

## Notes to the Balance Sheet and Profit and Loss Statement of PJSC Lenenergo for 2015

These textual explanations are an integral part of the annual accounting (financial) statements of PJSC Lenenergo for 2015, prepared in accordance with the current legislation of the Russian Federation.

All sums are in thousands of rubles. Negative values are shown in parentheses.

### 1. GENERAL INFORMATION

Legal address of the Company: 196247, St. Petersburg, Constitution Sq, 1

Postal address of the Company: 196247, St. Petersburg, Constitution Sq, 1

INN (KPP): 7803002209 (781001001)

OGRN: 1027809170300

State registration date: 22 January 1993, certificate # 2084. The body which carried out the state registration: Registration Chamber of the Administration of St. Petersburg. The Company was established without limitation of the period of activity.

Nowadays PJSC Lenenergo carries out its activities in the territory of two subjects of the Russian Federation: St. Petersburg and the Leningrad Region.

The main goal of the Company's activity is to gain profit. The Company is entitled to carry out the following types of activity to gain profit:

- electric power transmission;
- power networks operation activities;
- connection of additional capacity to consumers;
- other types of activity not restricted by the legislation of the Russian Federation.

Average personnel number for the reporting year of 2015 totaled 6,027 people and for the previous reporting year of 2014 — 6,210 people.

The Board of Directors and the executive body of the Company are as follows:

The Company's Board of Directors was elected by the decision of the Annual General Meeting of Shareholders on 22.06.2015 in the amount of 13 people. The composition of the Board of Directors as of December 31, 2015:

№	Full name	Position (at the moment of promotion)
1	Prokhorov Egor Vyacheslavovich	Chairperson of the Board of Directors of PJSC Lenenergo. Deputy Director General for Finance of PJSC Rosseti
2	Nikonov Vasily Vladislavovich	Vice-Chairperson of the Board of Directors of PJSC Lenenergo. Director of Energy Department of JSC NK Rosneft
3	Lebedev Sergey Yuryevich	Deputy Chairperson of the Board of Directors of JSC Lenenergo. Director of Strategic Development Department of PJSC Rosseti
4	Snikkars Pavel Nikolayevich	Director of Department of Power Industry Development of the Ministry of Power Industry of Russia
5	Zafesov Yury Kazbekovich	Director of Procurement Department of PJSC Rosseti
6	Zholnerchik Svetlana Semenovna	Chief Advisor of PJSC Rosseti
7	Kolyada Andrey Sergeevich	Head of Share Capital of Department of Corporate Governance, Shareholders and Investor Relations of PJSC Rosseti
8	Rozova Evgenia Evgenyevna	Vice-Chairperson the Committee on Power and Engineering Support of St. Petersburg
9	Koptin Dmitry Viktorovich	Chairperson of the Tariff Committee of St. Petersburg

№	Full name	Position (at the moment of promotion)
10	Bondarchuk Andrey Sergeevich	Chairperson the Committee on Power and Engineering Support of St. Petersburg
11	Sofyyn Vladimir Vladimirovich	Director of Department of technological development and innovation of PJSC Rosseti
12	Likhov Khasan Mushtafayevich	Deputy Director General for special projects of PJSC Rosseti
13	Kalinin Aleksander Sergeevich	President all-Russian public organization of small and medium entrepreneurship OPORA of Russia

The composition of the Management Board of PJSC Lenenergo as of December 31, 2015:

№	Full name	Position in PJSC Lenenergo
1	Berdnikov Roman Nikolayevich	Chairperson of the Management Board, Acting General Director of PJSC Lenenergo
2	Artemyev Maksim Sergeevich	First Deputy Director General – Chief Engineer of PJSC Lenenergo
3	Nikonov Aleksander Dmitriyevich	Deputy Director General for Security of PJSC Lenenergo
4	Ivanov Maksim Anatolyevich	First Deputy Director General for Capital Construction and Investment Activity of PJSC Lenenergo

## 2. PRINCIPAL ACCOUNTING POLICIES

### *Basis of preparation of the annual account (financial) reporting*

The accounting report of the Company is prepared according with the Federal Law #402 FZ of 06.12.2011 “On Accounting” and “Regulations on accounting and financial reporting in the Russian Federation”, approved by Order of the Ministry of Finance of the Russian Federation #34n of 29.07.1998 (amendments of 30.12.1999, 24.03.2000, 18.09.2006, 26.03.2007, 25.10.2010 and 24.12.2010), and the Regulations of accounting policies.

Accounting (financial) statements of PJSC Lenenergo for 2015 has been prepared in accordance with the same Law and regulations, the Company’s Accounting policies, approved by Order #836 of 31.12.2013 with amendments approved by Order # 132 of 27.03.2015, Order # 183 of 24.04.2015, Order # 310 of 08.07.2015, Order # 626 of 31.12.2015), on the basis of consolidated data on separate balances of the Company’s branches.

The accounting (financial) statements of the Company are prepared taking into account the samples of forms recommended for application by Order of the Ministry of Finance of the Russian Federation # 66-n of 02.07.2010 (amendments of 06.04.2015) “About the forms of accounting reporting”.

In the case of data absence of the Company's related assets, liabilities, income, expenses, business operations, indicators (line graphs) which are provided in the form of samples, these figures (line graphs) in the forms of organization are not included.

Responsibility for the organization of accounting and submission of the Company’s authentic accounting report, observance of legislation at performance of business operations, and provision of obligatory audit is held by the Director General, Deputies Director General and Directors of the Company branches.

The Chief Accountant – Head of Department of accounting and tax accounting and reporting of the Company is responsible for conducting accounting, preparation of the accounting report, formation of accounting policies, and provision of the full and authentic accounting report to internal and external users.

The accounting (financial) statements of the Company for 2015 are prepared made without derogations from principles and rules of accounting which can take place in case when such rules do not allow reflecting authentically a property status and financial result of the Company’s activities.

In the preparation of the balance sheet, for clarification purposes, reflection of assets and liabilities individually significant items of the statements the following assumptions were adopted:

Balance sheet indicator	Item	Data reflected in the financial statements
<b>I. NON-CURRENT ASSETS</b>		
Other non-current assets	1190	Minimized reflection payables (60.01) and receivables (76.01.1) according to insurance
Other long-term receivables	123104	VAT on advances received (76.AB) advances received (62.02) of the long line 123206

Other short-term receivables	123206	Minimized reflection payables (60.01) and receivables (76.02) claims
IV. NON-CURRENT LIABILITIES		
Other liabilities	1450	Minimized reflection payables (60.01) and receivables (76.01.1) according to insurance
V. CURRENT LIABILITIES		
Payables (suppliers and contractors)	1521	Minimized reflection payables (60.01) and receivables (76.01.1) according to insurance
		Minimized reflection payables (60.01) and receivables (76.02) claims
		Minimized reflection of calculations with contractors under agency agreements (76.11)

Each essential indicator is disclosed in the accounting (financial) statements of the Company. An indicator is considered essential if its non-disclosure in a separate line in the balance sheet and the profit and loss statement can affect economic decisions of the interested users made on the basis of the reporting information.

### ***Uncertainty of estimated values***

The key assumptions concerning the future and other sources of uncertainty of estimated values at the reporting date that have a significant risk of causing a material adjustment to the book value of assets and liabilities within the next financial year are the following:

- financial investments
- deferred taxes
- reserve on doubtful debts;
- reserve on future expenses for vacation payments;
- reserve on payment of annual remuneration;
- reserve on the premiums for the commissioning of new facilities;
- reserves formed in connection with consequences of the conditional facts of business operations:
  - reserve on claims;
  - reserve created in connection by judicial proceedings.

### ***Fixed assets***

Fixed assets include assets held for the execution of works, rendering of services or for administrative needs of PJSC Lenenergo for a period lasting more than 12 months and cost more than RUB 40 thousand.

In accordance with the item 7, 8 of RAS 6/01 “Accounting of fixed assets”, fixed assets are accepted into accounting at their initial cost. Initial cost of fixed assets acquired for payment are the amount of Company’s actual expenses for the acquisition, construction and manufacturing, with the exception of the value added tax and other refundable taxes (except as provided by the legislation of the Russian Federation).

The Company conducts revaluation of fixed assets for the current (replacement) value on a regular basis, so the cost of fixed assets by which they are reflected in accounting and reporting is not significantly different from the current (replacement) cost, but not more often than once a year.

Revaluation of groups of fixed assets is carried out in the order established by law, on the basis of the relevant administrative documents of PJSC Lenenergo.

Depreciation of fixed assets commissioned before 01.01.2002 is calculated by the linear way under the norms approved by Resolution of the Government of the USSR # 1072 of 22.10.1990.

Depreciation of fixed assets acquired after 01.01.2002 is made under the norms calculated proceeding from the useful lives defined according to the Classification of fixed assets included in depreciation groups approved by Resolution of the Government of the Russian Federation # 1 of January 01, 2002.

According to item 20 of RAS 6/01 “Accounting of fixed assets”, useful lives of fixed assets (in years) that have been used for calculating depreciation are given in Application 5.3.2.

Depreciation charges on fixed assets are recorded in accounting of the reporting period to which they relate and accrued irrespective of results of the Company during the reporting period (RAS 6/01).

Change of initial costs of fixed assets, in which they are accepted for accounting is permitted in cases of completion, additional equipment, renovation, modernization, partial liquidation and revaluation of fixed assets (it. 14 RAS 6/01).

According to item 11 of RAS 6/01 “Accounting of fixed assets”, fixed assets, received on the contracts providing performance of liabilities (payment) by non-cash funds is estimated as follows:

- Initial cost of fixed assets received on the contracts providing performance of liabilities (payment) by non-cash funds are recognized as the cost of values of which are transferred or subject to transfer from the organization. The valuation of property transferred or subject to transfer by organizations established on the basis of the price at which in comparable circumstances the organization usually determines the cost of similar values
- If it is impossible to establish the valuation of property transferred or subject to transfer by organization, the value of fixed assets, received on the contracts providing performance of liabilities (payment) by non-cash funds, is estimated on the basis of the price at which in comparable circumstances similar to those fixed assets are acquired

### ***Intangible assets***

In accordance with the item 6 of RAS 14/2007 “Accounting of intangible assets”, intangible assets are accepted to accounting at their initial cost. The initial cost of intangible assets is the amount calculated in monetary terms, equal to the amount of payment in cash or in another form or amount of accounts payable, accrued or paid by the organization on the acquisition, creating an asset and provide the conditions for use of the asset for intended purposes.

The actual (initial) cost of an intangible asset acquired under contracts providing for execution of obligations (payment) by non-cash funds shall be determined based on the value of assets transferred or subject to transfer by the organization. If it is impossible to establish the cost of intangible assets transferred or subject to transfer by organization under such contracts, the cost of intangible assets, received by the organization is estimated on the basis of the price at which similar intangible assets are acquired in comparable circumstances.

According to item 28 RAS 14/2007 “Accounting of intangible assets” depreciation of intangible assets with determined period of useful life is charged by the linear way.

PJSC Lenenergo establishes useful life by each type of depreciated intangible assets in their statement on the account proceeding from the expected term of use of this item during which the Company can receive cost benefits, thus the term of useful life of an intangible assets item is defined by a specially created commission.

The useful life of an intangible asset as well as a method for determining depreciation are tested annually on the need to clarify. In the event of a significant change in the length of the period during which the organization expects to use the asset, its useful life is subject to change.

During the reporting period the Company did not reveal any factors indicating the need for clarification of the useful lives and depreciation factors.

Depreciation charges on intangible assets are recorded in accounting of the reporting period to which they relate and accrued irrespective of results of the Company during the reporting period (it.33 RAS 14/2007)

The useful lives of intangible assets for the purpose of calculating depreciation:

<b>Intangible assets</b>	<b>Useful lifes</b>
Website lenenergo.ru	11 months
IS Alpha	60 months
Electronic archive	60 months
Electronic database	60 months
Trademark	120 months
R&D	12 months

The intangible asset “Lenenergo website” is not written off from accounting after complete repayment of cost due to its use for gaining cost benefits and advertising purposes.

## ***Inventories***

In accordance with item 2 RAS 5/01 “Accounting of inventories” as inventories are taken assets that used as raw materials in the implementation of the main activities of the Company (works, services), as well as used for administrative needs.

According to items 5, 6 of RAS 5/01 “Accounting of inventories”, inventories are accepted to accounting on the actual cost of their acquisition. Actual cost of the inventories acquired for payment is the amount of actual expenses of the organization for the purchase, with the exception of the value added tax and other refundable taxes (except as provided by the laws of the Russian Federation).

At output of inventories to production or other retirement their valuation is made by the FIFO method (First-In-First-Out).

The cost of tools, stock and household supplies is written off on expenses in full when sending in operation, with a view of ensuring their safety, a quantitative account is organized.

In accordance with item 24 of RAS 5/01 “Accounting of inventories” at the end of the reporting year, inventories are recognized on the balance sheet at cost, determined on the basis of the above methods of inventories assessment.

Procedure for registration and release of special clothing are carried out on the basis of the standard “Safety management system” in PJSC Lenenergo:

- Standard norms of free release of special clothes, special footwear and other personal protective equipment;
- Norms of a complete set of workplaces with inventory (duty) protective equipment;
- Procedure for providing employees with special clothing, footwear and other personal protective equipment.

## ***Receivables***

Bad debt is receivables of the organization which are not redeemed in the terms established by the contract and are not provided with the corresponding guarantees. The reserve for bad debts is created on the basis of results of the carried-out inventory of receivables of the organization.

The size of the reserve is determined separately on each bad debt, depending on a financial status (solvency) of the debtor and an assessment of probability of repayment of the debt in full or in part.

The Company creates the reserve for bad debts in case it is more probable that there will be an outflow of economic resources or a drop of inflow of cost benefits for the Company as a result of non-payment of the corresponding debt.

The Company creates the reserve for bad debts in case of recognition of bad receivables, with declared sum of the reserve on the financial performance of the organization.

## ***Income***

The revenue is recognized for the business accounting in the sum estimated in money terms, equal size of receipt of money funds and other property and (or) debt receivable size (according to item 3 of the Accounting Regulations “Income of organization” of RAS 9/99 # 32n (amendments of 30.12.1999, 30.03.2001, 18.09.2006, 27.11.2006). If the incoming amounts do not cover all of what is due, the revenue accepted for accounting is determined as the sum of receipts and accounts receivable (with regard to the part which is not covered by receipts).

Revenue is recognized by the Company in the accounting with the following conditions (item 12 RAS 9/99):

- organization is eligible to receive this revenue arising from the particular contract or confirmed by other suitable means;
- amount of revenue can be determined;
- there is confidence in the fact that as a result of a particular operation the economic benefits will be increased;

- the property right (ownership, use and management) of products (goods) was transferred to the buyer from the organization or work was accepted by the customer (service was provided);
- charges that are produced or will be produced in connection with the operation can be determined.

The list of receipts recognized as income from ordinary types of activity of the Company:

- revenue from electric power transmission;
- revenue from technological connection;
- revenue from works and services of industrial character.

Revenue from performance of specific work, rendering of specific services and sale of specific goods are reflected in the accounting when completed, if it is possible to define completeness of work, services and goods.

Income of the organization not associated with the sale of goods, performance of work and rendering of services are not reflected as income from ordinary types of activity and are subject to accounting in the structure of other income according to requirements of RAS 9/99.

Revenue from sales of production and goods, including proceeds associated with performance of work and rendering of services is reflected according to assumption of temporary definiteness of the facts of economic activity (upon shipment) and submission of payables. The accounting of revenue is made by the types of activity.

Sales revenue is reflected in the financial results statement net of the value added tax, discounts and similar obligatory payments.

Income for fiscal year is reflected in the financial results statement separately by ordinary types of activity and other income and expenses with interpretations by types and sizes, and comparison to the previous year.

