstruction DARS RGRES		30	-	-	(30)	-
Rearmed with those bl.7		-	-	-	-	-
Modernization teplofikats.kompleksa SUGRES		183	-	-	(183)	-
Refurbishment of Unit 9 with heating surfaces replacement		-	597	-	-	597
Refurbishment of electrostatic precipitators of power unit No9		-	446	-	-	446
Unit #10 modernization		-	226	-	-	226
Refurbishment of DE-0.4kV / 6 kV		-	302	-	-	302
220 kV outdoor switchgear. Change disconnectors with manual transmission for		44	8		(21)	31

Equipment for the construction of CCGT	1 790	(3)	-	-	1 787
Modernization of the CCGT-419	-	935	-	-	935
Rearmed with those bl.10 with the replacement of the heating surface	-	461	-	-	461
Rearmed with those CCGT-410	-	452	-	(1)	451
Rearmed with those bl.1 with the replacement of the heating surface	-	409	-	-	409
Reconstruction DARS RGRES	31	-	-	(1)	30
Rearmed with those bl.7	1 248	(4)	-	(1 244)	-
Modernization teplofikats.kompleksa SUGRES	113	70	-	-	183
TPD unit №11 with embedded. Sauga	2	-	-	(2)	-
Increasing the capacity of the ash disposal area №2	158	-	-	(158)	-
Technical reequipment with those bl.4	1 316	1	-	(1 317)	-
Technical reequipment with those bl.2	976	98	-	(1 074)	-
Replacement of turbogenerator bl.7	120	(1)	-	(119)	-
Technical re-equipment bl.8	597	205	-	(802)	-
Technical reequipment bl.2 with the replacement of the heating surface	604	(2)	-	(602)	-
Technical reequipment bl.8 with the replacement of the heating surface	286	681	-	(967)	-
220 kV outdoor switchgear. Change disconnectors with manual transmission for disconnectors with electric motorприводом	16	49	-	(21)	44

**2.3. Change of price of fixed assets after modernization,  
reconstruction and partial dismantling**

Item	For 20 18 _____	For 20 17 _____
Increase of price of fixed assets after including:		<b>4 599</b>
<i>Boiler bl.5</i>		65
<i>Steam turbine bl.5</i>		155
<i>Boiler bl.10</i>		259
<i>Generator bl. 5</i>		7
<i>Increasing of ash disposal area #2 dam</i>		-
<i>Steam turbine bl.6</i>		8
<i>Forced draft device bl.5</i>		14
<i>Technical refurbishment of chimney</i>		66
<i>Technical refurbishment of power unit No.6</i>		87
<i>Technical refurbishment of CCGT-419</i>		43
<i>Steam boiler № 4</i>		-
<i>Boiler unit of unit No. 1</i>		361
<i>Gas turbine SGT5-4000F</i>		6
<i>Boiler bl.8</i>		-
<i>Steam turbine bl.8</i>		-
<i>Building service-household</i>		22
<i>Pulverization system bl.5</i>		39
<i>Steam turbine bl.1 K-306-240</i>		-
<i>Steam turbine bl.1 K-306-240</i>		175
<i>Steam turbine bl.10</i>		197
Decrease of price of fixed assets after partial dismantling - total:		(112)

**2.4. Other use of fixed assets**

Item	As 31 December 20 18 ____ y.	As 31 December 20 17 ____ y.	As 31 December 20 16 ____ y.
Leased fixed assets, accounted for on balance	243	195	166
Leased fixed assets, accounted for off-balance	1	8	8
Rented fixed assets, accounted for on balance	-	-	-
Rented fixed assets, accounted for off-balance	783	815	1 763
Immovable assets accepted for operation and actually used, undergoing state registration	-	71	223
Laid-up fixed assets	16	16	16
Modernized fixed assets for which depreciation is suspended	-	-	2
Other use of fixed assets (pledge, etc.)	-	-	-

3. Financial investments  
3.1. Availability and flow of financial investments

Item	Period	At the beginning of the year		additions	Changes for the period		accrued of interest (including bringing the initial value to the nominal one)	current market value (losses from impairment)	At the end of the period	
		initial value	accumulated adjustment		disposals (repay) accumulated adjustment	initial value			accumulated adjustment	
Long-term - total	for 20 18 r. <sup>1</sup>	544	(77)	200	(10)	-	-	(4)	730	(77)
	for 20 17 r. <sup>2</sup>	25	-	521	-	(77)	-	(2)	544	(77)
	for 20 16 r. <sup>2</sup>	25	-	-	(520)	-	-	-	25	-
including:										
shares, equities	for 20 18 r. <sup>1</sup>	42	-	-	-	-	-	(4)	38	-
	for 20 17 r. <sup>2</sup>	5	-	39	-	-	-	(2)	42	-
	for 20 16 r. <sup>2</sup>	5	-	-	-	-	-	-	5	-
investments into subsidiaries	for 20 18 r. <sup>2</sup>	502	(77)	200	(10)	-	-	-	692	(77)
	for 20 17 r. <sup>2</sup>	20	-	482	-	(77)	-	-	502	(77)
	for 20 16 r. <sup>2</sup>	20	-	-	-	-	-	-	20	-
securities (bills of exchange)	for 20 18 r. <sup>1</sup>	-	-	-	-	-	-	-	-	-
	for 20 17 r. <sup>2</sup>	-	-	-	-	-	-	-	-	-
	for 20 16 r. <sup>2</sup>	520	-	-	(520)	-	-	-	-	-
Short-term - total	for 20 18 r. <sup>1</sup>	937	(929)	-	(44)	36	-	-	893	(893)
	for 20 17 r. <sup>2</sup>	1 496	(1 235)	-	(559)	306	-	-	937	(929)
	for 20 16 r. <sup>2</sup>	1 746	(1 130)	634	(884)	167	-	(272)	1 496	(965)
including:										
cession:	for 20 18 r. <sup>1</sup>	917	(909)	-	(44)	36	-	-	873	(873)
	for 20 17 r. <sup>2</sup>	955	(945)	-	(38)	36	-	-	917	(909)
	for 20 16 r. <sup>2</sup>	1 205	(1 110)	-	(250)	167	-	(2)	955	(945)
commodity loan	for 20 18 r. <sup>2</sup>	-	-	-	-	-	-	-	-	-
	for 20 17 r. <sup>2</sup>	-	-	-	-	-	-	-	-	-
	for 20 16 r. <sup>2</sup>	-	-	-	-	-	-	-	-	-
securities (bills of exchange)	for 20 18 r. <sup>2</sup>	20	(20)	-	-	-	-	-	20	(20)
	for 20 17 r. <sup>2</sup>	541	(290)	-	(521)	270	-	-	20	(20)
	for 20 16 r. <sup>2</sup>	541	(20)	634	(634)	-	-	(270)	541	(20)
other (bills of exchange)	for 20 18 r. <sup>2</sup>	-	-	-	-	-	-	-	-	-
	for 20 17 r. <sup>2</sup>	-	-	-	-	-	-	-	-	-
	for 20 16 r. <sup>2</sup>	-	-	-	-	-	-	-	-	-
Financial investments - total	for 20 18 r. <sup>1</sup>	1 481	(1 006)	200	(54)	36	-	(4)	1 623	(970)
	for 20 17 r. <sup>2</sup>	1 521	(1 235)	521	(559)	229	-	(2)	1 481	(1 006)
	for 20 16 r. <sup>2</sup>	1 771	(1 130)	634	(1 404)	167	-	(272)	1 521	(965)

3.2. Other use of financial investments

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Item	As of December 31, 20 18	December 31, 20 17	December 31, 20 16
Pledged financial investments - total	-	-	-
Financial investments transferred to the third parties (except for sale) - total	-	-	-

In RUB mln.

4. Inventories

4.1. Availability and flow of inventories

Item	Period	At the beginning of the year				Changes for the period				At the end of the period		
		price	reserve value under reduction of the price	proceeds and expenses	disposals price	reserv. under reduction of the price	losses from reduction of price	inventories turnover between their groups (types)	price	reserve value under reduction of the price	price	reserve value under reduction of the price
Inventories - total	for 20 18 r.	5 656	-	40 074	(40 909)	-	-	-	4 821	-	-	-
	for 20 17 r.	5 011	-	41 566	(40 921)	-	-	-	5 656	-	-	-
	for 20 16 r.	5 355	-	45 209	(45 553)	-	-	-	5 011	-	-	-
including	for 20 18 r.	415	-	352	(373)	-	-	-	394	-	-	-
	for 20 17 r.	423	-	432	(440)	-	-	-	415	-	-	-
	for 20 16 r.	379	-	415	(371)	-	-	-	423	-	-	-
Including raw and other materials	for 20 18 r.	2 596	-	37 767	(38 592)	-	-	-	1 771	-	-	-
	for 20 17 r.	2 004	-	39 118	(38 526)	-	-	-	2 596	-	-	-
	for 20 16 r.	2 559	-	38 854	(39 409)	-	-	-	2 004	-	-	-
fuel	for 20 18 r.	2 324	-	999	(980)	-	-	-	2 343	-	-	-
	for 20 17 r.	2 294	-	949	(919)	-	-	-	2 324	-	-	-
	for 20 16 r.	2 140	-	1 101	(947)	-	-	-	2 294	-	-	-
spare parts	for 20 18 r.	321	-	956	(964)	-	-	-	313	-	-	-
	for 20 17 r.	290	-	1 067	(1 036)	-	-	-	321	-	-	-
	for 20 16 r.	277	-	4 839	(4 826)	-	-	-	290	-	-	-

4.2. Pledged inventories

Item	As of December 31, 20 18	As of December 31, 20 17	As of December 31, 20 16
Inventories not paid as of the reporting date, - total	-	-	-
Inventories pledged under the contract, - total	-	-	-

## 5. Accounts receivable and payable

in RUB mln.

## 5.1. Availability and flow of accounts receivable

Item	Period	At the beginning of the year	Changes for the period				At the end of the period
			accounted under contract terms and conditions	additions	repayment	disposals	
<b>Long-term receivables total</b>	for 20 18	304	2 073	(834)	-	(13)	1 530
	for 20 17	94	225	-	-	(15)	304
	for 20 16	109	-	-	-	(15)	94
including:	for 20 18	-	-	-	-	-	-
	for 20 17	-	-	-	-	-	-
	for 20 16	-	-	-	-	-	-
<i>advance payments issued</i>	for 20 18	304	2 073	(834)	-	(13)	1 530
	for 20 17	94	225	-	-	(15)	304
	for 20 16	109	-	-	-	(15)	94
<i>other</i>	for 20 18	-	-	-	-	-	-
	for 20 17	-	-	-	-	-	-
	for 20 16	-	-	-	-	-	-
<b>Short-term receivables total</b>	for 20 18	12 323	127 760	(126 947)	6	13	13 155
	for 20 17	12 307	137 829	(137 828)	-	15	12 323
	for 20 16	13 407	129 005	(130 119)	(1)	15	12 307
including:	for 20 18	8 537	86 673	(85 435)	-	-	9 775
	for 20 17	8 109	87 858	(87 430)	-	-	8 537
	for 20 16	7 783	85 382	(85 055)	(1)	-	8 109
<i>electric power</i>	for 20 18	7 403	81 748	(80 775)	-	-	8 376
	for 20 17	6 718	82 972	(82 287)	-	-	7 403
	for 20 16	6 054	80 324	(79 659)	(1)	-	6 718
<i>heat</i>	for 20 18	1 005	4 134	(3 979)	-	-	1 160
	for 20 17	1 105	4 240	(4 340)	-	-	1 005
	for 20 16	1 172	4 426	(4 493)	-	-	1 105
<i>other purchasers and customers</i>	for 20 18	129	791	(681)	-	-	239
	for 20 17	286	646	(803)	-	-	129
	for 20 16	557	632	(903)	-	-	286
advance payments issued	for 20 18	265	35 418	(35 068)	-	-	615
	for 20 17	812	40 638	(41 185)	-	-	265
	for 20 16	1 385	33 900	(34 473)	-	-	812

other debtors	for 20 18 _____ r.	3 521	5 669	(6 444)	6	13	2 765
	for 20 17 _____ r.	3 386	9 333	(9 213)	-	15	3 521
	for 20 16 _____ r.	4 239	9 723	(10 591)	-	15	3 386
<b>Total</b>	for 20 18 _____ r.	<b>12 627</b>	<b>129 833</b>	<b>(127 781)</b>	<b>6</b>	<b>x</b>	<b>14 685</b>
	for 20 17 _____ r.	<b>12 401</b>	<b>138 054</b>	<b>(137 828)</b>	<b>-</b>	<b>x</b>	<b>12 627</b>
	for 20 16 _____ r.	<b>13 516</b>	<b>129 005</b>	<b>(130 119)</b>	<b>(1)</b>	<b>x</b>	<b>12 401</b>

in RUB mln.

