

Independent auditor's report
on the financial statements of
PJSC Enel Russia
for 2017

April 2018

Translation of the original Russian version

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

Translation of the original Russian version

Contents	Page
Independent auditor's report	3
Appendices	
Financial statements of PJSC Enel Russia for 2017:	
Balance sheet	7
Statement of income	8
Appendices to balance sheet and statement of income	9

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 2017, statement of income for 2017 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 2017 and its financial performance and its cash flows for 2017 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.

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.

Translation of the original Russian version

Key audit matter	How our audit addressed the key audit matter
<p><i>Recognition and measurement equipment to be installed</i></p> <p>The Company recorded equipment for suspended construction project as part of equipment for installation. Due to significance of the cost of this equipment and uncertainty in its further usage and related classification, it was one of the matters of most significance in our audit.</p> <p>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.</p>	<p>In January 2018 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.</p>

Recognition, measurement and disclosure of provisions and contingencies

Recognition, measurement and disclosure of provisions and contingencies concerning legal issues, regulatory bodies' actions and counterparties' claims require significant judgment. Due to significance of provisions and contingent liabilities and difficulties in estimating their consequences, 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, among other procedures, included an analysis of court decisions and related correspondence, a discussion of these matters with the Company's legal department personnel and Group management, together with an analysis of the consequences of possible claims from counterparties and regulatory bodies.

Other information included in the Company's 2017 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 do 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 when it becomes available 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.

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.

Translation of the original Russian version

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.
- ▶ 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.

Translation of the original Russian version

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

3 April 2018

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, Kokhryakova street, building 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, 2016

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

OKUD Form	0710001		
Date (day, month, year)	31	12	2017
RNNBO No.	75012898		
TIN	6671156423		
OKVED	35.11.1		
OKOPF/OKFS No.	12247	34	
OKEI No.	384-(385)		

	Item	As of 31.12.2017	As of 31.12.2016	As of 31.12.2015
	ASSETS			
	I. NON-CURRENT ASSETS			
1.1	Intangible assets	-	-	3
	Results of research and developments	-	-	-
2.1, 2.2, 2.3, 2.4, ПЗ 3.1	Fixed assets	88 384	87 634	86 547
	Interest-bearing investments into tangible assets	-	-	-
3.1, 3.2, ПЗ 3.2	Financial investments	467	25	25
	Deferred tax assets	1 839	1 994	2 566
ПЗ 2.8	Other non-current assets	736	253	609
	Section I total	91 426	89 906	89 750
	II. CURRENT ASSETS			
4.1, 4.2, ПЗ 3.3	Inventories	5 656	5 011	5 355
ПЗ 2.8	Deferred expenses	121	96	396
	VAT on purchased goods	-	12	1 377
5.1, 5.2, ПЗ 3.4	Trade Receivables	6 305	6 609	8 310
3.1, 3.2, ПЗ 3.2	Financial investments	8	261	616
ПЗ 2.10	Cash	5 787	5 705	10 403
	Shareholder's receivables	-	-	-
	Other current assets	-	-	-
	Section II total	17 877	17 694	26 457
	TOTAL ASSETS	109 303	107 600	116 207

Form 0710001 p. 2

	Item	As of 31.12.2017	As of 31.12.2016	As of 31.12.2015
	LIABILITIES			
	III. EQUITY AND RESERVES 6			
ПЗ 3.7	Share capital (joint-stock capital, authorized capital, contributions of partners)	35 372	35 372	35 372
ПЗ 3.7	Shares purchased	(198)	-	-
	Revaluation of non-current assets	-	-	-
ПЗ 3.8	Additional capital (without revaluation)	7 308	7 308	7 308
ПЗ 3.8	Reserve capital	1 688	1 434	1 434
ПЗ 3.9	Retained earnings (uncovered loss) including	21 258	17 977	12 894
	Profits distributed by a decision of the General Meeting of Shareholders	15 316	12 894	14 697
	Undistributed profit	5 942	5 083	(1 803)
	Section III total	65 428	62 091	57 008
	IV. NON-CURRENT LIABILITIES			
ПЗ 3.5	Loans received	11 088	23 384	32 137
	Deferred tax liabilities	6 685	6 088	5 370
7, ПЗ 3.10	Reserves on contingencies	454	874	805
5.3	Other liabilities	-	-	2
	Section IV total	18 227	30 346	38 314
	V. CURRENT LIABILITIES			
ПЗ 3.5	Loans received	13 023	2 961	3 657
5.3, ПЗ 3.6	Accounts payable	9 994	9 327	13 861
	Deferred income	1	2	-
7, ПЗ 3.10	Provisions short	2 609	2 856	3 350
	Shareholder's payable	21	17	17
	Other liabilities	-	-	-
	Section V total	25 648	15 163	20 885
	TOTAL ASSETS	109 303	107 600	116 207



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C. Palasciano Villamagna

Chief Accountant

[Handwritten signature]

V. Grishachev

Income statement

for _____ year 20 17

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

Measurement unit: ~~RUR ths.~~ RUR mln.

OKUD Form

Date (day, month, year)

RNNBO No.

TIN

OKVED

OKOPF/OKFS No.

OKEI No.

Codes		
0710002		
31	12	2017
75012898		
6671156423		
35.11.1		
12247		34
384(385)		

Explan- ation	Item	For <u>year</u> 20 <u>17</u>	For <u>year</u> 20 <u>16</u>
ПЗ 3.11	Revenue	74 458	72 361
6, ПЗ 3.11	Cost of sales	(62 044)	(63 730)
	Gross profit (loss)	12 414	8 631
6, ПЗ 3.11	Commercial expenses	(1 074)	(1 084)
	Management expenses	-	-
	Profit (loss) on sales	11 340	7 547
	Income from investments in other entities	-	-
	Interest income	393	988
	Interest payable	(2 112)	(2 692)
ПЗ 3.12	Other income	3 580	6 432
ПЗ 3.12	Other expenses	(5 514)	(5 531)
	Profit (loss) before taxes	7 687	6 744
ПЗ 3.13	Current income tax	(1 055)	(136)
	including fixed tax liabilities (assets)	(274)	(77)
	Change of deferred tax liabilities	(597)	(718)
	Change of deferred tax assets	(159)	(572)
ПЗ 3.12	Other	66	(235)
	Net profit (loss)	5 942	5 083
	REFERENCE		
	Revaluation surplus from non-current assets not included into the net profit (loss) of the period	-	-
	Result from other operations not included into the net profit (loss) of the period	-	-
	Cumulative financial result of the period	5 942	5 083
ПЗ 3.14	Basic earnings (loss) per share (RUR)	0,1682	0,1437
	Diluted earnings (loss) per share	-	-

CEO

C. Palasciano Villamagna

Chief Accountant

V. Grishachev

(signature)

(print name)

(signature)

(print name)

" 02 " April 20 18 г.



Statement of changes in equity
for 20 17

Appendix No.2
To the Order of Ministry of Finance
of the Russian Federation
dd. 02.07.2010 No 66H
in the edition of the Order of Ministry of Finance
dd. 05.10.2011 No.124h)

Codes	
0710003	
31	12 2017
75012898	
6671156423	
40.10.11	
47	34
	385

Company PISC 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
Measurement unit RUR ths-RUR mln

OKLUD Form _____
Date (day, month, year) _____
RNNPO No. _____
TIN _____
OKVED No. _____
OKOPFOKFS No. _____
OKEI No. _____

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 15 ¹	3100	35 372		7 308	1 434	12 894	57 008
For 20 16 ²							
Increase of capital - total:	3210						
including:							
net profit	3211	x	x	x	x	5 083	5 083
revaluation of assets	3212	x	x	x	x	5 083	5 083
income related directly to increase of capital	3213	x	x	x	x		
additional shares issue	3214						
increase of shares par value	3215						
reorganization of legal entity	3216						
Change of reserve capital							
For 20 17 ³							
Capital value as of December 31, 20 16 ²	3200	35 372		7 308	1 434	17 977	62 091
For 20 17 ³							
Increase of capital - total:	3310						
including:							
net profit	3311	x	x	x	x	5 942	5 942
revaluation of assets	3312	x	x	x	x		
income related directly to increase of capital	3313	x	x	x	x	6	6
additional shares issue	3314						
increase of shares par value	3315						
reorganization of legal entity	3316						
Decrease of capital - total:	3320						
including:							
loss	3321	x	x	x	x	(2 413)	(2 413)
revaluation of assets	3322	x	x	x	x	0	0
expenses related directly to decrease of capital	3323						
decrease of shares par value	3324						
decrease of the quantity of shares	3325						
reorganization of legal entity	3326						
dividends	3327						
Change of additional capital	3328						
Change of reserve capital	3340						
Capital value as of December 31, 20 17 ³	3300	35 372		7 308	1 688	21 258	65 428