### ***Expenses***

The accounting of expenses is made by the Company pursuant to the Accounting Regulations “Expenses of organization” of RAS 10/99 approved by Order of the Ministry of Finance of the Russian Federation # 33n of 06.05.1999.

According to item 17 of RAS 10/99 “Expenses of organization” expenses are subject to reflection in the accounting irrespective both of intention to gain revenue, miscellaneous or other income and the form of implementation of expenses (cash, natural and other).

According to item 18 of RAS 10/99 “Expenses of organization” expenses are admitted in that reporting period in which they took place irrespective of the time of actual payment of cash funds and other form of implementation.

Management expenses from the general running costs of the core activities are not allocated and business expenses are not ring-fenced.

Expenses for the reporting year are reflected in the profit and loss statement separately by ordinary types of activity and miscellaneous income and expenses with interpretations by types, sizes and comparison to the previous year.

### ***Accounting on loans and credits***

The accounting of expenses on loans and credits is made by the Company pursuant to the Accounting Regulations “Accounting of expenses on loans and credits” of RAS 15/2008 approved by Order of the Ministry of Finance of the Russian Federation # 107n of 06.10.2008.

Accounts payable on received credits and loans are considered taking into account interest payable for the end of the reporting period.

Accrual of interest payable to payment to creditors is made monthly. The accrued sums of interest are considered separately.

The accrued coupon yield on bonds is reflected in the structure of other expenses in those reporting periods which these charges concern. Charges are also made monthly.

Additional expenses on loans and credits (cost of information and consulting services, etc.) are considered separately and reflected as other expenses in the process of their emergence.

Accounting of operations associated with the issue of bonds is conducted pursuant to requirements of RAS 15/01 "Accounting of credits and loans".

Interest on received loans and credits directly relating to acquisition and (or) construction of the investment asset, join in the cost of this asset and are repaid by means of depreciation charge, except for cases when charge of depreciation of the asset is not provided by accounting rules.

### ***Cash and cash equivalents***

Company's cash assets include cash in non-cash form in ruble settlement accounts of the Executive office, in special accounts, excluding Deposit accounts, funds in transit.

Accounting for cash flow statement between Company's current accounts is kept in the account 57 "Transfers on the way".

### ***Minimized reflection of cash flow***

The cash flows reflected in the cash flow statement minimized when they characterize not only the organization's activities as activities of its counterparties, and (or) when the proceeds from one individual determine appropriate payments to others.

For the purposes of creating the statement of cash flows (CFS), in connection with the requirements of RAS 23/2011 balanced variant of indirect taxes is reflected in the line "other payments" form of CFS and not distributed by type of activity (current, investment and financial transactions). Payments to vendors and receipts from customers reflected excluding VAT

### ***Methods for valuation of property***

In accordance with item 1, Art. 11 of the Federal Law # 402-FZ, valuation of property and liabilities are made for their reflection in the accounting and accounting (financial) statements in monetary terms.

The valuation of property purchased for a fee is carried out by summarizing of actually made expenses on its purchase; property received gratuitously at market cost for the posting date; property manufactured by the organization at the cost of its manufacturing.

### ***Reporting segments***

The Company identified the following operating segments:

- Electricity transmission services;
- Services on technological connection to networks.

Distribution of income and expenses by a direct method by operating segments is made at the level of core activities. Distribution of other income and expenses between business segments is not carried out due to inexpediency and lack of the necessary basis.

Division by geographical segments is carried out in management accounting according to the methods described in Section 4 of Accounting policies 'Methodical aspects of accounting policy for the management accounting purposes'.

For the purposes of reporting of information on geographical characteristics, the Company in its management accounting provides separate account on subjects of the Russian Federation on the territory of which it carries on regulated activities

### ***Other***

The expenses incurred in the reporting period but relating to next reporting periods are shown in the accounting records and reflected in the balance sheet in accordance with the terms of the recognition of assets established by the regulatory legal acts on accounting and are subject to write-off in the procedure established for writing off the cost of assets of this type.

On disposal of an asset accepted for accounting as financial investments (except those specified in items 27, 30 RAS 19/02), on which no current market value is determined, its value is determined as the initial value of each reporting unit.

Write-off of expenses on each executed R&D work is carried out by a linear method to the expenses on ordinary types of activities on the basis of the period set based on the expected period of use of this facility, since the actual application of the obtained results. The useful life of an R&D asset is determined by the Commission established by the order of the General Director or the Director of the branch (within its powers) for the recognition of result of work, but not more than 5 years.

Expenses recognized as deferred expenses, are registered in the account at the specially opened account 76.07 'Deferred Assets' in the balance sheet are reflected in other non-current assets or other current assets depending on the maturity.

The composition of deferred assets includes:

- payments on voluntary and compulsory insurance of property and employees;
- non-exclusive rights to use the software and databases, provided that the duration of the rights established in the contract;
- the cost of creating and bringing to the level of commercial operation of the database, based on license agreements;
- payment for the right to use the results of intellectual activity, produced in the form of a fixed single payment to be written off in accordance with the duration of the rights specified in the contract;
- other expenses affecting obtainable income by the Company in future periods.

Assets of future periods are written off evenly depending on their destination in the manner prescribed in the contract or one-time, if the validity is not specified in the contract

If the legislation does not establish the methods of accounting used by the Company, during the formation of its accounting policy the Company shall develop an appropriate method based on currently valid regulations in accounting, as well as International standards of accounting (financial) statements (item 7 of RAS 1/2008).

### ***Changes in accounting policies***

The consequences of changes in Accounting policies that have had or could have a significant impact on the Company's financial position, financial performance and (or) cash flows are reflected in accounting retrospectively, except in cases where monetary valuation for such consequences with relation to previous periods may not be made with sufficient reliability.

In case of changing the requirements established by law or federal or industry standards, the development or choice of new methods of accounting, significant changes in the Company's activities, which will lead to the emergence of new economic activity in the facts of economic activities, methods of accounting that are not defined in the accounting policies will be issued as an addition to the accounting policies. Addition to the accounting policies issued as a supplement to the present Regulation, which is not regarded as its new edition and can be used after approval.

Changes made to the Accounting policy of PJSC Lenenergo for 2015, are characterized by a more detailed description of the model for the Company's accounting and structuring aspects of Accounting policy forms, and mainly related with the effective in parent company by "Unified Corporate accounting principles" (UCAP) by Order of PJSC Russian Grids #547 of 02.09.2013 "On approval of regulations in the accounting of the Group Rosseti:

- the wording of the cost allocation OKS in the item 'Accounting of capital investments' is clarified;
- in the item 'Settlements with debtors and creditors' the algorithm for creating, recording, and recovery of allowance for bad debts and receivables at the expense of the reserve on bad debts is specified;
- the wording of the division of deposits on short-term and long-term financial investments depending on the term of placement is introduced;



- the method for creation of the provision for impairment of deposit placed according to the principle of calculating the discount value of the deposit is approved.

Amendments introduced to the Accounting policy of PJSC Lenenergo for 2016 have a more detailed description of aspects of accounting of fixed assets and other refinements of the accounting principles typical for the Company and connected with promulgated regulatory documents of PJSC Rosseti on the refinement of the corporate standard – Uniform Corporate Accounting Principles (UCAP) according to the Russian accounting standards (RAS).

### 3. ADJUSTMENTS OF COMPARATIVE INDICATORS

The Company did not make any adjustments to the reporting forms for 2015 in terms of comparable data for the previous reporting periods (2014-2013).

### 4. INTANGIBLE ASSETS

The structure of intangible assets on the beginning and end of the reporting period and their movement is given in Application 5.1.1 to the balance sheet of the Company “Existence and movement of intangible assets”.

As of December 31, 2015 the Company has no intangible assets with indefinite useful lives. Previously, those assets are determined as apartments, the last apartment has been removed from registration during the reporting year.

The Company has made expenses from acquiring non-exclusive rights and licenses. In accounting, these costs are reflected on account 76.07 “Deferred Assets”, they are long-term and included in Section I of the Balance Sheet “Non-current assets” (line “Other current assets”, except for the part to be repaid within 12 months after the reporting date.

In 2015, the Company has incurred costs of purchase (creation) of intangible assets totaling RUB 21,940 thousand.

### 5. THE RESULTS OF RESEARCH AND DEVELOPMENT (R&D)

During the reporting period, the Company applies the linear way to write-off the cost of R&D over the period of useful life of the results of research, development and engineering works (hereinafter R&D), that are indicated in the following table:

Types of R&D	Useful life
Development of devices of relay protection and automation (UPS RZA) for power lines with a voltage of 6-110 kV	36 months
Standard “Production asset management”	36 months
Investigation of network equipment operation modes with different methods of neutral grounding and the development of guidelines on how to choose the neutral grounding in electrical networks 6-35 kV	36 months

R&D structure on the beginning and for the end of the reporting period and its movement are given in the tables of explanations to the balance sheet of the Company in Application 5.2.1 “Existence and movement of R&D results” and in Application 5.2.2 “Incomplete and unexecuted R&D and incomplete operations on acquisition of intangible assets”.

In 2015, the Company did not incur the cost of establishing R&D.

### 6. FIXED ASSETS

Movement and the existence of fixed assets and related accumulated depreciation are presented in the Table of Application 5.3.1 “The existence and movement of fixed assets” of Explanations to the Balance Sheet of the Company.

As of December 31, 2015 the balance value of fully depreciated fixed assets excluding depreciation is amounted to RUB 51,537 thousand (31 December 2014: RUB 45,763 thousand, December 31, 2013: RUB 45,939 thousand).

Pledged as collateral against bank's loans of fixed assets of PJSC Lenenergo as of 31.12.2015 aren't presented. Expenses on the credits and loans of RUB 1,196,694 thousand (2014: RUB 809,817 thousand) were capitalized during the reporting period.

Fixed assets include objects, with consumer properties that with the passage of time do not change, are not subject to amortization. Information on the book value of such facilities as at December 31 is presented in the table below:

Fixed assets	2015	2014	2013
Land plots	109,212	107,416	79,465
<b>Total</b>	<b>109,212</b>	<b>107,416</b>	<b>79,465</b>

Information about changes in the cost of fixed assets in which they are included for accounting purposes (construction, further equipping, reconstruction, partial liquidation and revaluation of fixed assets) is presented in the Table of Application 5.3.3 of Explanations to the balance sheet.

Information about the existence and movement of assets under construction and pending transactions for the purchase, modernization etc. is presented in the Table of Application 5.3.3 of Explanations to the balance sheet.

## 7. FINANCIAL INVESTMENTS

Information about the existence and movement of financial investments in the reporting period is presented in the Table of Application 5.4.1 of Explanations to the balance sheet.

As of December 31, the value of financial investments is as follows:

	2015	2014	2013
Equity investments, for which the market value is not determined with minus of allowance for impairment in the amount of (2015: 0, 2014: 49,318, 2013: 49,318)	16,188,131	901,291	897,795
Debt financial investments for which the current market value is not determined	5,756,826	6,463,973	6,284,109
<i>Including:</i>			
Long-term part	1,889,826	1,703,717	–
Short-term part	3,867,000	4,760,256	6,284,109

### 7.1. Equity financial investments

Equity financial investments considered on balance of the Company as at 31.12.2015 classified as long-term investments into subsidiaries, dependent and other companies totaled RUB 16,188,131 thousand.

Name	Type of shares	Quantity	Share in the authorized capital	Year of investment	Book value as at 31.12.2015	Book value as at 31.12.2014	Book value as at 31.12.2013
CJSC Kurortenergo	ordinary preferred	1,599 77	98,13%	2010	517,140	517,140	517,140
CJSC Tsarskoselskaya Energy Company	ordinary preferred	7,229 1,272	96,96%	2010	372,313	372,313	372,313
JSC Northwest Energy Management Company	ordinary preferred	74,180,864 38,063,689	12.51%	2005	49,381	–	–
CJSC LESR	ordinary	1,000	100%	1999	7,338	7,338	7,338
JSC Power Service Company Lenenergo	ordinary	1,000,000	100%	2011	1,000	1,000	1,000
JSC Energouchet	ordinary	4,000	40%	1993	-	–	4
AOZT Akvatron	ordinary	2	1,33%	1991	-	–	–
PJSC Federal Test Center	ordinary	3,500	1%	2014	3,500	3,500	–
JSC Petrodvortsovaya Grid	ordinary	6,232	60,1%	2015	800,000	-	-
JSC St. Petersburg Electric Networks	ordinary	357,692	100%	2015	14,437,522	-	-
<b>Total</b>					<b>16,188,131</b>	<b>901,291</b>	<b>897,795</b>

The city of St. Petersburg represented by the Committee of Property Relations of St. Petersburg as part of the measures to increase the authorized capital of PJSC Lenenergo on 23.12.2015 transferred the shares of JSC St. Petersburg Electric Networks and JSC Petersburg Electric Grid as payment for the placed ordinary shares of PJSC Lenenergo.

As of 31.12.2015, the provision for impairment of financial investments relating to the shares of PJSC Northwest Energy Management Company in the amount of RUB 49,318 thousand was reconstituted as a result of upturn in the Company's financial and economic condition in 2015.

## 7.2. Debt financial investments

The Company has debt financial investments that are represented by deposits. As of 31 December 2015 the amount of Company's deposits in the credit organizations amounted to RUB 14,487,000 thousand (31 December 2013: RUB 13,367,045 thousand, 31 December 2012: RUB 6,284,109 thousand).

Description of deposits as of 31.12.15 is as follows:

Deposits by maturity	Interest rate (from / to)	Maturity date	Amount, RUB thousand
Bank Tavrishesky (JSC)	0.51	April 09, 2035	10,620,000
Bank VTB (PJSC)	10.8	January 11, 2016 January 18, 2016	3,867,000
Total			14,487,000

As of December 31, 2015 debt investments which current market value is not determined are valued at estimated cost. The estimated cost of debt financial investments is defined as the magnitude of the economic benefits that the Company expects to receive from financial investments in typical conditions of its activity. In early 2015, the Central Bank of the Russian Federation adopted a decision on reorganization of the Bank Tavrishesky. Among the terms of rehabilitation was the location of the Company subordinated deposit for a period of 20 years at non-market rate (of 0.5%).

Currently, the State Corporation Deposit Insurance Agency (DIA) of the Russian Federation completely controls the process of financial rehabilitation of the Bank Tavrishesky. The Bank attracted funds of the DIA, which helps to improve financial performance and reduce risks of non-performance of its obligations to creditors. Analysis of the financial activities and statistics data over the past year indicates the leveling of negative trends that could affect the Bank's financial stability in the future.

Although the circumstances referred to in the previous paragraph, management of the Company, while observing the principle of prudence to assess the probability of default by the Bank of its obligations assume probability of losing money on these financial investments. In connection with this circumstance, in the financial statements as of December 31, 2015 and December 31, 2014 a provision for impairment of financial investments in the amount of the difference between the carrying value and the estimated value of such investments. Total provision sum as at 31 December 2014 amounted to RUB 8,606,789 thousand, as of December 31, 2015 – RUB 8,730,174 thousand

Due to the possibility of negative trends in the non-fulfillment by the Bank of its obligations, the deferred tax asset in the amount of RUB 1,731,221 thousand was formed in the financial statements, which will be refunded if cancellation of subordinated loans as debt irrecoverable for its recognition as a part of non-operating expenses for tax purposes as a bad debt in accordance with the tax Code of the Russian Federation.

As of 31 December 2015, the Company was not granted any loans.

## 8. INVENTORIES

The existence and movement of inventories is given in the Table of the Application 5.5.1 of Explanations to the balance sheet.

As of December 31, 2015 the pledged material and production inventories are absent

## 9. RECEIVABLES

The information about existence and movement of receivables on the reporting period is given in the Table 5.6.1 of Explanations to the balance sheet.

As of 31.12.2015 the Company' receivables totaled RUB 7,399,020 thousand, that is by RUB 5,120,864 thousand higher than for the year beginning when receivables totaled RUB 12,519,884 thousand.

