

KMPG

To shareholders
of Open joint stock company of power industry and
electrification of Kuban

**Auditor's opinion on
accounting statements of Open joint stock company of power industry and
electrification of Kuban for 2013**

Information on the auditor

Name: Closed joint-stock company “KMPG”
Address (legal address): 3035 office, 18/1 Olympiyskiy Prospekt, Moscow 129110
Postal address: Floor 31, block C, 10 Presnenskaya Naberezhnaya, Moscow 123317
State registration: Registered by Moscow registration chamber, certificate No.011585 dated 25.05.1992
Listed in Unified State Register of Legal Entities by district inspectorate of RF Ministry for taxes and levies No.39 in Moscow, No. 1027700125628 on 13.08.2002. Certificate series 77 No.005721432
Membership in self-regulatory organization of auditors: Member of NP “Audit Chamber of Russia”
Registration number in state registry of auditors and audit companies 10301000804

Information on audited entity

Name: Open joint stock company of power industry and electrification of Kuban (Kubanenergo JSC)
Address (legal address): 2 Stavropolskaya street, Krasnodar, Krasnodar region 350033
Postal address: 2 Stavropolskaya street, Krasnodar, Krasnodar region 350033
State registration: Registered by administration of Oktyabrskiy district of Krasnodar. Registration certificate dated February 10 1993 No.127.
Listed in uniform state register of legal entities of Ministry of Russian Federation on taxes ad levies No.3 in Krasnodar No. 1022301427268 on September 17, 2001. Certificate series 23 No.001806938.

Auditor's report

To shareholders of Open joint stock company of power industry and electrification of Kuban (Kubanenergo JSC)

We have accomplished an audit of attached hereto accounting statements of Open joint stock company of power industry and electrification of Kuban (Kubanenergo JSC) (hereafter – the Company) for 2013.

Accounting report on 99 pages:

- Accounting balance as of December 31, 2013;
- Report on business results of 2013;
- Annexes to accounting balance and report on business results, precisely:
 - statement of changes in equity in 2013
 - statement of cash flow in 2013
 - explanations to accounting balance and report on business results

Responsibility of the auditing entity for accounting report

Management of the Company bears responsibility for preparation and credibility of the accounting report in accordance with Russian rules of preparing the accounting report and for system of internal audit necessary for preparation of accounting report without material misstatements that can be caused by fraud or faults.

Responsibility of the auditor

The responsibility of the auditor consists in providing the opinion on credibility of the accounting report based on the carried out audit. We have carried out the audit in accordance of federal standards of audit activities. These standards require the observance of code of ethics as well as planning and performing the audit the way to make sure that the accounting report does not content material misstatements.

The audit included the audit procedures aimed to find the audit evidences proving the figures in accounting report and the disclosed information. The choice of the procedures is the subject-matter of our estimations that are based on the risk assessment of the material misstatements caused by fraud or faults. During the risk assessment we checked the system of internal audit (which provides preparation and credibility of accounting report) in order to choose the appropriate audit procedures, but not for evaluation of the effectiveness of internal audit system.

The audit also included the appraisal of the accounting policy and validity of estimated figures, as well as the appraisal of performance of accounting report in general.

We consider the proofs found during the audit to be enough to give qualified opinion on the credibility of the accounting report.

Reasons to give qualified opinion

In accordance with Company's accounting policy objects of fixed assets, except for land

plots, are accounted in accounting report by current (replacement) costs.

The Company did not reevaluate the fixed assets as of 31 December 2012. This was the decision made by the Company's management in 2012, based on which we expressed qualified opinion in regard of accounting report for 2012.

The evaluation of influence of specified misstatement could not be carried out by us with sufficient reliability. Therefore, we do not have any possibility to define whether there is the necessity of making adjustments in "Fixed Assets", "Additional Capital" and "Undistributed Profit" as of 31 December 2012 as well as in other lines of the balance sheet, profit and loss statement, report on changes in capital for the years ended 31 December 2012 and 31 December 2013.

Opinion

We consider that except the influence of the fact specified above, the attached to the Auditor's report accounting balance truly depicts the financial state of the Company as of 31 December 2013, the results of business activity and cash flow in 2013, in accordance with Russian standards of preparing accounting statements.

Important events

Without changing our opinion on the reliability of accounting statement, we pay attention to changes in accounting policy of the Company regarding the accounting of fixed assets, specified in paragraph 3 of explanations to balance sheet and financial statements.

Other information

In auditor's opinion dated 12 March 2014 we expressed qualified opinion on Company's accounting report 2013. Our opinion was modified because the Company did not reevaluate homogenous groups of fixed assets as of 31 December 2013. Afterwards the Company carried out and indicated revaluation of homogenous groups of fixed assets as of 31 December 2013. We performed the necessary audit procedures regarding the amendments described in 6.1 "Fixed assets" in Explanations to accounting report of the Company for 2013. Consequently, this auditor's conclusion on accounting report of the Company for 2013 that was approved on 16th April 2014 differs from previous one dated 12th March 2014.

On 28th February 2012 audit of accounting report for 2011 was carried out by other auditor that expressed in auditor's conclusion unmodified opinion.

Director of "KMPG" CJSC
(attorney dated 1 October 2013 No.74/13)

Kraskikhina T.Ye.

18th April, 2014

(seal: Closed joint stock company KMPG G.R.No.011585 Moscow)

Accounting balance for 31.12.2013

	Codes
Form No. 1 as per OKUD [Russian National Classifier of Management Documentation]	0710001
Date	31.12.2013
Organization: Kuban Open-End Joint-Stock Company of Power Industry and Electrification	As per OKPO [Russian National Classifier of Businesses and Organizations] 00104604
Taxpayer Identification Number	TIN 2309001660
Type of activity	as per OKVED [Russian National Classifier of Types of Economic Activity] 40.10.2/40.10.3
Organizational legal form/ownership form Open-End Joint-Stock Company	As per OKOPF [Russian National Classifier of Organizational Legal Forms]/OKFS [Russian National Classifier of Forms of Ownership] 1 22 47 / 16
Unit: thousand RUR	As per OKEI [Russian National Classifier of Measurement Units] 384

notes	ASSETS	Line code	as of 31.12.2013	as of 31.12.2012	as of 31.12.2011
1	2	3		4	5
	I. NON-CURRENT ASSETS				
5.1.1.- 5.2.2.	Intangible assets	1110	16 110	19 715	15
5.2.2.	Including purchase of intangible assets in progress	1111	-	54	15
5.2.1.- 5.2.2	Results of researches and developments	1120	25 059	17 091	-
5.2.2.	Including expenditures on researches in progress	1121	23082	14 125	-

	Intangible development assets	1140	-	-	-
5.3.1.- 5.3.6.	Fixed assets	1150	40 745 760	31 207 441	24 966 539
	land plots and environmental facilities	1151	104 553	24 794	17 408
	Buildings, vehicles, equipment, constructions	1152	22 138 953	19 410 642	16 350 661
	Other fixed assets	1153	471 157	154 953	188 810
5.3.5.	Construction in progress	1154	16 499 004	10 436 102	6 454 127
5.3.6.	Advances paid for capital construction and purchase of fixed assets	1155	1 532 093	1 180 950	1 955 533
	Raw materials and materials for production of fixed assets*	1156	-	-	-
5.3.1.	Income-bearing investments in tangible valuables	1160	-	-	-
	Property for leasing	1161	-	-	-
	Property provided under rent contract	1162	-	-	-
5.4.1.- 5.4.3.	Financial investments	1170	45 688	45 688	45 688
	Investments in affiliates	1171	45 587	45 587	45 587
	Investments in dependent companies	1172	--	-	-
	Investments in outside companies	1173	1	1	1
	Loans to organizations for more than 12 months	1174	-	-	-
	Financial investments	1175	-	-	-
	Deferred tax assets	1180	1 032 232	1 006 530	816 460
	Other non-current assets	1190	283 045	269 657	239 230
	TOTAL Section I	1100	42 147 794	32 566 122	26 067 932
	II. CURRENT ASSETS				
5.5.1.- 5.5.2.	Stock	1210	2 050 130	1 914 210	1 095 421

	Raw materials, supplies and other similar assets	1211	-	-	-
	Expenses on construction-in-progress	1212	-	-	-
	Finished products and goods for resale	1213	-	-	-
	Goods delivered	1214	-	-	-
	Other stock and expenses	1215	-	-	-
	Value added tax on valuables acquired	1220	21 337	10 232	9 138
5.6.1-5.6.4.	Accounts receivable	1230	5 123 537	3 218 957	2 915 550
	accounts receivable that are due beyond 12 months	1231	14 775	11 000	16 406
	Buyers and customers	12310 1	-	-	308
	Bills receivable	12310 2	-	-	-
	Advances paid	12310 3	-	-	-
	Other accounts receivable	12310 4	14 775	11 000	16 406
	accounts receivable that are due in the next 12 months	1232	5 108 762	3 207 957	2 899 144
	Buyers and customers	12320 1	3 955 924	241 282	444 233
	Bills receivable	12320 2	-	-	-
	Debts of affiliated and depended companies on interest	12320 3	-	-	-
	Debts of participants (founders) on share capital payment	12320 4	-	-	-
	Advances paid	12320 5	50 250	2 435 062	1 670 122
	Other accounts receivable	12320 6	1 102 588	531 613	784 789

5.4.1.- 5.4.3.	Financial investments	1240	-	-	-
	Loans granted to companies for a period of less 12 months	1241	-	-	-
	Other short-term financial investments	1242	-	-	-
f.4	Cash and equivalents	1250	12 622 500	4 292 452	5 692 998
	Cash bank	1251	-	-	-
	Operating account	1252	12 622 276	4 291 754	5 692 882
	Currency account	1253	-	-	-
	Other funds	1254	224	698	116
	Other current assets	1260	706 815	972 097	766 374
	VAT on advance payments made for capital construction and purchasing OS	1261	275 232	972 097	766 374
	VAT on received advance payments	1262	382 413	713 510	387 652
	Others	1263	49 170	46 400	28 240
	TOTAL Section II	1200	20 524 319	10 407 948	10 479 481
	BALANCE	1600	62 672 113	42 974 070	36 547 413

	LIABILITIES	Line	as of 31.12.2013	as of 31.12.2012	as of 31.12.2011
1	2	3	4	5	6
	III. CAPITAL AND RESERVES				
3.1.	Authorized capital (reserve capital, statutory fund and partners' contributions)	1310	28 286 813	14 294 283	9 746 093
3.1.	Treasury stock bought out at from the shareholders	1320	-	-	-
5.3.1., 5.1.1	Revaluation of non-current assets	1340	7 713 410	8 250 871	8 194 372
3.1.	Additional capital (without revaluation)	1350	6 481 916	3 428 746	3 272 288
3.1.	Reserve capital	1360	89 347	89 347	89 347
3.1.	Unallocated profit (uncovered loss)	1370	(11 183 120)	(9 481 984)	(7 524 145)

	Past years	1371	(8 944 523)	(7 580 518)	(5 662 363)
	Reported period	1372	(2 238 597)	(1 901 466)	(1 861 782)
	TOTAL Section III	1300	31 388 366	16 581 263	13 777 955
	IV. LONG-TERM LIABILITIES				
5.6.7- 5.6.8	Borrowed funds	1410	17 237 000	5 917 000	10 027 267
	Bank credits that should be repaid more than 12 months after reporting date	1411	17 237 000	5 917 000	10 000 000
	Credits that should be paid more than 12 months after reporting date	1412	-	-	27 627
5.7.2.	Deferred tax liabilities	1420	123 441	138 702	149 156
5.7.1.	Reserve for contingent liabilities	1430	-	-	-
5.6.5- 5.6.6.	Other liabilities	1450	595 374	265 752	59 541
	TOTAL Section IV	1400	17 958 815	6 321 454	10 235 964
	V. SHORT-TERM LIABILITIES				
5.6.5.- 5.6.6.	Borrowed funds	1510	400 000	10 027 267	5 238 151
	Bank credits that should be repaid more than 12 months after reporting date	1511	400 000	10 000 000	5 201 466
	Credits that should be paid more than 12 months after reporting date	1512	-	27 267	36 685
	Payables	1520	17 858 485	8 278 698	5 739 087
	Suppliers and contractors	1521	9 097 198	3 412 252	2 477 105
	Bills payable	1522	-	-	-
	Salaries payable	1523	174 859	116 545	125 389
	Debt to state extra-budgetary funds	1524	120 178	57 314	53 012
	Taxes payable	1525	84 424	47 243	63 613
	Advances received	1526	1 924 893	4 421 527	2 492 689
	Payable to the participants (founders) on	1527	-	-	127

	income payment				
	Other accounts payable	1528	253 215	223 817	527 152
	Reserves for future expenses	1530	11 474	12 598	13 649
	Estimated liabilities	1540	1 261 691	1 752 790	1 542 607
	Estimated liabilities for vacation pay	1541	175 841	106 834	103 397
	estimated liabilities on controversial debt of suppliers	1542	1 085 850	1 645 956	1 439 210
	Other liabilities	1550	-	-	-
	TOTAL Section V	1500	13 324 932	20 071 353	12 533 494
	BALANCE (assets)	1700	62 672 113	42 974 070	36 547 413

Director _____ Gavrilov A.I.
(signature)

Chief accountant _____ Skiba I.V.
(signature)

5 March 2014

(seal)

Profit and loss statement for 12 months of 2013

		Codes
Form No. 2 as per OKUD [Russian National Classifier of Management Documentation]		0710002
	Date	31.12.2013
Organization: Open Joint-Stock Company of Kuban Power Engineering and Electrification	As per OKPO [Russian National Classifier of Businesses and Organizations]	00104604
Taxpayer Identification Number	INN [Taxpayer Identification Number]	2309001660
Type of activity	as per OKVED [Russian National Classifier of Economic Activities]	40.10.2/40.10.3
Organizational legal form/ownership form	As per OKOPF [Russian	1 22 47 / 16

Open Joint-Stock Company

National Classifier of
Organizational Legal
Forms]/OKFS [Russian
National Classifier of Forms
of Ownership]

Unit: **thousand RUR**

As per OKEI [Russian
National Classifier of
Measurement Units]

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	Indicator	Line	For 2013	For 2012
1	2	3	4	5
	Proceeds	2110	33 903 758	28 118 506
	Including			
	Income from electric energy transmission	2111	30 505 345	27 194 306
	Income from technical connection	2112	3 335 847	843 394
	Income from organization and development of UES of Russia in connection with distributional power grid	2113	-	-
	Income from reselling of electric energy and capacity	2114	-	-
	Income from participating in other organizations	2115	-	-
	Income from lease	2116	12 776	12 410
	Income from selling other products, goods, works, services of industrial type	2117	49 790	68 351
	Income from selling other products, goods, works, services of non-industrial type	2118	-	45
2.1.	Cost of sales	2120	(32 201 425)	(28 119 207)
	Including			
	Self-cost of energy transmission	2121	(31 952 986)	(27 845 667)
	Self-cost of technical connection	2122	(211 560)	(227 392)
	Self-cost of organization and development of UES of Russia in connection with distributional power grid	2123	-	-
	Self-cost of reselling of electric energy and capacity	2124	-	-
	Self-cost of participation in other organization	2125	-	-
	Self-cost of rent	2126	(4 100)	(3 128)
	Self-cost of other products, goods, works, services of	2127	(32 779)	(43 020)

	industrial type			
	Self-cost of other products, goods, works, services of non-industrial type	2128	-	-
	Gross profit (loss)	2100	1 702 333	(701)
2.1.	Commercial expenses	2210	-	-
2.1.	Administrative expenses	2220	-	-
	Sales profit (loss)	2200	1 702 333	(701)
	Participation incomes	2310	3	1
	Interest receivable	2320	475 329	446 963
	Interest payable	2330	(1 535 351)	(1 462 985)
5.11	Other incomes	2340	1 601 414	1 046 902
	Income of past years revealed in reporting period	2341	117 844	68 843
	Income from reducing (write-off) of provision for doubtful debts	2342	1 139 022	818 223
5.11.	Other expenses	2350	(4 511 622)	(2 197 596)
	Provision for doubtful debts	2351	(996 163)	(392 283)
	Losses of past years revealed in reporting period	2352	(1 964 243)	(1 179 509)
	Profit (loss) before tax	2300	(2 267 894)	(2 167 326)
	Current profit tax	2410	-	-
	Including constant tax liabilities (assets)	2421	567 722	228 256
	Changes in deferred tax liabilities	2430	11 891	6 250
	Changes in deferred tax assets	2450	(126 034)	198 959
	Other	2460	143 440	60 651
	Net profit (loss)	2400	(2 238 597)	(1 901 466)
	FOR REFERENCE:			
	Results of revaluation of non-current assets not included into net profit (loss) of the period	2510	-	-
	Results of other operations not included into net profit (loss) of the period	2520	-	-
	Aggregate financial result of the period	2500	(2 238 597)	(1 901 466)
	Basis profit (loss) per share	2900	-10.8936	-14.9052
	Diluted profit (loss) per share	2910	-10.8936	-14.9052

Director _____ Gavrilov A.I.
(signature)

Chief accountant _____ Skiba I.V.
(signature)

5 March 2014

(seal)

Report on changes in equity for 2012

Form No. 3 as per OKUD [Russian National Classifier of Management Documentation]	Codes	0710003
Date		31.12.2012
Organization: Open Joint-Stock Company of Kuban Power Engineering and Electrification	As per OKPO [Russian National Classifier of Businesses and Organizations]	00104604
Taxpayer Identification Number	INN [Taxpayer Identification Number]	2309001660
Type of activity	as per OKVED [Russian National Classifier of Economic Activities]	40.10.2
Organizational legal form/ownership form Open Joint-Stock Company	As per OKOPF [Russian National Classifier of Organizational Legal Forms]/OKFS [Russian National Classifier of Forms of Ownership]	47/16
Unit: thousand RUR	As per OKEI [Russian National Classifier of Measurement Units]	384

Location (address): **2, Stavropolskaya ul., Krasnodar, 350033 Russia**

I. Cash flow							
Indicator description	Line code	Chartered capital	Treasury stock	additional capital	Reserve capital	Unallocated profit (uncovered loss)	Total
Balance as of December 31	3100	9 746	-	11 466	89 347	(7 524)	13 77 955