Form 0710023, p. 2


Item	Code	Share capital	Shares purchased	Additional capital	Reserve capital	Retained earnings (uncovered loss)	Total
Increase of capital - total:	3220						
including:							
loss	3221	x	x	x	x	0	0
revaluation of assets	3222	x	x	x	x		
expenses related directly to decrease of capital	3223						
decrease of shares par value	3224						
decrease of the quantity of shares	3225						
reorganization of legal entity	3226						
dividends	3227						
Change of additional capital	3228						
Change of reserve capital	3240						
Capital value as of December 31, 20 16 ²	3200	35 372		7 308	1 434	17 977	62 091
For 20 17 ³							
Increase of capital - total:	3310						
including:							
net profit	3311	x	x	x	x	5 942	5 942
revaluation of assets	3312	x	x	x	x		
income related directly to increase of capital	3313	x	x	x	x	6	6
additional shares issue	3314						
increase of shares par value	3315						
reorganization of legal entity	3316						
Decrease of capital - total:	3320						
including:							
loss	3321	x	x	x	x	(2 413)	(2 413)
revaluation of assets	3322	x	x	x	x	0	0
expenses related directly to decrease of capital	3323						
decrease of shares par value	3324						
decrease of the quantity of shares	3325						
reorganization of legal entity	3326						
dividends	3327						
Change of additional capital	3328						
Change of reserve capital	3340						
Capital value as of December 31, 20 17 ³	3300	35 372		7 308	1 688	21 258	65 428

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	
Capital - total					
before adjustments	3400				
adjustment due to:					
change of accounting policy	3410				
correction of mistakes	3420				
after adjustments	3500				
including:					
retained earnings (uncovered loss):					
before adjustments	3401				
adjustment due to:					
change of accounting policy	3411				
correction of mistakes	3421				
after adjustments	3501				
other capital items, for which the adjustments were made:					
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 17 ³	20 16 ²	20 15 ¹
Net assets	3600	65 428	62 091	57 008



 (signature)

CEO _____ C. Palasciano Villamagna _____
 (print name)

Chief Accountant _____ V. Grishachev _____
 (signature) (print name)

02 " _____ April _____ 20 18 г.



- 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 17

Company OJSC Enel Russia

Taxpayer Identification Number _____

Type of economic activity _____

Type of business / form of ownership _____

Generation of electric power by thermal power plants

OKUD Form _____

Date (day, month, year) _____

RNNBO No. _____

TIN _____

OKVED No. _____

Public _____

OKOPF/OKFS No. _____

OKEI No. _____

Measurement unit: ~~RUR ths.~~ /RUR mln. (delete as applicable)

Codes		
0710004		
31	12	2017
75012898		
6671156423		
35.11.1		
12247	34	
384/385		

Item	Code	For _____ year 20 17 ¹	For _____ year 20 16 ²
Cash flows from current operations			
Proceeds - total	4110	84 051	78 633
including:			
from sale of products, goods, works and services	4111	73 292	71 441
lease rents, license fees, royalty, commitment fees and other similar payments	4112	33	18
from resale of financial investments	4113	-	594
other proceeds	4119	10 726	6 580
Payments - total	4120	(72 495)	(68 069)
including:			
to suppliers (contractors) for raw and other materials, works, services	4121	(51 756)	(50 047)
due to payment of employees' labour	4122	(3 391)	(3 422)
interest on debenture	4123	(2 109)	(2 719)
corporate profit tax	4124	(1 625)	(2)
other payments	4129	(13 614)	(11 879)
Balance of cash flows from current operations	4100	11 556	10 564

Item	Code	For <u> </u> year 20 <u>17</u> ¹	For <u> </u> year 20 <u>16</u> ²
Cash flows from investment operations			
Proceeds - total	4210	25	22
including:			
from sale of non-current assets (except for financial investments)	4211	24	22
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	-	-
dividends, interest on debt financial investments and similar proceeds from share ownership in other companies	4214	1	-
other proceeds	4219	-	-
Payments - total	4220	(6 332)	(8 755)
including:			
due to acquisition, creation, modernization, reconstruction and preparation for use of non-current assets	4221	(5 968)	(8 750)
due to acquisition of shares of other companies (share ownership)	4222	(362)	-
due to acquisition of debt securities (claims of cash to other entities), issue of loans to other entities	4223	(2)	(5)
interest on debenture included into the cost of investments assets	4224	-	-
other payments	4229	-	-
Balance of cash flows from investment operations	4200	(6 307)	(8 733)
Cash flows from financial operations			
Proceeds - total	4310	-	10 000
including:			
reception of credits and loans	4311	-	10 000
money contributions of the owners (members)	4312	-	-
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>17</u> ¹	For <u> </u> year 20 <u>16</u> ²
Payments - total	4320	(5 177)	(16 342)
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	(2 413)	-
due to payment (protection) of the bills of exchange and other debt securities, repayment of credits and loans	4323	(2 764)	(16 342)
other payments	4329	-	-
Balance of cash flows from financial operations	4300	(5 177)	(6 342)
Balance of cash flows for the reporting period	4400	72	(4 511)
Cash and cash equivalents at the beginning of reporting period	4450	5 705	10 403
Cash and cash equivalents at the end of reporting period	4500	5 787	5 705
Effect of exchange rate changes	4490	10	(187)

CEO

(signature)

C. Palasciano Villamagna

(print name)

Chief Accountant

(signature)

V. Grishachev

(print name)

02 April 20 18

Notes

1. Specify the reporting period.

Specify the previous year period similar to the reporting period.



Explanations to the balance sheet and income statement of PJSC Enel Russia for 2017

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

0710005 p. 1

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		accrued depreciation	loss from impairment	revaluation		initial value ³	accumulated depreciation and losses from
					initial value	accumulated depreciation and losses from			initial value ³	accumulated depreciation		
Intangible assets - total	for 20 17 r. ²	27	(27)	-	-	-	-	-	-	-	27	(27)
	for 20 16 r. ²	27	(24)	-	-	(3)	-	-	-	-	27	(27)
	for 20 15 r. ¹	34	(15)	-	7	-	(9)	-	-	-	27	(24)
including: Software	for 20 17 r. ²	27	(27)	-	-	-	-	-	-	-	27	(27)
	for 20 16 r. ²	27	(24)	-	-	(3)	-	-	-	-	27	(27)
	for 20 15 r. ²	27	(15)	-	-	(9)	-	-	-	-	27	(24)
Intangible assets acquisition	for 20 17 r. ²	-	-	-	-	-	-	-	-	-	-	-
	for 20 16 r. ²	-	-	-	-	-	-	-	-	-	-	-
	for 20 15 r. ²	7	-	-	7	-	-	-	-	-	-	-

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
Research, development and engineering activities - total	for 20 17 r.	-	-	-	-	-	-	-	-
	for 20 16 r.	-	-	-	-	-	-	-	-
	for 20 15 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 initial value	accumulated depreciation	depreciation accrued	initial value	revaluation initial value	accumulated depreciation	initial value
Fixed assets (without regard to interest-bearing investments into tangible assets) - total	for 20 17 r. ²	128 806	(48 985)	7 594	(383)	232	(6 022)	-	-	136 017	(54 775)
	for 20 16 r. ¹	119 125	(42 865)	10 157	(476)	287	(6 407)	-	-	128 806	(48 985)
	for 20 15 r. ¹	102 268	(35 826)	17 257	(400)	371	(7 410)	-	-	119 125	(42 865)
including: Land	for 20 17 r. ²	152	-	-	-	-	-	-	-	152	-
	for 20 16 r. ²	152	-	-	-	-	-	-	-	152	-
	for 20 15 r. ¹	151	-	1	-	-	-	-	-	152	-
Buildings and structures	for 20 17 r. ²	30 331	(7 305)	976	(14)	6	(901)	-	-	31 293	(8 200)
	for 20 16 r. ²	29 729	(6 419)	645	(43)	6	(892)	-	-	30 331	(7 305)
	for 20 15 r. ²	28 890	(5 468)	841	(2)	-	(951)	-	-	29 729	(6 419)
Machinery and equipment	for 20 17 r. ²	97 992	(41 438)	6 579	(359)	217	(5 091)	-	-	104 212	(46 312)
	for 20 16 r. ²	88 939	(36 230)	9 478	(425)	275	(5 483)	-	-	97 992	(41 438)
	for 20 15 r. ³	72 856	(30 155)	16 470	(387)	361	(6 436)	-	-	88 939	(36 230)
Transport	for 20 17 r. ²	102	(77)	11	(5)	4	(11)	-	-	108	(84)
	for 20 16 r. ²	94	(67)	9	(1)	1	(11)	-	-	102	(77)
	for 20 15 r. ²	94	(56)	5	(5)	3	(14)	-	-	94	(67)
Other	for 20 17 r. ²	229	(165)	28	(5)	5	(19)	-	-	252	(179)
	for 20 16 r. ¹	211	(149)	25	(7)	5	(21)	-	-	229	(165)
	for 20 15 r. ²	277	(147)	(60)	(6)	7	(9)	-	-	211	(149)

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	
Assets under construction and non-completed operations on acquisition, modernization, etc. of fixed assets - total	for 20 <u>17</u> г. ²	7 813	6 923	-	7 142
	for 20 <u>16</u> г. ²	10 287	7 683	(1)	7 813
	for 20 <u>15</u> г. ¹	21 316	6 268	(40)	10 287
в том числе:	for 20 <u>17</u> г. ¹				
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)
Rearmed with those bl.1 with the replacement of the heating surface		409	468	-	(806)
Reconstruction DARS RGRES		30	-	-	(30)
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
Technical refurbishment of unit 6		-	235	-	(235)
220 kV outdoor switchgear. Change disconnectors with manual transmission for		44	8	-	(21)
					31

