



S.P. Korolev Rocket and Space Corporation Energia

FINANCIAL STATEMENTS

**OF S.P. KOROLEV ROCKET AND SPACE
PUBLIC CORPORATION ENERGIA
FOR 2018 AND 2017**

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In accordance with paragraph 9 of the Decree of the Russian Federation Government No. 1214 "On improvement of management of public companies with shares, related to the federal property, and federal state unitary enterprises", dated 31.12.2010, financial statements shall be presented for a 2-year (current and previous) term and shall become an appendix to the Annual Report of RSC Energia for 2018.

FINANCIAL STATEMENTS

**OF S.P. KOROLEV ROCKET AND SPACE
PUBLIC CORPORATION ENERGIA
FOR 2018**

BALANCE SHEET
as of December 31, 2018

Organization **S.P. Korolev Rocket and Space
Public Corporation Energia**

Taxpayer ID Number

Type of activity **Research and development
in the field of natural sciences and technology**

Legal organizational form / Form of ownership
Public Company / Private ownership

Unit of measurement: RUB thousand

Location (address)

Codes		
Form as per OKUD	0710001	
Date (day, month, year)	31	12 2018
as per OKPO	07530238	
INN	5018033937	
as per OKVED	72.19	
as per OKOPF/OKFS	12247	16
as per OKEI	384	

4A Lenin St., Korolev, Moscow Region, 643, 141070

Notes	Item	Line Code	as of December 31, 2018	as of December 31, 2017	as of December 31, 2016
	ASSETS				
	I. NON-CURRENT ASSETS				
3.2	Intangible assets	1110	163 595	180 844	15 386
	including: intangible assets	1111	163 015	180 266	14 701
	Investments in intangible assets	1112	580	578	685
3.3	Research and development results	1120	545 308	894 891	1 433 098
	including: research and development results	1121	356 307	714 150	1 033 129
	Incompleted research and development results	1122	189 001	180 741	399 969
	Intangible development assets	1130	-	-	-
	Tangible development assets	1140	-	-	-
3.4	Fixed assets	1150	13 444 059	12 732 262	12 899 009
3.4	including: buildings, machinery, equipment and other fixed assets	1151	13 189 260	12 537 805	12 643 037
3.5	uncompleted capital investments in fixed assets	1152	254 799	194 457	255 972
3.4	Income-bearing investments in tangible assets	1160	266 920	272 072	286 617
3.6	Financial investments	1170	360 366	517 655	565 286
	Deferred tax assets	1180	718 520	1 091 568	1 132 981
3.5	Other non-current assets	1190	1 980 267	1 781 079	1 188 330
	TOTAL of Section I	1100	17 479 035	17 473 371	17 520 707
	II. CURRENT ASSETS				
3.7	Inventory	1210	25 878 173	24 780 092	20 045 547
3.7, 3.8	including: raw materials, materials and other similar objects of value	1211	1 281 639	1 214 781	886 754
3.7, 3.9	expenses in in-process inventory	1212	24 523 171	23 486 141	18 384 284
3.7, 3.8	final products and goods for resale	1213	17 109	12 926	9 757
3.7, 3.10	goods delivered	1214	3 004	3 994	704 277
	other inventory and expenses	1219	53 250	62 250	60 475
	Value added tax on acquired assets	1220	101 535	218 768	326 767
3.12	Accounts receivable	1230	53 774 495	47 225 158	37 247 267
	including: long-term debt receivable	1231	11 159 847	16 330 839	10 208 715

Notes	Item	Line Code	as of December 31, 2018	as of December 31, 2017	as of December 31, 2016
	settlements with buyers and customers	12311	-	90 227	355 440
	advance paid out	12312	10 896 602	15 981 002	9 522 696
	other accounts receivable	12313	263 245	259 610	330 579
	short-term debt receivable	1232	42 614 648	30 894 319	27 038 552
	settlements with buyers and customers	12321	1 355 238	1 848 205	1 122 636
	advance paid out	12322	37 444 113	27 127 758	24 643 243
	other accounts receivable	12323	3 815 297	1 918 356	1 272 673
3.6	Financial investments (excluding cash equivalents)	1240	15 000	2 545 617	2 396 757
3.11	Cash and cash equivalents	1250	15 906 999	22 536 824	25 064 724
	Other current assets	1260	70 056	215 647	203 708
	TOTAL of Section II	1200	95 746 258	97 522 106	85 284 770
	BALANCE	1600	113 225 293	114 995 477	102 805 477

Note s	Item	Line Code	as of December 31, 2018	as of December 31, 2017	as of December 31, 2016
	LIABILITIES				
	III. CAPITAL AND RESERVES				
3.13	Authorized capital (joint-stock capital, authorized fund, partners' contributions)	1310	1 123 734	1 123 734	1 123 734
	Shares repurchased	1320	-	-	-
3.13	Founder receivables for share capital payment (legal capital)	1330	428 513	-	-
3.13	Non-current assets revaluation	1340	7 684 193	6 616 790	6 685 069
	Additional capital (without revaluation)	1350	-	-	-
3.13	Reserve capital	1360	168 560	-	168 560
	including: backlogs formed according to basic documents	1362	168 560	-	168 560
	Retained earnings (uncovered loss)	1370	(6 266 719)	(3 928 369)	(5 339 023)
	including: retained earnings/uncovered loss/ current year	1362	(2 179 125)	1 232 438	(8 187 761)
	retained earnings/uncovered loss/ last years	1362	(4 087 594)	(5 160 807)	2 848 738
	TOTAL of Section III	1300	3 138 281	3 812 155	2 638 340
	IV. LONG-TERM LIABILITIES				
3.14	Borrowings	1410	5 090 873	8 322 067	7 211 214
	Deferred tax liabilities	1420	381 150	403 257	468 430
3.27	Estimated liabilities	1430	-	-	2 196 434
	Other long-term liabilities	1450	31 014 338	43 703 513	41 050 141
3.15	including: accounts payable	1451	31 014 338	43 664 762	40 072 875
	TOTAL of Section IV	1400	36 486 361	52 428 837	50 926 219
	V. SHORT-TERM LIABILITIES				
3.14	Borrowings	1510	9 692 509	2 848 892	1 406 434
3.15	Accounts payable	1520	58 207 598	48 951 262	44 323 878
	including: suppliers and subcontractors	1521	3 687 951	5 634 629	2 455 594
	advances received	1522	53 175 492	42 119 139	41 073 854
	payables to organization employees	1523	337 910	287 509	239 979
3.16	backlogs of insurance payments	1524	199 410	213 208	181 432
3.16	tax and due liabilities	1525	769 829	506 800	123 257
	Other creditors	1526	37 006	189 977	249 762
3.18	Deferred revenue	1530	126 229	194 122	257 175
3.27	Estimated liabilities	1540	3 887 179	5 465 887	3 251 175
	Other short-term liabilities	1550	1 687 136	1 294 322	2 256
	TOTAL of Section V	1500	73 600 651	58 754 485	49 240 918
	BALANCE	1700	113 225 293	114 995 477	102 805 477

Chief Executive Officer: _____
(signature)

Nikolai Nikolayevich Sevastiyanov
(full name)

Chief Accountant: _____
(signature)

Yelena Mikhailovna Korogodina
(full name)

February 28, 2019

S.P. Korolev Rocket and Space
 Organization **Public Corporation Energia**
 Taxpayer ID Number
 Type of **Research and development**
 activity **in the field of natural sciences and technology**
 Legal organizational form / Form of ownership
Public Company / **Private ownership**
 Unit of measurement: RUB thousand

Form as per OKUD
 Date (day, month, year)
 as per OKPO
 INN
 as per
 OKVED
 as per
 r OKOPF/OKFS
 as per OKEI

Codes		
0710002		
31	12	2018
07530238		
5018033937		
72.19		
12247	16	
384		

Notes	Item	Line Code	for January - December 2018	for January - December 2017
3.19	Revenues	2110	30 534 578	42 373 811
	research and development activities in the area of natural and technical sciences	21101	28 139 922	40 042 548
	services in the area of construction, social sphere, distributive services and catering	21102	968 953	931 609
	services relating to assignment of Corporate assets for value for temporary use (temporary possession and use)	21103	202 924	232 675
	Other services	21104	1 222 779	1 166 979
3.20	Cost of sales	2120	(27 985 474)	(38 722 782)
	research and development activities in the area of natural and technical sciences	21201	(25 949 087)	(36 630 931)
	services in the area of construction, social sphere, distributive services and catering	21202	(745 671)	(697 973)
	services relating to assignment of Corporate assets for value for temporary use (temporary possession and use)	21203	(83 847)	(97 749)
	Other services	21204	(1 206 869)	(1 296 129)
	Gross profit (loss)	2100	2 549 104	3 651 029
3.20; 3.21	Selling expenses	2210	(158 869)	(162 157)
	Administrative expenses (G&A)	2220	-	-
	Sales profit (loss)	2200	2 390 235	3 488 872
	Income from participation in other entities	2310	26	75 035
	Interest receivable	2320	688 256	876 541
	Interest payable	2330	(1 347 276)	(1 062 345)
3.22	Other income	2340	12 355 334	1 576 228
3.22	Other expenses	2350	(15 009 291)	(2 748 119)
	Profit (loss) before tax	2300	(922 716)	2 206 212
3.16	Current income tax	2410	(708 074)	(949 538)
3.17	including constant tax liabilities (assets)	2421	(1 243 558)	(484 535)
3.17	Change in deferred tax liabilities	2430	22 107	65 173
3.17	Change in deferred tax assets	2450	(373 048)	(41 413)
	Other	2460	(197 394)	(47 996)
	Net profit (loss):	2400	(2 179 125)	1 232 438

Notes	Item	Line Code	for January - December 2018	for January - December 2017
	FOR REFERENCE			
	Result from the non-current assets revaluation, not included in the net profit (loss) for the period	2510	9 335	9 654
	Result from other operations, not included in the net profit (loss) for the period	2520	-	-
	Consolidated financial result for the period	2500	(2 169 790)	1 242 092
	Basic earnings (loss) per share	2900	-	-
	Diluted earnings (loss) per share	2910	-	-

Chief Executive Officer: _____
(signature)

Nikolai Nikolayevich Sevastiyanov
(full name)

Chief Accountant: _____
(signature)

Yelena Mikhailovna Korogodina
(full name)

February 28, 2019

STATEMENT OF CHANGES IN EQUITY
for January - December 2018

Organization **S.P. Korolev Rocket and Space Public Corporation Energia**

Taxpayer ID Number

Type of activity **Research and development in the field of natural sciences and technology**

Legal organizational form / Form of ownership

Public Company / **Private ownership**

Unit of measurement: RUB thousand

Codes		
0710003		
31	12	2018
07530238		
5018033937		
72.19		
12247	16	
384		

1. Changes in Equity

Item	Line Code	Authorized capital	Shares repurchased	Founder receivables for share capital payment	Additional capital	Reserve capital	Retained earnings (uncovered loss)	Total
Capital value as of December 31, 2016	3100	1 123 734	-	-	6 685 069	168 560	(5 339 023)	2 638 340
For 2017								
Capital increase - total:	3210	-	-	-	-	-	1 232 440	1 232 440
including: net profit	3211	X	X	X	X	X	1 232 438	1 232 438
revaluation of assets	3212	X	X	X	-	X	-	99 287
income directly charged to the capital increase	3213	X	X	-	-	X	2	2
additional share issue	3214	-	-	-	-	X	X	-
increase in the par value of shares	3215	-	-	-	-	X	-	X
legal entity reorganization	3216	-	-	-	-	-	-	-
share capital payment before recording changes in incorporating documents	3217	X	X	-	X	X	X	-

Item	Line Code	Authorized capital	Shares repurchased	Founder receivables for share capital payment	Additional capital	Reserve capital	Retained earnings (uncovered loss)	Total
Capital decrease – total:	3220	-	-	-	(58 625)	-	-	(58 625)
including:								
loss	3221	X	X	X	X	X	-	-
revaluation of assets	3222	X	X	-	(58 625)	X	-	(58 625)
expenses directly charged to the capital decrease	3223	X	X	-	-	X	-	-
decrease in the par value of shares	3224	-	-	-	-	X	-	-
decrease in the number of shares	3225	-	-	-	-	X	-	-
legal entity reorganization	3226	-	-	-	-	-	-	-
dividends	3227	X	X	X	X	X	-	-
expenses for the account of net profit as decided by the shareholders (settlers)	3228	X	X	X	X	X	-	-
share capital payment before recording changes in incorporating documents	3229	X	X	X	X	X	X	-
Changes in additional capital	3230	X	X	X	(9 654)	-	9 654	X
Changes in reserve capital	3240	X	X	X	X	(168 560)	168 560	X
Capital value as of December 31, 2017	3200	1 123 734	-	-	6 616 790	-	(3 928 369)	3 812 155
For 2018								
Capital increase - total:	3310	-	-	428 513	1 076 738	-	-	1 505 251
including:								
net profit	3311	X	X	X	X	X	-	-
revaluation of assets	3312	X	X	X	1 076 738	X	-	1 076 738
income directly charged to the capital increase	3313	X	X	X	-	X	-	-
additional share issue	3314	-	-	-	-	X	X	-
increase in the par value of shares	3315	-	-	-	-	X	-	X
legal entity reorganization	3316	-	-	-	-	-	-	-
share capital payment before recording changes in incorporating documents	3217	X	X	428 513	X	X	X	428 513
Capital decrease – total:	3320	-	-	-	-	-	(2 179 125)	(2 179 125)
including:								
loss	3321	X	X	X	X	X	(2 179 125)	(2 179 125)
revaluation of assets	3322	X	X	-	-	X	-	-
expenses directly charged to the capital decrease	3323	X	X	-	-	X	-	-
decrease in the par value of shares	3324	-	-	-	-	X	-	-
decrease in the number of shares	3325	-	-	-	-	X	-	-
legal entity reorganization	3326	-	-	-	-	-	-	-
dividends	3327	X	X	-	X	X	-	-
expenses for the account of net profit as decided by the shareholders (settlers)	3328	X	X	X	X	X	-	-
share capital payment before recording changes in incorporating documents	3329	X	X	X	X	X	X	-
Changes in additional capital	3330	X	X	X	(9 335)	-	9 335	X
Changes in reserve capital	3340	X	X	X	X	168 560	(168 560)	X
Capital value as of December 31, 2018	3300	1 123 734	-	428 513	7 684 193	168 560	(6 266 719)	3 138 281

2. Adjustments introduced due to changes in the accounting policy and the correction of errors

Item	Line Code	as of December 31, 2016	Changes in equity for 2017		as of December 31, 2017
			due to net profit (loss)	due to other factors	
Capital – total					
prior to adjustments	3400	-	-	-	-
adjustments due to:					
changes in the accounting policy	3410	-	-	-	-
correction of errors	3420	-	-	-	-
after adjustments	3500	-	-	-	-
including:					
retained earnings (uncovered loss):					
prior to adjustments	3401	-	-	-	-
adjustments due to:					
changes in the accounting policy	3411	-	-	-	-
correction of errors	3421	-	-	-	-
after adjustments	3501	-	-	-	-
prior to adjustments	3402	-	-	-	-
adjustments due to:					
changes in the accounting policy	3412	-	-	-	-
correction of errors	3422	-	-	-	-
after adjustments	3502	-	-	-	-

3. Net Assets

Item	Line Code	as of December 31, 2018	as of December 31, 2017	as of December 31, 2016
Net assets	3600	3 264 510	4 006 277	2 895 515

Chief Executive Officer: _____
(signature)

Nikolai Nikolayevich Sevastiyanov
(full name)

Chief Accountant: _____
(signature)

Yelena Mikhailovna Korogodina
(full name)

February 28, 2019

CASH FLOW STATEMENT for January - December 2018

Organization **S.P. Korolev Rocket and Space
Public Corporation Energia**
 Taxpayer ID Number _____
 Type of activity **Research and development
in the field of natural sciences and technology**
 Legal organizational form / Form of ownership
Public Company / Private ownership
 Unit of measurement: RUB thousand

Form as per OKUD _____
 Date (day, month, year) **31 12 2018**
 as per OKPO **07530238**
 INN **5018033937**
 as per OKVED **72.19**
 as per OKOPF/OKFS **12247 16**
 as per OKEI **384**

Codes		
0710004		
31	12	2018
07530238		
5018033937		
72.19		
12247	16	
384		

Item	Line Code	For January – December, 2018	For January – December, 2017
Cash flows from operating activities:			
Proceeds – total	4110	36 675 316	46 616 729
including:			
from sales of products, goods, works and services	4111	29 571 401	45 521 627
of which:			
from sales of products, goods, works and services to subsidiaries and affiliates		205 622	127 857
rental payments, payments of license fees, royalties	4112	212 045	149 086
of which:			
lease payments, license fees, royalties, commissions and other similar payments from subsidiaries and affiliates		131 361	64 709
from resale of financial investments	4113	-	-
from investors for the participation in shared construction	4114	876 035	338 608
other proceeds	4119	6 015 835	607 408
of which:			
other proceeds from subsidiaries and affiliates		319 306	112
insurance claim		5 346 967	-
Payments – total	4120	(49 858 228)	(51 757 994)
including:			
to suppliers (contractors) for raw materials, supplies, works and services	4121	(37 802 907)	(38 961 696)
of which:			
to subsidiaries and affiliates for raw materials, supplies, works and services		(14 398 017)	(12 439 473)
with respect to the employee compensation	4122	(7 536 751)	(7 427 439)
debenture interest	4123	(1 330 276)	(1 081 135)
corporate income tax	4124	(640 052)	(503 085)
to suppliers (contractors) for raw materials, supplies, works and services under the participation in shared construction	4125	(488 838)	(484 158)
other payments	4129	(2 059 404)	(3 300 481)
of which:			
other payments to subsidiaries and affiliates		(10 777)	(5 642)
Net cash flows from operating activities	4100	(13 182 912)	(5 141 265)
Cash flows from investing activities			
Proceeds – total	4210	2 248 453	925 105
including:			
from the sale of non-current assets (except for financial investments)	4211	20 467	792 691
from the sale of shares (participatory interests) in other entities	4212	-	-
from the repayment of loans granted, sale of debt securities (rights of claim on cash against other parties)	4213	147 528	44 819

dividends, debenture interest and similar proceeds from participation in other entities	4214	22 116	87 587
	4215		-
other proceeds	4219	2 058 342	8
			-
Payments – total	4220	(336 060)	(616 232)
including:			
with respect to the acquisition, establishment, modernization, reconstruction and preparation for use of non-current assets	4221	(320 716)	(431 254)
of which:			
To subsidiaries and affiliates with respect to the acquisition, establishment, modernization, reconstruction and preparation for use of non-current assets		(4 039)	(37 469)
with respect to the acquisition of shares (participatory interests) in other entities	4222		-
with respect to the acquisition of debt securities (rights of claim on cash against other parties), granting of loans to other parties	4223	(15 000)	(184 360)
of which:			
with respect to granting of loans to affiliated parties			(169 360)
debenture interest included in the cost of an investment asset	4224		-
	4225		-
other payments	4229	(344)	(618)
			-
Net cash flows from investing activities	4200	1 912 393	308 873

Item	Line Code	For January – December, 2018	For January – December, 2017
Cash flows from financing activities:			
Proceeds – total	4310	9 688 273	9 222 701
including:			
borrowings	4311	9 259 760	9 222 701
monetary contributions of owners (participants)	4312	-	-
from the issue of shares, increase in participatory interests	4313	428 513	-
from the issue of bonds, bills and other debt securities etc.	4314	-	-
	4315	-	-
other proceeds	4319	-	-
Payments – total	4320	(5 683 821)	(6 750 271)
including:			
to owners (participants) with respect to the repurchase of shares (participatory interests) from them or their withdrawal from participation	4321	0	-
for the payment of dividends and other profit distributions to the benefit of owners (participants)	4322	0	-
with respect to the discharge (redemption) of bills and other debt securities, repayment of borrowings	4323	(5 664 626)	(6 667 676)
	4324	-	-
other payments	4329	(19 195)	(82 595)
of which:			
other payments to subsidiaries and affiliates		(4 165)	(17 595)
Net cash flows from financing activities	4300	4 004 452	2 472 430
Net cash flows for the accounting period	4400	(7 266 067)	(2 359 962)
Opening balance of cash and cash equivalents	4450	22 536 824	25 064 724
Closing balance of cash and cash equivalents	4500	15 906 999	22 536 824
Effect of changes in foreign exchange rates against the Russian ruble	4490	636 242	(167 938)

Chief Executive Officer: _____
(signature)

Nikolai Nikolayevich Sevastiyanov
(full name)

Chief Accountant: _____
(signature)

Yelena Mikhailovna Korogodina
(full name)

February 28, 2019

RSC ENERGIA
NOTES TO FINANCIAL STATEMENTS
FOR 2018

1. General Data

1.1 General Information

S.P. Korolev Rocket and Space Public Corporation Energia (hereinafter referred to as the Company, RSC Energia) was founded based on the Decree of the Government of the Russian Federation No. 415 dated April 29, 1994.

The certificate of state registration of RSC Energia, together with a corresponding entry to the Unified State Register of Legal Entities under the main state registration No. 1025002032538 dated October 21, 2002, was issued by the Inspectorate of the Federal Tax Service of Russia No. 2 for Moscow Region.

According to the Classifier of organizational legal forms of business enterprises, the Russian National Classifier of Forms of Incorporation is 12247, the Russian National Classifier of Ownership Patterns is 16.

The Company is registered at the following address: 4a Lenin St., Korolev, Moscow Region, 141070.

Ordinary registered uncertified shares. Principle issue of shares - 1 123 734 shares, State registration number 1-03-01091-A of 30.12.1998 are traded at Moscow Stock Exchange in the Third listing level. Additionally issued are 56 102 and 462 133/561 867 shares, State registration number 1-03-01091-A-001D of 09.08.2018. Face value of RSC Energia shares is 1000 rubles. A total amount of shares issued and fully paid is 1 179 836 and 462 133/561 867 shares.

In pursuance of the decision of the Bank of Russia dated 04.02.2019 the state registration of the account of results of additional issue of RSC Energia ordinary registered uncertified shares was made, which placed through a closed subscription, the state registration number of the additional issue is 1-03-01091-A-001D of 09.08.2018.

Shares issued but not paid or partially paid are absent.

Interregional Inspection of the Federal Tax Service of Russia No.2 for Moscow Region on February 21, 2019, changes were made to the Charter of RSC Energia: the authorized capital of the Company is 1 179 836 822 rubles 50 kopecks and is divided into 1 179 836 full shares and 462 133/561 867 ordinary registered uncertified shares. The face value of each share is 1 000 rubles.

1.2 Corporate Governance

Data on the Company Board of Directors membership as of 31.12.2017

No.	Full name	Position
1	Nikolai Nikolayevich Sevastyanov	Acting Director General, FSUE TsNIIImash (from 26.09.2018)
2	Sergey Valentinovich Saveliev	Deputy Director General in charge of international cooperation, State Space Corporation ROSCOSMOS
3	Arutyunova Lusine Borisovna	Director of Department in charge of contract work, State Space Corporation ROSCOSMOS
4	Nikita Vladimirovich Kazinsky	Executive Director in charge of communications, State Space Corporation ROSCOSMOS (until 11.2018) *from 11.2018 to 31.12.2018 – no records on place of employment.
5	Sergey Konstantinovich Krikalev	Executive Director in charge of manned space programs, State Space Corporation ROSCOSMOS

No.	Full name	Position
6	Svetlana Vyacheslavovna Kukina	Executive Director in charge of corporate activity and assets management, State Space Corporation ROSCOSMOS
7	Vladimir Vladimirovich Meshkov	Director of Department in charge of capital construction management, State Space Corporation ROSCOSMOS (until 11.2018) *from 11.2018 to 31.12.2018 – no records on place of employment.
8	Konstantin Vladimirovich Romanov	Chief Specialist of Economic Security Department division, State Space Corporation ROSCOSMOS
9	Sergey Yurievich Romanov	Director General, RSC Energia
10	Oleg Petrovich Frolov	Executive Director in charge of defense programs, State Space Corporation ROSCOSMOS
11	Mikhail Nikolayevich Khailov	Deputy Director General in charge of unmanned space complexes and systems, State Space Corporation ROSCOSMOS

Chief Executive Officer

The Chief Executive Officer of RSC Energia is Director General who manages the current activities of the Company in the manner and within powers defined by the Federal Law on Joint Stock Companies, other legal acts of the Russian Federation, the Company Charter, Regulations for the Chief Executive Officer and the contract concluded with him.

The Director General reports to the Board of Directors of the Company and the General Shareholders' Meeting.

At the meeting of the Board of Directors of RSC Energia, held in the form of absentee voting (voting ended on 24/01/2019), it was decided to suspend the authority of Sergey Yuryevich Romanov, General Director of RSC Energia, from January 24, 2019.

The Board of Directors decided to appoint Nikolai Nikolayevich Sevastiyanov as Acting Director General of RSC Energia from January 25, 2019 until the formation of a new Chief Executive Officer (Director General) of RSC Energia by the extraordinary General Shareholders' Meeting.

Information on the members of the Management Board of the Company as of 31.12.2018

No.	Full name	Post held at RSC Energia
1	Sergey Yurievich Romanov	Director General, RSC Energia
2	Pavel Vyacheslavovich Vinokurov	First Deputy Director General for Financial and Economic Activity, RSC Energia
3	Evgeny Alexeevich Yermakov	Head of Department 5DP, Chief Engineer, RSC Energia
4	Yelena Mikhailovna Korogodina	Chief Accountant, RSC Energia
5	Alexander Alexandrovich Kuznetsov	Deputy Director General, Head of Chief Project Management Office, RSC Energia
6	Igor Evgenievich Maltsev	Adviser to Director General, RSC Energia
7	Mikhail Yurievich Merkulov	Deputy Director General for Security, RSC Energia
8	Logistics Anatolievich Mikrin	General Designer, First Deputy Director General, RSC Energia
9	Nikolay Anatolievich Pirogov	Adviser to Director General, RSC Energia
10	Sergey Anatolievich Saperov	Deputy Director General for Organization-Legal Matters, RSC Energia
11	Vladimir Alexeevich	First Deputy Designer General for Flight Operation, Tests of

	Soloviev	Rocket and Space Complexes and Systems, RSC Energia
12	Igor Vladimirovich Frolov	First Deputy Designer General, Chief Designer for Unmanned Space Complexes and Systems, RSC Energia
13.	Nikolai Ivanovich Chekin	Adviser to Director General, RSC Energia

Background information about the persons who were the members of RSC Energia auditing committee

#	Full name	Position
1	Rinat Faisovich Gabitov	Head of Economic Security and Corrupt Practices Counteraction Office at Economic Security Department, State Corporation ROSCOSMOS
2.	Vasily Borisovich Goroschenko	Chief Specialist of Office Checks Management Office at Economic Security Department, State Corporation ROSCOSMOS
3.	Aslan Mukhamedovich Dyshekov	Chief Specialist of Economic Security Office at Economic Security Department, State Corporation ROSCOSMOS
4.	Alexandr Alexeevich Zelepukin	Head of Checks Management Office at Economic Security Department, State Corporation ROSCOSMOS
5.	Denis Valerievich Zinkovskiy	Chief Specialist of Office Checks Management Office at Economic Security Department, State Corporation ROSCOSMOS
6.	Oleg Yurievich Mamayev	Chief Specialist of Economic Security and Corrupt Practices Counteraction Office at Economic Security Department, State Corporation ROSCOSMOS
7.	Yekaterina Pavlovna Polezhaeva	General Counsel, RSC Energia
8.	Andrey Vladislavovich Rebrin	Director of State Secret and Information Security Department, State Corporation ROSCOSMOS
9.	Sergei Nikolayevich Rylov	Manager of Corporate Governance and Property Complex Department, State Corporation ROSCOSMOS

1.3 Branches (Structural Units)

As of December 31, 2018, the Company has 10 standalone structural units (including branches).

List of Standalone Structural Units (Branches)

No.	Name	Location	KPP	Activities
1	Voskhod Holiday Hotel	15, Sitniki instructional farm village, Lozovskoye rural settlement, Sergiyev Posad District, Moscow Region	504202001	Holiday hotel, vacation retreat, etc.
2	Vostok Holiday Hotel with Health Resort Functions	Novomikhailovsky-2, Tuapse District, Krasnodar Krai	235502001	Holiday hotel, vacation retreat, etc.
3	Krepost Health Resort	9 Miravenue, Kislovodsk Resort Town, Stavropol Krai	262802001	Holiday hotel, vacation retreat, etc.
4	Baikonur	Baikonur-8, Kyzylorda Region, Republic of Kazakhstan	990103001	Maintenance and operation of Baikonur Cosmodrome facilities

Other Standalone Structural Units

No.	Name	Activities
1	Office of trade and catering	Trade, catering

2	Office of health resorts and social facilities management	Social services
3	Podlipki Health and Recreation Resort	Holiday hotel, vacation retreat, etc.
4	Standalone subdivision, Mirny town, Arkhangelsk Region	Supports operation of Plesetsk Cosmodrome
5	Special department 029 to develop for transportation of SC of various applications	Activity on developing structures, components of ILV, logistics support to assemble ILV and transportation containers
6	Special department 124 to support works on Company projects implementation at Vostochny cosmodrome	Support of operations at Vostochny Cosmodrome

1.4. Information on staffing number

The average Company staffing number for 2018 was 7 517 persons.

The average Company staffing number for 2017 was 7 791 persons.

1.5. Activity Details

The main economic activity of RSC Energia is a sale of products, services and R&D using space technologies.

Types of products (works, services) offered by the Company in the market of its main activity:

- research and development work on development, ground testing, testing and launch of:
 - space manned stations;
 - special-purpose space modules;
 - manned and cargo space vehicles;
 - unmanned spacecraft and systems;
 - upper stages;
 - launch vehicles;
- flight control, crew training, preparation and performance of space research and experiments at orbital stations and space vehicles;
- introduction of space high technologies into non-space spheres of production;
- development of the International Space Station (ISS), its operation;
- launches of spacecraft (SC) using DM-type upper stages;
- services on commercial launches of foreign astronauts and tourists,

In addition, coolant, heat energy in the form of vapor and hot water are produced, chemical treatment, transportation of water and sewage water are ensured, services are provided for organization of sanatorium-resort therapy, security, communication services, and personnel management. Provided are catering services and food commodities, printing services, etc.

2. Significant Aspects of the Accounting Policy and Presentation of Information in the Accounting Statements

2.1 Basis for the Accounting Statements Preparation

These accounting statements have been drafted based on the accounting and reporting rules applicable in the Russian Federation, in particular, the Federal Law No.402-FZ "On Accounting" dated December 6, 2011, and the Regulations on Accounting and Reporting in the Russian Federation adopted

by the Decree of the Ministry of Finance of the Russian Federation No. 34n dated July 29, 1998, as well as other regulations being parts of the system regulating the accounting and reporting processes of entities in the Russian Federation,

The accounting statements have been prepared in accordance with the Accounting Policy, approved by the Order of the Director General of RSC Energia No. 594 dated December 29, 2017.

2.2 Assets, Liabilities and Transactions in Foreign Currencies

Should accounting transactions be made in a foreign currency, the relevant currency's exchange rate set by the Central Bank of the Russian Federation on the date of such transactions is applied. Cash on currency and deposit accounts with banks, float, including loans granted and received, credits denominated in foreign currencies, are recorded in the accounting statements in amounts calculated based on the official exchange rate. The rate amounted to 69,4706 rubles and 57,6002 rubles for 1 US dollar, and 79,4605 rubles and 68,8668 rubles for 1 Euro as of December 31, 2018 and 2017, respectively.

Exchange rate differences emerged during the year with respect to transactions with assets and liabilities, and denominated in foreign currencies, as well as its recalculation as of the reporting date, are recognized in a collapsed view in other income and expenses.

2.3 Short-Term and Long-Term Assets and Liabilities

In the Balance Sheet, the receivables and payables are recognized as short-term ones if its circulation (redemption) periods do not exceed 12 months after the reporting date or are not set. The remaining assets and liabilities specified are presented as long-term ones. Financial investments, as well as credits and loans are classified as short-term or long-term based on the expected period of their use (circulation, possession or redemption) after the balance sheet date.

The Company transfers the non-current loan receivables (payables) (its part) to the short-term ones, if at the balance sheet date the debt (part of the debt) service payment period is no more than 12 months after the balance sheet date.

2.4 Changes in the Accounting Policy

The year of 2018

No amendments, which can significantly affect the financial statements, were made to the accounting policy for 2018.

The year of 2019

For accounting purposes the Accounting policy is enclosed with the Corporate Accounting Standards of Accounting and Reporting of SC Roscosmos: "The procedure for creating indicators of financial statements", "The procedure for recognizing and using estimated liabilities in the book records".

No other amendments that could significantly affect the Company's financial statements have been made.

2.5 Input and comparative data.

In 2018, no significant errors of the previous reporting periods were identified. The input data, information for the previous reporting period remain unchanged.

3. Disclosure of Major Indicators

3.1 Segment Information

Pursuant to PBU 12/2010 "Segment Information", based on the analysis of sources and nature of risks associated with the Company's operations and profits being generated thereby, in order to group data by segments of the organizational and management structure of the internal accounting system, the information on operating segments is recognized as primary, and the information on each geographical segment is recognized as secondary.

Primary information - operating segments

One key operating segment may be distinguished in the Company's activities:

- research, development and experimental work on development and operation of manned orbital complexes, launch vehicles, various classes of launch vehicles, space telecommunications, broadcasting and satellite communications complexes;

other segments, including:

- health resort treatment services, and children's health camp services;
- trade and public catering services;
- social services;
- other services (security measures, staff recruitment services for subsidiaries, printing services, etc.).

Revenue and expenses for reportable segments

2017

Name of indicator	Research & development (thousand rubles)	Health resort treatment services (thousand rubles rubles)	Trade services (thousand rubles rubles)	Social services (thousand rubles rubles)	Production of heat energy and coolant (thousand rubles rubles)	Other services (thousand rubles rubles)	Total for the Company (thousand rubles rubles)
Revenues – total	40 042 548	658 331	189 326	83 952	911 846	487 808	42 373 811
Revenue from sales to external customers	40 042 548	658 331	189 326	83 952	911 846	487 808	42 373 811
Intersegment sales revenue	0	0	0	0	0	0	0
Segment expenses – total	36 695 605	538 234	192 714	59 168	1 017 389	381 829	38 884 939
External expenses	36 695 605	538 234	192 714	59 168	1 017 389	381 829	38 884 939
Intersegment expenses	0	0	0	0	0	0	0
Sales profit (loss) per segments – total	3 346 943	120 097	(3 388)	24 784	(105 543)	105 979	3 488 872

2018

Name of indicator	Research & development (thousand rubles)	Health resort treatment services (thousand rubles rubles)	Trade services (thousand rubles rubles)	Social services (thousand rubles rubles)	Production of heat energy and coolant (thousand rubles rubles)	Other services (thousand rubles rubles)	Total for the Company (thousand rubles rubles)
Revenues – total	28 139 922	677 141	190 721	101 090	984 099	441 605	30 534 578
Revenue from sales to external customers	28 139 922	677 141	190 721	101 090	984 099	441 605	30 534 578
Intersegment sales revenue	0	0	0	0	0	0	0
Segment expenses – total	26 010 945	565 265	203 645	72 493	967 279	324 716	28 144 343
External expenses	26 010 945	565 265	203 645	72 493	967 279	324 716	28 144 343
Intersegment expenses	0	0	0	0	0	0	0
Sales profit (loss) per segments – total	2 128 977	111 876	(12 924)	28 597	16 820	116 889	2 390 235

Segment revenue (income) is generated as a result of making transactions with purchasers and customers. Operations with other segments are not allowed. Income tax expenses and other similar payments are not included in the calculation of segment's earnings (loss). Interest receivable, interest payable, income from participation in other entities, other income and expenses have not been allocated between "Research, development and experimental works" and "Other services" segments due to the inexpediency of doing so, and the lack of the basis required. The mentioned income and expenses are attributed to the Company's operations as a whole.

The intersegment assets distribution algorithm will be determined within 2019.

Purchasers with proceeds more than 10% of the total amount	Proceeds (with no VAT) for 2018, thousand rubles	Proceeds (with no VAT) for 2017, thousand rubles
State Corporation ROSCOSMOS	23 344 015	30 816 733
Department of Telecommunications and Information Technologies, the Republic of Angola (final buyer, commission agent – AO Rosoboronexport)	-	6 648 986

Secondary information – geographical segments

Revenues by geographical segments

RUB, thsd.

Geographical Segments	Position of sales proceeds to external buyers	
	For 2018	For 2017
Total	30 534 578	42 373 811
including:		
Russian Federation	27 591 133	34 616 305
Far-abroad countries:	2 943 445	7 757 506
Germany	972	6 188
Austria	0	6 356
Angola	0	6 648 986
Great Britain	1 576	26 876
USA	2 871 682	662 263
Egypt	39 977	402 731
Japan	3 408	4 106
Denmark	25 830	0

Revenue is presented by geographical segments in market locations. Since production facilities of the Company are located in the territory of the Russian Federation, assets and investments are referred to a single geographical segment distinguished based on the assets location - the Russian Federation.

3.2 Intangible Assets

Accounting of intangible assets of the Company is performed in accordance with PBU 14/2007 "Accounting of Intangible Assets" adopted by the Decree of the Russian Ministry of Finance No. 153n dated December 27, 2007.

The initial cost of the intangible assets received under contracts, which provides for non-monetary performance of obligations (payment), is recognized as a cost of the values transferred or to be transferred by the Company, increased by the amount of additional costs associated with the receipt and provision of conditions for the use of the intangible assets for planned purposes.

In the accounting statements, intangible assets are presented at their historical (replacement) cost net of depreciation accumulated during the entire period of their use. The useful life of intangible assets is set with due regard to a period during which the Company controls the asset, legal or similar restrictions on the use of the asset, expected life of using the asset in the Company with the purpose to obtain economic benefits. Intangible assets of the Corporation were not revaluated in 2018.

The depreciation of intangible assets is performed using the straight-line method.

At the balance sheet date, the Company has verified the useful life for its clarification. No need for clarification was identified.

Intangible Assets Availability and Flow

RUB, thsd.

Indicator	Code	01.01.2017		Changes over a 2017					31.12.2017	
		Historical (actual) cost	Accumulated depreciation and impairment losses	Acquired	Disposed		Depreciation charged for intangible assets c a fixed period of useful life	Impairment losses	Historical (actual) cost	Accumulated depreciation and impairment losses
					Historical (actual) cost	Accumulated depreciation and impairment losses				
Intangible assets – total	5110	18 709	(4 008)	190 822	(793)	219	(24 683)	0	208 738	(28 472)
including::										
Inventions, industrial designs, useful models	5111	17 059	(3 169)	190 822	(793)	219	(24 518)	0	207 088	(27 468)
Computer programs, databases	5112	0	0	0	0	0	0	0	0	0
Trademark, service mark, appellation of origin of goods	5113	0	0	0	0	0	0	0	0	0
Topologies of integrated microcircuits	5114	0	0	0	0	0	0	0	0	0
Selection achievements	5115	0	0	0	0	0	0	0	0	0
Goodwill	5116	0	0	0	0	0	0	0	0	0
Licenses (except for subsoil licenses)	5117	0	0	0	0	0	0	0	0	0
Subsoil licenses	5118	0	0	0	0	0	0	0	0	0
Other	5119	1 650	(839)	0	0	0	(165)	0	1 650	(1 004)

RUB, thsd.

Indicator	Code	01.01.2018		Changes over a 2018					31.12.2018	
		Historical (actual) cost	Accumulated depreciation and impairment losses	Acquired	Disposed		Depreciation charged for intangible assets c a fixed period of useful life	Impairment losses	Historical (actual) cost	Accumulated depreciation and impairment losses
					Historical (actual) cost	Accumulated depreciation and impairment losses				
Intangible assets – total	5100	208 738	(28 472)	4 784	(2 622)	673	(20 086)	0	210 900	(47 885)
including::										
Inventions, industrial designs, useful models	5101	207 088	(27 468)	4711	(2 622)	673	(19 918)	0	209 177	(46 713)
Computer programs, databases	5102	0	0	0	0	0	0	0	0	0
Trademark, service mark, appellation of origin of goods	5103	0	0	73	0	0	(3)	0	73	(3)
Topologies of integrated microcircuits	5104	0	0	0	0	0	0	0	0	0
Selection achievements	5105	0	0	0	0	0	0	0	0	0
Goodwill	5106	0	0	0	0	0	0	0	0	0
Licenses (except for subsoil licenses)	5107	0	0	0	0	0	0	0	0	0
Subsoil licenses	5108	0	0	0	0	0	0	0	0	0
Other	5109	1 650	(1 004)	0	0	0	(165)	0	1 650	(1 169)

Historical Cost of Internally Generated Intangible Assets

RUB, thsd.

Indicator	Code	As of 31.12.2018	As of 31.12.2017	As of 31.12.2016
Total	5120	210 900	208 738	18 709
Inventions, industrial designs, useful models	5121	209 177	207 088	17 059
Computer programs, databases	5122	0	0	0
Trademark, service mark, appellation of origin of goods	5123	73	0	0
Topologies of integrated microcircuits	5124	0	0	0
Selection achievements	5125	0	0	0
Goodwill	5126	0	0	0
Licenses (except for subsoil licenses)	5127	0	0	0
Subsoil licenses	5128	0	0	0
Other	5129	1 650	1 650	1 650

Intangible assets with an indefinite useful life as of December 31, 2018 are absent.

Intangible assets with a fully repaid value, but not deducted from the book records as of December 31, 2018 are absent.

3.3 R&D Expenses

Non-current assets on separate sub-accounts of account 08 "Non-current assets" include research and development work in progress. Separate subaccounts of account 04 "Intangible assets" include finished research and development work being used in the manufacture of goods (performance of works, provision of services).

An accounting unit for R&D expenses is an inventory item. An inventory item is an aggregate of expenses incurred with respect to the work performed, the results of which are independently used in the manufacture of goods (performance of works, provision of services) or for management needs of the Company. The write-off of expenses is performed using the straight-line method. The period over which R&D expenses are to be written off is determined based on the expected service life of R&D results obtained. The expected service life and the expenses write-off method on each R&D subject shall be set by the Decision of the Technical Commission on the R&D results use, approved by the Project Manager.

R&D expenses not providing any positive result shall be written-off to other expenses of the accounting period.

In the Balance Sheet, finished R&D work being used in the manufacture of goods (performance of works, provision of services) is recognized in line 1120 "Research and development results".

Balance Sheet line 1120 "Research and development results" demonstrates the amount of total expenses for finished R&D work being used in the Company's operations amounting to RUB 356 307 thsd. and RUB 714 150 thsd., unfinished and unexecuted R&D work amounting to RUB 189 001 thsd. and RUB 180 741 thsd. as of December 31, 2018 and December 31, 2017, respectively.

R&D Results Availability and Flow

RUB, thsd

Indicator	Code	01.01.2017		Changes over a 2017				31.12.2017	
		Historical cost	Part of cost written-off as expenses	Acquired	Disposed		Part of cost written-off as expenses over a period	Historical cost	Part of cost written-off as expenses
					Historical cost	Part of cost written-off as expenses			
R&D – total	5150	1 555 584	(522 455)	47 184	0	0	(366 163)	1 602 768	(888 618)
including:									
Assets created as a result of R&D performed at the expense of the Company	5151	1 311 123	(431 647)	46 182	0	0	(316 366)	1 357 305	(748 013)
Assets created as a result of R&D funded out of special-purpose financing resources	5152	244 461	(90 808)	1 002	0	0	(49 797)	245 463	(140 605)

RUB, thsd

Indicator	Code	01.01.2018		Changes over a 2018				31.12.2018	
		Historical cost	Part of cost written-off as expenses	Acquired	Disposed		Part of cost written-off as expenses over a period	Historical cost	Part of cost written-off as expenses
					Historical cost	Part of cost written-off as expenses			
R&D – total	5140	1 602 768	(888 618)	0	0	0	(357 843)	1 602 768	(1 246 461)
including::									
Assets created as a result of R&D performed at the expense of the Company	5141	1 357 305	(748 013)	0	0	0	(308 760)	1 357 305	(1 056 773)
Assets created as a result of R&D funded out of special-purpose financing resources	5142	245 463	(140 605)	0	0	0	(49 083)	245 463	(189 688)

Unfinished and Unexecuted R&D and Uncompleted Operations on Intangible Asset Acquisition

RUB, thsd.

Indicator	Code	01.01.2017	Changes over a 2017			31.12.2017
			Expenses over a period	Written-off as expenses not provided any positive result	Accepted for recording as intangible assets or R&D	
Expenses for unfinished research and development – total	5170	399 969	16 021	0	(235 249)	180 741
R&D performed at the expense of the Corporation	5171	398 969	16 019	0	(234 247)	180 741
R&D funded out of special-purpose financing resources	5172	1 000	2	0	(1 002)	0
Uncompleted operations on intangible asset acquisition – total	5190	686	2 650	0	(2 758)	578

RUB, thsd.

Indicator	Code	01.01.2018	Changes over a 2018			31.12.2018
			Expenses over a period	Written-off as expenses not provided any positive result	Accepted for recording as intangible assets or R&D	
Expenses for unfinished research and development – total	5160	180 741	8 260	0	0	189 001
R&D performed at the expense of the Company	5161	180 741	8 260	0	0	189 001
R&D funded out of special-purpose financing resources	5162	0	0	0	0	0
Uncompleted operations on intangible asset acquisition – total	5180	578	4 785	0	(4 783)	580

Useful lives of intangible assets

Groups of intangible assets	Useful lives of intangible assets (number of years)
Inventions, industrial designs, useful models	From 8 to 19
Computer programs, databases	
Trademark, service mark, appellation of origin of goods	9
Topologies of integrated microcircuits	
Selection achievements	
Goodwill	
Licenses (except for subsoil licenses)	
Subsoil licenses	
Other	10

Remaining useful lives of intangible assets aimed at achieving the goals of creating non-profit organizations

Groups of intangible assets	Useful lives of intangible assets (number of years)
Inventions, industrial designs, useful models	From 1 to 18
Computer programs, databases	
Trademark, service mark, appellation of origin of goods	8
Topologies of integrated microcircuits	
Selection achievements	
Goodwill	
Licenses (except for subsoil licenses)	
Subsoil licenses	
Other	2

3.4 Fixed Assets

Fixed assets include assets conforming to the requirements of the Russian Accounting Principle "Accounting of fixed assets" (PBU 6/01) adopted by the Decree of the Russian Ministry of Finance No. 26n dated March 30, 2001, and accepted for recording as appropriate from the time of their putting into operation. In the accounting statements, fixed assets are presented at their historical (replacement) cost net of depreciation accumulated during the entire period of their use.

The depreciation of the fixed assets acquired and constructed prior to January 1, 2002 is performed based on uniform depreciation rates approved by the Decree of the USSR Council of Ministers No. 1072 "On Uniform Depreciation Rates for the Full Recovery of Fixed Assets of the USSR National Economy" dated October 22, 1990, and of those acquired on or after January 1, 2002 – at rates calculated based on estimated useful lives thereof.

The useful life of fixed assets is established in accordance with the Classification of Fixed Assets, approved by the Decree of the Government of the Russian Federation No. 1 dated January 1, 2002. As far as the fixed assets put into operation after 01.01.2017 are concerned, the use is made of the fixed assets classification for determining their useful lives in the version of the Russian Federation Government Decree № 640 of 07.07.2016.

The depreciation is performed using the straight-line method.

Plots of land as fixed assets objects whose consumer properties do not tend to change with the lapse of time are not to be depreciated.

Assets with a useful life exceeding 12 months are included in the inventory, provided that their historical cost is below RUB 40 thsd. per unit.

Historical cost of the fixed assets acquired under the contracts stipulating performance of the liabilities (payment) by non-monetary assets is recognized as the cost of valuable assets transferred or to be transferred by an organization. The cost of valuable assets transferred or to be transferred by an organization is established based upon the price at which an organization under comparable circumstances determines the cost of similar valuable assets. In the event that it is impossible to establish the cost of valuable assets transferred or to be transferred by an organization, the cost of fixed assets received by the Company under the contracts stipulating performance of the liabilities (payment) by non-monetary assets, shall be determined based upon the price at which similar fixed assets are acquired under comparable circumstances.

As of December 31, 2018, the land plots owned by RSC Energia were revaluated.

As of December 31, 2018, the Company has no fixed assets received (transferred) under a leasing agreement.

The depreciated cost of fixed assets available on the Company's books amounted to 31.12.2018 – RUB 13 189 260 thsd., as of 31.12.2017 – RUB 12 537 805 thsd.

Fixed Assets Availability and Flow

RUB, thsd.

Indicator	Code	01.01.2017		Changes over a 2017						31.12.2017	
		Historical (actual) cost	Accumulated depreciation	Acquired	Disposed		Depreciation charged	Revaluation		Historical (actual) cost	Accumulated depreciation
					Historical (actual) cost	Accumulated depreciation		Historical (actual) cost	Accumulated depreciation		
Buildings, machinery, equipment and other fixed assets (excluding income-bearing investments in tangible assets – total	5210	16 385 125	(3 742 088)	565 369	(49 819)	34 076	(596 234)	(58 624)	0	16 842 051	(4 304 246)
including:											
Buildings	5211	5 174 415	(1 302 295)	212 701	(3 919)	1 122	(89 513)	0	0	5 383 197	(1 390 686)
Structures	5212	375 476	(184 313)	2 234	(4 218)	4 069	(16 655)	0	0	373 492	(196 899)
Transfer devices	5213	1 089 792	(148 892)	1 174	(2 498)	512	(41 077)	0	0	1 088 468	(189 457)
Machinery and Equipment	5214	3 257 888	(1 829 033)	331 127	(21 591)	21 063	(417 344)	0	0	3 567 424	(2 225 314)
Transport facilities	5215	236 630	(168 250)	17 756	(6 854)	5 730	(24 232)	0	0	247 532	(186 752)
Production and household equipment	5216	154 154	(103 310)	68	(1 576)	1 575	(7 182)	0	0	152 646	(108 917)
Perennial plantings	5217	10	(10)	0	0	0	0	0	0	10	(10)
Land plots	5218	6 090 775	0	78	(9 158)	0	0	(58 624)	0	6 023 071	0
Other fixed assets	5219	5 985	(5 985)	231	(5)	5	(231)	0	0	6 211	(6 211)
Profitable investments in non-monetary physical things - total	5230	329 473	(42 856)	0	(4 178)	864	(8 231)	0	0	0	(51 087)
including:										325 295	(50 223)
Property provided for commercial rent	5231	329 473	(42 856)	0	(4 178)	864	(8 231)	0	0	325 295	(50 223)

RUB, thsd.

Indicator	Code	01.01.2018		Changes over a 2018						31.12.2018	
		Historical (actual) cost	Accumulated depreciation	Acquired	Disposed		Depreciation charged	Revaluation		Historical (actual) cost	Accumulated depreciation
					Historical (actual) cost	Accumulated depreciation		Historical (actual) cost	Accumulated depreciation		
Buildings, machinery, equipment and other fixed assets (excluding income-bearing investments in tangible assets – total	5200	16 842 051	(4 304 246)	254 630	(61 785)	13 450	(631 577)	1 076 737	0	18 111 633	(4 922 373)
including:											
Buildings	5201	5 383 197	(1 390 686)	34 176	(149)	149	(96 611)	0	0	5 417 224	(1 487 148)
Structures	5202	373 492	(196 899)	43 957	(3 098)	275	(17561)	0	0	414 351	(214 185)
Transfer devices	5203	1 088 468	(189 457)	3 062	(35 744)	292	(41 079)	0	0	1 055 786	(230 244)
Machinery and Equipment	5204	3 567 424	(2 225 314)	153 126	(11 111)	10 009	(444 923)	0	0	3 709 439	(2 660 228)
Transport facilities	5205	247 532	(186 752)	17 145	(1 504)	1 504	(24 008)	0	0	263 173	(209 256)
Production and household equipment	5206	152 646	(108 917)	2 819	(1 212)	1 211	(7 107)	0	0	154 253	(114 813)
Perennial plantings	5207	10	(10)	0	0	0	0	0	0	10	(10)
Land plots	5208	6 023 071		57	(8 957)	0	0	1 076 737	0	7 090 908	0
Other fixed assets	5209	6 211	(6 211)	288	(10)	10	(288)	0	0	6 489	(6 489)
Profitable investments in non-monetary physical things - total	5220	325 295	(50 223)	0	(126)	108	(8 134)	0	0	325 169	(58 249)
including:											
Property provided for commercial rent	5221	325 295	(50 223)	0	(126)	108	(8 134)	0	0	325 169	(58 249)

As a result of further construction, further equipping, reconstruction and partial liquidation, the value of fixed assets changed as follows:

Change in the Value of Fixed Assets as a Result of Further Construction, Further Equipping, Reconstruction and Partial Liquidation

RUB, thsd.

Indicator	Code	For 2018	For 2017
Increase in the value of fixed assets as a result of further construction, further equipping, reconstruction – total	5260	85 454	11 680
including:			
Buildings	5261	34 175	4 000
Structures	5262	39 259	
Transfer devices	5263	3 062	1 174
Machinery and equipment	5264	8 958	6 506
Transport facilities	5265	0	0
Production and household equipment	5266	0	0
Perennial plantings	5267	0	0
Land plots	5268	0	0
Other fixed assets	5269	0	0
Decrease in the value of fixed assets as a result of further construction, further equipping, reconstruction – total	5270	(2 012)	0
including:			
Buildings	5271	0	0
Structures	5272	0	0
Transfer devices	5273	0	0
Machinery and equipment	5274	(2 001)	0
Transport facilities	5275	0	0
Production and household equipment	5276	(11)	0
Perennial plantings	5277	0	0
Other fixed assets	5278	0	0

Other Use of Fixed Assets

RUB, thsd.