2011				660		145)	
For 2012 (2)							
Increase of capital - total:	3210	4 548 190	-	156 458	-	126	4 704 774
including:							
Net profit	3211	x	x	x	x		-
Revaluation of property	3212	x	x	x	x		-
Incomes directly related to increase of capital	3213	x	x		x	126	126
additional share issue	3214	4 548 190	-	156 458	x	x	4 704 774
increase of share nominal value	3215		x	x	x		x
legal entity reorganization	3216						
Capital amount reduction – total:	3220	-	-	-	-	(1 901 466)	(1 901 466)
including:		x	x	x	x	(1 901 466)	(1 901 466)
loss	3221	x	x		x		-
Revaluation of property	3222	x	x		x		-
expenditures directly related to decrease of capital	3223			x	x		-
reduction of share nominal value	3224			x	x		-
reduction of number of shares	3225						
legal entity reorganization	3226						
dividends	3227	x	x	x	x		-
Additional fund changing	3230	x	x	56 499	x	(56 499)	x
Reserve fund changing	3240	x	x	x			x
Value of capital at the 31 December 2012	3200	14 294 283	-	11 679 617	89 347	(9 481 984)	16 581 263
For 2013							
Increase of capital - total:	3310	13 992 530	-	3 053 170	-	-	17 045 700
including:							
Net profit	3311	x	x	x	x		-
Revaluation of property	3312	x	x		x		-
Incomes directly related to	3313	x	x		x		-

increase of capital							
additional share issue	3314	13 992 530		3 053 170	x	x	17 045 700
increase of share nominal value	3315		x	x	x		x
legal entity reorganization	3316						-
Capital amount reduction – total:	3320	-	-	-	-	(2 238 597)	(2 238 597)
including:							
loss	3321	x	x	x	x	(2 238 597)	(2 238 597)
Revaluation of property	3322						
expenditures directly related to decrease of capital	3323	x	x		x		-
reduction of share nominal value	3324		x	x	x		-
reduction of number of shares	3325			x	x		
legal entity reorganization	3326						-
dividends	3327	x	x	x	x		-
Additional fund changing	3330	x	x	(537 461)	x	537 461	
Reserve fund changing	3340	x	x	x			x
Value of capital at the 31 December 2012	3300	28 286 813	-	14 195 326	89 347	(11 183 120)	31 388 366

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

Indicator description	Line code	As of 31.12.2011	Capital changing in 2012		As of 31.12.2012
			At the expense of net profit	Due to other factors	
Capital – total					
Before correcting	3400	13 77 9550	(1 901 340)	4 704 648	16 581 263
Correcting due to the fact of:					
Accounting policy changing	3410	-	-	-	-
Correction of mistakes	3420	-	-	-	-
After correcting	3500	13 77 9550	(1 901 340)	4 704 648	16 581 263

Including:					
Undistributed profit (unrecovered loss):					
Before correcting	3401	(7 524 145)	(1 957 839)	-	(9 481 974)
Correcting due to the fact of:					
Accounting policy changing	3411	-	-	-	-
Correction of mistakes	3421	-	-	-	-
After correcting	3501	(7 524 145)	(1 957 839)	-	(9 481 974)
Other corrected capital articles:					
(under the article)					
Before correcting	3402	21 302 100	56 499	4 704 648	26 063 247
Chartered capital		9 746 093		4 545 190	14 294 283
Treasury stock		-			-
Additional capital		11 466 660	56 499	156 458	11 679 617
Reserve capital		89 347	-	-	89 347
Correcting due to the fact of:					
Accounting policy changing	3412	-	-	-	-
Correction of mistakes	3422	-	-	-	-
After correcting	3502	21 302 100	56 499	4 704 648	26 063 247

Inquiries				
Indicator description	Line code	as of 31.12.2013	as of 31.12.2013	as of 31.12.2011
1	2	3	4	5
Net assets	3600	31 399 840	16 593 861	13 791 604

Director _____ Gavrilov A.I.
(signature)

Chief accountant _____ Skiba I.V.
(signature)

5 March 2014

(seal)

3.4. Accounting of estimated value of net assets

Indicator		Line	as of 31 December 2013 (8)	as of 31 December 2012 (7)	as of 31 December 2011 (6)
1		2	3	4	6
I.	Assets				
1.	Intangible assets	1110	16 110	19 715	15
2.	Results of researches and developments	1120	25 059	17 091	-
3.	Intangible development assets	1130	-	-	-
4.	Tangible development assets	1140	-	-	-
5.	Fixed assets	1150	40 745 760	31 207 441	24 966 539
6.	Income-bearing investments in tangible valuables	1160	-	-	-
7.	Long-and short-term financial investments	1170+1240	45 588	45 688	45 688
8.	Other intangible assets	118+1190	1 315 277	1 276 187	1 055 690
9.	Stock	1210	2 050 130	1 914 210	1 095 421
10.	Value added tax on valuables acquired	1220	31 337	10 232	9 138
11.	Accounts receivable	1230	5 123 537	3 218 957	2 915 550
12.	Cash and equivalents	1250	12 622 500	4 92 452	5 692 998
13.	Other current assets	1260	706 815	972 097	766 374
14.	Total assets taken for accounting, (sum of paragraphs 1-13)		62 672 113	42 974 070	36 547 413
II.	Liabilities				
15.	Long-term borrowed funds	1410	17 237 000	5 917 000	10 027 267
16.	Deferred tax liabilities	1420	126 441	138 702	149 156
17.	Estimated liability	1430+1540	1 261 691	1 752 790	1 542 607
18.	Other long-term liabilities	1450	595 374	265 752	59 541
19.	Short-term borrowed funds	1510	400 000	10 027 267	5 238 151
20.	Bills payable	1520	11 651 767	8 278 698	5 739 087
21.	Other short-term liabilities	1550	-	-	-
22.	Total for liabilities taken for accounting (sum of paragraphs 15-21)		31 272 273	26 380 209	22 755 809
23.	Cost of net assets of joint stock company (total for assets taken for accounting (line 14) minus total liabilities taken for accounting (line 22))		31 399 840	16 593	13 791 604

Director _____ Gavrilov A.I.
(signature)

Chief accountant _____ Skiba I.V.
(signature)

5 March 2014

(seal)

Statement on cash flow for 12 months of 2013

		Codes
Form No.4 as per OKUD [Russian National Classifier of Management Documentation]		0710004
	Date	31.12.2013
Organization: Open Joint-Stock Company of Kuban Power Engineering and Electrification	As per OKPO [Russian National Classifier of Businesses and Organizations]	00104604
Taxpayer Identification Number	INN [Taxpayer Identification Number]	2309001660
Type of activity	as per OKVED [Russian National Classifier of Economic Activities]	40.10.2/40.10.3.
Organizational legal form/ownership form Open Joint-Stock Company	As per OKOPF [Russian National Classifier of Organizational Legal Forms]/OKFS [Russian National Classifier of Forms of Ownership]	1 22 47 / 16
Unit: thousand RUR	As per OKEI [Russian National Classifier of Measurement Units]	384

Indicator	Line code	as of 12 months 2013	as of 12 months 2012
1	2		3
Money flows from currents operations			
Income - total	4110	28 690 527	31 738 969
Including:			
From sales of products, goods, work and services	4111	28 439 749	29 893 809
Including from sales of products, goods, work and services to parent, affiliate and subsidiary companies	4111 01	1 371	700

Lease rents, license fee, royalties, commission and other payments	4112	20 845	35 275
Including from lease rents, license fee, royalties, commission and other payments from parent, affiliate and subsidiary companies	4112 01	68	123
From resale of financial assets	4113		
including from resale of financial assets to parent, affiliate and subsidiary companies	4113 01		
Other incomes	4119	499 933	1 809 885
Including other incomes from parent, affiliate and subsidiary companies	4119 01	606	
Payments - total	4120	(27 917 690)	(31 076 023)
including:			
to suppliers (contractors) for materials, stuff, work, services	4121	(20 775 671)	(25 376 809)
Including to suppliers (contractors) for materials, stuff, work, services of parent, affiliate and subsidiary companies	4121 01	(108 543)	(116 248)
Due to the fact of payment for the labour of an employee	4122	(3 746 977)	(2 131 845)
Interest on debenture	4123	(1 535 351)	(1 464 362)
Including interest on debenture to parent, affiliate and subsidiary companies	4123 01		
Tax on the profit of organizations	4124		(22 272)
Other payments	4129	(1 859 691)	(1 771 545)
Including other payments to parent, affiliate and subsidiary companies	4129 01		
Balance of money flows from current operations	4100	1 024 837	663 050
Flow of investment activity funds			
Income – total	4210	655 505	526 993
Including:			
From sale of non-current assets (except financial assets)	4211	49 830	17 312
Including from sale of non-current assets (except financial assets) to parent, affiliate and subsidiary companies	4211 01		

From sale of shares of other organizations (equity share)	4212		
Including from sale of shares of other organizations (equity share) to parent, affiliate and subsidiary companies	4212 01		
From returning of granted loans, from sale of debt securities (claim of monetary funds to others)	4213		
Including from returning of granted loans, from sale of debt securities (claim of monetary funds to others) of parent, affiliate and subsidiary companies	4213 01		
From dividends, percent from debt financial placements and similar incomes from share participation in other organizations	4214	457 075	504 475
Including from dividends, percent from debt financial placements and similar incomes from share participation in other organizations from parent, affiliate and subsidiary companies	4214 01		
Other incomes	4219	148 600	5 206
Including other incomes from parent, affiliate and subsidiary companies	4219 01		
Payments – total	4220	(12 078 963)	(7 894 711)
Including:			
Due to the fact of purchasing, creating, modernization, reconstruction and preparing for use of non-current assets	4221	(11 364 571)	-7 785 876
Including payments to parent, affiliate and subsidiary companies due to the fact of purchasing, creating, modernization, reconstruction and preparing for use of non-current assets	4221 01		
Due to the fact of purchasing shares of other companies (equity share)	4222		
Including payments to parent, affiliate and subsidiary companies due to the fact of purchasing shares of other companies (equity share)	4222 01		
Due to the fact of purchasing debt securities (claim of monetary funds to others), lending procuration to others	4223		
Including payments to parent, affiliate and subsidiary companies due to fact of purchasing debt securities (claim of monetary funds to others), lending procuration to	4223 01		

others			
Interest of debenture, included to value of investment asset	4224		
Including interest of debenture, included to value of investment asset to parent, affiliate and subsidiary companies	4224 01		
Other payments	4229	(714 392)	(108 835)
Including other payments to parent, affiliate and subsidiary companies	4229 01		
Balance of money flows from current operations	4200	(11 423 458)	(7 367 718)
Money flows from financial operations			
Income – total	4310	28 765 700	10 621 647
Including:			
Receiving the credits and loans	4311	11 720 000	5 917 000
Including receiving the credits and loans from parent, affiliate and subsidiary companies	4311 01		
From owners' lodgment (participants)	4312		
Including from owners' lodgment (participants) of parent, affiliate and subsidiary companies	4312 01		
From shares release, increasing share of participation	4313	17 045 700	4 704 453
From shares release, increasing share of participation of parent, affiliate and subsidiary companies	4313 01	17 045 300	4 702 460
From issue of bonds, bills and other debt securities and other	4314		
From issue of bonds, bills and other debt securities and other of parent, affiliate and subsidiary companies	4314 01		
Other incomes	4319		
Other incomes from parent, affiliate and subsidiary companies	4319 01		
Payments - total	4320	(10 054 557)	(5 318 003)
Including:			
To owners (participants) due to the fact of their shares purchasing (equity share) or their cessation of	4321		

membership			
Including to owners (participants) due to the fact of their shares purchasing (equity share) or their cessation of membership of parent, affiliate and subsidiary companies	4321 01		
To dividends and other payments under appropriation of profit in favor of owners (participants)	4322		
Including to dividends and other payments under appropriation of profit in favor of owners (participants) of parent, affiliate and subsidiary companies	4322 01		
Due to the fact of payment of promissory notes (purchasing) and other debt securities, repayment of credits and loans	4323	(10 027 267)	(5 236 685)
Including due to the fact of payment of promissory notes (purchasing) and other debt securities, repayment of credits and loans to parent, affiliate and subsidiary companies	4323 01		
Other payments	4329	(27 290)	(81 318)
Including other payments to parent, affiliate and subsidiary companies	4329 01		
Balance of money flows from current operations	4300	18 711 143	5 303 644
Balance of money flows in the accounting period	4400	8 330 522	(1 401 128)
Cash balance and money equivalent at the beginning of reporting period	4450	4 291 754	5 692 882
Cash balance and money equivalent at the end of reporting period	4500	12 622 276	4 291 754
Effect of exchange rate changes of rubles	4490		

Director _____ Gavrilov A.I.
(signature)

Chief accountant _____ Skiba I.V.
(signature)

5 March 2014

(seal)

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

Notes to Financial Statements for 2013

Krasnodar
2014

1. General Provisions

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

Full name: Kuban Power and Electrification Open Joint-Stock Company.

Abbreviated name: Kubanenergo JSC.

The company was registered on February 10, 1993.

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

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

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

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

The Company's main activities are:

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

Licenses

Type of Activity	Issuing Authority	Details	Validity Period of License
1	2	3	4
For the right to use mineral resources (to extract fresh groundwater for utility and drinking water supply and process water supply in Krasnodar)	The Russian Ministry of Natural Resources	КРД (KRD) No. 03378 ВЭ (VA)	17.07.2007 – 20.07.2014
To execute works with the use of information constituting a state secret	Department of the Russian Federal Security Service (FSB) for the Krasnodar Region	GT 0062143, registration # 1223	06.08.2013 – 06.08.2018

Permit to works related to construction, reconstruction and overhaul	Self-regulatory Organization Energostroy, NP (non-for-profit partnership)	0212.03-2012-2309001660-S-060	From December 16, 2010, with no expiration date
Permit to works related to preparation of design documentation for infrastructure facilities	Self-regulatory organization Energostroy, NP (non-for-profit partnership)	P-0263-01-2010-0274	From 26.12.2012, with no expiration date
For the right to use mineral resources (to extract fresh groundwater for utility and drinking water supply and process water supply in the Tverskaya village)	The Russian Ministry of Natural Resources	КРД (KRD) No. 03813 БЭ	17.12.2009 – 01.01.2015
To operate fire explosive production facilities	The Russian Federal Service for Environmental, Technological and Nuclear Supervision	BP-30-003995 series AB No. 087343	From November 11, 2011, with no expiration date

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

#	Name	Location
1	Krasnodarskiye Elektricheskiye Seti (Krasnodar Electric Grids)	131 Pashkovskaya str., Krasnodar 350000
2	Sochinskiye Elektricheskiye Seti (Sochi Electric Grids)	42 Konstitutsii str., Sochi 354000
3	Armavirskiy Elektricheskiye Seti (Armavir Electric Grids)	54 Vorovskogo str., Armavir 352900
4	Adygeyskiye Elektricheskiye Seti (Adygeya Electric Grids)	358 Shovgenova str., Maykop 385000
5	Timashevskiy Elektricheskiye Seti (Timashevsk Electric Grids)	176 Lenina str., Timashevsk 353760
6	Tikhoretskiye Elektricheskiye Seti (Tikhoretsk Electric Grids)	62 Dzerzhinskogo str., Tikhoretsk 352100
7	Leningradskiy Elektricheskiye Seti (Leningradskaya Electric Grids)	6 302-y Divizii str., Leningradskaya village 353740
8	Slavyanskiye Elektricheskiye Seti (Slavyansk Electric Grids)	49 Stroiteley str., Slavyansk-na-Kubani 353840
9	Yugo-Zapadnye Elektricheskiye Seti (South-West Electric Grids)	1 Vostochny Mol, Novorossiysk 353902
10	Labinskiye Elektricheskiye Seti (Labinsk Electric Grids)	334 Mira str., Labinsk 352510
11	Ust-Labinskiye Elektricheskiye Seti (Ust-Labinsk Electric Grids)	4 Krasnodarskaya str., Ust-Labinsk 352300

Average annual number of employees in Kubanenergo JSC for the reporting period

equaled to 8 168 employees, in the previous year (in 2012) the number was 7593 persons, in the year preceding the previous year (in 2011) there were 7624 employees.

Registrar of the Company:

Name: Registrar R.O.S.T., JSC
 Location: P.O. box 9, 18 Stromynka str., Moscow 107996, Russia.
 Telephone/fax: (495) 771-73-35/771-73-34
 Email: rost@rost.ru
 Website: <http://www.rost.ru>
 Number of license: 010-000-1-00264
 Date of license issue: February 3, 2002
 License issuing authority: Federal Financial Markets Service of Russia

Company's Auditor:

Name: Closed Joint Stock Company KPMG
 Registered address: 18/1 Olimpiysky avenue, 3035, Moscow 129110
 Actual address: block C, 10 Presnenskaya embankment, Moscow 123317, Russia
 Individual Taxpayer
 Number (INN): 7702019950
 Primary State Registration
 Number (OGRN): 1027700125628
 Telephone/fax: (495) 937-44-77/937-44-00
 Email: Moscow@kpmg.ru
 Website: www.kpmg.ru

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

General Director of the Company: Gavrilov Alexandr Ilyich

Chief Accountant of the Company: Skiba Inna Viktorovna.