В ТОМ ЧИСЛІ:	for 20	16	р.1				
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	16	49	-	-	(21)	44	

for 20 15 r¹

Equipment for the construction of CCGT	843	947	-	-	1 790
Reconstruction of power 300mW	6 131	-	-	(6 131)	-
Reconstruction DARS RGRES	1 439	8	-	(1 416)	31
Rearmed with those bl.7	1 657	1 343	-	(1 752)	1 248
Modernization teplofikats.kompleksa SUGRES	658	1 117	-	(1 662)	113
TPD unit №11 with embedded. Sauga	248	9	-	(255)	2
NGRES Implementing complex ecological monitoring of the content of emissions in	43	2	-	(45)	-
Reconstruction of 500 KV outdoor switchgear KGRES	27	-	(27)	-	-
Increasing the capacity of the ash disposal area №2	155	3	-	-	158
Technical reequipment unit 7 with the replacement of the heating surface	845	30	-	(875)	-
Technical reequipment with those bl.4	917	399	-	-	1 316
Technical reequipment with those bl.2	262	714	-	-	976
Replacement of turbogenerator bl.7	628	74	-	(582)	120
Technical re-equipment bl.8	-	597	-	-	597
Technical reequipment bl.2 with the replacement of the heating surface	19	585	-	-	604
220 KV outdoor switchgear. Change disconnectors with manual transmission for disconnectors with electric motorприводом	16	-	-	-	16

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

Item	For 20 17	For 20 16
Increase of price of fixed assets after including:	4 599	3 663
Boiler bl.5	65	1
Steam turbine bl.5	155	1
Boiler bl.10	259	-
Generator bl. 5	7	-
Increasing of ash disposal area #2 dam	-	-
Steam turbine bl. 6	8	-
Forced draft device bl.5	14	5
Technical refurbishment of chimney	66	-
Technical refurbishment of power unit No.6	87	-
Technical refurbishment of CCGT-419	43	-
Steam boiler № 4	-	1
Boiler unit of unit No. 1	361	21
Gas turbine SGT5-4000F	6	465
Boiler bl.8	-	323
Steam turbine bl.8	-	156
Building service-household	22	139
Pulverization system bl.5	39	94
Steam turbine bl.1 K-300-240	-	82
Steam turbine bl.1 K-300-240	175	-
Steam turbine bl.10	197	-
Decrease of price of fixed assets after partial dismantling - total:	(112)	(359)

2.4. Other use of fixed assets

Item	As 31 December 20 17 y.	As 31 December 20 16 y.	As 31 December 20 15 y.
Leased fixed assets, accounted for on balance	195	166	194
Leased fixed assets, accounted for off-balance	8	8	31
Rented fixed assets, accounted for on balance	-	-	-
Rented fixed assets, accounted for off-balance	815	1 763	4 281
Immovable assets accepted for operation and actually used, undergoing state registration	71	223	1 172
Laid-up fixed assets	16	16	16
Modernized fixed assets for which depreciation is suspended	-	2	2
Other use of fixed assets (pledge, etc.)	-	-	-

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

In RUB mln.

Item	Period	At the beginning of the year		Changes for the period			At the end of the period
		initial value	accumulated adjustment	additions	disposals (repaid)	current market value (losses from impairment)	
					initial value	of interest (including bringing the initial value to the nominal one)	initial value
Long-term - total							
	for 20 17 r. ¹	25	-	521	-	(77)	544
	for 20 16 r. ²	25	-	-	-	-	25
	for 20 15 r. ²	545	-	-	(520)	-	25
including:							
shares, equities							
	for 20 17 r. ¹	5	-	39	-	-	42
	for 20 16 r. ²	5	-	-	-	-	5
	for 20 15 r. ²	5	-	-	-	-	5
investments into subsidiaries							
	for 20 17 r. ²	20	-	482	-	(77)	502
	for 20 16 r. ²	20	-	-	-	-	20
	for 20 15 r. ²	20	-	-	-	-	20
	for 20 17 r. ²	-	-	-	-	-	-
	for 20 16 r. ²	-	-	-	-	-	-
	for 20 15 r. ²	520	-	-	(520)	-	-
securities (bills of exchange)							
	for 20 17 r. ¹	1 496	(1 235)	-	(559)	306	937
	for 20 16 r. ²	1 746	(1 130)	634	(884)	167	1 496
	for 20 15 r. ²	1 282	(920)	1 300	(836)	270	1 746
Short-term - total							
	for 20 17 r. ¹	955	(945)	-	(38)	36	917
	for 20 16 r. ²	1 205	(1 110)	-	(250)	167	955
	for 20 15 r. ²	1 262	(900)	608	(665)	270	1 205
	for 20 17 r. ²	-	-	-	-	-	-
	for 20 16 r. ²	-	-	-	-	-	-
	for 20 15 r. ²	-	-	-	-	-	-
	for 20 17 r. ²	541	(290)	-	(521)	270	20
	for 20 16 r. ²	541	(20)	634	(634)	-	541
	for 20 15 r. ²	20	(20)	692	(171)	-	541
	for 20 17 r. ²	-	-	-	-	-	-
	for 20 16 r. ²	-	-	-	-	-	-
	for 20 15 r. ²	-	-	-	-	-	-
	for 20 17 r. ¹	1 521	(1 235)	521	(559)	229	1 481
	for 20 16 r. ²	1 771	(1 130)	634	(884)	167	1 521
	for 20 15 r. ²	1 827	(920)	1 300	(1 356)	270	1 771
Financial investments - total							
	for 20 17 r. ¹	1 827	(920)	1 300	(1 356)	270	1 771
	for 20 16 r. ²	1 827	(920)	1 300	(1 356)	270	1 771
	for 20 15 r. ²	1 827	(920)	1 300	(1 356)	270	1 771
including:							
cession:							
	for 20 17 r. ¹	955	(945)	-	(38)	36	917
	for 20 16 r. ²	1 205	(1 110)	-	(250)	167	955
	for 20 15 r. ²	1 262	(900)	608	(665)	270	1 205
	for 20 17 r. ²	-	-	-	-	-	-
	for 20 16 r. ²	-	-	-	-	-	-
	for 20 15 r. ²	-	-	-	-	-	-
commodity loan							
	for 20 17 r. ²	-	-	-	-	-	-
	for 20 16 r. ²	-	-	-	-	-	-
	for 20 15 r. ²	-	-	-	-	-	-
securities (bills of exchange)							
	for 20 17 r. ²	541	(290)	-	(521)	270	20
	for 20 16 r. ²	541	(20)	634	(634)	-	541
	for 20 15 r. ²	20	(20)	692	(171)	-	541
	for 20 17 r. ²	-	-	-	-	-	-
	for 20 16 r. ²	-	-	-	-	-	-
	for 20 15 r. ²	-	-	-	-	-	-
other (bills of exchange)							
	for 20 17 r. ¹	1 521	(1 235)	521	(559)	229	1 481
	for 20 16 r. ²	1 771	(1 130)	634	(884)	167	1 521
	for 20 15 r. ²	1 827	(920)	1 300	(1 356)	270	1 771

Item	As of December 31, 20 17	December 31, 20 16	December 31, 20 15
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	reserve under reduction of the price	losses from reduction of price	inventory turnover between their groups (types)	price	reserve value under reduction of the price	
Inventories - total	for 20 17 r.	5 011	-	41 566	(40 921)	-	-	-	5 656	-	
	for 20 16 r.	5 355	-	45 209	(45 553)	-	-	-	5 011	-	
	for 20 15 r.	5 369	-	48 154	(48 168)	-	-	-	5 355	-	
	for 20 17 r.	423	-	432	(440)	-	-	-	415	-	
Including raw and other materials	for 20 16 r.	379	-	415	(371)	-	-	-	423	-	
	for 20 15 r.	315	-	323	(259)	-	-	-	379	-	
	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 15 r.	2 655	-	41 596	(41 692)	-	-	-	2 559	-	
	for 20 17 r.	2 294	-	949	(919)	-	-	-	2 324	-	
	for 20 16 r.	2 140	-	1 101	(947)	-	-	-	2 294	-	
	for 20 15 r.	2 016	-	1 550	(1 426)	-	-	-	2 140	-	
spare parts	for 20 17 r.	290	-	1 067	(1 036)	-	-	-	321	-	
	for 20 16 r.	277	-	4 839	(4 826)	-	-	-	290	-	
	for 20 15 r.	383	-	4 685	(4 791)	-	-	-	277	-	
	for 20 17 r.	-	-	-	-	-	-	-	-	-	