Indicator	Code	As of 31.12.2018	As of 31.12.2017	As of 31.12.2016
Leased out fixed assets held on the balance sheet	5280	132 153	147 688	157 216
Leased out fixed assets held on off-balance-sheet accounts	5281	0	0	0
Leased fixed assets held on the balance sheet	5282	0	0	0
Leased fixed assets held on off-balance-sheet accounts	5283	157 242	157 560	212 314
Real estate accepted for operation and in use undergoing the state registration	5284	17 082	17 082	17 082
Mothballed fixed assets	5285	32 706	32 678	27 751

Indicator	Code	As of 31.12.2018	As of 31.12.2017	As of 31.12.2016
Other use of fixed assets (pledge, etc.)	5286	0	0	0

Useful life

Indicator	Useful lives of fixed assets (number of years)	
	until 01.01.2002	from 01.01.2002
Buildings	From 8 to 100	From 5 to 100
Structures and transfer devices	From 3 to 83	From 2 to 50
Machinery and equipment	From 2 to 45	From 1 to 51
Transport facilities	From 8 to 23	From 3 to 11
Other fixed assets	From 2 to 100	From 1 to 50
Land plots	-	-

Fixed assets which value is not repaid
RUB, thsd.

Indicator	Buildings	Structures and transfer devices	Machinery and equipment	Transport facilities	Other fixed assets	Land plots	Total
Historical (actual) cost as of December 31, 2016	95 554	90 045	861 180	111 001	89 108	6 090 775	7 337 663
Acquired FA	1 447	62 916	289 768	15 439	9 161	55 357	434 088
Disposed FA	(466)	(4 338)	(15 509)	(4 033)	(1 271)	(123 061)	(148 678)
Historical (actual) cost as of December 31, 2017	96 535	148 623	1 135 439	122 407	96 998	6 023 071	7 623 073
Acquired FA	22 384	32 969	298 839	25 416	285	1 076 794	1 456 687
Disposed FA	(157)	(38 842)	(5 677)	(1 346)	(1 081)	(8 957)	(56 060)
Historical (actual) cost as of December 31, 2018	118 762	142 750	1 428 601	146 477	96 202	7 090 908	9 023 700

Fixed assets received on lease are recorded on the memoranda account “Leased fixed assets” at a contractual or other value agreed by the parties.

Availability and flow of leased fixed assets

RUB, thsd.

Indicator	01.01.2017	Changes over a 2017		31.12.2017
		Acquired	Disposed	
Total	212 314	0	(54 754)	157 560
including: Buildings	139 635	0	0	139 635
Structures and transfer devices	0	0	0	0
Machinery and equipment	6 983	0	(5)	6 978
Transport facilities	573	0	(573)	0
Other fixed assets	1 832	0	(35)	1 797
Land plots	63 291	0	(54 141)	9 150

RUB, thsd.

Indicator	01.01.2018	Changes over a 2018		31.12.2018
		Acquired	Disposed	
Total	157 560	0	(318)	157 242
including: Buildings	139 635	0	0	139 635
Structures and transfer devices	0	0	0	0
Machinery and equipment	6 978	0	(70)	6 908
Transport facilities	0	0	0	0
Other fixed assets	1 797	0	(9)	1 788
Land plots	9 150	0	(239)	8911

As of December 31, 2018, the Company has no fixed assets received (transferred) under a leasing agreement.

3.5 Construction in Progress

Uncompleted capital investments include construction in progress, including fixed assets (line 1152) and other non-current assets (line 1190):

Other Non-current Assets

Balance Sheet line 1190 “Other non-current assets” include:

- Advances paid out for capital investments as of December 31, 2018 amounted to RUB 95 420 thsd., December 31, 2017 amounted to RUB 186 244 thsd.

- expenses undertaken in connection with future construction project contract works, which are covered by the cost of projects under construction, included in subsidiary account 97.03 “Organization of construction work” as of December 31, 2018 are absent; December 31, 2017 amounted to RUB 26 thsd.;

- uncompleted capital outlays for housing projects included in subsidiary account 08.03.3 “Housing projects” as of December 31, 2018 amounted to RUB 1 6144 277 thsd.; as of December 31, 2017 amounted to RUB 1 366 566 thsd.;

- value-added tax for contract works in housing projects, included in subsidiary account 19.08 “VAT for contract works in housing projects” as of December 31, 2018 amounted to RUB 270 570 thsd.; as of December 31, 2017 amounted to RUB 228 243 thsd.;

Total amount of other non-current assets as of December 31, 2018 is RUB 1 980 267 thsd., as of December 31, 2017 is RUB 1 781 079 thsd.

RUB, thsd.

Indicator	Code	01.01.2017	Changes over a 2017				31.12.2017
			Expenses over a period / accrued reserve	Written-off	Drawn on reserve	Accepted for recording as fixed assets, or cost increase	
Construction in progress and uncompleted operations on fixed asset acquisition, modernization, etc. - total	5250	255 972	494 157	(275)	0	(555 397)	194 457
including:							
Acquisition, construction and creation of fixed assets	5251	217 936	380 348	(275)	0	(525 770)	72 239
Modernization and reconstruction	5252	25 774	91 861	0	0	(7 680)	109 955
etc.	5253	12 262	21 948	0	0	(21 947)	12 263
Reserve for reducing the value of inventory items	5254	0	0	0	0	0	0
Construction in progress and uncompleted operations on fixed asset acquisition, modernization, etc., designed for leasing	5255	0	0	0	0	0	0
Acquisition, construction and creation of fixed assets	5256	0	0	0	0	0	0
Modernization and reconstruction	5257	0	0	0	0	0	0
etc.	5258	0	0	0	0	0	0
Reserve for reducing the value of inventory items	5259	0	0	0	0	0	0

RUB, thsd

Indicator	Code	01.01.2018	Changes over a 2018				31.12.2018
			Expenses over a period / accrued reserve	Written-off	Drawn on reserve	Accepted for recording as fixed assets, or cost increase	
Construction in progress and uncompleted operations on fixed asset acquisition, modernization, etc. - total	5240	194 457	291 259	(2 480)	0	(228 437)	254 799
including:							
Acquisition, construction and creation of fixed assets	5241	72 239	169 443	(2 480)	0	(133 622)	105 580
Modernization and reconstruction	5242	109 955	109 623	0	0	(82 815)	136 763
etc.	5243	12 263	12 193	0	0	(12 000)	12 456
Reserve for reducing the value of inventory items	5244	0	0	0	0	0	0
Construction in progress and uncompleted operations on fixed asset acquisition, modernization, etc., designed for leasing	5245	0	0	0	0	0	0
Acquisition, construction and creation of fixed assets	5246	0	0	0	0	0	0
Modernization and reconstruction	5247	0	0	0	0	0	0
etc.	5248	0	0	0	0	0	0
Reserve for reducing the value of inventory items	5249	0	0	0	0	0	0

3.6 Financial Investments

Financial investments with non-determined market values are accounted at their historical costs. The historical cost of financial investments acquired for a fee is recognized as the amount of actual expenses for its acquisition, except for value added tax and other compensated taxes.

The analytical accounting of financial investments is performed by investment groups and security types. Disposed financial investments not having a market value are recorded at historical cost of each item.

Income and expenses from financial investments are recognized in other income and expenses.

The Company does not give an assessment of the extended loans at discounted value.

For financial investments for which the fair market value is not determined, but which demonstrate a sustained material reduction of their value, a reserve has been accrued.

In 2018, an additional reserve for devaluation of financial investments was accrued in the amount of 143,453 thousand rubles

In 2017, an additional reserve for devaluation of financial investments was accrued in the amount of 41 652 thousand rubles, restored in the amount of 0.6 thousand rubles

Amount of provision for depreciation of investments amounted to 1 421 549 thousand rubles and 1 278 096 thousand rubles as on 31.12.018 and 31.12.2017, respectively.

There are no financial investments, pawn, or transferred to other organizations or persons (except for sale) as of December 31, 2018.

Debt securities for which the borrower does not fulfill obligations are absent.

Financial Investments Availability and Flow

RUB, thsd.

Indicator	Code	01.01.2017		Changes over a 2017						31.12.2017	
		Historical cost	Accumulated adjustments	Acquired	Disposed (repaid)		Bringing the historical cost to the nominal value	Established reserves	Current market value (impairment losses)	Historical cost	Accumulated adjustments
					Historical cost	Accumulated adjustments					
Long-term - total	5311	1 801 731	(1 236 445)	0	(5 980)	1	0	(41 652)	0	1 795 751	(1 278 096)
including:											
Contributions to the equity (share) capitals of other organizations.	5312	1 564 530	(1 236 445)	0	(50)	1	0	(41 652)	0	1 564 480	(1 278 096)
Contributions to the equity (share) capitals of affiliates	53121	648 886	(360 924)	0	0	0	0	(41 651)	0	648 886	(402 575)
Contributions to the equity (share) capitals of associated companies	53122	29 487	0	0	(30)	0	0	0	0	29 457	0
Contributions to the equity (share) capitals of other organizations	53123	886 157	(875 521)	0	(20)	1	0	(1)	0	886 137	(875 521)
Debt securities and borrowings	5313	237 201	0	0	(5 930)	0	0	0	0	231 271	0
Loans granted	53134	237 201	0	0	(5 930)	0	0	0	0	231 271	0
Other	5314	0	0	0	0	0	0	0	0	0	0
Deposits under an association agreement (joint venture)	53141	0	0	0	0	0	0	0	0	0	0
Acquired claims	53142	0	0	0	0	0	0	0	0	0	0
Other financial investments	53143	0	0	0	0	0	0	0	0	0	0
Certificates of deposit	53144	0	0	0	0	0	0	0	0	0	0
Short-term – total	5315	6 891 186	(4 494 429)	184 360	(35 500)	0	0	30 095	(30 095)	7 009 951	(4 464 334)
including:											
Contributions to the equity (share) capitals of other organizations.	5316	0	0	0	0	0	0	0	0	0	0
Debt securities,	5317	6 855 686	(4 494 429)	169 360	0	0	0	30 095	(30 095)	6 994 951	(4 464 334)

RUB, thsd.

Indicator	Code	01.01.2017		Changes over a 2017						31.12.2017	
		Historical cost	Accumulated adjustments	Acquired	Disposed (repaid)		Bringing the historical cost to the nominal value	Established reserves	Current market value (impairment losses)	Historical cost	Accumulated adjustments
					Historical cost	Accumulated adjustments					
borrowings											
Loans granted	53174	6 855 686	(4 494 429)	169 360	0	0	0	30 095	(30 095)	6 994 951	(4 464 334)
Other	5318	35 500	0	15 000	(35 500)	0	0	0	0	15 000	0
Deposits under an association agreement (joint venture)	53181	0	0	0	0	0	0	0	0	0	0
Acquired claims	53182	0	0	0	0	0	0	0	0	0	0
Other financial investments	53183	0	0	0	0	0	0	0	0	0	0
Certificates of deposit	53184	35 500	0	15 000	(35 500)	0	0	0	0	15 000	0
Financial Investments - total	5310	8 692 917	(5 730 874)	184 360	(41 480)	1	0	(11 557)	(30 095)	8 805 702	(5 742 430)

RUB, thsd.

Indicator	Code	01.01.2018		Changes over a 2018						31.12.2018	
		Historical cost	Accumulated adjustments	Acquired	Disposed (repaid)		Bringing the historical cost to the nominal value	Established reserves	Current market value (impairment losses)	Historical cost	Accumulated adjustments
					Historical cost	Accumulated adjustments					
Long-term - total	5301	1 795 751	(1 278 096)	0	(13 836)	0	0	(143 453)	0	1 781 915	(1 421 549)
including:											
Contributions to the equity (share) capitals of other organizations.	5302	1 564 480	(1 278 096)	0	0	0	0	(143 453)	0	1 564 480	(1 421 549)
Contributions to the equity (share) capitals of affiliates	53021	648 886	(402 575)	0	0	0	0	(125 508)	0	648 886	(528 083)
Contributions to the equity (share) capitals of associated companies	53022	29 457	0	0	0	0	0	(17 945)	0	29 457	(17 945)

RUB, thsd.

Indicator	Code	01.01.2018		Changes over a 2018						31.12.2018	
		Historical cost	Accumulated adjustments	Acquired	Disposed (repaid)		Bringing the historical cost to the nominal value	Established reserves	Current market value (impairment losses)	Historical cost	Accumulated adjustments
					Historical cost	Accumulated adjustments					
Contributions to the equity (share) capitals of other organizations	53023	886 137	(875 521)	0	0	0	0	0	0	886 137	(875 521)
Debt securities and borrowings	5303	231 271	0	0	(13 836)	0	0	0	0	217 435	0
Loans granted	53034	231 271	0	0	(13 836)	0	0	0	0	217 435	0
Other	5304	0	0	0	0	0	0	0	0	0	0
Deposits under an association agreement (joint venture)	53041		0	0	0	0	0	0	0	0	0
Acquired claims	53042	0	0	0	0	0	0	0	0	0	0
Other financial investments	53043	0	0	0	0	0	0	0	0	0	0
Certificates of deposit	53044	0	0	0	0	0	0	0	0	0	0
Short-term – total	5305	7 009 951	(4 464 334)	2 662 488	(3 662 193)	0	0	(1 530 912)	0	6 010 246	(5 995 246)
including:	5306	0	0	0	0	0	0	0	0	0	0
Contributions to the equity (share) capitals of other organizations.											
Debt securities and borrowings	5307	6 994 951	(4 464 334)	116 871	(1 146 772)	0	0	(1 500 716)	0	5 965 050	(5 965 050)
Loans granted	53074	6 994 951	(4 464 334)	116 871	(1 146 772)	0	0	(1 500 716)	0	5 965 050	(5 965 050)
Other	5308	15 000	0	2 545 617	(2 515 421)	0	0	(30 196)	0	45 196	(30 196)
Deposits under an association agreement (joint venture)	53081	0	0	0	0	0	0	0	0	0	0
Acquired claims	53082	0	0	2 530 617	(2 500 421)	0	0	(30 196)	0	30 196	(30 196)
Other financial investments	53083	0	0	0	0	0	0	0	0	0	0
Certificates of deposit	53084	15 000	0	15 000	(15 000)	0	0	0	0	15 000	0
Financial Investments - total	5300	8 805 702	(5 742 430)	2 662 488	(3 676 029)	0	0	(1 674 365)	0	7 792 161	(7 416 795)

Investment depreciation reserve

RUB, thsd.

Indicator	01.01.2017	Reserve created in 2017	Reserve value recognized as other income in 2017	Amount of value used in 2017	31.12.2017
Long-term securities for which the current market value is not determined - total	1 236 445	41 652	(1)	0	1 278 096
Contributions to the equity (share) capitals of other organizations	1 236 445	41 652	(1)	0	1 278 096
Debt securities and borrowings	0	0	0	0	0
State and municipal securities	0	0	0	0	0
Corporate securities	0	0	0	0	0
Foreign securities	0	0	0	0	0
Loans granted	0	0	0	0	0
Other	0	0	0	0	0
Deposits under an association agreement (joint venture)	0	0	0	0	0
Acquired claims	0	0	0	0	0
Other financial investments	0	0	0	0	0
Acquired claims	0	0	0	0	0
Short-term securities for which the current market value is not determined	4 494 429	0	(30 095)	0	4 464 334
Contributions to the equity (share) capitals of other organizations	0	0	0	0	0
Debt securities and borrowings	0	0	0	0	0
State and municipal securities	0	0	0	0	0
Corporate securities	0	0	0	0	0
Foreign securities	0	0	0	0	0
Loans granted	4 494 429	0	(30 095)	0	4 464 334
Other	0	0	0	0	0
Deposits under an association agreement (joint venture)	0	0	0	0	0

RUB, thsd.

Indicator	01.01.2017	Reserve created in 2017	Reserve value recognized as other income in 2017	Amount of value used in 2017	31.12.2017
Acquired claims	0	0	0	0	0
Other financial investments	0	0	0	0	0
Acquired claims	0	0	0	0	0

RUB, thsd.

Indicator	01.01.2018	Reserve created in 2017	Reserve value recognized as other income in 2017	Amount of value used in 2017	31.12.2018
Long-term securities for which the current market value is not determined - total	1 278 096	143 453	0	0	1 421 549
Contributions to the equity (share) capitals of other organizations	1 278 096	143 453	0	0	1 421 549
Debt securities and borrowings	0	0	0	0	0
State and municipal securities	0	0	0	0	0
Corporate securities	0	0	0	0	0
Foreign securities	0	0	0	0	0
Loans granted	0	0	0	0	0
Other	0	0	0	0	0
Deposits under an association agreement (joint venture)	0	0	0	0	0
Acquired claims	0	0	0	0	0
Other financial investments	0	0	0	0	0
Acquired claims	0	0	0	0	0
Short-term securities for which the current market value is not determined	4 464 334	1 530 912	0	0	5 995 246
Contributions to the equity (share) capitals of other organizations	0	0	0	0	0
Debt securities and borrowings	0	0	0	0	0
State and municipal securities	0	0	0	0	0
Corporate securities	0	0	0	0	0

RUB, thsd.

Indicator	01.01.2018	Reserve created in 2018	Reserve value recognized as other income in 2018	Amount of value used in 2018	31.12.2018
Foreign securities	0	0	0	0	0
Loans granted	4 464 334	1 500 716	0	0	5 965 050
Other	0	0	0	0	0
Deposits under an association agreement (joint venture)	0	0	0	0	0
Acquired claims	0	30 196	0	0	30 196
Other financial investments	0	0	0	0	0
Acquired claims	0	0	0	0	0

Certificates of deposit

RUB, thsd.

Credit organization	Deposit period	Safe-deposit rate	Amount of deposit		
			As of 31.12.2018	As of 31.12.2017	As of 31.12.2016
			15 000	15 000	35 500
Tuapse Central Branch No.1806/0186 of PC SBERBANK	175 days	5,67%	X	7 500	X
Tuapse Central Branch No.1806/0186 of PC SBERBANK	175 days	5,46%	X	7 500	X
Tuapse Central Branch No.1806/0186 of PC SBERBANK	152 days	7,43%	X	X	6 500
Tuapse Central Branch No.1806/0186 of PC SBERBANK	98 days	7,46%	X	X	10 000
Tuapse Central Branch No.1806/0186 of PC SBERBANK	179 days	7,37%	X	X	19 000
Arkhangelsk branch No. 8637/0260 of PC SBERBANK	182 days	5,60%	15 000	X	X

Loans under which the borrower does not fulfill obligations as of December 31, 2018

RUB, thsd.

Ser.No.	Organization	Contract			Repayment day	Debt service payment procedure	Past-due accounts as of 31.12.2018		Measures taken to resolve
		No.	Rate	Amount			principal debt	interest	
1	AO PO Cosmos (with regard to debt restructuring)	1-2014/K dated 09.07.2014	11,00% from 30.12.2016- 3%	30 000	31.10.2027	according to the approved schedule	1 590	432	In-process monitoring and debt restructuring
2	AO PO Cosmos (with regard to debt restructuring)	2-2015/K dated 28.09.2015	20,00% from 30.12.2016- 3%	67 127	31.10.2027	according to the approved schedule	3 455	938	
3	AO PO Cosmos Debt Obligation Novation Agreement	30.12.2016	3%	106 451	30.09.2027	according to the approved schedule	4 839	1 314	
Total unfulfilled obligations							9 883	2 685	

Information on contributions to the equity (share) capitals of other organizations

A list of companies in which RSC Energia has an overall control

Name	Place of registration / location	Authorized Capital	Company's participatory interest as of December 31, 2018 and December 31, 2017	Company's participatory interest as of December 31, 2018 and December 31, 2017 (%)	Income from participation for 2017, RUB thsd.
1	2	3	4	5	
ZAO ZEM RSC Energia	4A Lenin St. Korolev, Moscow Region	RUB 40 000 thsd.	RUB 40 000 thsd.	100	-
ZAO VKB RSC Energia	26B Zemetsa St., Samara	RUB 10 000 thsd.	RUB 10 000 thsd.	100	-
AO IK Razvitie	4A Lenin St., Korolev, Moscow Region	RUB 6 150 thsd.	RUB 6 150 thsd.	100	-
OOO RSC Energia-Project	4A Lenin St., Korolev, Moscow Region	RUB 500 thsd.	RUB 500 thsd.	100	-
AO Teplo RSC Energia	4A Lenin St., Korolev, Moscow Region	RUB 69 390,4 thsd.	RUB 69 390,4 thsd.	100	-
LLC OIME	4A Lenin St., Korolev, Moscow Region	RUB 16 874,3 thsd.	RUB 16 874,3 thsd.	100	-
ZAO BELROSSAT	Office 416, 15 bldg. 5, P. Brovki St., Minsk	\$25 000	\$17 500	70	-
LLC Energia SAT *	1a, Grabina St., Korolev, Moscow Region	RUB 80 000 thsd.	RUB 40 800 thsd.	51	-
AO Energia-Telecom	4A Lenin St., Korolev, Moscow Region	RUB 1 000 thsd.	RUB 501,0 thsd.	50,1	-

* in connection with the terms of the current Agreement of the Parties of February 28, 2013, Energia CAT Ltd. is a joint venture, and only on the formal basis of participation in the authorized capital exceeding 50% refers to subsidiaries of RSC Energia

List of other affiliates in which RSC Energia is a shareholder (participant) with the participatory interest in the authorized capital exceeding 20%

Name	Place of registration / location	Authorized Capital	Company's participatory interest as of December 31, 2018 and December 31, 2017	Company's participatory interest as of December 31, 2018 and December 31, 2017 (%)	Income from participation for 2017, RUB thsd.
1	2	3	4	5	6
OAONPK REKOD	40 / 6 bldg. 1, 3rd proezd Maryinoy Roshchi, Moscow	RUB 110 867 thsd.	RUB 29 457 thsd.	26,57	-

List of other affiliates in which RSC Energia is a shareholder (participant) with the participatory interest in the authorized capital exceeding 2%

Name	Place of registration / location	Authorized Capital	Company's participatory interest as of December 31, 2018 and December 31, 2017	Company's participatory interest as of December 31, 2018 and December 31, 2017 (%)	Income from participation for 2017, RUB thsd.
1	2	3	4	5	6
Corporation "ILS International Launch Services, Inc." (ILS International Services, Inc.)_	Registered office: Wilmington, Delaware, Name of Agent registered at the address of the registered office "Si Ti Corporation"		170 shares (non-voting share, type B)	17	-
Open joint-stock company Gazprom space systems OAO Gazprom space systems	77B, Moscow St., Schelkovo, Moscow Region	RUB 65 683,4 thsd	RUB 10 615,5 thsd	16,16	-
SL. Aerospace S.a.r.l. ESEL Aerospace SARL (earlier – Sea Launch S.a.r.l)	58, rue Charles Martel, L-2134 Luxembourg, Grand Duchy of Luxembourg	19 195 790 USD	2 880 000 USD	15	-
Joint stock company Certification Center for Rocket and Space Technology (ZAO IsSKT)	4 Pionerskaya St., Korolev, Moscow Region	RUB 10,75 thsd	RUB 0,25 thsd	2,33	43,5

3.7 Inventory

Inventory is accepted for recording at its actual cost (in the amount of actual expenses for its acquisition).

The valuation of writing-off the inventory is carried out at an average cost with the exception of assets with an asset depreciation range exceeding 12 months and with a historical cost no more than 40 000 rubles per unit. The method of calculating the average value is an average rolling valuation per nomenclature, warehouse, work order.

The valuation of writing-off the assets with an asset life exceeding 12 months and with a historical cost no more than 40,000 rubles per unit is carried out using FIFO method.

Goods purchased for sale in retail are valued at selling prices.

On 31.12.2018 the Company created provision for materials cost decline in the amount of 370 986,3 thousand rubles.

On 31.12.2017 the Company created provision for materials cost decline in the amount of 366 867,6 thousand rubles.

In the accounting balance-sheet the stock of materials at the reporting date are shown by deducting the created reserve for the impact of their value.

There is no pledged inventory.

The flow of inventory for the financial reference and previous periods is presented in the table.

Inventory Availability and Flow

RUB, thsd.

Indicator	Code	01.01.2017		Changes over a 2017					31.12.2017	
				Proceeds and expenses	Disposed		Impairment losses	Inventory turnover between groups (types)		
		Production cost	Value of reserve for impairment		Production cost	Reserve for impairment			Production cost	Value of reserve for impairment
Inventory - total	5420	20 906 152	(860 605)	48 549 074	(43 768 003)	366 867	(413 393)	X	25 687 223	(907 131)
including:										
Within the fixed assets:	5421	0	0	0	0	0	0	0	0	0
Raw materials, materials and other similar objects of value	5422	0	0	0	0	0	0	0	0	0
Expenses in in-process inventory	5423	0	0	0	0	0	0	0	0	0
Finished goods and goods for resale	5424	0	0	0	0	0	0	0	0	0
Goods delivered	5425	0	0	0	0	0	0	0	0	0
Other inventories and costs	5429	0	0	0	0	0	0	0	0	0
Within the current assets:	5430	20 906 152	(860 605)	48 549 074	(43 768 003)	366 867	(413 393)	0	25 687 223	(907 131)
Raw materials, materials and other similar objects of value	5431	886 754	0	4411 141	(3 716 247)	0	(366 867)	0	1 581 648	(366 867)
Expenses in in-process inventory	5432	19 244 889	(860 605)	43 303 561	(38 522 045)	366 867	(46 526)	0	24 026 405	(540 264)
Finished goods and goods for resale	5433	9 757	0	783 842	(780 673)	0	0	0	12 926	0
Goods delivered	5434	704 277	0	0	(700 283)	0	0	0	3 994	0
Other inventories and costs	5439	60 475	0	50 530	(48 755)	0	0	0	62 250	0

RUB, thsd.

Indicator	Code	01.01.2017		Changes over a 2017					31.12.2017	
		Production cost	Value of reserve for impairment	Proceeds and expenses	Disposed		Impairment losses	Inventory turnover between groups (types)	Production cost	Value of reserve for impairment
					Production cost	Reserve for impairment				
Inventory - total	5400	25 687 223	(907 131)	37 536 385	(36 559 093)	67 396	53 393	X	26 664 515	(786 342)
including:										
Within the fixed assets:	5401	0	0	0	0	0	0	0	0	0
Raw materials, materials and other similar objects of value	5402	0	0	0	0	0	0	0	0	0
Expenses in in-process inventory	5403	0	0	0	0	0	0	0	0	0
Finished goods and goods for resale	5404	0	0	0	0	0	0	0	0	0
Goods delivered	5405	0	0	0	0	0	0	0	0	0
Other inventories and costs	5409	0	0	0	0	0	0	0	0	0
Within the current assets:	5410	25 687 223	(907 131)	37 536 385	(36 559 093)	67 396	53 393	0	26 664 515	(786 342)
Raw materials, materials and other similar objects of value	5411	1 581 648	(366 867)	1 572 790	(1 501 813)		(4 119)	0	1 652 625	(370 986)
Expenses in in-process inventory	5412	24 026 405	(540 264)	35 453 815	(34 541 693)	67 396	57 512	0	24 938 527	(415 356)
Finished goods and goods for resale	5413	12 926	0	446 597	(442 414)	0	0	0	17 109	0
Goods delivered	5414	3 994	0	0	(990)	0	0	0	3 004	0
Other inventory and expenses	5419	62 250	0	63 183	(72 183)	0	0	0	53 250	0

3.8 Special clothing and special equipment

Special tools and special devices include hardware with individual (unique) properties and designed for production (release) of specific types of products (works, services). Hardware designed to produce generic types of products (works, services) are not taken into account as a special tool and special devices.

Special equipment includes facilities reusable in production, which enable to perform specific (non-standard) technological operations. Technological equipment used to perform mechanical, thermal, galvanic and other processing of parts and products, standard test equipment for checking purchased semi-finished products, components and materials, as well as other general-purpose equipment is not considered as special equipment.

Special clothing includes individual protection gear for the Company employees and technological clothing made of special fabrics to protect air space against contamination caused by personnel working in clean rooms. Special clothing includes special clothes, special footwear and safety devices.

The timeframe of value-added use of special equipment is established depending on the type of equipment and its purpose, based on the statutory standards of the legislation of the Russian Federation stipulated in the Generic Industry Standards for free issue of special clothing, special footwear and other protective equipment, as well as in the Rules for providing workers with special clothing, special footwear and other protective means approved by the Decree of the Ministry of Labor and Social Development of the Russian Federation No. 51 of December 18, 1998. For special clothing as a technological one the timeframe of value-added is determined in accordance with the requirements of the National Standard of the Russian Federation "Clean rooms. Technological clothing. General requirements" GOST R 52538-2006.

When special clothing is handed over into operation, which normative period of use does not exceed 12 months, non-recurrent write off is effected for manufacturing expenses.

When special clothing is handed over into operation, which normative period of use does not exceed 12 months, its cost is written off to manufacturing expenses evenly (in a linear fashion) during the period of use.

3.9 Expenses, Work in Progress and Finished Goods

Work in progress is evaluated based on total actual expenses incurred, including the appropriate portion of general expenses.

General expenses are monthly allocated to orders in proportion to the increase in values of items composing the "Payroll expenses" section, Direct Manufacturing Expenses, over the accounting month. The administrative expenses are allocated in accordance with guidebook "Matrix of primary function cost categorization for a group of administrative expenses".

Provision for work-in-progress decline in value as of 31.12.2018 in the amount of 415 356 thousand rubles, as of 31.12.2017 in the amount 540 264 thousand rubles is created.

3.10 Prepaid Expenses

Costs incurred by the Company over the accounting period though related to future periods are recognized as prepaid expenses. Prepaid expenses comprise as follows:

- Payment for the non-exclusive right to use software products;
- Expenses related to the construction work arrangement.

The mentioned expenses are evenly written-off as intended or based on special calculations over the periods they pertain to.

Prepaid expenses are included in line (accounting entry) "Other inventory and expenses" of Table "Inventory available and its turnover" as of 31.12.2018 in the amount of 53 250 thousand rubles, as of 31.12.2017 – in the amount of 62 250 thousand rubles

3.11 Cash

Pursuant to the Decree of the Russian Ministry of Finance No. 66n "On Forms of Accounting Reports of Organizations" dated July 2, 2010, and para 18 of PBU 23 "Cash Flow Statement", cash flow statement indicators shall be indicated in the currency of the Russian Federation - rubles. Cash flow values in a foreign currency shall be converted into rubles at the official exchange rate established by the Central Bank of the Russian Federation on the date of payment effecting or receipt.

Line 1250 "Cash and cash equivalents" reflects the Company cash amounted to RUB 15 906 999 thsd. as of December 31, 2018 including:

On account 50 "Cash account" amounted to RUB 4 056 thsd.;

On account 51 "Payment accounts" amounted to RUB 11 180 558 thsd.;

On account 52 "Currency accounts" amounted to RUB 4 431 093 thsd.;

On account 55 "Special bank accounts" amounted to RUB 65 700 thsd.;

On account 57 "Transfers in transit" amounted to RUB 2 142 thsd.

On account 58 «Financial investments» amounted to RUB 23 500 thsd.

Line 1250 "Cash and cash equivalents" reflects the Company cash amounted to RUB 22 536 824 thsd. as of December 31, 2017, including:

On account 50 "Cash account" amounted to RUB 4 055 thsd.;

On account 51 "Payment accounts" amounted to RUB 17 865 966 thsd.;

On account 52 "Currency accounts" amounted to RUB 4 423 011 thsd.;

On account 55 "Special bank accounts" amounted to RUB 241 556 thsd.;

On account 57 "Transfers in transit" amounted to RUB 2 236 thsd.

Matching of balance sheet amounts and statement of cash receipts and disbursements

<i>RUB, thsd.</i>			
Indicator	as of 31.12.2018	as of 31.12.2017	as of 31.12.2016
Cash balance (statement of cash receipts and disbursements)	15 906 999	22 536 824	25 064 724
Cash balance (accounting balance-sheet)	15 906 999	22 536 824	25 064 724
Including:			
Monetary assets	15 817 799	22 305 924	24 955 924
Monetary documents	0	0	0

RUB, thsd.

Indicator	as of 31.12.2018	as of 31.12.2017	as of 31.12.2016
Financial investments, classified as monetary equivalents	89 200	230 900	108 800

The composition of cash reflects monetary assets limited for use which are not subject to use for other purposes.

RUB, thsd.

Indicator	as of 31.12.2018	as of 31.12.2017
Cash limited for use		
Special accounts (special accounts of purchase participant)	531,2	0
Separate banking accounts	702 715,1	106 867,3
Personal accounts	5 719 653,3	17 209 333,4
Except for Ltd	238 093,9	0

The basis for restricting the use of monetary assets held on separate and personal accounts is target financing of works under state contracts on which the above accounts are set up. The costs on separate accounts are regulated by the Federal Law of December 29, 2012 No.275-FL "On the State Defense Order", on personal accounts - by the Federal Law "On the Federal Budget" and other normative acts of the Ministry of Finance of Russia.

On a special account (for organizing purchases), restrictions are bound by the obligation of the organization participating in the tender for the contract award to transfer funds to a special account, where they are blocked by the bank until the end of bidding. In this case, the writing off of amounts is regulated by the Federal Law of 01.01.2019 No.44-FL "About the contract system in the area of procurement of goods, works, services to ensure state and municipal needs".

Opportunities for borrowing additional monetary assets.

RUB, thsd.

Indicator	Amount			The amount of the mandatory (minimum) balance		
	As of 31.12.2018	As of 31.12.2017	As of 31.12.2016	As of 31.12.2018	As of 31.12.2017	As of 31.12.2016
Established but not used lines of credit	6 035 590	5 627 650	3 386 723	X	X	X
Amounts of loans (credits) short-received as of the reporting date under concluded loan agreements (credit agreements)	0	0	0	X	X	X

3.12 Accounts Receivable

Trade receivables are determined based on the prices specified in agreements between the Company and purchasers (customers), including VAT.

Accounts receivable show advances against forthcoming settlements paid to other organizations under the contract terms. Amount of the advances is 49 215 051 thousand rubles as of 31.12.2018, 46 769 779 thousand rubles as of 31.12.2017. Amount of provision for the advances paid as of 31.12.2018 is 874 336 thousand rubles, 3 661 019 thousand rubles as of 31.12.2017.

In the accounting balance-sheet, the receivables are shown by deducting the reserve for doubtful debts.

Availability and Flow of Accounts Receivable shown in the current assets

RUB, thsd.

Indicator	Code	01.01.2017		Changes over a 2017								31.12.2017	
		Accounted under contract	Reserve for doubtful debts	Acquired		Disposed		Accumulation of reserve for doubtful debts	Using (correcting) reserve for doubtful debts	Reclassification from long-term receivables to short-term receivables	Reserve conversion from long-term to short-term	Accounted under contract	Reserve for doubtful debts
				Through business transactions (amount of debt under a transaction, operation)	%, smart money and other accruals	Repayment	Write-off to the financial result						
Accounts receivable - total	5520	43 356 133	(6 108 866)	31 253 194	0	(20 893 771)	(9 438)	(420 465)	48 371	X	X	53 706 118	(6 480 960)
Non-current loan receivable – total	5521	10 797 356	(588 641)	15 947 762	0	(1 622 129)	(45)	0	1 962	(8 781 413)	575 987	16 341 531	(10 692)!
including: Buyers and customers	5522	366 744	(11 304)	2 871	0	(202 571)	(45)	0	1 962	(66 080)	(1 350)	100 919	(10 692)
Advance paid out to other suppliers and subcontractors	5523	10 100 033	(577 337)	15 944 891	0	(1 414 669)	0	0	0	(8 649 253)	577 337	15 981 002	0
Other accounts receivable	5529	330 579	0	0	0	(4 889)	0	0	0	(66 080)	0	259 610	0
Short-term loan receivable - total	5530	32 558 777	(5 520 225)	15 305 432	0	(19 271 642)	(9 393)	(420 465)	46 409	8 781 413	(575 987)	37 364 587	(6 470 268)
including: Buyers and customers	5531	2 002 639	(880 003)	1 789 515	0	(1 174 925)	(2 245)	(615)	46 409	66 080	1 350	2 681 064	(832 859)
Advance paid out to other suppliers and subcontractors	5532	27 722 487	(3 079 244)	12 093 722	0	(17 674 696)	(1 989)	(4 438)	0	8 649 253	(577 337)	30 788 777	(3 661 019)

RUB, thsd.

Indicator	Code	01.01.2017		Changes over a 2017								31.12.2017	
		Accounted under contract	Reserve for doubtful debts	Acquired		Disposed		Accumulation of reserve for doubtful debts	Using (correcting) reserve for doubtful debts	Reclassification from long-term receivables to short-term receivables	Reserve conversion from long-term to short-term	Accounted under contract	Reserve for doubtful debts
				Through business transactions (amount of debt under a transaction, operation)	%, smart money and other accruals	Repayment	Write-off to the financial result						
Other accounts receivable	5539	2 833 651	(1 560 978)	1 422 195	0	(422 021)	(5 159)	(415 412)	0	66 080	0	3 894 746	(1 976 390)

RUB, thsd.

Indicator	Code	01.01.2018		Changes over a 2018								31.12.2018	
		Accounted under contract	Reserve for doubtful debts	Acquired		Disposed		Accumulation of reserve for doubtful debts	Using (correcting) reserve for doubtful debts	Reclassification from long-term receivables to short-term receivables	Reserve conversion from long-term to short-term	Accounted under contract	Reserve for doubtful debts
				Through business transactions (amount of debt under a transaction, operation)	%, smart money and other accruals	Repayment	Write-off to the financial result						
Accounts receivable - total	5500	53 706 118	(6 480 960)	29 126 899	0	(24 232 756)	(548)	(1 802 299)	3 458 041	X	X	58 599 713	(4 825 218)
Non-current loan receivable – total	5501	16 341 531	(10 692)	8 313 600	0	(943 865)	0	0	109	(12 551 419)	10 583	11 159 847	0
including: Buyers and customers	5502	100919	(10 692)	0	0	0	0	0	109	(100 919)	10 583	0	0
Advance paid out to other suppliers and subcontractors	5503	15 981 002	0	8 309 848	0	(943 690)	0	0	0	(12 450 558)	0	10 896 602	0

RUB, thsd.

Indicator	Code	01.01.2018		Changes over a 2018								31.12.2018	
		Accounted under contract	Reserve for doubtful debts	Acquired		Disposed		Accumulation of reserve for doubtful debts	Using (correcting) reserve for doubtful debts	Reclassification from long-term receivables to short-term receivables	Reserve conversion from long-term to short-term	Accounted under contract	Reserve for doubtful debts
				Through business transactions (amount of debt under a transaction, operation)	%, smart money and other accruals	Repayment	Write-off to the financial result						
Other accounts receivable	5509	259 610	0	3 752	0	(175)	0	0	0	58	0	263 245	0
Short-term loan receivable – total	5510	37 364 587	(6 470 268)	20 813 299	0	(23 288 891)	(548)	(1 802 299)	3 457 932	12 551 419	(10 583)	47 439 866	(4 825 218)
including: Buyers and customers	5511	2 681 064	(832 859)	990 453	0	(1 615 124)	(140)	(135 996)	177 504	100 919	(10 583)	2 157 172	(801 934)
Advance paid out to other suppliers and subcontractors	5512	30 788 777	(3 661 019)	15 990 442	0	(20 911 302)	(26)	(462 926)	3 249 609	12 450 558	0	38 318 449	(874 336)
Other accounts receivable	5519	3 894 746	(1 976 390)	3 832 404	0	(762 465)	(382)	(1 203 377)	30 819	(58)	0	6 964 245	(3 148 948)

Availability and Flow of Accounts Receivable Shown in Fixed Assets

RUB, thsd.

Indicator	Code	01.01.2017		Changes over a 2017							31.12.2017	
		Accounted under contract	Reserve for doubtful debts	Acquired		Disposed	Write-off to the financial result	Accumulation of reserve for doubtful debts	Using (correcting) reserve for doubtful debts	Reserve conversion from long-term to short-term	Accounted under contract	Reserve for doubtful debts
				Through business transactions (amount of debt under a transaction, operation)	Interests payable, smart money and other accruals	Repayment						
Long-term debt receivable shown in fixed assets, total	5521	5 758	0	1 727	0	0	0	0	0	0	7 485	0
including:	5522	5 758	0	1 727	0	0	0	0	0	0	7 485	0
Other fixed assets												
Advances paid for R&D	5523	0	0	0	0	0	0	0	0	0	0	0
Advances paid to other suppliers and contractors	5524	0	0	0	0	0	0	0	0	0	0	0
Advances paid to IA suppliers	5525		0	0	0	0	0	0	0	0	0	0
Advances paid FA suppliers	5526	0	0	0	0	0	0	0	0	0	0	0
Advances paid to capital construction contractors	5527	5 758	0	1 727	0	0	0	0	0	0	7 485	0
Advances paid to suppliers of income-bearing placement bases	5528	0	0	0	0	0	0	0	0	0	0	0
Other accounts receivable	5529	0	0	0	0	0	0	0	0	0	0	0

RUB, thsd.

Indicator	Code	01.01.2017		Changes over a 2017							31.12.2017	
		Accounted under contract	Reserve for doubtful debts	Acquired		Disposed	Write-off to the financial result	Accumulation of reserve for doubtful debts	Using (correcting) reserve for doubtful debts	Reserve conversion from long-term to short-term	Accounted under contract	Reserve for doubtful debts
				Through business transactions (amount of debt under a transaction, operation)	Interests payable, smart money and other accruals	Repayment						
Short-term loan receivable, shown in fixed assets, total	5530	143 851	0	150 892	0	(115 984)	0	0	0	0	178 759	0
including:	5531	143 851	0	150 892	0	(115 984)	0	0	0	0	178 759	0
Other fixed assets												
Advances paid for R&D	5532	0	0	0	0	-	0	0	0	0	0	0
Advances paid to other suppliers and contractors	5533	0	0	0	0	-	0	0	0	0	0	0
Advances paid to IA suppliers	5534	0	0	0	0	-	0	0	0	0	0	0
Advances paid FA suppliers	5535	143 851	0	150 892	0	(115 984)	0	0	0	0	178 759	0
Advances paid to capital construction contractors	5536	0		0	0		0	0	0	0	0	0
Total:	5520	149 609	0	152 619	0	(115 984)	0	0	0	0	186 244	0

RUB, thsd.

Indicator	Code	01.01.2018		Changes over a 2018							31.12.2018	
		Accounted under contract	Reserve for doubtful debts	Acquired		Disposed	Write-off to the financial result	Accumulation of reserve for doubtful debts	Using (correcting) reserve for doubtful debts	Reserve conversion from long-term to short-term	Accounted under contract	Reserve for doubtful debts
				Through business transactions (amount of debt under a transaction, operation)	Interests payable, smart money and other accruals	Repayment						
Long-term debt receivable shown in fixed assets, total	5501	7 485	0	0	0	(7 485)	0	0	0	0	0	0
including:	5502	7 485	0	0	0	(7 485)	0	0	0	0	0	0
Other fixed assets												
Advances paid for R&D	5503	0	0	0	0	0	0	0	0	0	0	0
Advances paid to other suppliers and contractors	5504	0	0	0	0	0	0	0	0	0	0	0
Advances paid to suppliers of intangible assets	5505	0	0	0	0	0	0	0	0	0	0	0
Advances paid to suppliers of fixed assets	5506	0	0	0	0	0	0	0	0	0	0	0
Advances paid to capital construction contractors	5507	7 485	0	0	0	(7 485)	0	0	0	0	0	0
Advances paid to suppliers of income-bearing placement bases	5508	0	0	0	0	0	0	0	0	0	0	0
Other accounts receivable	5509	0	0	0	0	0	0	0	0	0	0	0

RUB, thsd.

Indicator	Code	01.01.2018		Changes over a 2018							31.12.2018	
		Accounted under contract	Reserve for doubtful debts	Acquired		Disposed	Write-off to the financial result	Accumulation of reserve for doubtful debts	Using (correcting) reserve for doubtful debts	Reserve conversion from long-term to short-term	Accounted under contract	Reserve for doubtful debts
				Through business transactions (amount of debt under a transaction, operation)	Interests payable, smart money and other accruals	Repayment						
Short-term loan receivable, shown in fixed assets, total	5510	178 759	0	50 100	0	(133 439)	0	0	0	0	95 420	0
including:	5511	178 759	0	50 100	0	(133 439)	0	0	0	0	95 420	0
Other fixed assets												
Advances paid for R&D	5512	0	0	0	0	0	0	0	0	0	0	0
Advances paid to suppliers of intangible assets	5513	0	0		0	0	0	0	0	0	0	0
Advances paid to suppliers of fixed assets	5514	0	0	0	0	0	0	0	0	0	0	0
Advances paid to capital construction contractors	5515	178 759	0	50 100	0	(133 439)	0	0	0	0	95 420	0
Advances paid to suppliers of income-bearing placement bases	5516	0	0	0	0	0	0	0	0	0	0	0
Total:	5500	186 609	0	50 100	0	(140 924)	0	0	0	0	95 420	0

Overdue Accounts Receivable

RUB, thsd.

Indicator	Code	As of December 31, 2018		As of December 31, 2017		As of December 31, 2016	
		Accounted under contract	Book value	Accounted under contract	Book value	Accounted under contract	Book value
Total	5540	14 899 153	14 899 153	433 336	433 336	498 527	498 527
including:							
Trade receivables	5541	605 598	605 598	433 209	433 209	498 527	498 527
Advances paid	5542	14 293 555	14 293 555	0	0	0	0
Other accounts receivable	5543	0	0	127	127	0	0

3.13 Capital and Reserves

4.13 As of December 31, 2017, the Company's authorized capital was 1,123,734 thousand rubles and consisted of the fully paid-up common stock (1 123 734 shares) placed by the Company.

5.13 At the end of 2017, there were no dividend payouts due to the resolution passed to introduce a moratorium on dividend payouts over the 2018-2020 period under the Financial Recovery Program of RSC Energia: General Shareholders' Meeting (Minutes No. 33 of 02.07.2018) supported the relevant recommendations made at the Board of Directors (Minutes No. 24 of 31.05.2018) on this matter.

6.13 The Company's Articles of Association provides establishing a reserve fund in the amount of at least 15% of the authorized capital. The fund is formed by means of compulsory annual deductions equal to no less than 15% of the net profit. As of 31.12.2018, the Company's reserve fund was formed in full.

7.13 Based on the Decision adopted by the Extraordinary General Shareholders' Meeting of RSC Energia to increase its Authorized Capital by placement of additional stock (Minutes No. 32 of 20.03.2018), RSC Energia Board of Directors (Minutes No. 27 of 18.06.2018) approved the Decision on additional issue of RSC Energia securities, namely: uncertified registered common stock with a nominal value of 1,000 rubles each, total quantity of 128 000 shares; method of placement is private subscription. Total volume of the additional issue at face value is 128 000 000 rubles. The additional issue was assigned state registration number 1-03-01091-A-001D of 09.08.2018.

8.13 In accordance with the contract No. 351-KI143/18/150 of 25.12.2018 "On the Russian Federation stake in the property of investment subject No. 01-09/259", as part of the arrangements being made to get budgetary investments (increase in the Authorized Capital, tranche 1), the share registrar from AO DRAGA transferred the stock of 56101 shares from RSC Energia's issue account to the account of the Federal Agency for State Property Management on the date of 29.12.2018.

9.13 The transfer of the funds in the amount of 428,499,438 rubles to RSC Energia's treasury account for the transferred stock of 56 101 shares was made by payment order No. 839242 of 28.12.2018. The debt to the shareholder is reflected in line 1330 of Balance "Settlements with the founders on the contributions to the authorized capital (authorized fund)".

10.13 According to the Bank of Russia decision of 04.02.2019, the state registration of the report on the results of the additionally issued uncertified registered common stock of RSC Energia was performed.

11.13 The number of the additionally issued securities is 56 102 and 462 133/561 867 shares.

12.13 Par value of each additionally issued security is 1 000 rubles.

13.13 Total amount of the additional issue at face value is 56 102 822,50 rubles. One whole and 462,133 / 561,867 shares were acquired by the shareholder in the process of exercising the preemptive right.

14.13 On 21.02.2019 the Interdistrict IFTS of Russia No. 2 in the Moscow Region registered the changes to RSC Energia's Articles of Association: the Company's authorized capital was 1,179,836,822 rubles 50 kopecks and split into 1,179,836 whole and 462,133/561,867 pieces of uncertified registered common stock. The nominal value of each stock share was 1 000 rubles.

15.13 The Company is entitled to additionally place 193,897 whole and 99 734/561 867 pieces of uncertified registered common stock with a par value of 1,000 rubles each.

3.14 Loans and Credit Lines

Expenses for loans and credits received are recognized as costs of the period, during which they have been incurred (current expenses), and are included in other expenses.

Additional expenses associated with obtaining loans and credits are included in other expenses as they are paid.

Interest on borrowings is evenly (monthly) accrued, and is recognized as other expenses in the

accounting periods, which these accruals pertain to.

The Company transfers long-term payables on loans and credits received to short-term payables at the time when there are 365 days left to repay the principals of such borrowings pursuant to loan agreements.

Line 1410 "Borrowings" of the balance sheet demonstrates bank loan proceeds with maturity exceeding 365 days as of December 31, 2018. The line 1510 "Borrowings" demonstrates Company's debts with maturity not exceeding 365 days under loan agreements with banks as of December 31, 2018.

RUB, thsd.

Indicator	Unamortized Principle Balance at 01.01.2018	Changes over a 2017				Unamortized Principle Balance at 31.12.2017	Balance of accrued interest at 31.12.2017	Credit balance of credit agreement at 31.12.2017	Amortization period (year)
		Receipt		Retirement					
		Received for a year (principal)	Interest, penalties and other accruals due to the loaner for a year	Repaid for a year (principal)	Paid % for a year				
PC Sberbank, 00510013/08014201	1 996 154	0	206 282	0	206 499	1 996 154	1 542	0	2021
PC Sberbank, 00390015/08014201	2 964 925	0	311 405	0	312 029	2 964 925	2 957	10 075	2019-2020
PC Sberbank, 00010016/08014201	1 850 135	0	141 202	1 850 135	143 347	0	0	0	2017
PC Sberbank, 00250016/08014101	400 000	0	42 498	0	42 611	400 000	618	0	2019
PC Sberbank, 00810017/60544200	0	1 420 951	3 465	0	2 096	1 420 951	1 386	1 579 049	2018
AO "Rossiya", 00.19-3/01/162/17	0	879 352	12 653	0	12 653	879 352	0	120 648	2018-2020
AO "Rossiya", 00.02-2-2/01/036/16	1 398 217	2 108 402	253 560	2 964 533	232 560	542 086	0	2 457 915	2018-2019
Gazprombank (AO) 65/17-P	0	4 813 996	112 280	1 853 008	112 280	2 960 988	0	3 039 012	2019
TOTAL:	8 609 431	9 222 701	1 062 084	6 667 676	1 064 077	11 164 456	6 503	7 206 698	
including:									
Long-term credits – total	7211 214					8 322 067	6 157		
PC Sberbank, 00510013/08014201	1 996 154					1 996 154	1 542		
PC Sberbank, 00390015/08014201	2 964 925					2 964 925	2 957		
PC Sberbank, 00010016/08014201	1 850 135					0	0		
PC Sberbank, 00250016/08014101	400 000					400 000	618		
Gazprombank (JSC) 65/17-P	0					2 960 988	1 039		

RUB, thsd.

Indicator	Unamortized Principle Balance at 01.01.2017	Changes over a 2017				Unamortized Principle Balance at 31.12.2017	Balance of accrued interest at 31.12.2017	Credit balance of credit agreement at 31.12.2017	Amortization period (year)
		Receipt		Retirement					
		Received for a year (principal)	Interest, penalties and other accruals due to the loaner for a year	Repaid for a year (principal)	Paid % for a year				
Short-term credits – total	1 398 217					2 842 389	346		
PC Sberbank, 00810017/60544200	0					1 420 951	346		
AO "Rossiya", 00.19-3/01/162/17	0					879 352	0		
AO "Rossiya", 00.02-2-2/01/036/16	1 398 217					542 086	0		

RUB, thsd.

Indicator	Unamortized Principle Balance at 01.01.2018	Changes over a 2018				Unamortized Principle Balance at 31.12.2018	Balance of accrued interest at 31.12.2018	Credit balance of credit agreement at 31.12.2018	Amortization period (year)
		Receipt		Retirement					
		Received for a year (principal)	Interest, penalties and other accruals due to the loaner for a year	Repaid for a year (principal)	Paid % for a year				
PC Sberbank, 00510013/08014201	1 996 154	0	174 841	0	174 989	1 996 154	1 395	0	2021
PC Sberbank, 00390015/08014201	2 964 925	0	254 849	1 594 969	256 529	1 369 956	1 276	0	2019
PC Sberbank, 00250016/08014101	400 000	0	35 036	0	35 095	400 000	559	0	2019
PC Sberbank, 00810017/60544200	1 420 951	200 000	133 981	1 620 951	135 366	0	0	0	2018
AO "Rossiya", 00.19-3/01/162/17	879 352	974 392	81 455	879 352	81 455	974 392	0	25 608	2020

RUB, thsd.

Indicator	Unamortized Principle Balance at 01.01.2018	Changes over a 2018				Unamortized Principle Balance at 31.12.2018	Balance of accrued interest at 31.12.2018	Credit balance of credit agreement at 31.12.2018	Amortization period (year)
		Receipt		Retirement					
		Received for a year (principal)	Interest, penalties and other accruals due to the loaner for a year	Repaid for a year (principal)	Paid % for a year				
AO "Rossiya", 00.02-2-2/01/036/16	542 085	2 955 075	138 720	1 564 494	138 720	1 932 666	0	1 067 334	2019
Bank GPB (JSC), 65/17-P	2 960 988	3 009 966	464 536	0	464 536	5 970 954	0	29 046	2019
Bank VTB (PC), KS- TsV-725000/2018/00013	0	2 120 326	63 826	0	48 123	2 120 326	15 703	3 879 674	2025
TOTAL:	11 164 456	9 259 760	1 347 244	5 659 767	1 334 813	14 764 449	18 933	5 001 662	
including:									
Long-term credits – total	8 322 067					5 090 873	17 098		
PC Sberbank, 00510013/08014201	1 996 154					1 996 154	1 395		
PC Sberbank, 00390015/08014201	2 964 925					0	0		
PC Sberbank, 00250016/08014101	400 000					0	0		
PC Sberbank, 00810017/60544200	0					0	0		
AO "Rossiya", 00.19-3/01/162/17	0					974 392	0		
AO "Rossiya", 00.02-2-2/01/036/16	0					0	0		
Bank GPB (JSC), 65/17-P	2 960 988					0	0		
Bank VTB (PC), KS- TsV-725000/2018/00013	0					2 120 326	15 703		
Short-term credits – total	2 842 389					9 673 576	1 835		

RUB, thsd.