From the total receivables:

- long-term receivables – RUB 502,467 thousand (6.01% from total receivables);
- short-term receivables – RUB 6,896,553 thousand (93.99 % from total receivables).

#	Receivables	Line code of the BS	As of 31.12. 2015	As of 31.12. 2014	As of 31.12. 2013
<b>1</b>	<b>Total</b>	1230	<b>7,399,020</b>	<b>12,51,884</b>	<b>9,782,364</b>
<b>1.1</b>	<b>Long-term receivables including:</b>	1231	<b>502,467</b>	<b>752,712</b>	<b>323,534</b>
<b>1.1.1</b>	<b>Buyers and customers on technological connection</b>	123101	<b>25,408</b>	<b>202,527</b>	<b>2,983</b>
<b>1.1.2</b>	<b>Advances paid, including:</b>	123205	<b>3,851</b>	<b>3,852</b>	<b>32,880</b>
<b>1.1.3</b>	<b>Other receivables</b>	123206	<b>473,208</b>	<b>546,333</b>	<b>287,671</b>
	LLC Petroestate		71,721	71,721	71,721
	VAT from long-term advances received		399,093	469,980	211,962
	Other		2,394	4,632	3,988
<b>1.2</b>	<b>Short-term receivables</b>	1232	<b>6,896,553</b>	<b>11,767,172</b>	<b>9,458,830</b>
<b>1.2.1</b>	<b>Buyers and customers, including:</b>	123201	<b>4,110,681</b>	<b>6,866,073</b>	<b>5,894,969</b>
1.2.1.1	Power consumption without contract		523,967	724,941	554,592
1.2.1.2	Buyers and customers on technological connection		713,954	1,672,721	2,102,797
1.2.1.3	Buyers and customers on electricity transmission		2,771,021	4,351,298	3,151,084
1.2.1.4	Income from leasing		62,480	30,776	34,101
1.2.1.5	Buyers and customers on other activities		39,259	86,337	52,395
<b>1.2.2</b>	<b>Advances paid</b>	123205	<b>98,720</b>	<b>1,051,051</b>	<b>540,122</b>
1.2.2.1	To suppliers of materials		1,641	4,344	4,309
1.2.2.2	To repair organizations		-	15,403	125
1.2.2.3	To service providers, including:		97,079	1,031,304	535,688
<b>1.2.3</b>	<b>Other debtors</b>	123206	<b>2,687,152</b>	<b>3,850,048</b>	<b>3,023,739</b>
1.2.3.1	Overpayment on taxes, including:		417,764	1,076,297	379,176
1.2.3.2	Overpayment to off-budget funds		2,269,388	2,773,751	2,644,563
	Other debtors		399,094	1,695,860	2,241,606
	under the contracts with PJSC NPF of the Power Industry		250,606	142,603	139,750
	The other debtors, including:		1,619,688	931,055	258,699
	Interest on deposit contracts		49,847	748,366	-

## 10. CASH AND CASH EQUIVALENTS

As of 31.12.2015 cash funds include:

	2015	2014	2013
Cash funds in rubles in cashier's desk and in bank accounts	24,414,528	1,165,170	3,369,560

Cash equivalents	2,559	1,341	840
Total	24,417,087	1,166,511	3,370,400

As of 31.12.2015 the Company has the ability to attract the following additional funds in the total amount of RUB 4,009,777 thousand:

- RUB 3,000,000 thousand under the contract on revolving credit line
- RUB 1,009,777 thousand as the credit resources in the form of an overdraft

In 2015, the Company transferred to the innovation and modernization of production RUB 8,263,821 thousand.

## 11. OTHER ASSETS

As at December 31, other assets consisted of the following items (RUB thousand):

Types of assets	2015		2014		2013	
	Non-current	Current	Non-current	Current	Non-current	Current
Expenses on acquisition non-exclusive rights and licenses	57,050	–	77,737	–	86,405	–
Expenses on the purchase of electric power by the Company from network companies for further technological connection of customers	396,524	–	475,623	–	537,167	–
Expenses on insurance of property and employees	25,349	–	13,778	–	8,643	–
VAT on advances issued for capital construction and acquisition of fixed assets	–	6,293	–	181,460	–	82,417
Shortages and losses due to impairment of assets (94 account)	–	543,872	–	–	–	82,417
Total	478,923	550,165	567,138	181,460	632,215	82,417

## 12. CHARTER CAPITAL

The Company's charter capital is completely paid, and as at 31.12.2015 it constitutes RUB 1,752,079 thousand. The number of shares, issued and fully paid as of 31.12.2015 is amounted: 1,752,079 thousand pcs, (31.12.2014: 1,752,079 thousand pcs, 31.12.2013: 1,228,325 thousand pcs). The nominal value of each ordinary and preferred share is 1 ruble.

Ordinary registered uncertified shares, pcs.	1,658,814,839
Preference registered uncertified shares of type A, pcs.	93,264,311

As of December 31, 2015 the Company has no shares issued but not paid, or paid partially. The Company at the reporting date has no shares owned by it. The subsidiary of PJSC Lenenergo – JSC SPb ES – owns the right of ownership of the shares of PJSC Lenenergo in the amount of 300 pieces of ordinary registered uncertificated shares and 200 preference registered uncertificated shares of type A that is 0.00003% of the charter capital.

	Number of shares outstanding		Charter capital (RUB thousand)
	Preference shares	Ordinary shares	
As of 31.12.2012	93,264,311	1,135,061,313	1,228,326

As of 31.12.2013	93,264,311	1,135,061,313	1,228,326
Issue of shares	–	523,753,526	
As of 31.12.2014	93,264,311	1,658,814,839	1,752,079
As of 31.12.2015	93,264,311	1,658,814,839	1,752,079

On September 10, 2013 additional issue of ordinary shares of PJSC Lenenergo in the quantity of 926,876,304 pieces was registered.

During implementation of the pre-emptive right, PJSC Rosseti acquired 495,049,505 of ordinary shares to the amount of RUB 3 billion, other shareholders acquired 18,904,97 pieces of ordinary shares to the amount of RUB 114 thousand.

Within an open subscription, PJSC Rosseti acquired 28,685,116 pieces of ordinary shares to the amount of RUB 173,832 thousand.

16 October 2014 the Report on results of additional issue was registered.

During the additional issue was actually placed 523,753,526 pieces of ordinary shares to the amount of RUB 3,173,946 thousand.

On January 15, 2015 by the decision of the Bank of Russia, due to the expiration of 3 months from the date of state registration of the report of additional issue of ordinary registered shares of JSC Lenenergo, the individual number of the additional issue - 003D (GRN - 1-01-00073-A 003D) (Notification of the Bank of Russia from 01.16.2015 # 52-4 / 290) was cancelled.

On November 24, 2015 the Extraordinary General Meeting of Shareholders adopted decision to increase the Charter capital through an additional issue of shares. On December 3, 2015, the additional issue of ordinary shares of PJSC Lenenergo in the amount of 18,882,455,451 pieces (GRN 1-01-00073-A-004D) was registered (Notification of the Bank of Russia of 14.12.2015, No. 52-4/16085).

In the framework of exercising the preemptive right the major shareholders participated in the additional issue of shares: PJSC Rosseti and the city of Saint Petersburg represented by the Committee of property relations of St. Petersburg.

Information about participation of major shareholders in the additional issue within implementing pre-emptive rights as at 31.12.2015:

Shareholder	Shares acquired		Payment method	Date of application
	In pieces	In RUB mln		
PJSC Rosseti	4,577,968,527	32,000	Securities: Federal loan bonds (FLB) of issues 29006RMFS, 29007RMFS, 29008RMFS, 29009RMFS, 29010RMFS: in the amount of 32,000,000 pieces at par value of RUB 1,000	24.12.2015
	83,012,447	580,257	Cash funds	29.12.2015
The city of St. Petersburg represented by the Committee of property relations	2,179,903,032	15,237,522	Securities : 1) 357,692 ordinary shares of JSC SPb EN. Estimated value of the shares amounted to RUB 14,437,522,196 and was determined by the Board of Directors of PJSC Lenenergo with regard to the evaluation report on the market value of the shares. 2) 6,232 ordinary shares of JSC PEN. Estimated value of the shares amounted to RUB 800,000,000 and was determined by the Board of Directors of PJSC Lenenergo with regard to the evaluation report on the market value of the shares.	22.12.2015

Cash and securities received by the Company within the preemptive right for acquisition of shares of PJSC Lenenergo in the amount of RUB 47,817,779 thousand, in connection with the ability to reflect the capital increase upon payment of the additional issue before the state registration of the fact of the issue is reflected as a separate line 'Capital (before registration)' in the balance section 'Capital and reserves', without regard to the amount of the charter capital increase and share premium.

Information about shareholders holding 1% or more of the voting shares of the Company as of 19.10.2015\*:

Name	% from ordinary shares	% from charter capital
PJSC Russian Grids	68.12	64.49
St. Petersburg represented by CPMC	18.18	17.22
JSC IDGC of Ural	4.89	5.93
ENERGYO SOLUTIONS RUSSIA (CYPRUS) LIMITED	2.26	2.17
Bank VTB (PJSC)	1.53	2.98
Other	5.01	7.21
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

\* as of the last closing date of the register of shareholders

In 2015, the Annual General Shareholders' Meeting of the Company accepted the decision not to pay dividends on ordinary and preference shares for the 2014 reporting period.

### 13. DEBT FUNDS

As of 31 December 2015, debt funds included (RUB thousands of their principal debt):

	2015		2014		2013	
	Short-term	Long-term	Short-term	Long-term	Short-term	Long-term
Bank loans	7,000,000	22,700,000	1,400,000	42,188,440	3,813,440	23,406,037
Bonds	6,000,000	2,400,000	–	6,000,000	–	6,000,000
Total	13,000,000	25,100,000	1,400,000	48,188,440	3,813,440	29,406,037
	38,100,000		49,588,440		33,219,477	

The amount of accrued interest for credit resources and borrowing in 2015 amounted to - RUB 4,948,802 thousand, in 2014 – RUB 3,558,496 thousand, in 2013 – RUB 2,585,857 thousand.

Total expenses on loans and credits included in other expenses and in the value of investment assets, in 2015 amounted to RUB 3,752,108 thousand and RUB 1,196,694 thousand respectively, in 2014 - RUB 2,765,977 thousand and RUB 809,818 thousand respectively, in 2013 - RUB 2,217,089 thousand and RUB 401,732 thousand respectively.

Borrowings as at 31 December 2015 had the following structure for the principal amount:

	Balance as of 01.01.2015	Raised funds	Repaid	Reclassified	Balance as of 31.12.2015
Short-term:	1,400,000	2,400,000	5,425,000	17,025,000	13,000,000
Credits	1,400,000	0	5,425,000	11,025,000	7,000,000
Loans	0	0	0	6,000,000	6,000,000
Long-term:	48,188,440	36,560	8,500,000	(17,025,000)	25,100,000
Credits	42,188,440	36,560	8,500,000	(11,025,000)	22,700,000
Loans	6,000,000	2,400,000	0	(6,000,000)	2,400,000
Total	49,588,440	2,436,560	13,925,000	-	38,100,000

The weighted average lending rate at the end of the reporting period amounted to - of 9.42% per annum.

In 2015, the Company has repaid credit in the amount of RUB 13,925,000 thousand, including:

- RUB 1,400,000 thousand were repaid according to the terms of the loan agreements;
- RUB 12,525 thousand were repaid credit resources due to high interest rate borrowing.

Below there is a schedule of payments on long-term debts (on a principal debt):

Maturity year	Amount, RUB thousand
2016	-
2017	11,239,115
2018	13,860,885



All credit resources and loans attracted in the Russian rubles, without collateral.

In 2015, the Company received on the innovation and modernization of production credits and loans for a total amount of RUB 2,436,560 thousand. As at 31 December 2015 the funds at the total amount of RUB 2,436,560 thousand were applied. The Company incurred expenses in the amount of RUB 24 000 thousand, related with obtaining of loans and credits on the acquisition (creation) of investment assets in projects related to innovation and modernization of production.

#### 14. ESTIMATED LIABILITIES

Movement in estimated liabilities is given below:

	Reserves for future payments for holidays to employees	Reserve under payment of annual remuneration	Reserve under judicial proceedings	Other reserves	Total
<b>31 December 2013</b>	<b>115,811</b>	<b>127,874</b>	<b>301,332</b>	<b>464,836</b>	<b>1,009,853</b>
Recognized in the reporting period	377,501	106,514	310,246	<b>4,367,467</b>	<b>5,161,728</b>
Written off on reflection of expenses or recognition of accounts payable	(403,166)	(98,037)	(162,086)	<b>(1,510,723)</b>	<b>(2,174,012)</b>
Written off due to redundancy or termination of the conditions for recognition	–	(26,321)	(954)	–	<b>(27,275)</b>
<b>31 December 2014</b>	<b>90,146</b>	<b>110,030</b>	<b>448,538</b>	<b>3,321,580</b>	<b>3,970,294</b>
Recognized in the reporting period	324,252	127,315	626,558	1,565,576	<b>2,643,701</b>
Written off on reflection of expenses or recognition of accounts payable	329,185		291,444	2,436,648	<b>3,057,277</b>
Written off due to redundancy or termination of the conditions for recognition					
<b>31 December 2013</b>	<b>85,213</b>	<b>237,345</b>	<b>783,652</b>	<b>2,450,508</b>	<b>3,556,718</b>

As of December 31, estimated liabilities had the following structure:

	2015	2014	2013
<b>Of the total amount of reserves:</b>			
Long-term	–	–	–
Short-term	3,556,718	3,970,294	1,009,853
<b>Total</b>	<b>3,556,718</b>	<b>3,970,294</b>	<b>1,009,853</b>

##### *Reserves for future payments for holidays to employees*

Reserve was created in respect of future payments for holidays to employees by Company that is unused as of 31.12.2014. It is expected that the rest of the reserve as of 31 December 2015 will be used in the first half of 2016. In the opinion of management, the actual flow of payments will not exceed the amount of the holiday allowance, reporting as of 31.12.2015. The amount of reserve as of 31.12.2015 totaled RUB 85 213 thousand.

##### *Reserve under future expenses on compensation payment following the results of work for the reporting period*

The reserve created in respect of future expenses for payment by the Company employees' benefits on work results for the reporting period outstanding as at 31 December 2015. The amount of reserve as of 31.12.2015 amounted to RUB 237,345 thousand.

### ***Reserve under judicial proceedings***

Reserve under judicial proceedings, incomplete for the reporting date, include arbitration affairs decisions on which were not made by the court of the second instance in favor of JSC Lenenergo and the probability of which favorable outcome in favor of the Company was estimated by the Company as low. The size of this type of liabilities as of 31.12.2015 was RUB 1,740,997 thousand on 26 lawsuits, from which the largest are:

- LLC Zapelektromontazh for RUB 957,346 thousand under the contract for construction works (stage of bankruptcy),
- JSC FGC UES for RUB 598,744 thousand under the contract for electricity transmission,
- JSC Petrodvortsovaya Grid for RUB 52,667 thousand under the contract for electricity transmission,
- JSC St. Petersburg Electric Networks for RUB 42,609 thousand under the contract for electricity transmission.

#### ***Minimized reflection on the reserve for bad debts of LLC Zapelektromontazh***

As of 31.12.2013 in the balance sheet at the end of trials receivables were generated for LLC Zapelektromontazh towards PJSC Lenenergo on enforceable decisions of the court rendered in favor of the Company:

- A56-71367/2011;
- under cases united in one case No. A56-21965/2012 and A56-17948/2012, which received No. A56-17948/2012

The judicial proceeding No. A21-8911/2013 about the bankruptcy of LLC Zapelektromontazh was started on 07.11.2013. As of the current date, the proceeding is on. PJSC Lenenergo was included into the queue of creditors.