4.2. Pledged inventories

Item	As of December 31, 20 17	As of December 31, 20 16	As of December 31, 20 15
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	Changes for the period						At the end of the period accounted under contract terms and conditions
		At the beginning of the year		repayment		disposals to financial result	transfer from long-term into short-term accounts receivable	
		accounted under contract terms and conditions	additions	repayment	disposals			
Long-term receivables total	for 20 17	94	225	-	-	-	(15)	304
	for 20 16	109	-	-	-	-	(15)	94
	for 20 15	158	-	-	-	-	(49)	109
including:	for 20 17	-	-	-	-	-	-	-
<i>advance payments issued</i>	for 20 16	-	-	-	-	-	-	-
	for 20 15	33	-	-	-	-	(33)	-
	for 20 17	94	225	-	-	-	(15)	304
<i>other</i>	for 20 16	109	-	-	-	-	(15)	94
	for 20 15	125	-	-	-	-	(16)	109
	for 20 17	12 307	137 829	(137 828)	-	-	15	12 323
Short-term receivables total	for 20 16	13 407	129 005	(130 119)	(1)	(1)	15	12 307
	for 20 15	12 416	142 962	(142 152)	132	132	49	13 407
	for 20 17	8 109	87 858	(87 430)	-	-	-	8 537
including:	for 20 16	7 783	85 382	(85 055)	(1)	(1)	-	8 109
purchasers and customers	for 20 15	7 645	83 889	(83 888)	137	137	-	7 783
	for 20 17	6 718	82 972	(82 287)	-	-	-	7 403
	for 20 16	6 054	80 324	(79 659)	(1)	(1)	-	6 718
including:	for 20 15	5 997	78 968	(78 911)	-	-	-	6 054
<i>electric power</i>	for 20 17	1 105	4 240	(4 340)	-	-	-	1 005
	for 20 16	1 172	4 426	(4 493)	-	-	-	1 105
	for 20 15	1 351	4 188	(4 367)	-	-	-	1 172
<i>heat</i>	for 20 17	286	646	(803)	-	-	-	129
	for 20 16	557	632	(903)	-	-	-	286
	for 20 15	297	733	(610)	137	137	-	557
<i>other purchasers and customers</i>	for 20 17	812	40 638	(41 185)	-	-	-	265
	for 20 16	1 385	33 900	(34 473)	-	-	-	812
	for 20 15	344	49 274	(48 233)	-	-	-	1 385

other debtors	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
	for 20 15 r.	4 427	9 799	(10 031)	(5)	49	4 239
Total	for 20 17 r.	12 401	138 054	(137 828)	-	x	12 627
	for 20 16 r.	13 516	129 005	(130 119)	(1)	x	12 401
	for 20 15 r.	12 574	142 962	(142 152)	132	x	13 516

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	
		reserve value on doubtful debts	Accrued	Disposals		transfer from long-term into short-term accounts receivable	reserve value on doubtful debts		
				Reconstituted	Transferred to debiting accounts receivable				
Short-term receivables - total including:	for 20 17 r.	(5 792)	(601)	375	-	-	(6 018)		
	for 20 16 r.	(5 206)	(876)	275	15	-	(5 792)		
	for 20 15 r.	(3 762)	(1 736)	163	129	-	(5 206)		
<i>purchasers and customers</i>	for 20 17 r.	(3 286)	(503)	364	-	-	(3 425)		
	for 20 16 r.	(2 887)	(674)	260	15	-	(3 286)		
	for 20 15 r.	(1 532)	(1 647)	163	129	-	(2 887)		
<i>advance payments issued</i>	for 20 17 r.	(1)	-	1	-	-	-		
	for 20 16 r.	-	(1)	-	-	-	(1)		
	for 20 15 r.	-	-	-	-	-	-		
<i>other debtors</i>	for 20 17 r.	(2 505)	(98)	10	-	-	(2 593)		
	for 20 16 r.	(2 319)	(201)	15	-	-	(2 505)		
	for 20 15 r.	(2 230)	(89)	-	-	-	(2 319)		
Total	for 20 17 r.	(5 792)	(601)	375	-	-	(6 018)		
	for 20 16 r.	(5 206)	(876)	275	15	-	(5 792)		
	for 20 15 r.	(3 762)	(1 736)	163	129	-	(5 206)		

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	disposals		transfer from long-term into short-term accounts receivable	
				repayment	relief to financial result		
Long-term payables - total	for 20 17 _____ r.	-	-	-	-	-	
	for 20 16 _____ r.	2	(2)	-	-	-	
	for 20 15 _____ r.	-	2	-	-	2	
including:							
<i>suppliers and contractors</i>	for 20 17 _____ r.	-	-	-	-	-	
	for 20 16 _____ r.	2	(2)	-	-	-	
	for 20 15 _____ r.	-	2	-	-	2	
<i>advance payments issued</i>	for 20 17 _____ r.	-	-	-	-	-	
	for 20 16 _____ r.	-	-	-	-	-	
	for 20 15 _____ r.	-	-	-	-	-	
<i>other</i>	for 20 17 _____ r.	-	-	-	-	-	
	for 20 16 _____ r.	-	-	-	-	-	
	for 20 15 _____ r.	-	-	-	-	-	
Short-term accounts payables - total	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	
	for 20 15 _____ r.	14 038	173 539	(173 696)	(20)	13 861	
including:							
<i>suppliers and contractors</i>	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	
	for 20 15 _____ r.	7 603	77 177	(77 138)	(20)	7 622	
including:							
<i>fuel suppliers</i>	for 20 17 _____ r.	2 955	43 627	(44 279)	-	2 303	
	for 20 16 _____ r.	1 814	43 785	(42 644)	-	2 955	
	for 20 15 _____ r.	2 097	48 219	(48 483)	(19)	1 814	
<i>construction contractors</i>	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	
	for 20 15 _____ r.	3 336	12 889	(12 414)	(1)	3 810	
<i>inventory suppliers</i>	for 20 17 _____ r.	188	1 587	(1 362)	-	413	
	for 20 16 _____ r.	201	1 526	(1 539)	-	188	
	for 20 15 _____ r.	252	1 439	(1 490)	-	201	

<i>heat and electric power suppliers</i>	for 20 17 _____ r.	397	6 514	(6 530)	-	-	381
	for 20 16 _____ r.	398	7 567	(7 568)	-	-	397
	for 20 15 _____ r.	402	7 445	(7 449)	-	-	398
<i>service providers</i>	for 20 17 _____ r.	827	8 417	(8 028)	(1)	-	1 215
	for 20 16 _____ r.	1 399	8 263	(8 835)	-	-	827
	for 20 15 _____ r.	1 516	7 185	(7 302)	-	-	1 399
salaries payable	for 20 17 _____ r.	-	2 898	(2 898)	-	-	-
	for 20 16 _____ r.	-	2 936	(2 936)	-	-	-
	for 20 15 _____ r.	-	2 844	(2 844)	-	-	-
non-budgetary fund liabilities	for 20 17 _____ r.	-	36	(34)	-	-	2
	for 20 16 _____ r.	-	33	(33)	-	-	-
	for 20 15 _____ r.	-	37	(37)	-	-	-
taxes and levies payable	for 20 17 _____ r.	978	6 912	(6 766)	-	-	1 124
	for 20 16 _____ r.	770	6 349	(6 141)	-	-	978
	for 20 15 _____ r.	374	3 336	(2 940)	-	-	770
indebtedness for advance payments received	for 20 17 _____ r.	11	81 547	(81 551)	(1)	-	6
	for 20 16 _____ r.	24	80 137	(80 150)	-	-	11
	for 20 15 _____ r.	3	78 495	(78 474)	-	-	24
other creditors	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
	for 20 15 _____ r.	6 058	11 650	(12 263)	-	-	5 445
Total	for 20 17 _____ r.	9 327	162 222	(161 544)	(11)	x	9 994
	for 20 16 _____ r.	13 863	162 934	(167 469)	(1)	x	9 327
	for 20 15 _____ r.	14 038	173 541	(173 696)	(20)	x	13 863

6. Production costs

In RUB mln.	Item	For 2017	For 2016
	Tangible costs	41 820	43 457
	Salaries expenses	3 760	3 620
	Social expenses	687	666
	Depreciation	6 019	6 404
	Other costs	10 832	10 667
	Total per elements	63 118	64 814
	Balance change (increase [], decrease [+])	-	-
	work in progress, finished products, etc.	-	-
	Expenses on ordinary activities total	63 118	64 814

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
Reserves on contingencies - total	3 730	2 031	(2 668)	(30)	3 063
including:					
<i>reserve for restructuring</i>	198	8	(72)	-	134
<i>reserves for leasing contracts</i>	449	173	(173)	-	449
<i>reserves for legal actions</i>	46	251	(37)	(22)	238
<i>reserve for vacation pay in the future</i>	121	362	(350)	-	133
<i>provision for the payment of employee benefits</i>	326	486	(487)	-	325
<i>other contingencies</i>	2 590	751	(1 549)	(8)	1 784

8. Securing obligations

in RUB mln.

Item	As of 20 17	As of December, 31 20 16	As of December, 31 20 15
Received - total:			
including:			
<i>received guarantees</i>	6 909	6 789	23 122
<i>securing issued loan obligations</i>	6 690	6 570	22 903
Issued - total			
including:			
<i>issued guarantees</i>	7 985	8 196	12 154
	7 985	8 196	12 154

9. Government assistance

in RUB mln.

Item	For 20 17		For 20 16	
	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 17	-	(-)	-
	20 16	-	(-)	-

CEO _____ C. Palasciano Villamagna _____
 (signature) (print name)

Chief Accountant _____ V. Grishachev _____
 (signature) (print name)



PUBLIC JOINT STOCK COMPANY
Enel Russia
FINANCIAL STATEMENTS 2017

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), Nevinnomyskaya GRES (NGRES), Reftinskaya GRES (RGRES), and Sredneuralskaya GRES (SUGRES)).

