

Unipro Public Joint-Stock Company

**ACCOUNTING STATEMENT AND
INDEPENDENT AUDITOR'S REPORT**

31 DECEMBER 2017

Independent Auditor's Report

Attn: Shareholders and the Board of Directors, Unipro PJSC

Opinion

In our opinion, the attached financial statements accurately reflect in all material aspects the financial situation of Unipro PJSC (hereinafter referred to as the “Company”) as of 31 December 2017, along with its profit and loss and cash flows for the year ended as of the said date in accordance with the accounting rules applicable in the Russian Federation.

Subject of the Audit

We audited the Company's financial statements including:

- Balance Sheet as of 31 December 2017;
- Profit and Loss Statement for the year ended as of the said date;
- Statement of Changes in Equity for the year ended as of the said date;
- Cash Flow Statement for the year ended as of the said date;
- Notes to the Balance Sheet and Profit and Loss Statement.

Basis for the Opinion

We conducted the audit in accordance with the International Standards on Auditing (“ISA”). Our responsibilities thereunder are provided in the Section titled “Auditor's Responsibility for the Audit of Financial Statements” hereof.

We believe that we acquired sufficient and appropriate audit evidence to express our opinion.

Independence

We are independent from the Company in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA Code) and ethical requirements of the Code of Professional Ethics for Auditors and Rules for Auditors' and Audit Organisations' Independence applicable to this audit of financial statements in the Russian Federation and we honoured all the other ethical obligations in accordance with these requirements and IESBA Code.

PricewaterhouseCoopers Audit Joint-Stock Company (PWC Audit JSC) White Square Business Centre, 10, Butyrsky Val Street, 125047 Moscow, Russia
Tel.: +7 (495) 967-6000, Fax: +7 (495) 967-6001, www.pwc.ru

Audit Methodology

Executive Summary

Materiality

- Materiality at the level of the Company's financial statements in general: 1,130,000 thousand Russian rubles (RUB thous.), which is equal to 5% of adjusted profit before tax less expenses associated with the write-off of Berezovskaya GRES Power Unit No. 3 fixed assets damaged by the accident in 2016, income from insurance compensation and income from recognition of materials following the dismantling activities during the accident response
 - Retirement of fixed assets due to the accident at Berezovskaya GRES
-

Key Issues of the Audit

Our audit methodology provides for the establishment of materiality and assessment of the risks that the financial statements were materially misstated. Specifically, we examined the areas where the management made subjective judgments regarding significant accounting estimates, including use of assumptions and consideration of future events associated with uncertainty by virtue of their nature. We also considered the risk that the management circumvented the internal controls, including but not limited to assessing the evidence of the management's partiality that gives rise to the risk of material misstatement resulting from fraud.

We determined the scope of the audit so as to undertake a sufficient scope of work to be able to express our opinion on the financial statements with due regard to the Company's structure, accounting processes and controls used by the Company, and peculiarities of the industry of the Company's business.

Materiality

The scope of our audit was determined under the influence of materiality. The audit is intended to deliver a reasonable assurance that financial statements do not contain any material misstatements. Misstatements may be caused either by fraud or error. They are deemed to be material if it is reasonable to expect that such misstatements, whether individually or collectively, may affect the users' economic decisions that are based on such financial statements.

Using our professional judgment, we set certain quantitative threshold values for materiality, including materiality at the level of the Company's financial statements in general as depicted in the table below. We used these values and qualitative factors to determine the scope of our audit, as well as the nature, dates and scope of the audit procedures, and assessed the impact of misstatements (taken individually and collectively), if any, on the financial statements in general.

Materiality at the level of financial the statements in general:	RUB 1,130,000 thous.
The way it was determined	5% of adjusted profit before tax less expenses associated with the write-off of Berezovskaya GRES Power Unit No. 3 fixed assets damaged by the accident in 2016, income from insurance compensation and income from recognition of materials following the dismantling activities during the accident response
Justification of use of materiality level	We chose to use profit before tax as the base indicator to determine the materiality level as we believe that it is this base indicator that the users most commonly consider when evaluating the Company's performance and it represents a generally accepted base indicator. Use of adjusted profit before tax reduces the effect of one-time events and channels the audit to the indicators used by the management to evaluate the Company's performance and situation. We set materiality at the level of 5%, which falls within the range of acceptable quantitative thresholds of materiality applicable to the profit-making companies of the sector.

Key Issues of the Audit

The key issues of the audit are the issues that according to our professional judgment were most significant for our audit of financial statements for the current period. These issues were considered in the context of our audit of the financial statements in general and when developing our opinion on these financial statements, and we shall not express our opinion regarding these issues separately.

Key issue of the audit	Which audit procedures were used to address the key issue of the audit
<p><i>Retirement of fixed assets due to the accident at Berezovskaya GRES</i></p> <p>See Cl. 3.3 of the Notes to the Balance Sheet and Profit and Loss Statement for 2017 On 1 February 2016, fire broke out in the boiler house of Power Unit No. 3 of Unipro PJSC</p> <p>Berezovskaya GRES, damaging a significant part of Power Unit No. 3 that needs to be replaced.</p> <p>For the purposes of the Company's financial statements, fixed assets were written off by virtue of write-off certificates and write-off orders. These documents were drawn up based on the fault detection reports prepared by the expert commission composed of the representatives of the Company and the contractors that were involved in the erection of Power Unit No. 3 and will be involved in the recovery works, based on the expert assessment of potential damages following a visual inspection and examination of the working documentation set.</p> <p>As of 31 December 2016, a major part of equipment was not actually inspected by the expert commission due to the unstable position of the boiler and danger to stay in certain areas, and therefore, no write-off was carried out for these</p>	<p>In November 2017, we carried out a physical inspection of Berezovskaya GRES (including Power Unit No. 3) to validate the damage assessment performed by the management and made sure that the damaged power unit had not been fully destroyed and the remaining two power units of BGRES are functioning properly.</p> <p>We equally carried out a random check of the documents required to reflect retirement of the items of fixed assets to validate the appropriateness of the amount and period of retirement for the fixed assets. Furthermore, we checked the computational accuracy of the calculations made by the management with respect to the retirement of fixed assets.</p> <p>We analysed the minutes of the meetings of the Board of Directors and material contracts for recovery works and identified no discrepancies with the resolution on the recovery of the damaged items.</p> <p>We also checked disclosure in the financial statements for completeness and conformity to the accounting rules applicable in the Russian Federation.</p>

Key issue of the audit	Which audit procedures were used to address the key issue of the audit
<p>fixed assets. In the process of partial write-off in 2016, the Company recognised expenses from the retirement of fixed assets in the amount of RUB 6,363,433 thous.</p> <p>Due to the facts mentioned above, the remaining expenses on the partial write-off of fixed assets were reflected in 2017 following the inspection and dismantling of damaged items and execution of equipment fault detection reports that provided basis for the execution of write-off certificates and dismantling of the fixed assets.</p> <p>In 2017, expenses from retirement of fixed assets amounted to RUB 5,837,520 thous.</p>	<p>The procedures that we implemented revealed no material deviations.</p>

Other Information

The management is responsible for the other information. The other information contains Unipro PJSC Annual Report for 2017, Issuer's Quarterly Report for 1Q 2018 (but does not include the financial statements and our auditor's report thereon), which are expected to be presented to us after the date hereof.

Our opinion on the financial statements shall not cover the other information, and we shall not provide an opinion expressing any kind of certainty with respect to this information.

In connection with our audit of the financial statements, our duty is to get acquainted with the information mentioned above as soon as we receive it and to analyse whether there are material discrepancies between the other information and the financial statements or our knowledge acquired in the course of the audit and whether the other information contains other probable material misstatements.

Responsibility of the Management and of the Persons in Charge of Corporate Management for Financial Statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting rules applicable in the Russian Federation, and for such internal controls as the management deems necessary to ensure preparation of financial statements that are free from material misstatements, whether due to fraud or error.

When preparing the financial statements, the management shall assess the Company's ability to continue as a going concern, disclose the going-concern information in appropriate instances, and prepare financial statements based on the going-concern assumption unless the management either intends to liquidate the Company or go out of business, or has no realistic alternative but to do so.

The persons in charge of corporate management shall ensure supervision over preparation of the Company's financial statements.

Auditor's Responsibility for the Audit of Financial Statements

Our objective is to obtain a reasonable assurance of the fact that the financial statements do not contain material misstatements, whether due to fraud or error, as well as to release an auditor's report containing our opinion. A reasonable assurance is a high level of assurance, which, however, does not guarantee that the audit conducted in accordance with the ISA will always reveal instances of material misstatements, if any. Misstatements may be due either to fraud or error and are deemed material if it is reasonable to assume that, taken individually or collectively, they may affect the users' economic decisions that are based on the financial statements.

When conducting an audit in accordance with the ISA, we apply professional judgment and maintain professional scepticism throughout the entire duration of the audit. Furthermore, we:

- Identify and assess the risks of material misstatement of financial statements either due to fraud or error; Develop and carry out audit procedures to respond to these risks; Acquire audit evidence that is sufficient and appropriate to express our opinion. The risk of revealing material misstatement due to fraud is higher than the risk of revealing material misstatement due to error, as fraud may include conspiracy, falsification, wilful omission, misrepresentation, or actions to circumvent the internal control system;
- Become aware of the internal control system significant for the audit in order to develop the audit procedures that fit the circumstances, but not in order to express our opinion on the performance of the Company's internal control system;
- Assess the appropriateness of the accounting policy used and validity of accounting estimates and the relevant disclosure prepared by the management;
- Conclude on the legitimacy of the management's going-concern assumption and use the acquired audit evidence to draw a conclusion on whether there is considerable uncertainty caused by certain events and circumstances that may put the Company's ability to continue as a going concern in question. If we conclude that there is considerable uncertainty, we shall ensure that our auditor's report draws attention to due disclosure in the financial statements or – in case of failure to duly disclose the information – modify our opinion. Our opinions are based on the audit evidence received prior to the date of the auditor's report. Meanwhile, future events and circumstances may make the Company unable to continue as a going concern;
- Assess the overall presentation of the financial statements, their structure and content, including disclosure, and whether the financial statements reflect the transactions and events in their basis so as to ensure their accurate presentation.

We engage in information exchange with the persons in charge of corporate management notifying them, without limitation, of the expected scope and dates of the audit, as well as of any material problems identified during the audit, including any major flaws in the internal control system revealed during the audit.

We equally provide the persons in charge of corporate management with a statement certifying our compliance with all the ethical requirements regarding independence and notified these persons of any other relations and issues that may validly be deemed to affect the auditor's independence, and in appropriate instances – of the relevant precautions.

We select the issues of highest significance for the audit of financial the statements for the current period, and therefore, constitute the key issues of the audit from among the issues that we reported to the persons in charge of corporate management. We describe these issues in our auditor's report, except when public disclosure of information on such issues is prohibited by a relevant law or regulation or when in exceptional instances we come to the opinion that information concerning a certain issue shall not be disclosed in our report since it may reasonably be expected that the negative consequences of such disclosure will surpass the public benefit thereof.

Manager of the engagement the results of which were used to release this Independent Auditor's Report is Gulnara Radikovna Khabirova.

21 March 2018 Moscow, Russian Federation

G. R. Khabirova, Engagement Manager (Qualification Certificate No. 01-000492),
PricewaterhouseCoopers Audit Joint-Stock Company

Audited company: Unipro PJSC

Certificate of Entry in the USRLE (Unified State Register of Legal Entities)
No. 1058602056985 issued on 4 March 2005

Building 34, 23, Energostroiteley Street, 628406 Surgut, Khanty-Mansi Autonomous District – Yugra,
Tyumen Region, Russian Federation

Independent auditor:

PricewaterhouseCoopers Audit Joint-Stock Company

Certificate of State Registration No. 008.890 issued by the Moscow Registration Chamber on 28 February 1992
Certificate of Entry in the USRLE No. 1027700148431 issued on 22 August 2002

Member of Self-Regulatory Organisation of Auditors Russian Union of Auditors (Association)

ORNZ (Principal Number of Registration Entry) in the Register of Auditors and Audit Organisations: 11603050547

BALANCE SHEET

OKUD Form No. 1

Date (year, month, day)

Company UNIPRO PJSC

Taxpayer's Identification Number

Activity type: **Electric power generation by heat power plants, including power plant performance assurance**

Legal form of the company/type of ownership

Public Joint Stock Company/Joint private and foreign ownership

Unit of measurement: RUB thous.