Indicator	Unamortized Principle Balance at 01.01.2018	Changes over a 2018				Unamortized Principle Balance at 31.12.2018	Balance of accrued interest at 31.12.2018	Credit balance of credit agreement at 31.12.2018	Amortization period (year)
		Receipt		Retirement					
		Received for a year (principal)	Interest, penalties and other accruals due to the loaner for a year	Repaid for a year (principal)	Paid % for a year				
PC Sberbank, 00510013/08014201	0					0	0		
PC Sberbank, 00390015/08014201	0					1 369 956	1 276		
PC Sberbank, 00250016/08014101	0					400 000	559		
PC Sberbank, 00810017/60544200	1 420 951					0	0		
AO "Rossiya", 00.19-3/01/162/17	879 352					0	0		
AO "Rossiya", 00.02-2-2/01/036/16	542 085					1 932 666	0		
Bank GPB (JSC), 65/17-P	0					5 970 954	0		
Bank VTB (PC), KS- TsV -725000/2018/00013	0					0	0		

Conditions and due dates for payments on outstanding borrowings

RUB, thsd.

Types of borrowings	Currency	Redemption time (year)	Rate of interest	Backlog as of 31.12.2016	Received borrowings	Accrued interest	Paid back borrowings, interest paid off	Exchange difference	Backlog as of 31.12.2017	Received borrowings	Accrued interest	Paid back borrowings, interest paid off	Exchange difference	Backlog as of 31.12.2018
Secured loans and notes	rub.	2025	8.72	0	0	0	0	0	0	2 120 326	63 826	48 123	0	2 136 029
Unsecured loans	rub.	2019- 2021	8.5 - 9.0	8 617 648	9 222 701	1 062 345	7 731 735	0	11 170 959	7 139 434	1 283 418	6 946 458	0	12 647 353
Loans received	X	X	X	0	0	0	0	0	0	0	0	0	0	0
Debentures	X	X	X	0	0	0	0	0	0	0	0	0	0	0
Bonds	X	X	X	0	0	0	0	0	0	0	0	0	0	0
Bills and notes	X	X	X	0	0	0	0	0	0	0	0	0	0	0
Total				8 617 648	9 222 701	1 062 345	7 731 735	0	11 170 959	9 259 760	1 347 244	6 994 581	0	14 783 382

Interest on credit and demand loan

RUB, thsd.

Indicator	2018	2017
The interest amount accrued for the period, total	1 347 244	1 062 345
The interest amount included in the expired costs	1 347 244	1 062 345
Amount of compounded interest	0	0
The interest amount included in the cost of investment asset for loans taken for the purpose of acquiring (constructing) an investment asset	0	0
The amount of interest included in the cost of the investment asset on loans taken for purposes not related to acquiring (constructing), and (or) manufacturing the investment asset	0	0
The amount of income from the temporary use of the funds of the received loan (credit) as long-term and (or) short-term financial investments, including those taken into account when reducing the borrowing costs related to the acquisition, construction and (or) manufacture of the investment asset	0	0

3.15 Accounts Payable (and other liabilities)

Accounts Payable Availability and Flow

RUB, thsd.

Indicator	Code	01.01.2017	Changes over a 2017					31.12.2017
			Acquired		Disposed		Reclassification from long-term payables to short-term payables	
			Through business transactions (amount of debt under a transaction, operation)	Interest, penalties and other accruals due	Repayment	Write-off to the financial result		
Long-term accounts payable - total	5571	40 072 875	18 159 452	0	(1 806)	0	(14 565 759)	43 664 762
including: Trade payables	5572	22 510	540 414	0	(1 806)	0	(20 704)	540 414
Advances received	5573	40 050 365	17 619 038	0	0	0	(14 545 055)	43 124 348
Payables to organization employees	5574	0	0	0	0	0	0	0

RUB, thsd.

Indicator	Code	01.01.2017	Changes over a 2017					31.12.2017
			Acquired		Disposed		Reclassification from long-term payables to short-term payables	
			Through business transactions (amount of debt under a transaction, operation)	Interest, penalties and other accruals due	Repayment	Write-off to the financial result		
Backlog for insurance contributions	5575	0	0	0	0	0	0	0
Tax and due liabilities	5576	0	0	0	0	0	0	0
Other creditors	5579	0	0	0	0	0	0	0
Short-term accounts payable - total	5580	44 323 878	22 778 988	0	(32 714 659)	(2 704)	14 565 759	48 951 262
including:								
Trade payables	5581	2 455 594	4 938 998	0	(1 780 665)	(2)	20 704	5 634 629
Advances received	5582	41 073 854	16 821 791	0	(30 320 809)	(752)	14 545 055	42 119 139
Payables to organization employees	5583	239 979	287 179	0	(239 560)	(89)	0	287 509
Backlog along for insurance contributions	5584	181 432	201 436	0	(169 660)	0	0	213 208
Tax and due liabilities	5585	123 257	502 411	0	(118 868)	0	0	506 800
Other creditors	5589	249 762	27 173	0	(85 097)	(1 861)	0	189 977
Total	5570	84 396 753	40 938 440	0	(32 716 465)	(2 704)	0	92 616 024

RUB, thsd.

Indicator	Code	01.01.2018	Changes over a 2018					31.12.2018
			Acquired		Disposed		Reclassification from long-term payables to short-term payables	
			Through business transactions (amount of debt under a transaction, operation) ⁸	Interest, penalties and other accruals due ⁸	Repayment	Write-off to the financial result ⁸		
Long-term accounts payable - total	5551	43 664 762	8 142 669	0	(3 111 477)	0	(17 681 616)	31 014 338
including: Trade payables	5562	540 414	0	0	0	0	(540 414)	0
Advances received	5563	43 124 348	8 142 669	0	(3111 477)	0	(17 141 202)	31 014 338
Payables to organization employees	5564	0	0	0	0	0	0	0
Backlog along for insurance contributions	5565	0	0	0	0	0	0	0
Tax and due liabilities	5566	0	0	0	0	0	0	0
Other creditors	5569	0	0	0	0	0	0	0
Short-term accounts payable - total	5560	48 951 262	28 007 329	120	(36 432 574)	(155)	17 681 616	58 207 598
including: Trade payables	5561	5 634 629	3 800 306	0	(6 287 398)	0	540 414	3 687 951
Advances received	5562	42 119 139	22 899 480	0	(28 984 311)	(18)	17 141 202	53 175 492
Payables to organization employees	5563	287 509	331 709	0	(281 308)	0	0	337 910
Backlog along for insurance contributions	5564	213 208	180 314	0	(194 112)	0	0	199 410
Tax and due liabilities	5565	506 800	768 211	120	(505 302)	0	0	769 829
Other creditors	5569	189 977	27 309	0	(180 143)	(137)	0	37 006
Total	5550	92 616 024	36 149 998	120	(39 544 051)	(155)	0	89 221 936

Overdue Accounts Payable

RUB, thsd.

Indicator	Code	As of December 31, 2018	As of December 31, 2017	As of December 31, 201
Total	5590	11 567 141	706 400	513 401
including				
Trade payables	5591	268 242	706 254	513 401
Other creditors	5592	0	146	0
Advances received	5593	11 298 899	0	0

Fixed liabilities cover long-term accounts payable in the amount of 31 014 338 thousand rubles as of 31.12.2018 long-term accounts payable in the amount of 43 664 762 thousand rubles as of 31.12.2017 and other long-term liabilities making up 38 751 thousand rubles.

Current (short-term) liabilities as of 31.12.2018 include short-term accounts payable in the amount of 58 207 598 thousand rubles and other current liabilities in the amount of 1 687 136 thousand rubles, as of 31.12.2017, short-term accounts payable amounted to 48 951 262 thousand rubles, while other current liabilities came to 1 294 322 thousand rubles.

3.16 Taxation

Taxes and dues

RUB, thsd.

Indicator	2018		2017	
	Accrued	Paid	Accrued	Paid
Total	3 318 897	3 029 835	3 206 236	2 914 522
including:				
Federal budget – total	895 241	845 598	898 314	834 156
VAT	12 382	12 382	0	10 000
Income tax	121 807	81 618	146 630	79 361
PIT	761 030	751 571	751 664	744 776
Other	22	27	20	19
Budgets of subjects of the Russian Federation – total	857 765	613 888	775 277	571 209
Income tax	742 227	499 062	634 368	426 590
Property tax	113 337	112 599	137 843	139 190
Transport tax	2 201	2 228	3 066	5 429
Local budgets - total	64 021	64 233	66 627	68 770
Land-value tax	63 677	63 889	66 509	68 652
Other	344	344	118	118
Insurance contributions for employee benefits	1 501 870	1 506 116	1 466 018	1 440 387

Value-added tax

The value added tax (VAT) on goods, products, works and services sold is calculated as of the date of actual shipment (delivery) of such goods, products, works and services.

Income tax

For the purposes of the income tax calculation, income is recognized in the reporting (tax) period, during which it occurred, regardless of the actual receipt of cash or any other property (works, services), and (or) property rights (accrual basis).

The amount of income tax contingent expenses came to RUB 184 543 thsd. for 2018.

The amount of income tax contingent gain came to RUB 441 242 thsd. for 2017.

The current income tax recognized in the line 2410 of the Profit and Loss Statement equaled to RUB 709 074 thsd. in 2018, RUB 949 538 thsd. in 2017.

3.17 Deferred Taxes

In its accounting and reporting documents, the Company discloses deferred tax assets and liabilities, as well as permanent tax assets and liabilities, i.e. the amounts, which may influence the income tax value in the current and/or forthcoming accounting periods.

Permanent Differences

Permanent differences have emerged in the Company's accounting as a result of the excess of actual expenses included in the accounting earnings (loss) calculation over expenses accepted for tax purposes, with respect to which certain cost restrictions are provided, and other differences.

The sum of permanent tax liabilities (assets) calculated based on permanent differences is recorded in the line 2421 of the Profit and Loss Statement in 2017 and amounted to RUB 1 243 558 thsd. and recorded in the line 2421 in 2017 and amounted to RUB 484 535 thsd., respectively.

Deductible Temporary Differences

In 2018, deductible temporary differences were RUB 1 865 240 thsd. and in 2017 the amount was RUB 207 065 thsd. emerged as a result of the following:

- recognition of service sector losses in records for accounting and tax purposes;
- recognition of other income and expenses in records (including the estimated liability) for accounting and tax purposes.

Changes in deferred tax assets are shown in the line 2450 of the Profit and Loss Statement.

- for 2018 in the descending order: decrease by RUB 373 048 thsd.,
- for 2017 showing upward tendency: increase by RUB 41 413 thsd.

Taxable Temporary Differences

In 2018, taxable temporary differences were RUB 110 535 thsd. and in 2017 the amount was RUB 325 865 thsd. emerged as a result of the following:

- evaluation of work in progress in records for accounting and tax purposes;
- recognition of R&D expenses in records for accounting and tax purposes;
- charges of depreciation of fixed assets in records for accounting and tax purposes;
- recognition of other income and expenses in records for accounting and tax purposes.

Changes in deferred tax liabilities are shown in the line 2430 of the Profit and Loss Statement.

- for 2018 in the descending order: decrease by RUB 22 107 thsd.,
- for 2017 showing upward tendency: increase by RUB 65 173 thsd.

Deferred tax assets and liabilities

RUB, thsd.

Indicator	2018	2017
Provisional profits tax expense (tax income)	(184 543)	441 242
Ongoing tax liability	(1 243 558)	(484 535)
Deferred tax asset	(373 048)	(41 413)
Deferred tax liability	22 107	65 173
Current income tax (current tax loss)	(708 074)	(949 538)

Permanent and temporary differences resulting in correction of contingent expense (contingent income) for income tax of the financial reference period

RUB, thsd.

Indicator	2018	2017
Permanent differences	6 217 790	2 206 210
Temporary (taxable) differences	110 535	325 865
Temporary (deductable) differences	1 865 240	207 065

The amounts of deferred tax assets and deferred tax liabilities written off because of the retirement of assets (sale, transfer at no cost or liquidation) or type of liability

RUB, thsd.

Indicator	2018	2017
Correction of deferred tax asset	1 729 135	113 743
Correction of deferred tax liability	168 243	219 344

3.18 Deferred Revenue

As of December 31, 2018, the Balance Sheet line 1530 “Deferred Revenue” indicates the amount of target funding received equal to RUB 126 229 thsd.

In 2018 R&D expenses in the amount of 67,674.2 thousand rubles were written off; depreciation expenses for the parking lot received from ZAO ZEM RSC Energia in the amount of 3,4 thousand rubles were written off as well.

As of December 31, 2017, the Balance Sheet line 1530 “Deferred Revenue” indicates the amount of target funding received equal to RUB 194 122 thsd.

In 2017 R&D expenses were recognized to the amount of RUB 1 000 thsd. from the Ministry of Investments and Innovations of Moscow Region, R&D expenses to the amount of RUB 63 029 thsd. were written off, and amortization expenses for the parking lot received from ZAO ZEM RSC Energia to the amount of RUB 3,4 thsd. were written off.

Special-purpose financing (excluding the government aid)
RUB, thsd.

Type of special-purpose financing	Remaining balance of special-purpose financing as of 31.12.2016	Received special-purpose financing	Used special-purpose financing resources	Returned special-purpose financing resources	Remaining balance of special-purpose financing as of 31.12.2017
Modernization program	0	0	0	0	0
including: funds for financing capital expenditures related to the purchase, construction or other acquisition of non-current assets (fixed assets, etc.)	0	0	0	0	0
funds for financing current expenses	0	0	0	0	0
Other special-purpose financing - total	1 000	0	(1 000)	0	0
including: funds for financing capital expenditures related to the purchase, construction or other acquisition of non-current assets (fixed assets, etc.)	1 000	0	(1 000)	0	0
funds for financing current expenses	0	0	0	0	0
Total	1 000	0	(1 000)	0	0

RUB, thsd.

Type of special-purpose financing	Remaining balance of special-purpose financing as of 31.12.2017	Received special-purpose financing	Used special-purpose financing resources	Returned special-purpose financing resources	Remaining balance of special-purpose financing as of 31.12.2018
Modernization program	0	0	0	0	0
including: funds for financing capital expenditures related to the purchase, construction or other acquisition of non-current assets (fixed assets, etc.)	0	0	0	0	0
funds for financing current expenses	0	0	0	0	0
Other special-purpose financing - total	0	0	0	0	0
including: funds for financing capital expenditures related to the purchase, construction or other acquisition of non-current assets (fixed assets, etc.)	0	0	0	0	0

RUB, thsd.

Type of special-purpose financing	Remaining balance of special-purpose financing as of 31.12.2017	Received special-purpose financing	Used special-purpose financing resources	Returned special-purpose financing resources	Remaining balance of special-purpose financing as of 31.12.2018
funds for financing current expenses	0	0	0	0	0
Total	0	0	0	0	0

3.19 Recognition of Income (Revenue)

Revenue from the provision of services (performance of works) is recognized as services are provided to customers (or upon the works completion) and payment documents are submitted to them. It is recorded in accounts net of value added tax, excises and similar compulsory payments.

Income from ordinary activities includes receipts from the sale of products and goods, incomings associated with performance of works, provision of services.

Incomings relating to putting out on loan of the Company assets (temporary possession and use) are revenues from ordinary activities.

Other incomes of the Company include:

- Incomes associated with granting of rights for user fee originated from patents for inventions, industrial designs and other types of intellectual property of the Company;
- Incomes from participation in the authorized capitals of other organizations;
- Proceeds for fixed assets, inventories, financial investments, foreign exchange;
- Interest received for making available for use the Company's assets;
- Difference between the historic and nominal value of the securities.

The financial performance report shows the following other income and expenditures curtailed:

- income and expenditures as exchange differences;
- income and expenditures from foreign currency purchase and sale operations;
- deductions to estimated reserves and income as the amounts of the restored estimated reserves;
- income and expenditures resulting from the assignment of the right to claim debt.

The Company recognizes revenue from the performance of works, provision of services, selling of goods with a long lead time in its accounts upon the completion of such works, services, or goods manufacture as a whole.

Income and expenditures for ordinary activities

RUB, thsd.

Indicator	2018		2017	
	Proceeding of sales of goods, products, services	Self-cost of sold goods, products, services	Proceeding of sales of goods, products, services	Self-cost of sold goods, products, services
Total	30 534 578	27 985 474	42 373 811	38 722 782
include				
Work, services and R&D using space technologies	28 139 922	25 949 087	40 042 548	36 630 931
Other works	2 394 656	2 036 387	2 331 263	2 091 851

3.20 Production Expenses

4 Expenses for ordinary activities by cost element

RUB, thsd.

Indicator	Code	2018	2017
Material costs	5610	20 058 597	32 097 503
Payroll expenses	5620	4 975 223	5 382 005
Social benefit costs	5630	1 397 370	1 544 451
Depreciation	5640	930 667	555 703
Other expenses	5650	1 693 965	4 087 924
Total by elements	5660	29 055 832	43 667 586
Change in balances work in progress finished products (decrease [-])	5670	(912 122)	(4 782 647)
Change in balances work in progress finished products (increase [+])	5680	633	0
Total expenses for ordinary activities	5600	28 144 343	38 884 939

3.21 Procedure of Recognizing Commercial and Administrative Expenses

Tracking of expenses for the sale of goods is kept on account 44 "Expenses for sale" under the cost items. Expenses for the sale of goods are commercial expenses and are written off in full in the debit of account 90 "Sales".

Administrative expenses include expenses, which are not related to industrial or commercial activities of the enterprise: for human resources, legal department; lighting and heating of non-production facilities, as well as for business trips, communication services and other similar expenses.

Administrative expenses are accounted for in sub-account 26.02 to separate orders in terms of the cost items.

Administrative expenses for 2018 equaled to RUB 3 465 263 thsd.

Administrative expenses for 2017 equaled to RUB 3 580 250 thsd.

3.22 Other Income and Expenses

RUB, thsd.

Indicator	2018		2017	
	Other income	Other expenses	Other income	Other expenses
Disposition of property				
sale of fixed assets	20 467	8 958	1 026 770	674 663
sale of intangible assets	0	0	0	0
sale of construction work in progress	0	0	0	0
sale of raw and other materials	0	0	0	0
sale of securities	0	0	0	0
Sale of other assets	1 170	1 017	385	943
Other operating income				
making available for use of rights to the results of intellectual activity	0	0	0	0
income from assets transferred to use (rent, leasing)	0	0	0	0
Accrual (recovery) of reserves				
reserves for doubtful debts*	124 703	0	0	343 963
reserves for impairment of financial investments	0	143 453	0	41 651
reserve for reduction in values of non-monetary physical* things	120 789	0	0	46 525
provision for warranty service	0	252 703	0	160 717
Supplementing of reserves for vacations	0	150 795	0	7 264
Estimated liability through a court proceeding	0	791 740	0	0
Sale of foreign currency *	0	12 282	0	7 076
Foreign currency translation differences *				
the amount of foreign exchange differences arising from the revalued cost in foreign currency of assets and liabilities payable in foreign currency.	3 382 400	0	0	233 912
the amount of foreign exchange differences arising from the revalued cost in foreign currency of assets and liabilities payable in rubles	361 618	0	0	39 266
Donated property	70 826	0	70 554	0
Liquidation of decommissioned FA facilities, other disposal, transfer and disposal of FA	0	37 840	0	15 862
Services of credit organizations	0	66 701	0	58 956
Income and expenditure related to compensation for losses incurred	8 075 268	7 209 653	2 928	37 111
Fines, penalties, forfeits, taxes and charges paid out of Company's funds	50 828	290 713	388 748	18 013
Revenues from developer services	75 078	0	0	0
Additional Company staff expenses (one-off bonuses, material aid, etc.)	0	305 301	0	311 985

RUB, thsd.

Indicator	2018		2017	
	Other income	Other expenses	Other income	Other expenses
Waiver of debt	0	4 835 623	0	0
Earnings and losses of previous years identified in the reporting year	31 936	173 625	61 924	161 840
Insurance charges for other payments	0	63 002	0	62 559
VAT	0	69 451	0	50 147
Other income (expenses)	40 251	596 434	24 919	475 666
Total	12 355 334	15 009 291	1 576 228	2 748 119

* the indicators are in a collapsed view

3.23 Earnings Per Share

Information defining the Company shares is presented in section 1.1 of these Representations.

As of 31.12.2018 a loss per share was RUB 1939,18. For making calculations the use was made of a loss of RUB 2 179 125 thsd. and weighted average number of 1 123 734 listed (principle issue of securities). In 2018 a number of ordinary shares was increased by 56 102 and 462 133/561 867 shares, state registration of the report on the additional issue of securities was carried out in accordance with the decision of the Bank of Russia dated 04.02.2019. The additional issue of securities was not taken into account for 2018

As of 31.12.2017 earnings per share were RUB 1096,73. For making calculations the use was made of profit in the amount of RUB 1 232 438 thsd. and weighted average number of 1 123 734 listed ordinary shares. During 2017 the number of ordinary share remained the same.

The Profit and Loss Statement does not indicate diluted earnings per share as the Company does not have any convertible securities and contracts on ordinary share sale/purchase from its issuer on the books.

3.24 Security

RUB, thsd.

Indicator	Code	December 31, 2018	December 31, 2017	December 31, 2016
Received - total	5800	0	0	0
including: pledge	5801	0	0	0
guarantee	5802	0	0	0
bank guarantee	5803	0	0	0
Granted – total	5810	0	1 780 000	0
including: pledge	5811	0	0	0
guarantee	5812	0	0	0
bank guarantee	5813	0	1 780 000	0

Guarantees made

RUB, thsd.

Name of organizations for which guarantees are issued	Nature of the liabilities for which guarantees are issued	Validity of the guarantee	Nature of relations with organization	Amount of guarantee as of		
				31.12.2018	31.12.2017	31.12.2016
Sea Launch SA	fulfillment of all liabilities under the Sberbank PC bank guarantee agreement	28.03.2017-31.05.2018	Belongs to a group of persons of the Company	0	1 780 000	0
Total				0	1 780 000	0

There is no property transferred or received as a pledge as of 31.12.2018 and as of 31.12.2017.

Below is a list of significant related entities as of 31.12.2018 and 31.12.2017. A full list of affiliates is available on the Company's official website on the Internet at <https://www.energia.ru/ru/disclose/afperson.html>.

3.25 Government Assistance

No state aid has been secured to the Company during the reporting and previous periods.

3.26 Related entities

Below is the list of significant related entities as of 31.12.2018 and 31.12.2017. A full list of affiliates is available on the Company's official website on the Internet at <https://www.energia.ru/ru/disclose/afperson.html>.

Name of organization	Nature of relationship with the related entity	Share of the authorized capital	Type of activity	Location
Closed joint stock company «Experimental machine-building plant of S.P.Korolev Rocket and Space Corporation Energia	Affiliate	100	Manufacture of technical facilities for space exploration, production of consumer goods (CG), manufacture of prosthetic orthopedic products.	Russian Federation 141070, Korolev
Closed Joint Stock Company «Volzhsk design bureau of S.P.Korolev Rocket and Space Corporation Energia	Affiliate	100	Production of flight vehicles including space vehicles and associated equipment	Russian Federation 443077, Samara
Joint Stock Company "Investment Company" «Razvitie»	Affiliate	100	Investment activity	Russian Federation 141070, Korolev
Limited Liability Company "Energiya-Overseas"	Associated company	0	Management activities for holding companies.	Russian Federation 141070, Korolev
Energia Logistics Ltd.	Associated company	0	Supporting activities related to air and space transport.	Russian Federation 141070, Korolev

Name of organization	Nature of Relationship with the related entity	Share of the authorized capital	Type of activity	Location
Energia Logistics Ltd.	Associated company	0	Organization of supplies of component parts (Sea Launch project)	The USA, Delaware
SL Aerospace S.a.r.l.	Associated company	0	Management company associated with commercial launches of satellites from the sea platform ("Sea Launch" project)	Luxembourg
SL Aerospace SA	Associated company	0	Integration of the project of commercial satellite launches from the sea platform	Nyon, Switzerland
SL Aerospace Company LDC	Associated company	0	Company holding the launch platform ("Sea Launch" project)	Cayman Islands
SL Aerospace ACS Limited	Associated company	0	Company holding the ship ("Sea Launch" project)	Isle of Man
Limited Liability Company RSC Energia-Project	Affiliate	100	Production of flight vehicles including space and vehicles and appropriate equipment.	Russian Federation 141070, Korolev
AO Teplo RSC Energia	Affiliate	100	Steam and hot water production, transfer and distribution; air conditioning.	Russian Federation 141070, Korolev
Limited liability company Orthopedic industry Moscow Energia	Affiliate	100	Wholesale of medical products.	Russian Federation 141070, Korolev
ZAO BELROSSTAT	Affiliate	70	Development and operation of space systems, development and operation of satellite and ground telecommunication systems.	Republic of Belarus 220072, Minsk
Limited liability company Energia Satellite Technologies	Affiliate	51	Production of unmanned spacecraft.	Russian Federation 141070, Korolev

Name of organization	Nature of Relationship with the related entity	Share of the authorized capital	Type of activity	Location
Joint Stock Company Energia-Telecom	Affiliate	50,1	Activities in the area of engineering surveys, design and engineering, construction project management, construction control and designer's supervision, providing technical advice in these areas.	Russian Federation 141070, Korolev
Joint Stock Company Scientific-Production Corporation REKOD	Associated company	26,57	Research and development in the area of natural and technical sciences.	Russian Federation 127018, Moscow
State Space Corporation ROSCOSMOS	The predominant company (owns from 20% to 50% of the capital of the reporting organization)	33,71	The activities of state administration bodies and local administration on the potentially generic issues. Space transport activities.	Russian Federation 127018, Moscow
Joint Stock Company «Production Association space «Kosmos»	Another related entity belonging to a group of persons of SC Roscosmos	X	Activities of passenger air transportation	Russian Federation 103027, Moscow
Joint Stock Company Special Design Bureau of Fire Prevention Equipment	Another related entity belonging to a group of persons of SC Roscosmos	X	Other research and development in the area of natural and technical sciences	Russian Federation 172003, Torzhok
Joint Stock Company Central Design Bureau of Transportation Equipment	Another related entity belonging to a group of persons of SC Roscosmos	X	Research and development in the area of natural and technical sciences	Russian Federation 170003, Tver
Joint Stock Company RK Assets	Another related entity belonging to a group of persons of SC Roscosmos	X	Property management on a fee or contract basis	Russian Federation 111024, Moscow
Limited Liability Company RK-Insurance	Another related entity belonging to a group of persons of SC Roscosmos	X	Activity of insurance agents and brokers	Russian Federation 125047, Moscow

Name of organization	Nature of Relationship with the related entity	Share of the authorized capital	Type of activity	Location
Joint Stock Company Turbonasos	Another related entity belonging to a group of persons of SC Roscosmos	X	Production of hydraulic pumps	Russian Federation 394052, Voronezh
Joint Stock Company Research Institute for Microdevices-K	Another related entity belonging to a group of persons of SC Roscosmos	X	Other research and development in the area of natural and technical sciences	Russian Federation 124365, Moscow
Joint Stock Company Glavcosmos	Another related entity belonging to a group of persons of SC Roscosmos	X	Other research and development in the area of natural and technical sciences	Russian Federation 127473, Moscow
Joint Stock Company Glavcosmos Launch Services	Another related entity belonging to a group of persons of SC Roscosmos	X	Space transport activities	Russian Federation 129090, Moscow
Joint Stock Company Corporation Strategic Control Points	Another related entity belonging to a group of persons of SC Roscosmos	X	Other research and development in the area of natural and technical sciences	Russian Federation 109052, Moscow
Joint Stock Company Central Design Bureau "Geophysics"	Another related entity belonging to a group of persons of SC Roscosmos	X	Production of radio and TV transmission apparatus	Russian Federation 660041, Krasnoyarsk
Joint Stock Company Scientific and Production Association after S.A. Lavochkin	Another related entity belonging to a group of persons of SC Roscosmos	X	Other research and development in the area of natural and technical sciences	Russian Federation 141402, Khimki
Joint Stock Company M.V. Frunze Design Bureau Arsenal	Another related entity belonging to a group of persons of SC Roscosmos	X	Other research and development in the area of natural and technical sciences	Russian Federation 195009, St. Petersburg
Joint Stock Company Salavat Chemicals Plant	Another related entity belonging to a group of persons of SC Roscosmos	X	Production of other chemical products	Russian Federation Republic of Bashkortostan

Name of organization	Nature of Relationship with the related entity	Share of the authorized capital	Type of activity	Location
Joint Stock Company Rocket-Space Center Progress	Another related entity belonging to a group of persons of SC Roscosmos	X	Other research and development in the area of natural and technical sciences	Russian Federation 443009, Samara
Joint Stock Company Samara Scientific Center for Space Technologies	Another related entity belonging to a group of persons of SC Roscosmos	X	Other research and development in the area of natural and technical sciences	Russian Federation 443086, Samara
Joint Stock company Makopse health resort	Another related entity belonging to a group of persons of SC Roscosmos	X	Activities of sanatorium-resort organizations	Russian Federation 354203, Krasnodar Territory, Sochi and Makopse
AO Research Institute for Control Devices	Another related entity belonging to a group of persons of SC Roscosmos	X	Other research and development in the area of natural and technical sciences	Russian Federation 198216, St. Petersburg
Joint stock company Academician A.Semikhatov Research and Production Association of Automatics	Another related entity belonging to a group of persons of SC Roscosmos	X	Other research and development in the area of natural and technical sciences	Russian Federation 620075, Ekaterinburg
Joint-Stock Company Corporation Moscow Heat Engineering Institute	Another related entity belonging to a group of persons of SC Roscosmos	X	Other research and development in the area of natural and technical sciences	Russian Federation 127273, Moscow
“Joint-Stock Company Botkinsky zavod”	Another related entity belonging to a group of persons of SC Roscosmos	X	Production of guns and service ammunition	Russian Federation 427430, Udmurt Republic, Votkinsk
Joint-Stock Company Scientific-Production Complex “Alternative Power Engineering”	Another related entity belonging to a group of persons of SC Roscosmos	X	Other research and development in the area of natural and technical sciences	Russian Federation 142455, Electrougli
Joint-Stock Company Federal Scientific-Production Center “Altai”	Another related entity belonging to a group of persons of SC Roscosmos	X	Production of guns and service ammunition	Russian Federation 659322, Biisk

Name of organization	Nature of Relationship with the related entity	Share of the authorized capital	Type of activity	Location
Joint-Stock Company Federal Scientific-Production Center "Titan-Barrikady"	Another related entity belonging to a group of persons of SC Roscosmos	X	Other research and development in the area of natural and technical sciences	Russian Federation 400071, Volgograd
Joint-Stock Company Prime Special Design Bureau "Projektor"	Another related entity belonging to a group of persons of SC Roscosmos	X	Production of electrical switchgear and control equipment	Russian Federation 111123, Moscow
Limited Liability Company "Rakurs-Avtomatika"	Another related entity belonging to a group of persons of SC Roscosmos	X	Other research and development in the area of natural and technical sciences	Russian Federation 620075, Ekaterinburg
Limited Liability Company "Urals Gas Engines"	Another related entity belonging to a group of persons of SC Roscosmos	X	Production of combustion engines with cylinder capacity more than 1 000 cm ³	Russian Federation 620075, Ekaterinburg
Limited Liability Company International Space Company KOSMOTRAS	Another related entity belonging to a group of persons of SC Roscosmos	X	Other research and development in the area of natural and technical sciences	Russian Federation 123100, Moscow
AO Satellite System Gonets	Another related entity belonging to a group of persons of SC Roscosmos	X	Other research and development in the area of natural and technical sciences	Russian Federation 105005, Moscow
Joint-Stock Company United Rocket-Space Corporation	Holding company (owns more than 50% of the capital of the reporting organization)	38,22	Research and development in the area of natural and technical sciences	Russian Federation 121059, Moscow
		3,17 ДУ		
		17,43 ДУ		
AO Information Satellite Systems after Academician M.F. Reshetnev	Another related entity belonging to a group of persons of OAO URSC	X	Other research and development in the area of natural and technical sciences	Russian Federation 662972, Zheleznogorsk
Open joint stock company NPO PM – Rasvitiye	Another related entity belonging to a group of persons of OAO URSC	X	Other research and development in the area of natural and technical sciences	Russian Federation 662971, Zheleznogorsk

Name of organization	Nature of Relationship with the related entity	Share of the authorized capital	Type of activity	Location
Open joint stock company NPO PM Small Design Bureau	Another related entity belonging to a group of persons of OAO URSC	X	Other research and development in the area of natural and technical sciences	Russian Federation 662972, Zheleznogorsk
Open joint stock company Test Technical Center NPO PM	Another related entity belonging to a group of persons of OAO URSC	X	Other research and development in the area of natural and technical sciences	Russian Federation 662970, Zheleznogorsk
Open joint stock company Siberia Design Institute for Machine Builders	Another related entity belonging to a group of persons of OAO URSC	X	Activities in the area of architecture relating to development of architectural object	Russian Federation 662970, Zheleznogorsk
AO Scientific Production Enterprise Geophysics – Space	Another related entity belonging to a group of persons of OAO URSC	X	Other research and development in the area of natural and technical sciences	Russian Federation 107497, Moscow
Joint-stock company Scientific Production Center Polyus	Another related entity belonging to a group of persons of OAO URSC	X	Other research and development in the area of natural and technical sciences	Russian Federation 634050, Tomsk
Joint-stock Company Scientific-Production enterprise Kvant	Another related entity belonging to a group of persons of OAO URSC	X	Other research and development in the area of natural and technical sciences	Russian Federation 129626, Moscow
Joint stock company Siberia devices and systems	Another related entity belonging to a group of persons of OAO URSC	X	Production of devices and hardware for automatic regulation and control	Russian Federation 644041, Omsk
Closed joint stock company Scientific Production Enterprise Medikon	Another related entity belonging to a group of persons of OAO URSC	X	Other research and development in the area of natural and technical sciences, not elsewhere classified	Russian Federation 456320, Miass
Limited liability company Exploratory Research Center AO ISS	Another related entity belonging to a group of persons of OAO URSC	X	Other research and development in the area of natural and technical sciences	Russian Federation 662972, Zheleznogorsk

Name of organization	Nature of Relationship with the related entity	Share of the authorized capital	Type of activity	Location
Limited liability company UNIVERSUM SPACE TECHNOLOGIES	Another related entity belonging to a group of persons of OAO URSC	X	Production of flight vehicles, including space vehicles, and appropriate equipment	Russian Federation 660036, Krasnoyarsk
Limited liability company «TRIINVEST»	Another related entity belonging to a group of persons of OAO URSC	X	Production of other items from base metals not elsewhere classified	Russian Federation 119071, Moscow
AO Scientific and Production Corporation A.G. Iosifyan Space Monitoring, Information-Control Systems, and Electromechanical Complexes	Another related entity belonging to a group of persons of OAO URSC	X	Other research and development in the area of natural and technical sciences	Russian Federation 107078, Moscow
Joint stock company Production – Design Enterprise IRIS	Another related entity belonging to a group of persons of OAO URSC	X	Other research and development in the area of natural and technical sciences	Russian Federation 344011, Rostov-on-Don
Joint stock company Research Institute of Electromechanics	Another related entity belonging to a group of persons of OAO URSC	X	Other research and development in the area of natural and technical sciences	Russian Federation 143502, Istra
Joint stock company Novator	Another related entity belonging to a group of persons of OAO URSC	X	Other research and development in the area of natural and technical sciences	Russian Federation 143502, Istra
Joint stock company Moscow plant of electromechanical equipment	Another related entity belonging to a group of persons of OAO URSC	X	Production of devices and hardware for automatic regulation and control	Russian Federation 111024, Moscow
Closed joint stock company International Space technologies	Another related entity belonging to a group of persons of OAO URSC	X	Geodesic and cartographic activity	Russian Federation 107078, Moscow
Joint stock company Scientific and Production Association Novator	Another related entity belonging to a group of persons of OAO URSC	X	Launch of integrated launch vehicles and injection of spacecraft into orbit	Russian Federation 164170, Mirnyi

Name of organization	Nature of Relationship with the related entity	Share of the authorized capital	Type of activity	Location
Joint-Stock Company State Rocket Center after academician V.P. Makeev	Another related entity belonging to a group of persons of OAO URSC	X	Other research and development in the area of natural and technical sciences	Russian Federation 456300, Miass
Joint-Stock Company Krasnoyarsk machine-building plant	Another related entity belonging to a group of persons of OAO URSC	X	Production of intercontinental ballistic missiles	Russian Federation 660123, Krasnoyarsk
Joint-Stock Company Miass Engineering Plant	Another related entity belonging to a group of persons of OAO URSC	X	Production of parts and accessories of flight and space vehicles	Russian Federation 456300, Miass
Joint-Stock Company Zlatoust machine-building plant	Another related entity belonging to a group of persons of OAO URSC	X	Production of flight vehicles, including space and appropriate equipment	Russian Federation 456208, Zlatoust
Joint-Stock Company Research Institute "Germes"	Another related entity belonging to a group of persons of OAO URSC	X	Other research and development in the area of natural and technical sciences	Russian Federation 456208, Zlatoust
Joint-Stock Company Academician V.P. Glushko NPO Energomach	Another related entity belonging to a group of persons of OAO URSC	X	Other research and development in the area of natural and technical sciences	Russian Federation 141401, Khimki
Limited liability company Energomach – Electric Communication	Another related entity belonging to a group of persons of OAO URSC	X	Activities for provision of telephone communication	Russian Federation 141401, Khimki
Limited liability company Energomach – Finance	Another related entity belonging to a group of persons of OAO URSC	X	Wholesale of foodstuff, drinks and tobacco products	Russian Federation 141401, Khimki
Limited liability company Sotsbytservice	Another related entity belonging to a group of persons of OAO URSC	X	Other special-purpose wholesale	Russian Federation 141401, Khimki

Name of organization	Nature of Relationship with the related entity	Share of the authorized capital	Type of activity	Location
Limited liability company Konvem	Another related entity belonging to a group of persons of OAO URSC	X	Other research and development in the area of natural and technical sciences	Russian Federation 141401, Khimki
Limited liability company Med - EM	Another related entity belonging to a group of persons of OAO URSC	X	Activities in the area of healthcare service	Russian Federation 141401, Khimki
Corporation International Space Engines, Inc.	Another related entity belonging to a group of persons of OAO URSC	X	Advertising activities	The USA, Delaware
Limited liability company Innovation Activity Center OAO NPO Energomach	Another related entity belonging to a group of persons of OAO URSC	X	Other research and development in the area of natural and technical sciences	Russian Federation 141401, Khimki
Joint-Stock Company M.V. Khrunichev State Space Scientific-Production Center	Another related entity belonging to a group of persons of OAO URSC	X	Other research and development in the area of natural and technical sciences	Russian Federation 121309, Moscow
Joint-Stock Company Russian Corporation of Rocket and Space Instrument Engineering and Information Systems	Another related entity belonging to a group of persons of OAO URSC	X	Other research and development in the area of natural and technical sciences	Russian Federation 111250, Moscow
Joint-Stock Company Research Institute for Physical Measurements	Another related entity belonging to a group of persons of OAO URSC	X	Other research and development in the area of natural and technical sciences	Russian Federation 440026, Penza
Joint-Stock Company Specialist design department of Moscow Power Engineering Institute	Another related entity belonging to a group of persons of OAO URSC	X	Other research and development in the area of natural and technical sciences	Russian Federation 111250, Moscow
Joint stock company Research and Production Organization Orion	Another related entity belonging to a group of persons of OAO URSC	X	Other research and development in the area of natural and technical sciences	Russian Federation 143090, Krasnoznamensk

Name of organization	Nature of Relationship with the related entity	Share of the authorized capital	Type of activity	Location
Joint-Stock Company Research and Production Association of Measurement Equipment	Another related entity belonging to a group of persons of OAO URSC	X	Other research and development in the area of natural and technical sciences	Russian Federation 141074, Korolev
Joint-Stock Company Russian Corporation of Rocket and Space Instrument Engineering and Information Systems	Another related entity belonging to a group of persons of OAO URSC	X	Production of communication equipment	Russian Federation 111250, Moscow
Joint-Stock Company Research Institute of Precision Instruments	Another related entity belonging to a group of persons of OAO URSC	X	Other research and development in the area of natural and technical sciences	Russian Federation 127490, Moscow
Limited liability company OKB – Telecom	Another related entity belonging to a group of persons of OAO URSC	X	Activity in the area of electric communication	Russian Federation 111250, Moscow
Limited Liability Company National Network of High-Accuracy Satellite Positioning	Another related entity belonging to a group of persons of OAO URSC	X	Activity on data processing, providing information layout services and associated activity	Russian Federation 111250, Moscow
Public Company Research and Production Association Iskra	Another related entity belonging to a group of persons of OAO URSC	X	Production of special-purpose equipment not elsewhere classified	Russian Federation 614038, Perm
Closed joint stock company Iskra-R	Another related entity belonging to a group of persons of OAO URSC	X	Wholesale of ferrous materials in initial forms	Russian Federation 614038, Perm
Limited Liability Company ASKOM INVEST	Another related entity belonging to a group of persons of OAO URSC	X	Consultation on commercial activity and management issues	Russian Federation Moscow
Joint-Stock Company Corporation Kompomash	Another related entity belonging to a group of persons of OAO URSC	X	Provision of other financial services, except insurance and pension benefits, not elsewhere classified	Russian Federation 127018, Moscow

Name of organization	Nature of Relationship with the related entity	Share of the authorized capital	Type of activity	Location
Joint-Stock Company Research and Production Corporation Precision Instrument-Making System	Another related entity belonging to a group of persons of OAO URSC	X	Other research and development in the area of natural and technical sciences	Russian Federation 111024, Moscow
Joint stock company Research Engineering Center of Electrotechnical University	Another related entity belonging to a group of persons of OAO URSC	X	Research and development in the area of natural and technical sciences and others	Russian Federation 197376, St. Petersburg
Joint stock company The 106 th Experimental Optical Mechanical Plant	Another related entity belonging to a group of persons of OAO URSC	X	Production of photo and film equipment	Russian Federation 107241, Moscow
Open Joint-Stock Company Bazalt	Another related entity belonging to a group of persons of OAO URSC	X	Production of mineral heat-insulating and sound-proof materials and items	Russian Federation 300041, Tula
Joint-Stock Company Design Department for Chemical Automatics.	Another related entity belonging to a group of persons of OAO URSC	X	Other research and development in the area of natural and technical sciences	Russian Federation 394006, Voronezh
Public Company Proton-Perm Motors	Another related entity belonging to a group of persons of OAO URSC	X	Production of jet engines and their parts	Russian Federation 614010, Perm
Limited liability company Proton – Finance	Another related entity belonging to a group of persons of OAO URSC	X	Securities management activity	Russian Federation 614990, Perm
Limited liability company Cosmos - P	Another related entity belonging to a group of persons of OAO URSC	X	Securities management activity	Russian Federation 614990, Perm
Limited liability company Laboratory of Effective Power Engineering Solutions	Another related entity belonging to a group of persons of OAO URSC	X	Other research and development in the area of natural and technical sciences	Russian Federation 614990, Perm

Name of organization	Nature of Relationship with the related entity	Share of the authorized capital	Type of activity	Location
Limited liability company MV- Master	Another related entity belonging to a group of persons of OAO URSC	X	Research and development in the area of natural and technical sciences	Russian Federation Perm
Limited liability company Kosmos-stroy	Another related entity belonging to a group of persons of OAO URSC	X	Construction of residential and non-residential buildings	Russian Federation 614990, Perm
Joint-Stock Company Institute of Staff Training for Machine-Building and Instrument Making	Another related entity belonging to a group of persons of OAO URSC	X	Leasing and management of own or leased non-residential estate property	Russian Federation 141077, Korolev
Joint stock company ECHO	Another related entity belonging to a group of persons of OAO URSC	X	Advice on business and management	Russian Federation 127287, Moscow
Joint Stock Company «Scientific-research machine building institute»	Another related entity belonging to a group of persons of OAO URSC	X	Other research and development in the area of natural and technical sciences	Russian Federation 624740, Sverdlovsk Region, Nizhnyaya Salda
Joint Stock Company «Terra Tekh»	Another related entity belonging to a group of persons of OAO URSC	X	Activity on data processing, providing information layout services and associated activity	Russian Federation 111250, Moscow
Joint Stock Company «Ust-Katavsk carriage works»	Another related entity belonging to a group of persons of OAO URSC	X	Production of motor railway, tram and metro cars, track motorcars, except for vehicles for repair and maintenance of railway and tram tracks.	Russian Federation 456040, Chelyabinsk Region, Ust-Katav
Limited liability company «RK- Energo»	Another related entity belonging to a group of persons of OAO URSC	X	Electric energy trade	Russian Federation, Moscow

Name of organization	Nature of Relationship with the related entity	Share of the authorized capital	Type of activity	Location
Joint Stock Company Research and development center «Okhrana»	Another related entity belonging to a group of persons of OAO URSC	X	Activity on private security service	Russian Federation, Moscow
Joint Stock Company «Fondservicebank »	Another related entity belonging to a group of persons of OAO URSC	X	Other monetary intermediation	Russian Federation, Moscow
Joint Stock Company «Technical Center «Novator»	Another related entity belonging to a group of persons of OAO URSC	X	Launch of integrated launch vehicles and injection of space objects into orbit	Russian Federation 164170, Arkhangelsk Region, Mirnyi

The principal shareholder of the Company is OAO URSC, State Corporation Roscosmos.

OAO URSC owns 38,22052% of shares of RSC Energia. Since December 19, 2016, blocks of shares of RSC Energia amounted to RUB 3,16837% transferred to ZAO ZEM RSC Energia and 17,42628% transferred to AO IC Razvitiye are also in trust management (TM).

Profile of parent company of RSC Energia

#	Name of company	Parent company	Participation as of 31.12.2017, %		
			Direct	Indirect	Total
1	2	3	4	5	6
1	RSC Energia	State Corporation Roscosmos	0	58,82	58,82
2	RSC Energia	OAO URSC	38,22 3,17 TM 17,43 TM	0	38,22 3,17 TM 17,43 TM

#	Name of company	Parent company	Participation as of 31.12.2018, %		
			Direct	Indirect	Total
1	2	3	4	5	6
1	RSC Energia	State Corporation Roscosmos	33,71	58,82	92,53
2	RSC Energia	OAO URSC	38,22 3,17 TM 17,43 TM	0	38,22 3,17 TM 17,43 TM

Information on the Board of Directors and Management Board of the Company is given in paragraph 1.2 of the present commentary.

Operations with Related entities

During 2018 and 2017 the Company performed works for and provided services to the related entities as follows:

RUB. thsd.

Affiliate Name	Nature of Relationship	Type of operations in 2018/2017	Sales revenues (excluding VAT) in 2018	Sales revenues (excluding VAT) in 2017
ZAO ZEM RSC Energia	Affiliate	Renting services, security services. Thermal power supply. Provision of communication services.	497 007	506 940
AO PO Cosmos	Another related entity belonging to a group of persons of SC Roscosmos	Renting services, security services. Other income	0	4 849
AO Teplo RSC Energia	Affiliate	Renting services, accounting and tax records services.	1 097	1 097
SC Roscosmos	The predominant company (owns from 20% to 50% of the capital of the reporting organization)	Works and services in the area of space industry.	24 725 526	31 893 488
AO V.P.Glushko NPO Energomash	Another related entity belonging to a group of persons of OAO URSC	Works and services in the area of space industry.	27 490	159 621
AO RKTs Progress	Another related entity belonging to a group of persons of SC Roscosmos	Works and services in the area of space industry.	7 549	11 828
AO M.V. Khrunichev GKNPTs	Another related entity belonging to a group of persons of OAO URSC	Works and services in the area of space industry.	45 278	225 391
AO IK Razvitie	Affiliate	Renting services, for provision of stationary telephone communication	99	97
AO Corporation VNIEM	Another related entity belonging to a group of persons of OAO URSC	Works and services in the area of space industry.	0	571
AO NPO IT	Another related entity belonging to a group of persons of OAO URSC	Provision of stationary telephone communication services	0	12
AO Russian Space Systems	Another related entity belonging to a group of persons of OAO URSC	Works and services in the area of space industry.	3 225	3 269
AO SS Gonets	Another related entity belonging to a group of persons of SC Roscosmos	Works and services in the area of space industry.	35 000	10 000
AO Energia-Telecom	Affiliate	Renting services, security services.	244	95
OOO RSC Energia-Project	Affiliate	Renting services, provision of stationary telephone communication	59	58

Affiliate Name	Nature of Relationship	Type of operations in 2018/2017	Sales revenues (excluding VAT) in 2018	Sales revenues (excluding VAT) in 2017
OOO Energia Satellite Technologies	Affiliate	Renting services	295	295
AO Academician M.F.Reshetnev ISS	Another related entity belonging to a group of persons of OAO URSC	Works and services in the area of space industry.	0	4 840
LLC OIME	Affiliate	Services for letting on lease of manufacturing assets. Provision of communication, security services. Sale of TMTs.	933	1 203
Joint-Stock Company State Rocket Center after academician V.P. Makeev	Another related entity belonging to a group of persons of OAO URSC	Sales of printed products	2	0
Total			25 343 804	32 823 654

During 2017 and 2016 the following affiliates provided services to (performed works for) the Company:

RUB. thsd.

Affiliate Name	Nature of Relationship	Type of operations in 2018/2017	Sales revenues (excluding VAT) in 2018	Sales revenues (excluding VAT) in 2017
AO IPK Mashpribor	Belongs to a group of persons of the Company.	Training services	8 777	7 711
AO Academician M.F.Reshetnev ISS	Belongs to a group of persons of the Company.	Works and services in the area of space industry	239 282	46 225
AO NII for control devices	Belongs to a group of persons of the Company.	Works and services in the area of space industry	92 330	322 671
AO NII TP	Belongs to a group of persons of the Company.	Works and services in the area of space industry	114 923	190 447
AO NIIFI	Belongs to a group of persons of the Company.	Works and services in the area of space industry	7 585	3 030
AO NIIEM	Belongs to a group of persons of the Company.	Works and services in the area of space industry. Acquisition of TMTs.	22 347	996
AO NPO IT	Belongs to a group of persons of the Company.	Works and services in the area of space industry	145 654	82 037
AO NPP Geophysica-Kosmos	Belongs to a group of persons of the Company.	Works and services in the area of space industry	22 010	32 503
AO NPP Kvant	Belongs to a group of persons of the Company.	Works and services in the area of space industry	26 338	2 096

Affiliate Name	Nature of Relationship	Type of operations in 2018/2017	Sales revenues (excluding VAT) in 2018	Sales revenues (excluding VAT) in 2017
AO NPTs Polyus	Belongs to a group of persons of the Company.	Works and services in the area of space industry	21 473	0
AO RKTs Progress	Belongs to a group of persons of the Company.	Works and services in the area of space industry	554 527	1 895 115
ZAO ZEM RSC Energia	1. Company has the right to dispose more than 20% of the total number of votes attaching to shares forming the authorized capital of this ZAO. 2. Belongs to a group of persons of the Company.	Works and services in the area of space industry	14 347 556	15 063 171
AO Teplo RSC Energia	1. Company has the right to dispose more than 20% of the total number of votes attaching to shares forming the authorized capital of this AO. 2. Belongs to a group of persons of the Company.	Services for equipment lease.	11 992	18 334
ZAO VKB RSC Energia	1. Company has the right to dispose more than 20% of the total number of votes attaching to shares forming the authorized capital of this ZAO. 2. Belongs to a group of persons of the Company.	Transfer of property	1 370	0
AO PO Kosmos	Belongs to a group of persons of the Company.	Air transportation of passengers, cargo and mail.	6 799	35 773
AO Energia-Telecom	1. Company has the right to dispose more than 20% of the total number of votes attaching to shares forming the authorized capital of this AO. 2. Belongs to a group of persons of the Company.	Works and services in the area of space industry	26 463	14 468
LLC OIME	1. Company has the right to dispose more than 20% of the total number of votes attaching to shares forming the authorized capital of this LLC. 2. Belongs to a group of persons of the Company.	Commission merchant services	166	1 032
OAO URSC	The body has the right to dispose more than 50% of voting shares of the Company. 2. Belongs to a group of persons of the Company.	Works and services in the area of space industry	0	18 000

Affiliate Name	Nature of Relationship	Type of operations in 2018/2017	Sales revenues (excluding VAT) in 2018	Sales revenues (excluding VAT) in 2017
SC Roscosmos	Belongs to a group of persons of the Company.	Works and services in the area of space industry	1 307 763	1 637 085
AO Glavcosmos	Belongs to a group of persons of the Company.	Works and services in the area of space industry	19 339	18 648
AO GO KB Projektor	Belongs to a group of persons of the Company.	Works and services in the area of space industry	515	636
AO M.V. Khrunichev GKNPTs, including branches	Belongs to a group of persons of the Company.	Manufacture and supply of instruments	802 896	509 987
AO KBKhA	Belongs to a group of persons of the Company.	Manufacture of engine	0	6 915
AO Krasmach	Belongs to a group of persons of the Company.	Works and services in the area of space industry	171 063	46 653
AO Lavochkin NPO	Belongs to a group of persons of the Company.	Works and services in the area of space industry	163 100	317 386
AO OKB MEI	Belongs to a group of persons of the Company.	Works and services in the area of space industry	32 911	19 642
AO Russian Space Systems	Belongs to a group of persons of the Company.	Works and services in the area of space industry	135 985	138 093
AO TsKB TM	Belongs to a group of persons of the Company.	Works and services in the area of space industry	131 841	39 217
AO Corporation VNIIEM	Another related entity belonging to a group of persons of OAO URSC	Works and services in the area of space industry	21 490	0
AO "Corporation "SPU-TsKB TM"	Another related entity belonging to a group of persons of SC Roscosmos	Works and services in the area of space industry	872	0
AO "NIIMash"	Another related entity belonging to a group of persons of OAO URSC	Works and services in the area of space industry	70 941	0
AO «NPO "Energomash"	Another related entity belonging to a group of persons of OAO URSC	Works and services in the area of space industry	3 047	0
AO «OKB PT»	Another related entity belonging to a group of persons of SC Roscosmos	Works and services in the area of space industry	365	0
AO NTTs "Okhrana"	Another related entity belonging to a group of persons of OAO URSC	Security services	41 716	0
"Energia – Logistics" LLC	Associated company	Commission merchant services	213	0
Total			18 553 651	20 467 871

Status of cash payments of the Company with the affiliates:
RUB. thsd.