PJSC "Enel Russia" owns the following subsidiaries:

Name	Country of incorporation	Share in the authorized capital	
		As of December 31, 2017	As of December 31, 2016
LLC OGK-5 Finance	Russian Federation	100%	100%
LLC Sanatory-Profilaktory Energetik.	Russian Federation	100%	100%
JSC Teploprogress	Russian Federation	60%	-

LLC Reftinskaya GRES	Russian Federation	100%	-
LLC Enel Rus Wind Generation	Russian Federation	100%	-
LLC Wind Life Kola Vetro LL1	Russian Federation	100%	-
LLC Azovskaya WPS	Russian Federation	100%	-

The company Reftinskaya GRES was registered by PJSC Enel Russia in 2017. In June 2017, PJSC Enel Russia was awarded the right to construct two wind power stations with a total capacity of 291 MW as part of the tender of the Government of Russia for the construction of wind generation facilities. The total investment necessary to implement these projects will be about 405 million euros.

In August 2017, PJSC Enel Russia acquired for a cash consideration a 100% interest in OOO Enel Rus Wind Generation and its subsidiaries LLC Windlife Kola Vetro LL1 and LLC Azov WPS. The companies were acquired in order to implement wind power projects.

As of December 31, 2017, the number of personnel of the Company is 2 552 persons (as of December 31, 2016 – 2 639 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 29.06.2016 the new Board of Directors of PJSC Enel Russia were appointed, as well as the members of the Audit Commission.

As of December 31, 2016, the Company's Board of Directors is as follows:

№	Full name	Position:
1	Zweguintzow Stephane	Chairman of the Board of Directors of PJSC Enel Russia, Director of External Relations, Senior Director of PJSC Enel Russia
2	Arcelli Marco Piero	GS Executive Vice President of Enel Trade S.p.A.
3	Deambrogio Roberto Antonio Enzo	Head in charge of Eastern Europe region Enel S.p.A
4	Alessandra Burchea	Planning and Control in Eastern Europe in Enel S.p.A.
5	Luzzio Giuseppe	Head of Market Cultivation in Russia Enel S.p.A., First Deputy General Director of LLC "Rusenergosbyt"
6	Masolov Denis Viktorovich	Senior Vice President of Macquarie Infrastructure & Real Assets LTD (Europe)
7	Tagir Alievich Sitdekov	Director, Member of the Board of "Russian Direct Investment Fund Management Company", independent director
8	Bertolino Giovanni	Head of Production Development - Global Generation Business Development in Enel S.p.A.
9	Laurent Nicolas Souviron	AGC Equity Partners, Partner
10	Proietti Marko	Head of Production Efficiency of Global Generation in Enel S.p.A.
11	Alexander Arthur John Williams	Director of Taiga Capital (UK) Limited, independent director

As of December 31, 2016, the membership of the Company's Executive Board is as follows:

№	Full name	Position
1	Carlo Palasciano Villamagna	CEO of PJSC Enel Russia
2	Andrey Alexandrovich Volkov	Chief Commercial Officer of PJSC "Enel Russia"
3	Yulia Konstantinovna Matyushova	A.i. Deputy general Director – Head of AFC of PJSC Enel Russia
4	Oleg Nikolaevich Kosmenyuk	Director of Coal Generation, Director of the "Reftinskaya GRES" Branch of PJSC Enel Russia

The members of the Internal Audit Commission as of December 31, 2016 are as follows:

№	Full name	Position
1	Natalya Alexandrovna Khramova	Senior accountant of Enel Finance International
2	Giancarlo Pescini	Head of Division for control group Enel officials, Enel S.p.A.
3	Danilo Bracconi	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, 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 15.06.2017 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, 2017, the membership of the Company's Board of Directors is as follows:

№	Full name	Position:
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 Marocco of Enel S.p.A.
3	Deambrogio Roberto Antonio Enzo	Head of Eastern Europe Enel S.p.A.
4	Gerald Joseph Rohan	General Director of Rohan Global Consulting LLC (independent director)
5	Luzzio Giuseppe	Head of Market Development in Russia 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 Northern Africa) in Enel S.p.A.
9	Laurent Nicolas Souviron	AGC Equity Partners, Partner
10	Proietti Marko	Head of Efficiency Production of Global Generation Enel S.p.A.
11	Alexander Artur Jon Wiliams	Director of Tayga Capital (UK) Ltd., Independent Director

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

№	Full name	Position
1	Carlo Palasciano Villamagna	CEO of PJSC Enel Russia
2	Andrey Alexandrovich Volkov	Chief Commercial Officer of PJSC Enel Russia
3	Yulia Konstantinovna Matyushova	Acting Deputy General Director - CFO of PJSC Enel Russia
4	Kosmenyuk Oleg Nikolaevich	Head of Coal Generation, Director of the "Reftinskaya GRES" Branch of PJSC Enel Russia

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

№	Full name	Position
1	Natalya Alexandrovna Khramova	Senior accountant of Enel Finance International
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	Planning and Control of Thermal Generation, Enel S.p.A.
5	Fabio Casinelli	Head of Treasury and Capital Markets at Enel S.p.A.

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, 2017. Exchange rate as of this date was 57,6002 RUB for 1 US dollar (RUB 60,6569 as of December 31, 2016), 68,8668 RUB for 1 Euro (RUB 63,8111 as of December 31, 2016).

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 incomes and expenses.

Influence of changes in the currency rate on net money resources from the Company's operations amounted to 10 MRUB (minus 187 MRUB in 2016).

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, 2017 intangible assets of the Company include exclusive copyright rights to the following accounting objects:

Name of object	Initial cost	Certificate of title	MRUB	
			Depreciation accrual method	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 20 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 according to the Classification of Fixed Assets Included Into Depreciation Groups, approved by Decree No. 1 of the Russian Federation Government dated January 1, 2002. 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 put 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.

Incomes and expenses on financial investments are detailed as a part of other incomes and expenses.

The Company tests financial investments for their impairment 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.

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 deferrals:

- 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:

Deferred expenses category	MRUB	
	As of 31.12.2017	As of 31.12.2016
Assets that are created in connection with the estimated liabilities for remediation	234	208
Non-exclusive right to use the software	263	49
Insurance contracts expenses	5	15
Commission on credit agreements	17	19
Other deferred expenses	34	58
Deferred expenses, total	553	349

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 rubles 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.

All information of cash and cash equivalents shown in the cash flow report. This report is generated in compliance with the Regulations on accounting "Cash flow statement" PBU 23/2011.

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 of 31.12.2017, the Company has entered into credit agreements with financial companies totalling 38.0 billion roubles with the possibility of draw down as required by additional agreements to existing contracts (RUB 38.0 bln. as of 31.12.2016).

As at December 31, 2017, 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 2016 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 of 31.12.2017 the amount of provision for employee benefits was 458 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 2016 comprise proceeds from sales of products (realization) and the incomes connected with fulfilment of works, rendering of services, including the following:

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

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

- *revenues from sale of securities;*
- *revenues from sale of currency;*
- *revenues from sale of fixed assets and other property;*
- *revenues 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. Generation of information on the costs of common activities 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;
- provision for impairment of inventories;
- useful lives of intangible assets;
- provisions for contingencies.

2.16 Changes in the accounting policy for 2017

During the reporting period, the Company did not make any significant changes into the accounting policy.

3. Disclosure of significant accounting parameters

3.1 Fixed assets

The fixed assets and related accumulated depreciation include the following:

Group of fixed assets	Land lots	Buildings and structures	Machines and equipment	Transport	Other	MRUB
						Total for the Company
Initial cost						
31 December 2016	152	30 331	97 992	102	229	128 806
Acquisitions	-	976	6 579	11	28	7 594
Disposals	-	14	359	5	5	383
31 December 2017	152	31 293	104 212	108	252	136 017

Accumulated depreciation						
31 December 2016	–	7 305	41 438	77	165	48 985
Depreciation allowances	–	901	5 091	11	19	6 022
Disposals	–	6	217	4	5	232
31 December 2017	–	8 200	46 312	84	179	54 775
Residual cost						
31 December 2015	152	23 026	56 554	25	64	79 821
31 December 2016	152	23 093	57 900	24	73	81 242

As of 31.12.2017 the residual value of fixed assets was 81,242 MRUB (79,821 MRUB in 2016).

During 2017, fixed assets for the amount of RUB 7,594 mln have been received, including acquired fixed assets for the amount of RUB 151 mln, constructed new facilities for the amount of RUB 2,844 mln, performed works on reconstruction, additional construction and reequipping that increase the cost of fixed assets by the total amount of RUB 4,599 mln, registered in the books, retired fixed assets at the initial cost of RUB 383 mln, including the fixed assets for the amount of RUB 112 mln.

For year 2017 depreciation in the amount of RUB 6022 mln has been accrued, RUB 6019 mln were included in the cost of goods sold, and RUB 3 mln were included in the other expenses.

As of December 31, 2017, fixed assets comprise the facilities of real estate property that are commissioned and are under the process of state registration.

Fixed asset	Initial cost	MRUB	
		Book value of fixed assets as of 31.12.2017	
Rack to the Oil Warehouse	0	0	
Pressure Sewage System	6	5	
Booster Pump Station	65	61	
Total	71	66	

As of December, 31, 2017 the following fixed assets, mothballed for over three months, for which the depreciation has been suspended, are included in the fixed assets:

Fixed assets	MRUB	
	Book value of fixed assets as of 31.12.2017	Book value of fixed assets as of 31.12.2016
Chimney No. 1	16	16

As of December 31, 2017, there are no fixed assets for which the duration of the revamping exceeds 12 months and depreciation accrual is suspended.