CODES

0710001

31 12 2017

OKPO

76828204

INN

8602067092

OKVED

35.11.1

OKOPF/OKFS

12247

34

OKEI

384

Location (address)

Building 34, 23, Energostroiteley Street, Surgut, Khanty-Mansi Autonomous District – Yugra, Tyumen Region, Russian Federation

Notes	Indicator	Line code	As of 31 December 2017	As of 31 December 2016	As of 31 December 2015
1	2	3	4	5	6
	ASSETS				
	1. NON-CURRENT ASSETS				
	Intangible assets	1110	211	-	
Vol. 21 S. III Cl. 3.2	Fixed assets	1150	97,533,954	98,263,360	101,771,871
Vol. 22 S. III Cl. 3.4	Including: Construction in progress	1151	17,213,316	12,042,829	7,569,150
Vol. 3.1 S. III Cl. 3.5	Long-term financial investments	1170	443,718	1,260,673	1,023,158
	Deferred tax assets	1180	125,077	107,725	51,542
S. III Cl. 3.6	Other non-current assets	1190	86,177	55,847	53,746
	Total Section 1	1100	98,189,137	99,687,605	102,900,317
	II. CURRENT ASSETS				
Vol. 4.1 S. III Cl. 3.7	Inventories	1210	16,134,894	6,989,133	5,997,264
Vol. 4.1 S. III Cl. 3.7	Including: Raw materials, materials and other similar values	1211	16,134,894	6,989,133	5,997,071
	Value added tax on acquired assets	1220	731	24,686	2,710
Vol. 5.1 S. III Cl. 3.9	Receivables	1230	11,775,020	10,699,300	8,988,049
Vol. 5.1 S. III Cl. 3.9	Long-term debt	1231	946,655	963,026	1,142,135
Vol. 5.1 S. III Cl. 3.9	Short-term debt	1232	10,828,365	9,736,274	7,845,914
Vol. 5.1 S. III Cl. 3.9	Including: Buyers and customers	1233	5,363,157	5,366,350	5,743,266
Vol. 5.1 S. III Cl. 3.9	Advances paid	1234	579,953	3,166,699	379,735
Vol. 3.1 S. III Cl. 3.10	Short-term financial investments (except for cash equivalents)	1240	3,000,000	156,383	-
S. III Cl. 3.11	Cash and cash equivalents	1250	2,912,747	1,526,072	9,365,530
	Other current assets	1260	47,382	109,744	159,017
	Total Section II	1200	33,870,774	19,505,318	24,512,570
	BALANCE	1600	132,059,911	119,192,923	127,412,887

Notes	Indicator	Line code	As of 31 December 2017	As of 31 December 2016	As of 31 December 2015
1	2	3	4	5	6
	LIABILITIES				
	III. SHAREHOLDERS' FUNDS				
S. III. Cl. 3.13	Authorised capital	1310	25,219,482	25,219,482	25,219,482
	Revaluation of non-current assets	1340	451,895	456,433	463,673
	Added capital (without revaluation)	1350	40,969,311	40,969,311	40,969,311
S. III. Cl. 3.13	Reserve capital	1360	1,260,974	1,260,974	1,260,974
	Retained earnings (uncovered loss)	1370	51,985,391	35,705,857	44,790,587
	Total Section III	1300	119,887,053	103,612,057	112,704,027
	IV. LONG-TERM LIABILITIES				
	Deferred tax liabilities	1420	5,580,227	6,153,943	6,494,551
	Other liabilities	1450	-	-	-

	Total Section IV	1400	5,580,227	6,153,943	6,494,551
	V. SHORT-TERM LIABILITIES				-
	Short-term loan liabilities	1510	.	2,307,756	
Vol. 5.3 S. III Cl. 3.12	Payables	1520	5,178,946	4,860,887	6,922,825
Vol. 5.3 S. III Cl. 3.12	Including: Payables to suppliers	1521	3,634,209	3,549,669	4,090,793
Vol. 5.3 S. III Cl. 3.12	Taxes and charges payable	1522	896,712	612,282	2,018,213
	Deferred income	1530	249	-	-
Vol. 7	Estimated liabilities	1540	930,820	999,106	1,291,186
S. III Cl. 3.8.3.12	Other short-term liabilities	1550	482,616	1,259,174	298
	Total Section V	1500	6,592,631	9,426,923	8,214,309
	BALANCE	1700	132,059,911	119,192,923	127,412,887

Executive M. G. Shirokov
Signature Printed name
21 March 2018

Chief Accountant E. A. Dubtsova
Signature Printed name

OKUD Form No. 1

Date (year, month, day)

Company UNIPRO PJSC

Taxpayer's Identification Number

Activity type: **Electric power generation by heat power plants, including power plant performance assurance**

Legal form of the company/type of ownership _____

Public Joint Stock Company/Joint private and foreign ownership

Unit of measurement: RUB thous.

CODES		
0710002		
31	12	2017
OKPO 76828204		
INN 8602067092		
OKVED 35.11.1		
12247	34	
OKOPF/OKFS		
OKEI 384		

Notes	Indicator	Line code	For 2017	For 2016
1	2	3	4	5
S. III Cl. 3.14	Revenue	2110	79,135,977	81,129,577
Vol. 6 S. III Cl. 3.15	Cost of sales	2120	(57,280,279)	(63,885,363)
	Gross profit (loss)	2100	21,855,698	17,244,214
	Profit (loss) from sales	2200	21,855,698	17,244,214
	Interest receivable	2320	880,322	687,174
	Interest payable	2330	(65,618)	(126,390)
S. III Cl. 3.16	Other income	2340	26,914,428	7,980,525
S. III Cl. 3.16	Other costs	2350	(12,821,247)	(12,202,865)
	Profit (loss) before taxes	2300	36,763,583	13,582,658
S. III Cl. 3.17	Current income tax	2410	(7,504,217)	(3,020,534)
S. III Cl. 3.17	Including Permanent tax liabilities (assets)	2421	(335,047)	330,946
S. III Cl. 3.17	Changes in deferred tax liabilities	2430	473,200	89,195
S. III Cl. 3.17	Changes in deferred tax assets	2450	13,348	25,770
	Other	2460	388,409	(187,066)
	Net profit (loss)	2400	30,134,323	10,490,023

Notes	Indicator	Line code	For 2017	For 2016
1	2	3	4	5
	FOR REFERENCE			
	Result from other transactions not included in net profit (loss) of the period	2520		
	Combined fiscal effect of the period	2500	30,134,323	10,490,023
S. III Cl. 3.19	Basic profit (loss) per share, RUB	2900	0.4780	0.1664

Executive M. G. Shirokov
Signature Printed name
21 March 2018

Chief Accountant E. A. Dubtsova
Signature Printed name

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Date (year, month, day)

Company UNIPRO PJSC

Taxpayer's Identification Number

Activity type: **Electric power generation by heat power plants, including power plant performance assurance**

Legal form of the company/type of ownership _____

Public Joint Stock Company/Joint private and foreign ownership

Unit of measurement: RUB thous.

CODES		
0710003		
31	12	201 7
76828204		
8602067092		
35.11.1		
12247	34	
384		

OKPO

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OKOPF/OKFS

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1. Capital Flow

Notes	Indicator	Line code	Authorised capital	Treasury shares	Added capital	Reserve capital	Retained earnings (uncovered loss)	Total
1	2	3	4	5	6	7	8	9
	Capital value as of 31 December 2015	3100	25,219,482	-	41,432,984	1,260,974	44,790,587	112,704,027
	For 2016							
	Capital increase – total	3210		-	-	*	10,645,666	10,645,666
	Including:							
	Net profit	3211	X	X	X	X	10,490,023	10,490,023
	Property revaluation	3212	X	X	-	X		
	Revenues related directly to capital increase	3213	X	X		X	155,643	155,643
	Additional share issue	3214	-	X		X	-	-
	Increase of share denomination	3215	-	X		X	-	-
	Reorganisation of the legal entity	3216	-		-	-	-	-
	Placement of treasury shares	3217	X	-	X	X	.	.
	Capital reduction – total	3220	-	-	-	-	(19,737,636)	(19,737,636)
	Including							
	Loss	3221	X	X	X	X	.	.
	Property revaluation	3222	X	X		X	-	-
	Expenses related directly to capital reduction	3223	X	X	-	X	-	-
	Reduction of share denomination	3224	-	X	-	X	-	-
	Decrease in the number of shares	3225		X	-	X	-	-
	Reorganisation of the legal entity	3226		-	.	-	-	-
	Dividends	3227	X	X	X	X	(19,737,637)	(19,737,637)
	Repurchase of treasury shares	3228	X	-	X	X	0	
	Changes in added capital	3230	X	X	(7,240)	X	7,240	
	Changes in reserve capital	3240	X	X	X	-	-	X
	Capital value as of 31 December 2016	3200	25,219,482		41,425,744	1,260,974	35,705,857	103,612,057
	For 2017							
	Capital increase – total	3310	-	-			30,274,996	30,274,996
	Including:							
	Net profit	3311	X	X	X	X	30,134,323	30,134,323
	Property revaluation	3312	X	X	-	X		
	Revenues related directly to capital increase	3313	X	X	-	X	140,673	140,673
	Additional share issue	3314	-	X	-	X	.	-
	Increase of share denomination	3315	-	X	-	X	-	-
	Reorganisation of the legal entity	3316	-	-	-	.	-	-
	Placement of treasury shares	3317	X	-	X	X	-	-
	Capital reduction – total	3320	-	-	-	-	(14,000,000)	(14,000,000)
	Including							
	Loss	3321	X	X	X	X	-	-
	Property revaluation	3322	X	X		X		-
	Expenses related directly to capital reduction	3323	X	X	-	X	*	-
	Reduction of share denomination	3324	-	X	-	X	-	-
	Decrease in the number of shares	3325	-	X	-	X	-	-
	Reorganisation of the legal entity	3326	-	-	-	-		-
Cl. 3.19	Dividends	3327	X	X	X	X	(14,000,000)	(14,000,000)
	Repurchase of treasury shares	3328	X	-	X	X	-	
	Changes in added capital	3330	X	X	(4,538)	X	4,538	-
	Changes in reserve capital	3340	X	X	X	-	-	X
	Capital value as of 31 December 2017	3300	25,219,482	-	41,421,206	1,260,974	51,985,391	119,887,053

3. Net Assets

Note	Indicator	Line code	As of 31 December	As of 31 December	As of 31 December
			2017	2016	2015
1	2	3	4	5	6
	Net assets	3600	119,887,053	103,612,057	112,704,027

Executive M. G. Shirokov
Signature Printed name
21 March 2018

Chief Accountant E. A. Dubtsova
Signature Printed name

OKUD Form No. 1

Date (year, month, day)

Company UNIPRO PJSC

Taxpayer's Identification Number

Activity type: **Electric power generation by heat power plants, including power plant performance assurance**

Legal form of the company/type of ownership _____

Public Joint Stock Company/Joint private and foreign ownership

Unit of measurement: RUB thous.