Name of company	Receivables		Accounts due to customers	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
AO IPK Mashpribor	0	0	118	1 094
AO Academician M.F.Reshetnev ISS	131 397	123 000	159 568	20 710
AO NII for control devices	56 573	17 952	0	48 945
AO NII TP	156 625	154 876	4 852	124 234
AO NIIFI	2 050	1 150	1 518	1 078
AO NIIEM	7 390	16 144	7 248	-
AO NPO IT	264 993	124 210	15 094	29 166
AO NPP Geophysica-Kosmos	148 150	165 158	0	0
AO NPP Kvant	6 272	0	415	0
AO NPTs Polyus	0	6 942	14 531	0
AO RKTs Progress	2 137 430	958 031	21 475	275 052
ZAO ZEM RSC Energia	29 290 745	29 573 604	1 439 247	1 769 638
AO Teplo RSC Energia	385 300	531 422	2 358	3 125
AO PO Kosmos	160 176	167 827	3 635	5 072
AO Energia – Telecom	2	1	72 530	48 346
LLC OIME	175	19	0	65
OAO URSC	30 000	30 000	0	3 600
"Energia Logistics, LTD"	106 115	621 021	57 052 636	64 747 581
SC Roscosmos	6617	27 846	0	12 431
AO Academician V.P.Glushko NPO Energomash	3 177 451	135 969	398 440	68 422
AO IK Razvitie	10	1	0	0
AO KBKhA	346 223	35 560	0	6915
AO "Corporation "SPU-TsKB TM"	0	0	152	0
AO Krasnash	627 725	724 842	4 734	0
AO "NIIMash"	70 000	0	13 731	0
AO Corporation VNIEM	68 041	16315	1 081	0
AO Lavochkin NPO	275 635	105 015	279 594	93 874
AO OKB MEI	30	15 800	0	9 378
AO "OKB PT"	21 906	13 232	365	0
AO "PKP "IRIS"	47 589	51 915	1 505	971
AO TsKB TM	98 789	112 473	25 948	9814
AO NTTs "Okhrana"	23	0	0	0
OOO RSC Energia-Project	6	1	0	0

A list of other related entities which had no operations in the accounting period.

#	Related entity	Nature of Relationships
1	SL Aerospace ACS Limited	Belongs to a group of persons of the Company.
2	SL Aerospace Company LDC	Belongs to a group of persons of the Company.
3	SL Aerospace S.a.r.l.	Belongs to a group of persons of the Company.
4	Joint stock company The 106 th Experimental Optical Mechanical Plant	Belongs to a group of persons of the Company.
5	“Joint-Stock Company Botkinsky zavod”	Belongs to a group of persons of the Company.
6	Joint Stock Company Glavcosmos Launch Services	Belongs to a group of persons of the Company.
7	Joint stock company Zlatoust machine-building plant	Belongs to a group of persons of the Company.
8	Open joint stock company Test Technical Center NPO PM	Belongs to a group of persons of the Company.
9	Joint-Stock Company Corporation Kompomash	Belongs to a group of persons of the Company.
10	Joint-Stock Company Corporation Moscow Heat Engineering Institute	Belongs to a group of persons of the Company.
11	Joint-Stock Company Makopse health resort	Belongs to a group of persons of the Company.
12	Joint-Stock Company Miass Engineering Plant	Belongs to a group of persons of the Company.
13	Joint stock company Moscow plant of electromechanical equipment	Belongs to a group of persons of the Company.
14	Joint stock company Research Engineering Center of Electrotechnical University	Belongs to a group of persons of the Company.
15	Joint-Stock Company Research Institute “Germes”	Belongs to a group of persons of the Company.
16	Joint Stock Company Research Institute for Microdevices-K	Belongs to a group of persons of the Company.
17	Joint Stock Company Scientific-Production Corporation REKOD	A legal entity in which the Organization has the right to manage more than 20%, but less than 50% (associated companies) of the total number of votes attributable to voting shares or deposits constituting charter or joint-stock capital, related party shares. 2. Belongs to a group of persons of the Company.
18	Joint stock company Scientific and Production Association Novator	Belongs to a group of persons of the Company.
19	Joint stock company Academician A.Semikhatov Research and Production Association of Automatics	Belongs to a group of persons of the Company.
20	Closed joint stock company Scientific Production Enterprise Medikon	Belongs to a group of persons of the Company.
21	Joint-Stock Company Scientific-Production Complex “Alternative Power Engineering”	Belongs to a group of persons of the Company.

#	Related entity	Nature of Relationships
22	Joint stock company Novator	Belongs to a group of persons of the Company.
23	Open joint stock company NPO PM Small Design Bureau	Belongs to a group of persons of the Company.
24	Open joint stock company NPO PM – Rasvitiye	Belongs to a group of persons of the Company.
25	Joint stock company Production – Design Enterprise IRIS	Belongs to a group of persons of the Company.
26	Joint Stock Company RK Assets	Belongs to a group of persons of the Company.
27	Joint Stock Company Salavat Chemicals Plant	Belongs to a group of persons of the Company.
28	Joint Stock Company Samara Scientific Center for Space Technologies	Belongs to a group of persons of the Company.
29	Joint stock company Siberia devices and systems	Belongs to a group of persons of the Company.
30	Open joint stock company Siberia Design Institute for Machine Builders	Belongs to a group of persons of the Company.
31	Joint Stock Company “Terra Tekh”	Belongs to a group of persons of the Company.
32	Joint-Stock Company Production-Design Plant “IRIS”	Belongs to a group of persons of the Company.
33	Joint Stock Company Turbonasos	Belongs to a group of persons of the Company.
34	Joint Stock Company “Ust-Katav Carriage Works”	Belongs to a group of persons of the Company.
35	Joint-Stock Company Federal Scientific-Production Center “Altai”	Belongs to a group of persons of the Company.
36	Joint-Stock Company Federal Scientific-Production Center “Titan-Barrikady”	Belongs to a group of persons of the Company.
37	Joint Stock Company “Fondservicebank”	Belongs to a group of persons of the Company.
38	Joint Stock Company Central Design Bureau “Geophysics”	Belongs to a group of persons of the Company.
39	Joint stock company ECHO	Belongs to a group of persons of the Company.
40	Joint stock company Research and Production Organization Orion	Belongs to a group of persons of the Company.
41	Closed joint-stock company BELROSSAT	The organization has the right to dispose of more than 20% of the total number of votes per share constituting the authorized capital of this legal entity Belongs to a group of persons of the Company.
42	Closed joint stock company Iskra-R	Belongs to a group of persons of the Company.
43	Closed joint stock company International Space technologies	Belongs to a group of persons of the Company.
44	Corporation International Space Engines, Inc.	Belongs to a group of persons of the Company.
45	Limited liability company Energomach – Finance	Belongs to a group of persons of the Company.
46	Limited Liability Company ASKOM INVEST	Belongs to a group of persons of the Company.

#	Related entity	Nature of Relationships
47	Limited liability company Konvem	Belongs to a group of persons of the Company.
48	Limited liability company Cosmos - P	Belongs to a group of persons of the Company.
49	Limited liability company Kosmos-stroy	Belongs to a group of persons of the Company.
50	Limited liability company Laboratory of Effective Power Engineering Solutions	Belongs to a group of persons of the Company.
51	Limited liability company MV- Master	Belongs to a group of persons of the Company.
52	Limited liability company Med - EM	Belongs to a group of persons of the Company.
53	Limited Liability Company International Space Company KOSMOTRAS	Belongs to a group of persons of the Company.
54	Limited Liability Company National Network of High-Accuracy Satellite Positioning	Belongs to a group of persons of the Company.
55	Limited liability company OKB – Telecom	Belongs to a group of persons of the Company.
56	Limited liability company Proton – Finance	Belongs to a group of persons of the Company.
57	Limited Liability Company “Rakurs-Avtomatika”	Belongs to a group of persons of the Company.
58	Limited Liability Company RK-Insurance	Belongs to a group of persons of the Company.
59	Limited Liability Company “RK-Energo”	Belongs to a group of persons of the Company.
60	Limited liability company Sinertek	Belongs to a group of persons of the Company.
61	Limited liability company Sotsbytservice	Belongs to a group of persons of the Company.
62	Limited liability company UNIVERSUM SPACE TECHNOLOGIES	Belongs to a group of persons of the Company.
63	Limited Liability Company “Urals Gas Engines”	Limited Liability Company “Urals Gas Engines”
64	Limited liability company Innovation Activity Center OAO NPO Energomach	Belongs to a group of persons of the Company.
65	Limited liability company Exploratory Research Center AO ISS	Belongs to a group of persons of the Company.
66	Limited Liability Company Energia-Overseas	Belongs to a group of persons of the Company.
67	Limited liability company Energomach – Electric Communication	Belongs to a group of persons of the Company.
68	Joint stock company TRIINVEST	Belongs to a group of persons of the Company.
69	Open Joint-Stock Company Bazalt	Belongs to a group of persons of the Company.

#	Related entity	Nature of Relationships
70	Public Company Research and Production Association Iskra	Belongs to a group of persons of the Company.
71	Public Company Proton-Perm Motors	Belongs to a group of persons of the Company.

A list of other related entities for which reserves for doubtful debts were accumulated during accounting years of 2018 and 2017:

Flow of reserves for doubtful debts in organizations, related entities in 2018

RUB thsd.

Name	As of January 01, 2018	Recovery of reserve	Accumulation of reserve	as of December 31, 2018
SL Aerospace SA (earlier Sea Launch SA)	3 075 590	3 075 590	63 535	63 535
AO Krasmach	219 536	13 640	0	205 896
AO Teplo RSC Energia	10 692	10 692	150 571	150 571
LLC OIME	984	0	0	984
Energia - Logistics, LLC	2 596 063	325 249	2 445 248	4 716 063
OOO Energia-Overseas	4 675 891	8 691	330 895	4 998 095
S.M.Kirov UKVZ	1 479	0	0	1 479
Total:	10 580 235	3 433 862	2 990 250	10 136 623

Flow of reserves for doubtful debts in organizations, related entities in 2017

RUB thsd.

Name	As of January 01, 2017	Recovery of reserve	Accumulation of reserve	as of December 31, 2017
SL Aerospace SA (earlier Sea Launch SA)	3 075 590	0	0	3 075 590
AO Krasmach	219 536	0	0	219 536
AO Teplo RSC Energia	10 692	0	0	10 692
ZAO RTTs Energia-Ritm	1 955	1 955	0	0
LLC OIME	2 005	1 021	0	984
Energia - Logistics, LLC	2 572 649	48 388	71 802	2 596 063
OOO Energia-Overseas	4 358 100	764	318 555	4 675 891
Total:	10 240 527	52 128	390 357	10 578 756

Prices for products, goods, works, and services provided to the Company by its subsidiaries and supplied by the Company to its subsidiaries are set based on the contracts concluded in accordance with market prices. The Company settles accounts with its subsidiaries in cash.

RSC Energia General Shareholders' Meeting (Minutes No. 32 of 19.03.2018) approved conclusion of the transaction – the intercreditor agreement, including ceiling amounts of the claims against the Debtor – the Sea Launch SA (Switzerland); the liabilities to be repaid by discharge and the liabilities to be terminated by remission part of the debt. The Creditors – participants of the intercreditor agreement were RSC Energia, ZAO ZEM RSC Energia affiliated with RSC Energia, Energia Logistics Ltd (USA) and Sea Launch s.a.r.l (Luxemburg). The Intercreditor Agreement was signed on March 20, 2018.

On March 19, 2018 RSC Energia and LLC Energia Logistics entered into assignment agreement which resulted in RSC Energia acquiring the right of claim to the Sea Launch SA (the transaction approved by RSC Energia's BOD resolution (Minutes No. 18 of 19.03.2018). Aggregate value of all the rights of claim to be assigned under the Assignment (Cession) Agreement No.680.345 of 19.03.2018 amounted to 6 633 411 thousand rubles.

RSC Energia's right of claim with respect to LLC Energia Logistics was terminated by offset in accordance with the Declaration of claims offset No. 116.269 of 19.03.2018.

On November 13, 2018 RSC Energia received the cash in the amount of 2 058 342 thousand rubles from the SL Aerospace SA with its subsequent allocation under the intercreditor agreement. Amount of the Sea Launch SA liabilities to be terminated by a partial remission of the debt was 4 835 623 thousand rubles.

During implementing of the transaction with ZAO S7 Group and due to the fact that ZAO S7 Group had been assigned the exclusive right to the Sea Launch trademark, the Sea Launch SA and Sea Launch s.a.r.l changed their names for SL Aerospace SA and SL Aerospace s.a.r.l, respectively.

The amount of interest accrued on the loans issued by the Company to AO PO Cosmos amounted to 6 610 thousand rubles and 7 103 thousand rubles for 2018 and 2017, respectively. The balance of these loans was 217 435 thousand rubles and 231 271 thousand rubles, while the balance of interest totaled 2 685 thousand rubles and 0 thousand rubles as of 31.12.2018 and 31.12.2017, respectively.

The amount of interest accrued on the loans granted by the Company to the related organizations (LLC Energia-Overseas and LLC Energia-Logistics) totaled 544 655 thousand rubles and 751 761 thousand rubles for 2018 and 2017, respectively. The balance of these loans amounted to 5 965 050 thousand rubles and 6 994 951 thousand rubles, while the balance of interest totaled 2 960 612 thousand rubles and 2 653 014 thousand rubles as of 31.12.2018 and 31.12.2017, respectively. The entire amount of the above loans, including the amount of interest, was reserved as of 31.12.2018. The book value of the loans and interest, taking into account the allowance for doubtful debts totaled as of 31.12.2017 2,530,617 thousand rubles and 707,443 thousand rubles, respectively.

During 2018 and 2017 the Company paid short-term remuneration to administrative and managerial staff in the amount of 616 632.1 thousand rubles and 677 259.4 thousand rubles, respectively.

Terms of Labor Contract (including size of remuneration) for Director General are approved at the Company Board of Directors.

The remuneration of members of the Company's Board of Directors is approved by the General Meeting of shareholders. The remuneration paid to members of the Company's Board of Directors was RUB 2 891,4 thsd. and RUB 4 225,2 thsd. in 2018 and 2017, respectively.

During 2018 and 2017 accounting years, the Company Management Board members were not remunerated for their serving on the Board.

Information about recognition of foreign companies controlled by RSC Energia

Item No	Name of company (in Russian and Latin transcription)	Country code	Registration number	Tax payer code in country of incorporation	Address in country of incorporation	Interest	Interest itemization	Date of arising of interest	Participating interest	Date of interest termination
1	2	3	4	5	6	7	8	9	10	11
1	Энергия Лоджистикс Лтд Energia Logistics Ltd.	USA US 840	4792060		113 Barksdale Profession Centre Newark, DE 19711 USA	indirect	Company's share in the authorized capital of AO IK Razvitiye - 100% Share of AO IK Razvitiye in the authorized capital (AC) of OOO Energia Overseas: 99.5% Share of OOO Energia Overseas in AC of OOO Energia Logistics: 100% Share of Energia Logistics in AC of Energia Logistics Ltd.: 100%	24.02.2011	99.5%	
2	Закрытое акционерное общество «БЕЛ РОССАТ» ЗАО «БЕЛРОССАТ» Closed joint-stock company BELROSSAT ZAO BELROSSAT	BY		191112015	Republic of Belarus, 220072, Minsk, 15 P.Brovka Street, blg 5, Office 416	direct		19.02.2009	70%	
3	Корпорация «ИЛС Интернэшнел Лонч Сервисез, Инк.» ILS International Launch Services, Inc.	USA US 840	B 15A496		Registered direct office: USA, Wilmington city, Delaware Name of the agent registered office: "ST Corporation"	direct		15.04.1993	17%	

4	ЭСЭЛ Аэроspэйс САРЛ (previously Си Лонч С.а.р.л.) SL Aerospace S.a.r.l. (previously Sea Launch S.a.r.l.)	Luxemburg LU 442			58, rue Charles Martel. 1-21 34 Luxemburg, Grand duchy of Luxemburg	direct		28.10.2010	15%	
						indirect	1) Company's share in AC of SL Aerospace S.a.r.l. - 15% 2) Company's share in AC of AO IK Razvitiye - 100% 3) Share of AO PK Razvitiye in AC of OOO Energia Overseas - 99,5% 4) Share of OOO Energia Overseas in AC of SL Aerospace S.a.r.l. (previously Sea Launch S.a.r.l.) - 80%	03.11.2010	95%	
5	ЭСЭЛ Аэроspэйс ЭСА (previously Си Лонч СА) SL Aerospace SA (previously Sea Launch SA)	Switzerland CH 756	CH- 036.3.049.27 4-3		Chemin d'Eysins 47, 1260 Nyon, Switzerland	indirect	1) Company's share in AC of SL Aerospace SA - 15% 2) Company's share in AC of AO IK Razvitiye - 100% 3) Share of AO PK Razvitiye in AC of OOO Energia Overseas - 99,5% 4) Share of OOO Energia Overseas in AC of Sea Launch S.a.r.l - 80% 5) Share of SL Aerospace S.a.r.l. in AC of SL Aerospace SA: 100%	07.12.2010	95%	
6	ЭСЭЛ Аэроspэйс Компани ЛДС (previously Платформ Компани ЛДС) SL Aerospace Company LDC (previously Platform Company, LDC)	Cayman Islands KY 136			PO Box 472, 2 nd Floor Harbour Placc, 103 South church street, Grand Gayman, KY-1106, Cayman Islands	indirect	1) Company's share in AC of SL Aerospace S.a.r.l. - 15% 2) Company's share in AC of AO IK Razvitiye - 100% 3) Share of AO PK Razvitiye in AC of OOO Energia Overseas: 99,5% 4) Share of OOO Energia Overseas in AC of SL	07.12.2010	95%	

							Aerospace S.a.r.l. - 80% 5) Share of SL Aerospace S.a.r.l. in AC of SL Aerospace SA - 100% 6) Share SL Aerospace SA in AC of SL Aerospace Company LDC - 100%			
7	ЭСЭЛ Аэроспэйс АКС Лимитед (previously Си Лонч АйСиЭС) SL Aerospace ACS Limited (previously Sea Launch ACS Ltd.)	Isle of Man IM 833			15-19 Athol Street, Douglas, Isle of Man IMI ILB	indirect	1) Company's share in AC of SL Aerospace S.a.r.l.: 15% 2) Company's share in AC of AO IK Razvitiye: 100% 3) Share of AO PK Razvitiye » in AC of OOO Energia Overseas: 99,5% 4) Share of OOO Energia Overseas in AC of SL Aerospace S.a.r.l.: 80% 5) Share of SL Aerospace S.a.r.l in AC of SL Aerospace SA: 100% 6) Share of SL Aerospace SA in AC of SL Aerospace ACS Ltd: 100%	07.12.2010	95%	

3.27 Estimated Liabilities

Long-term estimated liabilities

RUB thsd.

Name of indicator	Line code	Remaining balance as of 01.01.2017	Recognized in 2017		Repaid in 2017		Reclassification from long-term payables to short-term payables	Written off as sum in access	Remaining balance as of 31.12.2018
			Liabilities	Discount	Liabilities	Discount			
Total	5710	2 196 434	0	95 020	0	0	(2 291 454)	0	0
including::									
estimated liabilities for claims	5711	0	0	0	0	0	0	0	0
estimated liabilities for burdensome contracts	5712	0	0	0	0	0	0	0	0
estimated liabilities for reorganization	5713	0	0	0	0	0	0	0	0
estimated liabilities for quality assurance of the goods sold	5714	0	0	0	0	0	0	0	0
estimated liabilities for leaves	5715	0	0	0	0	0	0	0	0
estimated liabilities for SS warranty service and engineering support	5716	2 196 434	0	95 020	0	0	(2 291 454)	0	0
estimated liabilities for investment project	5717	0	0	0	0	0	0	0	0
estimated liabilities for other payments	5718	0	0	0	0	0	0	0	0

RUB thsd.

Name of indicator	Line code	Remaining balance as of 01.01.2018	Recognized in 2018		Repaid in 2018		Reclassification from long-term payables to short-term payables	Written off as sum in access	Remaining balance as of 31.12.2018
			Liabilities	Discount	Liabilities	Discount			
Total	5700	0	0	0	0	0	0	0	0
including::									
estimated liabilities for claims	5701	0	0	0	0	0	0	0	0
estimated liabilities for burdensome contracts	5702	0	0	0	0	0	0	0	0
estimated liabilities for reorganization	5703	0	0	0	0	0	0	0	0
estimated liabilities for quality assurance of the goods sold	5704	0	0	0	0	0	0	0	0
estimated liabilities for leaves	5705	0	0	0	0	0	0	0	0
estimated liabilities for SS warranty service and engineering support	5706	0	0	0	0	0	0	0	0
estimated liabilities for investment project	5707	0	0	0	0	0	0	0	0
estimated liabilities for other payments	5708	0	0	0	0	0	0	0	0

Short-term estimated liabilities

RUB thsd.

Name of indicator	Line code	Remaining balance as of 01.01.2017	Recognized in 2017		Repaid in 2017		Reclassification from long-term payables to short-term payables	Written off as sum in access	Remaining balance as of 31.12.2018
			Liabilities	Discount	Liabilities	Discount			
Total	5730	3 251 175	928 441	253 549	(1 068 449)	(187 853)	2 291 454	(2 430)	5 465 887
including::									
estimated liabilities for claims	5731	0	0	0	0	0	0	0	0
estimated liabilities for burdensome contracts	5732	0	0	0	0	0	0	0	0
estimated liabilities for reorganization	5733	0	0	0	0	0	0	0	0
estimated liabilities for quality assurance of the goods sold	5734	0	0	0	0	0	0	0	0
estimated liabilities for leaves	5735	705 526	648 211	0	(597 445)	0	0	0	756 292
estimated liabilities for SS warranty service and engineering support	5766	2 5456 649	0	253 549	(471 004)	(187 853)	(2 291 454)	(2 430)	4 429 365
estimated liabilities for investment project	5737	0	0	0	0	0	0	0	0
estimated liabilities for other payments	5738	0	280 230	0	0	0	0	0	28 2300

RUB thsd.

Name of indicator	Line code	Remaining balance as of 01.01.2018	Recognized in 2018		Repaid in 2018		Reclassification from long-term payables to short-term payables	Written off as sum in access	Remaining balance as of 31.12.2018
			Liabilities	Discount	Liabilities	Discount			
Total	5720	5 465 887	1 844 602	252 703	(3 676 013)	0	0	0	3 887 179
including::									
estimated liabilities for claims	5721	0	791 440	0	0	0	0	0	791 7400
estimated liabilities for burdensome contracts	5722	0	0	0	0	0	0	0	0
estimated liabilities for reorganization	5723	0	0	0	0	0	0	0	0
estimated liabilities for quality assurance of the goods sold	5724	0	0	0	0	0	0	0	0
estimated liabilities for leaves	5725	756 292	689 755	0	(666 413)	0	0	0	779 634
estimated liabilities for SS warranty service and engineering support	5726	4 429 365	0	252 703	(2 489 187)	0	0	0	2 192 881
estimated liabilities for investment project	5727	0	0	0	0	0	0	0	0
estimated liabilities for other payments	5728	280 230	363 107	0	(520 413)	0	0	0	122 924

3.28 Contingent Assets and Liabilities

3.28.1 The Company is one of the parties in the following court legal proceedings:

Whom the claim was made to	Date of reclamation	Description of the claim	Probability of settlement of the claim to the advantage of RSC Energia	Amount as of 31.12.2018, Rub.	Status as of 31.12.2018	Status as of current date	Supervisory measures
SUE NPTs SPURT	25.03.2014	About financial insolvency (bankruptcy)	Average	55 360 000,00	By the ruling of the Moscow Arbitration Court, the requirement of RSC Energia to recover the amount of debt is included in list of creditors' claims. The bankruptcy proceeding has been opened against the SUE SPC SPURT.	The case is being considered by the Moscow Arbitration Court.	Protection of Company's interests
FSUE TsENKI	28.09.2018	Recovery of unreasonable earnings	Average	17 475 504,10	The court session is scheduled for 23.01.2019.	By the ruling of the Moscow Arbitration Court a settlement agreement on the payment of the principal debt in the amount of 17,167,200.00 was approved.	Protection of Company's interests

Whom the claim was made to	Date of reclamation	Description of the claim	Probability of settlement of the claim to the advantage of RSC Energia	Amount as of 31.12.2018, Rub.	Status as of 31.12.2018	Status as of current date	Supervisory measures
OA O Teploset	26.12.2018	Contract debt recovery due	Average	86 645 558,23	The court session is scheduled for 05.02.2019.	The case is being considered by the Arbitration Court of the Moscow Region.	Protection of Company's interests
RSC Energia	24.08.2015	Recovery of damage	Average	2 943 612 740,00	The consideration of the case by the Arbitration Court is suspended until the criminal case is settled.	The consideration of the case by the Arbitration Court is suspended until the criminal case is settled.	Protection of Company's interests
RSC Energia	20.07.2018	Award of a penalty under government contract	Average	11 916 074,33	By the arbitration award plaintiff's claims are partially satisfied in the amount of 2,402,751.00	The case is scheduled for consideration by the Court of Appeal for 02/11/2019	Protection of Company's interests
RSC Energia	25.09.2018	Award of a penalty under government contract	Average	13 126 367,25	The following court session is scheduled for 05.02.2019.	The case is being considered by the Arbitration Court of the Moscow Region.	Protection of Company's interests
RSC Energia	22.10.2018	Award of a penalty under government contract	Average	23 307 607,61	The court session is scheduled for 18.03.2019.	The case is being considered by the Moscow Arbitration Court.	Protection of Company's interests
RSC Energia	22.10.2018	Award of a penalty under government contract	Average	192 782 227,45	The next session of the court is scheduled for 05.02.2019.	The case is being considered by the Moscow Arbitration Court.	Protection of Company's interests

Whom the claim was made to	Date of reclamation	Description of the claim	Probability of settlement of the claim to the advantage of RSC Energia	Amount as of 31.12.2018, Rub.	Status as of 31.12.2018	Status as of current date	Supervisory measures
RSC Energia	01.11.2018	Award of a penalty under government contract	Average	18 818 143,23	The court session is scheduled for 11.02.2019.	The case is being considered by the Moscow Arbitration Court.	Protection of Company's interests
RSC Energia	18.12.2018	Award of a penalty under government contract	Average	200 304 854,25	The court session is scheduled for 15.03.2019.	The case is being considered by the Moscow Arbitration Court.	Protection of Company's interests
RSC Energia	22.10.2018	Award of a penalty under government contract	Average	5 916 856,49	The court session is scheduled for 03.04.2019	The case is being considered by the Moscow Arbitration Court.	Protection of Company's interests
N.E.Bauman MSTU	12.12.2018	Recovery of unreasonable earnings	Average	2 526 568,46	The court session is scheduled for 11.02.2019	The case is being considered by the Moscow Arbitration Court.	Protection of Company's interests
OJSC «OGE»	08.10.2018	Award of a penalty under contract	Average	9 702 159,21	The court session is scheduled for 29.01.2019.	By the ruling of the Arbitration Court claims partially satisfied in the amount of 3 967 376,48	Protection of Company's interests
GP MO «Institute Mosgrazhdanproekt »	02.10.2018	Recovery of damages	Average	3 970 622,54	The court session is scheduled for 16.01.2019	By the ruling of the Arbitration the plaintiff's claims adjustment is denied.	Protection of Company's interests

3.28.2 Post-employment benefits

As of December 31, 2018 the Company has an estimated liability under the Private Pension Scheme (PPS) for employees and other post-employment benefits that is not recognized in the accounting records and disclosed as an indirect liability due to failure to fulfill the condition provided for in Clause 5 (c) of the Accounting Regulations "Estimated liabilities, indirect liabilities and contingent assets" (PBU 8/2010), namely, the value of estimated liability cannot be reasonably estimated, as the NSPP and other post-employment benefits conditions are liable to change based on certain economic conditions and the financial capabilities of the Company.

3.28.3 Risks Related to Business Operations

When acquiring RSC Energia's securities, investors should take into account that RSC Energia in the course of its economic activity is exposed to the risks associated with political and economic situation in the country, as well as the situation prevailing in the Russian Federation financial markets. This section describes major risks from the Company's point of view. RSC Energia cannot guarantee that the specified risk factors are complete and exhaustive to make a decision on the Company's stock acquisition. Information addressed in this section does not exclude investment risks analysis on the part of securities acquirers.

The Company identifies, tracks, evaluates risk factors and makes all-out efforts to minimize negative consequences. The factors that are beyond the Company's control are taken into account when planning its activities. For those factors that are under the Company's control, risk reduction action plans are developed.

Measures to counteract risks at RSC Energia are primarily intended to ensure that all the commitments of the Company are met. Therefore, the main instrument is insurance against particular risks, first of all, production risks. The Company has introduced internal control systems that ensures safety of the assets, helps to increase operations effectiveness and efficiency. Also the internal control system assures accounts reliability and faithful presentation, their compliance with legal requirements.

Space activity is subject to licensing, therefore compliance with the licensing requirements is crucial for RSC Energia.

The Company properly observes the licensing requirements established by applicable law. The Company's lawyers monitor all changes in legislation, including draft documents concerning licensing of its core business.

The risk management function in the Company is distributed, i.e. risks identification and analysis, making and implementing necessary decisions to counteract/minimize risk consequences are provided by the managers responsible for relevant areas:

- economic risks are managed by First Deputy Director General for Economics and Corporate Governance; Project managers;
- technical risks are considered by Designer General, First Deputy Designer General, Deputies Designer General, Chief Designers for core business activities;
- technological risks are undertaken by the Company Chief Engineer, the management of the main technological entity, ZAO ZEM RSC Energia;
- legal risks are dealt with by Deputy Director General for organization – legal matters, etc.

When responsible top manager does not have enough authority for decision taking or risk may affect several lines of activity, the Board of Management and Director General of the Company are to be involved.

3.28.4. Space Industry Risks

At the present time, demand for space services (both manned and unmanned) on the world market

is gradually increasing. After closure of the Space Shuttle Program, Russian Federation dominates on the manned flights market. The state order for crew transportation spacecraft Soyuz MS and cargo transportation spacecraft Progress MS manufactured by RSC Energia is expected to be stable. It is due to the need to perform the Russian Federation international commitments to deliver crews and cargoes to the ISS for its resupply. However, volume of orders may vary due to the circumstances described below.

According to the Federal Space Program Russia intended for the 2016-2025 period, the number of annually launched cargo transport spacecraft has decreased to three, beginning from 2017.

Since 2012, the US Space Agency NASA can use cargo transport spacecraft Dragon in order to deliver and return cargo to/from the ISS on its own. Since 2013, NASA cargo can also be delivered to the ISS via cargo transport spacecraft Cygnus. As a result, NASA's orders for cargo delivery to the ISS via Progress MS spacecraft are currently minimized and being carried out on a barter basis under the agreements concluded between NASA and State Corporation ROSCOSMOS.

NASA plans to start operation of commercial spacecraft Starliner (the Boeing) и crew Dragon (Space X) at the end of 2019 – beginning of 2020. Demonstration flight tests of commercial spacecraft are scheduled for the first half of 2019 in unmanned mode and in the second half of 2019 – in manned mode. After an initial period of demonstrating reliability of new US spacecraft, market prices for the flights are most likely to begin declining due to growing competition which could result in manned flights market expansion. However, in the domestic market the Company has no competitors in this area of activity.

Steady demand is expected for the Company activities aimed to operate the ISS and use it for specified purposes, including international projects for Earth and space. Work is underway on the new ISS RS modules (MLM-U, NM and SPM).

Manned cosmonautics offers the following promising developments: building advanced manned transportation system with crew transportation spacecraft Federation and new-generation medium and superheavy space rocket complexes. These plans are addressed in the Federal Space Program of Russia for the 2016-2025 period.

Industry risks for the Company in the field of manned flights are associated with an increased cost of products and services and the correlation of this increase dynamics with comparable analogues in foreign markets.

At the present time, in the Russian and world markets, the demand for space communication and broadcasting services using unmanned spacecraft (SC), including those based upon electrorocket propulsion system (ERPS), tends to steadily grow.

Currently, the main priorities on the world market of communication and broadcasting commercial satellites are:

- building SC with upgraded performance (service life, power, transmission capacity, equipped with ERPS, etc.) operating in C and Ku frequency bands for a scheduled replacement of operational SC;
- manufacture of SC operating in Ka frequency band making it possible to dramatically rise transmission capacity of satellites and provide new satellite communication services: wide-band access to Internet network and high-rate trunk communication channels.

The most critical factors determining space industry risks on the world market for unmanned spacecraft manufacture are the following:

- keen competition among major manufacturers of spacecraft on the world market;

- new world players from the countries with high rates of economic growth (such as China, India, Japan) entering the market of unmanned spacecraft manufacture and launch;
- political instability in some developing countries which create potential market for the Company products and services;
- imposition of sanctions restricting the acquisition of electronic components abroad from the leading manufacturers

Also it is worth noting that there is robust competition among national manufacturers of spacecraft such as OAO Information Satellite Systems after academician M.F. Reshetnev, AO RSC Progress, AO NPO after S.A. Lavochkin, etc.

In order to prevent possible negative consequences of space industry risks, RSC Energia pursues an active scientific-technical policy of participation in the RF Federal Space Program, conducts continually search for potential Russian and foreign customers of satellites and foreign partners interested in advanced space technologies.

Regarding RSC Energia-made DM-type Upper Stages, the Company competes with Russian manufacturers of such Upper Stages as FSUE Khrunichev SR&PSC and AO NPO after S.A. Lavochkin. The Company, therefore, is busy all the time with efforts to improve and upgrade technical and operational characteristics of the DM-type Upper Stages to ensure its ability to compete.

3.28.5 Country and regional and logistics risks

One of the main country factors affecting the domestic economy, industry and financial system still remains the existing and escalating sanctions pressure on Russia. At the same time, despite continual strengthening of the US sanctions against Russia, this pressure to a lesser extent affects space industry, because the American Party representatives well-disposed towards cooperation with Russia in space industry consider it necessary to protect business cooperation under space programs from sanctions and restrictions, as well as deliveries of any products and services to support these efforts. There are factors producing a beneficial effect on the Company's business: political stability in the country, relatively low inflation rate and ruble rate stabilization with respect to the leading international currencies, stabilization of oil and gas prices on the world markets.

The Company is registered and conducts its activities in an economically stable and dynamically developing region, as Moscow Region.

Risks of exposure to disasters (including floods, earthquakes, etc.) are extremely low. The region is located in the central part of the Russian Federation where transportation is well developed. Moscow region is connected via motor, railway and air transport with all regions of Russia and the world. There is practically no risk of possible termination of transportation due to remoteness of the region and/or its being difficult of access.

Moscow Region is regarded as one of the most politically stable areas which do not border directly upon zones of military conflicts, as well as the regions, in which there is a high probability of introducing state of emergency.

However, being aware of current international situation, we cannot rule out the risks associated with attempts to commit terrorist acts by extremist groups, which compel the Company to put special emphasis on guarding its premises, as well as IT security.

RSC Energia is geographically distant from the sites, where prelaunch processing of hardware is performed, such as processing facilities and launch complexes (including Baikonur Cosmodrome). In this regard the Company's operations are associated with risks of loss and damage to property during transportation to the destination. The Company provides insurance coverage against these risks.

RSC Energia activity in the Republic of Kazakhstan (Baikonur Cosmodrome) depends upon

political and economic factors affecting interstate relations. Stability of the company's international business in this area is assured by the existing international agreements concluded between Russia and Kazakhstan,;

Agreement on the use of Baikonur Cosmodrome till 2050;

Treaty on the Eurasian Economic Union.

Participating countries create the conditions required for joint economic development, take concerted action to provide state backing of priority sectors and industries; pursue a common customs policy, develop common transport systems.

The Company is involved in implementing a number of projects for foreign customers from African countries. Insurance instrument is also used when implementing these projects.

3.28.6 Financial risks

Unstable geopolitical and economic situation can affect financial sustainability of RSC Energia. Amount of proceeds from selling goods (performance of works, services) and profit can be impacted by inflation risks, foreign exchange exposure and changes in credit interest rates.

INFLATION RISKS

Significant increase in price growth rates with respect to goods, raw materials and components will result in increased costs which could impact negatively level of net profit and reduce cash assets.

Given an increase in value-added tax in 2019, the Bank of Russia predicts annual inflation of 3,5-4% at the end of 2018 and its short-term increase up to 4-4,5% in 2019.

Monetary policy pursued by the Bank of Russia allows to evaluate inflation risks as minimal. Managerial policy being implemented by the Company and focused on maintaining current assets; control over debts receivable and rational use of available funds makes it possible to compensate for inflationary effect on capability to engage in manufacturing activity (provided that underlying inflation matches the projected level).

RISKS OF CHANGING EXCHANGE RATES

Exchange rate changes can affect business activities, because the Company is the exporter, as well as the importer of science-intensive and high-technology products.

Acute fluctuations in the exchange rates may impact both positively and negatively on RSC Energia's financial standing depending upon ratio between incoming currency earnings and costs of foreign-made components used in final products. Since most of the contracts are designated in Russian rubles, exchange rate fluctuations risk may be assessed as minimal or moderate.

RISKS ASSOCIATED WITH INTEREST RATE CHANGES

Duration of output lead time suggests use of borrowed resources. The key rate of the RF Central Bank decreased from 7,75% down to 7,25% during the 1st quarter of 2018. In the 2nd quarter of 2018, the Bank of Russia decided to maintain the key rate at 7,25% per annum.

The 3rd quarter saw an increase in the key rate by 0.25 percentage points, up to 7,5% per annum.

Under the influence of external factors, monetary conditions became somewhat more tightened which can impact significantly the cost of loans for RSC Energia.

3.28.7. Legal risks

Range of the Company legal risks includes the following: risks of losses due to potential illegitimacy of transaction or its improper documentation; infringement of codes and rules of doing

business; risks of the party concerned handling a transaction with insufficient authority thereto; risk of lawsuit court judgement duration and costs which involve negative property consequences for the Company; risk of taking inadequate or incorrect legal advice; legally unsettled problems and situations arising in the course of the Company operation; risk of changing current legislation.

In order to minimize the abovementioned risks, the Company arranged the process of submission of transactions for approval which includes mandatory agreeing on all transactions with the Company legal and control-auditing departments.

During contract and procurement activities the Company is running the risks associated with its counterparts. In this connection, during closure of deals effected by the Company, as well as during carrying out civil commitments based upon the above deals the risk factors shown below are permanently monitored:

- financial instability, counterpart insolvency;
- unreliability of counterpart, counterpart being unable to offer high-quality goods, works, services;
- hidden affiliation, etc.

All-round preliminary inspection of potential partners is performed by evaluation of documentation submitted by them, analysis of information from sources in public domain and dedicated databases, as well as taking operational actions in the field.

In the Company great importance is paid to prevention of corruption offenses and corruption management as key factors of direct impact on the level of corporate risk.

Measures to prevent and reduce corruption risks are finalized in in-house normative documents of the Company such as the Anticorrupt policy; Code of Ethics and Official Conduct of Employees; Provision on reporting by RSC Energia's employees the fact of a gift being received due to their official capacity or performance of official duties by them; handing over and assessment of the gift, its sale (buyout) and passing the funds received from its sale; Provision on conflict of interests; Provision on the Committee on compliance with the requirements for official conduct of employees and settling conflict of interests at RSC Energia; the Procedure to notify RSC Energia about the facts of applying to RSC Energia's employees in order to induce them to commit corruption offences; Provision on "hot line" on the issues to combat corruption at RSC Energia.

In September 2018 RSC Energia's Plan to combat corruption for the period from September 2018 through December 2019 was approved.

The Company carries out scheduled and unscheduled inspections of adhering to the principles of doing business openly and on bona fide basis.

In execution of internal control to prevent and combat corruption, as well as during management of risks associated with contracting parties, the Company takes into account best international practice, namely, part of it which does not run counter Russian legislation.

Procurement activities of the Company are fully regulated, mandatory competitive procedures have been introduced. The Company monitors on a continual basis the standards introduced, supervises their observance and brings them up to date on a regular basis.

Changes in the legislative acts and by-laws regarding budgetary spending procedure under state orders impact significantly on the Company's business activity. During the reporting period the company took action enabling to adapt to changes in spending of budgetary funds allocated for the state order.

Changes in statutory and by-laws having to do with budgetary spending under state order adopted at the end of 2015 had and still have a significant impact on the Company economic activities in 2016 and 2017. During the accounting period, the Company took action to adapt to new rules of spending budget funds allocated for state order. 2016 brought up a number of issues on the procedure for spending budget

funds under special accounts. In so doing, normative regulation with respect to the above issues is not yet adequate which could result in expansion of some financial processes. What is more, amount of current assets in the Company (with a possibility of their prompt use) has diminished which entailed resultant increase in the credit portfolio and, accordingly, enhanced exposure to the risks related to interest rate changes. In order to minimize the above risks, the Company effects an active cooperation and holds discussions regarding unresolved issued of law enforcement with government customer's representatives, respective financial institutions and structures.

One of the most important components of legal risks is tax risk. One of the peculiarities of the Russian legislation on taxes and charges is its continuous changeability. The laws making amendments to the Russian Federation Tax Code with respect to changes to specific tax calculation and payment procedure are passed annually. This adds complexity to making medium-term and long-terms forecasts for taxpayer activity, complicates tax planning as a whole. Instability of tax regulations exposes the Company to risk of being charged and having to pay rather high penalties and fines, despite its intention to operate in strict compliance with the legislation, as well as can lead to an increase in tax burden as a whole.

The Company continues to carry out an analysis of amendments to existing tax legislation with the aim to reduce tax risks.

On January 03, 2019 the Article "Enforcement of liability of customs duties, taxes payment" of Federal Law No. 289-FZ of 03.08.2018 "On customs regulation in the Russian Federation and making amendments to some legislative acts of the Russian Federation" took effect.

According to this Article, from January 3, 2019 all import deliveries of equipment under international contracts and protocols (except for the cargoes being delivered to the ISS) shall come within enforcement of liability to pay customs duties and taxes. Size of the enforced liability to pay customs duties, taxes is determined on the basis of the amounts of customs duties, taxes that would be payable when goods were placed under the customs procedure for their release for domestic consumption with no tariff preferences and benefits applied on payment of import customs duties and taxes, which is at least 20% of the cost of delivered equipment.

Enforcement of liability to pay customs duties, taxes is provided as a cash collateral, bank guarantee or surety, therefore, a probability may arise of extra expenses on obtaining bank guarantees or application of the funds to make a security deposit. Currently State Corporation ROSCOSMOS is busy resolving the issue of not extending effect of this Article to space industry organizations.

The Company participates in foreign economic relations, part of its liabilities are expressed in foreign currency. Therefore, RSC Energia is exposed to the risks associated with exchange adjustment change. There have been no significant changes in the exchange adjustment rules during the accounting period, for this reason the above risks are assessed as low.

Changes in the licensing requirements for the core activities of the Company may result in some additional costs associated with obtaining a new license, or extending or replacing the already existing one, but the Company predicts the risk of occurrence of such events as unlikely. RSC Energia timely and fully fulfills all licensing requirements, no difficulties in renewal of the existing licenses are predicted by the Company.

The reporting period revealed no changes in judicial practice concerning operation of the Company (including licensing issues) which could affect its performance, as well as the results of current legal proceedings to which the Company is a party. Legal risks associated with the change of judicial practice on issues related to the Company's activities, which may adversely affect the results of its activities, are considered as minimal.

3.28.8 Risk of goodwill loss (company image risk)

Risk of suffering losses due to reduced number of the Company customers resulting from building a negative image of RSC Energia as being financially unstable and producing goods of poor quality is assessed as insignificant. The Company enjoys a steady orders book based upon state order. The Company discloses on a regular basis information about its performance, acts as trustworthy borrower. Its products reliability is assured due to certified quality management system and a long-term experience of continuous production and operational use of space engineering.

3.28.9 Strategic risk

Risk of suffering losses resulting from taking strategic decisions is assessed as insignificant. RSC Energia holds monopolistic market position in Russia in the field of manned space flights, therefore it takes an active part in defining the government strategy in this area and, accordingly, in building long-term orders book.

“The Concept of Russian Manned Cosmonautics for the period until 2050” developed with the Company’s participation provides for further manned cosmonautics development both in low-Earth orbit and beyond. The Russian Federal Space Program for the 2016-2025 period allows for a long-term planning of the Company core business and reduces risk of the Company’s losses during implementation of strategic decisions. However, the risk remains of the Russian Federal space Program being significantly changed which, in its turn, would require updating of the Company’s long-term plans.

The manned programs implementation results enable the Company to diversify its business and develop related activities focused on building satellites and launch vehicles.

3.28.10 Risks associated with the issuer’s activity

A possibility to lose its customers, turnover with which accounts for at least 10% of total proceeds of the sale of products (work, services) of the Company is low, because during 5 full fiscal years the Russian Federation has been such a customer of products.

In 2016, the Federal Space Agency handed over its government customer functions to State Corporation ROSCOSMOS. The bulk of work is performed by RSC Energia within the Federal Space Program for the 2016-2025 period

In the accounting period the Company was running the risks associated with current judicial proceedings in which RSC Energia is involved and which can affect its operation.

RSC Energia conducts activity that under the Russian Federation legislation is possible only being granted a special authorization (permit). In this connection, the Issuer in conduct of its core business is running the risks in the absence of a possibility to extend licenses, suspension or recall of licenses. The Company complies with license requirements, as well as takes all actions required to get (in case of need) new licenses, to maintain in force/extend validity of licenses and minimize the risk of licenses suspension and recall. At the present time, no preconditions of legal, economic or political character leading to complication of the procedure or reduced probability to extend validity of the Company licenses were revealed.

Arising liability of the Company for debts of its subsidiary companies is possible according to the legislation in force. According to the provisions of the Russian Federation Civil Code and Federal Law No 208 of 26.12.1995 “On Joint-Stock Companies”, shareholders of Russian joint-stock company do not bear responsibility for their companies’ liabilities and only run the risk of losing their investments. However, in cases specified by legislation, when the “parent company” can determine decisions being taken by “subsidiary company”, the parent company can bear joint and several liability, secondary liability. Accordingly, being the parent company with respect to the subsidiary companies where RSC Energia holds more than 50% of the authorized capital and is entitled to give binding directions, the Company may bear responsibility for their debts. Meeting the liabilities like that may affect negatively the Company performance. However, taking into account of the trials where RSC Energia acts as a defendant on the liabilities of the subsidiary, affiliated and other companies, the Company does not see

materiality criterion in the risks associated with the coming of liability for debts of the third persons, including its subsidiary companies.

Manufacturing activity of the Company may cause damage to natural environment and run the risk of civil responsibility due to the costs of work to repair damage like that.

In order to reduce these risks, the Company monitors all phases of its activity with the aim to adhere to respective environmental protection standards, to implement measures for environmental protection and reduced environmental impact.

Besides, the Company provides civil liability insurance of hazardous object owner for causing damage resulting from accident occurred on hazardous object; as well as civil liability insurance of the enterprises as sources of increased danger (radiation); also insurance is ensured against risks in case of causing damage due to defects discovered in work which can affect safety of capital construction projects in accordance with the requirements of the legislation in force.

3.28.11 Analysis of factors and conditions affecting the Company activity.

The basic competitive strengths of RSC Energia in the market of space products and services are as follows:

- experience in the implementation of manned programs, including the function of integrator of major international projects;
- high quality and reliability of spacecraft provided by the availability of highly-qualified staff and certified quality management system;
- wide experience of cooperation with Russian and foreign customers and partners;
- stability of the Company ensured by stable state orders and availability of skills in some areas of space technology;
- availability of the acquired image (brand) of a fleet leader and pioneer in the national and foreign world space industry;
- presence of a wide and stable cooperation across Russia;
- methodical work with advanced technical higher education institutions of the country on staff training and continuous replenishment of the personnel with highly intellectual young personnel;
- extensive bench-top base and full-scale ground testing of space products as a guarantee of high quality and reliability of products.

To hold and strengthen positions in the market of commercial launches, the following actions are required:

- Orientation of all new developments to the advanced hardware components of domestic production;
- Improvement of the provided services, both in content and quality, provided by advanced hardware components and new system-project solutions;
- decrease of the unit cost of products and services due to modernization of production and increase of its volume (batch fabrication);
- constant increase of labor productivity;
- reducing the time for product manufacture, which reduces the risk to the potential customer;

- large-scale implementation of space technology insurance.

The political and economic crisis that has been developing since 2014 led to the emergence of a number of negative factors affecting, inter alia, the Company operation.

In particular, because of the sanctions imposed by the USA and Europe, the risk arose of introduced restrictions on international cooperation in implementing a number of projects. To counter this factor, a search is made for alternative counterparties, as well as import substitution measures are put into effect.

3.29 Events after the Reporting Date

In accordance with the decision taken by the Bank of Russia of 04.02.2019, state registration of the report on the results of additionally issued uncertified registered common stock of RSC Energia placed through private subscription was performed; state registration number of the additional issue is 1-03-01091-A-001D of 09.08.2018.

Interdistrict IFTS of Russia No. 2 in the Moscow Region registered on 21.02.2019 amendments to RSC Energia Articles of Association: the authorized capital of the Company is 1 179 836 822 rubles 50 kopecks and split into 1 179 836 whole and 462 133/561 867 pieces of uncertified register common stock. Nominal value of each share is 1 000 rubles.

At the Board of Directors meeting of RSC Energia held as absentee voting (voting ended on January 24, 2019), it was decided to suspend the powers of RSC Energia Director General Sergei Yurievich Romanov since January 24, 2019.

The Board of Directors resolved to appoint Nikolai Nikolayevich Sevastiyarov as acting Director General of RSC Energia from January 25, 2019 until extraordinary general shareholders' meeting of RSC Energia has nominated a new Chief Executive Officer (Director General) of RSC Energia.

Chief Executive Officer: _____ Nikolai Nikolayevich Sevastiyarov
(signature) (full name)

Chief Accountant: _____ Yelena Mikhailovna Korogodina
(signature) (full name)

February 28, 2019

INDEPENDENT AUDITOR'S OPINION

On financial statements of S.P.
Korolev Rocket and Space Public
Corporation Energia summarizing
the results of activity for 2018



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125 Varshavskoie shosse,
building 1, section 11, 3rd
floor, premise I, room 50

INDEPENDENT AUDITOR'S OPINION

to the shareholders of S.P. Korolev Rocket and Space Public Corporation Energia

Opinion

We have audited the accompanying Financial Statements of S.P. Korolev Rocket and Space Public Corporation Energia (Company) (MSRN 1025002032538, 4A Lenin Street, Korolev city, 141070), including the Balance Sheet as of 31.12.2017; Profit and Loss Statement for 2017; Addenda to the Balance Sheet and the Profit and Loss Statement, as well as Statement of changes in equity for 2017 and Cash Flow Statement for 2017, Notes to Financial Statements for 2017.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of S.P. Korolev Rocket and Space Public Corporation Energia (Company) as of 31.12.2018, as well as its financial results and cash flows for 2018 in conformity with generally accepted accounting principles adopted in the Russian Federation.

Reasonable basis for expressing the opinion

We conducted our audit in accordance with International Auditing Standards (IAS). Our responsibility in accordance with these standards is described in Section "Auditor's responsibility for auditing Financial Statements" of our opinion. We are independent relative to the Organization in accordance with ethical requirements applicable to our auditing financial statements in the Russian Federation and we have met our other ethical commitments in compliance with the above requirements. We believe that our audit has shown sufficient and adequate evidence to provide background for expressing our opinion.

Key issues of auditing

Key issues of auditing mean (according to our professional judgement) most significant issue for our auditing Financial Statements over the current accounting period. Those issues were addressed in terms of our audit of the Financial Statements as a whole and in forming our opinion about the records; therefore, we do not express special opinion on these issues.

Key issue of auditing	Audit procedure performed with respect to key issue of auditing
<p>Revaluation of land plots</p> <p>See Note 3.4 “Fixed assets” in the representation to the Financial Statements.</p> <p>As of 31.12.2018, the Company conducted revaluation of land plots.</p> <p>In order to determine market value of these land plots, the Company management consulted with outside independent assessor.</p> <p>We focused our attention on this issue due to the fact that the amount was considerable for the Company Financial Statements (about 41% of the total amount of fixed assets) and subjective judgements, as well as assumptions.</p> <p>Key assessment aspect for Financial Statements preparation is assessor’s strict adherence to market evaluation interpretations, principles of impartial approaches and full disclosure of all the facts concerning the assessment.</p>	<p>Our audit procedures for revaluation of land plots included (among other things) consultations with our internal assessors having professional knowledge and experience in this area who have performed the following procedures:</p> <ol style="list-style-type: none"> 1) checks of input data reflected by the Assessor using references to information sources available in the Report which make it possible to draw conclusion about authorship of respective information, date of its preparation; 2) checks of the Report for presence of all explanations and calculations, reproducibility, accuracy of the performed calculations and numerical values affecting overall value of land plots with the aim to make conclusions and results similar to those got by the assessor; 3) check of the Assessor’s valuation procedures for their proper use in accordance with the assessment objectives and purpose, i.e. the applied approaches and methods, calculation sequence; 4) checks of estimates given in the documents for their compliance with the valuation procedure stated by the consultant. <p>Also we have made an assessment of information disclosure for its completeness and correctness in the Corporation Financial Statements.</p>

Other information

Director General (Management) is responsible for other information. Other information includes information addressed in RSC Energia’s Annual Report for 2018 and Quarterly Report for the 1st quarter of 2019, but it does not cover the Financial Statements and our auditor’s report on it. Annual and quarterly reports are probably will be submitted to us after the date of this auditor’s report.