Members of the Board of Directors

#	Name	Place of employment and position	Status in the Board of Directors
1.	Magadeyev Ruslan Raisovich	Deputy director of Situational and Analytical centre of Russian Grids JSC	Chairperson of the Board of Directors
2.	Vagapov Suleiman Gelanievich	Deputy director general of "Resorts of North-Caucasus" JSC	Board of Directors member
3.	Varvarin Aleksandr Viktorovich	Managing director in charge of corporate relations and legal support, RSPP	Board of Directors member
4.	Gaichenya Ivan Alekseevich	Director of security Department "Russian Grids" JSC	Board of Directors member
5.	Katina Anna Yurievna	Deputy head of directorate - head of	Board of Directors

		division at Department for corporate governance and interaction with shareholders and investors	member
6.	Kolyada Andrey Sergeevich	Head of equity management office at Corporate governance and shareholders relations department "Russian Grids" JSC	Board of Directors member
7.	Lavrova Marina Aleksandrovna	Head of Directorate of Economic affairs of Affiliates at Department for economic planning and budgeting of Russian Grids JSC	Board of Directors member
8.	Neganov Leonid Valerievich	Minister of Energy of Moscow region	Board of Directors member
9.	Solod Aleksandr Viktorovich	Director general of "Federal Grid Company of Unified Energy System " JSC branch-Backbone electric grids (MES) of the South	Board of Directors member
10.	Likhov Khasan Mushtafaevich	Deputy head of Department of corporate governance, price environment and audit activities in the spheres of Fuel and Energy Complex at RF Ministry of Energy	Board of Directors member
11.	Cherezov Andrey Vladimirovich	Deputy energy minister of Russian Federation	Board of Directors member

Members of Management Board

#	Name	Place of employment and position	Status in the Board of Directors
1.	Gavrilov Alexander Ilyich	General director of "Kubanenergo" JSC	Chairperson of Management Board
2.	Kocherga Vitaly Aleksandrovich	Deputy General Director for Corporate Governance "Kubanenergo" JSC	Deputy Chairperson of Management Board
3.	Statuyev Vladislav Andreyevich	Deputy director general in charge of security at Kubanenergo JSC	Member of Management Board
4.	Golov Andrey Valerievich	Deputy director general in charge of logistics and inventory, OJSC "Kubanenergo"	Member of Management Board
5.	Kostetskiy Vyacheslav Yurievic	Deputy director general in charge of development and selling of services "Kubanenergo" JSC	Member of Management Board
6.	Skiba Inna Viktorovna	Chief accountant–Head of Department for accounting and tax reporting, "Kubanenergo" JSC	Member of Management Board
7.	Natkho Inver Yusufovich	Director of branch Krasnodar Electric Power Grids	Member of Management Board
8.	Golovakha Lyudmila Alekseevna	Deputy director general, chief of staff, "Kubanenergo" JSC	Member of Management Board

9.	Golovakha Dmitriy Nikolaevich	Director of Kubanenergo branch South-Western electric grids	Member of Management Board
10.	Gerasko Andrey Leonidovich	Director of Kubanenergo branch – Sochi electric grids	Member of Management Board
11.	Zinchenko Pavel Vasilyevich	Deputy General Director for Technical Issues – Chief Engineer "Kubanenergo" JSC	Member of Management Board
12.	Belik Vyacheslav Alexandrovich	Head of Personnel Management and Organization Design Department of "Kubanenergo" JSC	Member of Management Board

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

Members of the Auditing Commission

#	Name	Place of employment and position	Status in the Board of Directors
1.	Shmakov Igor Vladimirovich	Head of department for control and risks at Department "Russian Grids" JSC	Chairperson of the Commission
2.	Adler Yuriy Veniaminovich	Head of sector for standards and methodology of Department of corporate governance and interaction with shareholders of "Russian Grids" JSC	Member of the Commission
3.	Bogashov Alexandr Evgenievich	Acting adviser at management sector of Federal Agency for State Property Management	Member of the Commission
4.	Kirillov Artyom Nikolaevich	Head of sector for auditing investments of "Russian Grids" JSC	Member of the Commission
5.	Pronin Nikolay Nikolaevich	Head of Economic security department of Federal Grid Company of the Unified Energy System of Russia	Member of the Commission

Company's Subsidiaries and Affiliates

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

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

2. General Provisions of Accounting Policy

Kubanenergo JSC maintained its accounting records in accordance with the Federal Law dated November 21, 1996 No. 129-FZ “On Accounting”, Regulation on Maintaining Accounting Records and Financial Statements in the Russian Federation approved by Order of the Russian Ministry of Finance dated July 29, 1998 No. 34n and other regulations on accounting.

The financial statements of Kubanenergo JSC were prepared based on the Accounting Standards applicable in Russia.

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

2.1. Assets and Liabilities in Foreign Currencies

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

2.2. Intangible Assets

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

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

2.3. Fixed Assets and Construction in Progress

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

The Company accounts construction work in progress in accordance with the Russian Accounting Standard approved by Order of the Russian Ministry of Finance dated July

29, 1998 No. 34n as well as in accordance with the Regulation on Accounting for Long-Term Investments (Letter of the Russian Ministry of Finance dated December 30, 1993 No. 160) insofar as it does not conflict with any subsequent law or regulation in relation to accounting.

The assets, in relation to which the conditions of par.4 of this regulation are met and the value of which does not exceed 40.000 rubles per a unit, shall be recorded in the accounting records as inventories.

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

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

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

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

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

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

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

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

Income and expenses from retirement, writing-off, transfer without charge of the fixed assets were recorded in the Profit and Loss Statement as other income and expenses. The value of the fixed assets was not subject to change except as the objects were renovated, reconstructed or their construction was completed. Costs of the recovery of fixed assets shall be recorded in the accounting records of the reporting period to which they relate.

Property received under financial lease agreements shall be recorded in accounting records in accordance with the Federal Law dated October 29, 1998 No. 164-FZ "On Financial Lease". The value of the property received by the lessee (Kubanenergo, OJSC) under the financial lease agreement, is recorded in the off-balance-sheet account 001

“Leased Fixed Assets”. After the Company makes all the payments stipulated in the agreement the lessor will convey title to the leased asset to the Company (lessee) under the sale and purchase agreement.

2.4. Inventories

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

Inventories shall be accounted for with the use of account 16 “Materials Price Difference”. Inventories shall be recorded in accounting records on the debit side of account 10 “Materials” based on valuation prices, which mean contract prices. At the same time, shipping and handling expenses shall be recorded in account 16 “Materials Price Difference”.

In entering inventories into the books of account, company shall value them as follows:

- if the inventories are purchased for a fee – as the amount of actual costs of their purchase, except for value-added tax and other taxes to be recovered from the budget (par. 6, 11 of Accounting Standard 5/01 (Order of the Russian Ministry of Finance dated June 9, 2001 No. 44n));
- if the inventories are produced with the use of the company’s own resources – based on actual costs related to the production of such inventories. Costs of the inventories production shall be recorded and formed in the books of account in the manner set forth to determine the prime cost of the relevant types of products (par.7 of Accounting Standard 5/01);
- if the inventories are received as a contribution to the charter capital – based on their estimated money value approved by the founders / members except as otherwise required by the law of the Russian Federation; for these purposes, the actual expenses for delivery of the inventories and making them suitable for use shall be taken into account, according to par. 6 of Accounting Standard 5/01 (par. 8, 11 of Accounting Standard 5/01);
- if the inventories are received without charge or under a deed of gift as well as remained after the retirement of fixed assets and other property, entering the inventories, which have been found as overstock based on the results of stock-taking, into the books of account – based on the current market value of the inventories as at the date of their entering into the books of account; the actual expenses for delivery of the inventories and making them suitable for use shall be taken into account (par. 9, 11 of Accounting Standard 5/01);
- if the inventories are received under the agreements, which stipulate that the

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

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

According to par. 16 of Accounting Standard 5/01 “Accounting for Inventories” and par. 3.13.14 of the Company’s Accounting Policy, if inventories are issued to production or are otherwise retired they shall be valued based on the average cost price of each type of the inventories.

Special clothing before it is put into use shall be recorded in the accounting records on account 10 “Materials”, separate sub-account “Special Gear and Special Clothing in Stock”. The value of special clothing with useful life over 12 months shall be amortized using the straight-line method based on the useful life of the special clothing stated in the standard industry norms for provision of special clothing, special footwear and other personal protective gear, as well as in the Rules for Provision of Employees with Special Clothing, Special Footwear and Other Personal Protective Gear approved by Decree of the Russian Ministry of Labor and Social Development dated December 18, 1998 No. 51. The average estimation of the actual cost price of the materials issued to production or written off for other purposes shall be made by determining the actual cost price of the material at the moment of its issue (moving estimate).

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

2.5. Prepaid Expenses

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

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

For these purposes, distribution between sections I and II of the balance sheet shall made

based on the period of expensing relevant costs, i.e. costs with the period of expensing over 12 months shall be recorded in section I of the balance sheet, the rest of costs shall be recorded in section II.

2.6. Financial Investments

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

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

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

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

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

2.7. Loans and Credits

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

2.8. Estimated Liabilities

The Company accounts estimated and contingent liabilities in accordance with Accounting Standard 8/2010 “Estimated Liabilities, Contingent Liabilities and Contingent Assets” approved by Order of the Russian Ministry of Finance dated December 13, 2010 No. 167n.

2.9. Deferred Taxes

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

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

2.10. Revenue and other income

The Company accounts for its revenue and other income in accordance with Accounting Standard 9/99 “Income of Company” approved by Order of the Russian Ministry of Finance dated May 6, 1999 No. 32n.

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

- 1) the company has the right to receive this revenue, which follows from a particular agreement or is otherwise confirmed;
- 2) the amount of the revenue can be determined;
- 3) there is confidence that as a result of a particular transaction the number of the company’s economic benefits will increase. Confidence that as a result of a particular transaction the number of the company’s economic benefits will increase is in case where the company has received the asset in return or there is no uncertainty with regard to the receipt of the asset;
- 4) the title (including right, title and interest) to products / goods has passed from the company to the buyer or the work has been accepted by the client (the service has been rendered);
- 5) costs that has been incurred or will be incurred in connection with this transaction can be determined.

The Company’s other income includes receipt related to the participation in charter capitals of other companies; receipts from the sale of fixed assets and other assets; fines, penalties (including interest-based penalties) for breach of contract conditions; receipt of assets without consideration; profit of previous years; accounts payable, in relation to which the limitation period has expired; foreign exchange differences and other income, according to par. 8 of Accounting Standard 9/99.

2.11. Cost of Sold Goods, Products, Works, Services, Selling and Administrative Expenses, Other Expenses

The Company accounts the expenses in accordance with Accounting Standard 10/99 “Expenses of Company” approved by Order of the Russian Ministry of Finance dated May 6, 1999 No. 33n.

2.12. Government Assistance

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

2.13. Related Parties

The Company discloses information on related parties in accordance with Accounting Standard 11/2008 “Information on Related Parties” approved by Order of the Russian Ministry of Finance dated April 29, 2008 No. 48n.

2.14. Segment Information

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

2.15. Information on Cash Flows

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

3. Changes in Accounting Policy in 2013

No changes occurred in the Company's Accounting Policy during 2013.

4. Changes in Accounting Policy in 2014

Changes in the Accounting Policy for 2014 are associated with changes in methods of accounting transport and inventory expenses. Other changes are dealing with specification of definition of non-liquid materials and formation of provision for depreciation of inventories. In section "Accounting of future expenses" types of expenses that are not accounted as future expenses were determined. Provision for estimated liability, stipulated by possible payment of compensations on carry-over vacations in 2014, should be corrected monthly. Changes were introduced in section "Accounting of fixed assets", it was decided not to conduct remeasurement of fixed assets. A minimal necessary structure is set for distinguishing key grid facilities as separate inventory facilities. Other changes in accounting policy for 2014 did not occur as of the date of preparing the annual accounting (financial) report for 2013.

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

The Company made amendments to form 4 "Report on cash flow" for 2013 in part of comparable data for previous reporting period (2012), which was sent for adjustment of payments for employees labour. These payments are accounted in sum including among other, sums due to deduction from salaries (sums of accrued income tax, payments on orders of procedure, etc.):

Before amendments:

Indicator from cash flow statement	Line	2012
payment for the labour of an employee	4122	(2 131 845)
Other payments	4129	(2 080 735)

After amendments:

Indicator from cash flow statement	Line	2012
payment for the labour of an employee	4122	(2 440 931)
Other payments	4129	(1 771 649)

The Company made amendments to form 4 “Report on cash flow” for 2013 in part of comparable data for previous reporting period (2012), which was sent for adjustment of payments from issue of shares. In Cash flow statement payments received by mistake (line 4313) and transferred (4129) in amount 104 thousand rubles were indicated as compressed:

Before amendments:

Indicator from cash flow statement	Line	2012
From issues of shares, increase of participation share	4313	4 704 647
Other payments	4129	(1 771 649)

After amendments:

Indicator from cash flow statement	Line	2012
From issues of shares, increase of participation share	4313	(4 704 543)
Other payments	4129	(1 771 545)

6. Disclosure of Individual Figures in the Accounting Statements for 2012

6.1. Fixed Assets

1. As of 31.12.2013 the Company performed revaluation of homogeneous groups of fixed assets (code 110 “Production buildings”, code 420 “Equipment for conversion of energy”) on the basis of final results of revaluation carried out by “ENPI Konsult” CJSC under contract #2e315/13407/3-1921 dated 09.10.2013.

For the period from 01.01.2013 till 31.12.13, there are no fixed assets acquired under the contracts, which would stipulate the fulfillment of obligations by non-monetary assets.

For the period from 01.01.2013 till 31.12.13, there are no fixed assets acquired out of proceeds of loans and borrowings. Information on stocks and transactions of fixed assets is disclosed in Annexes 5.3.1, 5.3.2, 5.3.3, 5.3.4, 5.3.6.

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

The investment program of Kubanenergo JSC, for 2013 is formed in accordance with:

- Regulations on Investment Operations of Kubanenergo JSC;
- Regulation #170 on making amendments in investment programme and preparation of report on its implementation introduced by Kubanenergo JSC on 29.02.2012;
- Regulations on Technical Policies in the Distribution Network Complex;

In 2013, the sources of capital investment financing were as follows:

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

Based on the received sources of financing of utilization of capital investments, the Company formed the investment program for 2013 with key parameters, as follows:

Indicator	Unit of measurement	Total Investment Program	Including the Olympic Program
1	2	3	4
Capital investments	Thousand rubles	18 307 400	13 734 478
Amount of financing	Thousand rubles	22 081 113	16 682 003
New fixed capital	Thousand rubles	25 746 669	21 194 124
Lead-in transformer capacity	MVA	354.055	294.31
Lead-in transmission line capacity	km	1085.901	785.72

In fact, in 2013, Kubanenergo JSC, performed the construction, reconstruction and commissioning of transmission lines of 356.65, including:

- HVL of 110 kv – 94.779 km;
- HVL of 10 kv – 65.287 km;
- CL of 3-10 kv – 29.398 km;
- HVL of 0.4 kv – 157.186 km.

In 2013, Kubanenergo JSC performed the construction and commissioning of 356.65km power lines, precisely:

- 110kV overhead line – 94 779 km
- 10kV overhead line – 65 287 km
- 3-10kV cable line – 39 398 km
- 0.4kVoverhead line – 157 186 km

Kubanenergo constructed and commissioned 110kV substation “Tuapse- Terminal” in 2013.

The Company modernized three substations of 110kV:

- Khadzhok substation
- Dzhemete substation
- Anapskaya substation

35kV:

- Agronom-II substation
- Pionerskaya substation
- Aeroport substation

The amount of advances and pre-payment for services related to the construction and acquisition of fixed assets, excluding VAT, are recorded in the Company's balance sheet as the capital investments in progress. As of December 31, 2013, the amount of advances and pre-payment for services related to the construction and acquisition of fixed assets, amounted to 1 532 093 thousand rubles; VAT on advances and pre-payment for services related to the construction and acquisition of fixed assets is recorded in line

1260 "Other Current Assets" and amounts to 275 232 thousand rubles. Information on stocks and transactions of construction in progress is disclosed in Annex 5.3.5.

6.1.2. Leased Fixed Assets

As of 31.12.2013 that are no leased fixed assets. Lease payments are not planned in the nearest future.

6.2. Other Non-Current and Current Assets

As of December 31, 2013, the deferred expenses amounted to 332 215 thousand rubles; these expenses are recorded in the balance sheet depending on the writing-off period fixed as of the date of entry in the accounting records, as follows:

- 1) Non-exclusive rights to computer programs:
 - Useful life is more than 12 months (Line 1190)
263 939 thousand rubles;
 - Useful life is within 12 months (Line 1263)
35 907 thousand rubles;
- 2) Licenses:
 - Useful life is more than 12 months (Line 1190)
4 954 thousand rubles;
 - Useful life is within 12 months (Line 1263)
3 640 thousand rubles;
- 3) Other:
 - Useful life is more than 12 months (Line 1190)
14 152 thousand rubles;
 - Useful life is within 12 months (Line 1263)
9 623 thousand rubles.

6.3. Financial Investments

In accordance with Accounting Regulations "Financial Investment Accounting" PBU 19/02 approved by Decree of the Ministry of Finance of the Russian Federation No. 126H dd. 10.12.2002 (hereinafter - PBU 19/02) and Regulations on the Accounting Policies of Kubanenergo JSC, for 2013 approved by the Company's Decree No. 1165 dd. 26.12.2012, the Commission for Inspection of Available Devaluation of Financial Investments of Kubanenergo, OJSC, that has been formed by Decree of Kubanenergo JSC, No. 22 dd. January 17, 2013 "On the Inspection of Available Devaluation of Financial Investments of Kubanenergo JSC" performed the inspection of available devaluation of financial investments of Kubanenergo JSC, as of December 31, 2013. According to the inspection results, the Commission as of December 31, 2013 ordered: to create reserve for possible losses of Energoservis of Kuban JSC in amount of 100% of its initial cost – 100 thousand rubles. Reserve for possible losses from other financial

interments is proposed to be left without changes. Information on stocks and transactions of financial investments is disclosed in Annexes 5.4.1, 5.4.2.

6.4. Government Aid

In accordance with Agreement No. 69/407-30-2434 dd. December 23, 2013, the partial compensation for the cost of hotel vouchers purchased for the children of the Company's employees of in amount of 1 451 thousand rubles was received from the regional budget of the Krasnodar Region. The calculation of the amount of compensation was made by the Ministry of Social Development and Family Policies of the Krasnodar Region. The accounting of the amounts received was made in accordance with Accounting Regulations "Government Aid Accounting" PBU 13/2000 approved by Decree of the Ministry of Finance of the Russian Federation No. 92H dd. 16/10/2000. Information is disclosed in Annex 5.9.

6.5. Accounts Receivable

Budget settlements

(in thousand rubles)

Indicator	Receivables		Accrued for 2013	Paid for 2013	Receivables	
	as of December 31, 2011				as of December 31, 2012	
	Debit	Credit			Debit	Credit
1	2	3	4	5	6	7
Value-Added Tax	329 259	12	(722 684)	(245 628)	806 312	9
Property tax	99	18 671	138 485	126 559	128	30 626
Income tax	2 394	-	-	-	2 394	-
Land fee	72 297	1 223	(24 556)	(56 822)	41 051	2 243
Individual income tax	742	28 585	489 245	472 510	625	42 203
Transport tax	-	1 476	6 146	6 068	-	1 654
Effluent charge	76	161	587	605	78	145
Other taxes and dues	-	-	2	2	-	-
Total taxes:	404 867	47 128	(112 675)	303 294	850 588	76 880
Fines	37		4 544	(34)	2	4 543
Penalties	10 701	115	(218)	(6 162)	4 643	1
Total:	415 605	47 243	(108 349)	297 098	855 233	81 424

In 2013, accounts receivable for taxes and dues have increased by 439 628 thousand rubles.