CODES		
0710004		
31	12	2017
OKPO 76828204		
INN 8602067092		
OKVED 35.11.1		
12247	34	
OKOPF/OKFS		
OKEI 384		

Notes	Indicator	Line code	For 2017	For 2016
1	2	3	4	5
	Operating cash flows			
	Total receipts	4110	99,081,828	85,780,915
	Including:			
	From sale of products, goods, works and services	4111	78,375,608	80,078,569
	Rental payments, license fees, royalties, commission fees and other similar payments	4112		
	From resale of financial investments	4113		-
Cl. 3.11	Other receipts	4119	20,706,220	5,702,346
	Total payments	4120	(64,367,206)	(65,269,833)
	Including:			
	To suppliers (contractors) for raw materials, materials, works, services	4121	(44,976,068)	(52,688,538)
	In connection with salary payment to employees	4122	(4,826,672)	(4,917,648)
	Interest on debt liabilities	4123		(118,633)
	Corporate income tax	4124	(10,964,585)	(1,976,962)
Cl. 3.11	Other payments	4129	(3,599,881)	(5,568,052)
	Balance of operating cash flows	4100	34,714,622	20,511,082
	Investment cash flows			
	Total receipts	4210	9,960,784	690,688
	Including:			
	From sale of non-current assets (except for financial investments)	4211		4,626
	From sale of other companies' shares (participatory interests)	4212		-
	From recovery of provided loans, from sale of debt securities (monetary claims against third parties)	4213	9,092,546	
	Dividends, interest on debt financial investments and similar receipts from participatory interests in other companies	4214	868,238	685,554
	From closing the deposits	4215	-	-
	Other receipts	4219		508
	Total payments	4220	(26,926,111)	(11,248,603)
	Including:			
	In connection with acquisition, creation, upgrading, reconstruction and preparation for use of non-current assets	4221	(14,705,239)	(10,738,377)
	In connection with acquisition of other companies' shares (participatory interests)	4222		(337,800)
	In connection with acquisition of debt securities (monetary claims against other persons), provision of loans to other persons	4223	(12,220,872)	(156,383)
	Interest on liabilities included in the investment asset value	4224		-
	Placement of cash in deposits	4225		-
	Other payments	4229		(16,043)
	Balance of investment cash flows	4200	(16,965,327)	(10,557,915)
	Financial cash flows			
	Total receipts	4310	1,386,478	3,405,012
	Including:			
	Receipt of credits and loans	4311	1,386,478	3,405,012
	Cash deposits of the owners (participants)	4312		-
	From issue of shares, from increase in participatory interests	4313		-
	From issue of bonds, bills and other debt securities, etc.	4314		-
	Other receipts	4319		-
	Total payments	4320	(17,736,578)	(20,721,905)
	Including:			
	To owners (participants) in connection with the repurchase of shares/participatory interests of the company from them or their withdrawal from the participants	4321		-
	To pay dividends and make other payments for distribution of profits to the owners (participants)	4322	(13,976,726)	(19,616,893)

	Due to discharge (buy-back) of bills and other debt securities, return of credits and loans	4323	(3,759,852)	(1,105,012)
	Other payments	4329		-
	Balance of financial cash flows	4300	(16,350,100)	(17,316,893)
	Balance of cash flows for the reporting period	4400	1,399,195	(7,363,726)
	Balance of cash and cash equivalents as of the beginning of the reporting period	4450	1,526,072	9,365,530
	Balance of cash and cash equivalents as of the end of the reporting period	4500	2,912,747	1,526,072
	Effect of changes in the foreign exchange rate to the ruble	4490	(12,520)	(475,732)

Executive M. G. Shirokov
Signature Printed name
21 March 2018

Chief Accountant E. A. Dubtsova
Signature Printed name

Notes to the Balance Sheet and Profit and Loss Statement, RUB thous.

2. Fixed Assets

2.1. Availability and Movement of Fixed Assets

2. Fixed Assets

2.1. Availability and Movement of Fixed Assets

Indicator	Line code	Period	As of the beginning Historic cost	of the year Accumulated depreciation	Increase	Decrease		Accrued depreciation	Revaluation		Historic cost	Accumulated depreciation
						Historic cost	Accumulated depreciation		Historic cost	Accumulated depreciation		
1	2	3	4	5	6	7	8	9	10	11	12	
Fixed assets (without interest-bearing investments in tangible assets Including:	5200	2017	129,862,945	(43,642,414)	6,650,222	(8,616,537)	2,356,414	(6,289,992)	*	-	127,896,630	(47,575,992)
	5210	2016	131,290,032	(37,087,312)	5,093,953	(6,521,040)	180,123	(6,735,225)	•	-	129,862,945	(43,642,414)
Buildings	5201	2017	28,030,085	(4,042,524)	435,617	(129,555)	1,393	(669,814)		*	28,336,147	(4,710,945)
	5211	2016	27,946,187	(3,383,085)	1,319,222	(1,235,324)	14,458	(673,897)	-	-	28,030,085	(4,042,524)
Structures and transmitters	5202	2017	17,132,543	(5,054,360)	189,414	(122,635)	1,478	(759,982)	-	-	17,199,322	(5,812,864)
	5212	2016	16,758,446	(4,327,172)	661,837	(287,740)	24,580	(751,768)	-	-	17,132,543	(5,054,360)
Machinery and equipment	5203	2017	84,105,921	(34,172,186)	5,203,762	(8,341,201)	2,336,318	(4,782,080)	-	-	80,968,482	(36,617,948)
	5213	2016	86,041,758	(29,060,494)	3,043,432	(4,979,269)	124,620	(5,236,312)	-	-	84,105,921	(34,172,186)
Vehicles	5204	2017	304,106	(195,200)	56,623	(17,172)	14,432	(42,961)	-	-	343,557	(223,729)
	5214	2016	276,693	(168,602)	39,647	(12,234)	12,149	(38,747)		-	304,106	(195,200)
Production and household tools	5205	2017	202,903	(167,737)	33,067	(5,342)	2,531	(17,618)	-		230,628	(182,824)
	5215	2016	179,209	(140,218)	29,589	(5,895)	3,986	(31,505)	-		202,903	(167,737)
Other types	5206	2017	17,504	(10,407)	731,739	(632)	262	(17,537)	-	-	748,611	(27,682)
	5216	2016	17,770	(7,741)	226	(492)	330	(2,996)	-	-	17,504	(10,407)
Land plots	5207	2017	69,883		-	-	-	-	-	-	69,883	-
	5217	2016	69,969	•		(86)	-	-	-	-	69,883	-

2.2. Capital Investments in Progress

Indicator	Line code	Period	As of the beginning of the year	Changes for the period			As of the end of the period
				Costs for the period	Written off*	Entered in the books as fixed assets, or the value increased	
1	2	3	4	5	6	7	8
Construction in progress and work in progress regarding acquisition, upgrading, etc. of fixed assets, total	5240	2017	12,042,829	14,769,687	(2,950,628)	(6,648,572)	17,213,316
	5250	2016	7,569,151	9,783,811	(219,136)	(5,090,997)	12,042,829
New construction	5241	2017	4,494,204	6,816,288	(60,376)	(3,527,219)	7,722,897
	5251	2016	5,490,077	1,978,117	(47,803)	(2,926,187)	4,494,204
Reconstruction and upgrading	5242	2017	1,359,633	1,196,769	(23,022)	(2,166,158)	367,222
	5252	2016	1,129,442	2,204,100	(9,928)	(1,963,981)	1,359,633
Other capital investments	5243	2017	726,423	6,756,630	(33,830)	(955,195)	6,494,028
	5253	2016	690,779	397,878	(161,405)	(200,829)	726,423
Advances	5244	2017	5,462,569		(2,833,400)		2,629,169
	5254	2016	258,853	5,203,716			5,462,569

2.3. Change in the Value of Fixed Assets as a Result of Additional Construction, Retrofitting, Reconstruction and Partial Liquidation

Indicator	Line code	For 2017	For 2016
1	2	3	4
Increase in the value of fixed assets as a result of additional construction, retrofitting, reconstruction – total	5260	2,166,158	1,963,981
Including:			
Buildings	5261	82,352	499,119
Structures and transmitters	5262	63,447	283,308
Machinery and equipment	5263	2,020,359	1,179,204
Vehicles	5264	-	1,651
Production and household tools	5265	-	699
Other groups of fixed assets	5266	-	-
Reduction of the cost of fixed assets as a result of partial liquidation – total:	5270	(7,408,011)	(6,335,341)
Including:			
Machinery and equipment	5271	(7,155,821)	(4,873,649)

2.4. Other Use of Fixed Assets*

Indicator	Line code	As of 31 December 2017	As of 31 December 2016	As of 31 December 2015
	2	3	3	4
Leased out fixed assets on the balance sheet	5280	431,642	292,238	98,936
Subleased fixed assets on the balance sheet	5281			
Fixed assets on the balance sheet taken on lease	5282			
Off-balance-sheet fixed assets taken on lease	5283	1,910,358	1,851,261	2,074,900
Real estate items commissioned and actually used, state registration pending	5284			
Fixed assets in the state of temporary shutdown/long-term recovery	5285	27,239,164	33,082,821	21,646
Pledged fixed assets	5286			
Other use of fixed assets on the balance sheet	5287			
Other use of off-balance-sheet fixed assets	5288	-	-	-

*Fixed assets are reflected at historic cost.

3. Financial Investments

3.1. Availability and Movement of Financial Investments

Indicator	Line code	Period	As of the beginning of the year		Changes for the period					As of the end of the period	
			Historic cost	Accumulated adjustment	Increase	Decrease (repaid)		Bringing the historic cost up to the nominal	Mark-to-market value (impairment loss)	Historic cost	Accumulated adjustment
						Historic cost	Accumulated Adjustment				
1	2	3	4	5	6	7	8	9	10	11	
Long-term financial investments • total	5301	2017	1,308,173	(47,500)	219,874	(16,973)	15,533		(1,035,389)	1,511,074	(1,067,356)
	5311	2016	1,082,173	(59,015)	226,000	-	-	-	11,515	1,308,173	(47,500)
Including:	5302	2017	1,308,173	(47,500)	-	(16,973)	15,533	X	(1,035,389)	1,291,200	(1,067,356)
	5312	2016	1,082,173	(59,015)	226,000	-	-	X	11,515	1,308,173	(47,500)
Including: Investments in authorised capitals of subsidiaries and affiliates	53021	2017	1,218,973	-		(16,973)	15,533	X	(1,026,542)	1,202,000	(1,011,009)
	53121	2016	992,973	-	226,000	-	-	X	-	1,218,973	-
Investments in authorised capitals of other companies	53022	2017	89,200	(47,500)	-	-	-	X	(8,847)	89,200	(56,347)
	53122	2016	89,200	(59,015)	-	-	-	X	11,515	89,200	(47,500)
Investments in other securities of companies (bonds, bills, etc.)	5303	2017	-	-	-	-	-	-	-	-	-
	5313	2016	-	-	-	-	-	-	-	-	-
Investments in other securities of subsidiaries and affiliates (bonds, bills, etc.)	53031	2017	-	-	-	-	-	-	-	-	-
	53131	2016	-	-	-	-	-	-	-	-	-
Investments in other securities of other companies (bonds, bills, etc.)	53032	2017	-	-	-	-	-	-	-	-	-
	53132	2016	-	-	-	-	-	-	-	-	-
Other types of financial investments	5304	2017	-	-	219,874	-	-	-	-	219,874	-
	5314	2016	-	-	-	-	-	-	-	-	-
Loans provided	53042	2017	-	-	219,874	-	-	-	-	219,874	-
	53142	2016	-	-	-	-	-	-	-	-	-
Deposits	53043	2017	-	-	-	-	-	-	-	-	-
	53143	2016	-	-	-	-	-	-	-	-	-
Other long-term financial investments	53044	2017	-	-	-	-	-	-	-	-	-
	53144	2016	-	-	-	-	-	-	-	-	-
Short-term financial investments – total	5305	2017	156,383	-	12,145,467	(9,301,850)	-	-	-	3,000,000	-
	5315	2016	-	-	156,383	-	-	-	-	156,383	-
Including:	5306	2017	-	-	-	-	-	X	-	-	-
	5316	2016	-	-	-	-	-	X	-	-	-
Investments in authorised capitals of subsidiaries and affiliates	53061	2017	-	-	-	-	-	X	-	-	-
	53161	2016	-	-	-	-	-	X	-	-	-
Investments in authorised capitals of other companies	53062	2017	-	-	-	-	-	X	-	-	-
	53162	2016	-	-	-	-	-	X	-	-	-
Investments in other securities of companies (bonds, bills, etc.)	5307	2017	-	-	-	-	-	-	-	-	-
	5317	2016	-	-	-	-	-	-	-	-	-
Investments in other securities of subsidiaries and affiliates (bonds, bills, etc.)	53071	2017	-	-	-	-	-	-	-	-	-
	53171	2016	-	-	-	-	-	-	-	-	-
Investments in other securities of other companies (bonds, bills, etc.)	53072	2017	-	-	-	-	-	-	-	-	-
	53172	2016	-	-	-	-	-	-	-	-	-
Other types of financial investments	5308	2017	156,383	-	12,145,467	(9,301,850)	-	-	-	3,000,000	-
	5318	2016	-	-	156,383	-	-	-	-	156,383	-
Loans provided	53082	2017	156,383	-	12,145,467	(9,301,850)	-	-	-	3,000,000	-
	53182	2016	-	-	156,383	-	-	-	-	156,383	-
Deposits	53083	2017	-	-	-	-	-	-	-	-	-
	53183	2016	-	-	-	-	-	-	-	-	-
Other short-term financial investments	53084	2017	-	-	-	-	-	-	-	-	-
	53184	2016	-	-	-	-	-	-	-	-	-
Financial investments – total	5300	2017	1,464,556	(47,500)	12,365,341	(9,318,823)	15,533	-	(1,035,389)	4,511,074	(1,067,356)