Taking into account the fact of the start of the court proceeding No. A21-8911/2013, the Company created the reserve on bad debts in the amount of RUB 957,346,267.23:

- contract No. 06-3849 for RUB 925,460,213.65
- contract No. 07-1221 for RUB 31,886,053.58

As of 31.12.2015 there are ongoing counter trial with LLC Zapelektromontazh.

By the end of 2015, a management decision on the reclassification of reserve on LLC Zapelektromontazh from the reserve on bad debts to the reserve under other contingent liabilities (court cases) was accepted. The decision is based on the fact that the nature of the debt associated with litigation arising from a positive decision on debt recovery in favor of PJSC Lenenergo, but with the continuing bankruptcy proceedings, considering also that the Company saved a low assessment of the probability of foreclosure.

Since these receivables and the reserve on it have mixed aspects of the two types of reserves, the Company continues to apply the requirement of clause 35 of RAS 4/99 'Accounting statements' and reflects the receivable net of the amount of the created reserve in the process of formation of financial statements during the reporting period.

### ***Other reserves***

Reserve under other contingent liabilities includes reserve under the award for input of facilities and reserve under disagreements that are not settled out in the pretrial order.

Reserve under the award for input of facilities was formed on the facilities put into operation in 2014, 2015. The amount of reserve as of 31.12.2015 was RUB 146,442 thousand.

Reserve under disagreements that are not settled out in the pretrial order, incomplete for the reporting date, includes claims, that are under consideration and claims, under consideration by the court of the first instance not in favor of PJSC Lenenergo and the probability of which favorable outcome in favor of the Company was estimated by the Company as low.

The size of this type of liabilities as of 31.12.2015 was RUB 2,017,701 thousand, from which the largest are:

- JSC St. Petersburg Electric Networks for RUB 1,080,372 thousand under the contract for electricity transmission,
- JSC Petrodvortsovaya Grid for RUB 290,414 thousand under the contract for electricity transmission,

- LLC Petroenergocontrol for RUB 4,265 thousand under the contract for electricity transmission,
- JSC United Energy Company for RUB 425,146 thousand under the contract for electricity transmission,
- PJSC FGC UES for RUB 217,504 thousand under the contract for electricity transmission.

Disagreements with third-party organizations have occurred on the issue of the volume and cost of services provided for electricity transmission. In the balance sheet the value of recognized estimated liability is reflected in the section ‘Estimated liabilities’. It is expected that court decisions on the claims will be made no later than the first half of 2015.

The reserve size under other liabilities which have not been settled with contractors is referred to other expenses.

In 2015, reserve under other contingent liabilities for tax risks on the results of the field tax audit for 2012-2013 was formed. In the amount of reserve were included the differences under which the probability of settlement of disputes with the tax authority with a favorable outcome in favor of the Company was assessed as low. The amount of reserve as at 31.12.2015 was to RUB 282,663 thousand.

Movements of reserves under estimated liabilities are given in Table 5.7.1 ‘Estimated liabilities’.

## 15. ACCOUNTS PAYABLE

Existence and movement of accounts payable in reporting period is reflected in Table 5.6.5 of Explanations to the balance sheet.

As of 31.12.2015 the Company's cumulative accounts payable totaled RUB 32,513,111 thousand which is low by RUB 236,934 thousand than for the beginning of the year when cumulative accounts payable totaled RUB 32,570,045 thousand.

Of the total amount of accounts payable:

- long-term payables amounted to RUB 2,744,661 thousand (7.78% of total receivables);
- short-term payables amounted to RUB 32,513,111 thousand (92.22% of total receivables).

The structure of accounts payable is as follows:

#	Accounts payable	Line of balance code	As of 31.12.2015	As of 31.12.2014	As of 31.12.2015
<b>1.1.</b>	<b>Long-term accounts payable</b>	1450	<b>2,744,661</b>	<b>3,213,499</b>	<b>1,906,733</b>
	<i>Advances on technological connection</i>		2,616,280	3,080,959	1,770,333
<b>1.2.</b>	<b>Accounts payable</b>	1520	<b>32,513,111</b>	<b>32,570,045</b>	<b>32,917,612</b>
<b>1.2.1.</b>	<b>Debt to suppliers and contractors</b>	1521	<b>18,171,351</b>	<b>19,002,101</b>	<b>13,991,689</b>
	to construction organizations	15211	5,566,908	9,385,036	6,693,461
	to repair organizations	15212	400,449	545,674	617 470
	to other suppliers and contractors, including:	15213	12,203,994	9,071,391	6,680,758
	<i>on services of JSC FGC UES</i>		5 981 978	4 672 356	3,728,705
	<i>on services of other grid companies on electricity transmission</i>		5,052,675	2,903,969	1,574,624
	Other suppliers and contractors		1,169,341	1,495,066	1,377,429
	to other suppliers and contractors		613,695	705,097	643,107

	<i>Debt on contracts of technological connection</i>		127,405	114,759	143,701
	<i>Settlements with other suppliers and contractors</i>		16,699	14,003	12,377
	<i>Suppliers of MPZ except GSM</i>		118,144	59,687	146,066
<b>1.2.2.</b>	<b>Debt to labor payment</b>	1523	<b>283,808</b>	<b>226,929</b>	<b>234,879</b>
<b>1.2.3.</b>	<b>Debt to extra-budgetary funds</b>	1524	<b>105,888</b>	<b>86 304</b>	<b>75,606</b>
<b>1.2.4.</b>	<b>Debt to taxes and fees</b>	1525	<b>305,529</b>	<b>225,400</b>	<b>642,283</b>
<b>1.2.5.</b>	<b>Advances received</b>	1526	<b>11,550,614</b>	<b>11,030,377</b>	<b>13,800,034</b>
	on technological connection		11,481,825	10,948,173	13,773,589
	other advances received		68,789	82,204	26,445
<b>1.2.6.</b>	<b>Other creditors</b>	1528	<b>2,095,921</b>	<b>1,998,934</b>	<b>4,173,121</b>
	Settlements of Lawsuits		35,679	1,484	28,370
	PJSC Russian Grids (settlements on the issue of shares)			–	3,000,000
	<i>Collateral</i>		2,025,975	1,961,063	867,376
	<i>Other</i>		34,267	10,384	264,998

Table 5.6.6 of Explanations to the balance sheet provides a decoding of overdue payables as at 31 December 2012, 2013 and 2014, formed as a result of the analysis of contractual obligations of the Company to pay its debt.

#### *Debt to governmental extra-budgetary funds*

As of December 31, debt to governmental extra-budgetary funds had the following structure:

	2015	2014	2013
Insurance premiums – total	85,238	85,238	74,072
including:			
Social Insurance Fund	–	–	350
Pension Fund	81,035	73,985	63,655
Federal Compulsory Medical Insurance Fund	23,418	11,253	10,067
Compulsory Social Insurance Fund (compulsory accident insurance at work and occupational diseases)	1,435	1,066	1,534
<b>Total debt to governmental extra-budgetary funds</b>	<b>105,888</b>	<b>86,304</b>	<b>75,606</b>

As of December 31, debt to taxes and fees includes:

	2015	2014	2013
Profit Tax	3,715	–	476,837
Value added tax	53,450	–	–
Property tax	191,818	176,928	116,694
PIT	53,330	46,265	46,538
Other	3,216	2,207	2,214
<b>Total debt to taxes and fees</b>	<b>305,529</b>	<b>225,400</b>	<b>642,283</b>

As of 31.12.2015, 2014 and 2013 the Company had no overdue obligations on taxes and fees.

## **16. INCOME AND EXPENSES**

Information on revenue (net) from sales of goods, products, works and services (net of VAT, excise taxes and

other similar compulsory payments) (RAS 9/99), the cost of goods, products, works and services, as well as commercial and management expenses is represented below (RAS 10/99):

Type of activities	Revenue (net) from sales of goods, products, works and services (net of VAT, excise taxes and other similar compulsory payments)	Cost of goods, products, works, services sold	Gross profit \ (loss)
from electric power transmission	40,684,173	43,560,443	(2,876,270)
from technological connection	2,865,376	435,207	2,430,169
from works and services of industrial character	177,112	64,828	112,284
<b>Total for 2015</b>	<b>43,726,661</b>	<b>44,060,478</b>	<b>(333,817)</b>
from electric power transmission	36,261,449	38,756,444	(2,494,995)
from technological connection	8,248,994	390,068	7,858,926
from works and services of industrial character	211,665	110,040	101,625
<b>Total for 2014</b>	<b>44,722,108</b>	<b>39,256,552</b>	<b>5,465,556</b>

The buyers sales revenue, on which makes not less than 10 % of total revenue of the Company from sales to external buyers is JSC Petersburg Sales Company. The total value of revenue in 2015 from sale of services on electric power transmission to JSC Petersburg Sales Company was RUB 30,223,833 thousand (w/o VAT). In 2014 this amount was RUB 26,769,521 thousand (w/o VAT).

Revenue from technological connection to the networks of JSC Lenenergo received as a result of implementation of the contracts providing payment by non-cash funds was formed on 25 organizations and totaled RUB 1,243,982 thousand (w/o VAT).

Information on the cost of goods manufactured and sold in the reporting period (works, services) in the context of the cost components is presented in Table of Explanations to the Balance Sheet and the financial results.

Cost of sold goods, works and services in elements of costs (RUB thousand):

Items of costs	2015	2014
Works and services of industrial character performed by third-party organizations	26,037,802	22,103,458
Depreciation	9,951,946	8,972,034
Labor costs	3,305,571	3,269,620
Repairs	966,879	1,234,108
Deductions for social welfare	962,870	860,058
Material costs	401,738	404,795
Miscellaneous expenditures:	2,433,672	2,412,479
Taxes included in prime cost	990,927	744,676
Payment for rent	483,137	458,163
Insurance fees	137,319	149,311
Other expenses	180,515	328,302
Other services of third-party organizations	591,888	732,027
<b>Total</b>	<b>44,060,478</b>	<b>39,256,552</b>

The cost of sales structure for 2015 reflects general and management costs in the amount of RUB 996,503 thousand and in the amount of RUB 1,671,647 thousand for the comparable period 2014.

A significant reduction in general expenses in the reporting year reflected revision of the Company's method of recognizing the direct and allocated direct costs and allocation of general indirect costs.

From 2015, the formation of the value of the indirect general costs depends on the procedure of the allocation of salaries of the departments for the direct salaries of the main production staff in the reporting period by the Department of personnel management and organizational design.

## 17. MISCELLANEOUS INCOME AND EXPENSES

During 2015, the following miscellaneous income and expenses were produced and incurred:

<b>Miscellaneous income</b>	<b>2015</b>	<b>2014</b>
– Income related to the provision for payments for temporary use of the Company's assets	139,358	145,459
– Income from sale of fixed assets and other assets, other than cash funds, products and goods	33,353,900	39,715
– Fines and penalties for breach of contract	500,340	32,480
– Donated assets	-	2,939
– Income of previous years revealed in the reporting year	199,528	45,209
– Assets capitalized on the results of the inventory	54,546	78,298
– Restoration of estimated reserves due to redundancy or termination of the conditions for recognition	1,600,802	1,453,686
– Accounts payable for which limitation period has expired	4 291	24,147
– Income from the identified non-contractual electricity consumption	695,322	1,528,522
– The cost of material values credited by dismantling and disposal of assets	16,042	33,277
– Other	181,279	238,781
<b>Total miscellaneous income</b>	<b>36,745,408</b>	<b>3,622,513</b>
<b>Miscellaneous expenses</b>	<b>2015</b>	<b>2014</b>
Expenses from sale, disposal, and other written-off of fixed assets and other assets, other than cash funds (except foreign currency), products and goods	33,330,128	30,031
Expenses related to payment services provided by credit institutions	919	5,278
Contributions on reserve for estimated liabilities/ reserves of future expenses	4,162,712	4,936,865
Depreciation of financial investments	226,149	8,606,789
Fines and penalties for breach of contract	143,343	103,959
Loss of previous years revealed in the reporting year	932,629	957,511
Expenses on identified non-contractual electricity consumption	194,078	263,825
Charitable contributions	48,649	24,980
Accounts receivable for which limitation period has expired	30,231	142,149
Disposal of incomeless assets	148,439	50,008
Legal fees and expenses of executive production	183,593	170,047
Expenses for sports and cultural activities	20,354	37,265
Material aid and other payments from profit	200,201	271,643
Costs of securities servicing and financial investments	52,949	12,614
Other	492,823	847,912
<b>Total miscellaneous expenses</b>	<b>40,167,197</b>	<b>16,460,876</b>

As described above in clause 12 'Charter capital' in the framework of exercising the preemptive right to the additional issue, PJSC Lenenergo received from its major shareholder PJSC Rosseti the following securities:

Federal loan bonds (OFZ) of issues 29006RMFS, 29007RMFS, 29008RMFS, 29009RMFS, 29010RMFS: in the amount of 32,000,000 pieces at par value of RUB 1,000.

Securities received were sold and cash funds received from the sale in the amount of RUB 32 billion to reflect the issue and the capital increase are in the accounts of the different settlements with other debtors and creditors. This operation is reflected gross (unfolded) in the balance of the profit and loss statement.

Under the terms of the purchase contract of shares of PJSC Lenenergo paid by Federal loan bonds, at the sale of the FLB the Company should transfer to PJSC Rosseti the amount of coupon income received in the payment of the coupon income.

Securities were sold by PJSC Lenenergo on 25.12.2015 under contracts of purchase and sale of securities from 25.12.2015 No. 15-9288 and No. 15-9289. The amount of accrued coupon income on the FLB amounted to RUB 1,305,021 thousand. Accrued coupon income on securities for the period of their possession by the Company from 23.12.2015 to 25.12.2015 was RUB 24,768 thousand, this amount is reflected in miscellaneous income in statement of financial results.

## 18. PROFIT TAX

In the reporting year 2015, by results of business activity the Company received accounting loss before tax in the amount of RUB 6,528,534 thousand and tax loss in the amount of RUB 1,881,382 thousand. Current profit tax for the year is equal to 0. Deferred tax asset for the loss of the reporting year amounted to RUB 276,576 thousand. Conditional income for the profit tax amounted to RUB 1,305,707 thousand

The total amount of tax assets and liabilities formed on the basis of tax differences affecting the adjustment of contingent income on profit tax was RUB 1,304,707 thousand:

- Constant tax liability – RUB 958,143 thousand;
- Deferred tax asset – RUB 618,284 thousand;
- Deferred tax liability – RUB (270,720) thousand.

In 2015, the Company made specification of its liabilities on tax payments for previous years:

The Company reduced tax accrued earlier for 2012, 2013 and 2014 in the amount of RUB 559,602 thousand according to the results of court decisions taken not in favor of the Company and in force for settlement of disputes on electric power transmission with third-party grid organizations.

In accordance with the accounting policy of PJSC Lenenergo for tax purposes the Company calculates and pays taxes and fees in accordance with the legislation of the Russian Federation on taxes and levies, the legislation of subjects of the Russian Federation on taxes and fees, normative legal acts of local governments on taxes and fees.

For tax purposes, the Company recognizes revenue from the sale in the part of value added tax and profit tax on an accrual basis, other taxes – in accordance with the Tax Code of the Russian Federation, legislation of the Russian Federation and the subjects of the Russian Federation on taxes and levies. Deferred tax assets and deferred tax liabilities in the reporting structure reflects maximized.

Reconciliation between profit tax and accounting profit is given in Table 2.3 of Explanations to the balance sheet.

## 19. EARNINGS PER SHARE

The Company has no potential diluted ordinary shares; therefore the diluted earnings per share equal basic earnings per share.

	2015	2014
Weighted average number of outstanding ordinary shares (thousand)	1,658,815	1,178,707
Net of weighted number of owned ordinary repurchased shares (thousand)	–	–
Weighted average number of outstanding ordinary shares (thousand)	1,658,815	1,178,707
Profit / (loss) for the year attributable to shareholders of the parent company	(5 916 496)	(7,967,844)
Base and diluted earnings / (loss) per share (thousand)	(3.5667)	(6.7598)

## 20. NET ASSETS

The information about net assets of the reporting period is represented in Table 3.4 of Explanations to the Balance Sheet and the Report on financial results.