### 5.2. Availability and flow of the reserve on doubtful debts

Item	Period	At the beginning of the year	Changes for the period				At the end of the period
			Accrued	Disposals	Transfer from long-term into short-term accounts receivable	reserve value on doubtful debts	
		reserve value on doubtful debts	Reconstituted	Transferred to debiting accounts receivable	transfer from long-term into short-term accounts receivable	reserve value on doubtful debts	
Short-term receivables - total including:	for 20 18 _____ r.	(6 018)	(1 444)	595	380	-	(6 487)
	for 20 17 _____ r.	(5 792)	(601)	375	-	-	(6 018)
	for 20 16 _____ r.	(5 206)	(876)	275	15	-	(5 792)
<i>purchasers and customers</i>	for 20 18 _____ r.	(3 425)	(1 310)	580	8	-	(4 147)
	for 20 17 _____ r.	(3 286)	(503)	364	-	-	(3 425)
	for 20 16 _____ r.	(2 887)	(674)	260	15	-	(3 286)
<i>advance payments issued</i>	for 20 18 _____ r.	-	-	-	-	-	-
	for 20 17 _____ r.	(1)	-	1	-	-	-
	for 20 16 _____ r.	-	(1)	-	-	-	(1)
<i>other debtors</i>	for 20 18 _____ r.	(2 593)	(134)	15	372	-	(2 340)
	for 20 17 _____ r.	(2 505)	(98)	10	-	-	(2 593)
	for 20 16 _____ r.	(2 319)	(201)	15	-	-	(2 505)
<b>Total</b>	for 20 18 _____ r.	<b>(6 018)</b>	<b>(1 444)</b>	<b>595</b>	<b>380</b>	<b>-</b>	<b>(6 487)</b>
	for 20 17 _____ r.	<b>(5 792)</b>	<b>(601)</b>	<b>375</b>	<b>-</b>	<b>-</b>	<b>(6 018)</b>
	for 20 16 _____ r.	<b>(5 206)</b>	<b>(876)</b>	<b>275</b>	<b>15</b>	<b>-</b>	<b>(5 792)</b>



## 5.3. Availability and flow of accounts payable

In RUB mln.

Item	Period	Balance at the beginning of the year	Changes for the period				Balance at the end of the period
			additions	repayment	disposals	relief to financial result	
<b>Long-term payables - total</b>	for 20 18 _____ r.	-	-	-	-	-	-
	for 20 17 _____ r.	2	-	(2)	-	-	-
	for 20 16 _____ r.	-	2	-	-	-	2
including:							
<i>suppliers and contractors</i>	for 20 18 _____ r.	-	-	-	-	-	-
	for 20 17 _____ r.	2	-	(2)	-	-	-
	for 20 16 _____ r.	-	2	-	-	-	2
<i>advance payments issued</i>	for 20 18 _____ r.	-	-	-	-	-	-
	for 20 17 _____ r.	-	-	-	-	-	-
	for 20 16 _____ r.	-	-	-	-	-	-
<i>other</i>	for 20 18 _____ r.	-	-	-	-	-	-
	for 20 17 _____ r.	-	-	-	-	-	-
	for 20 16 _____ r.	-	-	-	-	-	-
<b>Short-term accounts payables - total</b>	for 20 18 _____ r.	9 994	160 567	(163 251)	-	-	7 310
	for 20 17 _____ r.	9 327	162 222	(161 544)	(11)	-	9 994
	for 20 16 _____ r.	13 861	162 934	(167 467)	(1)	-	9 327
including:							
<i>suppliers and contractors</i>	for 20 18 _____ r.	6 276	64 159	(65 339)	-	-	5 096
	for 20 17 _____ r.	5 961	67 214	(66 895)	(4)	-	6 276
	for 20 16 _____ r.	7 622	68 766	(70 426)	(1)	-	5 961
including:							
<i>fuel suppliers</i>	for 20 18 _____ r.	2 303	42 395	(42 304)	-	-	2 394
	for 20 17 _____ r.	2 955	43 627	(44 279)	-	-	2 303
	for 20 16 _____ r.	1 814	43 785	(42 644)	-	-	2 955
<i>construction contractors</i>	for 20 18 _____ r.	1 964	5 998	(6 599)	-	-	1 363
	for 20 17 _____ r.	1 594	7 069	(6 696)	(3)	-	1 964
	for 20 16 _____ r.	3 810	7 625	(9 840)	(1)	-	1 594
<i>inventory suppliers</i>	for 20 18 _____ r.	413	1 240	(1 562)	-	-	91
	for 20 17 _____ r.	188	1 587	(1 362)	-	-	413
	for 20 16 _____ r.	201	1 526	(1 539)	-	-	188

<i>heat and electric power suppliers</i>	for 20 18 _____ r.	381	6 460	(6 517)	-	324
	for 20 17 _____ r.	397	6 514	(6 530)	-	381
	for 20 16 _____ r.	398	7 567	(7 568)	-	397
<i>service providers</i>	for 20 18 _____ r.	1 215	8 066	(8 357)	-	924
	for 20 17 _____ r.	827	8 417	(8 028)	(1)	1 215
	for 20 16 _____ r.	1 399	8 263	(8 835)	-	827
salaries payable	for 20 18 _____ r.	-	2 866	(2 707)	-	159
	for 20 17 _____ r.	-	2 898	(2 898)	-	-
	for 20 16 _____ r.	-	2 936	(2 936)	-	-
non-budgetary fund liabilities	for 20 18 _____ r.	2	814	(759)	-	57
	for 20 17 _____ r.	-	36	(34)	-	2
	for 20 16 _____ r.	-	33	(33)	-	-
taxes and levies payable	for 20 18 _____ r.	1 124	7 836	(7 483)	-	1 477
	for 20 17 _____ r.	978	6 912	(6 766)	-	1 124
	for 20 16 _____ r.	770	6 349	(6 141)	-	978
indebtedness for advance payments received	for 20 18 _____ r.	6	80 070	(80 061)	-	15
	for 20 17 _____ r.	11	81 547	(81 551)	(1)	6
	for 20 16 _____ r.	24	80 137	(80 150)	-	11
other creditors	for 20 18 _____ r.	2 586	4 822	(6 902)	-	506
	for 20 17 _____ r.	2 377	3 615	(3 400)	(6)	2 586
	for 20 16 _____ r.	5 445	4 713	(7 781)	-	2 377
<b>Total</b>	for 20 18 _____ r.	<b>9 994</b>	<b>160 567</b>	<b>(163 251)</b>	-	<b>7 310</b>
	for 20 17 _____ r.	<b>9 329</b>	<b>162 222</b>	<b>(161 546)</b>	<b>(11)</b>	<b>9 994</b>
	for 20 16 _____ r.	<b>13 861</b>	<b>162 936</b>	<b>(167 467)</b>	<b>(1)</b>	<b>9 329</b>

### 6. Production costs

In RUB mln.	Item	For 2018	For 2017
	Tangible costs	41 911	41 820
	Salaries expenses	3 793	3 760
	Social expenses	743	687
	Depreciation	5 966	6 019
	Other costs	10 296	10 852
	Total per elements	62 709	63 118
	Balance change (increase [-], decrease [+])	-	-
	work in progress, finished products, etc.	-	-
	Expenses on ordinary activities total	62 709	63 118

## 7. Reserves on contingencies

in RUB mln.

Item	Balance at the beginning of the year	Accrued	Used	Reconstituted	Balance at the end of the period
<b>Reserves on contingencies - total</b>	<b>3 063</b>	<b>2 879</b>	<b>(1 766)</b>	<b>(270)</b>	<b>3 906</b>
including:					
<i>reserve for restructuring</i>	134	146	(65)	-	215
<i>reserves for losing contracts</i>	449	888	(578)	-	759
<i>reserves for legal actions</i>	238	70	(4)	(133)	171
<i>reserve for vacation pay in the future</i>	133	390	(353)	(33)	137
<i>provision for the payment of employee benefits</i>	325	400	(289)	(66)	370
<i>other contingencies</i>	1 784	985	(477)	(38)	2 254

## 8. Securing obligations

in RUB mln.

Item	As of 20 18	As of December, 31 20 17	As of December, 31 20 16
<b>Received - total:</b>			
including:			
<i>received guarantees</i>	5 304	6 909	6 789
<i>securing issued loan obligations</i>	219	219	219
<b>Issued - total</b>	<b>34 904</b>	<b>7 985</b>	<b>8 196</b>
including:			
<i>issued guarantees</i>	34 904	7 985	8 196

9. Government assistance

in RUB mln.

Item	For 20 18		For 20 17	
	At the beginning of the year	Received for the year	Returned for the year	At the end of the year
Budget funds received - total	-	-	-	-
including:				
for current expenses	-	-	-	-
for investments into non-current assets	-	-	-	-
Public budget loans - total	20 18	- (	- (	-
	20 17	- (	- (	-

CEO \_\_\_\_\_  
 (signature)

C. Palasciano Villamagna



Chief Accountant

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

V. Grishachev

(print name)

" 22 " March 20 19

**PUBLIC JOINT STOCK COMPANY**  
**Enel Russia**  
**FINANCIAL STATEMENTS 2018**

**Explanatory Note to the Balance Sheet and Income Statement**

**1. General Information**

Public Joint-Stock Company Enel Russia (hereinafter referred to as the “Company” or “PJSC Enel Russia”, earlier carried out its business activity as The Fifth Generating Company of the Wholesale Electricity Market (to 07/07/2009), PJSC Enel OGK-5 (to 08/05/2014) and OJSC Enel Russia (to 06/25/2015), was established on the basis of Executive Order of the Board of Directors of PJSC RAO UES of Russia No.113r dated 25.10.2004 for fulfilling the Resolution of the Board of Directors of PJSC RAO UES of Russia (Minutes No.176 dated 03.09.2004), the Resolutions of the Executive Board of PJSC RAO UES of Russia (Minutes No.1040pr/3 dated 02.07.2004, Minutes No. 1078pr/1 dated 20.09.2004, Minutes No. 1079pr/1 dated 21.09.04), and also according to Decree No. 1254-r of the Government of the Russian Federation dated 01.09.2003.

The Company was registered on October 27, 2004, by the Lenin District Inspectorate of the Russian Federation Ministry of Taxation of Yekaterinburg, Sverdlovsk Region, at the following legal address: 620014, Russia, Sverdlovsk Region, Yekaterinburg, Str. Kokhryakova, 10. Main State Registration Number: 1046604013257.

PJSC Enel Russia has five branches (Central Office, Konakovskaya GRES (KGRES), Nevinnomysskaya GRES (NGRES), Reftinskaya GRES (RGRES), and Sredneuralskaya GRES (SUGRES)).