	5310	2016	1,082,173	(59,015)	382,383	-	-	-	11,515	1,464,556	(47,500)
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4. Inventories

4.1. Availability and Movement of Inventories

Indicator	Line code	Period	As of the beginning of the year		Changes for the period					As of the end of the period	
			Prime cost	Amount of the provision for reduction of cost	Receipts and costs	Decrease		Provisions due to re-reduction of cost	Turnover of inventories between their groups (types)	Prime cost	Amount of the provision for reduction of cost
						Prime cost	Provision for reduction of cost				
1	2	3	4	5	6	7	8	9	10	11	12
Total inventories	5400	2017	7,021,291	(32,158)	45,853,036	(36,715,529)	32,158	(23,904)	X	16,158,798	(23,904)
	5420	2016	6,015,817	(18,553)	46,330,432	(45,324,958)	18,553	(32,158)	X	7,021,291	(32,158)
Including:	5,401	2017	1,358,780	(691)	33,697,886	(33,766,148)	691	(550)	(2,205)	1,288,313	(550)
Fuel	5421	2016	1,350,586	(138)	38,012,159	(38,003,130)	67	(620)	(835)	1,358,780	(691)
Spare parts, materials, etc.	5402	2017	5,662,511	(31,467)	12,155,150	(2,949,381)	31,467	(23,354)	2,205	14,870,485	(23,354)
	5422	2016	4,665,231	(18,415)	8,318,273	(7,321,828)	18,486	(31,538)	835	5,662,511	(31,467)

5. Receivables and Payables
5.1. Availability and Movement of Receivables

Indicator	Line code	Period	As of the beginning of the year		Changes for the period							As of the end of the period	
			Accounted for under contractual terms	Amount of the provision for doubtful debts	Increase			Decrease			Reclassification from long-term to short-term payables (and vice versa)	Accounted for under contractual terms	Amount of the provision for doubtful debts
					As a result of business transactions (the amount of debt for the deal/transaction)	Interest payable, penalties and other charges	Accrual of the provision	Repayment	Write-off to the financial result	Recovery/Use of the provision			
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Long-term accounts receivable – total	5501	2017	963,026		820,517	-	-	(853,926)			17,038	946,655	
	5521	2016	1,142,135		(802,040)		(11)	(58,860)	(27)	11	(922,262)	963,026	*
Including	5502	2017	-		-				*		-		-
	5522	2016			-		-	-				*	*
Advances	5503	2017			-				-		*		*
	5523	2016	0	-	-		-	-					
Loans	5504	2017	247,931		75,418			(68,609)				254,740	*
	5524	2016	229,249		79,275		-	(51,602)	-		(8,991)	247,931	-
Other	5505	2017	715,095		745,099			(785,317)			17,038	691,915	-
	5525	2016	912,886	-	722,765		(11)	(7,258)	(27)	11	(913,271)	715,095	
Short-term accounts receivable – total	5510	2017	14,429,722	(4,693,448)	129,680,704		(1,792,912)	(127,688,186)	(28,550)	938,073	(17,038)	16,376,652	(5,548,287)
	5530	2016	11,721,084	(3,875,170)	112,273,630	3,142	(1,320,062)	(110,485,578)	(4,818)	501,784	922,262	14,429,722	(4,693,448)
Including: Buyers and customers	5511	2017	10,055,612	(4,689,262)	93,817,512		(1,710,386)	(93,044,107)		933,788		10,829,017	(5,465,860)
	5531	2016	9,613,653	(3,870,387)	100,912,799		(1,317,233)	(100,470,689)	(151)	498,358		10,055,612	(4,689,262)
Advances	5513	2017	3,169,323	(2,624)	6,356,197		(455)	(8,944,943)	(169)	2,624		(580,408)	(455)
	5533	2016	380,993	(1,258)	4,832,070		(1,366)	(2,040,851)	(2,889)			3,169,323	(2,624)
Other	5514	2017	1,204,787	(1,562)	29,506,995		(82,071)	(25,699,136)	(28,381)	1,661	(17,038)	4,967,227	81,972
	5534	2016	1,726,438	(3,525)	6,528,761	3,142	(1,463)	(7,974,038)	(1,778)	3,426	922,262	1,204,787	(1,562)
Total	5500	2017	15,392,748	(4,693,448)	130,501,221		(1,792,912)	(128,542,112)	(28,550)	938,073	X	17,323,307	(5,548,287)
	5520	2016	12,863,219	(3,875,170)	113,075,670	3,142	(1,320,073)	(110,544,438)	(4,845)	501,795	X	15,392,748	(4,693,448)

5.3. Availability and Movement of Payables

Indicator	Line code	Period	Balance as of the beginning of the year	Changes for the period					Balance as of the end of the period
				Increase		Decrease		Reclassification from long-term to short-term payables (and vice versa)	
				As a result of business transactions (the amount of debt for the deal/transaction)	Interest payable, penalties and other charges	Repayment	Write-off to the financial result		
1	2	3	4	5	6	7	8	9	10
Long-term payables – total	5551	2017	-	-	-	-			
	5571	2016			-	-	.		
Including: Suppliers and contractors	5552	2017		-		-			
	5572	2016			-	-			
Short-term payables – total	5560	2017	7,168,643	126,930,756	925	(128,916,293)	(5,085)	-	5,178,946
	5580	2016	6,922,825	115,185,882	807	(114,940,862)	(9)		7,168,643
Including: Suppliers and contractors	5561	2017	3,549,669	76,791,903	925	(76,708,117)	(171)		3,634,209
	5581	2016	4,090,795	67,263,957		(67,805,083)			3,549,669
Advances received	5562	2017	16,749	546,549		(554,354)	.		(8,944)
	5562	2016	17,127	72,195		(72,573)			16,749

Settlements for taxes	5563	2017	612,282	25,961,416		(25,672,072)	(4,914)		896,712
	5583	2016	2,018,213	17,928,344		(19,334,275)			612,282
Credits and loans	5564	2017	2,307,756	1,452,096		(3,759,852)			.
	5584	2016		3,531,402		(1,223,646)	.		2,307,756
Other	5565	2017	(682,187)	22,178,792		(22,221,898)			639,081
	5585	2016	796,690	(26,389,984)	807	(26,505,285)	(9)		682,187
Total	5550	2017	7,166,643	126,930,756	925	(128,916,293)	(5,085)	X	5,178,946
	5570	2016	6,922,825	115,185,882	807	(114,940,862)	(9)	X	7,168,643

6. Costs of Production

Indicator	Line code	2017	2016
1	2	3	4
Tangible costs	5610	40,308,309	46,386,654
Salary expenses	5620	4,910,305	5,084,865
Social security allocations	5630	1,218,623	1,225,824
Depreciation	5640	6,283,061	6,731,722
Other costs	5650	4,559,981	4,456,298
Total by elements	5660	57,280,279	63,885,363
Change in the balances of work in progress, finished goods, etc. (increase of [-]), including:	5670	-	-
Change in the balances of work in progress, finished goods, etc. (decrease of [+]), including:	5680	-	-
Total costs of core activities	5600	57,280,279	63,885,363

7. Estimated Liabilities

Indicator	Line code	Year	Balance as of the beginning of the year	Recognised	Repaid	Written off as excess	Balance as of the end of the year
1	2	2	3	4	5	6	7
Total estimated liabilities	5700	2017	999 106	2, 004,592	(1, 973, 334)	(99, 544)	930, 820
		2016	1, 291, 186	1, 608,713	(1, 664, 746)	(236, 047)	999, 106
Including:		2017	8, 410		-	(317)	8, 093
Estimated liabilities for legal proceedings	5701	2016	559, 884	8410	(448, 531)	(111, 353)	8, 410
Estimated liabilities for unused vacations	5702	2017	237, 455	709,241	(671, 300)	(34, 792)	240, 604
		2016	281, 265	549,350	(569, 420)	(23, 740)	237, 455
Estimated liabilities for annual compensations	5703	2017	312, 766	360,716	(324, 431)	(5, 492)	343, 559
		2016	345, 581	335,819	(301, 692)	(66, 942)	312, 766
Estimated liabilities for quarterly bonuses	5704	2017	86, 179	386,802	(359, 557)	(22, 099)	91, 325
		2016	104, 456	360,838	(345, 103)	(34, 012)	86, 179
Other estimated liabilities	5705	2017	354, 296	547,833	(618, 046)	(36, 844)	247, 239
		2016		354,296			354, 296

8. Security of Liabilities

Indicator	Line code	As of 31 December 2017	As of 31 December 2016	As of 31 December 2015
1	2	3	4	5
Total received	5800	5,836 162	7,142,045	1,017 395
Including:				
Bank guarantees	5801	5,353 071	5,964,951	245, 029
Contractual guarantees	5802	-	750,415	473, 001
Pledged assets	5804	483, 091	426,679	299, 365

Executive M. G. Shirokov
Signature Printed name
21 March 2018

Chief Accountant E. A. Dubtsova
Signature Printed name

Unipro Public Joint-Stock Company

NOTES TO THE BALANCE SHEET AND PROFIT AND LOSS STATEMENT FOR 2017

I. General Information

1.1 Company Profile

Unipro Public Joint-Stock Company (former OGC-4 OJSC (prior to 08 July 2011), E.ON Russia JSC (prior to 23 June 2016), hereinafter referred to as the Company) was established on 04 March 2005 according to Order of RAO UES of Russia OJSC No. 34r dated 02 March 2005. The Company's core business activities include the following:

- generation and sale of electric power;
- generation and sale of heat power.

The Company is registered at the address: Building 34, 23, Energostroiteley Street, Surgut, Khanty-Mansi Autonomous Area – Yugra, 628406 Tyumen Region

Mailing address: Floor 23, Block B, 10, Presnenskaya Embankment, 123112 Moscow

The Company's staff headcount as of 31 December 2017 was 4,357 employees (as of 31 December 2016 – 4,362 employees).

The Company's shares are listed in the Moscow Exchange MICEX-RTS.

As of 31 December 2017, the Company had 6 regional standalone business units (5 branches and 1 representative office):

Item No.	Branch name	Location address
1	Yaivinskaya GRES Branch	Timiryazeva Street, Yaiva Urban-Type Settlement, Aleksandrovsk, 618340 Perm Territory, Russian Federation
2	Shaturskaya GRES Branch	5, Chernoozerskiy Drive, Shatura, 140700 Moscow Region, Russian Federation
3	Smolenskaya GRES Branch	Ozerny Settlement, Dukhovshchinsky District, 216239 Smolensk Region, Russian Federation
4	Surgutskaya GRES-2 Branch	Surgut, Khanty-Mansi Autonomous District – Yugra, 628406 Russian Federation
5	Berezovskaya GRES Branch	1/15 Energetikov Industrial Base, Sharypovsky District, 662313 Krasnoyarsk Territory, Russian Federation
6	Moscow Representative Office	Floor 23, Block B, 10, Presnenskaya Embankment, 123112 Moscow, Russian Federation

Current members of the Board of Directors (elected at the Extraordinary General Meeting of Shareholders on 07 December 2017) as of 31 December 2017:

Item No.	Full name	Position (the positions are provided as of the date of nomination to the Board of Directors)
1	Klaus Schäfer	Chairman of the Management Board, Uniper SE
2	Maxim Gennadyevich Shirokov	General Director of Unipro PJSC, Deputy Chairman of the Board of Directors of Unipro PJSC
3	Christopher Jost Delbrück	Uniper SE Management Board Member
4	Günter Eckhardt Rümmler	Uniper SE Management Board Member
5	Patrick Wolff	Chief Legal Counsel and Compliance Area Manager, Uniper SE
6	Reiner Hartmann	Head of Moscow Representative Office, Uniper Global Commodities SE
7	Anna Grigoryevna Belova	Professor of Higher School of Management, Higher School of Economics
8	Oleg Vyacheslavovich Vyugin	Professor of School of Finance, Faculty of Economic Sciences, Higher School of Economics
9	Alexey Andreyevich Germanovich	Member of the Management Board of St Petersburg State University Development Fund

Members of the Management Board of the Company as of 31 December 2017:

Item No.	Full name	Position
1	Maxim Gennadyevich Shirokov	General Director, Chairman of the Management Board, Deputy Chairman of the Board of Directors, Unipro PJSC
2	Ulf Backmeyer	Deputy General Director for Finance and Economics, Unipro PJSC
3	Igor Viktorovich Popov	Deputy General Director for Production, Unipro PJSC

Members of the Audit Commission as of 31 December 2017 (elected at the Extraordinary General Meeting of Shareholders on 07 December 2017):

Item No.	Full name	Position
1	Dr. Jörg Wallbaum	Executive Vice President, Accounting & Financial Controlling, Uniper SE
2	Nicolo Prien.	Executive Vice President, Corporate Audit, Uniper SE
3	Alexey Sergeyevich Asyaev	Head of Internal Audit Department, Unipro PJSC
4	Denis Alexandrovich Alexeyenkov	Head of Controlling Department, Unipro PJSC

On 01 January 2016, E.ON Group including E.ON SE, the ultimate parent company and the ultimate party controlling the Company, successfully completed the separation of assets in conventional power generation (hydropower, natural gas, and coal), production and sale of gas in the Russian Federation, and global sale of electric power and energy carriers (gas, coal) into a separate company Uniper. After the split-up of E.ON, E.ON Russia JSC joined Uniper and was renamed as Unipro Public Joint-Stock Company on 23 June 2016. Prior to floatation, Uniper had been a full subsidiary of E.ON SE. Later on, the Group transferred 53.35% of the new company's equity to the company shareholders in the form of individual securities. These securities have been floating since 12 September 2016.

