

2. Approval of the Company's annual accounting (financial) statements.

The annual financial statements of PJSC "Inter RAO" for 2015 drawn up in accordance with Federal Law No. 402-FZ "On Accounting" dated December 6, 2011, and the audit opinion confirming the accuracy of the organization's financial statement are provided in the appendix.

The accounting reports of PJSC "Inter RAO" for the 12 months of 2015 drawn in accordance with the Russian Accounting Standards contain the following indicators:

Financial results report (Profit and loss statement)			
Indicator*, RUB bn	2015	2014	Change, %
Revenue	46.02	32.6	40.8
COGS	33.4	25.3	31.7
Gross profit	12.6	7.3	72.2
Loss from sales	2.9	-0.5	-
Net profit/loss	3.7	0.4	757.1
Balance Sheet			
	As of December 31, 2015	As of December 31, 2015	Change, %
Joint assets	354.7	353.4	0.4
Total capital	334.4	330.8	1.1
Credits and loans	1.0	9.2	- 89.6
Net debt **	-20.8	-20.1	3.7

* RUB bn, unless specified otherwise. Mean deviation (in %) is calculated based the accounting report data (in RUB thou.).

** — Short-term credits and loans plus Long-term credits and loans minus Cash and cash equivalents minus Short-term financial investments (in the amount of cash placed at depository accounts).

Financial results report (Profit and loss statement)

The profits of PJSC "Inter RAO" for 2015 amounted to RUB 46.0 bn which is RUB 13.3 bn (40.8 %) more than for 2014.

The total revenue of electrical power export was RUB 32.6 bn, which is RUB 12.2 bn or 60.0 % more compared to 2014. The increase of proceeds from export is primarily due to the increase of the sales price in ruble equivalent resulting from a considerable rise in the currency exchange rates in 2015 as compared to the previous year, as well as by a rise in export volumes due to favorable market conjuncture and the electrical power deficit in the unified power system of Ukraine. The main increase of electrical power export volumes in physical indicators was observed in direction to Ukraine (by 13.8 times), Belarus (by 97.5 %) and Finland (by 13.0 %). The proceeds from sales of electrical power and capacity at the wholesale electricity and capacity market amounted in 2015 to RUB 8.8 bn, which is RUB 0.8 bn or 8.5 % less than in 2014. The drop in the proceeds at wholesale electricity and capacity market was due to the decrease of electrical power import volumes.

The proceeds from other sales in 2015 amounted to RUB 4.5 bn. The increase in proceeds by RUB 1.9 bn (73.3 %) was due to the agreed schedule of power equipment supply for export, as well as in connection with the growth of the US dollar to ruble rate.

The COGS for 2015 amounted to RUB 33.4 bn, which is RUB 8.0 bn or 31.7 % more than for the previous year. The main factors that influenced COGS was the impact of the following indicators: increase in the cost of

electrical power and capacity purchased at the wholesale electricity and capacity market by RUB 8.3 bn or by 41.7 % due to the rise in the export volumes and the increase in transit flows between the pricing zones of the wholesale electricity and capacity market; decrease of electrical power import cost by RUB 1.7 bn or 52.5 % due to the drop in the supply volumes under commercial agreements and an increase in COGS of other sales by RUB 1.5 bn or 65.4 %.

Gross profit for 2015 was RUB 12.6 bn compared to RUB 7.3 bn in 2014.

Commercial costs for 2015 were RUB 4.1 bn, which is RUB 1.0 bn or 31.3 % higher than in 2014. The main reason of the rise in commercial costs is the increase in costs of infrastructure related services and the changes in the electrical power export volumes.

Managerial costs in 2015 were RUB 5.6 bn, which is RUB 0.9 bn or 19.3 % higher than in 2014. The main reasons of increase of managerial costs are: the increase in ruble equivalent of expenses under agreements for which the obligations are currency-denominated due to the rise of US dollar to ruble and euro to ruble exchange rates, as well as the increase in costs of private pension plans.

The profit from sales for 2015 amounted to RUB 2.9 bn compared to a RUB 0.5 bn loss from sales for the previous year.

Profit from participation in other organizations increased by RUB 0.1 bn or 4.0 % compared to the previous year and amounted to RUB 1.7 bn; this rise in due to a greater amount of dividends received from subsidiary companies.

Interest receivable amounted to RUB 5.8 bn. The increase of interest yield by RUB 1.3 bn or 30.0 % compared to 2014 was achieved through raising of interest rates for the existent deposits, through the rise of the ruble value of the interest for currency denominated deposits due to considerable increase in the stock exchange rates, as well as the increase of the portfolio of loans granted to the Group's subsidiaries.