Our opinion about the Financial Statements does not cover other information and we are not going to submit the conclusion suggesting assurance of any kind with respect to this information.

In connection with our auditing of the Financial Statements, our responsibility is to become familiar with the above mentioned other information as soon as it becomes available to us and to consider the issue of whether there are significant discrepancies between other information and the Financial Statements or our knowledge acquired during auditing and whether there are any possible significant misrepresentations found in other information.

In the event that during familiarization with the Annual Report and quarterly report we shall come to a conclusion that they contain significant misrepresentation, we should bring it to notice of the persons responsible for corporate governance.

Responsibility of the management and persons who are in charge of corporate governance, Financial Statements

Director General (Management) bears responsibility for preparation and fair presentation of the above Financial Statements in accordance with the principles of making up financial statements established in

the Russian Federation and for internal control system which the management deems it necessary for preparation of the financial statements containing no significant misrepresentations due to actions in bad faith or errors.

In preparation of the financial statements the management is responsible for assessing the Company capability to continue its operation without interruptions, for disclosure in certain cases of information about its ongoing activity and for drawing up financial statements based upon an assumption on ongoing activity, except when the management intends to liquidate the Company, terminate its operation or when the management has no other real alternative but liquidation or termination of its activity.

Persons responsible for corporate governance bear responsibility for supervising preparation of the Company financial statements.

Auditor's responsibility for auditing financial statements

Our objective is to obtain reasonable assurance of no significant misrepresentations due to actions in bad faith or errors found in the financial statements and issue of auditor's report reflecting our opinion. Reasonable assurance means a high degree of certainty, but does not ensure that an audit conducted in accordance with international audit standards may always reveal significant misrepresentations if any. Misrepresentations may result from actions in bad faith or errors and are regarded as significant if it may be reasonably assumed that taken separately or in the aggregate, they may affect economic decisions taken by the users on the basis on these financial statements.

Within the framework of auditing according to international audit standards we are forming professional judgement and maintaining professional judgement and maintaining professional skepticism Throughout the whole process of auditing. Besides, we perform the following things:

- a) identify and assess risks of significant misrepresentation of the financial statements due to actions in bad faith and errors; develop and conduct audit procedures in response to these risks; present audit evidence being sufficient and adequate to provide background for expressing our opinion. Risk of failure to detect significant misrepresentation resulting from actions in bad faith is higher than risk of failure to detect significant misrepresentation resulting from an error, because actions in bad faith may include collusion, forgery, deliberate omission, distorted presentation of information or actions bypassing internal control systems;
- b) get an understanding of internal control system which is important for audit, in particular, for developing audit procedures where appropriate, but not for expressing opinion about effectiveness of the Company internal control system;
- c) assess proper character of accounting policy being pursued, justification of accounting assessments and respective information disclosure prepared by the management;
- d) draw up a conclusion about legitimate nature of the assumption made by the management on continuity of operation and on the basis of audit evidence furnished come to a conclusion about whether there is a significant uncertainty due to events or conditions occurrence of which may result in significant doubts about the Company capability to continue its operations in ongoing manner. If we arrive at a conclusion about existing significant uncertainty, we should concentrate in our auditor's report on respective information disclosure in the financial statements or in case of improper disclosure of this information, modify our opinion. Our conclusions are based upon audit evidence furnished before the date of our auditor's report.

However, future events or conditions can lead to loss of capability by the Company to continue its operation in ongoing manner.

- e) make an assessment of presenting the accounts as a whole, their structure and content, including information disclosure, as well as whether the financial statements show their underlying operations and events so that their fair presentation is ensured.

We carry out information communication with the persons responsible for corporate governance bringing to their notice (among other things) information about the scheduled scope and dates of audit, as well as about significant comments on the auditing results, including essential faults in the internal control

system which we are detecting in the audit process.

Also we submit to the persons responsible for corporate governance statement to the effect that we satisfied all relevant ethical requirements with respect to independence and informed these persons about all relations and other issues which could be reasonably regarded as impacting auditor's independence and in particular cases – about respective precautionary measures.

The issues which we brought to notice of the persons responsible for corporate governance were used to identify most significant ones for auditing financial statements over the current period; therefore, they are key audit issues. We describe these issues in our auditor's report, except when disclosure of information about these issues in public is prohibited by law or statutory act or when in extremely rare instances, we come to a conclusion that information about a certain issue should not be reported in our auditor's report, because it may be reasonably assumed that negative consequences of reporting this information would exceed public benefit from its disclosure.

Manager of audit assignment
the results of which were used
to issue auditor's report of independent auditor

V.Yu. Pogulyaev

Auditing organization:
Joint-Stock company BDO Unicon
MSRN 1037739271701
Section 11, blg 1, 125 Varshavskoye shosse, 3rd floor, premise I, room 50, Moscow, Russia, 117587.
the member of self-regulatory organization of auditors "Russian Auditors Union" (Association)
ORNZ 11603059593

March 27, 2019



S.P. KOROLEV ROCKET AND SPACE PUBLIC CORPORATION ENERGIA

AUDITING COMMITTEE

May 23, 2019

In accordance with the provisions of Art. 85, Federal Law No 208-FZ of 26.12.1995 "On Joint-Stock Companies" the Auditing Committee elected upon a decision of the annual general meeting of shareholders of S.P. Korolev Rocket-Space Public Corporation Energia (further referred to as RSC Energia, the Company) consisting of: Chairman of the Committee A.A.Zelepukin, members of the commission: A.M.Dyshekov, D.V.Zinkovsky, E.P.Polezhaeva, S.N.Rylov with regard to the Company submittals the Company financial-economic performance for 2018 was audited by a sampling procedure.

The following documents submitted by the Company were reviewed during the audit of the Auditing Committee:

- Balance sheet of RSC Energia as of December 31, 2018 (form 0710001 per National Index of Administrative Documents (NIAD));
- Profit and Loss Account of RSC Energia for 2018 (Form 0710002 per NIAD);
- Equity change statement of RSC Energia for 2018 (Form 0710003 per NIAD);
- Cash flow statement of RSC Energia for 2018 (Form 0710004 per NIAD);
- Explanations of individual indicators of financial statements;
- Annual report of RSC Energia work progress for 2018;
- Audit report of auditing company JSC BDO Unicon on accounting (financial) statements of RSC Energia for the period from January 01 Through December 31, 2018;
- Minutes of the meetings of the Board of Directors of RSC Energia;
- Minutes of general meetings of RSC Energia shareholders.

A check of accounts and financial statements for 2018 was carried out in the Company by an independent auditor, JSC BDO Unicon.

In auditors' opinion, the Company Financial Statements provide faithful presentation in all material aspects of the Company financial position as of December 31, 2018; the results of financial-economic performance and cash flows for 2018 in accordance with the Russian accounting standards.

Accounting and fiscal accounting in the Company are built in accordance with: the Russian Federation Tax Code; the Russian Federation Federal Law No. 402-FZ of 06.12.2011 “On Accounting”; the Russian Ministry of Finance Order No. 34-n of 29.07.1998 “On approval of the Regulation on accounting and financial statements record keeping in the Russian Federation” (as appended and amended); Accounting Standards according to the orders issued by the Russian Ministry of Finance; the Company Accounting policies for accounting and fiscal accounting purposes.

In accordance with paragraph 3 of Article 88 of the Federal Law of 26.12.1995 No. 208-FZ “On Joint Stock Companies” fairness of the representations contained in the company's annual report, annual financial statements shall be confirmed by the auditing committee (auditor) of the company.

According to the submittals, the Auditing Committee examined the Company financial-economic performance, the issues of setting up and operation of internal control and risk management system, as well as carried out a random check of the transactions effected by the Company in 2018 and related to obtaining loans and credits, interested-party transactions whereupon the Auditing Committee concluded the following:

with due regard for positive audit opinion and the submittals, the Auditing Committee considers it possible to confirm faithful presentation of the evidence addressed in the Company’s Annual Report and annual Financial Statements and recommend it for approval.

Data stated in the Company Annual Report for 2018 is trustworthy and present the Company performance for 2018 in all material respects.

Data included in the report on the interested-party transactions effected by the Company in 2018 is presented fairly.

Besides, the Auditing Committee notes inefficiency of the Company’s internal control and risk management system.

This conclusion should be reviewed together with the Auditing Committee’s Report on auditing financial-economic performance of the Company for 2018, as well as with all Financial Statement forms and the Explanatory Note which are integral constituent parts of the Company’s Annual Report.

Chairman of the Committee

A.A. Zelepukin

FINANCIAL STATEMENTS

**OF S.P. KOROLEV ROCKET AND SPACE
PUBLIC CORPORATION ENERGIA
FOR 2017**

BALANCE SHEET									
as of December 31, 2017									
					Codes				
					Form as per OKUD 0710001				
S.P. Korolev Rocket and Space					Date (day, month, year) 31 12 2017				
Organization Public Corporation Energia					as per OKPO 07530238				
Taxpayer ID Number					INN 5018033937				
Type of activity Research and development in the field of natural sciences and technology					as per OKVED 72.19				
Legal organizational form / Form of ownership					as per 12247 16				
Public Company / Private ownership					OKOPF/OKFS				
Unit of measurement: RUB thousand					as per OKEI 384				
Location (address) 4A Lenin St., Korolev, Moscow Region, 643, 141070									

Notes	Item	Line Code	as of December 31, 2017	as of December 31, 2016	as of December 31, 2015
	ASSETS				
	I. NON-CURRENT ASSETS				
3.2; 3.3	Intangible assets	1110	180 386	15 386	14 206
3.3	Research and development results	1120	894 891	1 433 098	1 645 562
	Intangible development assets	1130	-	-	-
	Tangible development assets	1140	-	-	-
3.4; 3.5	Fixed assets	1150	12 732 262	12 899 009	12 834 821
3.4	Income-bearing investments in tangible assets	1160	272 072	286 617	294 966
3.6	Financial investments	1170	517 655	565 286	769 860
	Deferred tax assets	1180	1 091 568	1 132 981	114 671
3.5	Other non-current assets	1190	1 781 079	1 188 330	628 058
	TOTAL of Section I	1100	17 473 371	17 520 707	16 302 144
	II. CURRENT ASSETS				
3.7; 3.8; 3.9; 3.10	Inventory	1210	24 780 092	20 045 547	19 613 503
	Value added tax on acquired assets	1220	218 768	326 767	301 377
3,12	Accounts receivable	1230	47 225 158	37 247 267	35 156 466
	including: long-term debt receivable	1231	16 330 839	10 208 715	5 610 840
	Short-term debt receivable	1232	30 894 319	27 038 552	29 545 626
3,6	Financial investments (excluding cash equivalents)	1240	2 545 617	2 396 757	3 791 237
3.11	Cash and cash equivalents	1250	22 536 824	25 064 724	11 001 503
	Other current assets	1260	215 647	203 708	216 427
	TOTAL of Section II	1200	97 522 106	85 284 770	70 080 513
	BALANCE	1600	114 995 477	102 805 477	86 382 657

Notes	Item	Line Code	as of December 31, 2017	as of December 31, 2016	as of December 31, 2015
	LIABILITIES				
	III. CAPITAL AND RESERVES				
3.13	Authorized capital (joint-stock capital, authorized fund, partners' contributions)	1310	1 123 734	1 123 734	1 123 734
	Shares repurchased	1320	-	-	-
	Non-current assets revaluation	1340	6 616 790	6 685 069	7 104 002
	Additional capital (without revaluation)	1350	-	-	-
	Reserve capital	1360	-	168 560	168 560
	Retained earnings (uncovered loss)	1370	(3 928 369)	(5 339 023)	2 486 555
	TOTAL of Section III	1300	3 812 155	2 638 340	10 882 555
	IV. LONG-TERM LIABILITIES				
3.14	Borrowings	1410	8 322 067	7 211 214	1 996 154
	Deferred tax liabilities	1420	403 257	468 430	410 083
3.27	Estimated liabilities	1430	-	2 196 434	-
3.15	Other long-term liabilities	1450	43 703 513	41 050 141	21 556 450
	including: accounts payable	1451	43 664 762	40 072 875	21 556 450
	TOTAL of Section IV	1400	52 428 837	50 926 219	23 962 687
	V. SHORT-TERM LIABILITIES				
3.14	Borrowings	1510	2 848 892	1 406 434	4 343 010
3.15	Accounts payable	1520	48 951 262	44 323 878	46 071 912
3.18	Deferred revenue	1530	194 122	257 175	314 389
3.27	Estimated liabilities	1540	5 465 887	3 251 175	761 699
3.15	Other short-term liabilities	1550	1 294 322	2 256	46 405
	TOTAL of Section V	1500	58 754 485	49 240 918	51 537 415
	BALANCE	1700	114 995 477	102 805 477	86 382 657

Chief Executive Officer: _____
(signature)

Vladimir Lvovich Solntsev
(full name)

March 29, 2018

Breakdown of Separate Balance Sheet Indicators

Explanations	Name of indicator	Line Code	As of December 31, 2017	As of December 31, 2016	As of December 31, 2014
1	2	3	4	5	6
Intangible assets (line 1110), including:					
3.2; 3.3	Patents, "know-how", copyrights	11101	180 266	14 701	13 668
3.2; 3.3	Uncompleted operations for acquisition of intangible assets	11102	578	685	538
Research and development results (line 1120), including:					
3.3	Completed R&D	11201	714 150	1 033 129	810 333
3.3	In-process R&D	11202	180 741	399 969	835 229
Fixed assets (line 1150), including:					
3.4	buildings and structures	11501	4 169 104	4 063 283	3 826 634
3.4	machinery and equipment	11502	1 342 110	1 428 855	1 197 521
3.4	transportation equipment	11503	60 780	68 380	64 335
3.5	Uncompleted capital investments (excluding subsidiary account 08.03.3)	11504	194 457	243 710	441 726
	Equipment to be installed	11505			
Income-bearing investments (line 1160), including:					
3.4	Things offered for lease	11601	275 072	255 972	294 966
		11602			
Financial investments (line 1170), including:					
3.6	stocks and shares of affiliates	11701	246 311	287 962	632 212
3.6	stocks and shares of dependent companies	11702	29 457	29 487	29 487
3.6	stocks and shares of other companies	11703	10 616	10 636	11 034
3.6	long-term loans granted	11704	231 271	237 201	97 127
Other non-current assets (line 1190), including:					
3.5	expenditures undertaken in connection with the upcoming works under the construction project contract, which are included in the cost of projects under construction included in subsidiary account 97.03 "Organization of construction works".	11901	26	1 117	6 848
3.5	uncompleted capital outlays for housing projects included in subsidiary account 08.03.3	11902	1 366 566	890 462	239 370
3.5	Advances paid out for capital investments	11902	186 244	149 609	151 723
3.5	value-added tax for contract works in housing projects, included in subsidiary account 19.08	11903	228 243	147 142	39 554
Inventory (line 1210), including:					
3.7	raw materials, materials and other similar objects of value	12101	1 214 781	886 754	449 766
3.9	Expenses in in-process inventory	12102	23 486 141	18 384 284	19 081 881

Explanations	Name of indicator	Line Code	As of December 31, 2017	As of December 31, 2016	As of December 31, 2015
1	2	3	4	5	6
Accounts receivable (line 1230), including:					
	Non-current loan receivable				
3.12	Buyers and customers	12301	90 227	355 440	144 233
3.12	Advance paid out	12302	15 981 002	9 522 696	5 401 151
	Short-term loan receivable				
3.12	Buyers and customers	12303	1 848 205	1 122 636	3 079 920
3.12	Advance paid out	12304	27 127 758	24 643 243	25 120 798
Cash and cash equivalents (line 1250), including:					
3,11	Money equivalents	12501	-	-	539 600
Other current assets (line 1260), including:					
	VAT declared for refund under agreements and contracts	12601	192 964	97 521	161 205
	VAT on advances received	12602	7 996	7 413	9 153
Reserve capital / Fund of capital asset and special movable valuables (line 1360), including:					
3.13	Backlogs formed according to basic documents	13601	-	168 560	168 560
Borrowings (line 1410), including:					
3.14	credit accommodations	14101	8 322 067	7 211 214	1 996 154
Estimated liabilities (line 1430), including:					
	estimated liabilities on holidays	14301	-	-	-
3.27	estimated liabilities on costs to be incurred for warranty maintenance and technical support of SS	14302	-	2 196 434	-
	estimated liability on investment project	14303	-	-	-
Other long-term liabilities (line 1450), including:					
3.15	suppliers and subcontractors	14502	540 414	22 510	106 831
3.15	advances received	14503	43 124 348	40 050 365	21 449 619
3.15	Participation interest in construction	14501	38 751	977 266	0
Borrowings (line 1510), including:					
3.14	credit accommodations	15101	2 848 892	1 406 434	4 340 959
Accounts payable (line 1520), including:					
3.15	suppliers and subcontractors	15201	5 634 629	2 455 594	4 153 313
3.15	payables to organization employees	15202	286 256	237 280	267 608
3.15	debt to state non-budgetary funds	15203	213 208	181 432	191 606
3.15	tax and due liabilities	15204	506 800	123 257	331 314
3.15	advances received	15205	42 119 139	41 073 854	40 883 937
3.15	liability owed to participants for payment of dividends	15206	-	2	2 478
Deferred revenue (line 1530), including:					
3.18	special-purpose financing of research activities	15301	0	1 000	106 620

Explanations	Name of indicator	Line Code	As of December 31, 2017	As of December 31, 2016	As of December 31, 2015
1	2	3	4	5	6
Estimated liabilities (line 1540), including:					
3.27	estimated liabilities on holidays	15401	756 292	705 526	570 109
3.27	estimated liabilities on costs to be incurred for warranty maintenance and technical support of SS	15402	4 429 365	2 545 649	1 027
3.27	estimated liability on capital project	15403	-	-	190 563
Other short-term liabilities (line 1550), including:					
3.15	participation interest in construction	15501	1 277 124	-	7 817
3.15	VAT for advances paid out	15502	17 198	2 256	38 588

Chief Executive Officer: _____ Vladimir Lvovich Solntsev

March 29, 2018

PROFIT AND LOSS STATEMENT
for January - December 2017

Organization **S.P. Korolev Rocket and Space**
Public Corporation Energia

Taxpayer ID Number

Type of activity **Research and development**
in the field of natural sciences and technology

Legal organizational form / Form of ownership

Public Company / **Private ownership**

Unit of measurement: RUB thousand

Form as per OKUD
Date (day, month, year)

as per OKPO

INN

as per OKVED

as per

r OKOPF/OKFS

as per OKEL

	Codes		
D	0710002		
r)	31	12	2017
D	07530238		
N	5018033937		
er	72.19		
D			
er			
S	12247	16	
El	384		

Notes	Item	Line Code	for January - December 2017	for January - December 2016
3.19	Revenues	2110	42 373 811	33 828 215
3.2	Cost of sales	2120	(38 722 782)	(31 571 178)
	Gross profit (loss)	2100	3 651 029	2 257 037
3.20; 3.22	Selling expenses	2210	(162 157)	(166 493)
	Administrative expenses (G&A)	2220	-	-
	Sales profit (loss)	2200	3 488 872	2 090 544
3.19	Income from participation in other entities	2310	75 035	23 544
3.19	Interest receivable	2320	876 541	937 314
	Interest payable	2330	(1 062 345)	(974 211)
3.21	Other income	2340	1 576 228	8 277 340
3.21	Other expenses	2350	(2 748 119)	(18 273 574)
	Profit (loss) before tax	2300	2 206 212	(7 919 043)
3.16	Current income tax	2410	(949 538)	(1 199 607)
	including constant tax liabilities (assets)	2421	(484 535)	(1 823 453)
3.17	Change in deferred tax liabilities	2430	65 173	(58 347)
3.17	Change in deferred tax assets	2450	(41 413)	1 018 310
	Other	2460	(47 996)	(29 074)
	Net profit (loss):	2400	1 232 438	(8 187 761)

Notes	Item	Line Code	for January - December 2016	for January - December 2015
	FOR REFERENCE			
	Result from the non-current assets revaluation, not included in the net profit (loss) for the period	2510	9 654	518 220
	Result from other operations, not included in the net profit (loss) for the period	2520	-	-
	Consolidated financial result for the period	2500	1 242 092	(7 669 541)
	Basic earnings (loss) per share	2900	-	-
	Diluted earnings (loss) per share	2910	-	-

Chief Executive Officer: _____
(signature)

Vladimir Lvovich Solntsev
(full name)

March 29, 2018

Breakdown of Profit and Loss Statement Indicators

For January – December 2017

Notes	Name of indicator	Line code	for January - December 2017	for January - December 2016
1	2	3	4	5
Revenues (line 2110), including:				
3.19	research and development activities in the area of natural and technical sciences	21101	40 042 548	31 415 921
3.19	services in the area of construction, social sphere, distributive services and catering	21102	931 609	911 358
3.19	services relating to assignment of Corporate assets for value for temporary use (temporary possession and use)	21103	232 675	316 387
Cost of sales (line 2120), including:				
	research and development activities in the area of natural and technical sciences	21201	(36 630 931)	(29 613 397)
	services in the area of construction, social sphere, distributive services and catering	21202	(711 033)	(652 958)
	services relating to assignment of Corporate assets for value for temporary use (temporary possession and use)	21203	(97 749)	(136 979)
Gross profit (loss) (line 2100), including:				
	research and development activities in the area of natural and technical sciences	21001	3 411 617	1 802 524
	services in the area of construction, social sphere, distributive services and catering	21002	220 576	258 400
	services relating to assignment of Corporate assets for value for temporary use (temporary possession and use)	21003	134 926	179 408
Selling expenses (line 2210), including:				
	research and development activities in the area of natural and technical sciences	22101	(68 862)	(79 162)
	services in the area of construction, social sphere, distributive services and catering	22102	(93 295)	(87 331)
Sales profit (loss) (line 2200), including:				
	research and development activities in the area of natural and technical sciences	22001	3 342 755	1 723 362
	services in the area of construction, social sphere, distributive services and catering	22002	127 281	171 069
	services relating to assignment of Corporate assets for value for temporary use (temporary possession and use)	22003	134 926	179 408
Other income (line 2340), including:				
3.21	incomings associated with sale of property, plant and equipment and other assets	23401	1 027 155	57 675

Notes	Name of indicator	Line code	for January - December 2017	for January - December 2016
1	2	3	4	5
3.21	income associated with compensation of losses	23402	2 928	4 992 623
Other expenses (line 2350), including:				
3.21	expenses associated with equity holding of other organizations and sale of fixed and other assets	23501	(698 544)	(44 457)
3.21	Expenses associated with provisioning for doubtful debts for depreciation of financial investments, costs reduction of tangible assets, warranty maintenance and others	23502	(592 856)	(13 233 088)

Chief Executive Officer: _____ Vladimir Lvovich Solntsev

March 29, 2018

STATEMENT OF CHANGES IN EQUITY
for January - December 2017

Organization **S.P. Korolev Rocket and Space Public Corporation Energia**

Taxpayer ID Number

Type of activity **Research and development in the field of natural sciences and technology**

Legal organizational form / Form of ownership

Public Company / **Private ownership**

Unit of measurement: RUB thousand

	Codes		
Form as per OKUD	0710003		
Date (day, month, year)	31	12	2017
as per OKPO	07530238		
INN	5018033937		
as per OKVED	72.19		
as per OKOPF/OKFS	12247	16	
as per OKEI	384		

2. Changes in Equity

Item	Line Code	Authorized capital	Shares repurchased	Additional capital	Reserve capital	Retained earnings (uncovered loss)	Total
Capital value as of December 31, 2015	3100	1 123 734	-	7 104 002	168 560	2 486 259	10 882 555
<u>For 2016</u>							
Capital increase - total:	3210	-	-	99 287	-	2 417	101 704
including:							
Net profit	3211	X	X	X	X	-	-
Revaluation of assets	3212	X	X	99 287	X	-	99 287
Income directly charged to the capital increase	3213	X	X	-	X	2 417	2 417
Additional share issue	3214	-	-	-	X	X	-
Increase in the par value of shares	3215	-	-	-	X	-	X
Legal entity reorganization	3216	-	-	-	-	-	-

Item	Line Code	Authorized capital	Shares repurchased	Additional capital	Reserve capital	Retained earnings (uncovered loss)	Total
Capital decrease – total:	3220	-	-		-	(8 345 919)	(8 345 919)
including:							
Loss	3221	X	X	X	X	(8 187 761)	(8 187 761)
Revaluation of assets	3222	X	X		X	-	-
Expenses directly charged to the capital decrease	3223	X	X	-	X	(6 454)	(6 454)
Decrease in the par value of shares	3224	-	-	-	X	-	-
Decrease in the number of shares	3225	-	-	-	X	-	-
Legal entity reorganization	3226	-	-	-	-	-	-
Dividends	3227	X	X	X	X	(151 704)	(151 704)
Changes in additional capital	3230	X	X	(518 220)	-	518 220	X
Changes in reserve capital	3240	X	X	X	-	-	X
Capital value as of December 31, 2016	3200	1 123 734	-	6 685 069	168 560	(5 339 023)	2 638 340
<u>For 2017</u>							
Capital increase - total:	3310	-	-	-	-	1 232 440	1 232 440
including:							
Net profit	3311	X	X	X	X	1 232 438	1 232 438
Revaluation of assets	3312	X	X	-	X	-	-
Income directly charged to the capital increase	3313	X	X	-	X	2	2
Additional share issue	3314	-	-	-	X	X	-
Increase in the par value of shares	3315	-	-	-	X	-	X
Legal entity reorganization	3316	-	-	-	-	-	-
Capital decrease – total:	3320	-	-	(58 625)	-	-	(58 625)
including:							
Loss	3321	X	X	X	X	-	-
Revaluation of assets	3322	X	X	(58 625)	X	-	(58 625)
Expenses directly charged to the capital decrease	3323	X	X	-	X	-	-
Decrease in the par value of shares	3324	-	-	-	X	-	-
Decrease in the number of shares	3325	-	-	-	X	-	-
Legal entity reorganization	3326	-	-	-	-	-	-
Dividends	3327	X	X	X	X	-	-
Changes in additional capital	3330	X	X	(9 654)	-	9 654	X
Changes in reserve capital	3340	X	X	X	(168 560)	168 560	X

Capital value as of December 31, 2016	3300	1 123 734	-	6 616 790	-	(3 928 369)	3 812 155
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2. Adjustments introduced due to changes in the accounting policy and the correction of errors

Item	Line Code	as of December 31, 2015	Changes in equity for 2016		as of December 31, 2016
			due to net profit (loss)	due to other factors	
Capital – total					
Prior to adjustments	3400	-	-	-	-
Adjustments due to:					
changes in the accounting policy	3410	-	-	-	-
correction of errors	3420	-	-	-	-
After adjustments	3500	-	-	-	-
including:					
Retained earnings (uncovered loss):					
Prior to adjustments	3401	-	-	-	-
Adjustments due to:					
changes in the accounting policy	3411	-	-	-	-
correction of errors	3421	-	-	-	-
After adjustments	3501	-	-	-	-
Prior to adjustments	3402	-	-	-	-
Adjustments due to:					
changes in the accounting policy	3412	-	-	-	-
correction of errors	3422	-	-	-	-
After adjustments	3502	-	-	-	-

3. Net Assets

Item	Line Code	as of December 31, 2017	as of December 31, 2016	as of December 31, 2015
Net assets	3600	4 006 277	2 895 515	11 196 944

Chief Executive Officer: _____
(signature)

Vladimir Lvovich Solntsev
(full name)

March 29, 2018

CASH FLOW STATEMENT for January - December 2017

S.P. Korolev Rocket and Space
 Organization **Public Corporation Energia**
 Taxpayer ID Number _____
 Type of **Research and development**
 activity **in the field of natural sciences and technology**
 Legal organizational form / Form of ownership
Public Company / **Private ownership**
 Unit of measurement: RUB thousand

	Codes		
Form as per OKUD	0710004		
Date (day, month, year)	31	12	2017
as per OKPO	07530238		
INN	5018033937		
as per OKVED	72.19		
as per OKOPF/OKFS	12247	16	
as per OKEI	384		

Item	Line Code	For January – December, 2017	For January – December, 2016
Cash flows from operating activities:			
Proceeds – total	4110	46 616 729	58 195 233
including:			
from sales of products, goods, works and services	4111	45 521 627	51 912 224
of which:			
from sales of products, goods, works and services to subsidiaries and affiliates		127 857	82 235
rental payments, payments of license fees, royalties	4112	149 086	121 367
of which:			
lease payments, license fees, royalties, commissions and other similar payments from subsidiaries and affiliates		64 709	23 290
from resale of financial investments	4113	-	-
from investors for the participation in shared construction	4114	338 608	982 652
other proceeds	4119	607 408	5 178 990
of which:			
other proceeds from subsidiaries and affiliates		112	477
insurance claim		-	4 927 168
Payments – total	4120	(51 757 994)	(44 549 701)
including:			
to suppliers (contractors) for raw materials, supplies, works and services	4121	(38 961 696)	(31 554 779)
of which:			
to subsidiaries and affiliates for raw materials, supplies, works and services		(21 439 473)	(18 284 146)
with respect to the employee compensation	4122	(7 427 439)	(7 440 047)
debenture interest	4123	(1 081 135)	(971 936)
corporate income tax	4124	(503 085)	(1 468 195)
to suppliers (contractors) for raw materials, supplies, works and services under the participation in shared construction	4125	(484 158)	(683 538)
other payments	4129	(3 300 481)	(2 431 206)
of which:			
other payments to subsidiaries and affiliates		(5 642)	(52 579)
Net cash flows from operating activities	4100	(5 141 265)	13 645 532

Cash flows from investing activities			
Proceeds – total	4210	925 105	385 520
including:			
from the sale of non-current assets (except for financial investments)	4211	792 691	347 325
from the sale of shares (participatory interests) in other entities	4212	-	5 206
from the repayment of loans granted, sale of debt securities (rights of claim on cash against other parties)	4213	44 819	5 000
dividends, debenture interest and similar proceeds from participation in other entities	4214	87 587	26 289
	4215	-	-
other proceeds	4219	8	1 700
		-	-
Payments – total	4220	(616 232)	(1 715 971)
including:			
with respect to the acquisition, establishment, modernization, reconstruction and preparation for use of non-current assets	4221	(431 254)	(672 713)
of which:			
To subsidiaries and affiliates with respect to the acquisition, establishment, modernization, reconstruction and preparation for use of non-current assets		(37 469)	(267 958)
with respect to the acquisition of shares (participatory interests) in other entities	4222	-	-
with respect to the acquisition of debt securities (rights of claim on cash against other parties), granting of loans to other parties	4223	(184 360)	(1 041 329)
of which:			
with respect to granting of loans to affiliated parties		(169 360)	(1 005 829)
debenture interest included in the cost of an investment asset	4224	-	-
	4225	-	-
other payments	4229	(618)	(1 929)
		-	-
Net cash flows from investing activities	4200	308 873	(1 330 451)

Item	Line Code	For January – December, 2017	For January – December, 2016
Cash flows from financing activities:			
Proceeds – total	4310	9 222 701	7 314 205
including:			
borrowings	4311	9 222 701	7 249 205
monetary contributions of owners (participants)	4312	-	-
from the issue of shares, increase in participatory interests	4313	-	-
from the issue of bonds, bills and other debt securities etc.	4314	-	-
	4315	-	-
other proceeds	4319	-	65 000
Payments – total	4320	(6 750 271)	(5 124 758)
including:			
to owners (participants) with respect to the repurchase of shares (participatory interests) from them or their withdrawal from participation	4321	-	-
for the payment of dividends and other profit distributions to the benefit of owners (participants)	4322	-	(151 763)
with respect to the discharge (redemption) of bills and other debt securities, repayment of borrowings	4323	(6 667 676)	(4 972 995)
	4324	-	-
other payments	4329	(82 595)	-
of which:			
other payments to subsidiaries and affiliates		(17 595)	-
Net cash flows from financing activities	4300	2 472 430	2 189 447
Net cash flows for the accounting period	4400	(2 359 962)	14 504 528
Opening balance of cash and cash equivalents	4450	25 064 724	11 001 503
Closing balance of cash and cash equivalents	4500	22 536 824	25 064 724
Effect of changes in foreign exchange rates against the Russian ruble	4490	(167 938)	(441 307)

Chief Executive Officer: _____
(signature)

Vladimir Lvovich Solntsev
(full name)

March 29, 2018

RSC ENERGIA
NOTES TO FINANCIAL STATEMENTS
FOR 2017

3. General Data

3.1 General Information

S.P. Korolev Rocket and Space Public Corporation Energia (hereinafter referred to as the Corporation, RSC Energia) was founded based on the Decree of the Government of the Russian Federation No. 415 dated April 29, 1994.

The certificate of state registration of RSC Energia, together with a corresponding entry to the Unified State Register of Legal Entities under the main state registration No. 1025002032538 dated October 21, 2002, was issued by the Inspectorate of the Federal Tax Service of Russia No. 2 for Moscow Region.

The Company is registered at the following address: 4a Lenin St., Korolev, Moscow Region, 141070.

Ordinary registered uncertified shares, State registration number 1-03-01091-A of 30.12.1998 are traded at Moscow Stock Exchange in the Third listing level. Face value of RSC Energia shares is 1000 rubles

1.2 Corporate Governance

Data on Corporation Board of Directors membership as of 31.12.2017

No.	Full name	Position
1	Yury Veniaminovich Vlasov	Director General, OAO URSC
2	Anatoly Anatolievich Gavrilenko	Director General, ZAO Lider (Pension Fund Assets Management Company)
3	Tatiana Leonidovna Yelfimova	First Deputy Director General, State Space Corporation ROSCOSMOS
4	Alexander Nikolaevich Ivanov	First Deputy Director General, State Space Corporation ROSCOSMOS
5	Igor Anatolievich Komarov	Director General, State Space Corporation ROSCOSMOS
6	Sergey Konstantinovich Krikalev	Executive Director in charge of Manned Space Programs, State Space Corporation ROSCOSMOS
7	Sergey Alexandrovich Nikitin	Deputy Director General, Head of Corporate Control Department, ZAO Lider (Pension Fund Assets Management Company)
8	Alexey Viktorovich Nuzhdov	Deputy Director General ZAO Lider (Pension Fund Assets Management Company)
9	Sergey Valentinovich Saveliev	Deputy Director General in charge of international cooperation of State Space Corporation ROSCOSMOS
10.	Vladimir Lvovich Solntsev	Director General, RSC Energia
11.	Yekaterina Dmitrievna Karutina (Tormozova)	Executive Director in charge of contract activities of State Space Corporation ROSCOSMOS

Chief Executive Officer

The Chief Executive Officer of RSC Energia is Director General who manages the current activities of the Corporation in the manner and within powers defined by the Federal Law on Joint Stock Companies, other legal acts of the Russian Federation, the Corporation Charter, Regulations for the Chief Executive Officer and the contract concluded with him.

Information on the members of the Management Board of the Corporation as of 31.12.2017

No.	Full name	Post held at RSC Energia
1	Alexey Alexandrovich Beloborodov	Head of Department 4DP, RSC Energia
2	Nikolay Albertovich Brukhanov	First Deputy Designer General, Chief Designer of advanced space complexes and systems, RSC Energia
3	Pavel Vyacheslavovich Vinokurov	First Deputy Director General for Financial and Economic Activity, RSC Energia
4	Evgeny Alexeevich Yermakov	Head of Department, Chief Engineer, RSC Energia
5	Mikhail Yurievich Ignatkin	Deputy Director General for strategy and development, RSC Energia
6	Mikhail Viktorovich Komarov	Deputy Director General for Personnel and Social Policy, RSC Energia
7	Yelena Mikhailovna Korogodina	Chief Accountant, RSC Energia
8	Alexander Alexandrovich Kuznetsov	Deputy Director General, Head of Chief Project Management Office, RSC Energia
9	Igor Evgenievich Maltsev	Director General, ZAO ZEM RSC Energia
10	Mikhail Yurievich Merkulov	Deputy Director General for Security, RSC Energia
11	Logistics Anatolievich Mikrin	General Designer, First Deputy Director General, RSC Energia
12	Nikolay Anatolievich Pirogov	Deputy Director General for special projects, RSC Energia
13	Stepan Mikhailovich Prokhorov	Deputy Director General for communication with government bodies, RSC Energia
14	Igor Sergeevich Radugin	First Deputy Designer General, Chief Designer of Launch Vehicles, RSC Energia
15	Sergey Yurievich Romanov	First Deputy Designer General, Chief Designer of Manned Space Complexes, RSC Energia
16	Sergey Anatolievich Saperov	Deputy Director General for Organization-Legal Matters, RSC Energia
17	Vladimir Lvovich Solntsev	Chairman of Management Board, Director General, RSC Energia
18	Vladimir Alexeevich Soloviev	First Deputy Designer General for Flight Operation, Tests of Rocket and Space Complexes and Systems, RSC Energia
19.	Igor Vladimirovich Frolov	First Deputy Designer General, Chief Designer of Unmanned Space Complexes and Systems, RSC Energia

1.3 Branches (Structural Units)

As of December 31, 2017, the Company has 10 standalone structural units (including branches).

List of Standalone Structural Units (Branches)

No.	Name	Location	KPP	Activities
1	Voskhod Holiday Hotel	15, Sitniki instructional farm village, Sergiyev Posad District, Moscow Region	504202001	Holiday hotel, vacation retreat, etc.
2	Vostok Holiday Hotel with Health Resort Functions	Novomikhailovsky-2, Tuapse District, Krasnodar Krai	235502001	Holiday hotel, vacation retreat, etc.
3	Krepost Health Resort	9 Mira Avenue, Kislovodsk Resort Town, Stavropol Krai	262802001	Holiday hotel, vacation retreat, etc.
4	Baikonur	Baikonur-8, Kyzylorda Region, Republic of Kazakhstan	990103001	Maintenance and operation of Baikonur Cosmodrome facilities

Other Standalone Structural Units

No.	Name	Activities
1	Office of trade and catering	Trade, catering
2	Office of health resorts and social facilities management	Social services
3	Podlipki Health and Recreation Resort	Holiday hotel, vacation retreat, etc.
4	Standalone subdivision, Mirny town, Arkhangelsk Region	Supports operation of Plesetsk Cosmodrome
5	Special department 029 to develop for transportation of SC of various applications	Activity on developing structures, components of ILV, logistics support to assemble ILV and transportation containers
6	Special department 124 to support works on Corporation projects implementation at Vostochny cosmodrome	Support of operations at Vostochny Cosmodrome

1.4. Information on staffing number

The average Corporation staffing number for 2017 was 7 791 persons.

The average Corporation staffing number for 2016 was 7 989 persons.

1.5. Activity Details

The main economic activity of RSC Energia is a sale of products, services and R&D using space technologies.

Types of products (works, services) offered by the Corporation in the market of its main activity:

- research and development work on development, ground testing, testing and launch of:
 - space manned stations;
 - dedicated space modules;
 - manned and cargo space vehicles;
 - unmanned spacecraft and systems;
 - upper stages;
 - launch vehicles;
- flight control, crew training, preparation and performance of space research and experiments at orbital stations and space vehicles;
- introduction of space high technologies into non-space spheres of production;
- development of the International Space Station (ISS), its operation;
- launches of spacecraft (SC) using DM-type upper stages;
- services on commercial launches of foreign astronauts and tourists,
- design research, development, testing, production of a complex of prosthetic and orthopedic products and white goods and medicine products;
- water transportation;
- effluents transportation.

In addition, services are provided for organization of sanatorium-resort therapy, security, communication services, and personnel management. Provided are catering services and food commodities, printing services, etc.

4. Significant Aspects of the Accounting Policy and Presentation of Information in the Accounting Statements

4.1 Basis for the Accounting Statements Preparation

These accounting statements have been drafted based on the accounting and reporting rules applicable in the Russian Federation, in particular, the Federal Law No.402-FZ "On Accounting" dated December 6, 2011, and the Regulations on Accounting and Reporting in the Russian Federation adopted by the Decree of the Ministry of Finance of the Russian Federation No. 34n dated July 29, 1998, as well as other regulations being parts of the system regulating the accounting and reporting processes of entities in the Russian Federation,

The accounting statements have been prepared in accordance with the Accounting Policy, approved by the Order of the President of Corporation RSC Energia No. 673 dated December 30, 2016.

4.2 Assets, Liabilities and Transactions in Foreign Currencies

Should accounting transactions be made in a foreign currency, the relevant currency's exchange rate set by the Central Bank of the Russian Federation on the date of such transactions is applied. Cash on currency and deposit accounts with banks, float, including loans granted and received, credits denominated in foreign currencies, are recorded in the accounting statements in amounts calculated based on the official exchange rate. The rate amounted to 57,6002 rubles and 60,6569 rubles for 1 US dollar, and 68,8668 rubles and 63,8111 rubles for 1 Euro as of December 31, 2017 and 2016, respectively.

Exchange rate differences emerged during the year with respect to transactions with assets and liabilities, and denominated in foreign currencies, as well as its recalculation as of the reporting date, are recognized in other income and expenses.

4.3 Short-Term and Long-Term Assets and Liabilities

In the Balance Sheet, the receivables and payables are recognized as short-term ones if its circulation (redemption) periods do not exceed 12 months after the reporting date or are not set. The remaining assets and liabilities specified are presented as long-term ones. Financial investments, as well as credits and loans are classified as short-term or long-term based on the expected period of their use (circulation, possession or redemption) after the reporting date.

4.4 Changes in the Accounting Policy

2017

Due to transfer of the ownership of water supply and disposal networks to RSC Energia new activities have been opened up:

- water transportation;
- effluents transportation.

The criterion of importance of accounting errors has been changed. The error is recognized to be important, if separately or in the aggregate with other errors for the same accounting period can affect the economic decisions of the users taken by them on the basis of the accounting statements drafted for this accounting period.

The criterion for designing objects to investment assets has been changed. An investment asset shall be understood to mean a piece of property which preparation for the intended use requires a long period of time (more than 12 months) and significant expenses for acquisition, construction and (or) manufacture (above RUB 100 million).

The appraisal of financial investments at writing-off has been changed. On retiring, financial investments for which the current market value is not determined, are valued at the historical cost of each retiring accounting unit of the financial investments or at an average initial cost of each accounting unit. With the retirement of assets accepted for accounting as financial investments for which the current market value is determined, their value is determined by the Corporation based on the latest assessment.

The moment of reflection of the interest paid has been specified. The interest calculation due and payable to the lender (creditor) is recorded in the account evenly on the last day of each month to which they relate (regardless of the contract-stipulated payment schedule).

The list of cash equivalents has been changed. The Corporation attributes the following assets to cash equivalents: deposits at short notice, deposits with a maturity of up to three months, unprofitable deposits, which are not recognized as financial investments.

Other earnings and associated expenses resulting from the same fact of economic life or similar in character to it which are supposed to be covered in the Profit and Loss Statement, are now not disclosed in detail in the Notes to Financial Statements.

The year of 2018

Foreseen is the section concerning the accounting procedure for pension fund scheme and other compensations following retirement. Due to the fact that the methods accounting for the liabilities (assets) and expenses related to the Corporation participation in private pension schemes are not provided for, both the liabilities and assets under the pension scheme will be calculated based upon IAS 19 "Remuneration of Employees".

Changes introduced into the accounting policy will become effective from January 1, 2018 with lookback adjustment. Effect of the accounting change will result in increased liabilities and decreased net assets by estimated amounts of 3 700 million rubles and 3 000 million rubles, respectively, as on 31.12.2017 and 31.12.2016.

2.5 Input and comparative data.

As the Corporation Accounting Policy was changed for 2017, in order to compare the indicators given in the Profit and Loss Statement, data from lines 2340 "Other earnings", 2350 "Other expenses" as of 31.12.2016 were adjusted. Other earnings and associated expenses are covered in the Profit and Loss Statement and are not to be reflected in detail in the Notes to Financial Statements.

4. Disclosure of Major Indicators

3.5 Segment Information

Pursuant to PBU 12/2010 "Segment Information", based on the analysis of sources and nature of risks associated with the Corporation's operations and profits being generated thereby, in order to group data by segments of the organizational and management structure of the internal accounting system, the information on operating segments is recognized as primary, and the information on each geographical segment is recognized as secondary.

Primary information - operating segments

One key operating segment may be distinguished in the Corporation's activities:

- research, development and experimental work on development and operation of manned orbital complexes, launch vehicles, various classes of launch vehicles, space telecommunications, broadcasting and satellite communications complexes;

other segments, including:

- health resort treatment services, and children's health camp services;
- trade and public catering services;
- social services;

- other services (security measures, staff recruitment services for subsidiaries, printing services, water transportation, effluents transportation, etc.).

Indicator	Research, Development and Experimental Work	Health Resort Treatment Services	Trade Services	Social Services	Other Services	Corporation Total
1	2	3	4	5	6	7
For 2017						
Segment revenue	40 042 548	658 331	189 326	83 952	1 399 654	42 373 811
Earnings (loss) from segment sales	3 342 756	118 945	(3 388)	24 784	5 775	3 488 872
Interest receivable	862 474	14 067	-	-	X	876 541
Interest payable	1 062 345	-	-	-	X	1 062 345
Income from participation in other entities	75 035	-	-	-	X	75 035
Other income	1 573 315	2 913	-	-	X	1 576 228
Other expenses	2 745 387	2 732	-	-	X	2 748 119
Earnings (loss) before taxation of the segment	2 045 848	133 193	(3 388)	24 784	5 775	2 206 212
For 2016						
Segment revenue	31 415 921	653 047	183 038	75 273	1 500 936	33 828 215
Earnings (loss) from segment sales	1 723 362	148 448	(2 526)	25 147	196 113	2 090 544
Interest receivable	914 456	22 858	-	-	X	937 314
Interest payable	974 211	-	-	-	X	974 211
Income from participation in other entities	23 544	-	-	-	X	23 544
Other income	8 275 322	2 018	-	-	X	8 277 340
Other expenses	18 270 937	2 637	-	-	X	18 273 574
Earnings (loss) before taxation of the segment	(8 308 464)	170 687	(2 526)	25 147	196 113	(7 919 043)
As of December 31, 2017						
Segment assets	113 632 014	1 295 337	51 533	16 593	X	114 995 477
Including non- circulating assets	16 474 846	998 525			X	17 473 371

Indicator	Research, Development and Experimental Work	Health Resort Treatment Services	Trade Services	Social Services	Other Services	Corporation Total
1	2	3	4	5	6	7
Assets not allocated to segments	-	-	-	-	X	-
Assets – total	113 632 014	1 295 337	51 533	16 593	X	114 995 477
Segment liabilities	109 819 859	1 295 337	51 533	16 593	X	111 183 322
Liabilities not allocated to segments	-	-	-	-	-	-
Liabilities - total	109 819 859	1 295 337	51 533	16 593	X	111 183 322
As of December 31, 2016						
Segment assets	101 603 266	1 149 269	42 233	10 709	X	102 805 477
Including non- circulating assets	16 562 864	957 843	-	-	X	17 520 707
Assets not allocated to segments	-	-	-	-	X	-
Assets – total	101 603 266	1 149 269	42 233	10 709	X	102 805 477
Segment liabilities	98 964 926	1 149 269	42 233	10 709	X	100 167 137
Liabilities not allocated to segments	-	-	-	-	X	-
Liabilities - total	98 964 926	1 149 269	42 233	10 709	X	100 167 137
As of December 31, 2015						
Segment assets	85 291 031	1 052 722	26 982	11 922	X	86 382 657
Including non- circulating assets	15 462 045	840 099	-	-	X	16 302 144
Assets not allocated to segments	-	-	-	-	X	-
Assets – total	85 291 031	1 052 722	26 982	11 922	X	86 382 657
Segment liabilities	74 408 476	1 052 722	26 982	11 922	X	75 500 102
Liabilities not allocated to segments	-	-	-	-	X	-
Liabilities - total	74 408 476	1 052 722	26 982	11 922	X	75 500 102

Segment revenue (income) is generated as a result of making transactions with purchasers and customers. Operations with other segments are not allowed. Income tax expenses and other similar payments are not included in the calculation of segment's earnings (loss). Interest receivable, interest payable, income from participation in other entities, other income and expenses have not been allocated between "Research, development and experimental works" and "Other services" segments due to the inexpediency of doing so, and the lack of the basis required. The mentioned income and expenses are attributed to the Corporation's operations as a whole.

Segment assets primarily consist of fixed assets, construction in progress, inventory, work in progress, accounts receivable and other current assets other than deferred tax assets, financial investments and cash. Unallocated assets are not included in segment assets, as they are not directly related to reporting segments, and the required allocation basis is lacking.

Segment liabilities are disclosed anything but the branches liabilities.

The combined share of the net profit of companies in which the Corporation has an interest in the share capital, the total amount of investments in these companies of the Corporation is not disclosed in this section, as it is not directly related to the Corporation's segments allocated.

Purchasers with proceeds more than 10% of the total amount	Proceeds (with no VAT) for 2017, thousand rubles	Proceeds (with no VAT) for 2016, thousand rubles	Segment name
State Corporation ROSCOSMOS	30 816 732,8	22 990 622,7	R&D activity, development effort and experimental work
Department of Telecommunications and Information Technologies, the Republic of Angola (final buyer, commission agent – AO Rosoboronexport)	6 648 985,5	3 323 103,9	R&D activity, development effort and experimental work

Secondary information – geographical segments

Information on geographical segments for 2017 (revenue from sales to outside customers and financial result from segment's operations) is presented in the table below:

Geographical Segments	Sales Revenue (without VAT) RUB, thsd.	Production Cost RUB, thsd.	Sales Profit RUB, thsd.	Return on Sales, %
Domestic market	34 616 304,98	32 354 912,92	2 261 392,05	6,53
Germany	6 188,37	4 539,47	1 648,90	26,65
Austria	6 356,25	5 983,96	372,29	5,86
Angola	6 648 985,48	5 670 188,68	978 796,80	14,72
Great Britain	26 876,44	21 799,81	5 076,63	18,89
USA	662 262,95	515 454,37	146 808,58	22,17
Egypt	402 730,58	309 890,67	92 839,91	23,05
Japan	4 105,74	2 169,34	1 936,40	47,16
Total	42 373 810,78	38 884 939,21	3 488 871,57	8,23

Information on geographical segments for 2016 (revenue from sales to outside customers and financial result from segment's operations) is presented in the table below:

Geographical Segments	Sales Revenue (without VAT) RUB, thsd.	Production Cost RUB, thsd.	Sales Profit RUB, thsd.	Return on Sales, %
Domestic market	29 639 257,29	28 028 270,34	1 610 986,98	5,44
Germany	22 047 099	14 182 638,55	7 864 460,45	35,67
Netherlands	24 615 550	17 669 333,29	6 946 216,71	28,22
Angola	3 323 103,94	3 025 070,75	298 033,19	8,97
Great Britain	1 584 628,81			
USA	810 906,37	584 662,81	226 243,56	27,90
Egypt		63 230,00	(63 230,00)	-
Japan	8 284,70	4 584,78	3 699,90	44,66
Total	33 828 214,95	31 737 670,65	2 090 544,31	6,18

Revenue is presented by geographical segments in market locations. Since production facilities of the Corporation are located in the territory of the Russian Federation, assets and investments are referred to a single geographical segment distinguished based on the assets location - the Russian Federation.

3.6 Intangible Assets

Accounting of intangible assets of the Corporation is performed in accordance with PBU 14/2007 "Accounting of Intangible Assets" adopted by the Decree of the Russian Ministry of Finance No. 153n dated December 27, 2007.

In the accounting statements, intangible assets are presented at their historical (replacement) cost net of depreciation accumulated during the entire period of their use. The useful life of intangible assets

is set with due regard to a period during which the Corporation controls the asset, legal or similar restrictions on the use of the asset, expected life of using the asset in the Corporation with the purpose to obtain economic benefits. Intangible assets of the Corporation were not revaluated in 2017.

The depreciation of intangible assets is performed using the straight-line method.

Intangible Assets and Research, Development and Engineering (R&D) Expenses
Intangible Assets Availability and Flow

RUB, thsd.

Indicator	Line Code	Period	Opening balance		Changes over a period							Closing balance	
					Acquired	Disposed		Depreciation charged	Impairment losses	Revaluation			
			Historical cost ³	Accumulated depreciation and impairment losses ³		Historical cost ³	Accumulated depreciation and impairment losses ³			Historical cost ³	Accumulated depreciation ³	Historical cost ³	Accumulated depreciation and impairment losses
Intangible assets – total	5100	for 2017 ¹	18 709	(4 008)	190 822	(793)	219	(24 683)	-	-	-	208 738	(28 472)
	5110	for 2016 ²	16 938	(3 270)	3 320	(1 549)	320	(1 058)	-	-	-	18 709	(4 008)
including: <i>Patents, licenses, know-how, copyrights</i>	5101	for 2017 ¹	18 687	(4 002)	190 804	(793)	219	(24 681)	-	-	-	208 698	(28 464)
	5111	for 2016 ²	16 916	(3 266)	3 320	(1 549)	320	(1 056)	-	-	-	18 687	(4 002)
Industrial designs and models	5102	for 2017 ¹	22	(6)	18	()		(2)	-	-	-	22	(8)
	5112	for 2016 ²	22	(4)		()		(2)	-	-	-	22	(6)
Software, databases	5103	for 2017 ¹	-	(-)	-	(-)	-	(-)	-	-	-	-	(-)
	5113	for 2016 ²	-	(-)	-	(-)	-	(-)	-	-	-	-	(-)

Intangible Assets and Research, Development and Engineering (R&D) Expenses
Historical Cost of Internally Generated Intangible Assets

RUB, thsd.