1.2 Operating Environment of the Company

The Russian economy has some specifics that are typical for emerging markets. It is especially sensitive to the oil and gas price movements. The development of tax, foreign exchange, and customs laws of the Russian Federation is going on attested to by frequent changes, allowing for various interpretations. In 2017, the Russian economy showed signs of recovery after the economic recession of 2015 and 2016. Low oil prices, persistent political tensions in the region, as well as lasting international sanctions imposed on some Russian companies and citizens have a negative effect on the Russian economy. The situation in financial markets is continuously unstable. This economic environment significantly affects the Company's activities and financial standing. The Management takes necessary measures to ensure stable activities of the Company. Nevertheless, it is hard to predict future consequences of the current economic situation and the current expectations and estimates of the Management may differ from the actual outcomes.

The Company's activities are more or less exposed to various risks (financial, legal, sovereign, regional, reputational, etc.). The notes to the balance sheet and profit and loss statement provide the information about the Company's exposure to risks and their root causes, risk management mechanisms, and period over period changes.

II. Accounting Policy

2.1. Accounting Basis

The financial statements have been prepared in compliance with the accounting and reporting rules currently in effect in the Russian Federation that were enacted by Federal Law 'On

Accounting', as well as with the Regulation on Accounting and Reporting in the Russian Federation and the other regulatory legal acts adopted by the Ministry of Finance of the Russian Federation.

The data of the financial statements are presented in thousands of roubles.

The Company's assets are valued at actual cost, except for fixed assets (reflected at net book value) and assets for which impairment provisions have been created in line with established procedures (impairment).

In the balance sheet, financial investments, accounts receivable and payable, and estimated liabilities are classified as short-term if their circulation period does not exceed 12 months following the reporting date. The remaining assets and liabilities above are classified as long-term ones.

2.2. Fixed Assets

Line 'Fixed assets' shows:

- Fixed assets at the net book value,
- Capital investments in non-current assets,
- Equipment to be installed,
- Advances paid under capital construction.

Fixed assets include land plots, buildings, machinery, equipment, vehicles, and other relevant facilities with the useful life over 12 months, and whose value exceeds RUB 40,000.

To ensure correct allocation of expenses to periods and compliance with the requirements set out in Letter of the Russian Ministry of Finance No. 07-02-18/01 dated 09 January 2013, starting from 2017, repair costs for fixed assets, if regular, are reflected as part of fixed assets and are recognised in expenses on a straight-line basis within the period until the next similar repair.

Fixed assets are reflected in the accounting records at historic value equal to actual acquisition and construction costs. An asset requiring a long time (over 12 month) and major acquisition, construction, and/or manufacturing costs to be prepared for intended use is recognised as an investment asset. Investment assets include constructions-in-progress to be ultimately reflected in the accounting records as fixed assets (including land plots), intangible assets or other non-current assets.

For accounting purposes, fixed assets are depreciated using the straight-line method based on their useful lives. The balance sheet reflects fixed assets at historic value less depreciation.

The useful lives accepted by the Company are provided in the table below:

Group of fixed assets	Useful life (number of years)
Buildings	25–50
Structures and transmitters	25–40
Machinery and equipment	5–15
Vehicles	7–15
Other	2–7

Useful life for new assets is determined based on the expected period of reaping economic benefits to be established based on:

- the Company's experience in operating similar assets,
- the actual period of use of the asset specified in technical data sheets,
- expected useful life of the asset is to be established by the commission involving business line specialists.

Fixed assets are not subject to depreciation if their consumer properties do not change over time (land plots; natural resources sites; etc.)

Depreciation shall not apply to fixed assets in the following cases:

- If such fixed assets have been preserved for over three months for the period from the month following the month of preservation to the month of de-preservation inclusive;
- During the recovery of the asset in excess of 12 months for the period from the month following the month when the facility was taken down for recovery up to the month when recovery was completed.

The income and expenses resulting from withdrawal of fixed assets are recorded in the profit and loss statement among other income and expenses.

Leased fixed assets are charged on off-balance accounts.

2.3. Inventories

Inventories are estimated at the total actual costs of their acquisition.

Inventories issued for production or withdrawn otherwise are estimated at the average prime cost.

Tools, instruments, maintenance accessories, overalls and special gear, as well as any other items worth up to RUB 40,000 and with a useful life of over a year are recorded as inventories. The value of special gear and overalls with the useful life of over one year is depreciated using the straight-line method from the month following the month, in which the use started.

Inventories produced by disassembling an item of fixed assets or a different piece of property to be disposed of that are fit for further use by the Company are reflected in the accounting records at mark-to-market value to be determined in the manner established by the Company. Inventories, the market value of which at the end of the year turned out to be lower than the value at which they are accounted due to a sustained (lasting) price fall (obsolescence, full or partial loss of quality) are reflected in the balance sheet at the market value. A provision was made for the amount of the difference between the carrying value of such inventories and their market value (by the amount of inventories) and attributed to the increase in other expenses.

2.4. Deferred Expenses

The expenses incurred by the Company in the reporting year, but relating to the subsequent reporting periods (voluntary and compulsory contributions for property and employee insurance; software; licences for operating activities), are recorded as deferred expenses and are to be written off as intended on a straight-line basis during the periods, to which they relate. The duration of such a period is decided upon at the time of entry of deferred expenses to the books.

The Company accounts the following deferred expenses:

- Software that was not previously used for the Company's activities, in the amount of fixed one-time payments under licence agreements for the provision of a non-exclusive right to use intellectual property or intellectual property designations (other than computer software included in the historic cost of fixed assets);
- Expenses in the form of payments for the connection of the Company's power receivers (power units) to power grids;
- Expenses (including the state duty) on acquiring licences for the activities to be licenced, with the specified validity period;
- Accreditation of laboratories;
- Expenses on dismantling the fixed assets that require a long (over 2 months) dismantling period;
- Other expenses relating to future reporting periods.

From the legal point of view, voluntary and compulsory insurance contributions are not related to deferred expenses; however, the Company reflects these payments on Account 97 in order to allocate the expenses evenly throughout the insurance period and ensure the segregation. When preparing its financial statements, the Company classifies these payments as other accounts receivable.

If it takes a long time to dispose of a fixed asset (over 2 months), the Company accumulates the expenses on such disposal on account 97.97 'Deferred expenses'. Fixed assets disposal expenses are written off simultaneously with writing off fixed assets to account 91 'Other income and expenses'.

Deferred expenses are presented in the statements in terms of writing-off as expenses in 12 or more months as other non-current assets, and in terms of short-term assets – as other current assets.

2.5. Financial Investments

Financial investments are recognised for accounting purposes at actual costs of their acquisition.

Sub-accounting records of financial investments are maintained broken down by financial investment types and by assets, in which such investments were made (corporate sellers of securities, other companies in which the Company participates, corporate borrowers, etc.).

The bookkeeping unit for financial investments, depending on the nature of and procedure for acquisition and use thereof, is a series or any other homogeneous aggregate of financial investments.

Financial investments whose mark-to-market value can be determined in due order are revalued on a quarterly basis at mark-to-market value as of the end of the reporting period and the revalued amount is reflected in the accounting statements. The difference between the valuation of such financial investments as of the current reporting date and their previous valuation is recognised as other income and expenses.

The financial investments whose mark-to-market value is not determined, are carried as of the end of the reporting period at their carrying (book) value less the financial investment impairment provision made with regard to the assets, for which there are conditions for a major persistent impairment as of the reporting date. The size of the financial investment impairment provision is calculated based on historic value and expected market value of such investments.

The market value is either the fair value of net assets of the company invested into or a fraction of the fair value of net assets prorated to the share of investments into the company.

When financial investments are withdrawn and become the securities, for which the mark-to-market value is determined in due order, their value is determined on the basis of the last valuation. Withdrawal of financial investments, for which the mark-to-market value is not determined, is estimated at the historic value of each bookkeeping unit of financial investments.

Contributions to authorised (share) capitals of other companies are deemed to be financial investments of the Company and are booked as the amount of actual costs of the investor, i. e. at the cost of the contributed assets, at which they were reflected in the Company's balance sheet.

Financial investments do not include bills issued by a corporate bill drawer to a corporate seller in case of settlements for the goods and products sold and works and services delivered. In case of receiving a bill as payment for the goods, services, and works previously delivered that does not provide for procuring any income from the seller or intermediary, the Company records said bill as part of accounts receivable.

Income and expenses from financial investments are recognised as other income and expenses.

2.6. Settlements, Other Assets and Liabilities

The accounts receivable of buyers are recorded in the amount of services provided, work completed, and products shipped at reasonable prices and established tariffs. Settlements with other debtors are entered in the records and statement on the basis of contractual prices.

Advances for future supplies of fixed assets, equipment, major works and services paid to counterparties are recorded as non-current assets.

Assignment agreements for intermediary's claims at the value of the future claim to the counterparty with respect to the sale of electric power, capacity, heat, and other core activities represent a debtor replacement transaction.

The debts, including those that concern the advances paid to suppliers, not settled by the due date, or that are highly unlikely be settled by the date laid down in the contracts and not secured with relevant guarantees, sureties or otherwise, are reflected in the balance sheet less the bad debt provisions. These provisions represent a conservative estimation by the Company's Management of the portion of debts that is likely not to be settled. The bad debt provision is attributed to the increase in other expenses. If the debts, for which a provision was previously formed, are settled, the respective amount of the provision is restored.

The receivables and payables with expired limitation periods are written off pursuant to the Company's local regulation from the source specified in such regulation. To secure the Company's right of claim, written-off debt is charged on off-balance accounts for 5 years following the write-off period.

2.7. Foreign Exchange Assets and Liabilities

To book business activities denominated in foreign currencies, official exchange rates against the rouble effective as of the date of the transaction were applied. Funds on the foreign currency bank accounts and other uncleared balances (other than received and made advances and prepayment) are recognised in the financial statements as the amounts calculated on the basis of official exchange rates.

The exchange rates as of 31 December 2017 were as follows: RUB 57.6002 for USD 1, RUB 68.8668 for EUR 1 (the exchange rates as of 31 December 2016 were as follows: RUB 60.6569 for USD 1, RUB 63.8111 for EUR 1; as of 31 December 2015: RUB 72.8827 for USD 1, RUB 79.6972 for EUR 1).

Foreign exchange differences arising under the transactions involving assets and liabilities in foreign currency during the year and as they were recalculated as of the reporting date were attributed to profit or loss as other income and expenses.

2.8. Cash Equivalents and Recognition of Cash Flows in the Cash Flow Statement

Cash equivalents include highly liquid financial investments that can be easily converted into an amount of funds known beforehand and that are exposed to an insignificant risk of changes in values.

The Company classifies short-term bank deposits with maturities up to three months as cash equivalents.

In the cash flow statement, the Company's cash flows that cannot be definitely classified as flows under current, investment or financial operations, are recorded as cash flows from current operations.

The value of foreign currency cash flows to be presented in the cash flow statement was recalculated in roubles at the official exchange rate of this foreign currency against the rouble established by the Central Bank of Russia as of the date of payment or receipt of the payment.

If the Company has respective transactions, the cash flow statement presents in the aggregated way the following:

- Receipts from buyers to be transferred to principals (if the Company acts as a commission agent);
- Payments and receipts from the transactions involving purchase and sale of financial investments;
- VAT amounts as part of receipts from buyers and customers, payments to suppliers and contractors, and payments to the budget system and VAT refund from the budget system.