Significant growth of receivables occurred on VAT. The accounts receivables reflects the sum of tax for reimbursement from budget in accordance with tax reports for the 3rd and the 4th quarter of 2013, as well as specification tax liabilities on VAT for previous periods. The sum of VAT for payment amounted 82 757 thousand rubles and 538 788 thousand rubles for the 3rd and the 4th quarter of 2013 respectively. In relation to declared for payment from the budget sums of VAT the cameral inspection is being conducted, by the end of which the overpayment of VAT to budget is planned to be returned. The debt from

overpayment top budget will be discharged in the first half of 2014.

Increase in accounts receivable for land tax is subject to the redetermination of tax liabilities for the prior tax periods for the land plots, the right of use of which were terminated in a judicial proceeding.

Insurance contributions for compulsory social insurance

(in thousand rubles)

1	Receivables		Accrued for 2013	Paid for 2013	Receivables	
	as of December 31, 2012				as of December 31, 2013	
	Debit	Credit			Debit	Credit
2	3	4	5	6	7	
Insurance contributions - total:	3 327	57 314	1 092 607	1 028 492	2 076	120 178
including:						
Contributions to the Pension Fund	811	46 473	798 012	751 289	214	92 599
Compulsory Medical Insurance	46	9 450	177 536	168 057	34	18 917
Social Insurance	2 470	1 391	117 059	109 146	1 828	8 662
Fines - total:	-	-	5	5	-	-
Penalties - total:	1	-	10	10	1	-
TOTAL:	3 328	57 314	1 092 622	1 028 507	2 077	120 178

Allocation of taxes, fines and penalties over the budget levels

(in thousand rubles)

Indicator	Receivables		Accrued for 2013	Paid for 2013	Receivables	
	as of December 31, 2012				as of December 31, 2013	
	Debit	Credit			Debit	Credit
Taxes - total:	404 867	47 128	(112 675)	303 294	850 588	76 880
Federal budget	329 784	41	(722 589)	(245 503)	806 865	36
Regional budget	2 362	35 178	460 515	436 721	2 318	58 928
Local budget	72 721	11 909	149 399	112 076	41 405	17 916
Fines - total:	37	-	4 544	(34)	2	4 543
Federal budget	-	-	4 544	1	-	4 543
Regional budget	31	-	-	(35)	2	-
Local budget	-	-	-	(35)	2	-
Penalties - total:	10 701	115	(218)	(3 162)	4 643	1
Federal budget	10 679	-	(98)	(6 300)	4 447	-
Regional budget	20	-	(6)	21	48	1
Local budget	2	115	(114)	117	118	-
Total:	415 605	17 243	(108 349)	297 098	855 233	81 424

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

6.6. Capital and Reserves

As of 31.12.2012, the Authorized Capital of the Company amounted to 14 294 283 000 rubles divided into 142 942 830 ordinary shares with a par value of 100 rubles each.

State registration number of additional issue of securities: 1-02-00063-A-004D, date of state registration of additional issue of securities: 06.05.2013, registered by Russian Federal Financial Markets Service. Date of state registration of report on additional issue of securities with the state registration number 1-02-00063-A-004D – November 28, 2013. Bank of Russia registered report on the results of additional issue of ordinary registered non-documentary shares of Kubanenergo JSC distributed by public offering. By the results of additional issue 139 925 300 ordinary registered non-documentary shares were distributed, which 65.12% from the total volume of issue. The Company received 17 045.7 million rubles as payment for the distribute shares.

On 17.01.2014 Krasnodar Federal tax agency's inspectorate #3 registered changes in Charter of Kubanenergo JSC related to increase of authorized capital of the Company, which now amounts to 28 286 813 000 rubles and divided into 282 868 130 ordinary registered non-documentary shares with a par value of 100 rubles each. (annex 2.2.)

The Company did not issue any preference shares.

Stated and unclaimed dividends to shareholders are not available for the current period. Additional paid-in capital of the Company was formed due to increase in the fixed assets value as determined by revaluation and due to share premium.

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

6.7. Accounts Payable, Loans and Borrowings

Accounts payable for taxes and dues increased by 34 181 thousand rubles and was formed mainly by results of accruing taxes to corresponding levels of budget for the last tax period.

Kubanenergo JSC did not have any drawn bills, or outstanding bonds, as of December 31, 2013.

Amounts and maturities of loans and borrowings of Kubanenergo JSC

in thousand rubles

Bank	# of credit contract	Date of provision of loan/credit	Date of discharge of credit/loan	Sum of actual debt as of 31 December 2013
KB "REB" CJSC	#1071009	29.10.2012	28.10.2014	400 000
Total for KB "REB" CJSC		x	x	400 000
Total for short-term credits:		x	x	400 000
"Gazprombank" JSC	#0712-095	07.11.2012	06.11.2015	917 000
	#0711-038	20.05.2011	20.05.2016	1 304 000
	#0711-044	11.07.2011	11.07.2016	1 000 000
	#0713-063	23.08.2013	22.08.2016	1 000 000
	#0711-054	05.09.2011	02.09.2016	696 000
	#0713-054	06.06.2013	25.06.2018	2 000 000
	#0713-085	08.11.2013	007.11.2018	1 720 000

Total for "Gazprombank" JSC		x	x	8 637 000
"Sberbank of Russia" JSC	#59/1	05.05.2011	30.04.2015	1 600 000
	#74	26.08.2013	28.08.2016	2 000 000
	#68	08.11.2013	07.11.2016	4 000 000
	#94	28.11.2013	27.11.2016	1 000 000
Total for Astrakhan branch #8625 of "Sberbank of Russia" JSC		x	x	8 600 000
Total for long-term credits		x	x	17 237 000
Total for credits and loans		x	x	17 637 000

6.7.1. Security for the Obligations

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

As of December 31, 2013, the bank guarantees received and recorded on off balance sheet account 008 "Securities for Obligations and Payments Received" amounted to 179 523 thousand rubles.

Property pledged under purchase contract – 1 238 thousand rubles. (Annex 5.8.)

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

Undisbursed credit lines of the Company

(thousand rubles)

Creditor Bank	Agreement	Amount of Undisbursed Limit	Interest Rate, %
1	2	3	4
Gasprombank JSC	#0713-085 dated 08.11.20130	3 280 00	9.5

6.8. Information on the Risks of Economic Operations

The Internal Control and Risk Management System of Kubanenergo JSC, (ICRMS) is based on interaction and delimitation of authorities of its regulatory bodies, departments and employees of the Company, which perform the development, approval, implementation and estimation of efficiency of the internal control procedures. The executives and experts of all levels of management of Kubanenergo JSC, involve in the risk management and internal control processes.

ICRMS development and operation is based on the Internal Control Policies and the Risk Management Policies approved by the Board of Directors.

In order to ensure unified approaches to implementation of the risk identification,

assessment and management procedures, the Company uses the Guidelines for Risk Management approved by the Audit Committee of the Board of Directors.

6.8.1. Strategic and environmental risks

Sovereign risks. The economic environment of the country to a large extent depends on the effectiveness of decisions made and implemented by organs of power in the Russian Federation in the fields of the economy, finance and monetary policy, on the development of civil, tax and administrative legislation and practices in applying it. Therefore, a risk for “Kubanenergo” might be a general deterioration in the socio-economic situation in the country and/or the regions it operates in. At the current time the Company assesses the risk of changes which could lead to negative consequences for the sector and the economy to be low.

Regional risks. Kubanenergo JSC is a major regional distribution network company carrying out its production work in Krasnodar Region and the Republic of Adygea.

To reduce the influence of regional risks on realising its own investment programme the Company constantly cooperates with state organs and develops actions agreed with them in relation to investment projects approved at the level of the Government of the Russian Federation. Work is also carried out on agreeing long term programmes for development of Kubanenergo JSC branch zones with regional and local organs of power. Work is also conducted in regards to the long-term programs of Kubanenergo JSC subsidiaries development zones, their coordination with the regional and local authorities.

The operating regions of Kubanenergo JSC are politically stable and the risk of internal military conflicts or a state of emergency arising is minimal. At the same time given the less stable neighbouring regions and in connection with construction of Olympic facilities in the Sochi energy district a risk of terrorist acts in regions where the Company works does exist. To minimise this risk Kubanenergo JSC works closely with the corresponding state authorities and applies the measures agreed with them on ensuring production safety. The Company also developed and implemented targeted actions on protecting energy facilities from sabotage or terrorist acts.

6.8.2. Regulatory risks

Industrial risks. As a result of reforming of the power industry a new business environment has evolved for its businesses. The level of development of the normative base, regulating relationships on the wholesale market was inadequate and, as a consequence, disagreements with retail suppliers in relation to volumes of electricity consumption are factors that make for a growth in the level of debt for the Company.

Minimising the above mentioned risk is done by developing a positive legal policy in relations with retail suppliers and involving municipal, regional and, in some cases, Federal authorities of executive power in resolving disputes with the aim of holding construction negotiations with debtor organisations, as well as by eliminating the causes

of disputes with consumers.

Regulatory risks. In connection with the policy being carried out at the present time by the Government of the Russian Federation to control growth in tariffs (4.12% in 2014) for natural monopoly services there is a risk that the regulating authorities will stipulate tariffs for electricity transmission services lower than the economically viable level. As the main type of activity at Kubanenergo JSC is electricity transmission services and technological connection of consumers to electricity networks, the tariff levels set by the regulating authorities have a direct effect on the Company's revenues. This risk could lead to the impossibility of full reimbursement of economically sound expenses and limit the volumes of investment in developing Kubanenergo electricity production and distribution.

As a subject of a natural monopoly, the Company is exposed to the risk of breaching antimonopoly legislation as it pertains to providing electricity transmission and technological connection services. To reduce this risk regulations and standards for consumer service have been drawn up and information about services is disclosed in accordance with the legislation of the Russian Federation.

6.8.3. Financial risks

Interest rate and currency exposure. Kubanenergo JSC carries out its main production activities within the territory of the Russian Federation, and at the same time has no investments in foreign companies or income expressed in foreign currency. Therefore the risks relating to fluctuations in exchange rates do not have a direct effect on the financial and operating activities of the Company and are assessed as insignificant.

Kubanenergo JSC is engaged in short term and long term borrowing on the Russian finance market. A significant increase in interest rates on loans could lead to more expensive debt servicing. In order to optimise the structure of the loan portfolio and reduce expenditure on its servicing the Company aims to use loans with fixed interest rates, as a result of which the risk is significantly reduced. In addition the Company aims to make a selection of organisations offering financial services by holding an auction in accordance with procedures set by the legislation of the Russian Federation, as well as carrying out constant monitoring of the capital loans market and the possibility of restructuring debt.

Risks related to inflation. For Kubanenergo JSC the risk of inflation means faster devaluation of the ability of money received by the Company rather than nominal growth. This could be the result of devaluation of accounts receivable in conditions of inflation growing at a rate higher than expected and in connection with restrictions on altering tariff-balance decisions during the period for which they have been set.

In case of a significant growth in inflation the Company intends to pay particular attention to increasing turnover of working assets, mainly by reducing reserves, as well as re-examine existing contractual relations with consumers to reduce turnover of

accounts receivable.

The level of inflation in existence at the current time and predicted in the short term demonstrates no significant effect on the financial condition of Kubanenergo JSC.

Risk of obligation default by counteragents. As its activities mean the company enters into numerous contractual relationships with other businesses, Kubanenergo JSC is exposed to the risk of obligation default by counteragents and violation of property and personal non-property rights. This could lead to a growth in volume of receivables and payables. To prevent these risks from occurring the Company selects suppliers and contractors on a competitive basis with obligatory inspection of their financial condition and the availability of sufficient resources to carry out works (services). Claims are made against counteragents for violation of contract conditions and fines (penalty fees) are imposed.

Risk of obligation default in bringing investment vehicles into operation. To provide the necessary level of renovation of fixed assets, uninterrupted network supply and renovation of electricity production holdings the Company carries out investments in the form of capital expenditure, which is accompanied by the risk of noncompliance with deadlines for bringing construction projects into operation. To reduce this risk Kubanenergo JSC takes the following actions:

- organises timely corrections to the investment programme;
- redistributes resources derived from economies made from tendering procedures between various investment projects;
- monitors the timeliness of holding tendering procedures for investment programme projects;
- monitors deadlines for concluding and executing investment contracts.

6.8.4. Operational and technological risks

Risks related to safe operation of production facilities and energy efficiency. The

Company's activities are potentially linked to violation of operating conditions and critical changes to the parameters of operating equipment, as well as the possibility of emergencies and critical situations at electricity network facilities. Among these risks the following stand out:

- system occurrences related to providing safe operation of production facilities and reliability of power supply;
- the risk of switching to a mode of operation with forced (allowable) power exchange;
- the risk of one-off sharp increase in load in excess of the plan in connection with natural disasters.

To minimise the chances of these risks the Company takes the following actions:

- analysing the situation in order to anticipate the occurrence of the risk in carrying out the production plan and taking measures to protect against its effects
- insuring property, vehicles, public liability, as well as accident insurance for

employees;

- drawing up a programme for maintenance and repair works;
- taking actions to improve the reliability of the electricity network, including by monitoring procurement and the quality of equipment and materials delivered.

Risks related to personnel management. The energy sector is a high technology one and requires corresponding staff qualifications. At the current time the situation regarding labour resources is difficult, manifesting itself in a shrinking in the intake of qualified industrial staff into the electricity energy sector. If the current trend should continue Kubanenergo JSC could be confronted in the long term with a shortage of qualified industrial staff, so the Company assesses this risk as medium.

To minimise this risk the Company regularly holds meetings with students in specialised higher educational institutions offering them work placements at Kubanenergo JSC production facilities. In addition, work is being carried out in the Company to provide training and ongoing training to personnel, and a system for forming and development a personnel reserve has been adopted. To recruit and retain staff at the Company various social programmes are being carried out, medical insurance and supplementary pension are provided, and events in health and safety are carried out.

Procurement and logistics risks. The main risks related to procurement are risks of reduction in procurement transparency, failure to meet deadlines, and the cost of goods being higher than was planned.

To reduce these risks the Company has organised effective control to spend funds as per their intended purpose. This is carried out by competitive tendering involving the “b2b-energo” and “<http://zakupki.gov.ru>” information and analysis trading website. The transparency of purchases of the Company is confirmed by the large proportion of open trade procedures. Organisation of procurement management is provided by the Central Procurement Office, which sets Kubanenergo JSC policy in the field of procurement.

6.8.5. Compliance risks

Corporate management risks. One of the main risks of corporate management is the risk of deterioration in its quality arising from changes in structure of those involved in corporate relations and the risk of conflict of interest between various groups of shareholders.

In order to reduce this risk the Company has adopted the following internal documents intended to ensure the balance between corporate management systems:

- Kubanenergo Rules of Corporate Management,
- the Statement on insider information,
- the Statement on information policy,
- the Statement on dividend policy,
- the Statement on management bodies, as well as the Order for cooperation with subsidiaries and affiliates.

To strengthen the trust of shareholders, potential investors, employees and the general public the Company has included in the Rules of Corporate Management not only the

norms of Russian legislation but also additional statements based on accepted Russian and international corporate management standards.

The Company assesses the risks of deterioration in the quality of corporate management and conflict of interest between various groups of shareholders to be minimal at the current time.

6.8.6. Risks related to changes in tax or environmental legislation, customs and currency regulations.

The Company is building up its work on compliance with the standards of legislation in force in the Russian Federation and, in addition, constantly monitors changes made to it. Changes to the customs and currency legislation of the Russian Federation do not affect the Company's operations, and, consequently, do not give risk to compliance risk.

Tax risks. Risks related to the ambiguities of tax legislation norms capable of leading to incorrect calculation and payment of taxes, as a result of which fines could be imposed by the tax authorities. Such actions as monitoring court practice in the field of tax legislation, ongoing staff training, as well monitoring the completeness of calculations of tax liabilities and payment deadlines make it possible to consider for the Company that this risk is minimal within context of the operations of a conscientious tax payer.

Risks related to court cases. Changes in court practice related to changes in the position of supervisory agencies could have an effect on Kubanenergo JSC operating activities.

To minimise these risks Kubanenergo JSC is developing a positive court practice on disputed issues related to inconsistencies in implementing legislative norms.

Environmental risks. Environmental risks

6.9. Deferred taxes

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

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

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

Provisional profits tax expense (income) is accounted as multiplication of accounting income (loss) with rate of the income tax set by the RF legislation on taxes and levies.

In 2013 the Company defined the following components of income tax, in thousand rubles:

Income tax

thousand rubles

Indicators	Sum	Tax	Sum	Tax component
------------	-----	-----	-----	---------------

		rate		
Profit/loss before the taxation	(2 267 894)	20%	(453 579)	Provisional profits tax income
Taxable temporary difference including	59 454	20%	11 891	Deferred tax obligations
- difference appeared	(77 305)	20%	(15 461)	Deferred tax obligations were accrued
- difference was discharged	136 759	20%	27 352	Deferred tax obligations were discharged
Deductible temporary difference including	965 746	20%	193 149	Deferred tax asset
- difference appeared	2 393 815	20%	478 763	Deferred tax assets were accrued
- difference was discharged	(1 428 069)	20%	(285 614)	Deferred tax assets were discharged
Taxable permanent difference	2 963 966	20%	592 793	Permanent tax obligation
Deductible permanent difference	(125 355)	20%	(25 071)	Permanent tax asset
Tax base	1 595 917	20%	319 183	Current tax

The Company has reduce the tax base of the current tax period by 1 595 917 thousand rubles, which is the part of sum of losses incurred in previous tax periods. Write-off of deferred tax amounted 319 183 thousand rubles.

There were no grounds to change the tax rate.

During the reporting period due to disposal of assets (sale, transfer on free of charge basis, dissolution) the differed tax obligation in amount 730 thousand rubles, deferred tax assets in amount of 38 868 thousand rubles were written-off on account of profit and losses. Information on taxation of profit, cash flow is disclosed in annexes 2.3 and 5.7.2.