Indicator	Line Code	As of December 31, 2017 ⁴	As of December 31, 2016 ²	As of December 31, 2015 ⁵
Total	5120	208 738	18 709	16 938
including: Patents, licenses, know-how, copyrights	5121	208 698	18 687	16 916
Industrial designs and models	5122	40	22	22
Software, databases	5123		-	-

Fully Repaid Intangible Assets

RUB, thsd.

Indicator	Line Code	As of December 31, 2017 ⁴	As of December 31, 2016 ²	As of December 31, 2015 ⁵
Total	5130	-	-	-
including: Patents, licenses, know-how, copyrights	5131	-	-	-
Industrial designs and models	5132	-	-	-
Software, databases	5133	-	-	-

3.7 R&D Expenses

Non-current assets on separate sub-accounts of account 08 "Non-current assets" include research and development work in progress. Separate subaccounts of account 04 "Intangible assets" include finished research and development work being used in the manufacture of goods (performance of works, provision of services).

An accounting unit for R&D expenses is an inventory item. An inventory item is an aggregate of expenses incurred with respect to the work performed, the results of which are independently used in the manufacture of goods (performance of works, provision of services) or for management needs of the Corporation. The write-off of expenses is performed using the straight-line method. The period over which R&D expenses are to be written off is determined based on the expected service life of R&D results obtained. The expected service life and the expenses write-off method on each R&D subject shall be set by the Decision of the Technical Commission on the R&D results use, approved by the Project Manager.

R&D expenses not providing any positive result shall be written-off to other expenses of the accounting period.

In the Balance Sheet, finished R&D work being used in the manufacture of goods (performance of works, provision of services) is recognized in line 1120 "Research and development results".

Balance Sheet line 1120 "Research and development results" demonstrates the amount of total expenses for finished R&D work being used in the Corporation's operations amounting to RUB 714 150 thsd. and RUB 1 033 129 thsd., unfinished and unexecuted R&D work amounting to RUB 180 741 thsd. and RUB 399 969 thsd. as of December 31, 2017 and December 31, 2016, respectively.

Unfinished and Unexecuted R&D and Uncompleted Operations on Intangible Asset Acquisition

Indicator	Line Code	Period	Opening balance	Changes over a period			Closing balance
				Expenses over a period	Written-off as expenses not provided any positive result	Accepted for recording as intangible assets or R&D	
Expenses for unfinished research and development – total	5160	for 2017 ¹	399 969	16 021	(0)	(235 249)	180 741
	5170	for 2016 ²	835 229	62 981	(0)	(498 241)	399 969
including: <i>R&D performed at the expense of the Corporation</i>	5161	for 2017 ¹	398 969	16 019	(0)	(234 247)	180 741
	5171	for 2016 ²	834 717	(22 686)	(0)	(413 062)	398 969
<i>R&D funded out of special-purpose financing resources</i>	5162	for 2017 ¹	1 000	2	(0)	(1 002)	0
	5172	for 2016 ²	512	85 667	(0)	(85 179)	1 000
Uncompleted operations on intangible asset acquisition – total	5180	for 2017 ¹	686	2 650	(0)	(2 758)	578
	5190	for 2016 ²	538	8 176	(6)	(8 022)	686
including: <i>inventions</i>	5181	for 2017 ¹	686	2 650	(0)	(2 758)	578
	5191	for 2016 ²	538	8 176	(6)	(8 022)	686
<i>industrial designs</i>	5182	for 2017 ¹	0	0	(0)	(0)	0
	5192	for 2016 ²	0	0	(0)	(0)	0
<i>databases, software, licenses</i>	5183	for 2017 ¹	0	0	(0)	(0)	0
	5193	for 2016 ¹	0	0	(0)	(0)	0

R&D Results Availability and Flow

RUB, thsd.

Indicator	Line Code	Period	Opening balance		Changes over a period				Closing balance	
			Historical cost	Part of cost written-off as expenses	Acquired	Disposed		Part of cost written-off as expenses over a period	Historical cost	Part of cost written-off as expenses
						Historical cost	Part of cost written-off as expenses			
R&D – total	5140	for 2017 ¹	1 033 129	(-)	47 184	(366 163)		(-)	714 150	(-)
	5150	for 2016 ²	810 333	(-)	498 241	(275 445)		(-)	1 033 129	(-)
including: <i>Assets created as a result of R&D performed at the expense of the Corporation</i>	5141	for 2017 ¹	879 476	(-)	46 182	(316 366)		(-)	609 292	(-)
	5151	for 2016 ²	704 145	(-)	413 062	(237 731)		(-)	879 476	(-)
<i>Assets created as a result of R&D funded out of special-purpose financing resources</i>	5142	for 2017 ¹	153 653	(-)	1 002	(49 797)		(-)	104 858	(-)
	5152	for 2016 ²	106 188	(-)	85 179	(37 714)		(-)	153 653	(-)

3.8 Fixed Assets

Fixed assets include assets conforming to the requirements of the Russian Accounting Principle "Accounting of fixed assets" (PBU 6/01) adopted by the Decree of the Russian Ministry of Finance No. 26n dated March 30, 2001, and accepted for recording as appropriate from the time of their putting into operation. In the accounting statements, fixed assets are presented at their historical (replacement) cost net of depreciation accumulated during the entire period of their use.

The depreciation of the fixed assets acquired and constructed prior to January 1, 2002 is performed based on uniform depreciation rates approved by the Decree of the USSR Council of Ministers No. 1072 "On Uniform Depreciation Rates for the Full Recovery of Fixed Assets of the USSR National Economy" dated October 22, 1990, and of those acquired on or after January 1, 2002 – at rates calculated based on estimated useful lives thereof.

The useful life of fixed assets is established in accordance with the Classification of Fixed Assets, approved by the Decree of the Government of the Russian Federation No. 1 dated January 1, 2002. As far as the fixed assets put into operation after 01.01.2017 are concerned, the use is made of the fixed assets classification for determining their useful lives in the version of the Russian Federation Government Decree № 640 of 07.07.2016.

The depreciation is performed using the straight-line method.

Plots of land as fixed assets objects whose consumer properties do not tend to change with the lapse of time are not to be depreciated.

Assets with a useful life exceeding 12 months are included in the inventory, provided that their historical cost is below RUB 40 thsd. per unit.

Historical cost of the fixed assets acquired under the contracts stipulating performance of the liabilities (payment) by non-monetary assets is recognized as the cost of valuable assets transferred or to be transferred by an organization. The cost of valuable assets transferred or to be transferred by an organization is established based upon the price at which an organization under comparable circumstances determines the cost of similar valuable assets. In the event that it is impossible to establish the cost of valuable assets transferred or to be transferred by an organization, the cost of fixed assets received by the Corporation under the contracts stipulating performance of the liabilities (payment) by non-monetary assets, shall be determined based upon the price at which similar fixed assets are acquired under comparable circumstances.

As of December 31, 2017, the land plots owned by RSC Energia were revaluated.

As of December 31, 2017, the depreciated cost of fixed assets available on the Corporation's books amounted to RUB 12 537 805 thsd.

Fixed Assets
Fixed Assets Availability and Flow

RUB, thsd.

ROE, una:

Indicator	Line Code	Period	Opening balance		Changes over a period						Closing balance	
					Acquired	Disposed		Depreciation charged	Revaluation			
			Historical cost ³	Accumulated depreciation ⁶		Historical cost ³	Accumulated depreciation ⁶		Historical cost ³	Accumulated depreciation ⁶	Historical cost ³	Accumulated depreciation ⁶
Fixed assets (excluding income-bearing investments in tangible assets – total	5200	for 2017 ¹	16 385 125	(3 742 088)	565 369	(49 819)	34 076	(596 234)	(58 624)	-	16 842 051	(4 304 246)
	5210	for 2016 ²	15 846 485	(3 453 390)	1 378 013	(938 660)	226 257	(514 955)	99 287	-	16 385 125	(3 742 088)
including: Buildings	5201	for 2017 ¹	5 174 415	(1 302 295)	212 701	(3 919)	1 122	(89 513)	-	-	5 383 197	(1 390 686)
	5211	for 2016 ²	4 871 535	(1 239 874)	371 813	(68 933)	16 068	(78 489)	-	-	5 174 415	(1 302 295)
Structures	5202	for 2017 ¹	375 476	(184 313)	2 234	(4 218)	4 069	(16 655)	-	-	373 492	(196 899)
	5212	for 2016 ²	379 225	(184 252)	22 809	(26 558)	17 885	(17 946)	-	-	375 476	(184 313)
Transfer devices	5203	for 2017 ¹	1 089 792	(148 892)	1 174	(2 498)	512	(41 077)	-	-	1 088 468	(189 457)
	5213	for 2016 ²	766 900	(125 900)	328 778	(5 886)	5 885	(28 877)	-	-	1 089 792	(148 892)
Machinery and Equipment	5204	for 2017 ¹	3 257 888	(1 829 033)	331 127	(21 591)	21 063	(417 344)	-	-	3 567 424	(2 225 314)
	5214	for 2016 ²	2 761 510	(1 563 989)	596 641	(100 263)	91 515	(356 559)	-	-	3 257 888	(1 829 033)
Transport facilities	5205	for 2017 ¹	236 630	(168 250)	17 756	(6 854)	5 730	(24 232)	-	-	247 532	(186 752)
	5215	for 2016 ²	297 180	(232 845)	33 542	(94 092)	90 552	(25 957)	-	-	236 630	(168 250)
Production and household equipment	5206	for 2017 ¹	154 154	(103 310)	68	(1 576)	1 575	(7 182)	-	-	152 646	(108 917)
	5216	for 2016 ²	139 772	(100 829)	18 725	(4 343)	4 343	(6 824)	-	-	154 154	(103 310)
Perennial plantings	5207	for 2017 ¹	10	(10)	-	(0)	0	(-)	-	-	10	(10)
	5217	for 2016 ²	10	(10)	-	(0)	0	(-)	-	-	10	(10)
Land plots	5208	for 2017 ¹	6 090 775	()	78	(9 158)	-	(-)	(58 624)	-	6 023 071	(-)
	5218	for 2016 ²	6 624 662	()	5 402	(638 576)	-	(-)	99 287	-	6 090 775	(-)
Other fixed assets	5209	for 2017 ¹	5 985	(5 985)	231	(5)	5	(231)	-	-	6 211	(6 211)
	5219	for 2016 ²	5 691	(5 691)	303	(9)	9	(303)	-	-	5 985	(5 985)

Indicator	Line Code	Period	Opening balance		Changes over a period						Closing balance	
					Acquired	Disposed		Depreciation charged	Revaluation			
			Historical cost ³	Accumulated depreciation ⁶		Historical cost ³	Accumulated depreciation ⁶		Historical cost ³	Accumulated depreciation ⁶	Historical cost ³	Accumulated depreciation ⁶
Accounted as a part of income-bearing investments in tangible assets – total	5220	for 2017 ¹	329 473	(42 856)	0	(4178)	864	(8 231)	-	-	325 295	(50 223)
	5230	for 2016 ²	329 720	(34 754)	0	(247)	152	(8 254)	-	-	329 473	(42 856)
including: <i>Property provided for commercial rent</i>	5221	for 2017 ¹	329 473	(42 856)		(4178)	864	(8 231)	-	-	325 295	(50 223)
	5231	for 2016 ²	329 720	(34 754)		(247)	152	(8 254)	-	-	329 473	(42 856)
<i>Property provided for commercial rent</i>	5222	for 2017 ¹	-	(-)	-	(-)	-	(-)	-	-	-	(-)
	5232	for 2016 ²	-	(-)	-	(-)	-	(-)	-	-	-	(-)

Change in the Value of Fixed Assets as a Result of Further Construction, Further Equipping, Reconstruction and Partial Liquidation

RUB, thsd.			
Indicator	Line Code	For 2017 ¹	For 2016 ¹
Increase in the value of fixed assets as a result of further construction, further equipping, reconstruction – total	5260	11 680	411 034
including: <i>Buildings</i>	5261	4 000	289 280
<i>Structures</i>	5262		13 266
<i>Transfer devices</i>	5263	1 174	2 764
<i>Machinery and equipment</i>	5264	6 506	105 724
<i>Transport facilities</i>	5265		
<i>Production and household equipment</i>	5266		
<i>Perennial plantings</i>	5267		
<i>Land plots</i>	5268		
<i>Other fixed assets</i>	5269		
Decrease in the value of fixed assets as a result of further construction, further equipping, reconstruction – total	5270	(0)	(0)
including: <i>Buildings</i>	5271	()	()
<i>Structures</i>	5272	()	()
<i>Transfer devices</i>	5273	()	()
<i>Machinery and equipment</i>	5274	()	()
<i>Transport facilities</i>	5275	()	()
<i>Production and household equipment</i>	5276	()	()
<i>Perennial plantings</i>	5277	(-)	(-)
<i>Other fixed assets</i>	5278	()	()

Other Use of Fixed Assets

RUB, thsd.

	Line Code	As of <u>December 31,</u> <u>2017</u> ⁴	As of <u>December 31,</u> <u>2016</u> ²	As of <u>December 31,</u> <u>2015</u> ⁵
Leased out fixed assets held on the balance sheet	5280	147 688	157 216	492 011
Leased out fixed assets held on off-balance-sheet accounts	5281	-	-	-
Leased fixed assets held on the balance sheet	5282	-	-	-
Leased fixed assets held on off-balance-sheet accounts	5283	157 560	212 314	221 764
Real estate accepted for operation and in use undergoing the state registration	5284	17 082	17 082	17 082
Mothballed fixed assets	5285	32 678	27 751	38 726
Other use of fixed assets (pledge, etc.)	5286	-	-	-

4.5 Construction in Progress

Uncompleted capital investments include construction in progress, including fixed assets (line 1150) and other non-current assets (line 1190):

Other Non-current Assets

Balance Sheet line 1190 "Other non-current assets" include:

- Advances paid out for capital investments as of December 31, 2017 amounted to RUB 186 244 thsd., December 31, 2016 amounted to RUB 149 609 thsd.

- expenses undertaken in connection with future construction project contract works, which are covered by the cost of projects under construction, included in subsidiary account 97.03 "Organization of construction work" as of December 31, 2017 amounted to RUB 26 thsd.; December 31, 2016 amounted to RUB 1 117 thsd.;

- uncompleted capital outlays for housing projects included in subsidiary account 08.03.3 "Housing projects" as of December 31, 2017 amounted to RUB 1 366 566 thsd.; as of December 31, 2016 amounted to RUB 890 462 thsd.;

- value-added tax for contract works in housing projects, included in subsidiary account 19.08 "VAT for contract works in housing projects" as of December 31, 2017 amounted to RUB 228 243 thsd.; as of December 31, 2016 amounted to RUB 147 142 thsd.;

Total amount of other non-current assets as of December 31, 2017 is RUB 1 781 079 thsd., as of December 31, 2016 is RUB 1 188 330 thsd.

Capital Investments in Progress

RUB, thsd.

Indicator	Line Code	Period	Opening balance	Changes over a period			Closing balance
				Expenses over a period	Written-off	Accepted for recording as fixed assets, or cost increase	
Construction in progress and uncompleted operations on fixed asset acquisition, modernization, etc. - total	5240	for 2017 ¹	1 297 160	1 121 868	(116 259)	(555 476)	1 747 293
	5250	for 2016 ²	839 667	2 375 578	(550 088)	(1 367 997)	1 297 160
including:	5241	for 2017 ¹	219 053	379 257	(275)	(525 770)	72 265
<i>Acquisition, construction and creation of fixed assets</i>	5251	for 2016 ²	71 456	1 095 725	(9 072)	(939 056)	219 053
<i>Modernization and reconstruction</i>	5242	for 2017 ¹	25 774	91 861	()	(7 680)	109 955
	5252	for 2016 ²	365 463	86 847	(16 502)	(410 034)	25 774
<i>Acquisition of land plots</i>	5243	for 2017 ¹	0		()	()	0
	5253	for 2016 ²	0	3 110	(22)	(3 088)	0
<i>etc.</i>	5244	for 2017 ¹	12 262	21 948	()	(21 947)	12 263
	5254	for 2016 ²	11 655	16 023	(190)	(15 226)	12 262
<i>Housing construction</i>	5245	for 2017 ¹	890 462	476 183	()	(79)	1 366 566
	5255	for 2016 ²	239 370	660 713	(9 028)	(593)	890 462
<i>Advances paid out for capital investments</i>	5246	for 2017 ¹	149 609	152 619	(115 984)	()	186 244
	5256	for 2016 ²	151 723	513 160	(515 274)	()	149 609

4.6 Financial Investments

Financial investments with non-determined market values are accounted at their historical costs. The historical cost of financial investments acquired for a fee is recognized as the amount of actual expenses for its acquisition, except for value added tax and other compensated taxes.

The analytical accounting of financial investments is performed by investment groups and security types. Disposed financial investments not having a market value are recorded at historical cost of each item.

Income and expenses from financial investments are recognized in other income and expenses.

The Corporation does not give an assessment of the extended loans at discounted value.

Financial investments are presented net of the accrued reserve for impairment of financial investment objects, with respect to which the signs of sustained reduction in their values have been detected.

In 2017 provision for depreciation of investments is additionally charged for 41 652 thousand rubles, recovered for the amount of 0,6 thousand rubles.

Amount of provision for depreciation of investments amounted to 1 278 096 thousand rubles and 1 236 445 thousand rubles as on 31.12.017 and 31.12.2016, respectively.

Other Use of Financial Investments

Indicator	Line Code	As of December 31, 2017 ⁴	As of December 31, 2016 ²	As of December 31, 2015
Pledged financial investments - total	5320	-	-	-
including: <i>bills</i>	5321	-	-	-
etc.				
Financial investments transferred to third parties (except through sale) - total	5325	-	-	-
including: <i>bills</i>	5326	-	-	-
etc.				
Other use of financial investments	5329	-	-	-

Financial Investments
Financial Investments Availability and Flow

RUB, thsd.

Indicator	Line Code	Period	Opening balance		Changes over a period						Closing balance	
			Historical cost	Accumulated adjustments ⁷	Acquired	Disposed (repaid)		Interest accrual (including bringing the historical cost to the nominal value)	Established reserves	Current market value (impairment losses)	Historical cost	Accumulated adjustments ⁷
						Historical cost	Accumulated adjustments ⁷					
Long-term - total	5301	for 2017 ¹	1 801 731	(1 236 445)	0	(5 980)	1	-	(41 652)	-	1 795 751	(1 278 095)
	5311	for 2016 ²	1 662 924	(893 064)	140 074	(1 267)	670	-	(344 051)	-	1 801 731	(1 236 445)
including:	5302	for 2017 ¹	648 086	(360 924)		()	0	-	(41 651)	-	648 886	(402 575)
<i>Stocks and shares in subsidiaries</i>	5312	for 2016 ²	649 086	(16 874)		(200)	0	-	(344 050)	-	648 886	(360 924)
<i>Stocks and shares in affiliates</i>	5303	for 2017 ¹	29 487	0		(30)		-	-	-	29 457	0
	5313	for 2016 ²	29 487	0		()		-	-	-	29 487	0
<i>Other</i>	5304	for 2017 ¹	886 157	(875 521)		(20)	1	-	(1)	-	886 137	(875 521)
	5314	for 2016 ²	887 224	(876 190)		(1 067)	670	-	(1)	-	886 157	(875 521)
<i>Loans granted</i>	5305	for 2017 ¹	237 201			(5 930)	-	-	-	-	237 271	
	5315	for 2016 ²	97 127		140 074	()	-	-	-	-	237 201	
Short-term – total	5305	for 2017 ¹	6 891 186	(4 494 429)	184 360	(35 500)	-	-	30 095	(30 095)	7 009 951	(4 464 334)
	5315	for 2016 ²	5 975 228	(2 183 991)	1 041 329	(5 000)	-	-	(2 310 438)	(120 371)	6 891 186	(4 494 429)
including:	5306	for 2017 ¹	0	-		()	-	-	-	-	0	-
<i>Debt securities (bonds, bills)</i>	5316	for 2016 ²	0	-		()	-	-	-	-	0	-
<i>Loans granted</i>	5307	for 2017 ¹	6 855 686	(4 494 429)	169 360	()	-	-	30 095	(30 095)	6 994 951	(4 464 334)
	5317	for 2016 ²	5 970 228	(2 183 991)	1 005 829	()	-	-	(2 310 438)	(120 371)	6 855 686	(4 494 429)
<i>Other</i>	5308	for 2017 ¹	35 500	-	15 000	(35 500)	-	-	-		15 000	-
	5318	for 2016 ²	5 000	-	35 500	(5 000)	-	-	-		35 500	-
Financial Investments - total	5300	for 2017 ¹	8 692 917	(5 730 874)	184 360	(41 480)	1	-	(11 557)	(30 095)	8 805 702	(5 742 430)
	5310	for 2016 ²	7 638 152	(3 077 055)	1 181 403	(6 267)	670	-	(2 654 489)	(120 371)	8 692 917	(5 730 874)

4.7 Inventory

Inventory is accepted for recording at its actual cost (in the amount of actual expenses for its acquisition).

The valuation of writing-off the inventory is carried out at an average cost with the exception of assets with an asset depreciation range exceeding 12 months and with a historical cost no more than 40 000 rubles per unit. The method of calculating the average value is an average rolling valuation per nomenclature, warehouse, work order.

The valuation of writing-off the assets with an asset life exceeding 12 months and with a historical cost no more than 40,000 rubles per unit is carried out using FIFO method.

On 31.12.2017 the Corporation created provision for materials cost decline in the amount of 366 867,6 thousand rubles.

3.8 Special clothing and special equipment

Special tools and special devices include hardware with individual (unique) properties and designed for production (release) of specific types of products (works, services). Hardware designed to produce generic types of products (works, services) are not taken into account as a special tool and special devices.

Special equipment includes facilities reusable in production, which enable to perform specific (non-standard) technological operations. Technological equipment used to perform mechanical, thermal, galvanic and other processing of parts and products, standard test equipment for checking purchased semi-finished products, components and materials, as well as other general-purpose equipment is not considered as special equipment.

Special clothing includes individual protection gear for the Corporation employees and technological clothing made of special fabrics to protect air space against contamination caused by personnel working in clean rooms. Special clothing includes special clothes, special footwear and safety devices.

The timeframe of value-added use of special equipment is established depending on the type of equipment and its purpose, based on the statutory standards of the legislation of the Russian Federation stipulated in the Generic Industry Standards for free issue of special clothing, special footwear and other protective equipment, as well as in the Rules for providing workers with special clothing, special footwear and other protective means approved by the Decree of the Ministry of Labor and Social Development of the Russian Federation No. 51 of December 18, 1998. For special clothing as a technological one the timeframe of value-added is determined in accordance with the requirements of the National Standard of the Russian Federation "Clean rooms. Technological clothing. General requirements" GOST R 52538-2006.

When special clothing is handed over into operation, which normative period of use does not exceed 12 months, non-recurrent write off is effected for manufacturing expenses.

When special clothing is handed over into operation, which normative period of use does not exceed 12 months, its cost is written off to manufacturing expenses evenly (in a linear fashion) during the period of use.

3.9 Expenses, Work in Progress and Finished Goods

Work in progress is evaluated based on total actual expenses incurred, including the appropriate portion of general expenses.

General expenses are monthly allocated to orders in proportion to the increase in values of items composing the "Payroll expenses" section, Direct Manufacturing Expenses, over the accounting month. The administrative expenses are allocated in accordance with guidebook "Matrix of primary function cost categorization for a group of administrative expenses".

Provision for work-in-progress decline in value as of 31.12.2017 in the amount of 540 263 thousand rubles, as of 31.12.2016 in the amount 860 605 thousand rubles is created.

4.10 Prepaid Expenses

Costs incurred by the Corporation over the accounting period though related to future periods are recognized as prepaid expenses. Prepaid expenses comprise as follows:

- Payment for the non-exclusive right to use software products;
- Expenses related to the construction work arrangement.

The mentioned expenses are evenly written-off as intended or based on special calculations over the periods they pertain to.

Prepaid expenses are included in line (accounting entry) "Other items" of Table "Inventories. Inventory available and its turnover" as of 31.12.2017 in the amount of 62 250 thousand rubles, as of 31.12.2016 – in the amount of 60 475 thousand rubles

Inventory
Inventory Availability and Flow

RUB, thsd.

Indicator	Line Code	Period	Opening balance		Changes over a period					Closing balance	
			Production cost	Reserve for impairment	Proceeds and expenses	Disposed		Impairment losses	Inventory turnover between groups (types)	Production cost	Reserve for impairment
						Production cost	Reserve for impairment				
Inventory - total	5400	for 2017 ¹	20 906 152	(860 605)	48 549 074	(433 768 003)	366 867	(413 393)	X	25 687 223	(907 131)
	5420	for 2016 ²	19 717 544	(104 041)	34 205 918	(33 017 310)	104 041	(860 605)	X	20 906 152	(860 605)
including:	5401	for 2017 ¹	886 754	(-)	4 411 141	(3 716 247)	0	(366 867)	-	1 581 648	(366 867)
<i>Raw materials and supplies</i>	5421	for 2016 ²	449 766	(-)	1 657 723	(1 220 735)	0	-	-	886 754	(-)
<i>Work in progress</i>	5402	for 2017 ¹	19 244 889	(860 605)	43 303 561	(38 522 045)	366 867	(46 526)	-	24 026 405	(540 264)
	5422	for 2016 ²	19 185 922	(104 041)	31 452 310	(31 393 343)	104 041	(860 605)	-	19 244 889	(860 605)
<i>Prepaid expenses</i>	5403	for 2017 ¹	-	(-)	-	(-)	-	-	-	-	(-)
	5423	for 2016 ²	-	(-)	-	(-)	-	-	-	-	(-)
<i>Finished goods and goods for resale</i>	5404	for 2017 ¹	9 757	(-)	783 842	(780 673)	0	-	-	12 926	(-)
	5424	for 2016 ²	9 345	(-)	362 144	(361 732)	0	-	-	9 757	(-)
<i>Other</i>	5405	for 2017 ¹	764 752	(-)	50 530	(749 038)	-	-	-	66 244	(-)
	5425	for 2016 ²	72 511	(-)	733 741	(41 500)	-	-	-	764 752	(-)

Pledged Inventory

RUB, thsd.

Indicator	Line Code	As of December 31, 2017 ⁴	As of December 31, 2016 ²	As of December 31, 2015 ⁵
Inventory unpaid as of the reporting date – total	5440	-	-	-
including: <i>Pledge agreements</i>	5441	-	-	-
Inventory pledged under contract – total	5445	0	0	0
including: <i>Raw materials and supplies</i>	5446	-	-	-
<i>Work in progress</i>	5447	-	-	-
<i>Finished goods and goods for resale</i>	5448	-	-	-
<i>Other</i>	5449	-	-	-

3.11 Cash

Pursuant to the Decree of the Russian Ministry of Finance No. 66n "On Forms of Accounting Reports of Organizations" dated July 2, 2010, and para 18 of PBU 23 "Cash Flow Statement", cash flow statement indicators shall be indicated in the currency of the Russian Federation - rubles. Cash flow values in a foreign currency shall be converted into rubles at the official exchange rate established by the Central Bank of the Russian Federation on the date of payment effecting or receipt.

Line 1250 "Cash and cash equivalents" reflects the Corporation cash amounted to RUB 22 536 824 thsd. as of December 31, 2017 including:

On account 50 "Cash account" amounted to RUB 4 055 thsd.;

On account 51 "Payment accounts" amounted to RUB 17 865 966 thsd.;

On account 52 "Currency accounts" amounted to RUB 4 423 011 thsd.;

On account 55 "Special bank accounts" amounted to RUB 241 556 thsd.;

On account 57 "Transfers in transit" amounted to RUB 2 236 thsd.

Line 1250 "Cash and cash equivalents" reflects the Corporation cash amounted to RUB 25 064 724 thsd. as of December 31, 2016, including:

On account 50 "Cash account" amounted to RUB 2 777 thsd.;

On account 51 "Payment accounts" amounted to RUB 22 216 033 thsd.;

On account 52 "Currency accounts" amounted to RUB 2 729 799 thsd.;

On account 55 "Special bank accounts" amounted to RUB 112 272 thsd.;

On account 57 "Transfers in transit" amounted to RUB 3 843 thsd.

Within the framework of the State Defense Order the Corporation has monetary assets with a limited access for use as required by Federal Law No.275-FZ "On State Defense Order" amounted to RUB 17 316 201 thsd. as of December 31, 2017 and RUB 18 520 954 thsd. as of December 31, 2016.

3.12 Accounts Receivable

Trade receivables are determined based on the prices specified in agreements between the Corporation and purchasers (customers), including VAT.

Accounts receivable show advances against forthcoming settlements paid to other organizations under the contract terms. Amount of the advances is 46 769 779 thousand rubles as of 31.12.2017, 37 822 520 thousand rubles as of 31.12.2016. Amount of provision for the advances paid as of 31.12.2017 is 3 661 019 thousand rubles, 3 656 581 thousand rubles as of 31.12.2016.

Accounts Receivable Availability and Flow

RUB, thsd.

Indicator	Line Code	Period	Opening balance		Changes over a period								Closing balance	
			Accounted under contract	Reserve for doubtful debts	Acquired		Disposed				Reclassification from long-term receivables to short-term receivables	Reserve conversion from long-term to short-term	Accounted under contract	Reserve for doubtful debts
					Through business transactions (amount of debt under a transaction, operation) ⁸	Provisioning ⁸	Repayment	Write-off to the financial result ⁸	Write-off at the expense of provisioning	Reserve recovery				
Long-term accounts receivable - total	5501	for 2017 ¹	10 797 356	(588 641)	15 947 762	(0)	(1 622 129)	(45)	1 962	0	(8 781 413)	575 987	16 341 531	(10 692)
	5521	for 2016 ²	5 645 416	(34 576)	10 742 454	(522 454)	(565 381)	(-)	3 847	30 729	(5 025 133)	(66 187)	10 797 356	(588 641)
including: <i>Trade receivables</i>	5502	for 2017 ¹	366 744	(11 304)	2 871	(-)	(202 571)	(45)	1 962		(66 080)	(1 350)	100 919	(10 692)
	5522	for 2016 ²	153 783	(9 550)	332 572	(1 956)	(119 382)	(-)	3 847	5 703	(229)	(9 348)	366 744	(11 304)
<i>Advances paid</i>	5503	for 2017 ¹	10 100 033	(577 337)	15 944 891	(-)	(1 414 669)	(-)			(8 649 253)	577 337	15 981 002	(0)
	5523	for 2016 ²	5 401 151	(-)	10 083 592	(520 498)	(366 041)	(-)	-	-	(5 018 669)	(56 839)	10 100 033	(577 337)
<i>Other accounts receivable</i>	5504	for 2017 ¹	330 579	(-)		(-)	(4 889)	(-)			(66 080)	(-)	259 610	(0)
	5524	for 2016 ²	90 482	(25 026)	326 290	(-)	(79 958)	(-)		25 026	(6 235)	(-)	330 579	(0)
Short-term accounts receivable – total	5510	for 2017 ¹	32 558 777	(5 520 225)	15 305 432	(420 465)	(19 271 642)	(9 393)	0	46 409	8 781 413	(575 987)	37 364 587	(6 470 268)
	5530	for 2016 ²	30 536 391	(990 765)	13 748 307	(4 863 099)	(16 750 034)	(1 020)	0	267 452	5 025 133	66 187	32 558 777	(5 520 225)
including: <i>Trade receivables</i>	5511	for 2017 ¹	2 002 639	(880 003)	1 789 515	(615)	(1 174 925)	(2 245)		46 409	66 080	1 350	2 681 064	(832 859)
	5531	for 2016 ²	3 095 380	(15 460)	975 649	(878 661)	(2 068 619)	(-)		4 770	229	9 348	2 002 639	(880 003)
<i>Advances paid</i>	5512	for 2017 ¹	27 722 487	(3 079 244)	12 093 722	(4 438)	(17 674 696)	(1 989)			8 649 253	(577 337)	30 788 777	(3 661 019)
	5532	for 2016 ²	25 379 651	(258 853)	11 173 333	(3 078 101)	(13 848 827)	(339)		200 871	5 018 669	56 839	27 722 487	(3 079 244)
<i>Other accounts receivable</i>	5513	for 2017 ¹	2 833 651	(1 560 978)	1 422 195	(415 412)	(422 021)	(5 159)			66 080	(-)	3 894 746	(1 976 390)
	5533	for 2016 ²	2 061 360	(716 452)	1 599 325	(906 337)	(832 588)	(681)		61 811	6 235	(-)	2 833 651	(1 560 978)
Total	5500	for 2017 ¹	43 356 133	(6 108 866)	31 253 194	(420 465)	(20 893 771)	(9 438)	1 962	46 409	X	X	53 706 118	(6 480 960)
	5520	for 2016 ²	36 181 807	(1 025 341)	24 490 761	(5 385 553)	(17 315 415)	(1 020)	3 847	298 181	X	X	43 356 133	(6 108 866)

Overdue Accounts Receivable

RUB, thsd.

Indicator	Line Code	As of <u>December 31, 2017</u> ⁴		As of <u>December 31, 2016</u> ²		As of <u>December 31, 2015</u> ⁵	
		Accounted under contract	Book value	Accounted under contract	Book value	Accounted under contract	Book value
Total	5540	433 336		498 527		633 282	
including:							
<i>Trade receivables</i>	5541	433 209		498 527		633 282	
<i>Advances paid</i>	5542					-	
<i>Other accounts receivable</i>	5543	127				-	

16.13 Capital and Reserves

The authorized capital of the Corporation as of December 31, 2017 and December 31, 2016 equals to RUB 1 123 734 thsd. and consists of the Corporation-issued and fully paid ordinary shares totaling 1 123 734 shares.

The 2016 performance was poor and resulted in loss; therefore, the dividends for 2016 were omitted.

The Charter of the Corporation provides for the establishment of a reserve fund in the amount of at least 15% of the authorized capital. The fund is formed by means of compulsory annual deductions equal to minimum 15% of the net profit. In accordance with the resolution passed at RSC Energia Board of Directors on 30.10.2017, reserve fund money in the amount of 168 560 thousand rubles were earmarked for covering RSC Energia's losses by the 2016 performance.

3.14 Loans and Credit Lines

Expenses for loans and credits received are recognized as costs of the period, during which they have been incurred (current expenses), and are included in other expenses.

Additional expenses associated with obtaining loans and credits are included in other expenses as they are paid.

Interest on borrowings is evenly (monthly) accrued, and is recognized as other expenses in the accounting periods, which these accruals pertain to.

The Corporation transfers long-term payables on loans and credits received to short-term payables at the time when there are 365 days left to repay the principals of such borrowings pursuant to loan agreements.

Line 1410 "Borrowings" of the balance sheet demonstrates bank loan proceeds with maturity exceeding 365 days as of December 31, 2017.

The line 1510 "Borrowings" demonstrates Corporation's debts with maturity not exceeding 365 days under loan agreements with banks as of December 31, 2017.

2017		Changes over a period							RUB thsd.
		Receipt		Retirement					
Indicator	Unamortized Principle Balance at the beginning of year	Received for a year (principal)	Interest, penalties and other accruals due to the loaner for a year	Repaid for a year (principal)	Paid % for a year	Unamortized Principle Balance at the end of year	Balance of accrued interest at the end of a year	Credit balance of credit agreement at the end of the year	Amortization period (year)
PC Sberbank, 00510013/08014201	1 996 154	0	206 282	0	206 499	1 996 154	1 542	0	2021
PC Sberbank, 00390015/08014201	2 964 925	0	311 405	0	312 029	2 964 925	2 957	10 075	2019-2020
PC Sberbank, 00010016/08014201	1 850 135	0	141 202	1 850 135	143 347	0	0	0	2017
PC Sberbank, 00250016/08014101	400 000	0	42 498	0	42 611	400 000	618	0	2019
PC Sberbank, 00810017/60544200	0	1 420 951	3 465	0	2 096	1 420 951	1 386	1 579 049	2018
AO "Rossiya", 00.19-3/01/162/17	0	879 352	12 653	0	12 653	879 352	0	120 648	2018-2020
AO "Rossiya", 00.02-2-2/01/036/16	1 398 217	2 108 402	253 302	2 964 533	253 302	542 085	0	2 457 915	2018-2019
Gazprombank (AO) 65/17-P	0	4 813 996	112 280	1 853 008	112 280	2 960 988	0	3 039 012	2019
TOTAL:	8 609 431	9 222 701	1 083 084	6 667 676	1 084 816	11 164 456	6 503	7 206 698	
including:									
Long-term credits – total	7211 214					8 322 067	6 157		
PC Sberbank, 00510013/08014201	1 996 154					1 996 154	1 542		
PC Sberbank, 00390015/08014201	2 964 925					2 964 925	2 957		

2017		Changes over a period							RUB thsd.
		Receipt		Retirement					
Indicator	Unamortized Principle Balance at the beginning of year	Received for a year (principal)	Interest, penalties and other accruals due to the loaner for a year	Repaid for a year (principal)	Paid % for a year	Unamortized Principle Balance at the end of year	Balance of accrued interest at the end of a year	Credit balance of credit agreement at the end of the year	Amortization period (year)
PC Sberbank, 00010016/08014201	1 850 135					0	0		
PC Sberbank, 00250016/08014101	400 000					400 000	618		
Gazprombank (AO) 65/17-P	0					2 960 987	1 039		
Short-term credits – total	1 398 217					2 842 389	346		
PC Sberbank, 00810017/60544200	0					1 420 951	346		
AO "Rossiya", 00.19-3/01/162/17	0					879 352	0		
AO "Rossiya", 00.02-2-2/01/036/16	1 398 217					542 085	0		

2016		Changes over a period							RUB thsd.
		Receipt		Retirement					
Indicator	Unamortized Principle Balance at the beginning of year	Received for a year (principal)	Interest, penalties and other accruals due to the loaner for a year	Repaid for a year (principal)	Paid % for a year	Unamortized Principle Balance at the end of year	Balance of accrued interest at the end of a year	Credit balance of credit agreement at the end of the year	Amortization period (year)
PC Sberbank, 00510013/08014201	3 600 000	0	363 951	1 603 846	362 191	1 996 154	1 759	0	2016-2021
PC Sberbank, 00510013/08014201	2 369 150	0	127 065	2 369 150	127 065	0	0	0	2016

2016		Changes over a period							RUB thsd.
		Receipt		Retirement					
PC Sberbank, 00390015/08014201	0	2 964 925	316 818	0	313 237	2 964 925	3 581	35 075	2019
PC Sberbank, 00010016/08014201	0	1 850 135	34 559	0	32 413	1 850 135	2 146	749 865	2017
PC Sberbank, 00250016/08014101	0	400 000	15 110	0	14 379	400 000	731	0	2019
AO "Rossiya", 00.02-2-2/01/161/15	364 071	635 929	41 485	1 000 000	41 485	0	0	1 000 000	2016
AO "Rossiya", 00.02-2-2/01/036/16	0	1 398 217	81 165	0	81 165	1 398 217	0	1 601 783	2017
TOTAL:	6 333 221	7 249 205	980 153	4 972 995	971 936	8 609 431	8 217	3 386 723	
including:									
Long-term credits – total	1 996 154					7 211 214	8 217		
PC Sberbank, 00510013/08014201	1 996 154					1 996 154	1 759		
PC Sberbank, 00390015/08014201	0					2 964 925	3 581		
PC Sberbank, 00010016/08014201	0					1 850 135	2 146		
PC Sberbank, 00250016/08014101	0					400 000	731		
Short-term credits – total	4 337 067					1 398 217	0		
PC Sberbank, 00510013/08014201	1 603 846					0	0		
PC Sberbank, 00710013/08014201	2 369 150					0	0		
AO "Rossiya", 00.02-2-2/01/161/15	364 071					0	0		

3.15 Accounts Payable (and other liabilities)

Accounts Payable Availability and Flow

RUB, thsd.									
Indicator	Line Code	Period	Opening balance	Changes over a period					Closing balance
				Acquired		Disposed		Reclassification from long-term payables to short-term payables	
				Through business transactions (amount of debt under a transaction, operation) ⁸	Interest, penalties and other accruals due ⁸	Repayment	Write-off to the financial result ⁸		
Long-term accounts payable - total	5551	for 2017 ¹	40 072 875	18 159 452	-	(1 806)	(0)	(14 565 759)	43 664 762
	5571	for 2016 ²	21 556 450	25 552 338	-	(751 144)	(68)	(6 284 701)	40 072 875
including:	5552	for 2017 ¹	22 510	540 414	-	(1 806)	()	(20 704)	22 510
Trade payables	5572	for 2016 ²	106 831	15 641	-	(99 894)	(68)	(-)	540 414
Advances received	5554	for 2017 ¹	40 050 365	17 619 038	-	()	(-)	(14 545 055)	43 124 348
	5574	for 2016 ²	21 449 619	25 536 697	-	(651 250)	(-)	(6 284 701)	40 050 365
Short-term accounts payable - total	5560	for 2017 ¹	44 323 878	22 778 988	-	(32 714 659)	(2 704)	14 565 759	48 951 262
	5580	for 2016 ²	46 071 912	27 530 293	-	(35 560 086)	(2 942)	6 284 701	44 323 878
including:	5561	for 2017 ¹	2 455 594	4 938 998	-	(1 780 665)	(2)	20 704	5 634 629
Trade payables	5581	for 2016 ²	4 153 313	1 772 221	-	(3 469 940)	()	-	2 455 594
Advances received	5562	for 2017 ¹	41 073 854	16 821 791	-	(30 320 809)	(752)	14 545 055	42 119 139
	5582	for 2016 ²	40 883 937	25 197 328	-	(31 292 112)	()	6 284 701	41 073 854
Other accounts payable	5563	for 2017 ¹	794 430	1 018 199	-	(613 185)	(1 950)	-	1 197 494
	5583	for 2016 ²	1 034 662	560 744	-	(798 034)	(2 942)	-	794 430
						()	()		
Total	5550	for 2017 ¹	84 396 753	40 938 440	-	(32 716 465)	(2 704)	X	92 616 024
	5570	for 2016 ²	67 628 362	53 082 631	-	(36 311 230)	(3 010)	X	84 396 753

Fixed liabilities (line 1450) cover long-term accounts payable in the amount of 43 664 762 thousand rubles as of 31.12.2017 and other long-term liabilities in the amount of 38 751 thousand rubles; long-term accounts payable in the amount of 40 072 875 thousand rubles as of 31.12.2016 and other long-term liabilities making up 977 266 thousand rubles. Other fixed liabilities comprise shared funding of construction which was carried over as of 31.12.2016 from line 5571 in Table “Accounts payable availability and flow“ to other Table “Other liabilities”.

Current (short-term) liabilities (Section V) as of 31.12.2017 include short-term accounts payable in the amount of 48 951 262 thousand rubles and other current liabilities in the amount of 1 294 322 thousand rubles, as of 31.12.2016, short-term accounts payable amounted to 44 323 878 thousand rubles, while other current liabilities came to 2 256 thousand rubles.

Other liabilities

RUB, thsd.

Indicator	Line Code	Period	Opening balance	Changes over a period					Closing balance
				Acquired		Disposed		Reclassification from long-term payables to short-term payables	
				Through business transactions (amount of debt under a transaction, operation) ⁸	Interest, penalties and other accruals due ⁸	Repayment	Write-off to the financial result ⁸		
Fixed liabilities, in all	5551	for 2017 ¹	977 266	338 608	-	(0)	(0)	(1 277 123)	38 751
	5571	for 2016 ²	0	977 266	-	(0)	(0)	(0)	977 266
including: amount of shared funding in construction	5553	for 2017 ¹	977 266	338 608	-	()	()	(1 277 123)	38 751
	5573	for 2016 ²		977 266		()	()	()	977 266
Other liabilities	5553	for 2017 ¹	-			(-)	(-)	()	
	5573	for 2016 ²	-		-	(-)	(-)	()	-
Current liabilities, in all	5560	for 2017 ¹	2 256	16 920		(1 977)	(0)	1 277 123	1 294 322
	5580	for 2016 ²	46 405	1 977	-	(46 126)	(0)	0	2 256
including: amount of shared funding in construction	5554	for 2017 ¹			-	()	()	1 277 123	1 277 123
	5574	for 2016 ²	7 817		-	(7 817)	()		0
Other liabilities	5554	for 2017 ¹	2 256	16 920	-	(1 977)	()		17 199
	5574	for 2016 ²	38 588	1 977		(38 309)	()		2 256
						()	()		
Total	5550	for 2017 ¹	979 522	355 528	-	(1 977)	(0)	X	1 333 073
	5570	for 2016 ²	46 405	979 243		(46 126)	(0)	X	979 522

Overdue Accounts Payable

RUB, thsd.

Indicator	Line Code	As of December 31, 2016 ⁴	As of December 31, 2015 ²	As of December 31, 2014 ⁵
Total	5590	706 400	513 401	1 409 117
including:				
<i>Trade payables</i>	5591	706 254	513 401	1 409 117
<i>Other</i>	5592	146	-	-

3.18 Taxation

Value-added tax

The value added tax (VAT) on goods, products, works and services sold is calculated as of the date of actual shipment (delivery) of such goods, products, works and services.

Income tax

For the purposes of the income tax calculation, income is recognized in the reporting (tax) period, during which it occurred, regardless of the actual receipt of cash or any other property (works, services), and (or) property rights (accrual basis).

The amount of income tax contingent expenses came to RUB 441 242 thsd. for 2017.

The amount of income tax contingent gain came to RUB 1 583 809 thsd. for 2016.

The current income tax recognized in the line 2410 of the Profit and Loss Statement equaled to RUB 949 538 thsd. in 2017, RUB 1 199 607 thsd. in 2016.

3.19 Deferred Taxes

In its accounting and reporting documents, the Corporation discloses deferred tax assets and liabilities, as well as permanent tax assets and liabilities, i.e. the amounts, which may influence the income tax value in the current and/or forthcoming accounting periods.

Permanent Differences

Permanent differences have emerged in the Corporation's accounting as a result of the excess of actual expenses included in the accounting earnings (loss) calculation over expenses accepted for tax purposes, with respect to which certain cost restrictions are provided, and other differences.

The sum of permanent tax liabilities (assets) calculated based on permanent differences is recorded in the line 2421 of the Profit and Loss Statement in 2017 and amounted to RUB (484 535) thsd. and recorded in the line 2421 in 2016 and amounted to RUB (1 823 453) thsd., respectively.

Deductible Temporary Differences

In 2017, deductible temporary differences were RUB 207 065 thsd. and in 2016 the amount was RUB 5 091 550 thsd. emerged as a result of the following:

- recognition of service sector losses in records for accounting and tax purposes;
- recognition of other income and expenses in records (including the estimated liability) for accounting and tax purposes.

Changes in deferred tax assets are shown in the line 2450 of the Profit and Loss Statement.

- for 2017 in the descending order: decrease by RUB 41 413 thsd.,
- for 2016 showing upward tendency: increase by RUB 1 018 310 thsd.

Taxable Temporary Differences

In 2017, taxable temporary differences were RUB 325 865 thsd. and in 2016 the amount was RUB 291 735 thsd. emerged as a result of the following:

- evaluation of work in progress in records for accounting and tax purposes;

- recognition of R&D expenses in records for accounting and tax purposes;
- charges of depreciation of fixed assets in records for accounting and tax purposes;
- recognition of other income and expenses in records for accounting and tax purposes.

Changes in deferred tax liabilities are shown in the line 2430 of the Profit and Loss Statement.

- for 2017 in the descending order: decrease by RUB 65 173 thsd.,
- for 2016 showing upward tendency: increase by RUB (58 347) thsd.

3.18 Deferred Revenue

As of December 31, 2017, the Balance Sheet line 1530 “Deferred Revenue” indicates the amount of target funding received equal to RUB 194 122 thsd.

In the accounting period R&D expenses were recognized to the amount of RUB 1 000 thsd. from the Ministry of Investments and Innovations of Moscow Region, R&D expenses to the amount of RUB 63 029 thsd. were written off, as well as material costs in the amount of RUB 21,6 thsd. and amortization expenses for the parking lot received from ZAO ZEM RSC Energia to the amount of RUB 3,4 thsd. were written off.

As of December 31, 2016, the Balance Sheet line 1530 “Deferred Revenue” indicates the amount of target funding received equal to RUB 257 175 thsd.

In the accounting period of 2016 R&D expenses were recognized to the amount of RUB 106 620 thsd. for the Ministry of Education and Science of Russia. R&D expenses to the amount of RUB 58 170,2 thsd. and amortization expenses for the parking lot received from ZAO ZEM RSC Energia to the amount of RUB 3,4 thsd. were written off.

In the accounting period of 2016 monetary assets were received from the Ministry of Investments and Innovations of Moscow Region to the amount of RUB 1 000 thsd.

3.19 Recognition of Income (Revenue)

Revenue from the provision of services (performance of works) is recognized as services are provided to customers (or upon the works completion) and payment documents are submitted to them. It is recorded in accounts net of value added tax, excises and similar compulsory payments.

Income from ordinary activities includes receipts from the sale of products and goods, incomings associated with performance of works, provision of services.

Incomings relating to putting out on loan of the Corporation assets (temporary possession and use) are revenues from ordinary activities.

Other incomes of the Corporation include:

- Incomes associated with granting of rights for user fee originated from patents for inventions, industrial designs and other types of intellectual property of the Corporation;
- Incomes from participation in the authorized capitals of other organizations;
- Proceeds for fixed assets, inventories, financial investments, foreign exchange;
- Interest received for making available for use the Corporation's assets;

- Difference between the historic and nominal value of the securities.

The Corporation recognizes revenue from the performance of works, provision of services, selling of goods with a long lead time in its accounts upon the completion of such works, services, or goods manufacture as a whole.

4.20 Production Expenses

RUB, thsd.

Indicator	Line Code	For 2017 ¹	For 2016 ²
Material costs	5610	32 097 503	22 073 193
Payroll expenses	5620	5 382 005	5 321 443
Social benefit costs	5630	1 544 451	1 501 514
Depreciation	5640	555 703	475 663
Other expenses	5650	4 087 924	2 635 344
Total by elements	5660	43 667 586	32 007 157
Change in balances (increase [+], decrease [-]):			
Work in progress	5670	(4 781 515)	(268 733)
Finished products	5680	(1 132)	(753)
other items			
Total expenses for ordinary activities	5600	38 884 939	31 737 671

3.21 Other Income and Expenses

RUB thsd.

Other income / expenses	2017		2016	
	Income	Expenses	Income	Expenses
Income and expenses related to compensation of losses of Corporation	2 928	37 111	4 992 623	36 029
Earnings and losses of previous years identified in the reporting year	61 924	161 840	119 912	237 273
Exchange differences		233 912		624 875
Exchange differences under contracts in conventional units		39 266		152 004
Additional Corporation staff expenses (one-off bonuses, material aid, etc.)	-	311 985	-	303 106
Expenses for works and services under terminated or non-concluded agreements, works performed at the expense of the Corporation	-		-	18 025
Bank services	-	58 956	-	35 607
Sale of fixed assets	1 026 770	690 525	57 038	18 410
Sale of other assets	385	8 019	637	26 047
Expenses associated with obtaining loans and credits	-		-	2 527
Reserves for doubtful debts	-	343 963*	-	7 397 958*
Reserves for impairment of financial investments	-	41 651*	-	343 381*
Reserve for reduction in values of non-monetary physical things	-	46 525*	-	756 564*
Fines, penalties, forfeits, taxes and charges paid out of Corporation's funds	388 748	18 678	70 338	150 180
Saves on investment project		-	1 492	-
Provision for warranty service	-	160 717*	-	4 725 185*
Other income (expenses)	95 473	594 971	91 687	502 790
Accruals and refund of sums by judicial decision			2 943 613	2 943 613
Total other income / expenses	1 576 228	2 748 119	8 277 340	18 273 574

* shown wound down

RUB thsd.

Name of other income/expenses	2017		2016	
	Income	Expenses	Income	Expenses
Reserves for doubtful debts	51 448	395 411	746 502	8 144 460
Reserves for impairment of financial investments	1	41 652	670	344 051
Reserve for declined cost of material values	366 868	413 393	104 041	860 605
Provision for warranty service	187 852	348 569	413 420	5 138 605

3.22 Procedure of Recognizing Commercial and Administrative Expenses

Administrative expenses include expenses, which are not related to industrial or commercial activities of the enterprise: for human resources, legal department; lighting and heating of non-production facilities, as well as for business trips, communication services and other similar expenses.

Administrative expenses are accounted for in sub-account 26.02 to separate orders in terms of the cost items.

Administrative expenses for 2016 equaled to RUB 3 580 250 thsd.

Administrative expenses for 2015 equaled to RUB 3 957 745 thsd.

Tracking of expenses for the sale of goods is kept on account 44 "Expenses for sale" under the cost items. Expenses for the sale of goods are commercial expenses and are written off in full in the debit of account 90 "Sales".

3.23 Earnings Per Share

As of 31.12.2017 earnings per share were RUB 1096,73. For making calculations the use was made of profit in the amount of RUB 1 232 438 thsd. and weighted average number of 1 123 734 listed ordinary shares. During 2017 the number of ordinary share remained the same.

As of December 31, 2016 the loss per share amounted to RUB 7 286. A loss of RUB 8 187 761 thsd. was used for calculation, and the average weighted number of outstanding ordinary shares amounted to RUB 1 123 734 shares. During 2016 a number of ordinary shares remained unchanged.

The Profit and Loss Statement does not indicate diluted earnings per share as the Corporation does not have any convertible securities and contracts on ordinary share sale/purchase from its issuer on the books.