Receipts and payments are presented in the aggregated way in the lines 'Other receipts' / 'Other payments' of the cash flow statement in case if the said types of flows are insignificant or if receipts and payments refer to one of the aforesaid types.

2.9. Authorised Capital, Add-on Capital and Capital Reserve

The authorised capital is reflected in the amount of the nominal value of ordinary shares. The authorised capital amount corresponds to the one established in the Company's Articles of Association. The Company's add-on capital includes the increment in the value of fixed assets determined based on their revaluation (in the Company branches prior to their accession), the paid-in capital in excess of par gained as a result of the offer of the Company's shares at the price exceeding their denomination.

In compliance with the laws of the Russian Federation, the Company created a reserve fund amounting to 5% of the authorised capital. Annual contributions to the reserve fund account for 5% of the Company's net profit received in the previous year.

2.10. Estimated Liabilities, Contingent Liabilities and Contingent Assets

Estimated Liabilities

The Company keeps records of estimated and contingent liabilities according to Accounting Regulation 'Estimated Liabilities, Contingent Liabilities and Contingent Assets' RAS 8/2010

approved by Order of the Ministry of Finance of the Russian Federation No. 167n dated 13 December 2010.

An estimated liability is carried in the amount required directly to perform (discharge) such liability as of the reporting date (or to transfer the liability to another party as of the reporting date), if this is a short-term liability, namely:

- Estimated liability for vacation allowances;
- Estimated liability for annual bonuses;
- Estimated liability for quarterly bonuses;
- Estimated liability for legal proceedings;
- Estimated liability for tax disputes;
- Estimated liability for the work performed / services provided under concluded contracts, but not accepted by the Company due to various circumstances;
- Other estimated liabilities meeting the criteria specified in RAS 8/2010.

If the recognition criteria for estimate liabilities established in Clause 5 of RAS 8/2010 are no longer met, the unused amount shall be written off and attributed to the other income of the Company.

Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not presented in the balance sheet, but are disclosed in the notes to the balance sheet and profit and loss statement.

A contingent liability (contingent asset) occurs as a result of any previous events of the business life, when the existence of the Company's liability (asset) as of the reporting date depends on the occurrence (non-occurrence) of one or more future indefinite events not controlled by the Company. A contingent liability is disclosed in the notes to the balance sheet and profit and loss statement, except for the cases when the decrease in economic benefits relating thereto is unlikely.

A contingent asset is disclosed in the notes to the balance sheet and profit and loss statement, when receipts relating thereto are probable. In this case, an estimated value or a range of estimated values are specified, if they can be determined.

2.11. Income Tax Settlements

Starting from 2017, the amount of deferred tax assets and liabilities has been reflected separately in the balance sheet: the amount of deferred tax assets as of the last date of the reporting period has been reflected as part of non-current assets, the amount of deferred tax liabilities as of the last date of the reporting period – as part of long-term liabilities.

2.12. Revenue Recognition

Proceeds from the sale of products and provision of services are recognised as products are shipped to buyers (or services are rendered) and payment documents are issued. They are carried in the statements less the value added tax.

The Company divides income into income from core activities and other income.

The types of income reflected as part of income from the Company's core activities are as follows:

- Sale of electric power and capacity;
- Sale of heat power;
- Revenues from the sale of other types of products, works, services.

Among other income, the Company recognises the following:

- Income from shareholdings in other companies;
- Interest receivable;
- Revenues from sale of fixed assets;
- Revenues from sale of inventories;
- Revenues from the transactions involving derivatives (forward contracts for the purchase of foreign currency) after the closing date;
- Profit of previous years revealed in the reporting period;

- Penalties, fines and forfeits acknowledged or in respect of which there is a court decision on their recovery;
- Amounts payable with expired limitation period;
- Foreign exchange differences;
- Results of the asset inventory audit;
- Extraordinary income (including the insurance benefit under insurance contracts);

2.13. Recognition of Expenses

Production costs are booked in the reporting period, in which they were incurred. In the same period, production costs are recognised as the prime costs of sold products in the profit and loss statement.

Other expenses include:

- Expenses on sale of fixed assets and other assets;
- Expenses on transactions involving derivatives (forward and option contracts for foreign currency purchase) after the closing date;
- Expenses under claim assignment agreements;
- Maintenance of preserved production facilities;
- Interest paid under credit / loan agreements (except for those included in the investment asset value), bank account fees;
- Interest paid under bills;
- Services of credit institutions;
- Fines and penalties paid for the breach of business contracts;
- Losses of past years;
- Uncollectible receivables written off based on the order issued by the General Director of the Company;
- Foreign exchange differences;
- Social payments;
- Expenses incurred as a result of force majeure (natural disasters, fire, accident, etc.);
- Other.

2.14. Historical Data, Individual Figures

To ensure that the content of business transactions is reflected as accurately as possible, the Company changed its approach to the preparation of the balance sheet in 2017. The following changes were taken into account:

1. Balances on deferred tax assets and liabilities are reflected separately in the relevant lines of the balance sheet;
2. The value of the bills received as payment for the goods, services, and works previously delivered that do not provide for any income generation is reflected as other accounts receivable depending on maturity.
3. The Company records the advances for future supplies of fixed assets, equipment, major works and services paid to counterparties as non-current assets.
4. Balances on income tax checking accounts that used to be reflected in the balance sheet separately are collapsed by region under the new format;
5. Balances on employee advance accounts and accounts for other settlements with the staff that used to be reflected in the balance sheet separately are collapsed under the new format;

Adjustments are presented in the table below:

'000 RUB

Indicator	Line code	Before adjustment	Adjustment amount	After adjustment
1	2	3	4	5
Adjustment of 2015 indicators				

Indicator	Line code	Before adjustment	Adjustment amount	After adjustment
1	2	3	4	5
Fixed Assets	1150	101,513,018	258,853	101,771,871
including: Construction-in-progress	1151	7,310,298	258,852	7,569,150
Long-term financial investments	1170	1,927,296	(904,138)	1,023,158
Deferred tax assets	1180	-	51,542	51,542
Accounts Receivable	1230	8,213,247	774,802	8,988,049
including: long-term debt	1231	237,997	904,138	1,142,135
Short-term debt	1232	7,975,250	(129,336)	7,845,914
Advances paid	1234	638,587	(258,852)	379,735
Short-term financial investments (except for cash equivalents)	1240	152,964	(152,964)	-
Cash and cash equivalents	1250	9,356,387	9,143	9,365,530
Deferred tax liabilities	1420	6,443 009	51 542	6,494,551
Accounts payable	1520	6,937,129	(14,304)	6,922,825
Taxes and levies payable	1522	2,009,586	8,627	2,018,213
Adjustment of 2016 indicators				
Fixed Assets	1150	92,800,791	5,462,569	98,263,360
including: Construction-in-progress	1151	6,580,260	5,462,569	12,042,829
Long-term financial investments	1170	1,974,305	(713,632)	1,260,673
Deferred tax assets	1180	-	107,725	107,725
Accounts Receivable	1230	14,733,711	(4,034,411)	10,699,300
including: long-term debt	1231	249,394	713,632	963,026
Short-term debt	1232	14,484,317	(4,748,043)	9,736,274
Advances paid	1234	8,630,830	(5,464,131)	3,166,699
Short-term financial investments (except for cash equivalents)	1240	1,069,857	(913,474)	156,383
Cash and cash equivalents	1250	1,526,072	-	1,526,072
Deferred tax liabilities	1420	6,046,218	107,725	6,153,943
Accounts payable	1520	5,059,835	(198,948)	4,860,887

Indicator	Line code	Before adjustment	Adjustment amount	After adjustment
1	2	3	4	5
Taxes and levies payable	1522	810,216	(197,934)	612,282

Some figures in the columns for 2016 of the cash flow statement form were generated subject to the adjustment due to the following circumstances:

Due to changes in the approach to reflecting bills, amounts from line 4111 'Proceeds from sale of products, goods, works and services' have been carried over to line 4213 'Proceeds from recovery of issued loans, from sale of debt securities (rights to claim money from third parties)'. As a result, the lines of the form were reclassified:

'000 RUB

Indicator	Line code	Before adjustment	Adjustment amount	After adjustment
1	2	3	4	5
Adjustment of 2016 indicators				
Other receipts	4111	79,925,807	152,762	80,078,569
Other payments	4213	152,762	(152,762)	-

III. Disclosure of Material Reporting Figures

3.1. Information by Segments

There are no reporting segments in the Company's activities as the core activity is production of electrical power and capacity, the sales of which amount to 98% of the revenue from the sale of products (services). The Company also carries out other activities that are not significant and do not form any separate reporting segments.

The Company carries out its activity in the Russian Federation, the risk sources and risk nature throughout the Russian Federation are more or less the same.

3.2. Fixed Assets

The value of the fixed assets on lease as of 31 December 2017 was RUB 1,910,358,000 (as of 31 December 2016 – RUB 1,851,261,000, as of 31 December 2015 – RUB 2,074,900,000). This amount includes land plots on lease of a total value of RUB 1,694,266,000. Land lease agreements were concluded for 49 years with the right to renew.

The structure and flow of the fixed assets within the reporting year and the respective accumulated wear are presented in Table 2.1 of the Notes.

Advances for future supplies of fixed assets, equipment, major works and services paid to counterparties are recorded as non-current assets. VAT on advances is reflected in Form 5.1. Accounts receivable and their flow are reflected in line 5513

Breakdown of advances paid to counterparties for future supplies:

'000 RUB

Company	31.12.2017		31.12.2016		31.12.2015	
	total	net of VAT	total	net of VAT	total	net of VAT
MACHINE-BUILDING FACTORY OF PODOLSK JSC	1,267,107	1,073,819	5,160,536	4,373,336	-	-
INSTITUTE ORGENERGOSTROY JSC	1,147,664	972,597	228,276	193,454	-	-
GE RUS LLC	529,689	448,889	856,414	725,775	-	-
ZARUBEZHENERGOPROJEKT JOINT-STOCK COMPANY	39,065	33,107	-	-	-	-
POWER MACHINES PJSC	31,293	26,519	93,188	78,973	-	-

Company	31.12.2017		31.12.2016		31.12.2015	
	total	net of VAT	total	net of VAT	total	net of VAT
COTES CJSC	23,689	20,076	37,178	31,507	-	-
Power Machine-Building Alliance OJSC	-	-	-	-	143,173	121,333
PROMTYAZHMASH JOINT-STOCK COMPANY	-	-	-	-	19,428	16,464
INTERAUTOMATIKA CLOSED JOINT-STOCK COMPANY	-	-	-	-	21,340	18,085
Other	63,913	54,162	70,239	59,524	125,518	102,971
TOTAL:	3,102,420	2,629,169	6,445,831	5,462,569	309,459	258,853

3.3. Accident at Berezovskaya GRES

On 01 February 2016, a fire occurred in the boiler house of Power Unit 3 at Unipro PJSC Berezovskaya GRES Branch damaging a major part of Power Unit No. 3 that needs to be replaced.

Following the accident, an 800 MW power unit was taken down for unscheduled repairs. The power unit will not generate any electric power and will not be depreciated during the repair operations. According to the current estimates, Unipro PJSC expects to restore the power unit and resume receipt of payments for the capacity of Berezovskaya GRES Power Unit No. 3 in Q3 2019. According to the current market rules, no fines are expected for the failure to supply the capacity.

At present, the current findings of a detailed examination of the equipment and removal of debris confirm the previous assessment of the damage sustained by the boiler house amounting to 53.92% of the cost of the boiler and 27,17% of the cost of the building and other auxiliary equipment.

The Power Unit might be commissioned later than planned, resulting in later receipt of income. The delay in commissioning is one of the Company's most material individual risks.

The plant had been insured against damage to property and business interruption. The Company has received full indemnity for the losses caused by the accident in compliance with the insurance contracts in the amount of RUB 26,100,000,000: first payment in the amount of RUB 5,651,285,000 in 2016 and final payment in the amount of RUB 20,448,715,000 in May 2017. The insurance benefit was reflected as part of 'Extraordinary income' for the relevant periods.