The balance of other income/expenses for 2015 slightly changed and was minus RUB 3.8 bn compared to minus RUB 3.6 bn in 2014. The financial result was primarily influenced by such factors as the currency exchange rates differences, re-evaluation of the listed and non-listed financial assets and acknowledgment of financial liabilities at the end of the reporting year. The influence of creating an estimated liability* was levelled by receiving income on foreign currency transactions and exchange rates differences, as well as by the positive re-evaluation of the listed financial investments.

As the result, following the results of 2015, net profit amounted to RUB 3.7 bn, compared to RUB 0.4 bn of net profit in 2014.

Balance sheet

The joint assets of PJSC "Inter RAO" as of December 31, 2015, increased by RUB 1.3 bn or 0.4 % during the year and achieved RUB 354.7 bn.

Non-current assets increased by RUB 17.9 bn or 6.1 % compared to the beginning of the year and amounted to RUB 313.7 bn. The main reason explaining the rise in non-current assets was the multidirectional impact of the following factors: increase of financial investment by RUB 25.1 bn or 8.9 % to RUB 306.5 bn through additional contribution to the authorized capitals of the subsidiaries, as well as re-evaluations of the listed financial assets at their market price and the decrease of the amount of long-term accounts receivable on RUB 6.8 bn or 63.9 % to RUB 3.8 bn due to its reclassification as short-term accounts receivable.

Current assets for 2015 dropped by RUB 16.6 bn or 28.8 % and attained as of December 31, 2015, RUB 41.0 bn. The decrease can be primarily explained by: decrease of the amount of short-term financial investment by RUB 6.5 bn or 62.1 % to RUB 4.0 bn resulting from the repayment of short-term loans, as well as decrease of placement of cash in deposit accounts for a period exceeding three (3) months; drop in the amount of cash and cash equivalent by RUB 2.8 bn or 12.0 % to RUB 20.4 bn, and in the amount of short-term accounts receivable by RUB 7.1 bn or 30.4 % to RUB 16.3 bn following the repayment of current accounts receivable and to taking into account the advances issued as payment under equipment supply agreements.

Debt load for 2015 decreased by RUB 8.2 bn or 89.6 % compared to the beginning of the year and reached RUB 1.0 bn. The key reason for the decrease of debt load was the repayment of a currency loan in Q4 of 2015. Besides, in Q4 of 2015, a long-term credit was granted by Sberbank in accordance with the Program of support of investment projects implemented in the territory of the Russian Federation through project financing, adopted by the Resolution of the Government of the Russian Federation No. 1044 dated October 11, 2014. The debt portfolio is composed of long-term loan resources. The net debt of PJSC "Inter RAO" as of December 31, 2015, was minus RUB 20.8 bn.

The total debt compared to the beginning of the year decreased by RUB 2.3 bn or 10.2 % and as of December 31, 2015, it amounted to RUB 20.3 bn. The main factors that influenced this figure are the repayment of loans, the inclusion of estimated liabilities as of the end of the reporting period, the decrease of debt before the suppliers for the services rendered, the drop in the amount of previously received advances due to the supply of power equipment to Venezuela in accordance with the agreed schedule under the terms of the agreement, as well as a drop in the amount of advances related to power export.

**As of December 31, 2015, the Inter RAO Group recognized estimated liabilities in the amount equal to the execution of all the requirements of SC Vnesheconombank under option agreement for the amount of RUB 31.4 bn. The option agreement was concluded in the framework of purchase by SK Vnesheconombank of the shares of PJSC "Inter RAO" for the total value of RUB 21.3 bn as the result of a private placement of shares aimed at assuring financing for the construction of the Urengoyskaya GRES of the affiliate OGK-1 JSC (at present, affiliate JSC "Inter RAO — Electric Power Plants").*

The debt of PJSC "Inter RAO" in the amount of RUB 10.1 bn was formed in accordance with joint guarantee issued under the intergroup loan agreement with the aim of executing the said option agreement, and is explained by the borrower's absence of sources for performance of the debt obligation as of December 31, 2015. The debt of PJSC "Inter RAO" is evaluated as the difference between the volume of performed demands under the option agreement and the cost of the additional package of shares purchased by PJSC "Inter RAO" from the additional share issue of OGK-1 JSC.

Information concerning the results of independent audit

In the opinion of the independent auditor Ernst and Young LLC, the accounting (financial) statement authentically reflects in all material aspects the financial position of PJSC "Inter RAO" as of December 31, 2015, the results of the financial and economic activities and cash flows for 2015 in accordance with rules of preparation of accounting (financial) statements established in the Russian Federation.

Information on the opinion of the Revision Commission

Based on the completed revision inspection and accounting for the opinion of the external auditor of the Company, the Revision Commission has obtained sufficient proof as to confirm authenticity in all material respects of the annual accounting (financial) reporting of the Company for 2015.

It is proposed that the annual shareholders general meeting approve the following resolution:

→ **On Item 2:**

Approve the annual accounting (financial) statements of PJSC "Inter RAO" for the 2015 year.