PJSC "Enel Russia" owns the following subsidiaries:

Company name	Country of incorporation	Share in the authorized capital	
		As of December 31, 2017	As of December 31, 2018
LLC “OGK-5 Finance”	The Russian Federation	100%	100%
LLC “Health resort-preventorium “Energetik”	The Russian Federation	100%	100%
OJSC “Teploprogress”	The Russian Federation	60%	60%
LLC “Reftinskaya GRES”	The Russian Federation	100%	100%
LLC “Enel Rus Wind Generation”	The Russian Federation	100%	100%
LLC “Enel Rus Wind Kola” (previously known as LLC “Windlife Kola Vetro LLI”)	The Russian Federation	100%	100%
LLC “Enel Rus Wind Azov” (previously known as LLC “Azovskaya WPS”)	The Russian Federation	100%	100%

As of December 31, 2018, the number of personnel of the Company is 2 496 persons (as of December 31, 2017 – 2 552 persons).

The main Company activities are as follows:

- Production and supply of power and capacity to the Russian Wholesale Power and Capacity Market;
- Production and supply of heat.

At the Annual General Shareholders' Meeting held on 15.06.2017 the new Board of Directors of PJSC Enel Russia were appointed, as well as the members of the Internal Audit Commission.

As of December 31, 2017, the Company's Board of Directors is as follows:

<b>№</b>	<b>Full name</b>	<b>Position</b>
1	Stephane Zweguintzow	Chairman of the Board of Directors of PJSC Enel Russia, Senior Director - Head of External Relations of PJSC Enel Russia
2	Marco Fragale	Head of Business Development in Europe and Morocco of Enel S.p.A.
3	Roberto Antonio Enzo Deambrogio	Head of Eastern Europe of Enel S.p.A.
4	Gerald Joseph Rohan	CEO of Rohan Global Consulting LLC, Independent director
5	Luzzio Giuseppe	Head of Market Development in Russia at Enel S.p.A., First Deputy General Director of LLC "Rusenergosbyt"
6	Masolov Denis Viktorovich	Senior Vice-President at Macquarie Infrastructure&Real Assets LTD
7	Tagir Alievich Sitdekov	Director, Member of the Board of "Russian Direct Investment Fund Management Company", Independent Director
8	Rodolfo Avogadro Di Vigliano	Head of Legal and Corporate Affairs (Europe and North Africa) of Enel S.p.A.
9	Laurent Nicolas Souviron	Partner at AGC Equity Partners Ltd.
10	Proietti Marko	Head of Efficiency Production of Global Generation Enel S.p.A.
11	Alexander Artur Jon Williams	Director of Taiga Capital (UK) Ltd., Independent Director

As of December 31, 2017, the membership of the Company's Executive Board is as follows:

<b>№</b>	<b>Full name</b>	<b>Position</b>
1	Carlo Palasciano Villamagna	CEO of PJSC "Enel Russia"
2	Andrey Alexandrovich Volkov	Chief Commercial Officer of PJSC "Enel Russia"
3	Yulia Konstantinovna Matyushova	Deputy General Director – Head of AFC of PJSC "Enel Russia"
4	Oleg Nikolaevich Kosmenyuk	Deputy General Director – Head of Generation of PJSC "Enel Russia"
5	Galina Yefimovna Shirinova	Deputy General Director – Head of HR and Organizational Development of PJSC "Enel Russia"

The members of the Internal Audit Commission as of December 31, 2017 are as follows:

<b>№</b>	<b>Full name</b>	<b>Position</b>
1	Natalya Alexandrovna Khramova	Senior Accountant of Enel Finance International B.V.
2	Giancarlo Pescini	Head of Division for control group Enel officials, Enel S.p.A.
3	Danilo Bracoloni	Head of Division of the consolidated financial statements and separate financial statements of Enel S.p.A.
4	Mauro di Carlo	Head of Planning and Control, a division of Global Generation, of Enel S.p.A.
5	Fabio Casinelli	Head of Treasury and Capital Markets at Enel S.p.A.

At the Annual General Shareholders' Meeting held on 4.06.2018 the members of the Board of Directors of PJSC Enel Russia were appointed, as well as the members of the Internal Audit Commission.

As of December 31, 2018, the membership of the Company's Board of Directors is as follows:

<b>№</b>	<b>Full name</b>	<b>Position</b>
1	Stephane Maurice Zweguintzow	Deputy General Director – Head of People and Organization in PJSC Enel Russia
2	Rodolfo Avogadro Di Vigliano	Head of Legal and Corporate Affairs (Europe and North Africa) of Enel S.p.A.
3	Andrea Guaccero	Professor in Rome Tre
4	Roberto Antonio Enzo Deambrogio	Head of Europe and North Africa at Enel S.p.A.
5	Maria Antonietta Giannelli	Mergers & Acquisitions Senior Project Manager in Administration, Finance and Control Department of Enel S.p.A.
6	Giorgio Callegari	Member of the Board of Directors of PJSC “Ingosstrakh”
7	Denis Masolov	Senior Vice President at Macquarie Infrastructure & Real Assets, a division of the Macquarie Group Macquarie
8	Andrea Palazzolo	Professor of Company Law in LUISS University of Rome
9	Tagir Sitdekov	First Deputy General Director of LLC Management Company RDIF
10	Alexander Arthur John Williams	Director of Taiga Capital (UK) limited, United Kingdom of Great Britain and Northern Ireland
11	Marco Fragale	Head of Business Development, Europe and Marocco of Enel Produzion S.p.A.

As of December 31, 2018, the membership of the Company's Executive Board is as follows:

<b>№</b>	<b>Full name</b>	<b>Position</b>
1	Carlo Palasciano Villamagna	CEO of PJSC “Enel Russia”
2	Andrey Alexandrovich Volkov	Chief Commercial Officer of PJSC “Enel Russia”
3	Yulia Konstantinovna Matyushova	Deputy General Director – Head of AFK of PJSC “Enel Russia”
4	Oleg Nikolaevich Kosmenyuk	Deputy General Director – Head of Generation of PJSC “Enel Russia”

The members of the Internal Audit Commission as of December 31, 2018 are as follows:

<b>№</b>	<b>Full name</b>	<b>Position</b>
1	Mauro Di Carlo	Head of Thermal Generation Planning and Control at Enel S.p.A.
2	Kumlachew Marchetti Mechal Ebisa	Head of Financial Strategy in Enel S.p.A
3	Giancarlo Pescini	Head of Group's Participation Unit in Enel S.p.A.
4	Paolo Pirri	Head of Group Consolidation, Enel S.p.A. and the Netherlands' Administration
5	Natalya Alexandrovna Khramova	Senior Accountant at Enel Finance International B. V.

## **2. Accounting policies**

The present financial statement is prepared on the basis of the accounting policy of the Company approved by Order No. 73 of the General Director, dated December 21, 2017.

### **2.1 Basis of execution**

The Company accounting records have been made on the basis of the accounting policies and procedures being effective in the Russian Federation, in particular, based on Federal Law No. 402-FZ dated December 6, 2011 "On Accounting Practices" and Regulation on Executing Accounting Policies and Procedures in the Russian Federation, enacted by Order No.34n of the Ministry of Finance of the Russian Federation on July 29, 1998, and also accounting regulations and other normative statements, making part of accounting policies and organization procedures regulation system of in the Russian Federation.

Assets and obligations of the Company have been evaluated in financial statements based on actual expenditures, except for financial investments, for which the current commercial market value is determined.

### **2.2 Assets, obligations and operations in foreign currencies**

In accounting of economic operations made in foreign currencies, the official exchange rate of foreign currency versus rouble being effective on day of fulfilment of operation was applied. Foreign currency money resources on currency and deposit accounts in banks, financial investments in short-term securities and means in settlements, including received loans, are detailed in the financial statement by indicating the amounts estimated on the basis of official rates of currencies effective on December 31, 2018. Exchange rate as of this date was 69,4706 RUB for 1 US dollar (RUB 57,6002 as of December 31, 2017), 79,4605 RUB for 1 Euro (RUB 68,8668 as of December 31, 2017).

Exchange differences in foreign currency, which have arisen in the course of the year in operations with assets and obligations in foreign currency and also in carrying out their recalculation in RUB as of accounting date, are detailed as a part of other income and expenses.

Influence of changes in the currency rate on net money resources from the Company's operations amounted to RUB 18 mln. (2017: RUB 10 mln.).

In accordance to the changes introduced to the Regulations on Accounting "Accounting of Assets and Liabilities Denominated In Foreign Currency" (PBU 3/2006) dd. November 27, 2006 No. 154n, the Company does not recalculate the value of investments in non-current assets, funds received and down payments issued, prepayments, deposits upon their acceptance to the accounting in connection with the change of the exchange rate. Assets and expenses that are paid by the organization on a preliminary basis, or as payment for which a down payment or a deposit is made, are recognized in the assessment in roubles at the rate prevailing on



the date of conversion into roubles of issued down payment, deposit, prepayment (to the extent attributable to the down payment, deposit, prepayment).

### 2.3 Short-term and long-term assets and obligations

In the balance sheet, assets and obligations are classified as short-term ones if term of circulation (repayment) thereof does not exceed 12 months after the reporting date. All other assets and obligations are presented in the reporting deeds as long-term ones. Financial investments are classified as short-term or long-term ones based on their estimated period of use (circulation, possession or redemption) after accounting date.

### 2.4 Intangible assets

As of December 31, 2018 intangible assets of the Company include exclusive copyright rights to the following accounting objects:

Name of object	Initial cost	Certificate of title	Depreciation accrual method	MRUB
				Useful life
Automated system "Maintenance Planning"	0,4	2006614371	Linear	20 years
Software suite "Generation and Energy Management"	27	2013613662	Linear	3 years

In the financial statements intangible assets are detailed by original cost minus the amounts of depreciation, which has been accumulated for the whole time of use.

### 2.5 Fixed assets

Fixed assets include land lots, buildings, structures, machines and vehicles, equipment, transport vehicles and other corresponding facilities with term of useful life being more than 12 months.

Completed real estate properties, commissioned to operation and actually used, the documents on which are submitted for the state registration, are detailed as a part of fixed assets.

The acquired facilities with the original cost no more than 40 thousand RUB per unit are detailed as a part of inventory.

Accessories, tools, household goods and equipment with service life less than one year, and also special clothes and specialized tooling are detailed as a part of inventory. Cost of specialized tooling and protective clothing with service life more than one year is depreciated by linear method starting from the month following the month of transfer thereof to operation.

Fixed assets are detailed in accounting by actual expenditures on acquisition (erection and construction). Fixed assets are detailed in financial statements by original cost minus the amounts of depreciation which has been accumulated for whole time of use.

Depreciation of fixed assets is made by linear method, based on terms of useful life thereof. Depreciation of fixed assets entered during formation of the Company and as a result its reorganization, acquired before January 1, 2002, is made according to

uniform norms of depreciation charges, approved by Decree No. 1072 of the Russian Federation Government dated October 22, 1990. Depreciation of fixed assets, acquired starting from January 1, 2002 (including those acquired by the Company itself) is performed according to estimated norms, based on terms of useful life determined by the Company. The terms of useful life, adopted by the Company for groups of fixed assets, are presented below.

Group of fixed assets	Terms of useful life (number of years) of facilities put on the books	
	before 01.01.2002	after 01.01.2002
Buildings	10-100	5-79
Structures and transmission devices	12-100	7-50
Machines and equipment	2-40	1-30
Vehicles	5-8	5-7
Other	1-50	1-25

Depreciation shall not be charged for:

- land lots;
- housing facilities acquired before January 1, 2006 (for such facilities acquired since January 1, 2006, depreciation is charged according to general procedure);
- completely depreciated facilities which have not been written off from balance;
- mobilization facilities put in reserve;
- fixed assets, mothballed for a period, exceeding 3 months.

Incomes and losses from retirement of fixed assets are detailed in the Profit and Loss Account as a part of other incomes and expenses.