3.24 Security

Indicator	Line Code	As of <u>December 31,</u> <u>2017</u> ⁴	As of <u>December 31,</u> <u>2016</u> ²	As of <u>December 31,</u> <u>2015</u> ⁵
Received - total	5800	0	0	0
including:				
<i>Pledge</i>	<i>5801</i>	-	-	-
<i>Bank guarantee agreement, surety agreement</i>	<i>5802</i>	0		
Granted – total	5810	1 780 000	0	1 049 406
including:				
<i>Pledge</i>	<i>5811</i>	-	-	-
<i>Bank guarantee agreement, surety agreement</i>	<i>5812</i>	1 780 000	-	1 049 406

Information about contracts of guarantee issued and effective as of 31.12.2017

No	Contract	Guarantor	Debtor	Character of liabilities	Validity period		Contract amount
I	№40/9040/0026/171-1п	RCS Energia	Sea Launch SA	Contract for granting bank guarantees between PC Sberbank, Sea Launch SA	28.03.2017	31.12.2019	1 780 000 000,00 rubles

3.25 Government Assistance

Indicator	Line code	For 2017 ¹		For 2016 ²	
Budgeting funds received – total	5900	-		-	
Including: Recurrent costs	5901	-		-	
Investments in non-current assets	5905	-		-	
		Opening balance	Received for the year	Returned for the year	Closing balance
Public budget loan – total	20 16 ¹				
	20 15 ²				
Including:					
	20 16 ¹				
(objective)	20 15 ²				
etc.					

3.26 Related Parties

The principal shareholder of the Corporation is OAO URSC.

OAO URSC owns 38,22052% of shares of RSC Energia. Since December 19, 2016, blocks of shares of RSC Energia amounted to RUB 3,16837% transferred to ZAO ZEM RSC Energia and 17,42628% transferred to AO IC Razvitiye are also in trust management (TM).

Profile of parent company of RSC Energia

#	Name of company	Parent company	Participation as of 31.12.2017 and 31.12.2016, %		
			Direct	Indirect	Total
1	2	3	4	5	6
1	RSC Energia	State Corporation Roscosmos	0	58,82	58,82
2	RSC Energia	OAO URSC	38,22 3,17 TM 17,43 TM	0	38,22 3,17 TM 17,43 TM

Information on the Board of Directors and Management Board of the Corporation is given in paragraph 1.2 of the present commentary.

Companies in which the Corporation has an interest in the authorized capital

A list of companies in which RSC Energia has an overall control

Name	Place of registration / location	Authorized Capital	Corporation's participatory interest as of December 31, 2017 and December 31, 2016	Corporation's participatory interest as of December 31, 2017 and December 31, 2016 (%)	Income from participation for 2016, RUB thsd.	Income from participation for 2015, RUB thsd.
1	2	3	4	5		6
ZAO ZEM RSC Energia	4A Lenin St. Korolev, Moscow Region	RUB 40 000 thsd.	RUB 40 000 thsd.	100	-	23 500
ZAO VKB RSC Energia	26B Zemetsa St., Samara	RUB 10 000 thsd.	RUB 10 000 thsd.	100	-	—
AO IK Razvitiye	4A Lenin St., Korolev, Moscow Region	RUB 6 150 thsd.	RUB 6 150 thsd.	100	75 000	-
OOO RSC Energia-Project (before 09.08.2017 its name was LLC RSC Energia – Finance)	4A Lenin St., Korolev, Moscow Region	RUB 500 thsd.	RUB 500 thsd.	100	-	-
AO Teplo RSC Energia	4A Lenin St., Korolev, Moscow Region	RUB 69 390,4 thsd.	RUB 69 390,4 thsd.	100	-	-
LLC OIME	4A Lenin St., Korolev, Moscow Region	RUB 16 874,3 thsd.	RUB 16 874,3 thsd.	100	-	—

Name	Place of registration / location	Authorized Capital	Corporation's participatory interest as of December 31, 2017 and December 31, 2016	Corporation's participatory interest as of December 31, 2017 and December 31, 2016 (%)	Income from participation for 2016, RUB thsd.	Income from participation for 2015, RUB thsd.
1	2	3	4	5		6
ZAO BELROSSAT	Office 416, 15 bldg. 5, P. Brovki St., Minsk	\$25 000	\$17 500	70	-	-
LLC Energia SAT	1a, Grabina St., Korolev, Moscow Region	RUB 80 000 thsd.	RUB 40 800 thsd.	51	-	-
AO Energia-Telecom	4A Lenin St., Korolev, Moscow Region	RUB 1 000 thsd.	RUB 501,0 thsd.	50,1	-	-

List of other affiliates in which RSC Energia is a shareholder (participant) with the participatory interest in the authorized capital exceeding 20%

Name	Place of registration / location	Authorized Capital	Corporation's participatory interest as of December 31, 2017	Corporation's participatory interest as of December 31, 2017 (%)	Income from participation for 2016, RUB thsd.
1	2	3	4	5	6
ОАО НПК РЕКОД	40 / 6 bldg.1, 3rd proezd Maryinoy Roshchi, Moscow	RUB 110 867 thsd.	RUB 29 457 thsd.	26,57	-

Name	Place of registration / location	Authorized Capital	Corporation's participatory interest as of December 31, 2016	Corporation's participatory interest as of December 31, 2016 (%)	Income from participation for 2015, RUB thsd.
1	2	3	4	5	6
ОАО Space Regatta Consortium	4A Lenin St., Korolev, Moscow Region	RUB 100 thsd.	RUB 30 thsd.	30	-
ОАО НПК РЕКОД	40 / 6 bldg.1, 3rd proezd Maryinoy Roshchi, Moscow	RUB 110 867 thsd.	RUB 29 457 thsd.	26,57	-

List of other affiliates in which RSC Energia is a shareholder (participant) with the participatory interest in the authorized capital exceeding 2%

Name	Place of registration / location	Authorized Capital	Corporation's participatory interest as of December 31, 2017	Corporation's participatory interest as of December 31, 2017 (%)	Income from participation for 2016, RUB thsd
1	2	3	4	5	6
Corporation "ILS International Launch Services, Inc." (ILS International Services, Inc.)_	Registered office: Wilmington, Delaware, Name of Agent registered at the address of the registered office "Si Ti Corporation"		170 shares (non-voting share, type B)	17	-
Open joint-stock company Gazprom space systems OAO Gazprom space systems	77B, Moscow St., Schelkovo, Moscow Region	RUB 65 683,4 thsd	RUB 10 615,5 thsd	16,16	-
Sea Launch S.a.r.l. (SEA LAUNCH S.A.R.L.)	58, rue Charles Martel, L-2134 Luxembourg, Grand Duchy of Luxembourg	19 195 790 USD	2 880 000 USD	15	-
Closed joint stock company Certification Center for Rocket and Space Technology (ZAO IsSKT)	4 Pionerskaya St., Korolev, Moscow Region	RUB 10,75 thsd	RUB 0,25 thsd	2,33	43,5

Name	Place of registration / location	Authorized Capital	Corporation's participatory interest as of December 31, 2016	Corporation's participatory interest as of December 31, 2016 (%)	Income from participation for 2015, RUB thsd
1	2	3	4	5	6
Limited liability company Energia-Cert	4A Lenin St., Korolev, Moscow Region	RUB 100 thsd	RUB 19,5 thsd	19,5	-
Corporation "ILS International Launch Services, Inc." (ILS International Services, Inc.)_	Registered office: Wilmington, Delaware, Name of Agent registered at the address of the registered office "Si Ti Corporation"		170 shares (non-voting share, type B)	17	-
Open joint-stock company Gazprom space systems OAO Gazprom space systems	77B, Moscow St., Schelkovo, Moscow Region	RUB 65 683,4 thsd	RUB 10 615,5 thsd	16,16	-

Name	Place of registration / location	Authorized Capital	Corporation's participatory interest as of December 31, 2016	Corporation's participatory interest as of December 31, 2016 (%)	Income from participation for 2015, RUB thsd
1	2	3	4	5	6
Sea Launch S.a.r.l. (SEA LAUNCH S.A.R.L.)	58, rue Charles Martel, L-2134 Luxembourg, Grand Duchy of Luxembourg	19 195 790 USD	2 880 000 USD	15	-
Closed joint stock company Certification Center for Rocket and Space Technology (ZAO IsSKT)	4 Pionerskaya St., Korolev, Moscow Region	RUB 10,75 thsd	RUB 0,25 thsd	2,33	43,5

Operations with Related Parties

During 2017 and 2016 the Corporation performed works for and provided services to the related parties as follows:

RUB. thsd.

Affiliate Name	Nature of Relationship	Type of operations in 2017/2016	Sales revenues (excluding VAT) in 2017	Sales revenues (excluding VAT) in 2016
«Energia Logistics, LTD»	Belongs to a group of bodies of the Corporation.	Works and services in the area of space industry	-	17 140
ZAO ZEM RSC Energia	1. Corporation has the right to dispose more than 20% of the total number of votes attaching to shares forming the authorized capital of this ZAO. 2. Belongs to a group of bodies of the Corporation.	Renting services, security services. Thermal power supply. Provision of communication services. Rental services, security services.	506 940	496 890
AO PO Cosmos	Belongs to a group of bodies of the Corporation.	Renting services, security services. Other income/Rental services, accounting and tax records services.	8 907	31 411
AO Teplo RSC Energia	Corporation has the right to dispose more than 50% of the total number of votes attaching to shares forming the authorized capital of this AO.	Renting services, accounting and tax records services./ Renting services, security services	1 097	5 022
SC Roscosmos	Belongs to a group of bodies of the Corporation, indirectly manages more than 50% of voting shares of the Corporation.	Works and services in the area of space industry. OS implementation./ Works and services in the area of space industry	31 893 771	22 990 623

Affiliate Name	Nature of Relationship	Type of operations in 2017/2016	Sales revenues (excluding VAT) in 2017	Sales revenues (excluding VAT) in 2016
AO V.P.Glushko NPO Energomash	Belongs to a group of bodies of the Corporation. OAO URSC has the right to dispose more than 50% of the total number of votes attaching to shares forming the authorized capital of this AO.	Works and services in the area of space industry	159 621	320 690
AO RKTs Progress	Belongs to a group of bodies of the Corporation	Works and services in the area of space industry	11 828	5 394
AO M.V. Khrunichev GKNPTs	Belongs to a group of bodies of the Corporation	Works and services in the area of space industry	225 391	-
AO IK Razvitie	1. Corporation has the right to dispose more than 20% of the total number of votes attaching to shares forming the authorized capital of this AO. 2. Belongs to a group of bodies of the Corporation.	Renting services, for provision of stationary telephone communication	97	-
AO Corporation VNIIEM	Belongs to a group of bodies of the Corporation	Works and services in the area of space industry	571	-
AO NPO IT	Belongs to a group of bodies of the Corporation	Provision of stationary telephone communication services	12	-
AO Russian Space Systems	Belongs to a group of bodies of the Corporation	Works and services in the area of space industry	3 269	-
AO SS Gonets	Belongs to a group of bodies of the Corporation	Works and services in the area of space industry	10 000	-
FSUE DB Arsenal	Belongs to a group of bodies of the Corporation	Sale of journal	13	-
FSUE TsENKI	Belongs to a group of bodies of the Corporation	Works and services in the area of space industry	520	-
AO Energia-Telecom	1. Corporation has the right to dispose more than 20% of the total number of votes attaching to shares forming the authorized capital of this AO. 2. Belongs to a group of bodies of the Corporation.	Renting services, security services.	95	-
OOO RSC Energia- Project	1. Corporation has the right to dispose more than 20% of the total number of votes attaching to shares forming the authorized capital of this OOO. 2. Belongs to a group of bodies of the Corporation.	Renting services, provision of stationary telephone communication	58	-

Affiliate Name	Nature of Relationship	Type of operations in 2017/2016	Sales revenues (excluding VAT) in 2017	Sales revenues (excluding VAT) in 2016
OOO Energia Satellite Technologies	1. Corporation has the right to dispose more than 20% of the total number of votes attaching to shares forming the authorized capital of this LLC. 2. Belongs to a group of bodies of the Corporation.	Renting services	295	-
AO Academician M.F.Reshetnev ISS	Belongs to a group of bodies of the Corporation	Works and services in the area of space industry	4 840	
LLC OIME	1. Corporation has the right to dispose more than 20% of the total number of votes attaching to shares forming the authorized capital of this LLC. 2. Belongs to a group of bodies of the Corporation.	Services for letting on lease of manufacturing assets. Provision of communication, security services. Sale of TMTs.	1 203	
Total			32 828 245	23 867 170

During 2017 and 2016 the following affiliates provided services to (performed works for) the Corporation:

Affiliate Name	Nature of Relationship	Type of operations in 2017/2016	Sales revenues (excluding VAT) in 2017	Sales revenues (excluding VAT) in 2016
AO IPK Mashpribor	Belongs to a group of bodies of the Corporation.	Training services	7 711	8 977
AO Academician M.F.Reshetnev ISS	Belongs to a group of bodies of the Corporation.	Works and services in the area of space industry	46 225	48 022
AO NII for control devices	Belongs to a group of bodies of the Corporation.	Works and services in the area of space industry	322 671	54 313
AO NII TP	Belongs to a group of bodies of the Corporation.	Works and services in the area of space industry	190 447	102 945
AO NIIFI	Belongs to a group of bodies of the Corporation.	Works and services in the area of space industry	3 030	20 298
AO NIEM	Belongs to a group of bodies of the Corporation.	Works and services in the area of space industry. Acquisition of TMTs./ Works and services in the area of space industry.	996	7 453
AO NPK SPP	Belongs to a group of bodies of the Corporation.	Works and services in the area of space industry	-	12 107
AO NPO IT	Belongs to a group of bodies of the Corporation.	Works and services in the area of space industry	82 037	50 074

Affiliate Name	Nature of Relationship	Type of operations in 2017/2016	Sales revenues (excluding VAT) in 2017	Sales revenues (excluding VAT) in 2016
AO NPP Geophysica-Kosmos	Belongs to a group of bodies of the Corporation.	Works and services in the area of space industry	32 503	2 860
AO NPP Kvant	Belongs to a group of bodies of the Corporation.	Works and services in the area of space industry	2 096	2 459
AO NPTs Polyus	Belongs to a group of bodies of the Corporation.	Works and services in the area of space industry	-	28 746
AO RKTs Progress	Belongs to a group of bodies of the Corporation.	Works and services in the area of space industry	1 895 115	588 890
ZAO ZEM RSC Energia	1. Corporation has the right to dispose more than 20% of the total number of votes attaching to shares forming the authorized capital of this ZAO. 2. Belongs to a group of bodies of the Corporation.	Works and services in the area of space industry	15 063 171	10 223 313
AO Teplo RSC Energia	1. Corporation has the right to dispose more than 20% of the total number of votes attaching to shares forming the authorized capital of this AO. 2. Belongs to a group of bodies of the Corporation.	Services for equipment lease/ Purchasing fixed assets	18 334	601 637
ZAO VKB RSC Energia	1. Corporation has the right to dispose more than 20% of the total number of votes attaching to shares forming the authorized capital of this ZAO. 2. Belongs to a group of bodies of the Corporation.	Purchasing fixed assets	-	79 937
AO PO Kosmos	Belongs to a group of bodies of the Corporation.	Air transportation of passengers, cargo and mail.	35 773	85 789
AO Energia-Telecom	1. Corporation has the right to dispose more than 20% of the total number of votes attaching to shares forming the authorized capital of this AO. 2. Belongs to a group of bodies of the Corporation.	Works and services in the area of space industry	14 468	695 523
LLC OIME	1. Corporation has the right to dispose more than 20% of the total number of votes attaching to shares forming the authorized capital of this LLC. 2. Belongs to a group of bodies of the Corporation.	Acquisition of fixed assets. Other expenses./ Other expenses	1 032	31 500

Affiliate Name	Nature of Relationship	Type of operations in 2017/2016.	Sales revenues (excluding VAT) in 2017	Sales revenues (excluding VAT) in 2016
OA O URSC	The body has the right to dispose more than 50% of voting shares of the Corporation.	Works and services in the area of space industry	18 000	4 144
SC Roscosmos	Belongs to a group of bodies of the Corporation.	Works and services in the area of space industry	1 637 085	-
AO Glavcosmos	Belongs to a group of bodies of the Corporation.	Works and services in the area of space industry	18 648	-
AO GO KB Projektor	Belongs to a group of bodies of the Corporation.	Works and services in the area of space industry	636	-
AO M.V. Khrunichev GKNPTs	Belongs to a group of bodies of the Corporation.	Instruments manufacture and delivery	2 968	-
AO KBKhA	Belongs to a group of bodies of the Corporation.	Rocket engine manufacture	6 915	-
AO Kras mash	Belongs to a group of bodies of the Corporation.	Works and services in the area of space industry	46 653	-
AO Lavochkin NPO	Belongs to a group of bodies of the Corporation.	Works and services in the area of space industry	317 386	-
AO OKB MEI	Belongs to a group of bodies of the Corporation.	Works and services in the area of space industry	19 642	-
AO Russian Space Systems	Belongs to a group of bodies of the Corporation.	Works and services in the area of space industry	138 093	-
AO TsKB TM	Belongs to a group of bodies of the Corporation.	Works and services in the area of space industry	39 217	-
FSUE TsENKI	Belongs to a group of bodies of the Corporation.	Works and services in the area of space industry	760 612	-
Total			20 721 464	12 648 987

In 2017 receipts resulting from the goods, works, services provided by the related parties amounted to RUB 236 327 thsd. were put on the record against the earlier calculated reserve for warranty service, including

AO Energia-Telecom	RUB 14 468 thsd
ZAO ZEM RSC Energia	RUB 69 697 thsd
AO NII for control devices	RUB 130 802 thsd.
AO NPP Geophysica-Kosmos	RUB 3 360 thsd
FSUE TSENKI	RUB 18 000 thsd

**Status of cash payments of the Corporation with the affiliates as of December 31, 2016 and
December 31, 2015:**

RUB thsd.

Company Name	Accounts Receivable		Accounts Payable	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
AO IPK Mashpribor			1 094	2 075
AO Academician M.F.Reshetnev ISS	123 000	53 800	20 710	18 368
AO NII for control devices	17 952	233 314	48 945	1 260
AO NII TP	154 876	53 873	124 234	6 113
AO NIIFI	1 150		1 078	
AO NIIEM	16 144	12 204		293
AO NPO IT	124 210	12 273	29 166	9 494
AO NPP Geophysica-Kosmos	165 158	17 271		
AO NPP Kvant				481
AO NPTs Polyus	6 942	6 942		
AO RKTs Progress	958 031	1 498 779	275 052	161 880
ZAO ZEM RSC Energia	29 573 604	22 276 515	1 769 638	1 177 544
ZAO Teplo RSC Energia	542 114	551 551	3 125	51 519
ZAO PO Kosmos	167 827	412 990	5 072	1 555
ZAO Energia – Telecom	1	14 468	48 346	64 747
LLC OIME	1 003	4 444	65	
OA O URSC	30 000	30 000	3 600	2 708 090
"Energia Logistics, LTD"		875 342		
SC Roscosmos	621 021	151 746	64 747 581	54 952 924
AO Academician V.P.Glushko NPO Energomash	27 846	6 264	12 431	16 916

A list of other related entities which had no operations in the accounting period.

#	Related entity	Nature of Relationships	
1.	Igor Evgenievich Maltsev	1. Member of collective executive body. 2. Belongs to a group of persons of the Corporation.	Closed company Experimental Machinebuilding Plant of S.P. Korolev Rocket and Space Corporation Energia
2.	Nina Alexandrovna Bondarenko	Belongs to a group of persons of the Corporation.	ZAO S.P.Korolev Rocket & Space Corporation Volzhskoe design bureau
3.	Andrey Valerievich Kamnev	Belongs to a group of persons of the Corporation.	Joint Stock Company Investment Company Razvitie
4.	Limited Liability Company Energia-Overseas	Belongs to a group of persons of the Corporation.	Joint Stock Company Investment Company Razvitie
5.	Oleg Alexandrovich Gerasimenko	Belongs to a group of persons of the Corporation.	Energia-Overseas Ltd.
6.	Limited Liability Company Energia-Logistics	Belongs to a group of persons of the Corporation.	Energia-Overseas Ltd.
7.	Dmitry Alexandrovich Kakhno	Belongs to a group of persons of the Corporation.	Energia Logistics Ltd.
8.	Енер§1а Ёо§15П1С5 Ёк!	Belongs to a group of persons of the Corporation.	Energia Logistics Ltd.
9.	Brett Allen Carman	Belongs to a group of persons of the Corporation.	Energia Logistics Ltd

#	Related entity	Nature of Relationships	
10.	Sea Launch S.a.r.l	Belongs to a group of persons of the Corporation.	Energia-Overseas Ltd.
11.	Sea Launch SA	Belongs to a group of persons of the Corporation.	Sea Launch S.a.r.l
12.	Sergey Vladimirovich Gugkaev	Belongs to a group of persons of the Corporation.	Sea Launch SA
13.	Platform Company, LDC	Belongs to a group of persons of the Corporation.	Sea Launch SA
14.	Sea Launch ACS Ltd	Belongs to a group of persons of the Corporation.	Sea Launch SA
15.	Sergey Yurievich Surkov	Belongs to a group of persons of the Corporation.	Limited Liability Company RSC Energia-Project
16.	Alexey Viktorovich Abramov	Belongs to a group of persons of the Corporation.	AO Teplo RSC Energia
17.	Sergey Vladimirovich Evstratov	Belongs to a group of persons of the Corporation.	Limited liability company Orthopedic industry Moscow Energia
18.	ZAO BELROSSAT	1. Corporation has the right to dispose more than 20% of the total number of votes attaching to shares forming the authorized capital of this ZAO. 2. Belongs to a group of bodies of the Corporation.	RSC Energia
19.	Anatoly Vasilievich Vursol	Belongs to a group of persons of the Corporation.	ZAO BELROSSTAT
20.	Vladimir Vladislavovich Terekhov	Belongs to a group of persons of the Corporation.	Limited liability company Energia Satellite Technologies
21.	Andrey Alexandrovich Grigorenko	Belongs to a group of persons of the Corporation.	Joint Stock Company Energia-Telecom
22.	Joint Stock Company Scientific-Production Corporation REKOD	1. Corporation has the right to dispose more than 20% of the total number of votes attaching to shares forming the authorized capital of this ZAO. 2. Belongs to a group of bodies of the Corporation.	RSC Energia
23.	Alexey Sergeevich Novoselov	Belongs to a group of persons of the Corporation.	Joint Stock Company Scientific-Production Corporation REKOD
24.	Joint Stock Company Special Design Bureau of Fire Prevention Equipment	Belongs to a group of persons of the Corporation.	State Space Corporation ROSCOSMOS
25.	Pavel Vadimovich Kolchin	Belongs to a group of persons of the Corporation.	Joint Stock Company Special Design Bureau of Fire Prevention Equipment
26.	Alexandr Ivanovich Vasilenko	Belongs to a group of persons of the Corporation.	Joint Stock Company Central Design Bureau of Transportation Equipment
27.	Joint Stock Company RK Assets	Belongs to a group of persons of the Corporation.	State Space Corporation ROSCOSMOS
28.	Maxim Valerievich Petrov	Belongs to a group of persons of the Corporation.	Joint Stock Company RK Assets
29.	Limited Liability Company RK-Insurance	Belongs to a group of persons of the Corporation.	State Space Corporation ROSCOSMOS

#	Related entity	Nature of Relationships	
30.	Valentina Alexandrovna Rakitina	Belongs to a group of persons of the Corporation.	Limited Liability Company RK-Insurance
31.	Joint Stock Company Turbonasos	Belongs to a group of persons of the Corporation.	State Space Corporation ROSCOSMOS
32.	Sergey Georgievich Valyukhov	Belongs to a group of persons of the Corporation.	Joint Stock Company Turbonasos
33.	Joint Stock Company Research Institute for Microdevices-K	Belongs to a group of persons of the Corporation.	State Space Corporation ROSCOSMOS
34.	Sergey Nikolaevich Karutin	Belongs to a group of persons of the Corporation.	Joint Stock Company Research Institute for Microdevices-K
35.	Denis Vladimirovich Lyskov	Belongs to a group of persons of the Corporation.	Joint Stock Company Glavcosmos
36.	Joint Stock Company Glavcosmos Launch Services	Belongs to a group of persons of the Corporation.	State Space Corporation ROSCOSMOS
37.	Alexandr Vladimirovich Serkin	Belongs to a group of persons of the Corporation.	Joint Stock Company Glavcosmos Launch Services
38.	Joint Stock Company Corporation Strategic Control Points	Belongs to a group of persons of the Corporation.	State Space Corporation ROSCOSMOS
39.	Vladimir Ivanovich Polyansky	Belongs to a group of persons of the Corporation.	Joint Stock Company Corporation Strategic Control Points
40.	Joint Stock Company Central Design Bureau "Geophysics"	Belongs to a group of persons of the Corporation.	State Space Corporation ROSCOSMOS
41.	Alexandr Stepanovich Degterev	Belongs to a group of persons of the Corporation.	Joint Stock Company Central Design Bureau "Geophysics"
42.	Sergey Antonovich Lemeshevsky	Belongs to a group of persons of the Corporation.	Joint Stock Company Scientific and Production Association after S.A. Lavochkin
43.	Alexandr Grigorievich Milkovskiy	Belongs to a group of persons of the Corporation.	Joint Stock Company M.V. Frunze Design Bureau Arsenal
44.	Joint Stock Company Salavat Chemicals Plant	Belongs to a group of persons of the Corporation.	State Space Corporation ROSCOSMOS
45.	Anatoly Alexandrovich Usmanov	Belongs to a group of persons of the Corporation.	Joint Stock Company Salavat Chemicals Plant
46.	Alexandr Nikolaevich Kirilin	Belongs to a group of persons of the Corporation.	Joint Stock Company Rocket-Space Center Progress
47.	Joint Stock Company Samara Scientific Center for Space Technologies	Belongs to a group of persons of the Corporation.	State Space Corporation ROSCOSMOS
48.	Logistics Dmitrievich Shtanko	Belongs to a group of persons of the Corporation.	Joint Stock Company Samara Scientific Center for Space Technologies
49.	Closed joint stock company Makopse health resort	Belongs to a group of persons of the Corporation.	State Space Corporation ROSCOSMOS
50.	Ashot Siropovich Takhmaziyan	Belongs to a group of persons of the Corporation.	ZAO Makopse health resort
51.	Alexander Rachikovich Mkrtychan	Belongs to a group of persons of the Corporation.	AO Research Institute for Control Devices
52.	Joint stock company Academician A.Semikhatov Research and Production Association of Automatics	Belongs to a group of persons of the Corporation.	State Space Corporation ROSCOSMOS
53.	Andrey Vasilievich Misyura	Belongs to a group of persons of the Corporation.	AO Academician A.Semikhatov Research and Production Association of Automatics

#	Related entity	Nature of Relationships	
54.	Joint-Stock Company Corporation Moscow Heat Engineering Institute	Belongs to a group of persons of the Corporation.	State Space Corporation ROSCOSMOS
55.	Sergey Petrovich Nikulin	Belongs to a group of persons of the Corporation.	Joint-Stock Company Corporation Moscow Heat Engineering Institute
56.	“Joint-Stock Company Botkinsky zavod”	Belongs to a group of persons of the Corporation.	State Space Corporation ROSCOSMOS
57.	Viktor Grigorievich Tolmachev	Belongs to a group of persons of the Corporation.	“Joint-Stock Company Botkinsky zavod”
58.	Joint-Stock Company Scientific-Production Complex “Alternative Power Engineering”	Belongs to a group of persons of the Corporation.	State Space Corporation ROSCOSMOS
59.	Boris Ivanovich Tumanov	Belongs to a group of persons of the Corporation.	Joint-Stock Company Scientific-Production Complex “Alternative Power Engineering”
60.	Joint-Stock Company Federal Scientific-Production Center “Altai”	Belongs to a group of persons of the Corporation.	State Space Corporation ROSCOSMOS
61.	Nikolay Egorovich Danilov	Belongs to a group of persons of the Corporation.	Joint-Stock Company Federal Scientific-Production Center “Altai”
62.	Joint-Stock Company Federal Scientific-Production Center “Titan-Barrikady”	Belongs to a group of persons of the Corporation.	State Space Corporation ROSCOSMOS
63.	Viktor Alexandrovich Shurygin	Belongs to a group of persons of the Corporation.	Joint-Stock Company Federal Scientific-Production Center “Titan-Barrikady”
64.	Vitaly Reingoldovich Berg	Belongs to a group of persons of the Corporation.	Joint-Stock Company Prime Special Design Bureau “Projektor”
65.	Joint-Stock Company Moscow Engineering Plant “Vympel”	Belongs to a group of persons of the Corporation.	State Space Corporation ROSCOSMOS
66.	Alexandr Sergeevich Nikitin	Belongs to a group of persons of the Corporation.	Joint-Stock Company Moscow Engineering Plant “Vympel”
67.	Limited Liability Company Research-Innovative Center MAI-LASTAR	Belongs to a group of persons of the Corporation.	State Space Corporation ROSCOSMOS
68.	Vladimir Yurievich Anisimov	Belongs to a group of persons of the Corporation.	Limited Liability Company Research-Innovative Center MAI-LASTAR
69.	Limited Liability Company “Rakurs-Avtomatika”	Belongs to a group of persons of the Corporation.	State Space Corporation ROSCOSMOS
70.	Pavel Nikolaevich Kamnev	Belongs to a group of persons of the Corporation.	Limited Liability Company “Rakurs-Avtomatika”
71.	Limited Liability Company “Urals Gas Engines”	Belongs to a group of persons of the Corporation.	State Space Corporation ROSCOSMOS
72.	Vyacheslav Ivanovich Glazyrin	Belongs to a group of persons of the Corporation.	Limited Liability Company “Urals Gas Engines”
73-	Limited Liability Company International Space Company KOSMOTRAS	Belongs to a group of persons of the Corporation.	State Space Corporation ROSCOSMOS

#	Related entity	Nature of Relationships	
74.	Logistics Valerievich Solodovnikov	Belongs to a group of persons of the Corporation.	Limited Liability Company International Space Company KOSMOTRAS
75.	Nikolay Alexeevich Testodov	Belongs to a group of persons of the Corporation.	AO Information Satellite Systems after Academician M.F. Reshetnev
76.	Open joint stock company NPO PM – Rasvitiye	Belongs to a group of entities of the Corporation.	AO Information Satellite Systems after Academician M.F. Reshetnev
77.	Dmitry Valerievich Travkin	Belongs to a group of persons of the Corporation.	Joint-stock company NPO PM – Rasvitiye
78.	Open joint stock company NPO PM Small Design Bureau	Belongs to a group of entities of the Corporation.	AO Information Satellite Systems after Academician M.F. Reshetnev
79.	Alexander Grigorievich Artyushenko	Belongs to a group of persons of the Corporation.	OAO NPO PM Small Design Bureau
80.	Open joint stock company Test Technical Center NPO PM	Belongs to a group of persons of the Corporation.	AO Information Satellite Systems after Academician M.F. Reshetnev
81.	Orlov Viktor Ivanovich	Belongs to a group of persons of the Corporation.	OAO Test Technical Center NPO PM
82.	Open joint stock company Siberia Design Institute for Machine Builders	Belongs to a group of entities of the Corporation.	AO Information Satellite Systems after Academician M.F. Reshetnev
83.	Alexander Gennadievich Makarov	Belongs to a group of persons of the Corporation.	AO Siberia Design Institute for Machine Builders
84.	Anatoly Nikolaevich Egupov	Belongs to a group of persons of the Corporation.	AO Scientific Production Enterprise Geophysics – Space
85.	Joint-stock company Scientific Production Center Polyus	Belongs to a group of entities of the Corporation.	AO Information Satellite Systems after Academician M.F. Reshetnev
86.	Sergey Alexandrovich Rusanovskiy	Belongs to a group of persons of the Corporation.	AO Scientific Production Center Polyus
87.	Andrey Viktorovich Yakovlev	Belongs to a group of persons of the Corporation.	Joint-stock Company Scientific-Production enterprise Kvant
88.	Joint stock company Siberia devices and systems	Belongs to a group of entities of the Corporation.	AO Information Satellite Systems after Academician M.F. Reshetnev
89.	Gennady Karpovich Ereemeev	Belongs to a group of persons of the Corporation.	AO Siberia devices and systems
90.	Closed joint stock company Scientific Production Enterprise Medikon	Belongs to a group of entities of the Corporation.	AO Information Satellite Systems after Academician M.F. Reshetnev
91.	Sergey Bogdanovich Bodunov	Belongs to a group of persons of the Corporation.	ZAO Scientific Production Enterprise Medikon
92.	Limited liability company Exploratory Research Center AO ISS	Belongs to a group of entities of the Corporation.	AO Information Satellite Systems after Academician M.F. Reshetnev
93.	Logistics Alexandrovich Gets	Belongs to a group of persons of the Corporation.	OOO Exploratory Research Center AO ISS

#	Related entity	Nature of Relationships	
94.	Limited liability company UNIVERSUM SPACE TECHNOLOGIES	Belongs to a group of entities of the Corporation.	AO Information Satellite Systems after Academician M.F. Reshetnev
95.	Dmitry Vladimirovich Stepanov	Belongs to a group of persons of the Corporation.	Limited liability company UNIVERSUM SPACE TECHNOLOGIES
96.	Dmitry Vladimirovich Bakanov	Belongs to a group of persons of the Corporation.	AO Satellite System Gonets
97.	Joint stock company TRIINVEST	Belongs to a group of entities of the Corporation.	AO Information Satellite Systems after Academician M.F. Reshetnev
98.	Vladimir Andreevich Zavaruev	Belongs to a group of persons of the Corporation.	AO TRIINVEST
99.	Leonid Alexeevich Makridenko	Belongs to a group of persons of the Corporation.	AO Scientific and Production Corporation A.G.Iosifyan Space Monitoring, Information-Control Systems, and Electromechanical Complexes
100.	Joint stock company Production – Design Enterprise IRIS	Belongs to a group of entities of the Corporation.	AO Scientific and Production Corporation A.G.Iosifyan Space Monitoring, Information-Control Systems, and Electromechanical Complexes
101.	Dmitry Leonidovich Ivakhnenko	Belongs to a group of entities of the Corporation	Joint-Stock Company Production-Design Plant “IRIS”
102.	Joint stock company Research Institute of Electromechanics	Belongs to a group of entities of the Corporation.	AO Scientific and Production Corporation A.G.Iosifyan Space Monitoring, Information-Control Systems, and Electromechanical Complexes
103.	Alexey Anatolievich Tarabanov	Belongs to a group of persons of the Corporation.	AO Research Institute of Electromechanics
104.	Closed joint stock company Novator	Belongs to a group of entities of the Corporation.	AO Scientific and Production Corporation A.G.Iosifyan Space Monitoring, Information-Control Systems, and Electromechanical Complexes
105.	Joint stock company Moscow plant of electromechanical equipment	Belongs to a group of entities of the Corporation.	AO Scientific and Production Corporation A.G.Iosifyan Space Monitoring, Information-Control Systems, and Electromechanical Complexes
106.	Vladimir Andreevich Butrov	Belongs to a group of persons of the Corporation.	AO Moscow plant of electromechanical equipment
107.	Closed joint stock company International Space technologies	Belongs to a group of entities of the Corporation.	AO Scientific and Production Corporation A.G.Iosifyan Space Monitoring, Information-Control Systems, and Electromechanical Complexes
108.	Andrey Vladikovich Danelyan	Belongs to a group of persons of the Corporation.	ZAO International Space technologies

#	Related entity	Nature of Relationships	
109.	Closed joint stock company Scientific and Production Association Novator	Belongs to a group of entities of the Corporation.	AO Scientific and Production Corporation A.G.Iosifyan Space Monitoring, Information-Control Systems, and Electromechanical Complexes
110.	Viktor Ivanovich Afonin	Belongs to a group of persons of the Corporation.	ZAO Scientific and Production Association Novator
111.	Joint-Stock Company State Rocket Center after academician V.P. Makeev	Belongs to a group of persons of the Corporation.	Joint-Stock Company United Rocket-Space Corporation
112.	Vladimir Grigorievich Degtyar	Belongs to a group of persons of the Corporation.	AO Academician V.P.Makeev State Rocket Center
113.	Vladimir Afanasievich Kolmykov	Belongs to a group of persons of the Corporation.	AO Krasnoyarsk machine-building plant
114.	Joint-Stock Company Miass Engineering Plant	Belongs to a group of persons of the Corporation.	Joint-Stock Company State Rocket Center after academician V.P. Makeev
115.	Andrey Igorevich Yurchikov	Belongs to a group of persons of the Corporation.	AO Miass engineering plant
116.	Joint stock company Zlatoust machine-building plant	Belongs to a group of entities of the Corporation.	AO Academician V.P.Makeev State Rocket Center
117.	Anton Viktorovich Lobanov	Belongs to a group of persons of the Corporation.	AO Zlatoust machine-building plant
118.	Joint stock company Research Institute Hermes	Belongs to a group of entities of the Corporation.	AO Academician V.P.Makeev State Rocket Center
119.	Logistics Mikhailovich Kozhevnikov	Belongs to a group of persons of the Corporation.	Joint-Stock Company Research Institute "Germes"
120.	Igor Alexandrovich Arbuzov	Belongs to a group of persons of the Corporation.	AO Academician V.P.Glushko NPO Energomach
121.	Limited liability company Energomach – Electric Communication	Belongs to a group of entities of the Corporation.	AO Academician V.P.Glushko NPO Energomach
122.	Boris Dmitrievich Konstantinov	Belongs to a group of persons of the Corporation.	OOO Energomach – Electric Communication
123.	Limited liability company Energomach – Finance	Belongs to a group of entities of the Corporation.	AO Academician V.P.Glushko NPO Energomach
124.	Limited liability company Sotsbytservice	Belongs to a group of entities of the Corporation.	AO Academician V.P.Glushko NPO Energomach
125.	Yulia Sergeevna Denisyuk	Belongs to a group of persons of the Corporation.	Limited Liability Company "Sotsbytservis"
126.	Limited liability company Agropolis	Belongs to a group of entities of the Corporation.	AO Academician V.P.Glushko NPO Energomach
127.	Alexey Yakovlevich Pilipenko	Belongs to a group of persons of the Corporation.	OOO Agropolis
128.	Limited liability company Voktoriia	Belongs to a group of entities of the Corporation.	AO Academician V.P.Glushko NPO Energomach

#	Related entity	Nature of Relationships	
129.	Limited liability company Konvem	Belongs to a group of persons of the Corporation.	AO Academician V.P.Glushko NPO Energomach
130.	Limited liability company Med - EM	Belongs to a group of entities of the Corporation.	AO Academician V.P.Glushko NPO Energomach
131.	Valeriya Anatolievna Bairachenko	Belongs to a group of persons of the Corporation.	OOO Med - EM
132.	Corporation International Space Engines, Inc.	Belongs to a group of entities of the Corporation.	AO Academician V.P.Glushko NPO Energomach
133.	Dmitry Vladimirovich Chvanov	Belongs to a group of persons of the Corporation.	Corporation International Space Engines, Inc.
134.	Limited liability company Innovation Activity Center OAO NPO Energomach	Belongs to a group of entities of the Corporation.	AO Academician V.P.Glushko NPO Energomach
135.	Viktor Vasilievich Bibko	Belongs to a group of persons of the Corporation.	OOO Innovation Activity Center OAO NPO Energomach
136.	Alexey Grigorievich Varochko	Belongs to a group of persons of the Corporation.	Joint-Stock Company M.V. Khrunichev State Space Scientific-Production Center
137.	Andrey Evgenievich Tyulin	Belongs to a group of persons of the Corporation.	AO Russian Corporation of Rocket and Space Instrument Engineering and Information Systems
138.	Andrey Valerievich Nikolaev	Belongs to a group of persons of the Corporation.	Joint-Stock Company Research Institute for Physical Measurements
139.	Alexander Semenovich Chebotarev	Belongs to a group of persons of the Corporation.	AO Specialist design department of Moscow Power Engineering Institute
140.	Joint stock company Research and Production Organization Orion	Belongs to a group of entities of the Corporation.	AO Russian Corporation of Rocket and Space Instrument Engineering and Information Systems
141.	Oksana Anatolievna Lapteva	Belongs to a group of persons of the Corporation.	Joint-Stock Company Research and Production Organization Orion
142.	Vladimir Yurievich Artemiev	Belongs to a group of persons of the Corporation.	AO Research and Production Association of Measurement Equipment
143.	Limited liability company Sinertek	Belongs to a group of entities of the Corporation.	AO Russian Corporation of Rocket and Space Instrument Engineering and Information Systems
144.	Logistics Alexandrovich Nesterov	Belongs to a group of persons of the Corporation.	Limited Liability Company Sinertek
145.	Anatoly Vasilievich Shishanov	Belongs to a group of persons of the Corporation.	AO Research Institute of Precision Instruments
146.	Limited liability company OKB – Telecom	Belongs to a group of entities of the Corporation.	AO Russian Corporation of Rocket and Space Instrument Engineering and Information Systems
147.	Andrey Mikhailovich Averyanov	Belongs to a group of persons of the Corporation.	Limited Liability Company OKB-Telecom
148.	Limited Liability Company National Network of High-Accuracy Satellite Positioning	Belongs to a group of persons of the Corporation.	Joint-Stock Company Russian Corporation of Rocket and Space Instrument Engineering and Information Systems

#	Related entity	Nature of Relationships	
149.	Sergey Valerievich Schennikov	Belongs to a group of persons of the Corporation.	Limited Liability Company National Network of High-Accuracy Satellite Positioning
150.	PC Research and Production Association Iskra	Belongs to a group of persons of the Corporation.	Joint-Stock Company United Rocket-Space Corporation
151.	Vladimir Borisovich Shatrov	Belongs to a group of persons of the Corporation.	PC Research and Production Association Iskra
152.	Closed joint stock company Iskra-R	Belongs to a group of entities of the Corporation.	PC Research and Production Association Iskra
153.	Mark Efimovich Volchok	Belongs to a group of persons of the Corporation.	ZAO Iskra-R
154.	Limited Liability Company ASKOM INVEST	Belongs to a group of persons of the Corporation.	PC Research and Production Association Iskra
155.	Pavel Alexandrovich Solntsev	Belongs to a group of persons of the Corporation.	Limited Liability Company ASKOM INVEST
156.	Joint-Stock Company Corporation Kompomash	Belongs to a group of persons of the Corporation.	Joint-Stock Company United Rocket-Space Corporation
157.	AO Research and Production Corporation Precision Instrument-Making System	Belongs to a group of persons of the Corporation.	Joint-Stock Company United Rocket-Space Corporation
158.	Yury Arsentievich Roi	Belongs to a group of persons of the Corporation.	AO Research and Production Corporation Precision Instrument Making Systems
159.	Joint stock company Research Engineering Center of Electrotechnical University	Belongs to a group of entities of the Corporation.	AO Research and Production Corporation Precision Instrument-Making Systems
160.	Yury Vladimirovich Ekalo	Belongs to a group of persons of the Corporation.	AO Research Engineering Center of Electrotechnical University
161.	Joint stock company The 106 th Experimental Optical Mechanical Plant	Belongs to a group of entities of the Corporation.	AO Research and Production Corporation Precision Instrument Making Systems
162.	Alexey Evgenievich Sidorov	Belongs to a group of persons of the Corporation.	Joint-Stock Company The 106 th Experimental Optical Mechanical Plant
163.	Open Joint-Stock Company Bazalt	Belongs to a group of persons of the Corporation.	AO Research and Production Corporation Precision Instrument-Making System
164.	Vyacheslav Vladimirovich Tasenko	Belongs to a group of persons of the Corporation.	Open Joint-Stock Company Bazalt
165.	Limited liability company Crioservice	Belongs to a group of entities of the Corporation.	AO Design Department for Chemical Automatics.
166.	Yulia Valeriyevna Ilyina	Belongs to a group of persons of the Corporation.	Limited Liability Company Crioservice
167.	Public Company Proton-Perm Motors	Belongs to a group of persons of the Corporation.	Joint-Stock Company United Rocket-Space Corporation

#	Related entity	Nature of Relationships	
168.	Limited liability company Proton – Finance	Belongs to a group of entities of the Corporation.	PC Proton – Perm Motors
169.	Mikhail Grigorievich Tselishev	Belongs to a group of persons of the Corporation.	OOO Proton – Finance
170.	Limited liability company Cosmos - P	Belongs to a group of entities of the Corporation.	PC Proton – Perm Motors
171.	Viktor Konstantinovich Parmenov	Belongs to a group of persons of the Corporation.	OOO Cosmos - P
172.	Limited liability company Laboratory of Effective Power Engineering Solutions	Belongs to a group of entities of the Corporation.	PC Proton – Perm Motors
173.	Alexey Mikhailovich Kleschevnikov	Belongs to a group of persons of the Corporation.	OOO Laboratory of Effective Power Engineering Solutions
174.	Limited liability company MV-Master	Belongs to a group of entities of the Corporation.	PC Proton – Perm Motors
175.	Alexandr Ivanovich Shmakov	Belongs to a group of entities of the Corporation.	Limited Liability Company MV-Master
176.	Limited liability company Kosmos-stroy	Belongs to a group of entities of the Corporation.	PC Proton – Perm Motors
177.	Sergey Vladimirovich Vronsky	Belongs to a group of persons of the Corporation.	OOO Kosmos – Stroy
178.	Andrey Yurievich Afonin	Belongs to a group of persons of the Corporation.	AO Institute of Staff Training for Machine-Building and Instrument Making
179.	Joint stock company ECHO	Belongs to a group of entities of the Corporation.	
180.	Yury Dmitrievich Mironenko	Belongs to a group of persons of the Corporation.	AO ECHO

A list of other related entities for which reserves for doubtful debts were accumulated during accounting years of 2017 and 2016:

Flow of reserves for doubtful debts in organizations, related entities in 2017

RUB thsd.

Name	As of January 01, 2017	Recovery of reserve	Accumulation of reserve	as of December 31, 2017
Sea Launch AG	3 075 590	0	0	3 075 590
AO Krasmach	219 536	0	0	219 536
AO Teplo RSC Energia	10 692	0	0	10 692
ZAO RTTs Energia-Ritm	1 955	1 955	0	0
LLC OIME	2 005	1 021	0	984
Energia - Logistics, LLC	1 697 307	4 276	71 802	1 764 833
OOO Energia-Overseas	4 358 100	764	318 555	4 675 891
Total:	9 365 185	8 016	390 357	9 747 526

Flow of reserves for doubtful debts in organizations, related entities in 2016

RUB thsd.

Name	As of January 01, 2016	Recovery of reserve	Accumulation of reserve	as of December 31, 2016
Sea Launch AG	0	0	3 075 590	3 075 590
AO Krasmach	0	0	219 536	219 536
ZAO VKB RSC Energia	42 601	42 601	0	0
AO Teplo RSC Energia	12 490	1 798	0	10 692
ZAO PO Cosmos	5 477	5 477	0	0
ZAO RTTs Energia-RiTM	0	0	1 955	1 955
LLC OIME	2 456	451	0	2 005
Energia - Logistics, LLC	1 832 442	493 471	358 336	1 697 307
OOO Energia-Overseas	1 068 001	16 661	3 306 761	4 358 100
Total:	2 963 467	560 460	6 962 178	9 365 185

Prices for products, goods, works, and services provided to the Corporation by its subsidiaries and supplied by the Corporation to its subsidiaries are set based on the contracts concluded in accordance with market prices. The Corporation settles accounts with its subsidiaries in cash.

The amount of interest accrued on loans granted by the Corporation to AO PO Cosmos belonging to the group of the Corporation entities came to RUB 7 103 thsd. and RUB 22 979 thsd. in 2017 and 2016, respectively.

The amount of interest accrued on loans granted by the Corporation to its largest other related entities (Energia Overseas, LLC and Energia - Logistics, LLC) equaled to RUB 742 589 thsd. and RUB 687 244 thsd. in 2017 and 2016, respectively.

Balance of the interest accrued on loans granted by the Corporation to its related entities was RUB 2 653 014 thsd. as of 31.12.2017 and RUB 1 910 444 thsd. as of 31.12.2016.

Book value of interest accrued on loan granted by the Corporation to OOO Energia-Logistics as of 31.12.2017 and 31.12.2016 with due regard for doubtful debts was RUB 707 443 thsd. and 380 267 thsd., respectively.

On 31.12.2017 provision for doubtful debts was built up covering the whole sum of interest accrued on loan granted by the Corporation to OOO Energia-Overseas.

In 2017 the Corporation granted loan at 13,01% per annum to OOO Energia-Logistics belonging to the group of the Corporation entities; from 29.12.2017 this interest-bearing loan was granted at 9,25% per annum.

Balance of the loans granted (OOO Energia-Overseas, OOO Energia-Logistics) amounted to RUB 6 994 951 thsd. and RUB 6 855 686 thsd. as of 31.12.2017 and 31.12.2016, respectively. Book value as of 31.12.2017 and 31.12.2016 on loans granted by the Corporation to OOO Energia-Logistics, with due regard for doubtful debts makes up RUB 2 530 617 thsd. and RUB 2 361 257 thsd., respectively. Provision for doubtful debts covering the whole amount of the loan granted by the Corporation to OOO Energia-Overseas was built as of 31.12.2017 and 31.12.2016.

Balance of the loans granted to AO PO Kosmos amounted to RUB 231 271 thsd. and RUB 237 201 thsd. as of 31.12.2017 and 31.12.2016, respectively.

In order to reimburse expenses of RSC Energia associated with implementing the decisions on risks insurance during launches of ILVs based upon the Agreement No 730-11-02 on granting subsidies by SC ROSCOSMOS, the amount of RUB 417 931 thsd. was received and directed to meet the objectives foreseen in this Agreement in 2017.

The remuneration paid to the administrative and management staff of the Corporation over 2017 and 2016 amounted to as follows:

RUB thsd.		
Indicator	2017	2016
Short-term remuneration (labor compensation, taxes accrued thereon and other mandatory payments)	677 259,4	676 624,2

The administrative and management staff of the Corporation includes as follows: Director General, Deputy Director General, Deputy General Designers, heads of research and development centers, departments, branches, directorates, project offices, centers, administrations and services, program directors and other persons (exercising powers of an executive body under a power of attorney), administration and management personnel.

Terms of Labor Contract (including size of remuneration) for Director General are approved at the Corporation Board of Directors.

The remuneration of members of the Corporation's Board of Directors is approved by the General Meeting of shareholders. The remuneration paid to members of the Corporation's Board of Directors was RUB 4 225,2 thsd. and RUB 6 075 thsd. in 2017 and 2016, respectively.

During 2017 and 2016 accounting years, the Corporation Management Board members were not remunerated for their serving on the Board.

Information about recognition of foreign companies controlled by RSC Energia

Item No	Name of company (in Russian and Latin transcription)	Country code	Registration number	Tax payer code in country of incorporation	Address in country of incorporation	Interest	Interest itemization	Date of arising of interest	Participating interest	Date of interest termination
1	2	3	4	5	6	7	8	9	10	11
1	Энергия Лоджистикс Лтд Energia Logistics Ltd.	USA US 840	4792060		113 Barksdale Profession Centre Newark, DE 19711 USA	indirect	Corporation's share in the authorized capital of AO IK Razvitiye - 100% Share of AO IK Razvitiye in the authorized capital (AC) of OOO Energia Overseas: 99.5% Share of OOO Energia Overseas in AC of OOO Energia Logistics: 100% Share of Energia Logistics in AC of Energia Logistics Ltd.: 100%	24.02.2011	99.5%	-
2	Закрытое акционерное общество «БЕЛ РОССАТ» ЗАО «БЕЛРОССАТ» Closed joint-stock company BELROSSAT ZAO BELROSSAT	BY		191112015	Republic of Belarus, 220072, Minsk, 15 P.Brovka Street, blg 5, Office 416	direct		19.02.2009	70"»	-
3	ILS International Launch Services, Inc.	US	B 15A496		Registered direct office: USA, Wilmington city, Delaware Name of the agent registered office: "CT Corporation"	direct		15.04.1993	17%	-

Item No	Name of company (in Russian and Latin transcription)	Country code	Registration number	Tax payer code in country of incorporation	Address in country of incorporation	Interest	Interest itemization	Date of arising of interest	Participating interest	Date of interest termination
1	2	3	4	5	6	7	8	9	10	11
4	Sea Launch S.a.r.l	Luxemburg LU 442			58, rue Charles Martel. 1-21 34 Luxemburg, Grand duchy of Luxemburg	direct indirect	1) Corporation's share in AC of Sea Launch S.a.r.l: 15% 2) Corporation's share in AC of AO IK Razvitiye: 100% 3) Share of AO PK Razvitiye in AC of OOO Energia Overseas: 99,5% 4) Share of OOO Energia Overseas in AC of Sea Launch S.a.r.l: 80%	28.10.2010 03.11.2010	15% 95%	—
5	Sea Launch SA	Switzerland CH 756	CH- 036.3.049.27 4-3		Chemin d'Eysins 47, 1260 Nyon, Switzerland	indirect	1) Corporation's share in AC of Sea Launch S.a.r.l 15% 2) Corporation's share in AC of AO IK Razvitiye: 100% 3) Share of AO PK Razvitiye in AC of OOO Energia Overseas: 99,5% 4) Share of OOO Energia Overseas in AC of Sea Launch S.a.r.l: 80% 5) Share of Sea Launch S.a.r.l	07.12.2010	95%	

Item No	Name of company (in Russian and Latin transcription)	Country code	Registration number	Tax payer code in country of incorporation	Address in country of incorporation	Interest	Interest itemization	Date of arising of interest	Participating interest	Date of interest termination
1	2	3	4	5	6	7	8	9	10	11
							in AC of Sea Launch SA: 100%			
6	Platform Company, LDC	Cayman Islands KY 136			PO Box 472, 2 nd Floor Harbour Placc, 103 South church street, Grand Gayman, KY-1106, Cayman Islands	indirect	1) Corporation's share in AC of Sea Launch S.a.r.l: 15% 2) Corporation's share in AC of AO IK Razvitiye: 100% 3) Share of AO PK Razvitiye in AC of OOO Energia Overseas: 99,5% 4) Share of OOO Energia Overseas in AC of Sea Launch S.a.r.l: 80% 5) Share of Sea Launch S.a.r.l in AC of Sea Launch SA: 100% 6) Share of Sea Launch SA in AC of Platform Company LDS: 100%	07.12.2010	95%	
7	Sea Launch ACS Ltd.	Isle of Man IM 833			15-19 Athol Street, Douglas, Isle of Man IMI ILB	indirect	1) Corporation's share in AC of Sea Launch S.a.r.l: 15% 2) Corporation's share in AC of AO IK Razvitiye: 100% 3) Share of AO PK Razvitiye » in AC of OOO Energia Overseas: 99,5%	07.12.2010	95%	

Item No	Name of company (in Russian and Latin transcription)	Country code	Registration number	Tax payer code in country of incorporation	Address in country of incorporation	Interest	Interest itemization	Date of arising of interest	Participating interest	Date of interest termination
1	2	3	4	5	6	7	8	9	10	11
							4) Share of OOO Energia Overseas in AC of Sea Launch S.a.r.l: 80% 5) Share of Sea Launch S.a.r.l in AC of Sea Launch SA: 100% 6) Share of Sea Launch SA in AC of Sea Launch ACS Ltd: 100%			

3.27 Estimated Liabilities

In the Balance Sheet for 2017 as of 31.12.2017 line 1430 does not include “Estimated liabilities for forthcoming expenses on warranty service and engineering support of SS”. Line 1540 “Estimated liabilities” reflects the amount of RUB 5 465 887 thsd., including the estimated liability for unused leaves by the Corporation employees (RUB 756 292 thsd.); the estimated liabilities for warranty service and engineering support of SS (RUB 4 429 365 thsd.); the estimated liabilities for other payments (RUB 280 230 thsd.).

