

**Information on non-core assets of PJSC Kubanenergo  
Participation of PJSC Kubanenergo in business entities**

**Register of non-core assets of the Company**

The Register of non-core assets of the Company (the Register) was compiled by the decision of the Board of Directors of the Company, Minutes No. 4 of 8/13/2003.

The Register was approved as amended by the decision of the Board of Directors of the Company (Minutes No. 98/2010 of 11/1/2010).

As of 12/31/2015, 36 facilities were included on the Register, inter alia:

- 26 housing and public utility facilities;
- 2 sociocultural and health facilities;
- 3 administrative, sanitary and other facilities for personnel care and core business support;
- 5 shareholdings in business entities.

The Register provides for:

- retention of interest in 17 facilities;
- delayed sale of 3 facilities;
- primary sale of 16 facilities.

The sale of the facilities included on the Register complies with the Regulations on Disposal of Housing and Public Utility Facilities of the Company approved by the decision of the Board of Directors of OJSC Kubanenergo (Minutes No. 83/2009 of 12/29/2009) and the Regulations on Organization of Sale of Non-core Assets of the Company approved by the decision of the Board of Directors of OJSC Kubanenergo (Minutes No. 62/2008 of 11/24/2008).

*Sale of non-core assets of PJSC Kubanenergo in 2015:*

Asset description	Inventory number (if applicable)	Line of the balance sheet where the asset was accounted as of the reporting date preceding to the sale of the asset	Bookkeeping accounts (including analytical records) where gains and expenses on disposal of assets are accounted (91.1xxx/91.2xxx)	Book value (RUB ths)	Actual sales value (RUB ths)	Deviation of actual sales value from book value (RUB ths)	Cause of deviation of actual sales value from book value
½ of the residential house located at: 3 Ulitsa Molodyozhnaya, Krasnoarmeyskiy Raion, Krasnodarskiy Kray, Poltavskiy	010001415	1152	91.01/01	554.22	232.00	322.22	Sale to the Company's employee taking into account benefits under the Regulations on Disposal of Housing and Public Utility Facilities of the Company

**Participation of PJSC Kubanenergo in business entities**

As of 12/31/2015, PJSC Kubanenergo owned 6 shareholdings in joint-stock companies including 3 subsidiaries:

Item No.	Subsidiary name	Subsidiary region	Subsidiary activities	Company's interest in the charter capital of the joint-stock company (%)
<b>1. Subsidiaries of PJSC Kubanenergo</b>				
1	Open Joint-Stock Company Recreation Center Energetik (OJSC Recreation Center Energetik), 4 Ulitsa Pionyerskaya, Krasnodarskiy Kray Divnomorskoye, 353490	Krasnodar Region	Arrangement of recreation and health improvement for children and adults, primarily PJSC Kubanenergo's employees and their family members; arrangement and holding of seminars and conferences	100%
2	Open Joint-Stock Company Recreation Center Plamya (OJSC Recreation Center Plamya),	Krasnodar Region	Arrangement of recreation and health improvement for children and adults, primarily children of PJSC Kubanenergo's employees; holding of training	100%

	Tuapsinskiy Raion, Krasnodarskiy Kray, Novomihaylovskiy-2, 352856		and exercise camp sessions and competitions of sports teams; arrangement and holding of seminars and conferences	
3	Open Joint-Stock Company Energoservice Kubani (OJSC Energoservice Kubani) 47 Ulitsa Novorossiyskaya, Karasunskiy Okrug, Krasnodar, 350080	Krasnodar Region	Performance of design, construction and assembly works for electricity meters, hot and cold running water meters; design, installation and adjustment of electricity, gas meters, and process equipment	100%
<b>2. Other business entities with shares owned by the Company:</b>				
4	Closed Joint-Stock Company REGIONAL ENGINEERING AND TECHNOLOGICAL ENERGY COMPANY-SOYUZ (CJSC RITEK-SOYUZ)  Legal address 2, Ulitsa Stavropolskaya, Central Administrative Okrug, Krasnodar, 350033  Mailing address: 50, Ulitsa Demusa, Krasnodar, 350080	Krasnodar Region	Organization, performance and support of scientific research and development, engineering, construction, assembly and commissioning works; monitoring and control	1.00%
5	Closed Joint-Stock Company Aquatron (CJSC Aquatron)  33B, Ulitsa Dubinskaya, Moscow, 113054	Moscow	Organization, development and use of industrial technologies for individual fish farms; scientific research and development and other works in the field of fish farming	3.333%
6	Closed Joint-Stock Company North Caucasian Research and Development Joint-Stock Corporation Turbogas (CJSC Turbogas)  Legal address Krasnodar Region, Gelendzhik, 353470  Mailing address: 66 Ulitsa Ordzhonikidze Krasnodar, 350000	Krasnodar Region	Power saving technologies development; production, use, maintenance and repair of power systems; electric power production and sales	4.0%

The shareholdings in the aforesaid joint-stock companies, except for OJSC Energoservice Kubani, are included on the Register of non-core assets and are subject to sale.

The number of voting shares in CJSC Turbogas, CJSC Aquatron, CJSC RITEK-SOYUZ does not enable the Company to take autonomous decisions with respect to the operation of these business entities, nor to appoint members of their management and control bodies.