In accordance with the amendments to article 258 of the Tax Code, Law No. 224-FZ of the Russian Federation dd. 26.11.2008, effective from January 1, 2009, provided that at the acquisition or creation of fixed assets, the Company uses the right to impose limits on the amount of bonus depreciation, including for fixed assets related to depreciation groups 3-7, that is 30 percent, and for the remaining fixed assets - 10 percent. The same amount of bonus depreciation will be applied by the Company in case of completion, additional equipping, renovation, modernization, technical or partial liquidation of these assets.

## 2.6 Financial investments

Financial investments are posted on the books based on actual expenditures on acquisition. For debt securities, difference between the amount of actual expenditures on acquisition and nominal value of these securities is detailed and included in other incomes and expenses evenly during term of their circulation.

Investments in the issuing securities quoted at stock exchange, which market price is determined under the established procedure by the organizer of trade, are reestimated annually based on current commercial market value as of the end of the accounting period. The difference between an estimation of such securities as of the current accounting date and their previous estimation is attributed to other costs and incomes.

Financial investments, for which the current commercial value is not being determined, are detailed in the balance sheet as of the end of financial year by their accounting cost (book cost) net of provision for impairment.

In case of retirement of financial investments in securities, for which the current commercial value is not being determined, their cost is determined based on the original cost of each of financial investment book keeping subject.

Income and expenses from financial investments are recognized in other income and expenses.

Financial investments are tested for impairment in the Company on a regular basis. The consistent and significant decrease of investment value, if current market value of such investments is not estimated and the decrease is lower than economic benefits that the Company expects to receive from these investments in the regular course of business, is recognized as investment impairment. In such a case the Company calculates the estimated value of investments, equal to difference between their accounting value (book value) and amount of such decrease. If impairment testing identifies consistent and significant decrease of investment value, the Company creates investment impairment provision for the amount of difference between book value and estimated value of such investments.

If after investment impairment testing a consistent increase in investment estimated value is found out, previously created investment impairment provision is decreased and along with other profits it contributes to increase of the financial result. The amount of created provision is specified in clause 3.2 of the present Explanatory note.

## **2.7 Inventory / Stores**

The inventories are evaluated in the amount of actual expenditures on acquisition.

The estimation of inventory when issuing to production and in other retirements is carried out under the average net cost per each warehouse.

The reserves for inventory impairment are accumulated for the sum of the difference between the current market value and actual costs of inventories if the latter evaluation is higher than the current market value or the inventory is obsolete, damaged

The cost of inventories may not be recoverable if those inventories are damaged, if they have become wholly or partially obsolete, or if their selling prices have declined. The cost of inventories may also not be recoverable if the estimated costs of completion or the estimated costs necessary to make the sale have increased. In these cases the impairment of inventory should be done.

## **2.8 Deferred expenses**

The costs made by Company in the financial year, but concerning the following accounting periods, are detailed as deferrals costs of the future periods and are subject to writing off as required in regular intervals during the periods to which they are related to. The duration of such period is determined at the moment of

putting deferrals on the books.

The Company includes the following items as a part of deferred expenses:

- Payments on voluntary and obligatory insurance of property and workers;
- Costs of purchasing of copies of PC software programs;
- Costs of purchasing of Licenses for performing specific types of activities;
- Commissions of banks and other costs incurred by the Company in obtaining loans covering the full period of the loan;
- Other costs complied with requirements of criteria of deferrals.

As a part of deferrals, costs for research, developmental and technological works on which the Company does not have an exclusive right to results of intellectual activity can be detailed.

Term of writing off of costs on object of research and development which have yielded positive result, shall be determined by the commissions of Company and its branches based on expected term of use of research and development, during which the Company will receive economic gains (income), but no more than five years.

The above-stated deferrals, which are subject to writing off within 12 months after the reporting date are detailed in balance sheet item “Deferred expenses” as a part of current assets, and deferred expenses to be written off within 12 months after the reporting date are detailed in the balance sheet item “Other non-current assets”.

The breakdown of deferred expenses in the categories is as follows:

	MRUB	
<b>Deferred expenses category</b>	<b>As of 31.12.2018</b>	<b>As of 31.12.2017</b>
Assets that are created in connection with the estimated liabilities for remediation	228	234
Non-exclusive right to use the software	239	263
Insurance contracts expenses	14	5
Commission on credit agreements	15	17
Other deferred expenses	89	34
<b>Deferred expenses, total</b>	<b>585</b>	<b>553</b>

## 2.9 Receivables of buyers and customers

Receivables of buyers and customers have been determined based on the prices of the Agreements between the Company and buyers (customers) including VAT. Non-recoverable indebtedness shall be written off the balance upon recognition as such.

Receivables, including debts on down payments made to the contractors, which have been not repaid in terms, stipulated by agreements, and not covered by respective performance bonds or by some other ways, are detailed net of provision for doubtful debts. This provision represents a best estimation made by management of the Company with regard to that part of the indebtedness which, probably, will not be recovered. The accrued provisions for doubtful debts are accounted as other costs. In case of repayment of debt for which the provision has been previously created, the corresponding amount of a provision is restored.

## 2.10 Cash and cash equivalents

As part of cash and cash equivalents in the balance sheet, the Company reflects cash funds on current accounts in roubles and foreign currency, as well as in special accounts with credit institutions - by letters of credit, deposits (deposits) with original maturities less than three months, the trust fund.

The information of cash and cash equivalents flows is shown in the statement of cash flows. This report is prepared in accordance with the Regulations on accounting "Statement of cash flows" PBU 23/2011.

MRUB		
Cash and cash equivalents	31 December 2018	31 December 2017
Cash in bank	3 233	1 018
Call deposits	2 446	4 769
<b>Total</b>	<b>5 679</b>	<b>5 787</b>

As of 31 December 2018 and 2017, cash and cash equivalents were mainly denominated in RUB.

Cash flows arising from deposits flows are reported on a net basis in the statement of cash flows for the year ended 31 December 2018 and for the year ended 31 December 2017.

## 2.11 Borrowings and credits

The accounts payable under the received credits and loans are considered and detailed in the reporting together with interests due at the end of an accounting period.

The additional costs directly connected with reception of loans and credits, placement of loan funds, are written off to expenses during the period of maturity of respective loans and credits.

Charge of due costs (interests, discounts) under loan funds obligations are detailed in those accounting periods to which the given charges are concerned according to the concluded agreements.

At the end of an accounting period the Company shall perform the transferring of the long-term indebtedness under the received loans and credits into short-term indebtedness if under terms and conditions of contract of a loan and (or) credit, 365 days remain until return of a principal amount of a debt.

The interest accrued on loans received by the Company for acquisition of investment assets is included in the investment asset value, if the asset is not yet recognized as a fixed asset. If the asset is recognized as a fixed asset and in case of interest accrued on other loans, the accrued interest is included in other expenses.

As at 31 December 2018, the Company has entered into credit agreements with financial companies totalling 26 billion roubles with the possibility of draw down as required by additional agreements to existing contracts (RUB 38.0 bln. as at 31.12.2017).

As at 31 December 2018, the Company has the opportunity to raise borrowed funds

in the amount of up to RUB 45 billion through the placement of exchange-traded bonds within the registered program.

## **2.12 Provisions for employee benefits**

The Company records its costs in the accounting and reporting on an accrual basis. In 2018 the Company created a provision for payment of quarterly and annual bonuses, as well as for payment of vacation allowance. In accordance with the accounting policy of the Company the provision is subject to inventory. As of the year-end the Company's accounting may reflect the balance of the provision amount that is equal to the amount of bonuses accrued for the current year and the amount of unused vacation allowance, payable in the subsequent year.

As at 31.12.2018 the amount of provision for employee benefits was 507 MRUB.

## **2.13 Revenue recognition and forming cost**

Proceeds from sales of products and rendering services recognized as dispatch of products and rendering services to buyers has been performed and corresponding invoices and settlement documents have been submitted to them. These Proceeds are shown in financial statements as their value net of VAT.

Revenues from standard types of activities in 2018 comprise proceeds from sales of products (realization) and the incomes connected with fulfilment of works, rendering of services, including the following:

- Revenue from sales of electricity and thermal energy;
- Revenue from sales of capacity;
- Revenue from sales proceeds from auxiliary kinds of activity (sales of chemically purified water, circulating water, condensate etc.);
- Revenue from sales of other finished products of auxiliary production shops;
- Revenue from sales proceeds from executed works (services) of industrial type;
- Revenue from sales of other goods, works and services of non-industrial type.

The following items are recognized as a part of other income of the Company:

- Income from sale of securities;
- Income from sale of currency;
- Income from sale of fixed assets and other property;
- Income from rendering other services.

Expenses from ordinary activities are the costs associated with the manufacture of products and sale of products, the acquisition and sale of goods. Such costs are also considered costs, the implementation of which is associated with the performance of work, rendering of services. Accounting of the expenses from ordinary activities is recorded on accounts 20 - 39. Accounts 20 - 29 are used for calculating the cost of goods (works, services) accounts 31 - 35 are used to account for the cost of items. 39 accounts used to close expense accounts to the accounts of 31-35 cost of goods

manufactured or services rendered. The relationship of accounting for expenditure items is done using special accounting units.

Expenses for management of the Company are not identified separately and included in expenses from ordinary activities (cost of goods sold).

Costs directly related to sales of products are recognized commercial expenses with calculation of the costs of account 44 " Cost of selling" and subsequently written off the account 90.07 "Selling expenses ". These expenses are allocated to the Profit and Loss Account on a separate line as "Commercial expenses".

#### **2.14 Capital and reserves**

Authorized capital is detailed in the amount of a nominal value of ordinary shares. The amount of authorized capital corresponds to the value established in the Company charter.

The additional paid-in capital of the Company includes the amount of issuing income received as a result of distribution of shares of the Company by the price, exceeding their nominal value.

According to the legislation, the Company establishes reserve fund in the amount of 5% of the authorized capital. The amount of annual allocations into the Company reserve fund shall make up 5% of the Company net profit.

#### **2.15 Estimation uncertainty**

Discussed below are key assumptions concerning future events and other key sources of estimation uncertainty at the reporting date that create a significant risk that material adjustments to the carrying values of assets and liabilities will be required within the next financial year:

- Provision for doubtful debts;
- Useful lives of intangible assets;
- Provisions for contingencies.

#### **2.16 Changes in the accounting policy for 2019**

The Company General Manager Order No. 82 dd. 24.12.2018 approved new accounting policy for the year 2019 in accordance to which the following substantial changes were made:

Clause 2.11. "Financial instruments transactions" was supplemented with sub-clause 2.11.2 "Accounting for hedging operations" according to which hedging financial instruments shall be reflected in accounting at fair value. Upon initial recognition of such instruments, their fair value is usually zero. The fair value of these financial instruments and its changes reflected in accounting are estimated on the last working day of the month of the reporting period, on the date of derecognition (including the date of derecognition of the instrument as a hedging instrument), on the date when claims and (or) payment obligations arise in accordance with the contract of interim payments on the instrument, made during the term of the contract for the fulfillment

of obligations under this contract.

The company's reports disclose the following information on financial hedging instruments:

The company's balance sheet shows financial hedging instruments (DFI); the ones which are expected to bring economic benefits for the period of more than 12 months after the reporting date, are reflected in other fixed assets in the additional line "Derivative financial instruments" of Section I "Fixed assets", if less than 12 months - as part of other current assets in the line "Derivative financial instruments" of Section II "Current assets". DFIs which are expected to experience decrease of economic benefits for the period of more than 12 months after the reporting date are reflected in the balance sheet as part of other long-term liabilities in the line "Obligations for derivative financial instruments" of Section IV "Long-term liabilities", if less than 12 months - as part of other short-term obligations under the line "Obligations for derivative financial instruments" of Section V "Short-term liabilities";

The revaluation surplus (markdown) of the effective part of the hedging instruments is reflected in the balance sheet in Section III "Capital and reserves" in the line "The result of the revaluation (devaluation) of the hedging instruments".