There are no fixed assets lodged as collateral for bank loans as of 31.12.2017 and as of 31.12.2016. 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 31.12.2017	Book value as of 31.12.2016
Land lots	152	152
Other types of fixed assets	2	2
Total	154	154

The depreciation of other types of fixed assets is charged to the off-balance account. As of 31.12.2017 the depreciation amounted to RUB 2,5 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 31.12.2016	Acquisitions of fixed assets	Disposals of fixed assets	Book value of fixed assets as of 31.12.2017 +
Lease in	1763	1	949	815
Land lots	1214	1	514	701
Buildings and structures	537	-	435	102
Others	12	-	-	12

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 31.12.2016	Acquisitions of fixed assets	Disposals of fixed assets	Book value of fixed assets as of 31.12.2017
Lease out	166	32	3	195
Buildings and structures	150	32	2	180
Machines and equipment	6	-	1	5
Transport	2	-	-	2
Other	8	-	-	8

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 31.12.2016	Acquisitions of fixed assets	Disposals of fixed assets	Book value of fixed assets as of 31.12.2017
Submitted to rent	8	-	-	8
Land	8	-	-	8

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 2016:

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	7840	3305	(2615)	-	-	8530
Capital investments in construction in progress and advances paid to suppliers and contractors operating on construction	6130	7528	(533)	(1)	(10156)	2968
Provision for impairment of advances and investments in construction in progress	(3683)	4	(6)	-	-	(3685)
Total (a similar amount disclosed in the notes to the balance sheet item. 2.2)	10287	10837	(3154)	(1)	(10156)	7813

For 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	8530	2416	(3 306)	-	-	7640
Capital investments in construction in progress and advances paid to suppliers and contractors operating on construction	2968	9593	(1734)	-	(7594)	3233
Provision for impairment of advances and materials in construction in progress	(3685)	(46)	-	-	-	(3 731)
Total (a similar amount disclosed in the notes to the balance sheet item. 2.2)	7813	11963	(5040)	-	(7594)	7142

As of December 31, 2017, 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 (also as a reserve stock).

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 December 31 the cost of the financial investments amounted to:

	MRUB		
	2017	2016	2015
Equity financial investments for which the current market value is not determined	507	25	25
Equity financial investments for which the current market value is determined	37	-	-
Debt financial investments for which the current market value is not determined	937	1 496	1 746
Total	1 481	1 521	1 771

Long-term financial investments

Information concerning investment flow in 2017 is given in the table below:

	MRUB				
Type of financial investment	Balance as of 31.12.2016	Received	Retired	Transferred to short-term	Balance as of 31.12.2017
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 Generation (1% share)	-	1	-	-	1
LLC Enel Rus Wind Generation (99% share)	-	135	-	-	135
JSC Teploprogress ordinary shares	-	77	-	(77)	-
LLC Azovskaya WES (100% share)	-	226	-	-	226
LLC Windlife Cola Vetro LLI (100% share)	-	43	-	-	43
PJSC Inter Rao ordinary shares	-	9	-	(1)	8
PJSC Mosenergo ordinary shares	-	3	-	-	3
PJSC OGK-2 ordinary shares	-	1	-	-	1
PJSC Unipro ordinary shares	-	7	-	1	8
PJSC Rushydro ordinary shares	-	10	-	(1)	9
PJSC TGK-1 ordinary shares	-	1	-	-	1
PJSC FSK UES ordinary shares	-	5	-	-	5
PJSC Rosseti ordinary shares	-	3	-	(1)	2
Total investments	25	521		(79)	467

Subsidiary companies:

Title and organizational legal form of a subsidiary company	Location	Type of activities
Health Care Centre "Energetik" LLC	Town of Nevinnomyssk, 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, Sredneuralsk, 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 Azovskaya WES	MOSCOW, COSMODAMIANSKAYA Naberezhnaya 4/22, bld. A, roomI	Scientific researches and developments in the field of natural and technical sciences Repair of electrical equipment, Installation of industrial machines and of equipment
LLC Windlife Cola Vetro LLI	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.

Short-term financial investments

Information concerning investment flow in 2017 is given in the table below:

MRUB

Type of financial investment	Balance as of 31.12.2015	Impairment as of 31.12.2015	Received	Retired	A reserve for impairment was restored (created)	Transfer from debts to short-term debts	Balance as of 31.12.2016	Impairment as of 31.12.2016
Assignment (transfer) agreements	955	(945)	-	(38)	36	-	917	(909)
OJSC Bank Narodny Kredit promissory note	20	(20)	-	-	-	-	20	(20)
LLC OGK-5 Finans promissory notes	521	(270)	-	(521)	270	-	-	-
Total	1 496	(1 235)	-	(559)	306	-	937	(929)

Provision for impairment of financial investments.

As of 31.12.2017 the provision for impairment of financial investments on acquired accounts receivable under claim assignment agreements and bills of exchange amounted to RUB 929 mln. In 2017 the provision was recovered in the amount of RUB 306 mln, including write-off under assignment agreements against the provision for impairment of financial investments due to liquidation of organization in the amount of RUB 1 mln.

As of 31.12.2017 the provision of impairment of financial investment of JSC “Teploprogres” amounted to 77 MRUB.

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 2017 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 2017	31 December 2016	31 December 2015
Raw and other materials	415	423	379
Fuel	2 596	2 004	2 559
Spare parts	2 324	2 294	2 140
Other inventories	321	290	277
Total inventories	5656	5011	5355

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 is as follows:

Indicators	2017		2016	
	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)	5 112	-	4 823	-
Accounts receivable on down payments made (net of provision for doubtful debts)	265	-	811	-
Other accounts receivable (net of provision for doubtful debts)	928	304	881	94
Total	6 305	304	6 515	94

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

period, the amount of long-term accounts receivable made up RUB 304 mln (as of 31.12.2016 - RUB 94 mln), short-term - RUB 6,305 mln (as of 31.12.2016 – 6,515 mln).

Account breakdown of long-term accounts receivable

№	Description	MRUB	
		Amount as of 31.12.2017	Amount as of 31.12.2016
1	Other debtors, including:	304	94
	- Loans given	225	-
	- Other settlements with the staff	72	91
	- Other	7	3
	Total	304	94

Comparative analysis of short-term accounts receivable

		MRUB		
		As of 31.12.2017	As of 31.12.2016	Increase (+) / decrease (-)
1	Buyers and customers	8 537	8 109	428
2	Advances paid	265	812	(547)
3	Other borrowers	3 521	3 386	135
	Total short-term accounts receivable	12 323	12 307	16

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 87 212 mln, for other activities - RUB 646 mln. Of them paid in cash - 4,134 mln RUB, credited previously received in advance – 82 137 mln RUB, offsetting of mutual claims done in the amount of 32 mln RUB, as well as other repayment – 1 191 mln RUB. Effect on the financial result include: a positive exchange rate difference in the amount of 64 million rubles.

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 375 mln for the accounts receivable was written back due to the repayment of indebtedness. The new bad debt allowance in the amount of RUB 601 mln for the indebtedness of insolvent debtors was created. As of 31.12.2017 the amount of the bad debt allowance, amending accounts receivable in the balance sheet, is RUB 6 018 mln (as of 31.12.2016 the amount of bad debt allowance totals RUB 5 792 mln), of which:

MRUB			
No.	Contractor's name	Amount as of 31.12.2017	Amount as of 31.12.2016
Total reserve for doubtful debts:		6 018	5 792
including			
1	Provisions for doubtful customer receivables:	3 425	3 286
2	Provisions for doubtful debts on down payments issued	0	1
3	Provisions for other debtors' doubtful receivables	2 593	2 505

Loans granted

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

MRUB		
	As of 31.12.2017	As of 31.12.2016
LLC «Enel Rus Wind Generation»	223	-
LLC «Azovskaya WES»	1	-
LLC «Windlife Cola Vetro LL1»	1	-
Total	225	-

3.5 Borrowed funds

Borrowed funds as of December 31 included:

MRUB						
	2017		2016		2015	
	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	16	13 889	16	16 127	76	25 522
Bonds	10 206	-	202	10 000	196	10 000
Current portion of long-term liabilities	2 801	(2 801)	2 743	(2 743)	3 385	(3 385)
Total borrowed funds	13 023	11 088	2 961	23 384	3 657	32 137

In 2017 the borrowing costs included into expenses and the cost of investment assets were RUB 2 228 mln, including accrued interest of RUB 2 112 mln, and other financial expenses, related to obtained borrowings - RUB 116 mln. and in 2016 the borrowing costs included into expenses were RUB 3476 mln, including accrued interest of RUB 2 692 mln, other financial expenses, related to obtained borrowings, of RUB 784 mln.