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

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

"Other costs" transcript

(thousand rubles)

Indicator			
Name	Code	As of 31.12.2012	As of 31.12.211
Cost of goods sold,	6510	32 201 425	28 119 207
including			
Other expenses	6515	17 636 452	15 851 612
Including			
Electricity distribution companies services		10 024 337	9 696 190

JSC “FSK UES” services		4 877 739	4 462 234
Other expenses		2 734 376	1 693 188

6.10.1 Information on the expenses of energy resources usage

No.	Approved target indicators	Measurement unit	2012 (fact)	2013 (fact)
1	2	3	4	5
1.1.	Electric energy losses, Including	Mln rubles, including VAT	8 764.449	9 792 183
		Mln kilowatt-hour	2 674.777	2 792 930
1.1.1.	Energy for own needs	Mln rubles, including VAT	44.957	66 986
		Mln kilowatt- hour	13.720	19 106
1.2.	Energy purchased for operational and household needs, by resource types	Mln rubles, including VAT	82.409	95 855
1.2.1.	Fuel and energy, including	Mln rubles, including VAT	79.694	91 557
		Tons of fuel	12 273.531	12 613 494
1.2.1.1.	Electric energy	Mln rubles, including VAT	69.574	81 764
		Thousands kilowatt-hour	32 697.375	34 062 561
		Thousands kilowatt-hour per square meter of premises	0.099	0.102
1.2.1.2.	Thermal energy	Mln rubles, including VAT	9.303	8 746
		gCal	5 467.566	4 548 899
		gCal per square meter of premises	0.017	0.013
1.2.2.	Hot water supply	Thousands of cubic meters	1.928	3 040
		Mln rubles, including VAT	0.253	0.242
1.2.3.	Cold water supply	Thousands of cubic meters	77.519	101 929
		Mln rubles, including VAT	2.462	4 056
1.2.4.	Natural gas	Thousands of cubic meters	170.542	176 056
		Mln rubles, including VAT	0.818	1 047
1.3.	Presence of metering devices of electric energy consumed for the Company’s household needs	%	100	100
1.4.	Electric power metering devices equipment by retail market’s consumers	%	28	29

6.11. Cash flow dynamics information

The Company’s Cash Flow Report concludes a brief calculation of a VAT including incomes from customers and receivers, payments to suppliers and payment to a budget system of Russian Federation or reimbursement from it in line 4119 “Other payments” of Appendix 4 “Cash flow dynamics report” in the amount of 1296161 thousands rubles, including:

VAT included in received amounts	5 145 725
VAT included in amounts transferred	(5 489 167)

VAT paid to a budget	(142 574)
VAT reimbursed from the budget	394 503
Total	(91 513)

Highly liquid investments (cash equivalents) that can be readily converted into previously known amounts of cash and which are subject to insignificant risk of changes in value for the period from 01.01.2013 to 31.12.2013 were not performed.

Minimum amount of minimum balance of funds on current accounts of the Company as of 31.12.2013

Ground (additional agreement, confirmation of transaction)	Transaction starting date	Transaction ending date	Interest rate	Sum of minimum required balance
1	2	3	4	5
Gazprombank JSC				2 256 248
Confirmation of transaction #311	13.12.2013	09.01.2014	5.80	51 000
Confirmation of transaction #310	11.12.2013	13.01.2014	5.90	35 000
Confirmation of transaction #323	31.12.2013	13.01.2014	5.00	70 840
Confirmation of transaction #307	09.12.2013	15.01.2014	5.90	60 000
Confirmation of transaction #312	16.12.2013	16.01.2014	5.90	21000
Confirmation of transaction #313	17.12.2013	17.01.2014	5.90	68 000
Confirmation of transaction #314	18.12.2013	20.01.2014	5.90	50 000
Confirmation of transaction #315	19.12.2013	20.01.2014	5.90	98 000
Confirmation of transaction #316	20.12.2013	20.01.2014	5.90	50 500
Confirmation of transaction #317	23.12.2013	23.01.2014	6.10	97 000
Confirmation of transaction #318	24.12.2013	24.01.2014	6.10	123 000
Confirmation of transaction #319	25.12.2013	27.01.2014	6.10	40 000
Confirmation of transaction #320	26.12.2013	27.01.2014	6.10	80 000
Confirmation of transaction #366	29.11.2013	09.01.2014	5.90	22 000
Confirmation of transaction #387	16.12.2013	13.01.2014	5.80	20 000
Confirmation of transaction #399	20.12.2013	13.01.2014	5.00	101 000
Confirmation of transaction #415	31.12.2013	13.01.2014	5.80	83 608
Confirmation of transaction #397	19.12.2013	14.01.2014	5.80	18 000
Confirmation of transaction #401	23.12.2013	15.01.2014	5.80	12 000
Confirmation of transaction #413	30.12.2013	15.01.2014	5.80	10 000
Confirmation of transaction #380	09.12.2013	16.01.2014	5.90	60 000
Confirmation of transaction #351	18.11.2013	20.01.2014	6.20	50 000
Confirmation of transaction #384	12.12.2013	27.01.2014	5.90	10 000
Confirmation of transaction #359	25.11.2013	03.02.20014	6.25	100 000
Confirmation of transaction #371	02.12.2013	03.02.2014	6.25	50 000
Confirmation of transaction #412	30.12.2013	03.020.2014	6.10	60 000
Confirmation of transaction #350	18.11.2013	17.02.2014	6.40	45. 000
Confirmation of transaction #403	24.12.2013	24.02.2014	6.25	46 000
Confirmation of transaction #358	25.11.2013	03.03.2014	6.40	45 000
Confirmation of transaction #370	02.12.2013	03.03.2014	6.45	50 000
Confirmation of transaction #349	18.11.2013	19.03.2014	6.45	50 000

Confirmation of transaction #363	27.11.2013	01.04.2014	6.45	11 300
Confirmation of transaction #369	02.12.2013	02.04.2014	6.50	50 000
Confirmation of transaction #348	18.11.2013	18.004.2014	6.50	50 000
Confirmation of transaction #368	02.12.2013	05.05.2014	6.50	50 000
Confirmation of transaction #341	13.11.2013	13.05.2014	6.70	65 000
Confirmation of transaction #345	15.11.2013	15.05.2014	6.70	39 000
Confirmation of transaction #347	18.11.2013	19.05.2014	6.70	100 000
Confirmation of transaction #354	20.11.2013	20.05.2014	6.70	35 000
Confirmation of transaction #367	02.12.2013	02.06.2014	6.70	200 000
Krasnodar branch #8619 Sberbank of Russia JSC				8 055 000
Additional agreement #439	30.12.2013	09.01.2014	4.50	263 000
Additional agreement #438	30.12.2013	16.01.2014	5.70	510 000
Additional agreement #437	30.12.2013	20.01.2014	5.70	510 000
Additional agreement #436	30.12.2013	23.01.2014	5.80	510 000
Additional agreement #435	30.12.2013	27.01.2014	5.90	510 000
Additional agreement #419	16.12.2013	31.01.2014	5.30	230 000
Additional agreement #434	30.12.2013	06.02.2014	6.00	510 000
Additional agreement #417	13.12.2013	07.02.2014	5.40	250 000
Additional agreement #433	30.12.2013	14.02.2014	5.50	523 000
Additional agreement #416	11.12.2013	14.02.2014	5.50	510 000
Additional agreement #432	30.12.2013	21.02.2014	6.00	510 000
Confirmation of transaction #414	09.12.2013	21.02.2014	5.60	490 000
Additional agreement #412	06.12.2013	28.02.2017	5.60	432 000
Additional agreement #430	27.12.2013	03.03.2014	6.10	770 000
Additional agreement #428	26.12.2013	17.03.2014	6.20	777 000
Additional agreement #426	25.12.2013	31.03.2014	6.25	750 000
Astrakhan branch #8625 Sberbank of Russia JSC				778 500
Notification#110	31.12.2013	09.01.2014	4.19	778 500
Total				11 089 748

The Company has not received any monetary funds under overdraft.

As of December 31, 2013, third-party guarantees received and not used by the Company to raise a credit with specification of the amount of monetary funds that can be raised by the Company are not available.

Cash (or cash equivalents) that cannot be used by the Company (e.g., letters of credit opened for the benefit of other organizations for transactions in progress as of the reporting sheet date) is not available as of December 31, 2013.

As of December 31, 2013, there are no funds of letters of credit opened for the benefit of the Company.

6.12. Segment Information

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

The Company determined the structure of the reportable segments:

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

The Company discloses the information in the accounting statements only by the reportable segments. The remaining segments are presented in the accounting statements as other segments.

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

(thousand rubles)

No.	Name of Consumer (Customer)	Total Revenue	Including Electricity Transmission	Including Other Services
1	Independent Power Sales Company JSC	11 303 442	11 303 442	
2	Kubanskaya Power Sales Company JSC	16 057 744	16 045 654	12 090

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

6.13. Information on Related Parties

6.13.1. List of Related Parties

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

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

Kubanenergo JSC supervises the operations of its subsidiaries.

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

Within the legislation of the Russian Federation, Kubanenergo JSC publishes the lists of affiliates on its website at <http://www.kubanenergo.ru> in Section "For Shareholders and Investors" / "Lists of Affiliates", as well as at <http://www.e-disclosure.ru/portal/company.aspx?id=2827>.

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

Income and related receivables for 2012

(thousand rubles)

Counterparty	As of December 31, 2011	Accrued	Repaid	As of December 31, 2012
IDGC of the South JSC*	4	3	-	7
FGC UES JSC*	56	167	(84)	139
P/o Energetik JSC***	1 700	549	(755)	1 494
Reserve Reserve	(1 700)	(1 000)	1 700	(1 000)

Income and related receivables for 2013

thousand rubles

Counterparty	As of 31 December 2012	Accrued	Paid	As of 31 December 2013
FGC UES JSC*	139	3 435	(3574)	-
IDGC of the South JSC*	7	3		10
P/o Energetik JSC***	1 494	1 795	(1 371)	1 918
Reserve	(1000)	-	-	(1000)
Russian Grids JSC***	-	6	(6)	-
Mobile GTES JSC*	-	54	(54)	-
GruzRosenergo JSC*	-	68	(68)	-
Energoservis Kuban JSC	6	68	(68)	6

Expenses, other transactions and related payables for 2012

(thousand rubles)

Counterparty	As of December 31 2011	Accrued	Repaid	As of December 31 2012
1	2	3	4	5
IDGC of the South JSC*				
- Trading Transactions	(6 887)	(2 004)	4 936	(3 955)
- Other payables	(90 385)	(15 009)	20 990	(84 404)
Holding IDGC, JSC**				
- Share acquisition	-	(4,702,460)	4,702,460	-
- Other payables	-	(4,513)	-	(4,513)
- Advance payment	3 008	90 252	(93 260)	-
Kubanskiye Transmission Networks JSC*				
- Other payables	(17 422)	-	11 087	(6 335)
- Other payables	14 747	(1 276)	(13 471)	-
Reserve	(14 747)	-	14 747	-
MOESK JSC*				
- Advance on fixed assets	-	9 585	(9 585)	-
FGC UES JSC*				
- Trading Transactions	(430 975)	(5 295 037)	5 307 072	(381 940)
- Other payables	(267 771)	(1 837)	268 764	(844)
- Advance on fixed assets	-	37 037	(37 037)	-
- Other payables	173 397	30 259	(869)	202 787

Reserve	(169 486)	(169 037)	169 486	(169 037)
IDGC Scientific and Research Centre JSC*				
- Other payables	-	(1 491)	-	(1 491)
P/o Energetik JSC***				
- Other payables	-	(9 991)	9 991	-
Yuzhny SScientific and Research Centre JSC*				
- Trading Transactions	(7 139)	(278 619)	165 998	(119 760)
- Other payables	-	(273)	273	-
- Advance on fixed assets	26 734	320	(26 052)	1 002
Energoservis of Kuban JSC***				
- Other payables	612	15 281	(15 893)	-

Expenses and other transactions and related to it payables for 2013

(thousand rubles)

Counterparty	As of December 31 2012	Accrued	Repaid	As of December 31 2013
1	2	3	4	5
IDGC of the South JSC*				
- Trading Transactions	(3 955)	(2 565)	4 837	(1 683)
- Other payables	(84 404)	(15 193)	5 767	(93 830)
Holding IDGC, JSC**				
- Other payables	(4 513)	-	4 513	-
Russian Grids JSC				
- Share acquisition	-	(17 045 700)	17 045 700	-
- Other payables	-	(90 852)	86 339	(4 513)
Kubanskiye Transmission Networks JSC*				
- Other payables	(6 335)	-	1 584	(4 751)
FGC UES JSC*				
- Trading Transactions	(381 940)	(5 755 732)	3 199 710	(2 937 962)
- Other payables	(844)	(140)	110	(874)
- Other payables	202 787	760 219	(750 708)	212 298
Reserve	(169 037)	(168 076)	69 037	(169 076)
IDGC Scientific and Research Centre JSC*				
- Other payables	(1 491)	-	1 491	-
P/o Energetik JSC***				
- Other payables	-	(8428)	8428	-
Mobile GTES JSC*				
- Trading Transactions	-	(127)	54	(73)
- Other payables	-	(1 232)	-	(1 232)
IT Energy Service JSC				
- Other payables	-	(1 133)	850	(283)
IDGC of Volga JSC				
- Other payables	-	(71 984)	-	(71 984)
Energoservis of Kuban JSC***				
- Other payables	-	(11)	11	-

*- the entity belongs to the same group as the Company

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

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

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

16.13.3. Compensations Payable to Key Management Personnel

By Resolution of the Board of Directors dd. 18.03.2013 (Minutes No. 155/2013 dd. 18.03.2013), term of office and labour contract of General Director of the Company - Georgy Akhmedovich Sultanov has been terminated since 18.03.2013. Starting from 19.03.2013 Gavrilov Alexandr Ilyich became acting General Director of the Company. By Resolution of the Board of Directors (Minutes No. 165/2013 dd 05.06.2013) Gavrilov Alexandr Ilyich was appointed Director general of Kubanenergo JSC for 3 years.

Information on the compensations payable to key management personnel

thousand rubles

Payments	Director general		Deputies, directors of branches		Members of the Board of Directors		Members of Auditing Committee		Members of Management Board	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Short-term compensations, incl.:	5943	8042	74659	63519	2612	5580	833	653	1884	1765
1.1. Salaries for the reporting period (vacation bonus excl.)	5260	6139	53084	43512	2183	4274	638	500	1487	1404
a) premiums	933	275	18418	4568	0	0	0	0	0	0
b) bonuses	0	0	0	0	0	0	0	0	0	0
c) other incentive payments, the bases for which are the indices of labour or performance	0	0	0	0	0	0	0	0	0	0
1.2. Annual paid holidays for operations in the reporting period	127	929	4112	3810	0	0	0	0	0	0
1.3. Total other payments for the benefit of key management personnel (not depending on the respective terms in the labour contract), incl.:	0	0	8627	6837	0	0	0	0	0	0
a) the Company's payment for public services	0	0	0	0	0	0	0	0	0	0
b) the Company's payment for medical care, incl. treatment	0	0	0	0	0	0	0	0	0	0
c) one-off pecuniary aid payments for vacation	0	0	3016	3491						
d) full or partial vacation bonus	0	0	0	0	0	0	0	0	0	0
e) full or partial payment for education in the private interests	0	0	0	0	0	0	0	0	0	0
f) others (please, specify), incl.:	0	0	0	0	0	0	0	0	0	0
compensation for residential premises lease	0	0	3684	3346	0	0	0	0	0	0
material aid for mortgage repayment	0	0	1927	0	0	0	0	0	0	0
1.4. Taxes payable and other compulsory payments into the respective budgets and extrabudgetary funds	556	974	8836	9360	429	1306	195	153	406	361
2. Long-term compensations, incl.:	0	0	0	0	0	0	0	0	0	0
2.1. Compensations upon withdrawal, incl.:	0	0	0	0	0	0	0	0	0	0
a) payments under the voluntary insurance contracts concluded with the insurance companies	0	0	0	0	0	0	0	0	0	0
b) payments under the non-governmental retirement insurance contracts concluded with the non-governmental pension funds	0	0	0	0	0	0	0	0	0	0
c) other pension and social safety net payments upon withdrawal	0	0	0	0	0	0	0	0	0	0
2.2. Other long-term compensations	0	0	0	0	0	0	0	0	0	0
2.3. Long-term compensation charges	0	0	0	0	0	0	0	0	0	0
3. TOTAL (short-term and long-term) compensations, charges excl.	5387	7068	65823	54159	2183	4274	638	500	1478	1404
4. TOTAL (short-term and long-term) compensation charges	556	974	8836	9360	429	1306	195	153	406	361

6.14. Going Concern Principle

In 2013 and 2012 the Company incurred losses in amount of 2 238 597 thousand rubles 1 901 466 thousand rubles, respectively.

In order to improve financial condition and increase efficiency of the activity the Company elaborated Programme of efficiency management.

In 2014 the priority activities of the Programme are:

- reduction of operation costs
- reduction of electricity losses
- optimization of purchase activity
- reduction of investment expenses
- increase of labour productivity
- increase of financial and other non-operative activity.

The Company's accounting statements are prepared in accordance with going concern concept.

6.15. Estimated Liabilities, Contingent Assets and Liabilities

In 2013, the Company recognized in the accounting the estimated liabilities arising from possible leave compensations and from litigious suppliers' claims in terms of unadjusted electricity purchases in order to compensate for electric power losses and electricity transmission services. The estimated liabilities of the Company due to the creation of vacation privileges of the employees are recorded in the amount of 106 834 thousand rubles at the beginning of the reporting period. The charges for 2013 amounted to 338 276 thousand rubles, the estimated liabilities, which have been previously fixed, were written off in the amount of 269 269 thousand rubles, and the balance at the end of the reporting period amounted to 175 841 thousand rubles.

During 2012 and 2013 the Company signed the certificates of acceptance of electric power losses and electricity transmission services with disagreements regarding the unadjusted electric power losses and electricity transmission services and, at the same time, executed the objections to the certificates. The Company estimated the probability of settlement of the litigious suppliers' claims in a judicial proceeding within 12 months to be high and made a decision to recognize the estimated liabilities. The estimated liabilities for unsettled suppliers' claims are recorded in the amount of 1 645 956 thousand rubles at the beginning of the reporting period, including 1 641 354 thousand rubles in terms of unadjusted electric power losses and 4 602 thousand rubles in terms of electricity transmission services. The charges for 2013 amounted to 914 555 thousand rubles, including 910 042 thousand rubles in terms of unadjusted electric power losses and 4 513 thousand rubles in terms of electricity transmission services. The estimated liabilities for unsettled suppliers' claims amounted to 1 085 850 thousand rubles at the end of the reporting period, including 1 080 252 thousand rubles in terms of unadjusted electric power losses and 5 598 thousand rubles in terms of electricity transmission services (Annex 5.7.1).

As of December 31, 2012, there are no fixed contingent assets and liabilities.

6.16. Events Occurring After the Reporting Date

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

On 17 January 2014 the registering office of Russian Federal tax agency's inspectorate #3 in Krasnodar registered changes to Charter of Kubanenergo JSC related to increase of authorized capital upon the end of issue of additional shares in 2013. This essential event that occurred after the reporting date is included in the accounting report for 2013.