Pursuant to the insurance contract, the compensation applies to both damage to property and business interruption; however, it is possible to clearly divide the insurance benefit between the cash flow from operations and cash flow from investment activities. The insurance benefit is reflected in line 4119 'Other receipts' in the operating cash flow statement. It is currently impossible to determine the final amount of damage to property and loss caused by business interruption and the ultimate amount of the other recovery costs (there are multiple calculation methods, the calculation methods have not been specified in the insurance contract; therefore, such calculations should be considered subjective). The insurance company paid out the amount of the total limit under the contract that covers all insured risks (damage to property, business interruption, and other recovery costs), as the total damage will definitely exceed the total limit of indemnity laid down in the contract. Meanwhile, the contract does not include any sub-limits of indemnity for each of the insured risks and it is impossible to produce such a breakdown based on the documents associated with the payout.

The withdrawal expenses of damaged fixed assets in the amount of RUB 5,837,520,000, as well as the disposal expenses of fixed assets in the amount of RUB 1,355,453,000 were recorded as extraordinary expenses (in 2016, withdrawal expenses of damaged fixed assets amounted to RUB 6,363,433,000 and disposal expenses of fixed assets – to RUB 2,071,229,000).

3.4. Construction-In-Progress

The Company is building new facilities and is reconstructing the existing ones. The flow of capital construction-in-progress is shown in Section 2.2 of the tabular notes to the balance sheet and profit and loss statement.

The breakdown of the most important projects of construction-in-progress is presented below:

'000 RUB

Name	Construction start year	31.12.2017	31.12.2016	31.12.2015
Repair and recovery works at Power Unit No. 3 at Berezovskaya GRES	2016	6,061,177	52,570	-
Fuel receiving station (Berezovskaya GRES)	2014	4,942,635	4,357,986	3,016,823
Construction of STU-800 Power Unit No. 3 (Berezovskaya GRES)	1984	638,411	552,314	1,550,950
Overhaul of Power Unit No. 8 was completed at SuGRES-2 Branch.	2017	1,391,086	-	-
Dry ash removal system (Berezovskaya GRES)	2011	95,183	113,615	611,470
Equipment to be installed at facilities under construction-in-progress at Berezovskaya GRES	-	445,694	490,124	486,259
Other assets (including advances paid)	-	3,639,130	6,476,220	1,903,648
TOTAL		17,213,316	12,042,829	7,569,150

The volume of capital construction under project "Repair and Recovery Works at Power Unit No. 3 (Berezovskaya GRES)" in 2017 amounted to RUB 6,223,773,000 (in 2016 – RUB 178,251,000)

Moreover, Berezovskaya GRES Branch is building a new fuel receiving station. After its commissioning, coal will be supplied continuously to the three units at once. All production processes at the new fuel receiving station will be fully automated and, once it is commissioned, integrated with the new fuel supply process control system at Berezovskaya GRES.

3.5. Long-Term Financial Investments

Breakdown of long-term financial investments:

'000 RUB

Name	31.12.2017	31.12.2016	31.12.2015
Loan to Unipro Engineering LLC	219,874	-	-
Share in Unipro Engineering LLC	125,000	125,000	125,000
Share in E.ON Connecting Energies LLC	39,991	1,051,000	851,000
Shares of PJSC RusHydro	32,853	41,700	30,185
Share in Siberia AIP LLC	26,000	26,000	-
Share in Shatura Management Company OJSC	-	16,473	16,473
Share in Uniper LLC	-	500	500
Total:	443,718	1,260,673	1,023,158

Shares of PJSC RusHydro are carried at mark-to-market value.

In December 2017, an additional agreement was made to the effect of renewing the loan issued to Unipro Engineering LLC until December 2019.

In November 2016, the Company made the decision to liquidate Uniper LLC. A relevant liquidation entry was made in USRLE (Unified State Register of Legal Entities) in June 2017.

In October 2017, a contract was made with Stolitsa Housing & Utilities JSC for the sale of 16,473,000 shares of Shatura Management Company. A relevant title transfer entry was made in the register of registered securities was made at around the same time.

As of 31 December 2017, the Company ran an impairment test for investments in subsidiaries' authorised capitals and created an impairment provision for E.ON Connecting Energies LLC in the amount of RUB 1,011,009,000 due to the following developments:

- Reduction of electricity and heat tariffs by the regional regulator (Committee for Prices and Tariffs of the Moscow Region) for 2017 – 2018 as compared to 2016 and adjustment of the Federal Antimonopoly Service's position on the revision of the regional regulator's decision under consideration;

- Revision of forecasts for the growth rates of electricity and heat supply by E.ON Connecting Energies LLC affiliates (NATEC Invest-Energo JSC and Noginsk Heat Centre LLC).

The value of the assets to be refunded was determined as their use value based on the model of discounted cash flows after income tax. The cash flow forecast in the model corresponds to the results expected from E.ON Connecting Energies LLC in 2018-2020; in the later periods, cash flows are forecasted based on the changes in the key drivers as follows: expected electricity and heat prices, natural gas prices, expected own output, consumer price index, repair programme for production facilities.

3.6. Other Non-Current Assets

Line 1190 'Other non-current assets' shows the expenses to be written off in the future, with the writing-off period over 12 months following the reporting date.

'000 RUB			
Group description	31.12.17	31.12.16	31.12.2015
Software	27,182	30,565	27,890
Other costs	58,995	25,282	25,856
Total:	86,177	55,847	53,746

3.7. Inventories

Information concerning inventories and their flow is provided in Section 4 'Inventories' in the tabular form of the notes to the balance sheet and profit and loss statement.

The figures in the column 'Receipts and costs' include the Company's costs of acquiring inventories from suppliers and contractors, as well as the manufacturing costs of inventories at own production facilities incurred in the reporting period.

The figures in the column 'Withdrawn' include the cost of inventories withdrawn as a result of their use for production and sale of finished products, work performance, provision of services, sale, write-off, or any other withdrawal (and specifically by including in the costs that form the value of non-current assets), as well as the respective write-off value of the previously generated inventory provision.

Breakdown of inventories:

'000 RUB			
Inventory description	31.12.2017	31.12.2016	31.12.2015
Spare parts & Components	14,657,979	3,046,766	3,699,114
Fuel, total:	1,288,313	1,333,370	1,350,586
including:			
Coal	815,434	921,646	942,309
Fuel oil	416,944	300,651	350,890
Other fuel	55,935	111,073	57,387
Raw materials and supplies	212,506	2,641,155	1,004,951
Total:	16,158,798	7,021,291	6,015,817

A major increase in inventories is due to the delivery of materials required to perform the repair and recovery works after the accident at Power Unit No. 3 at Berezovskaya GRES and recognition of materials fit for further use produced through overhauls at Surgutskaya GRES and Shaturinskaya GRES branches and intermediate maintenance and modernisation at Yaivinskaya GRES Branch.

Breakdown of the inventory provision:

'000 RUB

Inventory, for which the provision was made	31.12.2017	31.12.2016	31.12.2015
Spare parts	23,271	12,160	8,811
Fuel, total:	550	691	554
including:			
Coal	-	-	-
Fuel oil	-	-	-
Other fuel	550	691	554
Raw materials and supplies	83	19,307	9,188
Total:	23,904	32,158	18,553

Following the dismantling of fixed assets damaged during the accident response activities at Berezovskaya GRES, the Company entered materials worth of RUB 846,454,000 in its books (as compared to RUB 314,875,000 in 2016).

3.8. Other Current Assets

Other current assets include the expenses to be written off in the future, within 12 months following the reporting date.

Breakdown of other current assets:

'000 RUB			
Group description	31.12.2017	31.12.2016	31.12.2015
Software	15,613	23,153	51,079
Other current assets	31,769	86,591	107,938
Total:	47,382	109,744	159,017

3.9. Accounts Receivable

The disclosure information on accounts receivable is given in Section 5.1 'Accounts receivable and their flow' of the tabular form of the notes to the balance sheet and profit and loss statement.

Accounts receivable written off at the expense of the bad debt provision are presented in the column 'Use of the provision'. In 2017, total write-off of accounts receivable amounted to RUB 77,474,000 (as compared to RUB 144,210,000 in 2016), including RUB 48,925,000 at the expense of the provision (as compared to RUB 139,365,000 in 2016)

Accounts receivable in the balance sheet are shown less the bad debt provision.

Breakdown of long-term and short-term accounts receivable:

'000 RUB							
Item No.	Counterparty name	Debt amount			Provision amount		
		31.12.2017	31.12.2016	31.12.2015	31.12.2017	31.12.2016	31.12.2015
Long-term accounts receivable		946,655	963,026	1 142,135	-	-	-
Including bills		670,108	713,632	904,138	-	-	-
Short-term accounts receivable, including:		16,376,652	14,429,722	11,721,084	5,548,287	4,693,448	3,875,170
Buyers and customers		10,829,017	10,055,612	9,613,653	5,465,860	4,689,262	3,870,387
Including the major ones:							
1	Dagestan Energy Retail Company Public Joint-Stock Company	2,081,574	1,550,992	1,077,204	2,081,574	1,517,059	1,077,204
2	Centre of Financial Settlements Joint-Stock Company	1,421,462	1,682,268	1,553,569	67,018	47,902	117,884
3	Kola Energy Retail Company Open Joint-Stock Company	492,681	492,681	495,180	492,681	492,681	495,180
4	Nurenergo Open Joint-Stock Company	412,649	415,804	416,128	412,649	415,804	416,128

Item No.	Counterparty name	Debt amount			Provision amount		
		31.12.2017	31.12.2016	31.12.2015	31.12.2017	31.12.2016	31.12.2015
Advances		580,408	3,169,323	380,993	455	2624	1,258
Including the major ones:							
1	CITY CENTER INVESTMENT B.V. Representative office in the Russian Federation	51,868	54,203	70,433	-	-	-
Other		4,967,227	1 204,787	1,726,438	81,972	1,562	3,525
Including the major ones:					-	-	-
Taxes and charges payable		3,698,556	299,148	1,417,614	-	-	-
TOTAL:		17,323,307	15,392,748	12,863,219	5,548,287	4,693,448	3,875,170

Growth in the other accounts receivable with respect to the income tax at year-end 2017 was due to the Company's obligation to make advance income tax payments including W3 2017 based on the difference between the advance amount calculated at the end of the half-year and the advance amount calculated at the end of the first quarter. Since the Company received an extraordinary income in 2Q 2017 as insurance benefit for BGRES, the advance payments in Q3 were charged in an amount significantly higher than the tax assessed in 3Q 2017. This resulted in an overpayment with respect to the income tax that the Company will enter in the books on the account of future income tax payments in 2018.

3.10. Short-Term Financial Investments

Breakdown of short-term financial investments as of 31 December 2017:

'000 RUB

Item No.	Investment type	Payback period	Rate, %	Amount		
				31.12.2017	31.12.2016	31.12.2015
1	Loan to Uniper SE	2018	8.52 – 7.81	3,000,000	-	-
2	Loan to Unipro Engineering LLC	2017	8.58	-	156,383	-
TOTAL:				3,000,000	156,383	-

Interest on the loans granted is recorded on profit and loss accounts and in respective lines of the profit and loss statement of the Company as it is accrued. The Company plans to retain the loans granted until their repayment in full.

3.11. Cash and Cash Equivalents

Structure of cash and cash equivalents:

'000 RUB

Indicator	31.12.2017	31.12.2016	31.12.2015
Cash on checking accounts	96,979	40,310	127,472
Cash on foreign currency accounts	48,800	54	27,077
Cash on hand	159	139	192
Cash on special bank accounts	500	500	458
Total cash	146,438	41,003	155,199
Short-term bank deposits (with the term up to three months) in roubles	2,654,900	1,348,000	5,415,500
Short-term bank deposits (with the term up to three months) in euro	-	136,565	1,484,529
Short-term bank deposits (with the term up to three months) in US dollars	109,912		2,301,159
Total cash equivalents	2,764,812	1,484,565	9,201,188
Interest on cash equivalents	1,497	504	9,143
Total cash and cash equivalents (line 1250)	2,912,747	1,526,072	9,365,530

Deposit risks:

Currency risk – the Company's operations are structured in such a way that its principal assets, liabilities, and the major portion of deposits, accordingly, are denominated in the national currency; therefore, foreign exchange rate fluctuations do not have any significant impact on the Company's activities. Some financial investments denominated in a foreign currency are intended to perform the obligations in US dollars and euro under investment contracts and equipment maintenance agreements.