If the DFI contract is executed within a certain period of time, the corresponding benefit or loss recognized as add-on capital shall be excluded from the capital and recognized as profit / loss or in the relevant balance sheet item for which the underlying asset is taken into account, the same period or periods during which the hedged projected cash flows affect the profit / loss or recognition of the underlying asset.

The statement of financial results (OFR) of the Company discloses the following information about DFI:

- composition of other income and other expenses "including" the ones reflected in the lines "Profits from operations with DFIs", "Losses from operations with DFIs" in the ineffective part of DFIs, which is a hedging instrument;
- for the line "Result from other operations not included in the net profit (loss) of the period" in the effective part of the DFI, which is a hedging instrument.

Cash flows on hedging operations are to be reflected in the Report and cash flows in the way similar to cash flows on a hedged item.

The tables below provides information about the estimate impact of these changes:



1. Balance sheet:

MRUR

№	Name	2018		2017	
		New accounting policy	Previous accounting policy	New accounting policy	Previous accounting policy
1	Long-term derivatives and hedging instruments	-	-	637	-
2	Short-term derivatives and hedging instruments	1366	-	155	-
3	Changes in fair value of derivatives and hedging instruments	192	-	173	-
4	Retained earnings / (accumulated deficit) of the current year	5521	5081	6403	5942
5	Retained earnings / (accumulated deficit) of the previous year	16521	16060	15316	15316
6	Deferred tax liabilities	7345	7230	6844	6685

2. Income statement:

MRUR

№	Name	2018	
		New accounting policy	Previous accounting policy
1	Other income	3 571	3 017
2	Profit (losses) before taxes	7 095	6 541
3	Change of deferred tax liabilities	(656)	(545)
4	Net income/(losses)	5 525	5 081

### **3. Disclosure of significant accounting parameters**

#### **3.1 Fixed assets**

The fixed assets and related accumulated depreciation include the following:

						MRUB
Group of fixed assets	Land lots	Buildings and structures	Machines and equipment	Transport	Other	Total
<b>Cost at</b>						
31 December 2017	152	31 293	104 212	108	252	136 017
Acquisitions	1	367	3807	7	35	4217
Disposals	–	33	640	2	5	680
31 December 2018	153	31 627	107 379	113	282	139 554
<b>Accumulated depreciation</b>						
31 December 2017	–	8 200	46 312	84	179	54 775
Depreciation allowances	–	913	5 023	9	23	5 968
Disposals	–	13	618	2	5	638
31 December 2018	–	9 100	50 717	91	197	60 105
<b>Net book value at</b>						
31 December 2017	152	23 093	57 900	24	73	81 242
31 December 2018	153	22 527	56 662	22	85	79 449

As of 31 December 2018 the residual value of fixed assets was RUB 79 449 mln (RUB 81 242 mln in 2017).

During 2018, fixed assets for the amount of RUB 4 217 mln have been received, including acquired fixed assets for the amount of RUB 144 mln, constructed new facilities for the amount of RUB 1 057 mln, performed works on reconstruction, additional construction and reequipping that increase the cost of fixed assets by the total amount of RUB 3 016 mln, registered in the books, retired fixed assets at the initial cost of RUB 681 mln, including the partially wound up fixed assets for the amount of RUB 28 mln.

For year 2018 depreciation in the amount of RUB 5 968 mln has been accrued, RUB 5 966 mln were included in the cost of goods sold, and RUB 2 mln were included in the other expenses.

As of 31 December 2018 there were no fixed assets which comprise the facilities of real estate property that are commissioned and are under the process of state registration.

As of 31 December 2018 the following fixed assets, mothballed for over three months, for which the depreciation has been suspended, are included in the fixed assets:

		MRUB	
Fixed assets	Book value of fixed assets as of 31.12.2018	Book value of fixed assets as of 31.12.2017	
Chimney No. 1	16	16	

As of 31 December 2018, there were no fixed assets for which the duration of the revamping exceeds 12 months and depreciation accrual is suspended.

There were no fixed assets lodged as collateral for bank loans as of 31.12.2018 and as of 31.12.2017. During the reporting period expenses for credits and loans were not capitalized.

Fixed assets include items, consumer properties of which do not change over time, i.e. such items are not subject to depreciation. The information on such items is specified in the table below:

MRUB		
Fixed assets	Book value as of 31.12.2018	Book value as of 31.12.2017
Land lots	153	152
Other types of fixed assets	-	2
<b>Total</b>	<b>153</b>	<b>154</b>

The depreciation of other types of fixed assets is charged to the off-balance account. As of 31.12.2018 the depreciation amounted to RUB 0,1 mln.

The information on the fixed assets, obtained under lease agreements and recorded on the off-balance, is provided below:

MRUB				
Group of fixed assets	Book value of fixed assets as of 31.12.2017	Acquisitions of fixed assets	Disposals of fixed assets	Book value of fixed assets as of 31.12.2018
<b>Lease in</b>	<b>815</b>	-	<b>32</b>	<b>783</b>
Land lots	701	-	22	679
Buildings and structures	102	-	-	102
Others	12	-	10	2

The information on the fixed assets provided under lease agreements and recorded in the off-balance is provided below:

MRUB				
Group of fixed assets	Book value of fixed assets as of 31.12.2017	Acquisitions of fixed assets	Disposals of fixed assets	Book value of fixed assets as of 31.12.2018
<b>Lease out</b>	<b>195</b>	<b>70</b>	<b>22</b>	<b>243</b>
Buildings and structures	180	46	16	210
Machines and equipment	5	21	3	23
Transport	2	3	3	2
Other	8	-	-	8

The information about the objects obtained under lease agreements accounted for in off-balance and sublet, is presented below:

MRUB				
Group of fixed assets	Book value of fixed assets as of 31.12.2017	Acquisitions of fixed assets	Disposals of fixed assets	Book value of fixed assets as of 31.12.2018
Submitted to rent	8	-	7	1
Land	8	-	7	1

In accordance with the Company's accounting policy, the non-current assets to be specified in the "Fixed assets" line in the balance sheet include:

- Equipment to be installed;
- Capital investments in construction in progress and advance payments made to suppliers of fixed assets and contractors for construction.

Advance payments and capital investments in construction are indicated net of VAT and net of the provision for doubtful debts in this line. VAT on these advance payments is specified as a part of accounts receivable.

The movement of this group of assets during the reporting period was as follows:

For the 2017:

MRUB						
Positions	Amount as of the beginning of the year	Cost	Adopted as part of capital investments	Write-off	Adopted as part of FA and IA	Amount as of the end of the year
Equipment subject to installation	8 530	2 416	(3 306)	-	-	7 640
Capital investments in construction in progress and advances paid to suppliers and contractors operating on construction	2 968	9 593	(1 734)	-	(7 594)	3 233
Provision for impairment of advances and investments in construction in progress	(3 685)	(46)	-	-	-	(3 731)
<b>Total (a similar amount disclosed in the notes to the balance sheet item. 2.2)</b>	<b>7 813</b>	<b>11 963</b>	<b>(5 040)</b>	<b>-</b>	<b>(7 594)</b>	<b>7 142</b>

For the 2018:

MRUB						
Positions	Amount as of the beginning of the year	Cost	Adopted as part of capital investments	Write-off	Adopted as part of FA and IA	Amount as of the end of the year
Equipment subject to installation	7 640	1 630	(1 915)	-	-	7 355
Capital investments in construction in progress and advances paid to suppliers and contractors operating on construction	3 233	6 403	(1 429)	(46)	(4 217)	3 944
Provision for impairment of advances and materials in construction in progress	(3 731)	6	-	45	-	(3 680)
<b>Total (a similar amount disclosed in the notes to the balance sheet item. 2.2)</b>	<b>7 142</b>	<b>8 039</b>	<b>(3 344)</b>	<b>(1)</b>	<b>(4 217)</b>	<b>7 619</b>

As of 31 December 2018, the equipment to be installed includes equipment for the suspended construction project of the CCGT with a book value of RUB 1 787 million. The equipment is stored as equipment for the Company's power plants.

### 3.2 Financial investments

Information on the availability and movement of financial investments in the reporting period is provided in Table 3.1 of the Explanations to the balance sheet and income statement.

As of 31 December, 2018 the cost of the financial investments amounted to:

MRUB			
Category	2018	2017	2016
Equity financial investments for which the current market value is not determined	697	507	25
Equity financial investments for which the current market value is determined	33	37	-
Debt financial investments for which the current market value is not determined	893	937	1 496
<b>Total</b>	<b>1 623</b>	<b>1 481</b>	<b>1 521</b>

## Long-term financial investments

Information concerning investment flows in 2018 is given in the table below:

MRUB

Type of financial investment	Balance as of 31.12.2017	Provision for impairment of financial investments as of 31.12.2017	Received	Retired	Transferred to short-term	Balance as of 31.12.2018	Provision for impairment of financial investments as of 31.12.2018
<b>Current market value of equity financial investments is not determined</b>							
OGK-5 Finance LLC (100% share)	10	-	-	(10)	-	-	-
Health Care Centre "Energetik" PJSC (100% share)	10	-	-	-	-	10	-
Ispytatelny Stend Ivanovskoi GRES PJSC (ordinary shares)	5	-	-	-	-	5	-
LLC "Enel Rus Wind Azov" (100% share)	226	-	200	-	-	426	-
LLC "Enel Rus Wind Generation" (100% share)	136	-	-	-	-	136	-
LLC "Enel Rus Wind Kola" (100% share)	43	-	-	-	-	43	-
JSC "Teploprogress" ordinary shares	77	(77)	-	-	-	77	(77)
<b>Current market value of equity financial investments is determined</b>							
PJSC Inter Rao ordinary shares	8	-	-	-	1	9	-
PJSC Mosenergo ordinary shares	3	-	-	-	(1)	2	-
PJSC OGK-2 ordinary shares	1	-	-	-	-	1	-
PJSC Unipro ordinary shares	8	-	-	-	-	8	-
PJSC Rushydro ordinary shares	9	-	-	-	(4)	5	-
PJSC TGK-1 ordinary shares	1	-	-	-	-	1	-
PJSC FSK UES ordinary shares	5	-	-	-	-	5	-
PJSC Rosseti ordinary shares	2	-	-	-	-	2	-
<b>Total investments</b>	<b>544</b>	<b>(77)</b>	<b>200</b>	<b>(10)</b>	<b>(4)</b>	<b>730</b>	<b>(77)</b>

Subsidiary companies:

Title and organizational legal form of a subsidiary company	Location	Type of activities
Health Care Centre "Energetik" LLC	Town of Nevinomyssk, Stavropol territory, Per. Sportivny 6, bld.B.	Rendering sanatorium services and medical assistance
OGK-5 Finance LLC	City of Moscow, Pavlovskaya str. 7, bld.1.	Security Papers Management
JSC Teploprogress	SVERDLOVSK region, Sredneursk, URALSKAYA str. 26	Ensuring central heating operability
LLC Enel Rus Wind Generation	MOSCOW, PAVLOVSKAYA str. 7, bld. 1	Production of electricity, derived from renewable energy sources, including solar, wind, geothermal power plants as well as activities to ensure their efficiency

LLC Enel Rus Wind Azov	MOSCOW, COSMODAMIANSKAYA Naberezhnaya 4/22, bld. A, room I	Scientific researches and developments in the field of natural and technical sciences Repair of electrical equipment, Installation of industrial machines and of equipment
LLC Enel Rus Wind Kola	MURMANSK region, CITY OF MURMANSK, KAPITANA MAKLAKOVA str. 3	Production, transmission and power distribution
LLC Reftinskaya GRES	SVERDLOVSK region, Rabochy Poselok REFTINSKY	Electricity production by thermal power plants

All subsidiary companies are fully owned by the Company and do not have signs of significant reduction in value.

### 3.3 Inventories

The inventories are evaluated in the amount of actual expenditures on acquisition.