In the Balance Sheet for 2016, as of December 31, 2016 in line 1430 “Estimated liabilities on costs to be incurred on warranty maintenance and performance of technical support of SS amount to RUB 2 196 434 thsd. Line 1540 “Estimated liabilities” reflects the amount of RUB 3 251 175 thsd., including the estimated liability for unused leaves by the Corporation employees (RUB 705 526 thsd.); the estimated liabilities for warranty service and engineering support of SS (RUB 2 545 649 thsd.)

Provision for estimated liabilities

RUB thsd.

Name of indicator	Line code	Balance at the beginning of year	Recognized		Repaid		Written off as sum in access	Balance at the end of year
			Liabilities	Discount	Liabilities	Discount		
Estimated liabilities, in all:	5700	5 447 609	928 441	348 569	(1 068 449)	(187 853)	(2 430)	5 465 887
including:								
<i>estimated liabilities for claims</i>	5701		-		(-)	(-)	(-)	-
<i>estimated liabilities for burdensome contracts</i>	5702	-	-		(-)	(-)		-
<i>estimated liabilities for reorganization</i>	5703	-	-			(-)	(-)	-
<i>estimated liabilities for quality assurance of the goods sold</i>	5704	-	-			(-)	(-)	-
<i>estimated liabilities for leaves</i>	5705	705 526	648 211		(597 445)	(-)	(-)	756 292
<i>estimated liabilities for SS warranty service and engineering support</i>	5706	4 742 083		348 569	(471 004)	(187 853)	(2 430)	4 429 365
<i>estimated liabilities for investment project</i>	5707				(-)	(-)	(-)	-
<i>estimated liabilities for other payments</i>	5708		280 230		(-)	(-)	(-)	280 230

3.28 Contingent Assets and Liabilities

3.28.1 The Corporation is one of the parties in the following court legal proceedings:

1. Trial concerning the matter of insolvency (bankruptcy) of the organization.
Plaintiff (Applicant) is RSC Energia (4A Lenin Street, Moscow Region, Korolev city, 141070).
Defendant (Debtor) is SUE NPTs SPURT (4 Zapadny 1st proyezd, Zelenograd, Moscow, 124460).
Matter in contest is the creditor's claim for recovery of 55 360 000,00 rubles within the framework of the matter of insolvency (bankruptcy) of the organization.
Arbitration court of the first instance issued judicial determination on 27.03.2014 that the claim was to be entered into the schedule of creditors.
As for SUE NPTs SPURT, proceedings in bankruptcy are opened.
By Moscow Arbitration court determination the bankruptcy proceedings were prolonged till 14.06.2018.
2. Court proceedings on award of penalty under a state contract.
Plaintiff is State Corporation Roscosmos (42 Schepkin street, Moscow, GSP-6, 107996).
Defendant is RSC Energia (4A Lenin Street, Moscow Region, Korolev city, 141070).
Matter in contest is a claim for recovery of forfeit penalty under the state contract amounted to RUB 2 943 612 740.
Ruling of the court of 03.12.2015 refused to meet the claims in full volume.
Decision of the tenth arbitration court of appeal passed on 01.06.2016 reversed judgement of the court of first instance and met the claims in full volume. By its ruling of 09.09.2016 the arbitration court of Moscow district recommitted the case for further consideration in the court of first instance.
By court decision of 04.05.2017, the trial by court was suspended till its examination in the court of criminal instance.
3. Court proceedings on award of penalty under a state contract.
Plaintiff is State Corporation Roscosmos (42 Schepkin street, Moscow, GSP-6, 107996).
Defendant is RSC Energia (4A Lenin Street, Moscow Region, Korolev city, 141070).
Matter in contest is a claim for recovery of forfeit penalty under the state contract amounted to RUB 228 666 666,67.
Award of Moscow Region Arbitration court of 19.04.2017 refused to meet the claims. By its ruling of 12.07.2017 the tenth arbitration court of appeal the decision of the court of first instance remains in force.
By its ruling of 21.11.2017, the Federal arbitration court of Moscow district remained the judicial acts without any changes.
4. Court proceedings on recovery of damages under the contract.
Plaintiff is RSC Energia (4A Lenin Street, Moscow Region, Korolev city, 141070).
Defendant is FSUE TsENKI (42, Schepkin street, bld.1, 2, Moscow, 107996)
Subject matter of action involves the claims for recovery under the principal contract to the amount of RUB 15 065 350,00 and penalty of RUB 629 731,63.
Award of Moscow Arbitration court of 08.12.2017 met the claims in full volume.
5. Court proceedings on award of penalty under a state contract.
Plaintiff is State Corporation Roscosmos (42 Schepkin street, Moscow, GSP-6, 107996).
Defendant is RSC Energia (4A Lenin Street, Moscow Region, Korolev city, 141070).
Matter in contest is a claim for recovery of forfeit penalty under the state contract amounted to RUB 380 816 746,50. Award of Moscow Arbitration court of 11.10.2017 refused to meet claims in full volume.
Consideration of the appeal was fixed for 29.01.2018.
6. Court proceedings on award of penalty under a state contract.
Plaintiff is State Corporation Roscosmos (42 Schepkin street, Moscow, GSP-6, 107996).
Defendant is RSC Energia (4A Lenin Street, Moscow Region, Korolev city, 141070).
Matter in contest is a claim for recovery of forfeit penalty under the state contract amounted to RUB

84 658 171,10. By its award of 27.06.2017, Arbitration court of Moscow Region refused to meet the claims. The tenth Arbitration court of appeal by its ruling of 29.08.2017 remained the award unchanged and the appeal without being satisfied. The Federal Arbitration court of Moscow district by its award of 25.12.2017 remained judicial acts in force.

7. Court proceedings on award of penalty under the contract.

Plaintiff is State Corporation Roscosmos (42 Schepkin street, Moscow, GSP-6, 107996).

Defendant is RSC Energia (4A Lenin Street, Moscow Region, Korolev city, 141070).

Matter in contest is a claim for recovery of forfeit penalty under the state contract amounted to RUB 58 478 839,87.

By its award of 28.06.2017 Arbitration court of Moscow Region refused to meet the claims. The ruling of the tenth Arbitration court of appeal of 06.10.2017 remained the award unchanged, the appeal unsatisfied. SC ROSCOSMOS filed a cassation.

8. Court proceedings concerning recovery of money.

Plaintiff is FSUE TsNIImash (4 Pionerskaya Street, Moscow Region, Korolev city, 141070).

Defendant is RSC Energia (4A Lenin Street, Moscow Region, Korolev city, 141070).

Subject matter of action is recovery of debt under the contract to the amount of RUB 10 375 497, 13 and interest on the use of another's funds in the amount of RUB 1 240 231,62.

By its award of 01.11.2017, the Arbitration court of Moscow Region met partially the claims: the principal of RUB 9 906 865,93 and penalty of RUB 32 638,37.

Consideration of the appeal is set on 01.03.2018.

9. Court proceedings concerning recovery of money.

Plaintiff is LLC Promstroiservice (14, Kievskaya street, Moscow, 123592)

Defendant is RSC Energia (4A Lenin Street, Moscow Region, Korolev city, 141070).

Subject matter of action is recovery of debt on payment of works under the contract in the amount of RUB 74 281 321,80.

By decision of Arbitration court of Moscow Region of 19.10.2017 the proceedings were terminated due to plaintiff waiver of the claim.

10. Court proceedings concerning recovery of money.

Plaintiff is RSC Energia (4A Lenin Street, Moscow Region, Korolev city, 141070).

Defendant is OAO Teploset (2A 50 let VLKSM street, Korolev, 141070)

Subject matter of action is recovery of debt from OAO Teploset under the contract to the amount of RUB 215 218 731 933,59; penalty of RUB 6 476 459,36. During the proceedings the claims were clarified: the principal to the amount of RUB 160 761 135,41 and penalty of RUB 22 503 729,14.

By award of Moscow Region Arbitration Court of 29.11.2017, the claims were partially met: the principal in the amount of RUB 160 761 135,41 and penalty of RUB 21 175 643,84. The appeal is to be considered on 26.02.2018.

11. Court proceedings concerning recovery of money.

Plaintiff is RSC Energia (4A Lenin Street, Moscow Region, Korolev city, 141070).

Defendant is OAO Teploset (2A 50 let VLKSM street, Korolev, 141070)

Subject matter of action is recovery of debt from OAO Teploset under the contract to the amount of RUB 1 607 865,38, penalty of RUB 121 962,72.

Award of 21.11.2017 passed by the Arbitration court of Moscow Region satisfied the claims in full.

12. Court proceedings concerning recovery of money.

Plaintiff is AO Russian Space Systems (53 Aviamotornaya Street, Moscow, Russia, 111250).

Defendant is RSC Energia (4A Lenin Street, Moscow Region, Korolev city, 141070).

Subject matter of action is recovery of debt under the contract to the amount of RUB 38 750 000 and penalty of RUB 2 581 718,75.

Award of 11.12.2017 passed by the Arbitration court of Moscow Region satisfied partially the claims:

the principal to the amount of RUB 36 398 480,00 and penalty of RUB 4 524 331,00.

13. Court proceedings concerning recovery of money.

Plaintiff is LLC PROMSTROISERVICE (14, Kievskaya street, Moscow, 123592)

Defendant is RSC Energia (4A Lenin Street, Moscow Region, Korolev city, 141070).

Subject matter of action is recovery of damages for the delayed payment of the contract work at the rate of RUB 6 009 286,51.

The trial by the Arbitration court of Moscow Region is fixed for 20.02.2018.

14. Court proceedings concerning recovery of money.

Plaintiff is RSC Energia (4A Lenin Street, Moscow Region, Korolev city, 141070).

Defendant is OOO SC Everest (room 166.1, prem. B, 21 Zarayskay Street, Moscow, 109428).

Subject matter of action is recovery of damages for failure to perform contract work in due time at the rate of RUB 2 160 797,60.

A hearing was appointed in the Arbitration court of Moscow Region on 31.01.2018.

15. Court proceedings concerning recovery of money.

Plaintiff is RSC Energia (4A Lenin Street, Moscow Region, Korolev city, 141070).

Defendant is PC Saturn (6 Solnechnaya Street, Krasnodar city, 350072).

Subject matter of action is recovery of unjust enrichment in the amount of RUB 3 361 673,00 and interest on application of funds in the amount of RUB 622 992,80.

Award of the Arbitration court of Moscow Region of 06.12.2017 refused to meet the claims in full volume. Petition for appeal was lodged.

3.28.2 Non-state Pension Provision Program

As of December 31, 2017 the Corporation has an estimated liability under the Private Pension Scheme (PPS) for employees that is not recognized in the accounting records and disclosed as an indirect liability due to failure to fulfill the condition provided for in Clause 5 (c) of the Accounting Regulations "Estimated liabilities, indirect liabilities and contingent assets" (PBU 8/2010), namely, the value of estimated liability cannot be reasonably estimated, as the NSPP conditions are liable to change based on certain economic conditions and the financial capabilities of the Corporation.

Condition concerning recognition of the indirect liability according to Clause 5 of the Accounting Regulations "Estimated liabilities, indirect liabilities and contingent assets" (PBU 8/2010) has been fulfilled. The calculated liabilities for private pension scheme of RSC Energia amounts to about RUB 3 700 million as of 31.12.2017.

In 2018 changes will be introduced in the accounting policy relative to the accounting procedure for the private pension scheme and other remuneration after retirement (Note 2.4) which would allow to update the amount.

3.28.3 Risks Related to Business Operations

Investments in the Corporation securities are associated with a certain degree of risk. In this connection, potential investors taking investment decisions should thoroughly study risk factors given below. Furthermore, provisions of this item do not rule out the possibility of own analysis of investment risks on the part of the buyers acquiring the securities. The Corporation will not assure that the above risks factors are full and comprehensive in order to take decisions on acquisition of the Corporation shares.

In the course of its operations, RSC Energia is largely exposed to risks related to the political, economy and financial markets of the Russian Federation.

In case of arising one or more risks of those listed below, RSC Energia will undertake all possible measures to minimize its negative consequences.

In order to reduce some of the risks to the extent possible, the Corporation undertook certain protective measures primarily related to the implementation of the main production program of the Corporation (in particular, insurance against certain risks is common and faithfulness of accounts, compliance with the legislation requirements, preservation of assets also contribute to increased performance and efficiency in the Corporation operation).

However, it should be noted that working out preliminarily adequate measures to counteract unforeseen events is difficult due to the uncertainty about how the situation unfolds.

The risk management function in the Corporation is distributed, i.e. risks identification and analysis, making and implementing necessary decisions to counteract/minimize risk consequences are provided by top managers responsible for relevant areas:

- economic risks are managed by First Deputy Director General for Economics and Corporate Governance; Project managers;
- technical risks are considered by Designer General, First Deputy Designer General, Deputies Designer General, Chief Designers for core business activities;
- technological risks are undertaken by the Corporation Chief Engineer, the management of the main technological entity, ZAO ZEM RSC Energia;
- legal risks are dealt with by Deputy Director General for organization – legal matters, etc.

When responsible top manager does not have enough authority for decision taking or risk may affect several lines of activity, the Board of Management and RSC Energia Director General are to be involved.

3.28.4. Space Industry Risks

At the present time, demand for space services (both manned and unmanned) on the world market is gradually increasing. After closure of the Space Shuttle Program, Russian Federation dominates on the manned flights market. The demand for RSC Energia – made manned transport space vehicles such as the Soyuz and cargo vehicles Progress from a near-term outlook (throughout ISS operational use as a minimum) is expected to be stable. It is determined by the need to meet international commitments by Russian Federation to deliver crew members and cargo to support the ISS operation (including fuel supply). However, under the Federal Space Program Russia intended for the 2016-2025 period, the number of annually launched cargo transport spacecraft has decreased to three.

Since 2012, the US Space Agency NASA can use cargo transport spacecraft Dragon in order to deliver and return cargo to/from the ISS on its own. Since 2013, NASA cargo can also be delivered to the ISS via cargo transport spacecraft Cygnus. As a result, NASA's orders for cargo transportation by the Progress spacecraft have reduced.

As the US commercial companies are implementing plans to build manned spacecraft, Russia's

monopoly in the manned space flights on the international market will not be held for a long time as forecasted. So, NASA plans to start operation of commercial spacecraft Starliner (the Boeing) и crew Dragon (Space X) in 2019. Demonstration flight tests of commercial spacecraft SpaceX (Crew Dragon) are slated for August 2018 (in unmanned mode), while in December 2018 the tests are to be performed in manned mode. Demonstration flight tests of commercial spacecraft Boeing (CST-100) in unmanned mode are scheduled for August 2018, while the above tests will be performed in manned mode in November 2018.

The Corporation has no competitors in this area on the home market.

Steady demand is expected for the Corporation activities aimed to operate the ISS and use it for specified purposes, including international projects for Earth and space research; building new ISS increments (MLM-U, NM, SPM), as well as conduct advanced developments in manned cosmonautics, including creation of an advanced manned transportation system and deep space exploration. The above plans are part of the Federal Space Program intended for the 2016 – 2025 period.

Prospects for further development of Russian manned cosmonautics regarding transportation spacecraft involve building new generation crew transportation spacecraft, as well as cargo transportation spacecraft with an increased lifting capacity.

For the Corporation, space industry risks are associated with an increase in the product cost and the ratio between dynamics of this increase and those of world analogues.

At the present time, demand for space services using unmanned spacecraft (SC) on the Russian and world markets tends to grow steadily.

Currently, the main priorities on the world market of communication and broadcasting commercial satellites are:

- building SC with upgraded performance (service life, power, transmission capacity, etc.) operating in C and Ku frequency bands for a scheduled replacement of operational SC;
- manufacture of SC operating in Ka frequency band making it possible to dramatically rise transmission capacity of satellites and provide new satellite communication services: wide-band access to Internet network and high-rate trunk communication channels.

The most critical factors determining space industry risks on the world market for unmanned spacecraft manufacture are the following:

- keen competition among major manufacturers of spacecraft on the world market;
- new world players from the countries with high rates of economic growth (such as China, India, Japan) entering the market of unmanned spacecraft manufacture and launch;
- political instability in some developing countries which create potential market for the Corporation products and services;
- trend towards integration of the world space services market into common open free partnership for space services and technologies manufacture and application.

Also it is worth noting that there is robust competition among national manufacturers of spacecraft such as OAO Information Satellite Systems after academician M.F. Reshetnev, AO RSC Progress, AO NPO after S.A. Lavochkin, etc.

In order to prevent possible negative consequences of space industry risks, RSC Energia pursues an active scientific-technical policy of participation in the RF Federal Space Program, conducts continually search for potential Russian and foreign customers of satellites and foreign partners interested in advanced space technologies.

RSC Energia gives great attention to research and development activities on improvement and mastering new technologies. Work is currently underway for building a new modification of

multipurpose space bus.

In order to master and introduce advanced technologies in designing and manufacturing of SC for different applications, RSC Energia extends cooperation with the leading European company such as Airbus Defence & Space, including cooperation within joint venture “Energia-Satellite Technologies (LCC Energia SAT).

Regarding RSC Energia-made DM-type Upper Stages, the Corporation competes with Russian manufacturers of such Upper Stages as FSUE Khrunichev SR&PSC (the Briz-M Upper Stages which are operated with Proton-M launch vehicle and since 2014 – with Angara A5 LV) and AO NPO after S.A. Lavochkin (the Fregat-SB Upper Stages which are designed to operate with Zenit and Soyuz launch vehicles). The Corporation, therefore, is busy all the time with efforts to improve and upgrade technical and operational characteristics of the DM-type Upper Stages which present, by current estimates, one of the best choices worldwide in energy efficiency, ecological compatibility, accuracy in delivery of «heavy» payloads and SC to desired high-energy orbits/flight courses.

RSC Energia is the leading developer of space rocket complex Soyuz-5 intended (among other things) for flight-design development testing of an advanced transport spacecraft Federation. In the 4th quarter of 2017 the Corporation issued preliminary design of this complex.

3.28.5 Country and regional and logistics risks

Core activities of the Corporation are concentrated in Russia.

RSC Energia operation can be impacted by risks associated with instability on world markets as a whole and its adverse effect on national economy, industry, financial system. Risks minimization factor is the political situation remaining stable nationwide.

The corporation does not forecast adversely changing situation in Russian Federation which could affect economic position of the Corporation and its business in the immediate future. However, one must not rule out a possibility of economic destabilization in the country related to mounting crisis on financial markets or a sharp decline in oil and gas prices with toughening of the sanctions on Russia; aggravation of international, military, political and economic situation due in part to the events taking place in the Ukraine, Middle East and For Eastern Region.

The Corporation is registered and conducts its activities in an economically stable and dynamically developing region, as Moscow Region is one of the most prospective areas with fast-growing economy of the federal subjects of the Russian Federation.

Geographic features of the region account for extremely low risks of exposure to disasters (including hurricanes, floods, earthquakes, etc.). The region is located in the central part of the Russian Federation where transportation is well developed. Moscow region is connected via motor, railway and air transport with all Russian regions, as well as all countries, which entirely excludes the risk of possible termination of transportation due to remoteness of the region and/or its being difficult of access.

Moscow Region is regarded as one of the most politically stable areas which do not border directly upon zones of military conflicts, as well as the regions, in which there is a high probability of introducing state of emergency.

However, being aware of current international situation, we cannot rule out the risks associated with attempts to commit terrorist acts by extremist groups, which compel the Corporation to put special emphasis on guarding its premises, as well as IT security.

At the same time, geographical remoteness of the Corporation from sites of vehicles prelaunch processing on Processing Facility and Launch Complex of cosmodromes (including Baikonur Cosmodrome) determines arising of risks of the Corporation property loss and damage during its

transportation to point of destination. The Corporation provides for insurance against these kinds of risks.

Due to the fact that the Corporation conducts its activities on the territory of the Republic of Kazakhstan (Baikonur Cosmodrome), impact of country risks associated with unfavorable development of political and economic factors on interstate relations is possible. However, the agreement concluded between Russia and Kazakhstan on the use of Baikonur Cosmodrome until 2050, as well as the agreement on the Eurasian Economic Union come into effect on January 1, 2015, which ensures freedom of movement of goods, services, capital and labor power, allow to assess risk like that as insignificant. The Parties do their best to create necessary conditions for a steady economic development of the member states; provide (among other things) coordinated state backing of their priority industries and works; pursue agreed customs policy; develop united transportation systems.

Due to the fact that the Corporation is involved in a number of projects for foreign customers located in African countries, unstable political situation in the above region might have an adverse effect on the Corporation operation. These risks are insured as well.

3.28.6 Financial risks

Unstable geopolitical and economic situation can affect financial sustainability of RSC Energia. Amount of proceeds from selling goods (performance of works, services) and profit can be impacted by inflation risks, foreign exchange exposure and changes in credit interest rates.

INFLATION RISKS

Significant increase in price growth rates with respect to goods, raw materials and components will result in increased costs which could impact negatively level of net profit and reduce cash assets.

In 2018 inflation index by the forecast made in the Ministry of Economic Development will be 4%.

Monetary policy pursued by the Bank of Russia allows to evaluate inflation risks as minimal.

Managerial policy being implemented by the Corporation and focused on maintaining current assets; control over debts receivable and rational use of available funds makes it possible to compensate for inflationary effect on capability to engage in manufacturing activity.

RISKS OF CHANGING EXCHANGE RATES

Exchange rate changes can affect business activities, because the Corporation is the exporter, as well as the importer of science-intensive and high-technology products.

At the present time, exchange rate of the ruble is determined to a considerable extent by the Russian Federation Central Bank monetary policy. However, the need for a trade-off between inflation level and exchange rate of the ruble may create obstacles to the Bank of Russia for maintaining the exchange rate.

Acute fluctuations in the exchange rates may impact both positively and negatively on RSC Energia's financial standing depending upon ratio between incoming currency earnings and costs of foreign-made components used in final products. Since most of the contracts are designated in Russian rubles, exchange rate fluctuations risk may be assessed as minimal or moderate.

RISKS ASSOCIATED WITH INTEREST RATE CHANGES

Duration of output lead time suggests use of borrowed resources. Interest rate increase and lending terms changes may impact negatively final financial results.

In 2016, debt financing under credit facility was performed on favorable terms and at lending rates below market interest rates. In December 2017, key interest rate was reduced down to 7.75%

which was conducive factor for the Corporation facilitating debt financing.

As the forecast for 2018 indicates, further decrease in the key interest rate down to 7% by the RF Central Bank is possible.

However, possible actions of the Russian Federation Central Bank aimed to increase key interest rate could adversely affect the entire operation of the Corporation and its financial indicators.

3.28.7. Legal risks

Range of the Corporation legal risks includes the following: risks of losses due to potential illegitimacy of transaction or its improper documentation; infringement of codes and rules of doing business; risks of the party concerned handling a transaction with insufficient authority thereto; risk of lawsuit court judgement duration and costs which involve negative property consequences for the Corporation; risk of taking inadequate or incorrect legal advice; legally unsettled problems and situations arising in the course of the Corporation operation; risk of changing current legislation.

In order to minimize the abovementioned risks, the Corporation arranged the process of submission of transactions for approval which includes mandatory agreeing on all transactions with the Corporation legal and control-auditing departments.

During contract and procurement activities the Corporation is running the risks associated with its counterparts. In this connection, during closure of deals effected by the Corporation, as well as during carrying out civil commitments based upon the above deals the risk factors shown below are permanently monitored:

- financial instability, counterpart insolvency;
- unreliability of counterpart, counterpart being unable to offer high-quality goods, works, services;
- hidden affiliation, etc.

All-round preliminary inspection of potential partners is performed by evaluation of documentation submitted by counterparts, analysis of information from sources in public domain and dedicated databases, as well as taking operational actions in the field.

In the Corporation great importance is paid to prevention of corruption offenses and corruption management as key factors of direct impact on the level of corporate risk.

Measures to prevent and reduce corruption risks are finalized in in-house normative documents of the Corporation such as the Anticorrupt policy; Code of Ethics and Official Conduct of Employees; Provision on reporting by RSC Energia's employees the fact of a gift being received due to their official capacity or performance of official duties by them; handing over and assessment of the gift, its sale (buyout) and passing the funds received from its sale; Provision on conflict of interests; Provision on the Committee on compliance with the requirements for official conduct of employees and settling conflict of interests at RSC Energia; the Procedure to notify RSC Energia about the facts of applying to RSC Energia's employees in order to induce them to commit corruption offences; Provision on "hot line" on the issues to combat corruption at RSC Energia.

Corporation carries out scheduled and unscheduled inspections of adhering to the principles of doing business openly and on bona fide basis.

In execution of internal control to prevent and combat corruption, as well as during management of risks associated with contracting parties, the Corporation takes into account best international practice, namely, part of it which does not run counter Russian legislation.

Procurement activities of the Corporation are fully regulated, mandatory competitive procedures have been introduced. The Corporation monitors on a continual basis the standards introduced,

supervises their observance and brings them up to date on a regular basis.

Changes in statutory and by-laws having to do with budgetary spending under state order adopted at the end of 2015 had and still have a significant impact on the Corporation economic activities in 2016 and 2017. During the accounting period, the Corporation took action to adapt to new rules of spending budget funds allocated for state order. 2016 brought up a number of issues on the procedure for spending budget funds under special accounts. In so doing, normative regulation with respect to the above issues is not yet adequate which could result in expansion of some financial processes. What is more, amount of current assets in the Corporation (with a possibility of their prompt use) has diminished which entailed resultant increase in the credit portfolio and, accordingly, enhanced exposure to the risks related to interest rate changes. In order to minimize the above risks, the Corporation effects an active cooperation and holds discussions regarding unresolved issued of law enforcement with government customer's representatives, respective financial institutions and structures.

One of the most important components of legal risks is tax risk. One of the peculiarities of the Russian legislation on taxes and charges is its continuous changeability. The laws making amendments to the Russian Federation Tax Code with respect to changes to specific tax calculation and payment procedure are passed annually. This adds complexity to making medium-term and long-terms forecasts for taxpayer activity, complicates tax planning as a whole. Instability of tax regulations exposes the Corporation to risk of being charged and having to pay rather high penalties and fines, despite its intention to operate in strict compliance with the legislation, as well as can lead to an increase in tax burden as a whole.

Corporation continues to carry out an analysis of amendments to existing tax legislation with the aim to reduce tax risks.

A change of customs regulation rules can definitely and sufficiently impact the Corporation activity. In the reporting period there were no significant changes of the custom registration rules, which could have increased the Corporation risks in this area.

Corporation participates in foreign economic relations, part of its liabilities are expressed in foreign currency. Therefore, RSC Energia is exposed to the risks associated with exchange adjustment change. There have been no significant changes in the exchange adjustment rules during the accounting period, for this reason the above risks are assessed as low.

Changes in the licensing requirements for the core activities of the Corporation may result in some additional costs associated with obtaining a new license, or extending or replacing the already existing one, but the Corporation predicts the risk of occurrence of such events as unlikely. RSC Energia timely and fully fulfills all licensing requirements, no difficulties in renewal of the existing licenses are predicted by the Corporation.

The reporting period revealed no changes in judicial practice concerning operation of the Corporation (including licensing issues) which could affect its performance, as well as the results of current legal proceedings to which the Corporation is a party. Legal risks associated with the change of judicial practice on issues related to the Corporation's activities, which may adversely affect the results of its activities, are considered as minimal.

3.28.8 Risk of goodwill loss (company image risk)

Risk of suffering losses due to reduced number of the Corporation customers resulting from building a negative image of RSC Energia as being financially unstable and producing goods of poor quality is assessed as insignificant. The Corporation enjoys a steady orders book based upon state order. The Corporation discloses on a regular basis information about its performance, acts as trustworthy borrower. Its products reliability is assured due to certified quality management system and a long-term experience of continuous production and operational use of space engineering.

3.28.9 Strategic risk

Risk of suffering losses resulting from taking strategic decisions is assessed as insignificant. The Corporation holds monopolistic market position in Russia in the field of manned space flights, therefore it takes an active part in defining the government strategy in this area and, accordingly, in building long-term orders book.

That is why Corporation strategy is based upon priority development of manned flights programs, demand for which from the government is expected to be steady. The Concept for Russian manned cosmonautics developed for a period up to 2050 is framed in cooperation with RSC Energia and provides for further advancement of manned cosmonautics both in near-Earth orbit and beyond. The 2016-2025 Federal Space Program of Russia enables to carry out long-term planning of the Corporation core business and mitigates risk of suffering losses by the Corporation in implementation of strategic decisions.

For expanding its business the Corporation undertakes efforts to develop lines of activities associated with building satellites and launch vehicles based upon its core business achievements. According to its strategy, forecasted steady increase in production makes it possible for the Corporation to rely on its all available resources required to implement the scheduled program.

3.28.10 Risks associated with the issuer's activity

A possibility to lose its customers, turnover with which accounts for at least 10% of total proceeds of the sale of products (work, services) of the Corporation is low, because during 5 full fiscal years the Russian Federation on behalf of which acted Federal Space Agency has been such a customer and the Corporation activities were included in the 2006-2015 Federal Space Program of Russia.

In 2016 state customer's functions were handed over to State Corporation ROSCOSMOS and the main scope of work is performed by RSC Energia as part of the 2016-2025 Federal Space Program.

In the accounting period the Corporation was running the risks associated with current judicial proceedings in which RSC Energia is involved and which can affect its operation. Information about RSC Energia involvement in the trials in the event that its being a party to them could negatively impact the Corporation financial-economic activities is stated in item 3.28.11 of these Notes.

The Issuer conducts activity that under the Russian Federation legislation is possible only being granted a special authorization (permit). In this connection, the Issuer in conduct of its core business is running the risks in the absence of a possibility to extend licenses, suspension or recall of licenses. RSC Energia complies with license requirements, as well as takes all actions required to get (in case of need) new licenses, to maintain in force/extend validity of licenses and minimize the risk of licenses suspension and recall. At the present time, no preconditions of legal, economic or political character leading to complication of the procedure or reduced probability to extend validity of the Corporation licenses were revealed.

Arising liability of the Corporation for debts of its subsidiary companies is possible according to the legislation in force. According to the provisions of the Russian Federation Civil Code and Federal Law No 208 of 26.12.1995 "On Joint-Stock Companies", shareholders of Russian joint-stock company do not bear responsibility for their companies' liabilities and only run the risk of losing their investments. However, in cases specified by legislation, when the "parent company" can determine decisions being taken by "subsidiary company", the parent company can bear joint and several liability, secondary liability. Accordingly, being the parent company with respect to the subsidiary companies where RSC Energia holds more than 50% of the authorized capital and is entitled to give binding directions, the Corporation may bear responsibility for their debts. Meeting the liabilities like that may affect negatively the Corporation performance. However, taking into account of the trials

where RSC Energia acts as a defendant on the liabilities of the subsidiary, affiliated and other companies, the Corporation does not see materiality criterion in the risks associated with the coming of liability for debts of the third persons, including its subsidiary companies.

Manufacturing activity of the Corporation may cause damage to natural environment and run the risk of civil responsibility due to the costs of work to repair damage like that.

In order to reduce these risks, the Corporation monitors all phases of its activity with the aim to adhere to respective environmental protection standards, to implement measures for environmental protection and reduced environmental impact.

Besides, the Corporation provides civil liability insurance of hazardous object owner for causing damage resulting from accident occurred on hazardous object; as well as civil liability insurance of the enterprises as sources of increased danger (radiation); also insurance is ensured against risks in case of causing damage due to defects discovered in work which can affect safety of capital construction projects in accordance with the requirements of the legislation in force.

3.28.11 Analysis of factors and conditions affecting the Corporation activity.

The basic competitive strengths of RSC Energia in the market of space products and services are as follows:

- experience in the implementation of manned programs, including the function of integrator of major international projects;

- high quality and reliability of spacecraft provided by the availability of highly-qualified staff and certified quality management system;

- wide experience of cooperation with Russian and foreign customers and partners;

- stability of the Company ensured by stable state orders and availability of skills in some areas of space technology;

- availability of the acquired image (brand) of a fleet leader and pioneer in the national and foreign world space industry;

- presence of a wide and stable cooperation across Russia;

- methodical work with advanced technical higher education institutions of the country on staff training and continuous replenishment of the personnel with highly intellectual young personnel;

- extensive bench-top base and full-scale ground testing of space products as a guarantee of high quality and reliability of products.

To hold and strengthen positions in the market of commercial launches, the following actions are required:

- Orientation of all new developments to the advanced hardware components of domestic production;

- Improvement of the provided services, both in content and quality, provided by advanced hardware components and new system-project solutions;

- decrease of the unit cost of products and services due to modernization of production and increase of its volume (batch fabrication);

- constant increase of labor productivity;

- reducing the time for product manufacture, which reduces the risk to the potential customer;
- a comprehensive solution of the worldwide endemic problem of removing space debris of terrestrial artificial origin from the Earth's orbits;
- large-scale implementation of space technology insurance.

In the area of development and operation of manned transport vehicles, the Corporation occupies a stable leading position. Competition in the area of developing automatic spacecraft is improved. The most serious competitors are foreign companies, and in Russia: OAO Information Satellite Systems after academician M.F.Reshetnev - in the segment of communication systems, AO "RKTs" Progress "(reorganized FSUE GNPRKTs" TsKB - Progress ") - in the segment of Earth remote sensing satellites.

In July 2015 two contracts on cooperation in production of automatic spacecraft were signed. RSC Energia and OOO Gascom space technologies (Gascom ST) intend to expand and deepen cooperation in development of Yamal and Smotr orbit groups, including the experience of successful joint work on the Yamal-100 and Yamal-200 projects. Under the contract RSC Energia will use payloads developed by Gazkom KT for spacecraft of various application. In its turn, Gazcom KT will use RSC Energia-developed satellite buses. Development of Yamal 501 spacecraft considered to be the first joint project. In July 2015, RSC Energia and FSUE Kosmicheskaya Svyaz (GP KS) signed an agreement on cooperation in development of advanced satellite communication and broadcasting systems. Technical requirements for advanced systems, including those created in the interests of GP KS are planned to be developed. It is expected that the combined efforts of the two enterprises will make it possible to use more effectively the resources available to the parties.

3.28.12 Corporation policy concerning risk management and internal control

The Corporation activity in the area of risk management is aimed at increasing shareholder value and improving the quality of corporate management by identifying risks, analyzing their materiality, and developing measures to minimize risks.

In 2016 the Corporation carried out works aimed at improving the risk management system.

The policy of RSC Energia in the area of internal risk control and management is based on the following key principles:

- increasing the business worth of RSC Energia: internal risk control and management system (hereinafter referred to as IRCMS) helps towards the attainment of an end and performance improvement, human health support and safety assurance, security of all RSC Energia activities, compliance with statutory and regulatory requirements, environmental protection, improvement in the quality of production, efficiency of operations, management and reputation;

- continuity: IRCMS operates on a permanent basis;

- integration: IRCMS is an integral part of the corporate management system and is used to develop and generate the strategy;

- integrity: IRCMS captures all areas of RSC Energia activity and all types of risks occurred in their frameworks. Control procedures exist in all business processes at all levels of management.

- unity of methodological base: processes in IRCMS are implemented on the basis of common approaches and standards for all structural units;

- priority: RSC Energia takes all necessary measures, primarily with regard to risks are critical

for the activity.

- disclosure of information: IRCMS provides control over disclosure of information on RSC Energia activities to external users;

- functionalities: assignment of target responsibility for risk management of various activities of RSC Energia is provided in accordance with the separation of functional duties in RSC Energia and its subsidiaries and affiliates;

- separation of duties: functions between employees and structural units of RSC Energia are distributed in such a way that one person or structural unit was not simultaneously assigned with duties for implementation of functions and duties for their compliance control;

- optimality: scope and complexity of internal control procedures and risk management measures are necessary and sufficient to fulfill the tasks and achieve the objectives of IRCMS operation;

- equilibrium: all control functions and risk management functions are provided with means and authorities for their implementation;

- clear regulation: all operations are conducted in accordance with the implementation procedure;

- message expediency: information on the identified risks and non-fulfillment of control functions should be provided in due time to persons authorized to take appropriate decisions;

- authorizations and approvals: all business transactions shall be formally approved or authorized by responsible persons within their authority;

- transparency: proper and timely participation of parties concerned ensures that IRCMS remains relevant and timely;

- use of the best available information;

- adaptability: IRCMS is regularly improved to identify all possible operational risks and maximize the effective application of risk control and management methods

3.29 Events after the Reporting Date

Extraordinary General Shareholders' Meeting of RSC Energia (Minutes No 32 of 20.03.2018) resolved to increase the authorized capital of the Corporation via placement of additional ordinary registered uncertified shares (further referred to as the Shares):

- the number of the shares being placed: 128 000;

- nominal value of each Share is 1 000 rubles;

- method of the Shares placement: closed subscription.

This resolution means beginning of the procedure for securities issue in order to fund RSC Energia's project included in the 2016-2025 Federal Space Program of Russia during implementation of which it is planned to get budgetary investments.

Chief Executive Officer

Vladimir Lvovich Solntsev

March 29, 2018

INDEPENDENT AUDITOR'S OPINION

On financial statements of S.P.
Korolev Rocket and Space Public
Corporation Energia summarizing
the results of activity for 2017



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INDEPENDENT AUDITOR'S OPINION

to the shareholders of S.P. Korolev Rocket and Space Public Corporation Energia

Opinion

We have audited the accompanying Financial Statements of RSC Energia (MSRN 1025002032538, 4A Lenin Street, Korolev city, 141070), including the Balance Sheet as of 31.12.2017; Profit and Loss Statement for 2017; Addenda to the Balance Sheet and the Profit and Loss Statement, as well as Statement of changes in equity for 2017 and Cash Flow Statement for 2017, Notes to Financial Statements for 2017.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of RSC Energia as of 31.12.2017, as well as its financial results and cash flows for 2017 in conformity with generally accepted accounting principles adopted in the Russian Federation.

Reasonable basis for expressing the opinion

We conducted our audit in accordance with International Auditing Standards (IAS). Our responsibility in accordance with these standards is described in Section "Auditor's responsibility for auditing Financial Statements" of our opinion. We are independent relative to the Organization in accordance with ethical requirements applicable to our auditing financial statements in the Russian Federation and we have met our other ethical commitments in compliance with the above requirements. We believe that our audit has shown sufficient and adequate evidence to provide background for expressing our opinion.

Key issues of auditing

Key issues of auditing mean (according to our professional judgement) most significant issue for our auditing Financial Statements over the current accounting period. Those issues were addressed in terms of our audit of the Financial Statements as a whole and in forming our opinion about the records; therefore, we do not express special opinion on these issues.

Key issue of auditing	Audit procedure performed with respect to key issue of auditing
<p><i>Revaluation of land plots</i></p> <p>See Note 3.4 Fixed assets in the Financial Statements.</p> <p>As of 31.12.2017, the Corporation conducted revaluation of land plots.</p> <p>In order to determine market value of these land plots, the Corporation management consulted with outside independent assessor.</p> <p>We focused our attention on this issue due to the fact that the amount was considerable for the Corporation Financial Statements (about 34 % of the total amount of fixed assets) and subjective judgements, as well as assumptions.</p> <p>Key assessment aspect for Financial Statements preparation is assessor's strict adherence to market evaluation interpretations, principles of impartial approaches and full disclosure of all the facts concerning the assessment.</p>	<p>Our audit procedures for revaluation of land plots included (among other things) consultations with our internal assessors having professional knowledge and experience in this area who have performed the following procedures:</p> <ol style="list-style-type: none">5) checks of input data reflected by the Assessor using references to information sources available in the Report which make it possible to draw conclusion about authorship of respective information, date of its preparation;6) checks of the Report for presence of all explanations and calculations, reproducibility, accuracy of the performed calculations and numerical values affecting overall value of land plots with the aim to make conclusions and results similar to those got by the assessor;7) check of the Assessor's valuation procedures for their proper use in accordance with the assessment objectives and purpose, i.e. the applied approaches and methods, calculation sequence;8) checks of estimates given in the documents for their compliance with the valuation procedure stated by the consultant. <p>Also we have made an assessment of information disclosure for its completeness and correctness in the Corporation Financial Statements.</p> <p>The performed procedure results show no significant errors affecting our opinion about the Financial Statements.</p>

Other information

Director General is responsible for other information. Other information includes information addressed in RSC Energia's Annual Report for 2017 and Quarterly Report for the 1st quarter of 2018, but it does not cover the Financial Statements and our auditor's report on it. Annual and quarterly reports are probably will be submitted to us after the date of this auditor's report.

Our opinion about the Financial Statements does not cover other information and we are not going to submit the conclusion suggesting assurance of any kind with respect to this information.

In connection with our auditing of the Financial Statements, our responsibility is to become familiar with the above mentioned other information as soon as it becomes available to us and to consider the issue of whether there are significant discrepancies between other information and the Financial Statements or our knowledge acquired during auditing and whether there are any possible significant misrepresentations found in other information.

In the event that during familiarization with the Annual Report and quarterly report we shall come to a conclusion that they contain significant misrepresentation, we should bring it to notice of the persons responsible for corporate governance.

Responsibility of the management and persons who are in charge of corporate governance, Financial Statements

Director General (Management) bears responsibility for preparation and fair presentation of the above Financial Statements in accordance with the principles of making up financial statements established in the Russian Federation and for internal control system which the management deems it necessary for preparation of the financial statements containing no significant misrepresentations due to actions in bad faith or errors.

In preparation of the financial statements the management is responsible for assessing the Corporation capability to continue its operation without interruptions, for disclosure in certain cases of information about its ongoing activity and for drawing up financial statements based upon an assumption on ongoing activity, except when the management intends to liquidate the Corporation, terminate its operation or when the management has no other real alternative but liquidation or termination of its activity.

Persons responsible for corporate governance bear responsibility for supervising preparation of the Corporation financial statements.

Auditor's responsibility for auditing financial statements

Our objective is to obtain reasonable assurance of no significant misrepresentations due to actions in bad faith or errors found in the financial statements and issue of auditor's report reflecting our opinion. Reasonable assurance means a high degree of certainty, but does not ensure that an audit conducted in accordance with international audit standards may always reveal significant misrepresentations if any. Misrepresentations may result from actions in bad faith or errors and are regarded as significant if it may be reasonably assumed that taken separately or in the aggregate, they may affect economic decisions taken by the users on the basis on these financial statements.

Within the framework of auditing according to international audit standards we are forming professional judgement and maintaining professional judgement and maintaining professional skepticism throughout the whole process of auditing. Besides, we perform the following things:

- a) identify and assess risks of significant misrepresentation of the financial statements due to actions in bad faith and errors; develop and conduct audit procedures in response to these risks; present audit evidence being sufficient and adequate to provide background for expressing our opinion. Risk of failure to detect significant misrepresentation resulting from actions in bad faith is higher than risk of failure to detect significant misrepresentation resulting from an error, because actions in bad faith may include collusion, forgery, deliberate omission, distorted presentation of

information or actions bypassing internal control systems;

- b) get an understanding of internal control system which is important for audit, in particular, for developing audit procedures where appropriate, but not for expressing opinion about effectiveness of the Corporation internal control system;
- c) assess proper character of accounting policy being pursued, justification of accounting assessments and respective information disclosure prepared by the management;
- d) draw up a conclusion about legitimate nature of the assumption made by the management on continuity of operation and on the basis of audit evidence furnished come to a conclusion about whether there is a significant uncertainty due to events or conditions occurrence of which may result in significant doubts about the Corporation capability to continue its operations in ongoing manner. If we arrive at a conclusion about existing significant uncertainty, we should concentrate in our auditor's report on respective information disclosure in the financial statements or in case of improper disclosure of this information, modify our opinion. Our conclusions are based upon audit evidence furnished before the date of our auditor's report.

However, future events or conditions can lead to loss of capability by the Corporation to continue its operation in ongoing manner.

- e) make an assessment of presenting the accounts as a whole, their structure and content, including information disclosure, as well as whether the financial statements show their underlying operations and events so that their fair presentation is ensured.

We carry out information communication with the persons responsible for corporate governance bringing to their notice (among other things) information about the scheduled scope and dates of audit, as well as about significant comments on the auditing results, including essential faults in the internal control system which we are detecting in the audit process.

Also we submit to the persons responsible for corporate governance statement to the effect that we satisfied all relevant ethical requirements with respect to independence and informed these persons about all relations and other issues which could be reasonably regarded as impacting auditor's independence and in particular cases – about respective precautionary measures.

The issues which we brought to notice of the persons responsible for corporate governance were used to identify most significant ones for auditing financial statements over the current period; therefore, they are key audit issues. We describe these issues in our auditor's report, except when disclosure of information about these issues in public is prohibited by law or statutory act or when in extremely rare instances, we come to a conclusion that information about a certain issue should not be reported in our auditor's report, because it may be reasonably assumed that negative consequences of reporting this information would exceed public benefit from its disclosure.

Manager of audit assignment
the results of which were used
to issue auditor's report of independent auditor

V.Yu. Pogulyaev

Auditing organization:
Joint-Stock company BDO Unicon
MSRN 1037739271701

Section 11, bldg 1, 125 Varshavskoye shosse, Moscow, Russia, 117587.

the member of self-regulatory organization of auditors "Russian Auditors Union" (Association)
ORNZ 11603059593

March 30, 2018



**S.P. KOROLEV ROCKET AND SPACE PUBLIC
CORPORATION ENERGIA
AUDITING COMMITTEE**

**Report
on the results of auditing financial-economic activities
for 2017**

Moscow

18.05.2018

In accordance with the provisions of Art. 85, Federal Law No 208-FZ of 26.12.1995 "On Joint-Stock Companies", clause 1, Art. 36, Articles of Association of Public Joint-Stock Company S.P. Korolev Rocket-Space Corporation Energia (further referred to as RSC Energia, the Corporation) approved at the Annual General Shareholders' Meeting of RSC Energia (Minutes No 30 of 25.06.2016) and according to the Minutes of the Annual General Shareholders' Meeting of the Corporation No 31 of 24.06.2017, the following membership of the Corporation Auditing Committee was elected for the 2017-2018 corporate year:

No	First name, middle name, last name
1	Dmitry Gennadievich Ansimov <i>Director General, OOO Neft-Servis</i>
2	Andrey Vladimirovich Ardeev <i>Head of Corporate Governance Department, ZAO Lider</i>
3	Konstantin Vladimirovich Vakulin <i>Head of Internal Audit Department, OOO Administrator fondov</i>
4	Vasily Borisovich Goroschenko <i>Chief Specialist, Economic Security Department, State Corporation ROSCOSMOS</i>
5	Ilnur Marsovich Murakayev <i>Deputy Director for Corporate Governance, FSUE Organization Agat</i>
6	Yekaterina Pavlovna Polezhaeva <i>General Counsel, RSC Energia</i>
7	Andrey Vladislavovich Rebrina <i>Director of State Secret and Information Protection, State Corporation ROSCOSMOS</i>

8	Alexandr Anatolievich Sapunkov <i>Director General, AO Federal Center for Geoecological Systems</i>
9	Vladimir Pavlovich Gerasimenko <i>Deputy Director of Corporate Governance Department, State Corporation ROSCOSMOS (till September 2017)</i> <i>(In September 2017 he submitted an application for resignation; subsequently, he took no part in the Committee activities)</i>

As per clause 1, Art. 36 of the Corporation Articles of Association approved at its Annual General Shareholders' Meeting (Minutes No 30 of 25.06.2016), the procedure to control financial-economic activity of the Corporation is regulated. Auditing Committee and Internal Audit Department are in charge of financial-economic activity control. The Auditing Committee operation procedure is specified in the Regulations for auditing committee of the Corporation approved at the Annual General Shareholders' Meeting of RSC Energia (Minutes No 30 25.06.2016).

During the accounting period, the Auditing Committee did not receive any instructions (requests) from the Corporation Board of Directors for taking any necessary extra control-auditing measures.

Auditing financial-economic activity at RSC Energia for 2017 was performed in-house by the Corporation Auditing Committee from April 2nd to May 15th of 2018 in accordance with clause 4.1, Article 4 of the Procedure for Auditing, the Regulations for Auditing Committee of RSC Energia.

The following documents submitted by the Company were reviewed during the audit of the Auditing Committee:

- Balance sheet of RSC Energia as of December 31, 2017 (form 0710001 per National Index of Administrative Documents (NIAD));
- Profit and Loss Account of RSC Energia for 2017 (Form 0710002 per NIAD);
- Equity change statement of RSC Energia for 2017 (Form 0710003 per NIAD);
- Cash flow statement of RSC Energia for 2017 (Form 0710004 per NIAD);
- Explanations of individual indicators of financial statements;
- Annual report of RSC Energia work progress for 2017;
- Audit report of auditing company JSC BDO Unicon on accounting (financial) statements of RSC Energia for the period from January 01 through December 31, 2017;
- Minutes of the meetings of the Board of Directors of RSC Energia;
- Minutes of general meetings of RSC Energia shareholders.
- Report on interested-party transactions effected in 2017.

A check of accounts and financial statements for 2017 was carried out in the Corporation by an independent auditor, JSC BDO Unicon.

At the same time, the Auditing Committee has established that over the accounting period the Corporation failed to achieve the key performance indicators for 2017 approved by the resolution passed by RSC Energia Board of Directors (Minutes No 5 of 30.10.2017) with respect to net profit (85,1%), proceeds (78,7%), labor productivity (81,3%), indicator of carrying out the scheduled import substitution measures (94,0%), percentage-of-completion of state order assignments (96%). KPIs for

2017 were approved by the Board of Directors on 30.10.2017, which reduces significantly level of impartiality of their application for assessment of efficiency in the Corporation operation.

Also, during the accounting year the submitted annual financial statements of the Corporation show growth of the balance sheet assets from RUB 102 805,5 million to RUB 114 995,5 million (by 11,9%) at the expense, first of all, of the increased current assets, in particular, debts receivable from RUB 37 247,3 million to RUB 47 225,2 million (26,79 %), as well as inventories from RUB 20 045,5 million to RUB 24 780,1 million (23,6%).

As far as liabilities are concerned, it may be noted that there has been growth in accounts payable from RUB 44 323,9 million to 48 951,3 million (by 10,4 %), as well as reduction in the uncovered losses from RUB 5 339,0 million to RUB 3 929,37 million at the end of the period.

Proceeds have increased over the accounting period from RUB 33 828,2 million to RUB 42 373,8 million (by 25,3%). Profit on sales amounted to RUB 3 488,9 million, with an increase as against the past year level as high as 1,7 times (RUB 2 090,5 million). Net profit by the accounting year results was RUB 1 232,4 million (by the 2016 performance net loss in the amount of RUB 8 187,8 million was recorded).

Provision for doubtful debts is RUB 10 602 million, with an increase by RUB by 343 million in 2017.

At the same time, in 2017 provision for depreciation of financial investments was additionally charged in the amount of RUB 41,65 million and the total amount of the provision for depreciation of financial investments came to RUB 1 236,45 million as of 31.12.2017. Provision for depreciation of work-in-progress cost was built up in the amount of RUB 540,23 million as of 31.12.2017.

As of 31.12.2017, estimated liability under the Project “Maintaining the Contractor’s guarantee for in-orbit replacement of inoperative satellite” (Egypsat Project for 1-A) was charged in the amount of RUB 4 429, 37 million.

Taking into account of the absence of the instructions from RSC Energia Board of Directors and shareholders on the need for auditing particular aspects of the Corporation operation and (or) its activity as a whole, the Auditing Committee undertook in-house audit of the Corporation based upon copies of the documents and materials at its disposal.

In accordance with paragraph 3 of Article 88 of the Federal Law of 26.12.1995 No. 208-FZ “On Joint Stock Companies” fairness of the representations contained in the company's annual report, annual financial statements shall be confirmed by the auditing committee (auditor) of the company.

Conclusion

In accordance with the submitted materials reflecting the results of auditing RSC Energia financial-economic activities, the Corporation Auditing Committee comes to a conclusion that annual financial statements for 2017 are in conformity with the statutory requirements and present fairly in all material respects, the Corporation financial position and the results of its financial-economic activities over the period from January 1st till December 31 of 2017.

Data stated in the Corporation Annual Report for 2017 is trustworthy and present the Corporation performance for 2017 in all material respects.

Data included in the report on the interested-party transactions effected by the Corporation in 2017 is presented fairly.

Chairman of the Auditing Committee

V.B. Goroschenko

Auditing Committee members

D.G. Ansimov

A.V. Ardeev

K.V. Vakulin

I.M. Murakaev

A.V. Rebrina

A.A. Sapunkov

Secretary of the Committee

Y.P. Polezhaeva