Other facts of economic operations, which have, or in the future may have, an impact on the financial condition or the performance of the Company and which occur from the reporting date (December 31, 2013) till the date of signing of the accounting statements for 2012 are not available.

Director General of Kubanenergo JSC	/signature/	Gavrilov A.I.
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Chief Accountant	/signature/	Skiba I.V.
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5 March 2014

Annexes to the Balance Sheet and to the Income Statement

Annex 5.1.1 "Stocks and Transactions of Intangible Assets"

Annex 5.2.1 "R&D Stocks and Transactions"

Annex 5.2.2 "R&D in Progress, Unexecuted R&D and Intangible Assets Acquisition Transactions in Progress"

Annex 5.3.1 "Stocks and Transactions of Fixed Assets"

Annex 5.3.2 "Useful Lives and Depreciation Methods"

Annex 5.3.3 "Changes in the Fixed Assets Value as a Result of Completion of Construction, Extra Fitting, Reconstruction and Partial Liquidation"

Annex 5.3.4 "Other Use of Fixed Assets"

Annex 5.3.5 "Capital Investments in Progress"

Annex 5.3.6 "Advances for Capital Construction and Fixed Assets Acquisition"

Annex 5.4.1 "Stocks and Transactions of Financial Investments"

Annex 5.4.2 "Adjustments of Financial Investment Estimates"

Annex 5.5.1 "Stocks and Transactions of Inventories"

Annex 5.6.1 "Stocks and Transactions of Accounts Receivable"

Annex 5.6.2 "Provision for Doubtful Debts"

Annex 5.6.3 "Overdue Accounts Receivable"

Annex 5.6.4 "Disagreements with the Sales Companies"

Annex 5.6.5 "Stocks and Transactions of Accounts Payable"

Annex 5.6.6 "Overdue Accounts Payable"

Annex 5.6.7 "Loans and Borrowings"

Annex 5.6.8 "Cost of Loans and Borrowings"

Annex 5.7.1 "Estimated Liabilities"

Annex 5.7.2 "Deferred Taxes"

Annex 5.8 "Security"

Annex 5.9 "Government Aid"

Annex 5.12 "Statement on Valuables on Off-Balance-Sheet Accounts"

Annex 2.1 "Cost of Sales, Works and Services by Cost Elements"

Annex 2.2 "Earnings per Share, Diluted Earnings per Share"

by external agencies	5154	for 2012 (2)	-	-	-	-	-	-	-
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(1) – a reporting year is stated

(2) – a previous year is stated

5.2.2. Unaccomplished and unexecuted R&D and unaccomplished operations to acquire intangible assets

Indicator name	Code	Period	As of year's beginning	Changes for period			As of period's end
				expenses for period	expenses written off as those which haven't given positive result	entered in accounting records in the capacity of intangible assets or R&D	
1	2	3	4	5	6	7	8
Expenses on unaccomplished researches and developments - totally	5160	For 2013 (1)	14 125	11 408	-	(2 351)	23 082
	5170	For 2012 (2)	-	36 752	-	(22 627)	14 125
including:							
Scientific and research works	5161	For 2013 (1)	13 625	3 457	-	(1 500)	15 582
	5171	For 2012 (2)	-	21 434	-	(7 809)	13 625
Design and experimental works	5162	For 2013 (1)	500	7 851	-	(851)	7 500
	5172	For 2012 (2)	-	3 446	-	(2 966)	500
Technological works	5163	For 2013 (1)	-	-	-	-	-
	5173	For 2012 (2)	-	11 852	-	(11 852)	-
Others	5164	For 2013 (1)	-	-	-	-	-
	5174	For 2012 (2)	-	-	-	-	-
Unaccomplished operations to acquire intangible assets - totally	5180	For 2013 (1)	54	139	-	(193)	-
	5190	For 2012 (2)	15	39	-	-	54

including:														
from a patent holder for inventions, industrial sample, useful model	5181	For 2013	(1)	-	-	-	-	-	-	-	-	-	-	-
	5191	For 2012	(2)	-	-	-	-	-	-	-	-	-	-	-
from a right holder for Computer programs, databases	5182	For 2013	(1)	-	-	-	-	-	-	-	-	-	-	-
	5192	For 2012	(2)	-	-	-	-	-	-	-	-	-	-	-
from a right holder for topologies of integrated microcircuits	5183	For 2013	(1)	-	-	-	-	-	-	-	-	-	-	-
	5193	For 2012	(2)	-	-	-	-	-	-	-	-	-	-	-
from owner, for trade mark, service mark, appellation of origin of goods	5184	For 2013	(1)	54	139	-	-	-	-	-	(193)	-	-	-
	5194	For 2012	(2)	15	39	-	-	-	-	-	-	-	54	-
Others	5185	For 2013	(1)	-	-	-	-	-	-	-	-	-	-	-
	5195	For 2012	(2)	-	-	-	-	-	-	-	-	-	-	-

(1) - a reporting year is stated

(2) - a previous year is stated

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

Indicator name	Code	Period	As of year's beginning			Changes for period							As of period's end		
			initial cost	accumulated depreciation	residual value	entered	accumulated depreciation on entered facilities			depreciation, accrued	reassessment		initial cost	accumulated depreciation	residual value
								initial cost	accumulated depreciation		initial cost	accumulated depreciation			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Fixed assets (net of income-bearing investments into tangible assets) - totally	5200	for 2013	56 443 719	(36 853 330)	19 950 389	5 568 751	(145 716)	(1 152 569)	566 028	(1 712 219)	4 403 926	(2 538 861)	65 263 827	(40 684 098)	24 579 729
	5210	for 2012	52 117 839	(35 560 960)	16 556 879	4 594 211	(1 153)	(268 331)	139 929	(1 430 756)	-	-	56 443 719	(36 853 330)	19 590 389
including:															
Depreciable fixed assets – totally:	5201	for 2013	56 418 925	(36 853 330)	19 565 595	5 448 992	(145 716)	(1 152 569)	566 028	(1 712 219)	4 403 926	(2 538 861)	65 159 274	(40 684 098)	24 475 176
	5211	for 2012	52 100 431	(35 560 960)	16 539 471	4 586 825	(1 543)	(268 331)	139 929	(1 430 756)	-	-	56 418 925	(36 853 330)	19 565 595
including:															
production buildings	52011	for 2013	4 954 563	(2 437 921)	2 516 642	198 170	(55 724)	(20 178)	11 695	(87 876)	2 914 636	(1 773 149)	8 047 191	(4 342 975)	3 704 216
	52111	for 2012	4 553 785	(2 325 605)	2 228 180	412 430	(41 485)	(11 652)	6 675	(77 506)			4 954 563	(2 437 921)	2 516 642

constructions, except for PTL	2012	for 2013	1 715 381	(546 403)	1 168 978	167 071	(1 116)	(8 894)	2 529	(80 079)			1 873 558	(625 069)	1 248 489
	52112	for 2012	1 234 020	(487 579)	746 441	482 188	(1 594)	(827)	691	(57 921)			1 715 381	(546 403)	1 168 978
power transmission lines and devices to them	52013	for 2013	17 113 149	(10 213 990)	6 899 159	2 380 102	(24)	(602 448)	227 558	(430 163)			18 890 803	(10 416 619)	8 474 184
	52113	for 2012	16 087 131	(9 873 210)	6 213 921	1 205 689	63	(179 671)	66 621	(407 464)			17 113 149	(10 213 990)	6 899 159
machinery and equipment to produce electric power, substations, equipment to transform electric power	52014	for 2013	28 551 403	(21 729 262)	6 822 141	2 033 141	(88 475)	(183 417)	181 846	(716 469)	101 489 290	(765 712)	31 890 417	(23 118 072)	8 772 345
	52114	for 2012	26 527 752	(21 167 230)	5 360 522	2 078 318	(50 292)	(54 667)	50 041	(261 781)			28 551 403	(21 729 262)	6 822 141
production stock and household equipment	52015	for 2013	46 664	(37 185)	9 479	1 627	(5)	(1 983)	1 259	(3 867)			46 308	(39 798)	6 510
	52115	for 2012	49 359	(34 667)	14 692	146	225	(2 841)	2 024	(4 767)			46 664	(37 182)	9 479
others	52016	for 2013	4 037 765	(1 888 569)	2 149 196	708 881	(372)	(335 649)	141 141	(393 765)			4 410 997	(2 141 565)	2 269 432
	52116	for 2012	3 648 384	(1 672 669)	1 975 715	408 054	91 540	(18 673)	13 877	(321 317)			4 037 765	(1 888 569)	2 149 196
Indicator name	Code	Period	As of year's beginning				Changes for period						As of period's end		
			initial cost	accumulated depreciation	residual value	entered	accumulated depreciation on entered facilities			depreciation, accrued	reassessment		initial cost	accumulated depreciation	residual value
initial cost	accumulated depreciation	initial cost						accumulated depreciation							
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Facilities with unrestricted useful life, not depreciable - totally	5202	for 2013	24 794	-	24 794	79 759	-	-	-	-	-	-	104 553	-	104 553
	5212	For 2012	17 408	-	17 408	7 386	-	-	-	-	-	-	24 794	-	24 794
including:															
land plots	52021	For 2013	24 764	-	24 764	79 759	-	-	-	-	-	-	104 553	-	104 553
	52121	For 2012	17 408	-	17 408	7 386							24 794	-	24 794
objects of nature management	52022	For 2013	-	-	-								-	-	-
	52122	For 2012			-								-	-	-
Capital investments for	5203	For 2013	-	-	-								-	-	-

fundamental improvement of lands	5213	For 2012			-								-	-	-
Accounted in composition of income-bearing investments into tangible assets - totally	5220	For 2013	-	-	-	-	-	-	-	-	-	-	-	-	-
	5230	For 2012	-	-	-	-	-	-	-	-	-	-	-	-	-
including:					-										
property to be transferred on lease	5221	For 2013	-	-	-								-	-	-
	5231	For 2012			-								-	-	-
property submitted under a lease contract	5222	For 2013	-	-	-								-	-	-
	5232	For 2012			-								-	-	-

(1) – a reporting year is stated

(2) – a previous year is stated

5.3.2. Useful life and methods for depreciation accrual

Indicator name	Code	Established useful life (in months)	Methods for depreciation accrual
1	2	3	4
Production buildings	7001	20-1714	straight-line
Construction, except for PTL (power transmission lines)	7002	25-1200	straight-line
Power transmission lines and devices to them	7003	12-1500	straight-line
Machinery and equipment to produce electric power, substations, equipment to transform electric power	7004	5-923	straight-line
Production stock and household equipment	7005	4-1200	straight-line
Others	7006	1-1714	straight-line

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

Indicator name	Code	For 2013	For 2012
1	2	3	4
Cost increase of the items of the fixed assets as a result of a further construction, further equipping, reconstruction - totally	5260	165 853	581 296
including:			
production buildings	5261	17 232	105 393
construction, except for PTL (power transmission lines)	5262	5 113	5 856
power transmission lines and devices to them	5263	129 159	333 103
machinery and equipment to produce electric power, substations, equipment to transform electric power	5264	13 301	70 353
production stock and household equipment	5265	-	-
others	5266	1 048	66 591
Cost decrease of the items of the fixed assets as a result of a partial liquidation - totally	5270	(239 872)	(97 183)
including:			
production buildings	5271	(8 626)	-
construction, except for PTL (power transmission lines)	5272	-	(6)
power transmission lines and devices to them	5273	(216 224)	(95 372)
machinery and equipment to produce electric power, substations, equipment to transform electric power	5274	(15 022)	(498)
production stock and household equipment	5275	-	-
others	5276	-	(1 307)

(1) – a reporting year is stated

(2) – a previous year is stated

5.3.4. Other use of the fixed assets

Indicator name	Code	As of 31.12.2013 (1)	As of 31.12.2012 (2)	As of 31.12.2011 (3)
1	2	3	4	5
Leased out fixed assets, being on the books	5280	40 042	30 133	60 263
Leased out fixed assets, being off the books	5281	0	0	0
Taken on lease fixed assets, being on the books	5282	0	0	0
Taken on lease fixed assets, being off the books	5283	3 803 384	3 662 114	3 933 692
Items of immovable property, accepted for operation and used actually, being in the state registration process	5284	2 252 889	161 266	153 916
Fixed assets transferred to standby	5285	11 758	6 652	6 652
Other use of fixed assets (pledge etc.)	5286	0	0	0

- (1) - a reporting period's reporting date is stated
(2) - a previous year is stated
(3) - a year preceding the previous one, is stated

5.3.5. Unaccomplished capital investments

Indicator name	Code	Period	As of year's beginning	Changes for period			As of period's end
				expenditures for period	written off	entered in accounting records as fixed assets or cost is increased	
1	2	3	4	5			8
Construction-in-process and unaccomplished operations in respect to acquisition, renovation etc. of the fixed assets - totally	5240	For 2013 (1)	10 436 102	11 815 851	(565 278)	(5 187 671)	16 499 004
	5250	For 2012 (2)	6 454 127	8 895 674	(329 041)	(4 584 658)	10 436 102
including:							
of Industrial purpose	5241	For 2013 (1)	10 436 102	11 815 851	(565 278)	(5 187 671)	16 499 004
	5251	For 2012 (2)	6 454 127	8 895 674	(329 041)	(4 584 658)	10 436 102
construction-in-process	52411	For 2013 (1)	9 406 244	9 159 010	(47 578)	(3 922 333)	14 595 343
	52511	For 2012 (2)	5 529 448	8 346 078	(24 224)	(4 445 058)	9 406 244
fixed assets acquisition	52412	For 2013 (1)	6 788	1 262 087	(1 415)	(1 260 671)	6 789
	52512	For 2012 (2)	8 744	132 800	(2 542)	(132 214)	6 788
equipment to be installed	52413	For 2013 (1)	1 023 070	1 389 681	(515 879)	-	1 896 872
	52513	For 2012 (2)	915 935	409 351	(302 216)	-	1 023 070
others	52414	For 2013 (1)	-	5 073	(406)	(4 667)	-
	52514	For 2012 (2)	-	7 445	(59)	(7 386)	-
of Non-industrial purpose	5242	For 2013 (1)	-	-	-	-	-
	5252	For 2012 (2)	-	-	-	-	-
construction-in-process	52421	For 2013 (1)	-	-	-	-	-
	52521	For 2012 (2)	-	-	-	-	-
fixed assets acquisition	52422	For 2013 (1)	-	-	-	-	-
	52522	For 2012 (2)	-	-	-	-	-
equipment to be installed	52423	For 2013 (1)	-	-	-	-	-
	52523	For 2012 (2)	-	-	-	-	-
others	52424	For 2013 (1)	-	-	-	-	-
	52524	For 2012 (2)	-	-	-	-	-

(1) – a reporting year is stated

(2) - a previous year is stated

5.3.6. Advances paid for capital construction and fixed assets acquisition

Indicator name	Code	Period	As of year's beginning		Changes for period							As of period's end	
			accounted under contract's clauses	amount of provision for doubtful debts	entrance			repayment	retirement			accounted under contract's clauses	amount of provision for doubtful debts
					as a result of economic operations (debt sum on a transaction of operation)	other accruals	accrual of a reserve		writing off owing to reserve, accrued earlier	writing off to financial result	recovery of a reserve		
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Advances paid for capital construction	5291	for 2013 (1)	1 408 975	(15 838)	1 542 259	-	(434 096)	(709 814)	(70)	-	15 839	2 241 350	(434 025)
	5292	for 2012 (2)	2 326 700	(20 685)	825 410	-	(15 838)	(1 739 852)	(3 283)	-	17 402	1 408 975	(15 838)
including:													
<i>capital construction</i>	52911	for 2013 (1)	1 157 226	(13 113)	1 517 410	-	(431 186)	(503 699)	-	-	13 113	2 170 937	(431 186)
	52921	for 2012 (2)	1 327 435	(17 846)	729 990	-	(13 113)	(897 030)	(3 169)	-	14 677	1 157 226	(13 113)
<i>fixed assets acquisition</i>	52912	for 2013 (1)	40 756	-	1 624	-	-	(38 045)	-	-	-	4 335	-
	52922	for 2012 (2)	7 160	(114)	40 345	-	-	(6 635)	(114)	-	-	40 756	-
others	52913	for 2013 (1)	210 993	(2 725)	23 225	-	(2 910)	(168 070)	(70)	-	2 726	60 078	(2 839)
	52923	for 2012 (2)	992 105	(2 725)	55 075	-	(2 725)	(836 187)	-	-	2 725	210 993	(2 725)

(1) – a reporting year is stated

(2) – a previous year is stated

	53173 1	for 2012 (2)	-	-	-	-	-	-	-	-	-
Others	53074	for 2013 (1)	-	-	-	-	-	-	-	-	-
	53174	for 2012 (2)	-	-	-	-	-	-	-	-	-
Short-term FI on which no current market value is determined - totally	5307	for 2013 (1)	-	-	-	-	-	-	-	-	-
	5317	for 2012 (2)	-	-	-	-	-	-	-	-	-
Financial investments - totally	5300	For 2013 (1)	62 924	(17 236)	-	-	-	-	(100)	62 924	(17 336)
	5310	For 2012 (2)	62 924	(17 236)	-	-	-	-	-	62 924	(17 236)

5.4.2. Adjustments of financial investments' assessments

Indicator		As of year's beginning	Changes for period			As of period's end
Name	Code		Increase	Decrease	Retirement under writing off of FI (financial investments)	
1	2	3	4	5	6	7
Long-term financial investments	7100	(17 236)	(100)	-	-	(17 336)
Difference between the current market value of the financial investments and their previous assessment	7110	-	-	-	-	-
<i>including:</i>						
Contributions in other entities' charter (joint-stock) capitals – totally	7111	-	-	-	-	-
<i>including:</i>						
of subsidiary economic companies	71111					-
of dependent economic entities	71112					-
others	71113					-
State and municipal securities	7112					-
Other entities' securities - totally	7113					-
<i>including:</i>						
debt securities (bonds, bills)	71131					-
Others	7114					-
Difference between the current cost of the debt securities and their initial cost	7120	-	-	-	-	-
<i>including:</i>						
Other entities' securities - totally	7121					-
<i>including:</i>						
debt securities (bonds, bills)	71211					-
Others	7122					-
Provision for impairment of financial investments, on which no market value is determined	7130	17 236	100	-	-	17 336
<i>including:</i>						
Contributions in other entities' charter (joint-stock) capitals – totally	7131	17 236	100	-	-	13 336
<i>including:</i>						

of subsidiary economic companies	71311	17 234	100	-	-	17 334
of dependent economic entities	71312					-
others	71313	2	-	-	-	2
State and municipal securities	7132					-
Other entities' securities – totally	7133					-
<i>including:</i>						
debt securities (bonds, bills)	71331					-
Loans granted	7134					-
Deposits	7135					-
Others	7136					-