Short-term borrowed funds

Short-term borrowed funds as of December 31, 2017 had the following structure:

Description	Loan balance as of 31.12.2017, mln RUB	Loan balance as of 31.12.2017, in the loan currency with specification of the currency	Annual interest rate, %	Repayment period	Security provided
Loans:					
European Investment Bank (current portion and outstanding interest)	817	EUR 12 mln	1,478%-10,75%	During 2018	Nordea Bank AB (publ) и Intesa Sanpaolo S.P.A
GazPromBank JSC (current portion and outstanding interest)	2 000	RUR 2 000 mln		During 2018	Without security provided
Loans total	2817				
Obligations					
4B02-05-50077-A (main debt +interest)	2021	RUR 2021 mln	12,1	During 2018	Without security provided
4B02-06-50077-A (main debt +interest)	3031	RUR 3031 mln	12,1	During 2018	Without security provided
4B02-01-50077-A-001P (main debt +interest)	5154	RUR 5154 mln	12,1	During 2018	Without security provided
Total obligations	10206	RUR 10206 mln			
Total borrowed funds	13023				

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

	2017	2016	2015
Russian roubles	13 023	2 961	3 657
Euro (in the currency of loans and borrowings)	12	12	43

Long-Term Borrowed Funds

Long-term borrowed funds as of December 31, 2017 had the following structure:

Description	Loan balance as of 31.12.2017, mln RUB	Loan balance as of 31.12.2017, in the loan currency with specification of the currency	Annual interest rate	Repayment period	Security provided
Loans:					
European Investment Bank	6 088	EUR 88 mln	1,478%-10,75%	Until 2026	Bank guarantees Nordea Bank AB (publ) and Intesa Sanpaolo S.P.A
GazPromBank	5 000	RUR 5 000 mln		Until 2021	Without security provided
Loans total	11 088		-	-	-
Total borrowed funds	11 088	-	-		

Repayment schedule of borrowed funds is provided below at the rate as of 31.12.2017 (amounts are shown without outstanding interests):

	Amount in roubles (MRUB)
2018	12 802
2019	2 801
2020	2 801
After 2020	5 486

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

	2017	2016	2015
Russian roubles	11 088	23 384	32 137
Euro ((in the currency of loans and borrowings)	88	100	278

3.6 Short-Term Accounts Payable

Short-term accounts payable amounted to RUB 9 994 mln as of 31.12.2017 (RUB 9327 mln as of 31.12.2016) that included accounts payable to suppliers and contractors amounting to RUB 6 276 mln (RUB 5 961 mln as of 31.12.2016), taxes and charges payable was RUB 1 126 mln (RUB 978 mln as of 31.12.2016), payable on down payments received was RUB 6 mln (RUB 11 mln as of 31.12.2016), and other accounts payable was RUB 2586 mln (RUB 2337 mln as of 31.12.2016).

In 2017 the amount of 11 mln.rub was written off under financial result, including 10 mln.rub at accounts payable upon the expiry of the limitation period, accounts payable on corrective invoices in the amount of 1 mln. rub.

3.7 Company's shares

As of December 31, 2017 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	–	–
Total	35 371 898 370	–

As of December 31, 2017, the Company owns shares on the balance sheet amounting to 156 222 914 purchased from the subsidiary on August 18, 2017.

3.8 Additional and reserve capital

There have been no changes in structure of the additional capital during the financial year. As of December 31, 2017 it amounted to RUB 7,308 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 2017 the Company allocated to the reserve fund RUB 254 mln. from the profit of 2016. As of 31.12.2017 the reserve capital was created in the amount of RUB 1,688 mln.

3.9 Accumulated profit (loss)

As of 31.12.2017 accumulated profit (loss) of the Company amounted to RUB 21 258 mln. As of 31.12.2016 accumulated profit (loss) in the amount of RUB 17 977 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 5 942 mln. and the distribution of net profit for 2016 in the amount of RUB 2 661 mln. included:

- distributed dividends for 2016 in the amount of RUB 2 414 mln;
- returned dividends for the 2013 in the amount of RUB 6 mln;
- distributed amount to the reserve found in the amount of RUB 254 mln.

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

Here below is the movement per items of provisions:

Type of provision	MRUB					
	Restructuring	Onerous contracts	Provision for legal claims	Personnel related provision	Other	Total
Balance as of January 1, 2017	198	449	46	447	2 590	3 730
Provisions created during the reporting period	-	150	251	848	698	1 947
Provisions restored during the reporting period	-		(22)	-	(8)	(30)
Provisions used during the reporting period	(72)	(173)	(37)	(837)	(1 549)	(2 668)
Discount expenses	8	23	-	-	53	84
Balance as of December 31, 2017	134	449	238	458	1 784	3 063

Restructuring

As of December 31, 2017 the provision for restructuring amounted to RUB 134 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 31.12.2017 is RUB 238 mln. The reserve for legal claims was created mainly for prepayments issued to contractors.

Other

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

The provision for recultivation was recognized due to additional expenses related to dismantling of the ash lagoon in the amount that as of 31.12.2017 totalled RUB 184 mln. (as of 31.12.2016: RUB 165 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 increased in comparison with previous year by RUB 2 097 mln and made up RUB 74 458 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):

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	MRUB
			Gross profit
Electric power	52 625	40 258	12 367
Capacity	15 446	18 672	(3 226)
Heat power	3 751	4 294	(543)
Other	539	506	33
Total for 2016	72 361	63 730	8 631

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	20 073	18 530	1 543
Heat power	3 593	4 178	(585)
Other	549	511	38
Total for 2017	74 458	62 044	12 414

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

Indicators	MRUB	
	2016	2017
Material expenses, incl.:		
Raw and other materials	445	428
Salaries and wages	3 620	3 760
Social security contributions	666	687
Depreciation payments	6 405	6 019
Expenses for energy resources of various types	43 012	41 391
Other expenses	9 582	9 759
Expenses, total	63 730	62 044

Commercial expenses were presented within the following items:

Commercial expenses	MRUB	
	2016	2017
Services by market operators	1 083	1 073
Ash sales services	1	1
Commercial expenses, total	1 084	1 074

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 2017 equals RUB 6 760 mln (in 2016 the corresponding group of expenses was RUB 6 343 mln).

The costs, directly connected with sales of products (services provided by the system operator and the Centre of Financial Settlements), are detailed in account 44 "Cost of sales" and are written off directly to account 90 "Sales".

3.12 Other income and expenditures

Other income and expenditures comprise the following groups:

Positions	MRUB	
	2016	2017 г.
Other income	6 432	3 580
including		
revenues from recovery of reserves	1 448	1 416
revenues from sales of FA	28	142
revenues from sales materials	57	78
revenues from sales financial investments	566	935
revenues from sales account receivables	277	512

revenues derived from fines	242	187
income from assets found	37	32
insurance compensation	490	45
income of previous years	135	108
	2 993	-
other income	159	125
Other costs	5 531	5 514
including		
lost from foreign exchange gains	-	588
lost from recovery of reserves	321	777
cost from sales of reserves	2 520	1 716
cost from sales of FA	9	113
cost from sales of materials	42	39
cost from sales of financial investments	634	976
cost from sales of account receivables	312	632
lost from fines	42	62
losses from the write-off of assets	215	53
financial cost	1 118	225
other staff costs non - deductible	163	172
cost of donations	47	44
social overhead costs	31	33
losses from the write-off of assets non-deductible	3	1
losses with derivatives	-	-
other costs	74	83

Financial results from settled forward and swap transaction are accounted in profit/loss from foreign currency transactions. These transactions are concluded by the Company to minimize currency risks (risks of exchange rates volatility) in connection with the settlement by the Company of loans obligation denominated in foreign currency.

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

	MRUB	
Indicators	for 2016	for 2017
Income tax under revised tax declarations for previous accounting periods	(2)	37
Penalties, fines on taxes and duties, accrued in the reporting period	(233)	(21)
Write-off of previously accrued deferred tax assets and deferred tax commitments to financial result in case of asset retirement	-	<u>50</u>
Total	(235)	66

3.13 Taxes and charges

The Company recognized profit for 2017, the amount of contingent expense for the income tax in the reporting period was RUB 1 537 mln (for 2016 the amount of contingent income for the income tax was RUB 1 349 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 1 369 mln RUB (2016 – 386 mln RUB)

Permanent taxable difference caused correction of provisional profits tax expense, total	1 369
including:	
Expenses coming from collective agreement	54
Fines and penalties	123
Expenses for social sphere (charity)	75

Losses (profits) of previous years not counted in current period	528
Permanent differences on depreciation	235
Other permanent differences	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 796 MRUB (2016 was 2860 mln RUB).

Decrease of deductible temporary differences is explained by use of reserves on contingent liabilities created earlier in the accounting, recognition of expenses on nonstate pension insurance fund in fiscal accounting which were recognised in the accounting earlier.

Deductible temporary differences caused correction of provisional profits tax expense, total	(796)
including:	
Deductible difference during charging (use) of assessed reserves	(928)
Deductible difference on depreciation	115
Deductible difference on payment to nonstate pension fund	19
Other deductible differences	(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 2 984 mln RUB (2016 – 3 591 mln RUB).

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.

Taxable temporary differences caused correction of provisional profits tax expense, total	(2 984)
including:	
Differences arisen when depreciation bonus used	(2 984)

According to fiscal accounting for 2017 profit was received in the amount of 5 276 mln RUB. Income tax was 1 055 MRUB.

MRUB				
Indicators	Constituent of Income Tax	Tax Rate	Base Amount	Tax Amount
Accounting Profit	Provisional Profits Tax Expense	20%	7 687	1 537
Taxable Temporary Differences	Deferred Tax Liabilities		(2 984)	(597)
- Differences arisen	- Deferred Tax Liabilities created	20%	(2 984)	(597)
- Differences paid off	- Deferred Tax Liabilities paid off		0	0
Deductible temporary differences :	Deferred Tax asset		(796)	(159)
- Differences arisen	- Deferred Tax Assets created	20%	327	66

- Differences paid off	- Deferred Tax Assets paid off	20%	(1 123)	(225)
Permanent taxable differences	Permanent Taxable Liability	20%	1 369	274
Taxation base on tax declaration for 2016	Current income tax	20%	5 276	1 055

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 were paid by the Company in 2016. At the time of drafting the annual report by the Company, the decision was still in force.