The estimation of inventory in taking out thereof for production and other retirements was carried out in 2018 under the average net cost for all warehouses of the power plant.

Provision for impairment of inventories has not been established, because there were no inventories which have become obsolete or have lost all or part of their original quality or whose current market value or sale value has decreased.

As of December 31, inventories consisted of the following items:

	MRUB		
	31 December 2018	31 December 2017	31 December 2016
Raw and other materials	394	415	423
Fuel	1771	2 596	2 004
Spare parts	2 343	2 324	2 294
Other inventories	313	321	290
<b>Total inventories</b>	<b>4 821</b>	<b>5 656</b>	<b>5 011</b>

### 3.4 Accounts receivable

The information on availability and movement of accounts receivable for the reporting period is shown in Table 5.1. of the Explanations to the balance sheet and income statement.

As of December 31 accounts receivable structure was as follows:

Indicators	2018		2017	
	Maturity less than 12 months	Maturity more than 12 months	Maturity less than 12 months	Maturity more than 12 months
Accounts receivable from customers (net of provision for doubtful debts)	5628	-	5 112	-
Accounts receivable on down payments made (net of provision for doubtful debts)	615	-	265	-
Other accounts receivable (net of provision for doubtful debts)	425	1 530	928	304
<b>Total</b>	<b>6 668</b>	<b>1 530</b>	<b>6 305</b>	<b>304</b>

Accounts receivable is determined on the basis of the price of the Contract between the Company and the debtor, including VAT.

### Account breakdown of long-term accounts receivable

№	Description	MRUB	
		Amount as of 31.12.2018	Amount as of 31.12.2017
	Other debtors, including:	1 530	304
	- Loans given	1 464	225
	- Other settlements with the staff	59	72
	- Other	7	7

### Comparative analysis of short-term accounts receivable

		MRUB		
		As of 31.12.2018	As of 31.12.2017	Increase (+) / decrease (-)
1	Buyers and customers	9 775	8 537	1 238
2	Advances paid	615	265	350
3	Other borrowers	2 765	3 521	(756)
	<b>Total short-term accounts receivable</b>	<b>13 155</b>	<b>12 323</b>	<b>832</b>

Throughout the accounting year, the accounts receivable of buyers and customers for the principal type of activity (sales of electricity and heat) accrued for the total amount of RUB 85 882 mln, for other activities - RUB 791 mln. Of them paid in cash – RUB 4 301 mln., credited previously received in advance – RUB 80 645 mln., offsetting of mutual claims done in the amount of RUB 31 mln., as well as other repayment – RUB 465 mln.. Effect on the financial result include: a positive exchange rate difference in the amount of RUB 7 mln.

### Bad debt allowance

The amount of bad debt allowance is established by the Company management on the basis of determining the specific consumers' solvency and analysing tendencies and prospects of reception of payment and redemption of indebtedness, and also based on the analysis of expected future cash flows. The rules for creation of bad debt allowance are stipulated by the accounting policy of the Company (clause 2.9). According to the accounting policy for accounting purposes the amount of the bad debt allowance shall be determined separately for each contractor depending on its financial solvency and possible failure to repay its indebtedness in full or in part.

Within the reporting year the bad debt allowance in the amount of RUB 595 mln for the accounts receivable was written back due to the repayment of indebtedness. The new bad debt allowance in the amount of RUB 1 444 mln for the indebtedness of insolvent debtors was created.

As of 31 December the amount of the bad debt allowance, amending accounts receivable in the balance sheet, was:

		MRUB	
No.	Contractor's name	2018	2017
	<b>Total reserve for doubtful debts:</b>	<b>6 487</b>	<b>6 018</b>
	including		
1	Provisions for doubtful customer receivables:	4 147	3 425
2	Provisions for doubtful debts on down payments issued	-	-
3	Provisions for other debtors' doubtful receivables	2 340	2 593

### Loans granted

Other receivables comprise non-interest bearing loans issued by the Company to its subsidiary:

	MRUB	
	As of 31.12.2018	As of 31.12.2017
LLC "Enel Rus Wind Generation"	-	223
LLC "Enel Rus Wind Azov"	-	1
LLC "Enel Rus Wind Kola"	1464	1
<b>Total</b>	<b>1464</b>	<b>225</b>

### 3.5 Borrowed funds

Borrowed funds as of 31 December included:

	2018		2017		2016	
	Short-term borrowed funds	Long-term borrowed funds	Short-term borrowed funds	Long-term borrowed funds	Short-term borrowed funds	Long-term borrowed funds
Bank loans	29	24 811	16	13 889	16	16 127
Bonds	-	-	10 206	-	202	10 000
Current portion of long-term liabilities	9 418	(9 418)	2 801	(2 801)	2 743	(2 743)
<b>Total borrowed funds</b>	<b>9 447</b>	<b>15 393</b>	<b>13 023</b>	<b>11 088</b>	<b>2 961</b>	<b>23 384</b>

In 2018 the borrowing costs included into expenses and the cost of investment assets were RUB 2 013 mln, including accrued interest of RUB 1 813 mln, and other financial expenses, related to obtained borrowings - RUB 200 mln. and in 2017 the borrowing costs included into expenses were RUB 2 228 mln, including accrued interest of RUB 2 112 mln., other financial expenses, related to obtained borrowings in the amount of RUB 116 mln. During 2018 the Company fully refinanced bonds in amount of RUB 10 000 mln. and loans in amount RUB 3 986 mln.

#### Short-term borrowed funds

Short-term borrowed funds as of December 31, 2018 had the following structure:

Description	Loan balance as of 31.12.2018, mln RUB	Loan balance as of 31.12.2018, in the loan currency with specification of the currency	Annual interest rate, %	Repayment period	Security provided
<b>Loans:</b>					
European Investment Bank (current portion and outstanding interest)	765	EUR 10 mln	1,48%-8,5%	During 2019	Nordea Bank AB (publ) и Intesa Sanpaolo S.P.A
UKB (current portion and outstanding interest)	6 682	RUR 6 682 mln		During 2019	Without security provided
GazPromBank JSC (current portion and outstanding interest)	2 000	RUR 2 000 mln		During 2019	Without security provided
<b>Loans total</b>	<b>9 447</b>	-	-	-	-
<b>Total borrowed funds</b>	<b>9 447</b>	-	-	-	-

The book value of short-term credits and loans is denominated in the following currency (balance in mln. as of December 31):



	2018	2017	2016
Russian roubles	9 447	13 023	2 961
Euro (in the currency of loans and borrowings)	10	12	12

### **Long-Term Borrowed Funds**

Long-term borrowed funds as of December 31, 2018 had the following structure:

Description	Loan balance as of 31.12.2018, mln RUB	Loan balance as of 31.12.2018, in the loan currency with specification of the currency	Annual interest rate, %	Repayment period	Security provided
<b>Loans:</b>					
European Investment Bank	5 060	EUR 64 mln	1,48%-8,5%	Until 2026	Bank guarantees Nordea Bank AB (publ) and Intesa Sanpaolo S.P.A
Unicredit Bank	3 333	RUR 3 333 mln		Until 2021	Without security provided
GazPromBank	7 000	RUR 7 000 mln		Until 2021	Without security provided
<b>Loans total</b>	<b>15 393</b>	-	-	-	-
<b>Total borrowed funds</b>	<b>15 393</b>	-	-	-	-

Repayment schedule of borrowed funds is provided below at the rate as of 31.12.2018 (amounts are shown without outstanding interests):

	Amount in roubles (MRUB)
2019	9 418
2020	4 418
2021	7 418
After 2021	3 558

The book value of long-term borrowed funds is denominated in the following currency (balance in mln. as of December 31):

	2018	2017	2016
Russian roubles	15 393	11 088	23 384
Euro ((in the currency of loans and borrowings)	64	88	100

### **3.6 Short-Term Accounts Payable**

Short-term accounts payable amounted to RUB 7 310 mln as of 31.12.2018 (RUB 9 994 mln as of 31.12.2017) that included accounts payable to suppliers and contractors amounting to RUB 5 096 mln (RUB 6 276 mln as of 31.12.2017), taxes and charges payable was RUB 1 534 mln (RUB 1 126 mln as of 31.12.2017), down payments received was RUB 15 mln (RUB 6 mln as of 31.12.2017), wage and salary was 159 mln. and other accounts payable was RUB 506 mln (RUB 2 586 mln as of 31.12.2017).

In 2018 the amount of 1 mln.rub was written off under financial result.

### 3.7 Company's shares

As of December 31, 2018 the authorized capital of the Company is paid in full and amounts to RUB 35 372 mln. The authorized capital consists of:

	Total number (pcs)	Nominal value of shares in rubles
Ordinary shares	35 371 898 370	1,00
Preference shares	–	–
<b>Total</b>	<b>35 371 898 370</b>	<b>–</b>

### 3.8 Additional and reserve capital

Additional capital was increased by 39 mln. as a result of the treasure shares sales during the financial year. As of December 31, 2018 it amounted to RUB 7,347 mln.

Pursuant to the applicable legislation the Company has created its reserve capital in the amount of 5% of its authorized capital. In accordance with the Charter of the Company the amount of annual additions to the Company's reserve capital shall be 5% of the Company's net profit. In 2018 the Company allocated to the reserve fund RUB 81 mln. from the profit of 2017. As of 31.12.2018 the reserve capital is amounted to RUB 1,769 mln., which is equal of the maximum amount.

### 3.9 Accumulated profit (loss)

As of 31.12.2018 accumulated profit (loss) of the Company amounted to RUB 21 141 mln. As of 31.12.2017 accumulated profit (loss) in the amount of RUB 21 258 mln were accounted in the Company's Balance Sheet.

Changes in the structure of accumulated profit (loss) were due to the net profit of the Company in the reporting year in the amount of RUB 5 081 mln. and the distribution of net profit for 2017 in the amount of RUB 5 208 mln. included:

- distributed dividends for 2017 in the amount of RUB 5 127 mln;
- distributed amount to the reserve fund in the amount of RUB 81 mln.

Also in 2018 dividends for the 2014 were returned in the amount of RUB 10 mln.;

### 3.10 Provisions for contingent liabilities and the estimated short-term liabilities

The movement per items of provisions is below:

Type of provision	MRUB					
	Restructuring	Onerous contracts	Provision for legal claims	Personnel related provision	Other	Total
Balance as of January 1, 2018	134	449	238	458	1 784	3 063
Provisions created during the reporting period	141	888	70	790	981	2 870
Provisions restored during the reporting	-	-	(133)	(99)	(38)	(270)

period						
Provisions used during the reporting period	(65)	(578)	(4)	(642)	(477)	(1 766)
Discount expenses	5	-	-	-	4	9
Balance as of December 31, 2018	215	759	171	507	2 254	3 906
<i>incl. long-term</i>	<i>118</i>	<i>-</i>	<i>-</i>	<i>68</i>	<i>302</i>	<i>488</i>
<i>short-term</i>	<i>97</i>	<i>759</i>	<i>171</i>	<i>439</i>	<i>1952</i>	<i>3 418</i>

### *Restructuring*

As of December 31, 2018 the provision for restructuring amounted to RUB 215 mln. The provision was recognized by the Company to make future payments during redundancy dismissals.

### *Onerous contract*

The provision for onerous (loss-making) contracts relates to the future supplies to the buyers of Caucasian region. The provision is based on estimating the expenses for fuel related to electricity supply. The Company expects outflow of economic benefits within the next three years.

### *Provision for legal claims*

The total amount of the reserve for legal claims as of 31.12.2018 was in the amount of RUB 171 mln.

### *Personnel related provision*

The total amount of the provision as of 31.12.2018 is RUB 507 mln. included long term bonuses amounted of RUB 68 mln.

### *Other*

Such provision includes the dismantling provision, environmental risk assessment, tax and other provisions created in accordance with the legislation of the Russian Federation.