The change in the value of net assets of PJSC Lenenergo in the context of the comparable reporting periods (RUB thousand) is:

- as at 31.12.2015 – 113,336,124 that is RUB 41,895,380 thousand above the previous reporting period;
- as at 31.12.2014 – 71,440,744 that is RUB 4,900,148 thousand below the previous reporting period when net assets were RUB 76,340,892 thousand.

## 21. RELATED PARTIES

During implementation of its financial and business activity, the Company makes transactions with companies that are related parties.

For the purposes of the present accounting (financial) statements in accordance with RAS 11/2008 'Information on related parties' the following related parties were identified:

Item	Full name of the corporate entity, or given, middle, and family names	Corporate entity's registered address or an individual's place of residence	Grounds for being deemed to be a related party	Stake of the related party in the authorized capital of the joint stock company, %	Stake of the Company in the authorized capital of the related party, %
<b>The core company</b>					
1.	Russian Grids, Public Joint Stock Company of the Power Industry and Electrification	121353, Moscow, Belovezhskaya St, 4	Company A has more than 50% of the total number of votes of the Company	64.49%	–
<b>Affiliated companies</b>					
2.	Lenenergospetsremont, Closed Joint Stock Company	199178, St. Petersburg, 12 line of V.O., 43, let. A	The Company has more than 50% of the authorized capital of the company	–	100%
3.	Tsarskoselskaya Energy Company, Closed Joint Stock Company	196601, St. Petersburg, Pushkin, Glinki St, 5	The Company has more than 50% of the authorized capital of the company	–	96.95%
4.	Kurortenergo, Closed Joint Stock Company	197706, St. Petersburg, Sestroretsk, Kommunarov St, 16	The Company has more than 50% of the authorized capital of the company	–	98.13%
5.	Energy Service Company Lenenergo, Open Joint Stock Company	191124, St. Petersburg, Sinopskaya Emb, 60-62, let. A	The Company has more than 50% of the authorized capital of the company	–	100%
6.	Saint Petersburg Electrical Networks, Joint Stock Company	Russian Federation, St. Petersburg	The Company has more than 50% of the authorized capital of the company	0.00003	100%
7.	Petrodvortsovaya Grid, Open Joint Stock Company	198510, Russian Federation, St. Petersburg, Petrodvorets, Volodi Dubinina St, 9	The Company has more than 50% of the authorized capital of the company	-	60.1%
<b>Key management staff</b>					
6.	Berdnikov Roman Nikolayevich	St. Petersburg	The person is the sole executive body (Acting Director General), a member of the collegial executive body (Management Board) of the Company	–	–
7.	Prokhorov Egor Vyacheslavovich	–	The person is a member of the Company's Board of Directors	–	–
8.	Kalinin Aleksandr Sergeevich	–	The person is a member of the Company's Board of Directors	–	–
9.	Snikkars Pavel Nikolayevich	-	The person is a member of the Company's Board of Directors	-	-



Item	Full name of the corporate entity, or given, middle, and family names	Corporate entity's registered address or an individual's place of residence	Grounds for being deemed to be a related party	Stake of the related party in the authorized capital of the joint stock company, %	Stake of the Company in the authorized capital of the related party, %
10.	Koptin Dmitry Viktorovich	–	The person is a member of the Company's Board of Directors	–	–
11.	Bondarchuk Andrey Sergeevich	–	The person is a member of the Company's Board of Directors	–	–
12.	Rozova Evgenia Evgenyevna	–	The person is a member of the Company's Board of Directors	–	–
13.	Sofyin Vladimir Vladimirovich	–	The person is a member of the Company's Board of Directors	–	–
14.	Kolyada Andrey Sergeevich	–	The person is a member of the Company's Board of Directors	–	–
15.	Zholnerchik Svetlana Semenovna	–	The person is a member of the Company's Board of Directors	–	–
16.	Likhov Khasan Mushtafayevich	–	The person is a member of the Company's Board of Directors	–	–
17.	Zafesov Yury Kazbekovich	–	The person is a member of the Company's Board of Directors	–	–
18.	Nikonov Vasily Vladislavovich	–	The person is a member of the Company's Board of Directors	–	–
19.	Lebedev Sergey Yuryevich	–	The person is a member of the Company's Board of Directors	–	–
20.	Artemyev Maksim Sergeevich	St. Petersburg	The person is a member of the collegial executive body (Management Board) of the Company	–	–
21.	Ivanov Maksim Anatolyevich	St. Petersburg	The person is a member of the collegial executive body (Management Board) of the Company	–	–
22.	Nikonov Aleksandr Dmitriyevich	St. Petersburg	The person is a member of the collegial executive body (Management Board) of the Company	–	–
<b>Other related parties</b>					
23.	Tyumenenergo, Joint Stock Company of the Power Industry and Electrification	Russia, 628412 Tyumen Region, Khanty-Mansi Autonomous Okrug – Yugra, Surgut, Universitetskaya St, 4	The company is a member of the same group of persons as the Company	–	–
24.	Interregional Distribution Grid Company of the Volga Region, Public Joint Stock Company	Russia, 410031, Saratov, Pervomayskaya St, 42/44	The company is a member of the same group of persons as the Company	–	–
25.	Interregional Distribution Grid Company of the North Caucasus, Public Joint Stock Company	Russia, 357506 Stavropol Krai, Pyatigorsk, Podstantsionnaya St, 18	The company is a member of the same group of persons as the Company	–	–
26.	Interregional Distribution Grid Company of the North-	Russia, 188300, Leningrad Region,	The company is a member of the same	–	–

Item	Full name of the corporate entity, or given, middle, and family names	Corporate entity's registered address or an individual's place of residence	Grounds for being deemed to be a related party	Stake of the related party in the authorized capital of the joint stock company, %	Stake of the Company in the authorized capital of the related party, %
	West, Public Joint Stock Company	Gatchina, Sobornaya St, 31	group of persons as the Company		
27.	Interregional Distribution Grid Company of Siberia, Public Joint Stock Company	Russia, 660021, Krasnoyarsk, Bograda St, 144 a	The company is a member of the same group of persons as the Company	–	–
28.	Interregional Distribution Grid Company of South, Public Joint Stock Company	Russia, 344002, Rostov-on-Don, Bolshaya Sadovaya St, 49	The company is a member of the same group of persons as the Company	–	–
29.	Interregional Distribution Grid Company of Ural, Public Joint Stock Company	Russia, 620026, Yekaterinburg, Mamina-Sibiryaka St, 140	The company is a member of the same group of persons as the Company	5,93	–
30.	Moscow United Electric Grid Company, Public Joint Stock Company	Russia, 115114, Moscow, 2 <sup>nd</sup> Paveletsky Dr, 3, build. 2	The company is a member of the same group of persons as the Company	–	–
31.	Interregional Distribution Grid Company of the Center and Volga Region, Public Joint Stock Company	Russia, 603950, N. Novgorod, Rozhdestvenskaya St, 33	The company is a member of the same group of persons as the Company	–	–
32.	Interregional Distribution Grid Company of Center, Public Joint Stock Company	Russia, 127018, Moscow, 2 <sup>nd</sup> Yamskaya St, 4	The company is a member of the same group of persons as the Company	–	–
33.	Yantarenergo, Joint Stock Company of the Power Industry and Electrification	Russia, 236000, Kaliningrad, Teatralnaya St, 34	The company is a member of the same group of persons as the Company	–	–
34.	Tomsk Distribution Company, Public Joint Stock Company	Russia, 634041, Tomsk, Kirova Ave, 36	The company is a member of the same group of persons as the Company	–	–
35.	Public Joint Stock Company of the Power Industry and Electrification of Kuban	Russia, 350033, Krasnodar, Stavropolskaya St, 2	The company is a member of the same group of persons as the Company	–	–
36.	Federal Grid Company of the Unified Energy System, Public Joint Stock Company	Russia, 117630, Moscow, Akademika Chelomeya St, 5a	The company is a member of the same group of persons as the Company	–	-
37.	Chechenenergo, Joint Stock Company	Russia, 364051, Chechen Republic, Grozny, Staro-promyslovskoye Rd, 6	The company is a member of the same group of persons as the Company	–	–
38.	Kabardino-Balkar Public Joint Stock Company of the Power Industry and Electrification	Russia, 360000, Kabardino-Balkar Republic, Nalchik, Shchorsa St, 6	The company is a member of the same group of persons as the Company	–	–
39.	Karachay-Cherkess energo, Joint Stock Company	Russia, 369000, Karachay-Cherkess Republic, Cherkessk, Osmana Kasaeva St, 3	The company is a member of the same group of persons as the Company	–	–
40.	Kalmenergosbyt, Joint Stock Company	Russia, 358000, Kalmykia Republic,	The company is a member of the same	–	–

Item	Full name of the corporate entity, or given, middle, and family names	Corporate entity's registered address or an individual's place of residence	Grounds for being deemed to be a related party	Stake of the related party in the authorized capital of the joint stock company, %	Stake of the Company in the authorized capital of the related party, %
		Elista, Lermontova St, 7a	group of persons as the Company		
41.	Tyvaenergosbyt, Joint Stock Company	Russia, 667010, Tyva Republic, Kyzyl, Zavodskaya St, 2a	The company is a member of the same group of persons as the Company	–	–
42.	Dagestan Energy Sales Company, Public Joint Stock Company	Russia, 367020, Dagestan Republic, Makhachkala, Dakhadaeva St, 73	The company is a member of the same group of persons as the Company	–	–
43.	Research engineering center for interregional distribution grid companies, Joint Stock Company	Russia, 105062, Moscow, Chaplygina St, 6	The company is a member of the same group of persons as the Company	–	–
44.	VNIPIenergoprom Association, Open Joint Stock Company	Russia, 105094, Moscow, Semenovskaya Emb, 2/1	The company is a member of the same group of persons as the Company	–	–
45.	Special Design Bureau of Heat Power Engineering Equipment VTI, Open Joint Stock Company	Russia, 115280, Moscow, 3 <sup>rd</sup> Avtozavodskiy Dr, 4, build.1	The company is a member of the same group of persons as the Company	–	–
46.	Office of fiber-optic communication lines on overhead power lines of interregional distribution grid companies, Joint Stock Company	Russia, 115184, Moscow, Bolshaya Tatarskaya St, 35, build. 6	The company is a member of the same group of persons as the Company	–	–
47.	Sevkavkazenergo, Public Joint Stock Company of the Power Industry and Electrification	Russia, 362040, Republic of North Ossetia - Alania, Vladikavkaz, Tamaeva St, 19	The company is a member of the same group of persons as the Company	–	–
48.	Ingushenergo, Joint Stock Company of the Power Industry and Electrification	Russia, 386100, Republic of Ingushetia, Nazran, Mutaliev St, 23	The company is a member of the same group of persons as the Company	–	–
49.	Northwest Energy Management Company, Public Joint Stock Company	Russia, 191186, St. Petersburg, Marsovo Pole, 1	The company is a member of the same group of persons as the Company	–	–
50.	Energy Institute named after G.M. Krzhizhanovskiy, Open Joint Stock Company	Russia, 119991, Moscow, Leninskiy Ave, 19	The company is a member of the same group of persons as the Company	–	–
51.	Property of IC UES, Joint Stock Company	125933, Moscow, Volokolamskoe Rd, 2	The company is a member of the same group of persons as the Company	–	–
52.	Federal Test Centre, Public Joint Stock Company	Russia, 196608, St. Petersburg, Pushkin, Oktyabrskiy Blvd, 50/30, let. A	The company is a member of the same group of persons as the Company	–	1
53.	Dyakov Pavel Nikolayevich	St. Petersburg	The individual is a member of the same group of persons as the Company	–	–

Item	Full name of the corporate entity, or given, middle, and family names	Corporate entity's registered address or an individual's place of residence	Grounds for being deemed to be a related party	Stake of the related party in the authorized capital of the joint stock company, %	Stake of the Company in the authorized capital of the related party, %
54.	Tarnorutskaya Veronika Viktorovna	St. Petersburg	The individual is a member of the same group of persons as the Company	–	–
55.	Krylov Sergey Vladimirovich	St. Petersburg	The individual is a member of the same group of persons as the Company	–	–
56.	Smolnikov Andrey Sergeevich	St. Petersburg	The individual is a member of the same group of persons as the Company	-	-
57.	Sizov Andrey Andreevich	St. Petersburg	The individual is a member of the same group of persons as the Company	–	–
58.	Budargin Oleg Mikhailovich	Moscow	The individual is a member of the same group of persons as the Company	–	–

Information about affiliated persons of PJSC Lenenergo is disclosed and published in accordance with the of Corporate Conduct Code and the requirements of regulatory documents of the Federal service for financial markets of Russia on the website [www.lenenergo.ru](http://www.lenenergo.ru) <<http://www.lenenergo.ru>> .

In the reporting year, the Board of Directors approved the following related-party transactions:

**Service contract for maintenance of the system of collection and transmission of information at power facilities between JSC Lenenergo and JSC SZEUK.**

Date of approval of the Contract by the Board of Directors of JSC Lenenergo - 13.03.2015 (Minutes 28 of 17.03.2015).

Parties to the Contract:

JSC Lenenergo – Customer;

JSC SZEUK – Contractor.

Subject of the Contract:

The Contractor undertakes upon instructions of the Customer to provide services for maintenance of the system of collection and transmission of information (SCTI), control system and SCADA at energy facilities, and the Customer undertakes to pay these services.

Requirements to the services, their scope, timing and final result are contained in the Specifications annexed to the Contract.

Cost of services:

The cost of services provided under the Contract is 52,100,000 (Fifty two million one hundred thousand) rubles 00 kopecks, including VAT (18%) 7,947,457 (Seven million nine hundred forty-seven thousand four hundred fifty seven) rubles 64 kopecks. The cost is determined in accordance with the cost Calculation (Annex to Contract).

Terms of services:

The services are provided and submitted by the Contractor monthly from 01.01.2015 to 31.12.2015 in accordance with the Specifications.

Contract period:

The Contract shall enter into force from the date of its signing and approval by the management bodies of both Parties as a related-party transaction and is valid till the complete fulfillment by the Parties of their commitments or the Contract termination.

The terms of the Contract apply to relations of the Parties arising from January 01, 2015.

**Service contract for maintenance of auxiliary engineering systems between JSC Lenenergo and JSC SZEUK.**

Date of approval of the Contract by the Board of Directors of JSC Lenenergo - 13.03.2015 (Minutes 28 of 17.03.2015).

Parties to the Contract:

JSC Lenenergo – Customer;

JSC SZEUK – Contractor.

Subject of the Contract:

The Contractor undertakes upon instructions of the Customer to provide services for maintenance of auxiliary engineering systems of JSC Lenenergo located at: St. Petersburg, Constitution Sq, 1, and the Customer undertakes to pay these services.

Requirements to the services, their scope, timing and final result are contained in the Specifications annexed to the Contract (Annex 1).

Cost of services:

The cost of services provided under the Contract is 2,400,120 (Two million four hundred thousand one hundred twenty) rubles 00 kopecks, including VAT (18%) 366,120 (Three hundred sixty-six thousand one hundred twenty) rubles 00 kopecks.

The monthly cost of services provided under the service Contract is 200,010 (Two hundred and ten thousand) rubles 00 kopecks, including VAT (18%) 30,510 (Thirty thousand five hundred ten) rubles 00 kopecks.

Terms of services:

The services are provided and submitted by the Contractor from 01.01.2015 to 31.12.2015 in accordance with the Specifications.

Contract period:

The Contract shall enter into force from the date of its signing and approval by the management bodies of both Parties as a related-party transaction and is valid till the complete fulfillment by the Parties of their commitments or the Contract termination.

The terms of the Contract apply to relations of the Parties arising from January 01, 2015.

