

5.1. STRUCTURE OF THE SHARE CAPITAL

The authorised share capital of PAO Sovcomflot as at 31 December 2018 amounted to RUB 1,966,697,210 and consisted of 1,966,697,210 ordinary registered shares with a nominal value of one rouble each.

In accordance with the resolution of the Annual General Meeting of Shareholders of PAO Sovcomflot dated 30 June 2014 (Instructions No. 696-r of the Federal Agency for State Property Management dated 30 June 2014), it was decided to increase the authorised capital by placing additional 280,956,743 ordinary registered shares.

As part of implementing this resolution, on 17 December 2014 the PAO Sovcomflot Board of Directors (Minutes No. 141) approved the decision on the additional issue of ordinary registered uncertified shares of PAO Sovcomflot and the securities prospectus for these shares. The said documents were registered with the Bank of Russia in 2015 (state registration number of the additional issue: 1-01-10613-A).

Taking into account the time limit for placing the Company's additional share issue (not later than 1 March 2018), by the resolution of the extraordinary meeting of shareholders of PAO Sovcomflot dated 1 March 2018 (Instructions No. 95-r of the Federal Agency for State Property Management dated 1 March 2018) it was decided to cancel the placement of equity securities (1-01-10613-A) and to increase the authorised capital of PAO Sovcomflot by placing additional 280,956,743 ordinary registered uncertified shares on the previous terms.

On 19 March 2018, in accordance with the resolution of the extraordinary general meeting of shareholders dated 1 March 2018 (Instructions No. 95-r of the Federal Agency for State Property Management dated 1 March 2018) to cancel the placement of equity securities (1-01-10613-A), the Bank of Russia passed a decision to recognise the additional issue of securities not to have taken place because no securities had been placed and the state registration of the issue had been cancelled.

In pursuance of the resolution of the extraordinary general meeting of shareholders dated 1 March 2018 (Instructions No. 95-r of the Federal Agency for State Property Management dated 1 March 2018) to increase the authorised capital, on 28 August 2018 the PAO Sovcomflot Board of Directors (Minutes No. 174) approved the decision on the additional issue of ordinary registered uncertified shares of PAO Sovcomflot and the securities prospectus for these shares. The said documents were registered by the Bank of Russia on 22 November 2018 (state registration number of the additional issue: 1-01-10613-A).

100 %

**OF THE PAO SOVCOMFLOT SHARES ARE
FEDERALLY OWNED.**

The Russian Federation, represented by the Federal Agency for State Property Management, is the sole shareholder of PAO Sovcomflot.

5.2. DISTRIBUTION OF PROFIT

In relation to the distribution of net profit and the payment of dividends, PAO Sovcomflot is governed by Instructions No. 774-r of the Russian Government dated 29 May 2006 "On Establishing the Position of the Shareholder – the Russian Federation - in Joint-Stock Companies", as well as the Regulations on the Dividend Policy of PAO Sovcomflot.

Main areas of expenditure of the 2017 net profit

Area	Amount	Comment
Amount of dividends transferred to the federal budget	RUB 1,696 million	Paid from the 2017 profit
Amount allocated to the reserve fund	0	The reserve fund is fully formed
Amount allocated to other funds and their names	0	There are no other funds
Amount allocated to implement investment projects	RUB 1,695 million	Recapitalisation of subsidiaries to finance the vessels under construction (hulls S923, S924 and 2245)

A resolution regarding the allocation of the financial result for the reporting year¹, including the dividend payment for 2018, will be adopted at the Annual General Meeting of Shareholders in 2019.

1. For more information on the income statement, see section 3.4, Financial results.