Indicator		As of year's beginning	Changes for period			As of period's end
Name	Code		Increase	Decrease	Retirement under writing off of FI (financial investments)	
1	2	3	4	5	6	7
Short-term financial investments	7200	-	-	-	-	-
Difference between the current market value of the financial investments and their previous assessment, on which it was determined	7210	-	-	-	-	-
<i>including:</i>						
Contributions in other entities' charter (joint-stock) capitals – totally	7211	-	-	-	-	-
<i>including:</i>						
of subsidiary economic companies	72111					-
of dependent economic entities	72112					-
others	72113					-
Other entities' securities – totally	7212					-
<i>including:</i>						

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

5.5. Business inventories

5.5.1. Availability and flow of inventories

Indicator name	Code	Period	As of year's beginning		Changes for period					As of period's end	
			prime cost	reserve amount for cost reduction	receipts and expenditures	retired		losses from cost reduction	inventory turnover between their groups (types)	prime cost	reserve amount for cost reduction
						prime cost	reserve for cost reduction				
1	2	3	4	5	6	7	8	9	10	11	12
Inventories - totally	5400	for 2013 (1)	1 919 050	(4 840)	1 663 663	(1 525 326)	4 840	(7 257)	X	2 057 387	(7 257)
	5420	for 2012 (2)	1 095 703	(282)	2 456 034	(1 632 687)	282	(4 840)	X	1 919 050	(4 840)
raw material and materials	5401	for 2013 (1)	1 919 050	(4 840)	1 663 663	(1 525 326)	4 840	(7 257)	-	2 057 387	(7 257)
	5421	for 2012 (2)	1 095 703	(282)	2 456 034	(1 632 687)	282	(4 840)	-	1 919 050	(4 840)
production-in-process	5402	for 2013 (1)	-	-	-	-	-	-	-	-	-
	5422	for 2012 (2)	-	-	-	-	-	-	-	-	-
goods delivered	5403	for 2013 (1)	-	-	-	-	-	-	-	-	-
	5423	for 2012 (2)	-	-	-	-	-	-	-	-	-
finished products and goods	5404	for 2013 (1)	-	-	-	-	-	-	-	-	-
	5424	for 2012 (2)	-	-	-	-	-	-	-	-	-
other inventories and expenditures	5405	for 2013 (1)	-	-	-	-	-	-	-	-	-
	5425	for 2012 (2)	-	-	-	-	-	-	-	-	-

(1) – a reporting year is stated

(2) – a previous year is stated

Indicator name	Code	Period	As of year's beginning		Changes for period							As of period's end		
			accounted under contract's clauses	amount of provision for doubtful debts	entrance			repayment	writing off owing to reserve accrued earlier	writing off to financial result	reserve recovery	transfer from long-term into short-term indebtedness	accounted under contract's clauses	amount of provision for doubtful debts
					as a result of economic operations (debt amount on a transaction of operation)	due interest, penalties and other accruals	accrual of reserve							
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
indebtedness of participants (founders) as regards contributions into the charter capital	5514	for 2013 (1)	-	-	-	-	-	-	-	-	-	-	-	-
	5534	for 2012 (2)	-	-	-	-	-	-	-	-	-	-	-	-
Indebtedness of subsidiary and dependent entities as regards dividends	5515	for 2013 (1)	-	-	-	-	-	-	-	-	-	-	-	-
	5535	for 2012 (2)	-	-	-	-	-	-	-	-	-	-	-	-
Other accounts receivable	5516	for 2013 (1)	726 683	(195 070)	737 846	-	(238 332)	(99 515)	(3 658)	(25 012)	191 598	4 390	1 340 736	(238 148)
	5536	for 2012 (2)	991 842	(207 053)	476 649	-	(195 968)	(740 479)	(3 070)	(4 346)	204 881	6 087	726 683	(195 070)
including:														
<i>non-interest bearing bills</i>	55161	for 2013 (1)	-	-	-	-	-	-	-	-	-	-	-	-
	55361	for 2012 (2)	-	-	-	-	-	-	-	-	-	-	-	-
<i>overpayment in respect to taxes and levies</i>	55162	for 2013 (1)	415 604	-	514 758	-	-	(50 352)	-	(24 779)	-	-	855 231	-
	55362	for 2012 (2)	600 702	(24)	413 022	-	-	(597 977)	(24)	(119)	-	-	415 604	-
<i>sale of property</i>	55163	for 2013 (1)	7 334	(6 202)	506	-	(3 951)	(1)	(2 251)	-	3 951	-	5 588	(3 951)
	55363	for 2012 (2)	9 805	(6 342)	5	-	(6 202)	(2 249)	(140)	(87)	6 202	-	7 334	(6 202)
<i>others</i>	55164	for 2013 (1)	303 745	(188 868)	222 582	-	(234 381)	(49 162)	(1 405)	(233)	187 647	4 390	479 917	(234 197)
	55364	for 2012 (2)	381 335	(200 687)	63 622	-	(189 766)	(140 253)	(2 906)	(4 140)	198 679	6 087	303 745	(188 868)
From total sum of short-term accounts receivable	5517	for 2013 (1)	1 500	(1 000)	424	-	(1 000)	-	-	-	1 000	-	1 924	(1 000)
	5537	for 2012 (2)	2 316	(1 700)	494	-	(1 000)	(1 310)	-	-	1 700	-	1 500	(1 000)
indebtedness of subsidiary companies	55171	for 2013 (1)	1 500	(1 000)	424	-	(1 000)	-	-	-	1 000	-	1 924	(1 000)
	55371	for 2012 (2)	2 316	(1 700)	494	-	(1 000)	(1 310)	-	-	1 700	-	1 500	(1 000)
indebtedness of dependent companies	55172	for 2013 (1)	-	-	-	-	-	-	-	-	-	-	-	-
	55372	for 2012 (2)	-	-	-	-	-	-	-	-	-	-	-	-
TOTALLY	5500	for 2013 (1)	4 381 730	(1 162 773)	5 005 927	-	(1 530 147)	(2 668 532)	(39 839)	(25 851)	1 123 183	-	6 653 435	(1 529 898)
	5520	for 2012 (2)	3 728 518	(812 968)	1 682 401	-	(1 163 671)	(1 011 670)	(13 045)	(4 474)	800 821	-	4 381 730	(1 162 773)

5.6.2. Provision for doubtful debts

Indicator		As of year's beginning	Changes for period		As of period's end
Name	Code		Creation of reserve	Writing off of reserve	
1	2	3	4	5	6
Settlements with buyers and customers	7310	948 745	1 239 124	(948 797)	1 239 072
including:					
<i>in respect to electric power transmission</i>	7311	677 818	1 046 990	(676 045)	1 048 763
<i>in respect to grid connection</i>	7312	269 340	186 176	(269 340)	186 176
<i>in respect to organization of functioning and development of UES of Russia as to the distribution electric grid complex</i>	7313	-	-	-	-
<i>in respect to resale of electric power and capacity</i>	7314	-	-	-	-
<i>in respect to revenues from lease</i>	7315	-	39	(25)	14
<i>others</i>	7316	1 587	5 919	(3 387)	4 119
Advances paid	7330	34 796	486 787	(34 880)	486 703
Other accounts receivable	7320	195 070	238 332	(195 254)	238 148
Totally	7300	1 178 611	1 964 243	(1 178 931)	1 963 923

5.6.3. Overdue accounts receivable

Indicator name	Code	As of 31.12.2013 (1)		As of 31.12.2012 (2)		As of 31.12.2011 (3)	
		accounted under contract's clauses	balance sheet value (net of provision for doubtful debts)	accounted under contract's clauses	balance sheet value (net of provision for doubtful debts)	accounted under contract's clauses	balance sheet value (net of provision for doubtful debts)
1	2	3	4	5	6	7	8
Totally	5540	2 860 361	1 924 328	912 608	93 137	1 039 962	343 793
including:							
Settlements with buyers and customers, including	5541	2 432 446	1 797 240	624 101	18 658	728 841	259 778
<i>in respect to electric power transmission</i>	55411	2 236 649	1 779 264	464 461	9 444	235 398	235 143
<i>in respect to grid connection</i>	55412	190 520	4 344	154 092	5 254	477 285	11 596
<i>in respect to organization of functioning and development of UES of Russia as to the distribution electric grid complex</i>	55413	-	-	-	-	-	-
<i>in respect to resale of electric power and capacity</i>	55414	-	-	-	-	-	-
<i>in respect to revenues from lease</i>	55415	1 417	1 403	841	841	1 575	1 268
<i>others</i>	55416	3 860	2 229	4 707	3 119	14 583	11 771
Other accounts receivable	5542	427 915	137 088	288 507	74 479	311 121	84 015

(1) – a reporting period's reporting date is stated

(2) – a previous year is stated

(3) – a year, preceding the previous one, is stated

5.6.4. Disputes with Sales Companies

Counterparty	As of year's beginning		Changes for period				As of period's end	
			Accrued for the period (turnover on accounts receivable, RUR ths.)		Paid for the period (turnover on accounts payable, RUR ths.)			
	Company's data	Counterparty's data	Company's data	Counterparty's data	Company's data	Counterparty's data	Company's data	Counterparty's data
1	2	3	4	5	6	7	8	9
"Kubanenergoby" JSC	342 086	342 086	222 768	222 768	-	-	564 854	564 854
"Oboronenergoby" JSC	18 592	18 592	6 237	6 237	-	-	24 829	24 829
"NESK" JSC	71 459	71 459	(71 459)	(71 459)	-	-	-	-
"RUSENERGOSBYT" LLC	73 420	73 420	(73 420)	(73 420)	-	-	-	-
"RUSENERGOESURS" LLC	48 705	48 705	(48 705)	(48 705)	-	-	-	-
"MAREM+" CJSC	1 017	1 017	(1 017)	(1 017)	-	-	-	-
"RN-Energo" LLC	9 359	9 359	(9 359)	(9 359)	-	-	-	-
"Magnit energo" JSC	-	-	869	869	-	-	869	869
"Maikop CHP" LLC	670	670	785	785	-	-	1 455	1 455

5.6.5. Availability and flow of accounts payable

Indicator name	Code	Period	Balance as of year's beginning	Changes for period					Balance as of period's end
				entrance				transfer from long-term into short-term indebtedness	
				as a result of economic operations (debt amount on a transaction, operation)	accrued interest, penalties and other accruals	repayment	writing off to financial result		
1	2	3	4	5	6	7	8	9	10
Long-term accounts payable – totally	5551	for 2013 (1)	265 752	589 791	-	-	-	(260 169)	595 374
	5571	for 2012 (2)	59 541	258 462	-	(10 943)	-	(41 308)	265 752
including:									
accounts payable of suppliers and contractors	5552	for 2013 (1)	1 132	12 283	-	-	-	(1 132)	12 283
	5572	for 2012 (2)	2 055	835	-	(571)	-	(1 187)	1 132
including:									
<i>construction</i>	55521	for 2013 (1)	213	12 283	-	-	-	(213)	12 283
	55721	for 2012 (2)		213	-	-	-	-	213
<i>others</i>	55522	for 2013 (1)	919	-	-	-	-	(919)	-
	55722	for 2012 (2)	2 055	622	-	(571)	-	(1 187)	919
Other accounts payable	5553	for 2013 (1)	264 620	577 508	-	-	-	(259 037)	583 091
	5573	for 2012 (2)	57 486	257 627	-	(10 372)	-	(40 121)	264 620
From total sum of long-term indebtedness	5554	for 2013 (1)	-	-	-	-	-	-	-
	5574	for 2012 (2)	-	-	-	-	-	-	-
<i>indebtedness towards subsidiary companies</i>	55541	for 2013 (1)	-						-
	55741	for 2012 (2)							-
<i>Indebtedness towards dependent companies</i>	55542	for 2013 (1)	-						-
	55742	for 2012 (2)							-

Indicator name	Code	Period	Balance as of year's beginning	Changes for period					Balance as of period's end
				entrance				transfer from long-term into short-term indebtedness	
				as a result of economic operations (debt amount on a transaction, operation)	accrued interest, penalties and other accruals	repayment	writing off to financial result		
1	2	3	4	5	6	7	8	9	10
Short-term accounts payable - totally	5560	for 2013 (1)	8 278 698	9 166 001	-	(6 046 618)	(6 483)	260 169	11 651 767
	5580	for 2012 (2)	5 739 087	5 986 765	-	(3 488 353)	(109)	41 308	8 278 698
including:									
Settlements with suppliers and contractors	5561	for 2013 (1)	3 412 252	7 939 961	-	(2 252 473)	(3 674)	1 132	9 097 198
	5581	for 2012 (2)	2 477 105	2 533 128	-	(1 599 145)	(23)	1 187	3 412 252
including:									
<i>construction</i>	55611	for 2013 (1)	1 595 714	917 182	-	(1 207 837)	(1 117)	213	1 304 155
	55811	for 2012 (2)	808 886	1 448 866	-	(662 038)	-	-	1 595 714
<i>others</i>	55612	for 2013 (1)	1 816 538	7 022 779	-	(1 044 636)	(2 557)	919	7 793 043
	55812	for 2012 (2)	1 668 216	1 084 262	-	(937 107)	(23)	1 187	1 816 538
Advances received	5562	for 2013 (1)	4 421 527	731 680	-	(3 480 740)	(449)	252 875	1 924 893
	5582	for 2012 (2)	2 492 689	3 133 090	-	(1 242 894)	(69)	38 711	4 421 527
including:									
<i>in respect to electric power transmission</i>	55621	for 2013 (1)	1 270 827	2 188	-	(1 268 808)	-	-	4 207
	55821	for 2012 (2)	319 135	1 269 442	-	(317 750)	-	-	1 270 827
<i>in respect to grid connection</i>	55622	for 2013 (1)	3 142 646	727 074	-	(2 208 154)	(137)	252 875	1 914 304
	55822	for 2012 (2)	2 164 609	1 860 226	-	(920 865)	(35)	38 711	3 142 646
<i>in respect to organization of functioning and development of UES of Russia as to the distribution electric grid complex</i>	55623	for 2013 (1)	-	-	-	-	-	-	-
	55823	for 2012 (2)	-	-	-	-	-	-	-

<i>from resale of electric power and capacity</i>	55624	for 2013 (1)	-	-	-	-	-	-	-
	55824	for 2012 (2)	-	-	-	-	-	-	-

Indicator name	Code	Period	Balance as of year's beginning	Changes for period					Balance as of period's end
				entrance				transfer from long-term into short-term indebtedness	
				as a result of economic operations (debt amount on a transaction, operation)	accrued interest, penalties and other accruals	repayment	writing off to financial result		
1	2	3	4	5	6	7	8	9	10
<i>in respect to participation in other entities</i>	55625	for 2013 (1)	-	-	-	-	-	-	-
	55825	for 2012 (2)	-	-	-	-	-	-	-
<i>in respect to lease services</i>	55626	for 2013 (1)	161	30	-	(152)	(9)	-	30
	55826	for 2012 (2)	23	153	-	(15)	-	-	161
<i>in respect to others</i>	55627	for 2013 (1)	7 893	2 388	-	(3 626)	(303)	-	6 352
	55826	for 2012 (2)	8 922	3 269	-	(4 264)	(34)	-	7 893
Indebtedness to participants (founders) as regards the revenues payout	5563	for 2013 (1)	-	-	-	-	-	-	-
	5583	for 2012 (2)	127	-	-	(127)	-	-	-
Bills payable	5564	for 2013 (1)	-	-	-	-	-	-	-
	5584	for 2012 (2)	-	-	-	-	-	-	-
Indebtedness towards state non-budgetary funds	5565	for 2013 (1)	57 314	120 178	-	(57 314)	-	-	120 178
	5585	for 2012 (2)	53 012	57 314	-	(53 012)	-	-	57 314
Settlements in respect to taxes and levies	5566	for 2013 (1)	47 243	81 424	-	(47 243)	-	-	81 424
	5586	for 2012 (2)	63 613	47 243	-	(63 613)	-	-	47 243
Indebtedness towards organization's personnel	5567	for 2013 (1)	116 545	174 859	-	(116 545)	-	-	174 859
	5587	for 2012 (2)	125 389	116 545	-	(125 389)	-	-	116 545
Other accounts payable	5568	for 2013 (1)	223 817	117 899	-	(92 303)	(2 360)	6 152	253 215
	5588	for 2012 (2)	527 152	99 445	-	(404 173)	(17)	1 410	223 817
From the total sum of short-term indebtedness	5569	for 2013 (1)	-	-	-	-	-	-	-
	5589	for 2012 (2)	93	-	-	(93)	-	-	-

<i>indebtedness towards subsidiary entities</i>	55691	for 2013 (1)	-	-	-	-	-	-	-
	55891	for 2012 (2)	93	-	-	(93)	-	-	-
<i>indebtedness towards dependent companies</i>	55692	for 2013 (1)	-	-	-	-	-	-	-
	55892	for 2012 (2)	-	-	-	-	-	-	-
Totally	5550	for 2013 (1)	8 544 450	9 755 792	-	(6 046 618)	(6 483)	-	12 247 141
	5570	for 2012 (2)	5 798 628	6 245 227	-	(3 499 296)	(109)	-	8 544 450

5.6.6. Overdue accounts payable

Indicator name	Code	As of 31.12.2013 (1)	As of 31.12.2012 (2)	As of 31.12.2011 (3)
1	2	3	4	5
Totally	5590	5 814 970	1 271 648	1 120 873
including: Settlements with suppliers and contractors	5591	5 673 785	1 124 103	938 302
<i>including:</i>				
<i>construction</i>	55911	490 231	487 980	203 670
<i>others</i>	55912	5 183 554	636 123	734 632
Indebtedness to participants (founders) in respect to revenues payout	5592	-	-	-
Indebtedness towards state non-budgetary funds	5593	-	17	17
Settlements in respect to taxes and levies	5594	-	-	286
Indebtedness towards organization's personnel	5595	-	-	-
Other accounts payable	5596	141 185	147 528	182 268