#### **Service contract for maintenance of collective information display systems between JSC Lenenergo and JSC SZEUK.**

Date of approval of the Contract by the Board of Directors of JSC Lenenergo - 13.03.2015 (Minutes 28 of 17.03.2015).

Parties to the Contract:

JSC Lenenergo – Customer;

JSC SZEUK – Contractor.

Subject of the Contract:

The Contractor undertakes upon instructions of the Customer to provide services for maintenance of collective information display systems of JSC Lenenergo (NCC, CNEN, NLEN, 1 VVR SPbEN, Pravoberezhny district of CN, Central district of CN and South-Western district of CN) (hereinafter – services), and the Customer undertakes to pay these services.

Requirements to the services, their scope, timing and final result are contained in the Specifications annexed to the Contract (Annex 1).

Cost of services:

The cost of services provided under the Contract is 7,710,000 (Seven million seven hundred ten thousand) rubles 00 kopecks, including VAT (18%) 1,176,101 (One million one hundred seventy-six thousand one hundred one) rubles 69 kopecks. The cost is determined in accordance with the cost Calculation (Annex 2 to the Contract).

Terms of services:

The services are provided and submitted by the Contractor from 01.01.2015 to 31.12.2015 in accordance with the Specifications.

Contract period:

The Contract shall enter into force from the date of its signing and approval by the management bodies of both Parties as a related-party transaction and is valid till the complete fulfillment by the Parties of their commitments or the Contract termination.

The terms of the Contract apply to relations of the Parties arising from January 01, 2015.

#### **Service contract for maintenance of equipment for checking dispatcher communications and multi-channel automatic warning system at power facilities between JSC Lenenergo and JSC SZEUK.**

Date of approval of the Contract by the Board of Directors of JSC Lenenergo - 13.03.2015 (Minutes 28 of 17.03.2015).

Parties to the Contract:

JSC Lenenergo – Customer;

JSC SZEUK – Contractor.

Subject of the Contract:

The Contractor undertakes upon instructions of the Customer to provide services for maintenance of equipment for checking dispatcher communications and multi-channel automatic warning system at power facilities, and the Customer undertakes to pay these services.

Requirements to the services, their scope, timing and final result are contained in the Specifications annexed to the Contract (Annex 1).

Cost of services:

The cost of services provided under the Contract is 4,411,000 (Four million four hundred eleven thousand) rubles 00 kopecks, including VAT (18%) 672,864 (Six hundred seventy-two thousand eight hundred sixty-four) rubles 40 kopecks.

The cost is determined in accordance with the cost Calculation (Annex 2 to the Contract).

Terms of services:

The services are provided and submitted by the Contractor from 01.01.2015 to 31.12.2015 in accordance with the Specifications.

Contract period:

The Contract shall enter into force from the date of its signing and approval by the management bodies of both Parties as a related-party transaction and is valid till the complete fulfillment by the Parties of their commitments or the Contract termination.

The terms of the Contract apply to relations of the Parties arising from January 01, 2015.

#### **Service contract for maintenance of grid infrastructure between JSC Lenenergo and JSC SZEUK.**

Date of approval of the Contract by the Board of Directors of JSC Lenenergo - 13.03.2015 (Minutes 28 of 17.03.2015).

Parties to the Contract:

JSC Lenenergo – Customer;

JSC SZEUK – Contractor.

Subject of the Contract:

The Contractor undertakes upon instructions of the Customer to provide services for maintenance of grid infrastructure of JSC Lenenergo (hereinafter – services), and the Customer undertakes to pay these services.

Requirements to the services, their scope, timing and final result are contained in the Specifications annexed to the Contract (Annex 1).

Cost of services:

The cost of services provided under the Contract is 17,125,110 (Seventeen million one hundred twenty-five thousand one hundred ten) rubles 00 kopecks, including VAT (18%) 2,612,304 (Two million six hundred twelve thousand three hundred four) rubles 92 kopecks. The cost is determined in accordance with the cost Calculation (Annex 2 to the Contract).

Terms of services:

The services are provided and submitted by the Contractor from 01.01.2015 to 31.12.2015 in accordance with the Specifications.

Contract period:

The Contract shall enter into force from the date of its signing and approval by the management bodies of both Parties as a related-party transaction and is valid till the complete fulfillment by the Parties of their commitments or the Contract termination.

The terms of the Contract apply to relations of the Parties arising from January 01, 2015.

#### **Service contract for improvement of 1C information systems between JSC Lenenergo and JSC SZEUK.**

Date of approval of the Contract by the Board of Directors of JSC Lenenergo - 13.03.2015 (Minutes 28 of 17.03.2015).

Parties to the Contract:

JSC Lenenergo – Customer;

JSC SZEUK – Contractor.

Subject of the Contract:

The Contractor undertakes upon instructions of the Customer to provide services for improvement of IC information systems, and the Customer undertakes to pay these services.

Requirements to the services, their scope, timing and final result are contained in the Specifications annexed to the Contract (Annex 1).

Cost of services:

The cost of services provided under the Contract is 14,850,000 (Fourteen million eight hundred fifty thousand) rubles 00 kopecks, including VAT (18%) 2,265,254 (Two million two hundred sixty-five thousand two hundred fifty-four) rubles 24 kopecks.

The cost is determined in accordance with the cost Calculation (Annex 2 to the Contract).

Terms of services:

The services are provided and submitted by the Contractor from 01.02.2015 to 31.01.2016 in accordance with the Specifications.

Contract period:

The Contract shall enter into force from the date of its signing and approval by the management bodies of both Parties as a related-party transaction and is valid till the complete fulfillment by the Parties of their commitments or the Contract termination.

The terms of the Contract apply to relations of the Parties arising from February 01, 2015.

#### **Service contract for maintenance of VHF radio communications between JSC Lenenergo and JSC SZEUK.**

Date of approval of the Contract by the Board of Directors of JSC Lenenergo - 13.03.2015 (Minutes 28 of 17.03.2015).

Parties to the Contract:

JSC Lenenergo – Customer;

JSC SZEUK – Contractor.

Subject of the Contract:

The Contractor undertakes upon instructions of the Customer to provide services for maintenance of VHF radio communications, and the Customer undertakes to pay these services.

Requirements to the services, their scope, timing and final result are contained in the Specifications annexed to the Contract (Annex 1).

Cost of services:

The cost of services provided under the Contract is 2,964,000 (Two million nine hundred sixty-four thousand) rubles 00 kopecks, including VAT (18%) 452,135 (Four hundred fifty-two thousand one hundred thirty-five) rubles 59 kopecks. The cost is determined in accordance with the cost Calculation (Annex 2 to the Contract).

Terms of services:

The services are provided and submitted by the Contractor from 01.02.2015 to 31.01.2016 in accordance with the Specifications.

Contract period:

The Contract shall enter into force from the date of its signing and approval by the management bodies of both Parties as a related-party transaction and is valid till the complete fulfillment by the Parties of their commitments or the Contract termination.

The terms of the Contract apply to relations of the Parties arising from February 01, 2015.

#### **Service contract for provision of telephony and registration of dispatch conversations between JSC Lenenergo and JSC SZEUK.**

Date of approval of the Contract by the Board of Directors of JSC Lenenergo - 13.03.2015 (Minutes 28 of 17.03.2015).

Parties to the Contract:

JSC Lenenergo – Customer;

JSC SZEUK – Contractor.

Subject of the Contract:

The Contractor undertakes upon instructions of the Customer to provide services for provision of telephony and registration of dispatch conversations for the needs of JSC Lenenergo, and the Customer undertakes to pay these services.

Requirements to the services, their scope, timing and final result are contained in the Specifications annexed to the Contract (Annex 1).

Cost of services:

The cost of services provided under the Contract is 35,650,000 (Thirty-five million six hundred fifty thousand) rubles 00 kopecks, including VAT (18%) 5,438,135 (Five million four hundred thirty-eight thousand one hundred thirty-five) rubles 59 kopecks.

The cost is determined in accordance with the cost Calculation (Annex 2 to the Contract).

Terms of services:

The services are provided and submitted by the Contractor from 01.02.2015 to 31.01.2018 in accordance with the Specifications.

Contract period:

The Contract shall enter into force from the date of its signing and approval by the management bodies of both Parties as a related-party transaction and is valid till the complete fulfillment by the Parties of their commitments or the Contract termination.

The terms of the Contract apply to relations of the Parties arising from February 01, 2015.

### **Service contract for maintenance of corporate applications and teamwork tools between JSC Lenenergo and JSC SZEUK.**

Date of approval of the Contract by the Board of Directors of JSC Lenenergo - 13.03.2015 (Minutes 28 of 17.03.2015).

Parties to the Contract:

JSC Lenenergo – Customer;

JSC SZEUK – Contractor.

Subject of the Contract:

The Contractor undertakes upon instructions of the Customer to provide services for maintenance of corporate applications and teamwork tools, and the Customer undertakes to pay these services.

Requirements to the services, their scope, timing and final result are contained in the Specifications annexed to the Contract (Annex 1).

Cost of services:

The cost of services provided under the Contract is 44,170,053 (Forty-four million one hundred seventy thousand fifty-three) rubles 00 kopecks, including VAT (18%) 6,737,804 (Six million seven hundred thirty-seven thousand eight hundred four) rubles 70 kopecks.

The cost is determined in accordance with the cost Calculation (Annex 2 to the Contract).

Terms of services:

The services are provided and submitted by the Contractor from 01.02.2015 to 31.01.2016 in accordance with the Specifications.

Contract period:

The Contract shall enter into force from the date of its signing and approval by the management bodies of both Parties as a related-party transaction and is valid till the complete fulfillment by the Parties of their commitments or the Contract termination.

The terms of the Contract apply to relations of the Parties arising from February 01, 2015.

### **Service contract for maintenance and improvement of the Unified Information System ALPHA between JSC Lenenergo and JSC SZEUK.**

Date of approval of the Contract by the Board of Directors of JSC Lenenergo - 13.03.2015 (Minutes 28 of 17.03.2015).

Parties to the Contract:

JSC Lenenergo – Customer;

JSC SZEUK – Contractor.

Subject of the Contract:

The Contractor undertakes upon instructions of the Customer to provide services for maintenance and improvement of the Unified Information System ALPHA for the needs of JSC Lenenergo, and the Customer undertakes to pay these services.

Requirements to the services, their scope, timing and final result are contained in the Specifications annexed to the Contract (Annex 1).

Cost of services:

The cost of services provided under the Contract is 28,930,000 (Twenty-eight million nine hundred thirty thousand) rubles 00 kopecks, including VAT (18%) 4,413,050 (Four million four hundred thirteen thousand fifty) rubles 85 kopecks.

The cost is determined in accordance with the cost Calculation (Annex 2 to the Contract).



Terms of services:

The services are provided and submitted by the Contractor from 01.02.2015 to 31.01.2016 in accordance with the Specifications.

Contract period:

The Contract shall enter into force from the date of its signing and approval by the management bodies of both Parties as a related-party transaction and is valid till the complete fulfillment by the Parties of their commitments or the Contract termination.

The terms of the Contract apply to relations of the Parties arising from February 01, 2015.

**Service contract between JSC Lenenergo and JSC Management VOLS-VL.**

Date of approval of the Contract by the Board of Directors of JSC Lenenergo - 13.03.2015 (Minutes 28 of 17.03.2015).

Parties to the Contract:

JSC Lenenergo – Customer;

JSC Management VOLS-VL – Contractor.

Subject of the Contract:

The Contractor undertakes upon instructions of the Customer to provide services for standard maintenance of software ABB SCADA Network Manager (hereinafter – services), and the Customer undertakes to pay these services.

Requirements to the services, their scope, timing and final result are contained in the Specifications annexed to the Contract.

Cost of services and payment order:

The cost of services provided under the Contract is 7,450,000 (Seven million four hundred fifty thousand) rubles 00 kopecks, including VAT (18%) 1,136,440 (One million one hundred thirty-six thousand four hundred forty) rubles 68 kopecks.

The cost is determined in accordance with the cost Calculation (Annex 2 to the Contract).

Terms of services:

The services are provided and submitted by the Contractor from 01.03.2015 to 29.02.2016 in accordance with the Specifications.

Contract period:

The Contract shall enter into force from the date of its signing and approval by the management bodies of both Parties as a related-party transaction and is valid till the complete fulfillment by the Parties of their commitments or the Contract termination. The terms of the Contract apply to relations of the Parties arising from March 01, 2015.

**Additional agreement No. 3 to the Agreement on technological interaction between JSC SO UES and the Company to ensure the reliability of functioning of the UES of Russia from 01.02.2011, No. SDU-10/2010.**

Date of approval of the Additional agreement by the Board of Directors of JSC Lenenergo - 13.03.2015 (Minutes 28 of 17.03.2015).

**Service contract on organization and conduct of procurement procedures between JSC Lenenergo and CJSC Kurortenergo.**

Date of approval of the Contract by the Board of Directors of JSC Lenenergo - 05.05.2015 (Minutes 33 of 07.05.2015).

Parties to the Contract:

JSC Lenenergo – Contractor;

CJSC Kurortenergo – Customer.

Subject of the Contract:

The Customer entrusts and the Contractor undertakes to render services on organization and conduct of procurement procedures in order to conclude contracts by the Customer by the results of the procurement procedures (hereinafter – services), and the Customer undertakes to pay these services.

The services are provided upon the Customer's request during the validity period of the Contract on the terms specified in the Assignments for the conduct of procurement procedures.

Cost of services and payment order:

The cost of services for one calendar month is fixed and is 7,805 (Seven thousand eight hundred five) rubles 70 kopecks, including VAT (18%) 1,190 (One thousand one hundred ninety) rubles 70 kopecks.

The number of Applications executed for the corresponding month shall not affect the cost of services.

If during a calendar month Applications are absent, the payment for that month shall not be made.

The payment for services is made quarterly.

The maximum cost of all services provided under the service Contract (for all Applications) should not exceed 2% of the balance sheet value of assets of JSC Lenenergo as of the last reporting date preceding conclusion of the Contract.

Terms of services:

Services are provided by the Contractor within the deadlines agreed in the Application and the Assignment for the conduct of the procurement procedure, unless otherwise provided by applicable law and internal documents governing the procurement activities of the Parties.

Contract period:

The Contract shall enter into force from the moment of its signing by both Parties and is valid until 31.12.2015.

The conditions of the Contract apply to the Parties relationship arising from 01.04.2015.

If, upon the date specified in this paragraph a procurement procedure will be conducted (announced/posted) – the conditions of the Contract shall be valid until the end of/prior to the cancellation of this procurement.

If, prior to 30 calendar days before the end of the term of the Contract any Party does not submit a written notice to the other party of termination of the Contract, its effect shall be extended on the same terms for 1 (one) year.

#### **Service contract on organization and conduct of procurement procedures between JSC Lenenergo and CJSC TSEK.**

Date of approval of the Contract by the Board of Directors of JSC Lenenergo - 05.05.2015 (Minutes 33 of 07.05.2015).

Parties to the Contract:

JSC Lenenergo – Contractor;

CJSC TSEK – Customer.

Subject of the Contract:

The Customer entrusts and the Contractor undertakes to render services on organization and conduct of procurement procedures in order to conclude contracts by the Customer by the results of the procurement procedures (hereinafter – services), and the Customer undertakes to pay these services.

The services are provided upon the Customer's request during the validity period of the Contract on the terms specified in the Assignments for the conduct of procurement procedures.

Cost of services and payment order:

The cost of services for one calendar month is fixed and is 7,805 (Seven thousand eight hundred five) rubles 70 kopecks, including VAT (18%) 1,190 (One thousand one hundred ninety) rubles 70 kopecks.

The number of Applications executed for the corresponding month shall not affect the cost of services.

If during a calendar month Applications are absent, the payment for that month shall not be made.

The payment for services is made quarterly.

The maximum cost of all services provided under the service Contract (for all Applications) should not exceed 2% of the balance sheet value of assets of JSC Lenenergo as of the last reporting date preceding conclusion of the Contract.