The dismantling provision was recognized due to additional expenses related to dismantling of the ash lagoon in the amount that as of 31.12.2018 totalled RUB 166 mln. (as of 31.12.2017: RUB 184 mln.).

## **3.11 Income and expenses of conventional types of activities**

Incomes and expenses for a financial year are detailed in the Income Statement separately by conventional types of activities and other incomes and expenses with breakdown by types and amounts.

For the financial year the revenue has decreased in comparison with previous year by RUB 1 006 mln and made up RUB 73 452 mln.

The information on the revenue (net) from selling goods, products, works, services (net of VAT, excise taxes, and similar mandatory payments) (Accounting Standards 9/99), cost of the sold goods, products, works, services, and also commercial and management expenses is given here below (Accounting Standards 10/99):

MRUB

Types of activity	Revenue (net) from selling goods, products, works, services (net of VAT, excises and other similar payments)	Cost of the sold goods, products, work, services	Gross profit
Electric power	50 243	38 825	11 418
Capacity	20 072	18 529	1 543
Heat power	3 593	4 178	(585)
Other	550	512	38
<b>Total for 2017</b>	<b>74 458</b>	<b>62 044</b>	<b>12 414</b>

MRUB			
Types of activity	Revenue (net) from selling goods, products, works, services (net of VAT, excises and other similar payments)	Cost of the sold goods, products, work, services	Gross profit
Electric power	49 665	38 978	10 687
Capacity	19 613	18 057	1 556
Heat power	3 503	4 062	(559)
Other	671	518	153
<b>Total for 2018</b>	<b>73 452</b>	<b>61 615</b>	<b>11 837</b>

The information on the cost as per elements of expenses (clause 22 of the RAS 10/99) is below:

Indicators	MRUB	
	2017	2018
Material expenses, incl.: Raw and other materials	428	447
Salaries and wages	3 760	3 793
Social security contributions	687	743
Depreciation payments	6 019	5 966
Expenses for energy resources of various types	41 391	41 465
Other expenses	9 759	9 201
<b>Expenses, total</b>	<b>62 044</b>	<b>61 615</b>

Commercial expenses were presented within the following items:

Commercial expenses	MRUB	
	2017	2018
Services by market operators	1 073	1 094
Ash sales services	1	1
<b>Commercial expenses, total</b>	<b>1 074</b>	<b>1 095</b>

The costs, which are not connected directly with production process (economic cost, etc.) on corresponding accounts, are included monthly in the actual net cost of manufactured products. The amount of such expenses in 2018 equals RUB 6 446 mln. (in 2017 the corresponding group of expenses was RUB 6 760 mln.).

### 3.12 Other income and expenditures

Other income and expenditures comprise the following groups:

Positions	MRUB	
	2017 г.	2018
<b>Other income</b>	<b>3 580</b>	<b>3 017</b>
including		
gain from recovery of reserves	1 416	1 720
gain from sales of FA	142	74
gain from sales materials	78	205
gain from sales financial investments	935	374
gain from sales account receivables	512	188
gain derived from fines	187	42
income from assets found	32	44
insurance compensation	45	136
income of previous years	108	10
other income	125	224
<b>Other expenses</b>	<b>5 514</b>	<b>5 727</b>
including		
foreign exchange loss	588	1 081
loss from recovery of reserves	777	73
loss from sales of non-current assets	1 716	3 097
loss from sales of materials and other current assets	113	66
loss from sales financial investments	39	119
loss from sales trade receivables	976	411
losses from the write-off of assets	632	266
fines and penalties	62	4
losses from the write-off of assets	53	31
financial expenses	225	240
other staff costs non - deductible	172	147
charity expenses	44	44
social overhead costs	33	31
losses from the write-off of assets non-deductible	1	5
other expenses	83	112

Other changes in net profit (loss) of the reporting period, presented in the Income Statement under item “Other”, are due to the following indicators:

Indicators	MRUB	
	for 2017	for 2018
Income tax under revised tax declarations for previous accounting periods	37	-
Penalties, fines on taxes and duties, accrued in the reporting period	(21)	(30)
Write-off of previously accrued DTA and DTL to financial result	50	-
<b>Total</b>	<b>66</b>	<b>(30)</b>

### 3.13 Taxes and charges

The Company recognized profit for 2018, the amount of contingent expense for the income tax in the reporting period was RUB 1 308 mln. (for 2017 the amount of contingent income for the income tax was RUB 1 537 mln.).

In the reporting year the amount of the constant differences that influenced the adjustment of the contingent expense by the income tax, calculated based on the tax accounting (the current income tax), made up RUB 606 mln. (2017: RUB 1 369 mln.)

MRUB

Positions	2018	2017
<b>Permanent taxable difference caused correction of provisional profits tax expense, total</b>	<b>606</b>	<b>1 369</b>
including:		
Expenses coming from collective agreement	84	54
Fines and penalties	-	123
Securities revaluation	3	-
Expenses for social sphere (charity)	74	75
Losses (profits) of previous years not counted in current period	150	528
Permanent differences on depreciation	217	235
Charges for excess negative environmental impact	19	-
Other permanent differences	59	354

Total amount of decrease of deductible temporary differences effected on correction of provisional profits tax expense with the purpose to define current income tax calculated on the base of fiscal accounting is RUB 362 mln. (2017: RUB 796 mln.).

Increase of deductible temporary differences is explained by accruals of reserves on contingent liabilities in the accounting, recognition of expenses on nonstate pension insurance fund in fiscal accounting which were recognised in the accounting earlier and recognition the losses of previous years in the tax return for the 2018.

MRUB

Positions	2018	2017
<b>Deductible temporary differences caused correction of provisional profits tax expense, total</b>	<b>362</b>	<b>(796)</b>
including:		
Deductible difference due to charging (use) of provisions	806	(928)
Deductible difference from losses of previous years	(247)	-
Deductible difference on depreciation	(93)	115
Deductible difference on payment to nonstate pension fund	(58)	19
Other deductible differences	(46)	(2)

Total amount of taxable temporary differences effected on correction of provisional profits tax expense with the purpose to define income tax calculated according to fiscal accounting regulations was RUB 2 724 mln. (2017: RUB 2 984 mln.).

Taxable temporary differences are conditioned by the Company recognition for the purpose of taxation of expenses for depreciation bonus while entering into operation and modernisation of items of fixed assets and differences between debt allowances were accrued by the tax and by the accounting purposes.

MRUB

Positions	2018	2017
<b>Taxable temporary differences caused correction of provisional profits tax expense, total</b>	<b>(2 724)</b>	<b>(2 984)</b>
including:		
Differences arisen when the depreciation bonus used	(2 610)	(2 984)
Differences arisen when bed the debt allowance accrued	(114)	-

According to fiscal accounting for 2018 profit was received in the amount of RUB 4 785 mln. Income tax was in the amount of RUB 957 mln.

MRUB

Indicators	Constituent of Income Tax	Tax Rate	Base Amount	Tax Amount
<b>Accounting Profit</b>	<b>Provisional Profits Tax Expense</b>	20%	6 541	1 308
<b>Taxable Temporary Differences</b>	<b>Deferred Tax Liabilities</b>			
- Differences arisen	- Deferred Tax Liabilities created	20%	(2 724)	(545)
<b>Deductible temporary differences :</b>	<b>Deferred Tax asset</b>			
- Differences arisen	- Deferred Tax Assets created	20%	963	193
- Differences paid off	- Deferred Tax Assets paid off	20%	(597)	(119)
<b>Permanent taxable differences</b>	<b>Permanent Taxable Liability</b>	20%	606	121
<b>Taxation base on tax declaration for 2018</b>	<b>Current income tax</b>	20%	4 785	957

During 2017 the Company was litigating in court with the decision taken by Interregional Tax Inspection of the Federal Tax Service for Major Taxpayers of Russia No. 4. to hold the Company liable for illegal tax relief in 2012 and reduced tax rate in 2013 on property tax regarding public railway tracks, main pipelines, power transmission lines, and facilities, which are an integral process part of the above mentioned items, as stipulated by clause 3 of article 380 of the Tax Code of the Russian Federation. The total amount of tax additionally charged on property tax was RUB 667 mln. which was paid by the Company in 2016. At the time of drafting the annual report the Company appealed the decision in the Constitutional Court.

In December 2018, the Interregional Tax Inspection of the Federal Tax Service of Russia for Major Taxpayers of Russia No. 4 completed the field tax audit for 2014-2016. Company await the decision till the end of April 2019

Total accrued property tax for 2018 amounted to RUB 1 219 mln (2017: RUB 1 776 mln.). Paid to the budget: RUB 1 395 mln (2017: RUB 1 800 mln.).

Decrease of tax liabilities on the property tax is connected with implementation of a tax relief according to Sverdlov region local Law № 35-OF "Property tax"

Total amount of accrued value-added tax, according to Chapter 21 of the Tax Code of the Russian Federation, amounted to RUB 13 994 mln. in. 2018 (2017: RUB 14 438 mln.). Tax deductions amounted to RUB 10 258 mln. in 2018 (2017: RUB

11 305 mln.). Therefore value-added tax to be paid to the state budget amounted to RUB 3 709 mln in 2018 (2017: RUB 3 132 mln.).

Value-added tax, paid to the state budget in 2018 – RUB 3 450 mln. (2017: RUB 2 999 mln.).

Other paid taxes and charges (land tax, water tax, transport tax, charges for negative environmental impact, state duties) totalled RUB 165 mln. in 2018 (2017: RUB 185 mln.).

### 3.14 Earnings / loss per share

The earnings per share are disclosed under the procedure provided for by the Methodical recommendations on disclosing of the information on earnings per share, approved by order of the Ministry of Finance of the Russian Federation dated 21.03.2000 No. 29n. The basic earnings per share reflect a part of the profit of an accounting period which can be potentially distributed among shareholders - holders of ordinary shares. It is calculated as the ratio of base profit for a financial year to the weighted average number of ordinary shares being in circulation within a financial year.

Calculation of the weighted average number of ordinary shares:

Date	Numbers of ordinary shares
01.01.2018	35 215 675 456
01.02.2018	35 215 675 456
01.03.2018	35 215 675 456
01.04.2018	35 215 675 456
01.05.2018	35 371 898 370
01.06.2018	35 371 898 370
01.07.2018	35 371 898 370
01.08.2018	35 371 898 370
01.09.2018	35 371 898 370
01.10.2018	35 371 898 370
01.11.2018	35 371 898 370
01.12.2018	35 371 898 370
<b>Total weighted average</b>	<b>35 319 824 065</b>

On August 18, 2017 the Company acquired its own shares in the amount of 156,222,914 from the subsidiary dependent company. On April 24, 2018 these treasury shares were sold in the market.

Calculation of profit / loss per share:

Item	MRUB	
	2018	2017
Base (loss) / profit for the financial year (mln RUB)	5 081	5 942
Weighted average number of ordinary shares in circulation within a financial year (thousands of shares)	35 320	35 320
Base (loss) / profit per share, RUB	0,1439	0,1682

The Company has no convertible securities and share purchase agreements with Issuers, therefore diluted earnings (loss) per share are not calculated.



### 3.15 Related parties disclosures

Parties are generally considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

In the normal course of business the Group enters into transactions with related parties.

Transactions with related parties mainly include sales of electricity operations, temporary provision of personnel, purchasing of engineering services, purchasing of consulting and IT services.

In accordance with PBU 11/2008 “Related parties disclosures” the Company should disclose the following information:

#### Main business entities

As of 31 December 2018 the principal shareholders were the following:

Company name	Ordinary shares	The authorized capital, %
Enel S.P.A	19 960 478 471	56,43
PFR Partners Fund I Limited	6 732 340 483	19,03

Shareholders who individually or jointly hold 5% or more of the total voting shares of the Company’s share capital:

Prosperity Capital Management Limited	2 910 893 393	8,23
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As of 31 December 2018 the ultimate controlling party was Italian Enel S.p.A listed on Milan Stock Exchange.