(1) – a reporting period's reporting date is stated

(2) – a previous year is stated

(3) – a year preceding the previous one, is stated

5.6.7. Credits and loans

Indicator name	Code	Period	As of year's beginning	Changes for period					As of period's end
				Entrance	Accrual of interest	Repayment of indebtedness's principle amount	Repayment of interest	Transfer from long-term into short-term indebtedness	
1	2	3	4	5	6	7	8	9	10
Long-term borrowed funds - totally	7410	for 2013 (1)	5 917 000	11 720 000	-	-	-	(400 000)	17 237 000
	7430	for 2012 (2)	10 027 267	5 917 000	-	-	-	(10 027 267)	5 917 000
including:									
Credits	7411	for 2013 (1)	5 917 000	11 720 000	-	-	-	(400 000)	17 237 000
	7431	for 2012 (2)	10 000 000	5 917 000	-	-	-	(10 000 000)	5 917 000
Loans	7412	for 2013 (1)	(0)	-	-	-	-	-	(0)
	7432	for 2012 (2)	27 267	-	-	-	-	(27 267)	(0)
Short-term borrowed funds - totally	7420	for 2013 (1)	10 027 267	-	1 535 351	(10 027 267)	(1 535 351)	400 000	400 000
	7440	for 2012 (2)	5 238 151	-	1 462 895	(5 236 685)	(1 464 361)	10 027 267	10 027 267
including:									
Credits	7421	for 2013 (1)	10 000 000	-	-	(10 000 000)	-	400 000	400 000
	7441	for 2012 (2)	5 200 000	-	-	(5 200 000)	-	10 000 000	10 000 000
<i>Interest on credits</i>	74211	for 2013 (1)	-	-	1 535 351	-	(1 535 351)	-	-
	74411	for 2012 (2)	1 466	-	1 462 895	-	(1 464 361)	-	-
Loans	7422	for 2013 (1)	27 267	-	-	(27 267)	-	-	-
	7442	for 2012 (2)	36 685	-	-	(36 685)	-	27 267	27 267

(1) – a reporting year is stated

(2) – a previous year is stated

5.6.8. Expenditures in respect to credits and loans

Indicator		In respect to long-term credits and loans	In respect to short-term credits and loans
Name	Code		
1	2	3	4
Expenditures on credits, totally:	7510	825 799	709 552
written off to other expenditures	7511	825 799	709 552
included in the assets' cost	7512	-	-
Expenditures on loans, totally:	7520	-	-
written off to other expenditures	7521	-	-
included in the assets' cost	7522	-	-
From total expenditures on loans and credits:	7530	825 799	709 552
accrued %	7531	825 799	709 552
other expenditures	7532	-	-

5.7. Contingent assets and liabilities

5.7.1. Estimated liabilities

Indicator		Balance as of year's beginning	Acknowledged	Repaid	Written of f as excess sum	Balance as of period's end
Name	Code					
1	2	3	4	5	6	7
Estimated liabilities - totally	5700	1 752 790	1 252 831	(1 743 918)	(12)	1 261 691
including:						
Payment of forthcoming vacation leaves	5701	106 834	338 276	(269 257)	(12)	175 841
Payout of remuneration following a year's results	5702	-	-	-	-	-
In respect to fixed assets' repair	5703	-	-	-	-	-
In respect to works associated with seasonal nature of production	5704	-	-	-	-	-
guarantee liabilities and reclamation	5705	-	-	-	-	-
liquidation liabilities	5706	-	-	-	-	-
court proceedings not completed as of reporting date	5707	-	-	-	-	-
claims of tax authorities following results of tax audits, not settled as of reporting date	5708	-	-	-	-	-
other estimated liabilities	5709	1 645 956	914 555	(1 474 661)	-	1 085 850
From total sum of contingent liabilities:						
Created owing to expenditures in respect to ordinary types of activities	5710		736 450			
Created owing to other expenditures	5720		499 781			
Included in asset's cost	5730		16 600			

5.7.2. Deferred taxes

Name	Code	Deductible temporary differences	Deferred tax assets	Taxable temporary differences	Deferred tax liabilities
1	2	3	4	5	6
Balance as of reporting year's beginning	7700	5 032 650	1 006 530	693 510	138 702
Revenue	7710	3 346 835	669 367	77 305	15 461
Expenditure	7720	(3 023 985)	(604 797)	(136 760)	(27 352)
Result of tax rates' change	7730	X	-	X	-
Result of elimination of errors of past years	7740	-	-	-	-
Permanent differences in cost of assets and liabilities	7750	-	-	-	-
Writing off, not bringing about tax implications	7760	(194 340)	(38 868)	(1 850)	(370)
Balance as of reporting period's end	7800	5 161 160	1 032 232	632 205	126 441

5.8. Collaterals

Indicator		As of 31.12.2013	As of 31.12.2012	As of 31.12.2011
Name	Code	(1)	(2)	(3)
1	2	3	4	5
Received – totally	5800	180 761	2 620 441	3 416 422
including:				
bills	5801	-	-	-
pledged property	5802	1 238	-	-
among it:				
items of fixed assets	58021	1 238	-	-
securities and other financial investments	58022	-	-	-
others	58023	-	-	-
others, received	58024	179 523	2 620 441	3 416 422
Given out against own liabilities – totally	5810	-	-	-
including:				
bills	5811	-	-	-
pledged property	5812	-	-	-
among it:				
facilities of fixed assets	58121	-	-	-
securities and other financial investments	58122	-	-	-
others	58123	-	-	-
others, given out	5813	-	-	-

- (1) – a reporting period's reporting date is stated
(2) – a previous year is stated
(3) – a year, preceding the previous one, is stated

5.9. State assistance

Indicator name	Code	For 2013 (1)				For 2012 (2)			
		3				4			
Received budgetary funds - totally	5900	1 451				406			
including:									
for current expenditures	5901								
compensations to Chernobyl cleanup veterans	5902								
for tasks fulfillment in mobilization trainings	5903								
for liquidation of inter-territorial cross-subsidization	5904								
for investments in non-current assets	5905								
other goals	5906	1 451				406			
Indicator name	Code	As of year's beginning	Received for year	Returned for year	As of year's end	As of year's beginning	Received for year	Returned for year	As of year's end
Budget credits - totally	5910	-	-	-	-	-	-	-	-
including:									
preventive measures financing to reduce production injuries and occupational diseases	5911				-				-
financing of profound medical inspections of employees, engaged in work associated with harmful and (or) hazardous production factors	5912				-				-
others	5913				-				-

(1) – a reporting year is stated

(2) – a previous year is stated

5.11. Other revenues and expenditures

Indicator		For 2013 (1)	For 2012 (2)
Name	Code		
1	2		
Other revenues totally	8000	1 601 414	1 046 902
including:			
From sale of fixed assets, except for flats	8001	625	31 419
From sale of flats	8002	400	3 374
From sale of business inventories	8003	12 601	4 704
From sale of currency	8004	-	-
From sale of intangible assets	8005	-	-
From sale of securities	8006	-	-
From sale of other assets	8007	47 579	4 204
From joint activities	8008	-	-
Profit of 2011, revealed in reporting period	8009	13 972	-
Profit of 2010, revealed in reporting period	8010	49 001	60 940
Profit of 2009, revealed in reporting period	8011	42 342	918
Profit before 01.01.2009, revealed in reporting year	8012	12 529	6 985
Acknowledged penalties, fines and forfeits or on which court's decisions (arbitration court's decisions) are got on their collection	8013	66 070	2 186
Accounts payable in respect to which a limitation period has expired (over three years)	8014	6 483	109
Currency differences	8015	-	-
Property in surplus following results of inventory taking	8016	33 070	540
Donated assets, except for fixed assets and intangible assets	8017	1 467	467
Revenue from donated fixed assets, determined according to an established procedure	8018	1 068	1 107
Cost of material valuables, remained from writing off of assets, which are not eligible for recovery and further use	8019	23 813	2 920
Reassessment of financial investments on current market value	8020	-	-
Revenue from decrease (writing off) of provision for doubtful debts	8021	1 139 022	818 223
Revenue from decrease (writing off) of reserve for estimated liabilities	8022	12	-
Revenue from decrease (writing off) of reserve for cost reduction of business inventories	8023	4 840	282
Revenues on claim assignment agreements	8024	-	14 835
Revenue from revealed non-contractual consumption of electric power	8025	59 880	42 862
Insurance payments receivable	8026	76 485	17 308
Revenues tied with participation in other organizations' charter capitals	8027	-	-
Recovery of accounts receivable written off earlier	8028	16	3
Discount on bills	8029	-	-
Compensation for difference in tariffs (budgetary financing)	8030	-	-
Revenue from decrease (writing off) of reserve for possible losses of financial investments	8031	-	-
Others	8032	10 139	33 616

Indicator		For 2013 (1)	For 2012 (2)
Name	Code		
1	2		
Other expenditures totally	8100	(4 753 161)	(2 197 596)
including:			
From sale of fixed assets, except for flats	8101	(235)	(6 846)
From sale of flats	8102	-	(1 162)
From sale of business inventories	8103	(12 780)	(4 462)
From sale of currency	8104	-	-
From sale of intangible assets	8105	-	-
From sale of securities	8106	-	-
From sale of other assets	8107	(46 416)	(23 123)
Other taxes	8108	-	-
Expenditures in respect to banks' services payment	8109	(17 200)	(11 212)
Expenditures to performance of service financial investments	8110	-	-
Provision for doubtful debts	8111	(1 964 243)	(1 179 509)
Reserve for possible losses of financial investments	8112	(100)	-
Reserve for cost reduction of material valuables	8113	(7 257)	(4 840)
Reserve for discontinuing operation	8114	-	-
Reserve for estimated liabilities	8115	(1 417)	(36 705)
Retirement of incomeless assets	8116	-	-
VAT on donated property	8117	-	-
Loss of 2011, revealed in reporting period	8118	(686 321)	-
Loss of 2010, revealed in reporting period	8119	(56 086)	(47 473)
Loss of 2009, revealed in reporting period	8120	(138 099)	(10 480)
Loss before 01.01.2009, revealed in reporting period	8121	(115 657)	(334 330)
Acknowledged penalties, fines and forfeits or on which court's decisions (arbitration court's decisions) are got on their collection	8122	(28 488)	(81 850)
State duties in respect to economic contracts	8123	(4 211)	(6 443)
Reassessment of financial investments on current market value	8124	-	-
Discount on bills	8125	-	-
Expenditures under claim assignment agreements	8126	-	(14 848)
Nonreimbursable VAT	8127	(1 311)	(11 870)
Expenditures in respect to revealed non-contractual consumption of electric power	8128	-	-
Contributions in incorporations and funds	8129	(1 944)	(1 959)
Accounts receivable in respect to which a limitation period has expired (over three years)	8130	(25 851)	(4 474)
Currency differences	8131	-	-
Court costs	8132	(4 562)	(551)
Plundering, deficiencies	8133	-	(119)
Costs in respect to enforcement proceedings	8134	(740)	(1 045)
Cost redemption of employees' flats	8135	(469)	(1 827)
Other material (financial) aid and other payments to employees	8136	(168 856)	(133 899)
Material aid to pensioners (including lump sum payments, compensations of community charges)	8137	(8 672)	(9 233)
Expenditures to carry out sporting events	8138	(1 144)	(1 998)
Expenditures to carry out social activities	8139	(1 615)	(1 191)
Expenditures for charitable cause	8140	-	-
Others	8141	(1 459 487)	(266 147)

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

Indicator name	Code	As of 31.12.2013 (1)	As of 31.12.2012 (2)	As of 31.12.2011 (3)
1	2	3	4	5
Leased fixed assets	8200	3 803 384	3 662 114	3 931 835
including: on leasing	82001	-	545 104	981 983
Goods and materials accepted for custody	8201	5 837	3 539	19 891
Materials accepted for processing	8202	-	-	-
Goods accepted on commission	8203	-	-	16 980
Equipment accepted for installation	8204	-	-	-
Insolvent debtors' indebtedness written off to loss	8205	354 540	289 440	374 231
Wear of land improvement facilities and other similar facilities	8206	3 882	3 625	4 476
Strict accounting forms	8207	4	4	4
Federally owned property	8208	-	-	-
Intangible assets acquired for use	8209	101 826	72 741	35 111
Property transferred into charter capital against payment of acquired valuables	8210	-	-	-

- (1) – a reporting period's reporting date is stated
(2) – a previous year is stated
(3) – a year, preceding the previous one, is stated

5.13. Reportable segments information

As of 31.12.2013	Code	Reporting segment's name: Moscow	Reporting segment's name: Moscow Region	Reporting segment's name	Reporting segment's name	Reporting segment's name	Other segments	Totally
1	2	3	4	5	6	7	8	9
Proceeds from outside buyers	8310	30 505 345	3 335 847	-	-	-	62 566	33 903 458
	8315	27 194 306	843 394	-	-	-	80 806	28 118 506
Proceeds from sales between segments	8320	-	-	-	-	-	-	-
	8325	-	-	-	-	-	-	-
Proceeds of segment, totally	8300	30 505 345	3 335 847	-	-	-	62 566	30 903 758
	8305	27 194 306	863 394	-	-	-	80 806	28 118 506
including								
<i>proceeds from transmission</i>	8301	30 505 345	-	-	-	-	-	30 505 345
	8306	27 194 306	-	-	-	-	-	27 194 306
<i>proceeds from grid connection</i>	8302	-	3 335 847	-	-	-	-	3 335 847
	8307	-	843 394	-	-	-	-	843 394
<i>other proceeds</i>	8303	-	-	-	-	-	62 566	62 566
	8308	-	-	-	-	-	80 806	80 806
Interest receivable	8330	-	-	-	-	-	475 329	475 329
	8335	-	-	-	-	-	446 963	446 963
Interest payable	8340	1 426 435	108 916	-	-	-	-	1 535 351
	8345	1 346 535	116 360	-	-	-	-	1 462 895
Profit tax expenditures	8350	522 889	(550 516)	-	-	-	56 924	29 297
	8355	466 526	(100 382)	-	-	-	(100 284)	265 860
Profit/loss of segment	8360	(4 454 504)	2 202 063	-	-	-	(227 695)	(2 480 136)
	8365	(2 704 129)	401 529	-	-	-	401 134	(1 901 466)
Assets of segments	8370	58 376 141	5 882 787	-	-	-	278 251	64 537 179
	8375	41 504 407	1 216 578	-	-	-	253 085	42 974 070
including non-current assets	8371	39 564 251	4 321 977	-	-	-	126 632	44 012 860
	8376	32 341 774	100 700	-	-	-	123 648	32 566 122
Liabilities of segments	8380	57 193 759	6 157 227	-	-	-	1 186 193	64 537 179
	8385	32 664 091	5 186 296	-	-	-	5 123 683	42 974 070
Depreciation of fixed assets and intangible assets	8390	1 707 515	3 023	-	-	-	3 185	1 713 723
	8395	1 416 898	4 462	-	-	-	3 427	1 424 787

2.1. Expenses details on cost of goods, services and works sold

Indicator	Code	2013	2012
1	2	3	4
Production costs	6510	32 201 425	28 119 207
including			
direct materials costs	6511	9 143 190	8 132 384
labour costs	6512	2 871 822	2 099 930
fringe benefit expenses	6513	836 238	610 494
depreciation	6514	1 713 723	1 424 787
miscellaneous expenditures	6515	17 636 452	15 851 612
For reference: changes in inventory and provision (augmentation [+], reduction [-]):	6520	-	-
including			
production-in-progress	6521	-	-
products for sale	6522	-	-
purchased products	6523	-	-
products shipped	6524	-	-
auxiliary material	6525	-	-
Total cost of sold products (goods, services, works)	6500	32 201 425	28 119 207
including			
cost of sold costs	6530	-	-
management services for third parties	6540	-	-
Business expenses	6550	-	-
including			
direct materials costs	6551	-	-
labour costs	6552	-	-
fringe benefit expenses	6553	-	-
depreciation	6554	-	-
miscellaneous expenditures	6555	-	-
Administrative expenses	6560	-	-
including			
direct materials costs	6561	-	-
labour costs	6562	-	-
fringe benefit expenses	6563	-	-
depreciation	6564	-	-
miscellaneous expenditures	6565	-	-

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Chief accountant _____ Skiba I.V.
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2.2 Profit per share, diluted profit per share

Indicator	Code	2013	2012
1	2	3	4
Net profit (uncovered loss) of the reporting period	6610	(2 480 136)	(1 901 466)
Dividends on preferred shares	6611		
Base earnings (loss) of the reporting period	6612	(2 480 136)	(1 901 466)
Average amount of ordinary shares in circulation within the reporting period	6613	205 497	127 571
Base earnings (loss) per share (rubles)	6620	-12.0690	-14.9052
Average market cost of one ordinary share	6621	-	-
Possible growth of profit and average amount of shares in circulation	6630	X	X
Result of conversion of preferred shares into ordinary	6631	X	X
possible growth of profit	66311		
additional amount of shares	66312		
Result of conversion of obligations into ordinary shares	6632	X	X
possible growth of profit	66321		
additional amount of shares	66322		
Result of contract on purchase-sale of shares at price lower than the market price	6633	X	X
contract price	66331		
possible growth of profit	66332		
additional amount of shares	66333		
Diluted profit per share (rubles)	6640	-12.0690	-14.9052
adjusted base earning	6641	(2 480 136)	(1 901 466)
adjusted amount of average amount of ordinary shares in circulation	6642	205 497	127 571

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2.3. Profit taxation

Indicator	Code	3 months of 2014	3 months of 2013
1	2	3	4
Profit (loss) before the taxation	6710	(2 509 433)	(2 167 326)
including 20% rate	67101	(2 509 433)	(2 167 326)
other rates	67102		
non-taxable	67103		
Permanent difference	6711	3 080 148	1 141 282
For reference only: permanent differences, corresponding with temporary difference	67111		
Change of deductible temporary differences	6712	965 746	434 194
Change of taxable temporary differences	6713	59 454	31 251
Tax base	6714	1 595 915	(560 599)
Expenditure (revenue) on profit tax	6720	(311 283)	(369 418)
Conventional expenditure (revenue) on profit tax	6721	(501 887)	(433 456)
Permanent tax liability (asset)	6722	616 030	228 256
For reference only: change of deferred taxes, posted to profits and losses	67221	(38 498)	4 685
Expenditure (revenue) on deferred taxes	6723	(114 143)	205 209
including:	67231	(126 034)	198 959
change of deferred tax asset	67232	11 891	6 250
change of deferred tax liability	6724		
Current profit tax	6725	190 604	64 047
Sums specification of profit tax for past tax periods	6730	(47 164)	(3 396)
Other tax payments and sanctions from profit	6731		
including those on essential items	6740	(2 480 136)	(1 901 466)
Profit (loss) from ordinary activities	6740	(2 480 136)	(1 901 466)

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