Terms of services:

Services are provided by the Contractor within the deadlines agreed in the Application and the Assignment for the conduct of the procurement procedure, unless otherwise provided by applicable law and internal documents governing the procurement activities of the Parties.

Contract period:

The Contract shall enter into force from the moment of its signing by both Parties and is valid until 31.12.2015.

The conditions of the Contract apply to the Parties relationship arising from 01.04.2015.

If, upon the date specified in this paragraph a procurement procedure will be conducted (announced/posted) – the conditions of the Contract shall be valid until the end of/prior to the cancellation of this procurement.

If, prior to 30 calendar days before the end of the term of the Contract any Party does not submit a written notice to the other party of termination of the Contract, its effect shall be extended on the same terms for 1 (one) year.

**Service contract on organization and conduct of procurement procedures between JSC Lenenergo and JSC Energy Service Company Lenenergo.**

Date of approval of the Contract by the Board of Directors of JSC Lenenergo - 05.05.2015 (Minutes 33 of 07.05.2015).

Parties to the Contract:

JSC Lenenergo – Contractor;

JSC Energy Service Company Lenenergo – Customer.

Subject of the Contract:

The Customer entrusts and the Contractor undertakes to render services on organization and conduct of procurement procedures in order to conclude contracts by the Customer by the results of the procurement procedures (hereinafter – services), and the Customer undertakes to pay these services.

The services are provided upon the Customer's request during the validity period of the Contract on the terms specified in the Assignments for the conduct of procurement procedures.

Cost of services and payment order:

The cost of services for one calendar month is fixed and is 7,805 (Seven thousand eight hundred five) rubles 70 kopecks, including VAT (18%) 1,190 (One thousand one hundred ninety) rubles 70 kopecks.

The number of Applications executed for the corresponding month shall not affect the cost of services.

If during a calendar month Applications are absent, the payment for that month shall not be made.

The payment for services is made quarterly.

The maximum cost of all services provided under the service Contract (for all Applications) should not exceed 2% of the balance sheet value of assets of JSC Lenenergo as of the last reporting date preceding conclusion of the Contract.

Terms of services:

Services are provided by the Contractor within the deadlines agreed in the Application and the Assignment for the conduct of the procurement procedure, unless otherwise provided by applicable law and internal documents governing the procurement activities of the Parties.

Contract period:

The Contract shall enter into force from the moment of its signing by both Parties and is valid until 31.12.2015.

The conditions of the Contract apply to the Parties relationship arising from 01.04.2015.

If, upon the date specified in this paragraph a procurement procedure will be conducted (announced/posted) – the conditions of the Contract shall be valid until the end of/prior to the cancellation of this procurement.

If, prior to 30 calendar days before the end of the term of the Contract any Party does not submit a written notice to the other party of termination of the Contract, its effect shall be extended on the same terms for 1 (one) year.

**Service contract for maintenance of the system of operational conference calls between JSC Lenenergo and JSC SZEUK.**

Date of approval of the Contract by the Board of Directors of PJSC Lenenergo - 25.09.2015 (Minutes 13 of 30.09.2015).

Parties to the Contract:

PJSC Lenenergo – Customer;

JSC SZEUK – Contractor.

Subject of the Contract:

The Contractor undertakes upon instructions of the Customer to provide services for maintenance of the system of operational conference calls (hereinafter – services), and the Customer undertakes to pay these services.

Requirements to the services, their scope, timing and final result are contained in the Specifications annexed to the Contract.

Cost of services:

The cost of services provided under the Contract is 2,199,999 (Two million one hundred ninety-nine thousand nine hundred ninety-nine) rubles 72 kopecks, including VAT (18%) 335,593 (Three hundred thirty-five thousand five hundred ninety-three) rubles 18 kopecks. The cost is determined in accordance with the cost Calculation (Annex to the Contract).

Terms of services:

The services are provided and submitted by the Contractor from 15.06.2015 to 14.06.2016 in accordance with the Specifications.

Contract period:

The Contract shall enter into force from the date of its signing by both Parties and is valid till the complete fulfillment by the Parties of their commitments or the Contract termination.

The terms of the Contract apply to relations of the Parties arising from June 15, 2015.

**Service contract for maintenance of power supply systems of the dispatching and technological control system (DTCS) at power facilities between PSC Lenenergo and JSC SZEUK.**

Date of approval of the Contract by the Board of Directors of PJSC Lenenergo - 25.09.2015 (Minutes 13 of 30.09.2015).

Parties to the Contract:

PJSC Lenenergo – Customer;

JSC SZEUK – Contractor.

Subject of the Contract:

The Contractor undertakes upon instructions of the Customer to provide services for maintenance of power supply systems of the dispatching and technological control system (DTCS) at power facilities (hereinafter – services), and the Customer undertakes to pay these services.

Requirements to the services, their scope, timing and final result are contained in the Specifications annexed to the Contract.

Cost of services:

The cost of services provided under the Contract is 8,573,756 (Eight million five hundred seventy-three thousand seven hundred fifty-six) rubles 24 kopecks, including VAT (18%) 1,307,861 (One million three hundred seven thousand eight hundred sixty-one) rubles 12 kopecks.

The cost is determined in accordance with the cost Calculation (Annex to the Contract).

Terms of services:

The services are provided and submitted by the Contractor from 15.06.2015 to 14.06.2016 in accordance with the Specifications.

Contract period:

The Contract shall enter into force from the date of its signing by both Parties and is valid till the complete fulfillment by the Parties of their commitments or the Contract termination.

The terms of the Contract apply to relations of the Parties arising from June 15, 2015.

**Service contract for maintenance of the automated dispatch control system between PSC Lenenergo and JSC SZEUK.**

Date of approval of the Contract by the Board of Directors of PJSC Lenenergo - 25.09.2015 (Minutes 13 of 30.09.2015).

Parties to the Contract:

PJSC Lenenergo – Customer;

JSC SZEUK – Contractor.

Subject of the Contract:

The Contractor undertakes upon instructions of the Customer to provide services for maintenance of the automated dispatch control system in the regions of the branch of PJSC Lenenergo Cable Network (hereinafter – services), and the Customer undertakes to pay these services.

Requirements to the services, their scope, timing and final result are contained in the Specifications annexed to the Contract.

Cost of services:

The cost of services provided under the Contract is 4,615,800 (Four million six hundred fifteen thousand eight hundred) rubles 00 kopecks, including VAT (18%) 704,105 (Seven hundred four thousand one hundred five) rubles 08 kopecks.

The cost is determined in accordance with the cost Calculation (Annex to the Contract).

Terms of services:

The services are provided and submitted by the Contractor from 01.07.2015 to 31.12.2016 in accordance with the Specifications.

Contract period:

The Contract shall enter into force from the date of its signing by both Parties and is valid till the complete fulfillment by the Parties of their commitments or the Contract termination.

The terms of the Contract apply to relations of the Parties arising from June 01, 2015.

**Service contract for maintenance of the automated PC workstations, peripheral and office equipment between PSC Lenenergo and JSC SZEUK.**

Date of approval of the Contract by the Board of Directors of PJSC Lenenergo - 25.09.2015 (Minutes 13 of 30.09.2015).

Parties to the Contract:

PJSC Lenenergo – Customer;

JSC SZEUK – Contractor.

Subject of the Contract:

The Contractor undertakes upon instructions of the Customer to provide services for maintenance of the automated PC workstations, peripheral and office equipment (hereinafter – services), and the Customer undertakes to pay these services.

Requirements to the services, their scope, timing and final result are contained in the Specifications annexed to the Contract.

Cost of services:

The cost of services provided under the Contract is 33,660,000 (Thirty-three million six hundred sixty thousand) rubles 00 kopecks, including VAT (18%) 5,134,576 (Five million one hundred thirty-four thousand five hundred seventy-six) rubles 27 kopecks.

The cost is determined in accordance with the cost Calculation (Annex to the Contract).

Terms of services:

The services are provided and submitted by the Contractor from 01.07.2015 to 30.06.2016 in accordance with the Specifications.

Contract period:

The Contract shall enter into force from the date of its signing by both Parties and is valid till the complete fulfillment by the Parties of their commitments or the Contract termination.

The terms of the Contract apply to relations of the Parties arising from June 01, 2015.

**Additional agreement No. 6 to the lease contract of immovable property No. 09-1574 of 31.03.2009 between PJSC Lenenergo and CJSC TSEK.**

Date of approval of the Additional agreement by the Board of Directors of PJSC Lenenergo - 25.09.2015 (Minutes 13 of 30.09.2015).

**Additional agreement No. 6 to the lease contract of movable property No. 09-1575 of 31.03.2009 between PJSC Lenenergo and CJSC TSEK.**

Date of approval of the Additional agreement by the Board of Directors of PJSC Lenenergo - 25.09.2015 (Minutes 13 of 30.09.2015).

**Service contract for operational maintenance of electrical installations between PJSC Lenenergo and PJSC IDGC of North-West.**

Date of approval of the Contract by the Board of Directors of PJSC Lenenergo - 09.11.2015 (Minutes 21 of 12.11.2015).

Parties to the Contract:

PJSC IDGC of North-West – Enterprise.

PJSC Lenenergo – Consumer.

Subject of the Contract:

The Consumer shall lease and the Enterprise shall accept in maintenance the following electrical systems owned by the Consumer:

1. Cell OL-110 kV Milodezhskaya-1 at substation No. 31 110/35/6 (SS Rogavka) – 1 pc.

2. Overhead lines 110, 35 kV (double-chain) Milodezhskaya-1 and Tesovskaya-5 from the pole 97(97) to substation No. 31 110/35/6 (SS Rogavka) – 22.8 km.

Requirements to the services, terms of services are contained in the Specifications for operational maintenance of electrical installations annexed to the Contract.

Cost of services:

For performing maintenance of the electrical installation the Consumer pays to the Enterprise 54,852 (Fifty four thousand eight hundred fifty two) rubles 93 kopecks per year, including 18% VAT – 8,367,40 (Eight thousand three hundred sixty seven) rubles 40 kopecks.

Contract period:

The Contract shall enter into force upon its signing by the Parties, applies to relations of the Parties arising from 01 January 01, 2015 and is valid until December 31, 2015.

**Additional agreement No. 9 to the lease Contract of movable property No. 09-1289 of 27.03.2009 between PJSC Lenenergo and CJSC Kurortenergo.**

Date of approval of the Additional agreement by the Board of Directors of PJSC Lenenergo - 09.11.2015 (Minutes 21 of 12.11.2015).

**Additional agreement No. 6 to the lease Contract of immovable property No. 09-1290 of 27.03.2009 between PJSC Lenenergo and CJSC Kurortenergo.**

Date of approval of the Additional agreement by the Board of Directors of PJSC Lenenergo - 09.11.2015 (Minutes 21 of 12.11.2015).

**Framework agreement between PJSC Lenenergo and JSC Energy Service Company Lenenergo.**

Date of approval of the Framework agreement by the Board of Directors of PJSC Lenenergo - 09.11.2015 (Minutes 21 of 12.11.2015).

Parties to the Contract:

PJSC Lenenergo – Customer;

JSC Energy Service Company Lenenergo – Contractor.

Subject of the Contract:

1. The Parties express their intention in the period of one year from the date of the Agreement to prepare and make a number of significant acts and transactions aimed at satisfaction of the Customer's needs to implement a full range of design, survey works on construction and power grid facilities, including preparation of design estimates for external and internal power supply networks up to 35 kV (hereinafter – works).

2. Works under the contracts concluded in accordance with clause 2.2.4 of this decision are executed in accordance with the terms established in these contracts. Thus the final deadlines set out in these contracts can be later than the deadline specified in clause 2.2.1. the present decision period.

3. The cost of works is limited by the maximum amount of 700,000,000.00 (Seven million) rubles 00 kopecks (including all statutory taxes and fees), for the period specified in clause 2.2.1 of the present decision, at all sites where works will be performed under the Contracts concluded in accordance with clause 2.2.4 of the present decision, regardless of the choice of the winner.

The exact object, scope, time, procedure of execution of works, cost of works, terms of payment are specified in the procurement documentation at the request of prices and contracts concluded in accordance with clause 2.2.4 of the present decision.

4. If, by results of the request of prices, the Contractor's offer is recognized the best among the participants, the Customer will provide to the Contractor the contract: design work/design-prospecting works on the objects of technological connection performed in accordance with the investment program approved in accordance with applicable law, provided that the offer will fully satisfy the Customer needs defined in the procurement documentation of the requests of prices.

Other terms:

The Contract shall enter into force upon its signing and is valid until full execution by the Parties of their obligations, or until the Contract is terminated.

**Contract between the Company and JSC NIITS IDGC.**

Date of approval of the Contract by the Board of Directors of PJSC Lenenergo - 30.11.2015 (Minutes 23 of 02.12.2015).

Parties to the Contract:

Customer – PJSC Lenenergo.

Contractor – JSC NIITS IDGC.

Subject of the Contract:

The Customer entrusts and the Contractor undertakes on its own behalf, but at the expense of the Customer to organise the procurement procedure for the supply of power transformers 35-220 kV for the needs of the Customer.

Actions related to the conduct of procurement procedures in the framework of the execution of the Contract are carried out by the Contractor under instructions of the Customer.

Contract price:

The cost of services provided by the Contractor on organization and holding of the procurement procedure is determined in accordance with Annex No. 6 to the Contract.

Contract period:

The Contract shall enter into force on the date of its signing by the Parties and shall be valid for 36 (Thirty six) months. If 30 (thirty) days prior to the expiration of the term of the Agreement neither Party

declares its intention not to renew the term of its action or to conclude a new Contract on other essential terms, the Contract is automatically prolonged for the same period.

The Customer has the right at any time to withdraw from the Contract by notifying the Contractor not later than 10 (Ten) days before the proposed date of termination of the Contract without incurring penalties and payment of actually rendered by the Contractor.

**Contract between PJSC Lenenergo and JSC NIITS IDGC.**

Date of approval of the Contract by the Board of Directors of PJSC Lenenergo - 30.11.2015 (Minutes 23 of 02.12.2015).

Parties to the Contract:

PJSC Lenenergo – Customer.

JSC NIITS IDGC – Contractor.

Subject of the Contract:

The Contractor shall on the instructions of Customer to perform design and survey works at the Object ‘Reconstruction of substation 35/6 kV Gatchina (PIR)’ to ensure coordination in the prescribed manner of technical/design documentation (other documentation), which is the result of works under the Contract with the relevant state bodies and bodies of local self-government, including obtaining a positive conclusion of State examination of project documentation, the Customer undertakes to accept the result of works and pay for the Work in the manner and amount prescribed by the Contract.

The contents and scope of works, technical, economic, and other requirements for works and their result are defined in the Specifications.

Terms of work:

The start date of works under the Contract – July 30, 2015.

The deadline for the completion of works under the Contract – not later than April 30, 2016.

The start date and deadlines for each step (in the case of stages of works) are specified in the Plan schedule.

The completion of works under the Contract / the stage of works is the date of signing the act of performed works under the Contract in general/on the stage of works.

Contract price:

The Contract price is formed on the basis of the Protocol on the results of the procurement procedure for the right of conclusion of the contract, is maximum and amount to 8,920,796 rubles 08 kopecks (Eight million nine hundred twenty thousand seven hundred ninety-six rubles and 08 kopecks), including VAT 18% 1,360,799 rubles 40 kopecks (One million three hundred sixty thousand seven hundred ninety-nine rubles and 40 kopecks).

The final price is formed based on the Executive estimates on actually executed and accepted works, and may be lower than the Contract price. The conclusion of the additional agreement on reduction of price of the Contract in this case is not required.

Contract period:

The Contract is valid from the moment of its signing by the Parties until the Parties fulfill their obligations.

The terms of the Contract apply to relations of the Parties arising from July 30, 2015.

**Loan agreement between PJSC Lenenergo and PJSC Rosseti.**

Date of approval of the Contract by the Board of Directors of PJSC Lenenergo - 30.11.2015 (Minutes 23 of 02.12.2015).