PJSC Kubanenergo cooperates with its subsidiaries (the Subsidiaries) in compliance with the laws of the Russian Federation, constituent and in-house documents of the Company and the Subsidiaries, including the Regulation on Interaction between the Company and Business Entities Shares of Which are Owned by the Company approved by the decision of the Board of Directors of the Company (Minutes No. 69/2009 of 3/27/2009).

*The major objectives of the Company's cooperation with the Subsidiaries are:*

- ensuring stable financial enhancement and profitability of the Subsidiary;
- ensuring protection of the Company and the Subsidiary shareholders' rights and interests;
- boosting the investment attractiveness of the Company and the Subsidiary through providing the investment community with comprehensive, prompt, accurate information with respect to the business of the Subsidiaries, and the harmony and predictability of the entire corporate policy;
- development and implementation of coordinated and efficient investment policy of the Subsidiaries.

*The Company manages and controls the Subsidiaries' business by the following corporate governance tools:*

- in accordance with the Charter of PJSC Kubanenergo, the Management Board of the Company acts as the general meetings of shareholders of the wholly owned Subsidiaries;
- general management of the Subsidiaries is carried out by their boards of directors, members of which are representatives of PJSC Kubanenergo;
- the attitude of PJSC Kubanenergo regarding key items on the agenda of general meetings of shareholders and meetings of Boards of Directors of the Subsidiaries is defined by the Board of Directors of the Company;
- financial and business activities of the Subsidiaries are controlled on a regular basis by their auditing commissions consisting of PJSC Kubanenergo's representatives.

Operating management of each Subsidiary is carried out by its sole executive body, i.e. its general director. The Subsidiaries' charters do not provide for collegiate executive bodies (management boards).

Within the scope of the preparation of the Subsidiaries' business plans and for the purpose of monitoring and control of their day-to-day operations by the Company, planned values of the net profit and the current ratio for the Subsidiaries are approved.

By the decision of the Commercial Court of the Krasnodar Region of 9/2/2015, OJSC Recreation Center Plamya was declared insolvent (bankrupt), and the liquidation proceedings was initiated against this company. In accordance with Federal Law No. 127-FZ of 10/26/2002 "On Insolvency (Bankruptcy)", the authorities of the management bodies of OJSC Recreation Center Plamya were terminated from the date of the commercial court's decision declaring the debtor bankrupt and initiating the liquidation proceedings.

## **Financial and Economic Performance of the Subsidiaries**

### *Performance of OJSC Recreation Center Energetik*

<b>Item No.</b>	<b>Subsidiary Name</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
1	Proceeds (RUB ths)	63,765	63,921	54,302
2	Gross profit (RUB ths)	-967	1,263	-80
3	Net profit (unallocated profit / uncovered loss), RUB ths	-4,205	223	-3,174
4	Return on equity, %	-12.1	0.6	-8.2
5	Return on assets, %	-10.4	0.5	-7.4
6	Net margin, %	-6.6	0.3	-5.8
7	Sales margin (return on sales), %	-1.5	2.0	-0.1
8	Capital turnover ratio	1.8	1.6	1.4
9	Uncovered loss as of the reporting date, RUB ths	5,548	1,287	1,511
10	Uncovered loss as of the reporting date to the total balance ratio, %	13.8	3.01	3.5

### *Performance of OJSC Energoservice Kubani*

<b>Item No.</b>	<b>Subsidiary Name</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
1	Proceeds (RUB ths)	9,364	7,462	4,150
2	Gross profit (RUB ths)	-47	-757	-655
3	Net profit (unallocated profit / uncovered loss), RUB ths	-3,870	-4,723	-4,359
4	Return on equity, %	79.0	459.4	-117.9
5	Return on assets, %	-50.9	-46.7	-96.7
6	Net margin, %	-41.3	-63.3	-105.0
7	Sales margin (return on sales), %	-51.0	-78.5	-126.4
8	Capital turnover ratio	-1.9	-7.3	1.1
9	Uncovered loss as of the reporting date, RUB ths	5,003	1,133	–
10	Uncovered loss as of the reporting date to the total balance ratio, %	65.8	11.2	–

*Performance of OJSC Recreation Center Plamya*

<b>Item No.</b>	<b>Subsidiary name</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
1	Proceeds (RUB ths)	339	1,226	1,265
2	Gross profit (RUB ths)	-1,690	-881	-960
3	Net profit (unallocated profit / uncovered loss), RUB ths	-2,107	-1,302	-1,025
4	Return on equity, %	-35.5	-16.2	-11.0
5	Return on assets, %	-11.4	-6.9	-5.4
6	Net margin, %	-621.53	-106.20	-81.03
7	Sales margin (return on sales), %	-498.5	-71.9	-75.9
8	Capital turnover ratio	0.06	0.15	0.14
9	Uncovered loss as of the reporting date, RUB ths	–	–	–
10	Uncovered loss as of the reporting date to the total balance ratio, %	–	–	–

*For details with respect to the subsidiaries and affiliates of PJSC Kubanenergo see the Company's website: ["About the Company / Subsidiary companies"](#).*