#### Subsidiaries and affiliates of the Company

- OGK-5 Finance LLC (subsidiary company, 100% shares owned by Enel Russia PJSC);
- Health Care Centre Energetik LLC (subsidiary company, 100% shares owned by PJSC Enel Russia)
- LLC Reftinskaya GRES (subsidiary company, 100% shares owned by PJSC Enel Russia)
- Teploprogress JSC (subsidiary company, 60% shares owned by PJSC Enel Russia);
- LLC “Enel Rus Wind Generation” (subsidiary company, 100% shares owned by PJSC Enel Russia)
- LLC “Enel Rus Wind Azov” (subsidiary company, 100% shares owned by PJSC Enel Russia)
- LLC “Enel Rus Wind Kola” (subsidiary company, 100% shares owned by PJSC Enel Russia)

LLC Prof-Energo (subsidiary company, 100% shares owned by Health Care Centre Energetik LLC)

### Related parties transactions

MRUB

Type of transactions	NATURE OF RELATIONS			
	Main business entity	Companies belonging to the same group of entities as the Company	Main business entity	Companies belonging to the same group of entities as the Company
	2017		2018	
Sales of products, goods (work, services)	14	919	-	1 176
Purchase of goods (work, services)	642	158	232	551
Other expenses	-	225	-	-

### Increase in the equity of subsidiaries

In June 2018 the equity of LLC “Enel Rus Wind Azov” was increased from RUB 10 thousand to RUB 200 mln.

### Accruals of related parties transactions

MRUB

Type of transactions	2017	2018
Balance as of January, 1	1 242	1 220
Provisions, created during the reporting period	522	697
Provisions, recovered during the reporting period	(4)	(36)
Provisions, used during the reporting period	(590)	(409)
Discounting expenses	50	148
Balance as of December, 31	1 220	1 620

### Cash flows with related parties

MRUB

Funds received	in 2017	in 2018
Proceeds from sale of products, goods, works and services (operating activities), including:	1 214	1 018
<i>main business entity</i>	192	32
<i>companies belonging to the same group of entities as the Company</i>	1 022	986
Return of the equity (investment activity), including:		10
<i>subsidiaries</i>	-	10
Loans repayments (investment activity), including:	-	834
<i>subsidiaries</i>	-	834
<b>Total funds received</b>	<b>1 214</b>	<b>1 862</b>

MRUB

Funds remitted	in 2017	in 2018
Payments to suppliers (contractors) for raw and other materials, works, services operating activities, including:	678	877
<i>main business entity</i>	660	245
<i>companies belonging to the same group of entities as the Company</i>	18	632
Payments due to acquisition, creation, modernization, reconstruction and preparation for use of non-current assets (investment activity), including:	-	308
<i>companies belonging to the same group of entities as the Company</i>	-	308

Acquisition of shares of other companies (share ownership) (investment activity)	-	243
<i>subsidiaries</i>	-	243
Loans to other entities (investment activity)	225	2 073
<i>subsidiaries</i>	225	2 073
Distributed dividends (financial activity)	1 294	2 748
<i>main business entity</i>	1 294	2 748
<b>Total funds remitted</b>	<b>2 197</b>	<b>6 249</b>

Transactions with related parties in progress

As of 31 December the indebtedness of the related parties to the Company and indebtedness of the Company to the related parties amounted to:

MRUB

Type of transactions	NATURE OF RELATIONS			
	Main business entity	Companies belonging to the same group of entities as the Company	Main business entity	Companies belonging to the same group of entities as the Company
	2017		2018	
Accounts receivable	28	391	-	1 792
Accounts payable	24	792	6	409

Transactions with key management personnel

Key management personnel:

- Members of the Board of Directors of the Company who have the opportunity to influence the Company's economic activities with their decisions;
- Members of the collegial executive body of the Company (the Management Board).

The list of members of the Board of Directors and the Management Board of the Company is given according to the general provisions. Terms of employment contracts with members of the Management Board of the Company were preliminarily approved by the Board of Directors of the Company. Settlements with Non-Governmental Pension Fund "VTB Pension Fund"

The payments made to the Non-State Pension Fund "VTB Pension Fund" were at the amount of RUB 205 mln. in 2018 (2017: RUB 338 mln.). There were no trade receivables or trade payables as of 31.12.2018.

Settlements with JSC "NPF "Otkrytie"

The payments made to JSC "NPF "Otkrytie" were at the amount of RUB 38 mln. in 2018 and there were no payments in 2017. There were no trade receivables or trade payables as of 31.12.2018.

Transactions with key management personnel:

Total remuneration paid to the members of the Board of Directors and Management Board were at the amount of RUB 154 mln. in 2018 (2017: RUB 105 mln.).

Social security fees for the 2018 were at the amount of RUB 14 mln. (2017: RUB 9 mln.)

The employee benefit obligations in the statement of financial position includes payables attributable to key management personnel at the amount of RUB 68 mln. for the year ended 31 December 2018 (2017: RUB 39 mln.).

### 3.16 Information by segments

The information by segments is not disclosed as the principal type of economic activities of the Company is production of power, capacity and heat, sale of which makes up 99,3% of the total revenue. The production technology of power, capacity and heat does not allow allocating separate operational segments. Besides the Company carries out other kinds of activities, which are not essential and do not form separate accounting segments either together or separately. The information on geographical segments is also not disclosed as the whole activity of the organization is limited to a uniform segment of the wholesale power and capacity market (the first price zone in classification of the Trading System Administrator) where the sources and character of the risks are approximately the same.

### 3.17 Subsequent events

LLC OGK-5 Finance was wound up by the decision of participants. On 29 of January 2019 the Moscow Tax inspection № 46 excluded LLC OGK-5 from the register of legal entities.

On 5 of March 2019 PJSC Enel Russia issued guarantees in favor of PJSC Sberbank Russia for the subsidiary company LLC Enel Rus Wind Kola loan in the amount of RUB 27 000 mln.

### 3.18 Information on Off-Balance Sheet Accounts

MRUB

Account name	Account number	Balance as of 31.12.2018	Balance as of 31.12.2017	Balance as of 31.12.2016
Leased fixed assets	001	783	815	1 763
Commodities and materials received for safe custody	002	21	102	694
Writing off as the loss of the debts of insolvent debtors	007	106	362	371
Securities received for commitments and payments	008	5 304	6 909	6 789
Securities given for commitments and payments	009	34 904	7 985	8 196
Depreciation of fixed assets	010	-	-	-

Securities received for commitments and payments are performance bonds received by the Company from third parties as a guarantee of performing by the third party of all commitments under the contract. Securities issued for commitments and payments are performance bonds issued by the Company to third parties as a guarantee of performing by the Company of all commitments under the contract.

### **3.19 Financial instruments of forward transactions**

General information on financial instruments of forward transactions (FIFT)

- Types of open transactions where the Company is a party – cross-currency swap;
- Purpose of the open transaction: hedging of currency risks;
- Rights and obligations of the Company on open transactions – current claims and obligations;
- Material transactions involving the Company that were not executed on time – none;
- Types of underlying assets that were the subject of the forward transactions – foreign currency

#### *Cross - currency swap*

According to the terms of the cross-currency swaps, the Company pays the bank payments in rubles (based on a fixed rate), receiving payments in euros (based on a fixed rate), which are further transferred to pay the bank-creditor interest and principal payments under loan agreement. This hedging transaction allows to fix the currency rate of payments from rubles (currency of proceeds) to euros (loan repayment), and, thus, to hedge against a decline in the financial result of the Company due to the depreciation of the ruble / euro.

### **3.20 Contingencies**

#### **Operating environment**

Russia continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Russian economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

The Russian economy has been negatively impacted by new US sanctions imposed on Russian oligarchs impacting directly their business and future cooperation. Russian rouble depreciated during the period mainly on political risks.

The combination of the above resulted in reduced access to capital, a higher cost of capital and uncertainty regarding economic growth, which could negatively affect the Group's future financial position, results of operations and business prospects. Management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances.

#### **Tax contingency**

Since 2012, section V.1 of the Tax Code of the Russian Federation entered into force. In accordance with paragraph 2 of Article 105.16, a company is required to submit to the tax authority at the place of a local tax administration a notice on controlled transactions made by the Company in 2018, by May 20, 2019.

In 2018, the Company determined tax liabilities arising in connection with controlled transactions, based on actual transaction prices.

The tax authorities may contend the price level applied by the Company in controlled transactions and add additional taxes to pay if the Company can not prove that market prices were used in controlled transactions, and if the Company does not provide proper reporting to the Russian tax authorities, supported by the relevant documentation on transfer pricing available at its disposal. The Company conducts controlled transactions in full compliance with legislation and with due diligence and expediency. At the time of reporting, there are no explanations of the supervisory bodies, nor judicial practice on the procedure of the application of Section V.1 of the Tax Code of the Russian Federation.

The tax system of the Russian Federation is characterized by frequent changes in legislative norms, official explanations and court decisions, often unclear and contradictory, which allows their ambiguous interpretation by various tax authorities. Inspections of the correctness of the calculation of taxes are handled by tax authorities that have the right to impose heavy fines and charge penalties. The tax authorities have the right to conduct field tax inspections within three calendar years preceding the year when the tax authorities decide to conduct a field tax audit.

These circumstances may lead to the fact that the tax risks in the Russian Federation will be much higher than in other countries. The management of the Company, proceeding from its understanding of the applicable Russian tax legislation, official explanations and court decisions, believes that the tax liabilities are reflected in the accounts in an adequate amount. However, the interpretation of these provisions by the tax authorities may be different and, if they can prove the legitimacy of their position, this could have a significant impact on these consolidated financial statements.

In general, the Company management believes that the Company paid or accrued all taxes established by the law. For taxes, except for the income tax, where there is an uncertainty, the Company accrued tax liabilities based on the management's best assessment of possible outflow of resources required to fulfil these obligations.

### **Insurance**

The Company applies the integrated comprehensive insurance policy. The Company insurance policy includes both mandatory and voluntary types of insurance and covers risks in respect of the Company assets, risks in respect of obligations to third parties and other insurable risks. The Company management takes appropriate measures to minimize potential negative impact on the Company property exposed to risks not covered by the existing insurance programs.

### **Environmental matters**

The Company and the enterprises, to which it is a successor, have been carrying out the activity in the energy sector in the Russian Federation for many years. The legislation on environment protection in the Russian Federation is at the development stage and corresponding measures of state authorities are constantly

revised. The Company carries out periodic review of its commitments in environment protection.

Potential commitments could arise as a result of changes in the legislation or civil procedure documents. The impact of these potential changes cannot be assessed. With regard to the situation developed as related to fulfilment of existing regulatory acts the management considers that there are no material obligations attributed to environment pollution, except for those with the provision accrued.

The fact that the Company is a subsidiary company of Enel Group demonstrates that specific attention is paid to environmental and safety issues.

### **Legal proceedings**

The Company is not party to any other legal proceedings, which upon final resolution may have material negative impact on the Company's financial condition, except for those with the provision accrued and recorded herein.

In August 2016 the short circuit in the coupling capacitance of the overhead power transmission line 'Anna-Reftinskaya GRES' activated the protective system of the power plant which prevented from the evolution of the accident: power generation was automatically stopped and all the outgoing lines from the Reftinskaya GRES were cut-out. The number of the blackouts were registered in the energy system and customers of the several regions experienced outages. Impact of the event for the purpose of disclosing cannot be measured with sufficient reliability based on the information available to the Company.

### **3.21 Business risks of the company**

The business risks of the Company are disclosed in detail in the consolidated financial statement of the Company and its subsidiaries for the year ending on December 31, 2018, prepared in compliance with the International Financial Reporting Standards, available at

<https://www.enelrussia.ru/en/investors/a201612-financial-reporting-0.html>

General Director

C. Palashano

Chief Accountant

Grishachev

22 March 2019