**Additional agreement to the service Contract No. 15-331 of 30.01.2015 for improvement of 1C information systems between PJSC Lenenergo and JSC SZEUK**

Date of approval of the Additional agreement by the Board of Directors of PJSC Lenenergo - 01.12.2015 (Minutes 24 of 04.12.2015).

**Contract for acquisition of additional shares of PJSC Lenenergo paid by the federal loan bonds between PJSC Rosseti and PJSC Lenenergo, in terms of additional conditions (except the terms of acquisition of PJSC Rosseti in the framework of implementation of the preemptive right for additional shares of PJSC Lenenergo).**

Date of approval of the Contract by the Board of Directors of PJSC Lenenergo - 23.12.2015 (Minutes 28 of 23.12.2015).

**Contract for acquisition of additional shares of PJSC Lenenergo between PJSC Rosseti and PJSC Lenenergo, in terms of additional conditions (except the terms of acquisition of PJSC Rosseti in the framework of implementation of the preemptive right for additional shares of PJSC Lenenergo).**

Date of approval of the Contract by the Board of Directors of PJSC Lenenergo - 23.12.2015 (Minutes 28 of 23.12.2015).

**Settlement agreement on the case No. A32-45648/2014 on the claim of PJSC Lenenergo to PJSC Kubanenergo approved by the resolution of the Fifteenth arbitration appeal court from 04.09.2015.**

Date of approval of the Settlement agreement by the Board of Directors of PJSC Lenenergo - 28.12.2015 (Minutes 30 of 31.12.2015).

**Contract for maintenance of equipment between PJSC Lenenergo and PJSC FGC UES.**

Date of approval of the Contract by the Board of Directors of PJSC Lenenergo - 30.12.2015 (Minutes 31 of 12.01.2016).

Parties to the Contract:

Contractor – PJSC FGC UES;

Customer – PJSC Lenenergo.

Subject of the Contract:

The Contractor undertakes to carry out maintenance services (hereinafter – services) of energy equipment (hereinafter – equipment) owned by the Customer by own forces and means, in accordance with the Specifications (Annex 1 to the Contract), and the Customer undertakes to accept services and to pay in accordance with the terms of the Contract.

The services are provided on-site of the Contractor at: Leningrad Region, Tikhvin district, Tikhvin, Tsentrolitovskaya St, substation 330 kV No.261 Tikhvin-Liteyny.

Services are provided in accordance with the Rules of technical operation of electric stations and networks of the Russian Federation approved by Order of RF Ministry of Energy No. 229 dated 19.06.2003, the Regulations on labor protection during operation of electrical installations approved by Order of the Ministry of Social Protection of the Russian Federation dated 24.07.2013 No. 328n, the Rules of organization of maintenance and repair of equipment, buildings and structures of electric power stations and networks SO 34.04.181-2003, the Standard for the prevention and liquidation of technological violations, the standard instructions for switching in electrical installations, for conducting operational negotiations and records, industry documents of PJSC FGC UES.

The cost of services and payment procedure under the Contract:

The total cost of services provided under the Contractor, specified by local estimates (Annex 2 to the Contract) is the maximum price and amount to 427,045 (Four hundred twenty-seven thousand forty-five) rubles 98 kopecks, including VAT - 18% - 65,142 (Sixty-five thousand one hundred forty-two) rubles 61 kopecks.

Contract period:

The Contract is valid from the moment of its signing by the Parties until the Parties fulfill their obligations.

The terms of the Contract apply to relations of the Parties arising from 01.01.2015.

**Contract for maintenance of equipment between PJSC Lenenergo and PJSC FGC UES.**

Date of approval of the Contract by the Board of Directors of PJSC Lenenergo - 30.12.2015 (Minutes 31 of 12.01.2016).

Parties to the Contract:

Contractor – PJSC FGC UES;

Customer – PJSC Lenenergo.

Subject of the Contract:

The Contractor undertakes to carry out maintenance services (hereinafter – services) of energy equipment (hereinafter – equipment) owned by the Customer by own forces and means, in accordance with the Specifications (Annex 1 to the Contract), and the Customer undertakes to accept services and to pay in accordance with the terms of the Contract.

The services are provided on-site of the Contractor at: Leningrad Region, Boksitigorsk district, Pikalevo city settlement, Pikalevo, Leningradskoye Rd, 180, substation 220 kV No. 112 Pikalevskaya.

Services are provided in accordance with the Rules of technical operation of electric stations and networks of the Russian Federation approved by Order of RF Ministry of Energy No. 229 dated 19.06.2003, the Regulations on labor protection during operation of electrical installations approved by Order of the



Ministry of Social Protection of the Russian Federation dated 24.07.2013 No. 328n, the Rules of organization of maintenance and repair of equipment, buildings and structures of electric power stations and networks SO 34.04.181-2003, the Standard for the prevention and liquidation of technological violations, the standard instructions for switching in electrical installations, for conducting operational negotiations and records, industry documents of PJSC FGC UES.

The cost of services and payment procedure under the Contract:

The total cost of services provided under the Contractor, specified by local estimates (Annex 2 to the Contract) is the maximum price and amount to 499,943 (Four hundred ninety-nine thousand nine hundred forty-three) rubles 57 kopecks, including VAT - 18% - 76,262 (Seventy-six thousand two hundred sixty-two) rubles 58 kopecks.

Contract period:

The Contract is valid from the moment of its signing by the Parties until the Parties fulfill their obligations.

The terms of the Contract apply to relations of the Parties arising from 01.01.2015.

**Framework agreement between PJSC Lenenergo and JSC Energy Service Company Lenenergo.**

Date of approval of the Framework agreement by the Board of Directors of PJSC Lenenergo - 30.12.2015 (Minutes 31 of 12.01.2016).

Parties to the Contract:

PJSC Lenenergo – Customer;

JSC Energy Service Company Lenenergo – Contractor.

Subject of the Contract:

1. The Parties express their intention after the date of signing of the Agreement for 1,096 days (three years), if the Contractor becomes the winner at the request for quotations organized by the Customer, to make a number of legally significant actions and transactions, aimed at the provision of legal services/legal aid for cases in courts of various jurisdictions of the Russian Federation.

2. The Customer undertakes within the period set forth in clause 2.1 of the Agreement, to invite the Contractor, alongside with other persons with whom by the results of a two-stage open competition a similar Framework agreement was signed to participate in the procurement held by the competitive method – the request for quotations.

For each order of rendering legal services/legal aid or for a few orders separate procedures of request for quotations are conducted and separate contracts are signed (hereinafter – the Contract).

The timing of this procedure is determined independently by the Customer.

The initial (maximum) price of the lot (Contract), legal services/legal aid period under the Contract is defined by the Customer for each order (s).

Specifications for the provision of legal services/legal aid under the Contract shall be developed by the Customer for each order.

2.1. The total amount of all legal services/legal aid provided for all Contracts under the Agreement, regardless of the choice of the winner, shall not exceed the maximum amount of 200,000,000 (Two hundred million) rubles 00 kopecks (including all statutory taxes and fees), for the period specified in clause 2.1. of the Agreement.

3. The Contractor shall within the period specified in clause 2.1 of the Agreement, to participate in the Customer requests for quotations (including – submit its offer in the manner and on the terms determined by the documentation on the request for quotations), if it will be invited to this request.

4. In case the Contractor fails to participate in the requests for quotations, the Customer has the right not to invite the Contractor to participate in future requests for quotations, and the Customer shall be exempted from its obligation specified in clause 2.2 of the Agreement.

5. The Customer has the right not to invite the Contractor to participate in the requests for quotations, if it is determined that the Contractor has ceased to comply with the requirements of the Contractor set forth in the Documentation on the two-stage open competition for the right to conclude Framework agreements, including gained a negative experience.

6. The Parties agree that, if by results of the requests for quotations, the offer of the Contractor will be recognized as the best among other offers, the Customer shall sign a Contract for the provision of legal services which are the subject of the relevant request for quotations.

7. The Parties agree that the Contract signed as a result of the request for quotations will be concluded in the form established by the Customer when holding the corresponding request for quotations.

Other terms:

The Agreement shall enter into force upon its signing and is valid until full execution by the Parties of

their obligations.

The conditions and terms of implementation (completion) of calculations for operations are carried out in accordance with concluded contracts, the form of calculations – non-cash. Payments to organizations are made in rubles.

Balances and transactions between the Company and its related parties at 31 December are presented below:

	2015	2014	2013
<b>Accounts receivable and advances made</b>	<b>171,060</b>	<b>111,186</b>	<b>5,399</b>
- main economic company	–	821	33
- affiliated economic companies	96,276	26,574	22,797
- other related parties	74,783	83,791	33,569
<b>Accounts payable</b>	<b>11,949,005</b>	<b>5,463,986</b>	<b>4,198,491</b>
- main economic company	5,755	4,813	4,813
- affiliated economic companies	5,405,054	227,025	134,182
- other related parties	6,538,197	5,232,147	4,059,496
<b>Advances received</b>	<b>59,021</b>	<b>39,385</b>	<b>47,856</b>
- main economic company	–	–	–
- affiliated economic companies	57,822	38,186	47,392
- other related parties	1,199	1,199	464

The types and amount of transactions with related parties:

	2015	2014
<b>Sale of goods, works and services</b>	<b>3,375</b>	<b>46,915</b>
- main economic company	2,149	2,149
- affiliated economic companies	1,213	10,537
- other related parties	13	34,229
<b>Purchase of goods, works and services</b>	<b>11,903,150</b>	<b>8,088,205</b>
- main economic company	101,459	91,356
- affiliated economic companies	5,255,872	1,404,885
- other related parties	6,545,818	6,591,964
<b>Rental assets from related parties</b>	<b>611</b>	<b>1,208</b>
- main economic company	–	–
- affiliated economic companies	–	–
- other related parties	611	1,208
<b>Leasing of assets to related parties</b>	<b>133,081</b>	<b>141,201</b>
- main economic company	–	–
- affiliated economic companies	133,081	140,578
- other related parties	–	623
<b>Financial operations - Proceeds of issue</b>	<b>32,000,000</b>	<b>173,832</b>
- main economic company	32,000,000	173,832
- affiliated economic companies	–	–
- other related parties	–	–
<b>Financial operations - Acquisition of a share in the Company</b>	<b>33,280,256</b>	<b>3,500</b>
- main economic company	33,280,256	–
- affiliated economic companies	–	–
- other related parties	–	3,500

In 2015, the remuneration according to the Company's Charter amounted to RUB 3,527 thousand:

- to members of the Board of Directors – RUB 2,066 thousand;
- to the Audit Commission – RUB 1,461 thousand.

Payments to key management staff amounted to RUB 75,987 thousand.

## 22. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

### *Existing and potential claims against the Company*

As of December 31, 2015, the Company is involved in legal proceedings arising during its financial and economic activity. Legal proceedings with a high risk of loss are disclosed in item 14 'Estimated liabilities'. The Company has reflected all contingent liabilities with a high risk of losing in the provision.

### ***Taxation***

Russian tax, currency and customs legislation is subject to varying interpretations and frequent changes. The management's interpretation of such legislation applied to the Company, the transactions and activity may be challenged by the relevant regional and federal authorities. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive position in their interpretation of the legislation and assessments. Thus, tax authorities may challenge transactions and the accounting methods which they were used to not been challenged. Thus, they may be charged significant additional taxes, penalties and interest. Determination of amounts of claims for possible, but not the presented claims, as well as assessment of the likelihood of unfavorable outcome are not possible. Tax inspections may cover three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

Management believes that, as of December 31, 2015, the relevant legislation is interpreted by them correctly, and the probability of maintaining a condition in which the Company's tax, currency and customs legislation is high.

From January 1, 2012 legislation in relation to transfer pricing, according to which, transfer pricing rules are changed, the list of persons who can be recognized as interdependent and lists of monitored transactions have been expanded. As law enforcement practice under the new rules has not yet developed, and some provisions of the new law contain contradictions, they cannot be called 'well-defined'. To eliminate significant impact risks related to transfer pricing, accounting (financial) statements of the Company have developed a methodology of pricing for all types of controlled transactions, as well as standards of reporting documentation.

### ***Disagreements contested extrajudicial***

As of December 31, 2015, the Company has disagreements that are contested in the court with the companies:

– JSC St. Petersburg Electrical Networks in the amount of RUB 1,121,222 thousand w/o VAT.

The risk of a favorable outcome in the settlement of these disputes is estimated by the Company as average.

### ***Provided collateral***

As of December 31, 2015, collateral provided by the Company to third parties for its own liabilities and received collateral are reflected in Application 5.8.

## **23. EVENTS AFTER 31 DECEMBER 2015**

Decisions on the payment of interim dividends for 2015 were not accepted by the Company. The decision on the distribution of profit by the end of 2015, including the payment of dividends for 2015 will be taken at the Annual General Meeting of Shareholders of the Company.

Other significant events after the date of account reporting for 2015 has been signed, which could have a significant impact on the reporting of PJSC Lenenergo were not revealed, except for those disclosed in the items of this explanation note of the areas of accounting.

## **24. STATE SUPPORT**

Use by the Company of budgetary funds is represented in Table 5.9 'State support' of Explanations to the Balance Sheet of the Company.

During 2015, the Company received a subsidy in the amount of RUB 654 thousand (in 2014: RUB 59,802 thousand) to:

– execute the contract to perform mobilization training;

- fund the preventive measures on the reducing of industrial injuries and occupational diseases.

As of 31 December 2015, the Company received budget funds that have been fully spent.

## 25. SEGMENTS

The Company carries out its regulated activity in the territory of St. Petersburg and the Leningrad Region. Tariffs for services on its core activities – electricity transmission services and services on technological connection to the grid are established separately by the regional regulators. In order to provide the necessary data to regional regulatory authorities for calculating tariffs, the Company maintains analytical records of its business transactions in the context of the above two geographic entities.

The Company provides separate account on subjects of the Russian Federation in the framework of management accounting to implement the Decree of the Government of the Russian Federation of 29.12.2011 No. 1178 for the purposes of state regulation of prices (tariffs),

The separate accounting within management accounting is provided on the following items: income, expenses, profit tax, net profit, debt funds using the transcripts of the data of primary accounting, technical information, statistical data and the business plan of PJSC Lenenergo.

Table 5.13 of Explanations to the Balance Sheet of the Company provides information with the distribution of the results of the Company for 2015 in St. Petersburg and the Leningrad Region.

The table represents information on income and profit for the operating segments of the Company, calculated on operational data (in thousand rubles):

For 2015	St. Petersburg	Leningrad Region	Total on the reporting segments
Revenue from sales of buyers (customers) of the Company	26,254,765	17,471,896	43,726,661
Material costs	16,054,571	11,098,519	27,153,090
Wages and deductions for social needs	2,132,507	2,306,129	4,438,636
Depreciation on fixed assets and intangible assets	6,038,573	3,913,373	9,951,946
Other income	19,014,246	17,731,162	36,745,408
Other expenses	22,925,183	19,758,821	63,616,701
Interest receivable	512,425	492,332	1,004,758
Dividends receivable	387	372	759
Interest payable	2,182,262	1,596,183	3,778,445
Financial result (profit or loss) of the segment	(3,551,272)	(2,977,262)	(6,528,534)
Profit tax	(332,925)	(279,113)	(612,038)
Net profit/(loss) of the segment	(3,218,347)	(2,698,149)	(5,916,496)

Since in each geographic operating segment the Company carries out economic homogenous activities and provides services similar in nature and operates in the same legal environment in the territory of one state – the above geographical segments are defined as a single segment for purposes of these financial (accounting) report. The Company believes that the combination of segments provides interested users of the accounting (financial) statements the most relevant information about the specifics of the industry, the economic structure and financial performance of the Company.

Acting Director General

R.N. Berdnikov

Chief Accountant

G.V. Kuznetsova

10 March 2016