In December 2017, the Interregional Tax Inspection of the Federal Tax Service of Russia for Major Taxpayers of Russia No. 4 launched a field tax audit for 2014-2016.

Total accrued property tax for 2017 amounted to RUB 1 776 mln (RUB 998 mln in 2016), including additionally charged tax for 2014-2016. Paid to the budget: RUB 1 800 mln (RUB 1 945 mln in 2016). Growth of tax liabilities on property tax is connected with increasing of reduced rate established by art.380 of the Tax Code of the Russian Federation from 1,3% to 1,6% and by property tax payment at 2,2% charged which previously was paid at a lower rate, following the results of the field tax inspection for 2012-2013).

Total amount of accrued value-added tax, according to Chapter 21 of the Tax Code of the Russian Federation, amounted to RUB 14 438 mln in 2017 (RUB 13 943 mln in 2016). Tax deductions amounted to RUB 11 305 mln in 2017 (RUB 13 101 mln in 2016). Therefore value-added tax to be paid to the state budget amounted to RUB 3 132 mln in 2017 (RUB 842 mln in 2016).

Value-added tax, paid to the state budget in 2017 – RUB 2 999 mln (RUB 1 991 mln in 2016).

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

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
01.01.2017	35 371 898 370
01.02.2017	35 371 898 370
01.03.2017	35 371 898 370
01.04.2017	35 371 898 370
01.05.2017	35 371 898 370
01.06.2017	35 371 898 370
01.07.2017	35 371 898 370
01.08.2017	35 371 898 370
01.09.2017	35 215 675 456
01.10.2017	35 215 675 456
01.11.2017	35 215 675 456
01.12.2017	35 215 675 456
Total weighted average	35 319 824 065

On August 18, 2017 the Company acquired its own shares in the amount of 156,222,914 from the subsidiary dependent company.

Calculation of profit / loss per share:

Item	MRUB	
	2017	2016
Base (loss) / profit for the financial year (mln RUB)	5 942	5 083
Weighted average number of ordinary shares in circulation within a financial year (thousands of shares)	35 320	35 372
Base (loss) / profit per share, RUB	0,1682	0,1437

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

3.15 Information on related parties

As of December 31, 2017, Enel Investment Holding B.V. held 19,960,478,471 ordinary shares of the Company that made 56.43% of the authorized capital of Enel Russia PJSC. The entity Enel S.p.A. controls Enel Investment Holding B.V. Shares of Enel S.p.A. are traded on the Milan Stock Exchange.

According to the information at the Company's disposal, as of 31.12.2017 PFR Partners Fund I Limited held 6 732 340 483 ordinary shares of the Company (19,03% of the authorized capital of PJSC Enel Russia). Prosperity Capital Management Limited had the right to control 2 910 893 393 shares constituting the authorised capital of the Company (8,23 % of the authorised capital of PJSC Enel Russia).

As of December 31, 2017, subsidiaries and affiliates of the Company are as follows:

- 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 Azovskaya WES (subsidiary company, 100% shares owned by PJSC Enel Russia)
- LLC Windlife Kola Vetro LL1 (subsidiary company, 100% shares owned by PJSC Enel Russia)
- LLC Prof-Energo (subsidiary company, 100% shares owned by Health Care Centre Energetik LLC)

In August 2017 the Company acquired for cash 100% share in LLC “Enel Rus Wind Generation” and two its wholly owned subsidiaries LLC “Windlife Kola Vetro LL1” and LLC “Azovskaya WPS”. 99% share was acquired from “Enel Investment Holding B.V.” for the cash consideration in the amount of RUB 135,256 thousand and 1% share was acquired from “Enel Green Power Partecipazioni Speciali SrL” for the cash consideration in the amount of RUB 1,366 thousand.

On the 18 of august 2017 the Company acquired a batch of shares from LLC “OGK-5 Finance” in total amount of 237 MRUB, including ordinary shares of PJSC Enel Russia in total amount of 198 MRUB.

Related parties transactions

MRUB

Type of transactions	NATURE OF RELATIONS			
	Parent company (ENEL SPA)	Companies under common control or under significant influence	Parent company (ENEL SPA)	Companies under common control or under significant influence
	2017		2016	
Sales of products, goods (work, services)	14	919	123	547
Purchase of goods (work, services)	642	158	410	892
Other expenses	-	225	-	-

Accruals of related parties transactions

Type of transactions	MRUB	
	2017	2016
Balance as of 01.01.	1 242	1 237
Provisions, created during the reporting period	522	543
Provisions, recovered during the reporting period	(4)	(127)
Provisions, used during the reporting period	(590)	(371)
Discounting expenses	50	(40)
Balance as of 31.12	1 220	1 242

Cash flows with related parties

NATURE OF RELATIONS	MRUB	
	funds remitted in 2017	funds received in 2017
Main business entities	660	192
Distributed dividends for the 2016	1 294	-
Companies belonging to the same group of entities as the Company	18	1022
Total	1 972	1214

Transactions with related parties in progress

As of the end of financial year the indebtedness of the related parties to the Company and indebtedness of the Company to the related parties amounted to:

Type of transactions	MRUB			
	NATURE OF RELATIONS			
	Parent company (ENEL SPA)	Companies under common control or under significant influence	Parent company (ENEL SPA)	Companies under common control or under significant influence
	2017		2016	
Accounts receivable	28	391	192	500
Accounts payable	24	792	40	565

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 Executive Board).

The list of members of the Board of Directors and the Executive Board of the Company is given according to the general provisions. Terms of employment contracts with members of the Executive Board of the Company were preliminarily approved by the Board of Directors of the Company.

Remuneration to main executive managers:

In 2017 the Company paid RUB 105 mln as bonuses to the members of the Board of Directors and of the Executive Board (in 2016 - RUB 123 mln).

Loans provided by the Company:

No loans were provided to main executive managers in 2016 and 2017 years.

Settlements with other related parties

- Companies belonging to the same group of entities as the Company (subsidiaries and affiliates of Enel S.p.A., including Enel Ingegneria e Ricerca S.p.A., Enel Produzione SPA, and others);
- JSC Non-State Pension Fund "VTB Pension Fund" (a non-state pension fund acting in the interests of the Company's employees).

All transactions with related parties were conducted on normal commercial terms. During the reporting period, the Company did not issue guarantees in favor of related parties.

Settlements with Non-Governmental Pension Fund "VTB Pension Fund"

In 2017 the payments to Non-State Pension Fund "VTB Pension Fund" made up 338 mln RUB, in 2016 the payments to the Non-State Pension Fund made up RUB 196 mln. There are no accounts receivable or accounts payable as of 31.12.2017.

Settlements with Non-Governmental Pension Fund Elektroenergetiki

In 2017 there were no payments to the Non-State Pension Fund Elektroenergetiki, in 2016 the payments to the Non-State Pension Fund Elektroenergetiki made up RUB 21 mln. There are no accounts receivable or accounts payable as of 31.12.2017.

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 Events after reporting date

Maintenance of accounting records of events after reporting date and information release about them in the reporting is done by the Company in accordance with the Regulation on Accounting "Events after reporting date" Accounting Standards 7/98, approved by the order No. 56n of Finance Ministry RF dated 25.11.1998. There were no any significant events to release or record in reports for 2017.

3.18 Information on Off-Balance Sheet Accounts

MRUB				
Account name	Account number	Balance as of 31.12.2017	Balance as of 31.12.2016	Balance as of 31.12.2015
Leased fixed assets	001	815	1 763	4 281
Commodities and materials received for safe custody	002	102	694	741
Writing off as the loss of the debts of insolvent debtors	007	362	371	294
Securities received for commitments and payments	008	6 909	6 789	23 122
Depreciation of fixed assets	010	-	-	3

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.

In assessing the effectiveness of the Company uses retrospective and prospective evaluation.

Based on results of the assesment, as of December 31, 2017, all cross-currency swap operations were recognized as the effective. Net book value of open cross-currency swaps as of December 31, 2017 amounted to 771.3 MRUB. (11, 7 million euro.)

3.20 Contingencies

The Company carried out its activity mainly in the Russian Federation. Accordingly the Company business is influenced by the economy and financial markets of the Russian Federation having some features of developing market. From time to time and to different extents the Company's operations and profit are influenced by the intervening in the Russian Federation political, legislative, financial and administrative changes, including changes in the standards of environmental safety.

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. In 2014 and 2015 the Russian economy was negatively impacted by a steep decline in oil prices, depreciation of ruble and sanctions imposed on Russia by a number of countries. Management of the Company believes it is taking appropriate measures to support the sustainability of the Company's business in the current circumstances. Presented report reflects the management's view on the impact of the business environment in the Russian Federation on the activities and financial position of the Company. The actual impact

of the future business conditions may differ from those expressed by the management.

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 2017, by May 20, 2018.

In 2017, 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.

Environment protection issues

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.

Judicial 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, 2017, 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. Palasciano Villamagna

Chief Accountant

A handwritten signature in blue ink, likely belonging to V. Grishachev, written over the stamp area.

V. Grishachev

02 April 2018