The free cash flow was aimed at depositing:

Breakdown of bank deposits as of 31 December 2017:

'000 RUB

Item No.	Name of the credit institution	Investment type	Rate, %	Amount	Payback period
1	Bank GPB (JSC)	Deposit	6-6.75%	2,354,900	01.2018
2	UniCredit Bank JSC	Deposit	0.9	109,912	01.2018
3	Bank VTB (PJSC)	Deposit	7.12	300,000	01.2018
	TOTAL:			2,764,812	

Breakdown of bank deposits as of 31 December 2016:

'000 RUB

Item No.	Name of the credit institution	Investment type	Rate, %	Amount	Payback period
1	Bank VTB (PJSC)	Deposit	9.45	700,000	01.2017
2	Bank GPB (JSC)	Deposit	8	648,000	01.2017
3	Sberbank	Deposit	0.01	136,565	01.2017
	TOTAL:			1,484,565	

Breakdown of bank deposits as of 31 December 2015:

'000 RUB

Item No.	Company name	Investment type	Rate, %	Amount	Payback period
1	UniCredit Bank JSC	Deposit	9.30 – 11	2,999,600	01.2016
2	Sberbank	Deposit	0.01 – 9.2	2,783,576	01.2016
3	Bank GPB (JSC)	Deposit	9 – 10.25	2,265,900	01.2016
4	Bank VTB (PJSC)	Deposit	0.42	1,152,112	01.2016
	TOTAL:			9,201,188	

Breakdown of line 4119 'Other receipts' in the operating cash flow statement:

'000 RUB

Receipts	2017	2016
Insurance indemnity	20,448,715	5,651,285
Other receipts	67,611	51,061
VAT	189,894	-
TOTAL:	20,706,220	5 702,346

A major portion of the line 'Other receipts' is accounted for by insurance the insurance benefit due to the accident at Berezovskaya GRES Branch. Over the course of 2017, property insurance receipts for Berezovskaya GRES Branch amounted to RUB 20,448,715,000.

Breakdown of line 4129 'Other payments' in the operating cash flow statement:

'000 RUB

Payment description	2017	2016
VAT	-	1,595,854
Settlements on taxes and levies payable	1 209 695	1,238,899
Claim settlements, including fines for BGRES	2,403	446,173
Social insurance and security payments	1,174,243	1,180,747
Settlements under forward transactions	261,000	272,509
Property insurance payments	462,693	190,193
Water use settlements	153,044	129,630
Other costs	336,803	514 047
TOTAL:	3,599,881	5,568,052

The amount of cash flows required to maintain the existing scope of the Company's operations is shown as part of current activities. VAT amount is reflected in collapsed view.

Significant cash flows between the Company and its subsidiaries, affiliated or principal entities:

'000 RUB

Related party	CFS line code	Receipts	
		2017	2016
Principal entity			
Uniper SE	4311	62,048	2,400,000
Uniper SE	4213	9 000,000	-
Uniper SE	4214	245,471	-
Subsidiaries			
Unipro Engineering LLC	4111	71,778	46,007
Unipro Engineering LLC	4213	81,976	-
Unipro Engineering LLC	4214	5,917	-
Affiliates			
E.ON Connecting Energies LLC	4111	6,641	9,536

Related party	CFS line code	Payments	
		2017	2016
Principal entity			
Uniper SE	4323	2,369,805	100,000
Uniper Technologies GmbH	4121	-	356,194
Uniper SE	4223	12,000,000	-
Uniper SE	4123	-	117,124
E.ON SE	4129	-	4,277
Subsidiaries			
Unipro Engineering LLC	4121	67,178	272,886
Unipro Engineering LLC	4223	145,466	156,383
Unipro Engineering LLC	4222	-	111,800
Affiliates			
E.ON Connecting Energies LLC	4222	-	200,000

3.12. Short-Term Accounts Payable

Additional information on accounts payable is given in Section 5.3 'Accounts payable and their flow' of the notes to the balance sheet and profit and loss statement.

No major changes in accounts payable were recorded as of 31 December 2017 as compared to 31 December 2016. The loan received from Uniper SE in 2016 has been fully repaid.

Breakdown of accounts payable:

'000 RUB

Item No.	Tabular notes line code	Counterparty name	Debt amount		
			31.12.2017	31.12.2016	31.12.2015
1	5561	Suppliers, contractors	3,634,209	3,549,669	4,090,795
2	5563	Settlements on taxes and levies payable	896,712	612,282	2,018,213
		including VAT payments	566,434	341,241	1,585,211
3	5564	Credits, loans	-	2,307,756	-
4	5565	Other, including:	639,081	682,187	796,690
		Dividend payments to founders	361,475	442,866	423,713
5	5562	Settlements for advances received	8,944	16,749	17,127
		TOTAL:	5,178,946	7,168,643	6,922,825

Furthermore, line 1550 'Other short-term liabilities' shows the VAT recovered upon the payment of advances to contractors and the receipt of tax invoices for the amount of the advance

paid. The Company pays advances only in compliance with terms and conditions of contracts. Refunded VAT amounts to RUB 482,616,000 as of 31 December 2017. RUB 1,259,174,000 as of 31.12.2016 and RUB 298,000 as of 31 December 2015). Upon occurrence of the circumstance stipulated by the Tax Code of the Russian Federation, these amounts shall be payable to the budget of the Russian Federation.

3.13. Shareholders' Funds

The Company's authorised capital is fully paid as of 31 December 2017 and amounts to 25,219,482,000 roubles — 63,048,706,145 and 44,925,042,874 / 49,130,625,974 ordinary shares at par value of 0.40 roubles each.

The Company's capital reserve as of 31 December 2017 amounted to RUB 1,260,974,000 (RUB 1,260,974,000 as of 31 December 2016 and 1,260,974,000 as of 31 December 2015) accounting for 5% of the authorised capital.

3.14. Income from Core Activities

Breakdown of income from core activities:

			'000 RUB
Type of activity	2017	2016	
Sale of electric power and capacity	77,365,323	79,435,469	
Sale of heat	1,293,004	1,297,821	
Sale of other works, services	477,650	396,287	
TOTAL:	79,135,977	81,129,577	

3.15. Expenses on Core Activities

Breakdown of the cost:

			'000 RUB
Expense type	2017	2016	
Tangible costs	40,308,309	46,386,654	
Depreciation	6,283,061	6,731,722	
Labour costs	4 910,305	5,084,865	
Social security contributions	1,218,623	1,225,824	
Other costs, total	4,559,981	4,456,298	
Including			
Expenses on services at Wholesale Electricity and Capacity Market	1,273,573	1,282,124	
Taxes and levies	1,225,878	1,210,975	
Security expenses	487,295	467,211	
Insurance expenses	413,619	262,066	
Lease payments	222,694	248,237	
Expenses on software purchase and maintenance	230,360	248,165	
Cleaning, improvement, and planting expenses	109,335	107,814	
Other	597,227	629,706	
TOTAL:	57,280,279	63,885,363	

The Company's costs for purchasing and using energy resources are shown in the table below:

							'000 RUB
Energy resource type	2017			2016			
	Purchase	Use		Purchase	Use		
		for production purposes	Sale to a third party		for production purposes	Sale to a third party	
Power, including	3,919,978	26,146	3,893,832	5,092,332	27,586	5,064,747	
Electric power	3,918,414	24,582	3,893,832	5,088,858	24,111	5,064,747	
Heat power	1,564	1,564	-	3,474	3,474	-	
Fuel, including	33,695,899	33,724,509	-	37,912,138	37,910,830	137	
Combustible natural gas	31,049,358	31,026,015	-	35,009,758	35,009,758	-	
Coal	2,422,298	2,512,418	-	2,685,344	2,706,085	137	
Petrochemical products	224,243	186,076	-	217,036	194,986	-	

Energy resource type	2017			2016		
	Purchase	Use		Purchase	Use	
		for production purposes	Sale to a third party		for production purposes	Sale to a third party
TOTAL:	37,615,877	33,750,655	3,893,832	43,004,470	37,938,416	5,064,884

3.16. Other Income and Expenses

'000 RUB

Name	2017	2016
Other income, total	26,914,428	7,980,525
including:		
Extraordinary income	21,295,169	5,966,160
Foreign exchange differences	268,952	858,586
Bad debt provision recovery	889,794	363,064
Recovery of estimated liabilities	62,701	236,047
Recognition of property following inventory audit	8,486	193,757
Income from the sale of shares, debt securities, and claims	856,852	152,762
Sale of inventories, metal scrap	428,851	56,492
Recognition of assets following write-off / disposal of fixed assets and construction-in-progress	2,549,928	51,773
Contractual penalties, compensation for losses under contracts and / or based on the court decision	158,917	35,872
Result of valuation of shares at the fair market value (income)	10,140	17,752
Sale of fixed assets	12,153	16,006
Profit of past years	39,567	4,112
Income from shareholdings	10,026	1,587
Other income	290,734	26,555
Other expenses, total	12,821,247	12,202,865
including:		
Extraordinary expenses	7,232,083	8,434,662
Foreign exchange differences	564,050	1,757,782
Expenses on bad debt provisions	1,801,565	1,319,157
Expenses on sale of securities	841,792	152,762
Expenses on estimated liabilities	25,883	119,864
Expenses on holding the General Meeting of Shareholders, meetings of the Board of Directors and other similar expenses	132,203	66,479
Assets write-off	441,596	59,016
Sale and withdrawal of inventories, metal scrap	512,914	48,931
Charity, sponsorship	39,767	34,229
Losses of past years	2,150	31,930
Mass cultural events	44,730	31,466
Payments to employees, retirees and other similar expenses	22,648	29,477
Contributions to non-profitable associations	13,535	17,039
Payments to the trade union	15,541	15,835
Penalties, litigation costs under contracts	3,845	15,786
Bank services / bank guarantee fees	15,983	12,483
VAT not refunded from the budget	5,185	8,764
Result of valuation of shares at the fair market value (expenses)	18,987	6,237
Sale of fixed assets	6,819	268
Financial investment impairment provision	1,026,542	-
Other costs	53,429	40,698

Major amounts in the line 'Extraordinary income and expenses' in 2017 are due to the accident that occurred on 01 February 2016, i.e. fire in the boiler house of Berezovskaya GRES Power Unit No. 3. The plant had been insured against damage to property and business interruption. The Company has obtained full indemnity for the losses caused by the accident in accordance with the insurance contract; the final payment of RUB 20,448,715,000 was made in May 2017. This information is disclosed in Clause 3.3 hereof.

Extraordinary expenses include the withdrawal expenses of damaged fixed assets in the amount of RUB 5,837,520,000, as well as the disposal expenses of fixed assets in the amount of RUB 1,355,453,000 (as compared to RUB 8,434,662,000 in 2016).

Extraordinary income and expenses are disclosed in Clause 3.3 of these notes to the balance sheet and profit and loss statement.

In September 2017, the Company carried out an appraisal of Shatura Management Company JSC resulting in the assessment of the impairment provision of RUB 15,533,000. As of 31 December 2017, the Company ran an impairment test for investments in subsidiaries' authorised capitals and created an impairment provision for E.ON Connecting Energie LLC in the amount of RUB 1,011,009,000. This information is disclosed in Clause 3.5 hereof.

Long-term financial investments are disclosed in Clause 3.5 of these notes to the balance sheet and profit and loss statement.

An increase in the asset receipt amount based on the results of write-off/disposal of fixed assets and constructions-in-progress is due to the overall of CCGT8 power unit at Surgutskaya GRES Branch resulting in the recognition of materials worth of RUB 1,533,738,000.

Following the overhaul of Shaturskaya GRES Branch CCGT-400 power unit, the Company reflected partial withdrawal of assets worth of RUB 180,872,000. Based on the results of the assessment by the commission, the Company recognised assets fit for further use worth of RUB 601,754,000.

Following the intermediate maintenance and modernisation of the gas turbine at Yaivinskaya GRES Branch CCGT-400 power unit, the Company reflected partial withdrawal of assets worth of RUB 230,055,000. Based on the results of the assessment by the commission, the Company recognised assets fit for further use worth of RUB 314,191,000.

3.17. Taxes

When calculating its tax liabilities, Unipro PJSC proceeds from the provisions of the current tax laws of the Russian Federation, the strict compliance with which is one of the corporate principles of the Company.

The total amount of taxes (except for personal income taxes and taxes payable in case of dividend income) calculated by the Company in 2017 amounted to RUB 13,303,241,000, RUB 4,213,849,000 higher as compared to 2016 (9,089,392,000 roubles) by.

The Company pays special attention to the procedures of selection of suppliers of goods and works (services). Specifically, to ensure application of the Resolution of the Plenum of the Supreme Arbitration Court No. 53 dated 12 October 2006 'On the Assessment by Arbitration Courts of the Taxpayer's Legitimate Rights to Obtain Tax Benefits' and Article 54.1 of the Tax Code of the Russian Federation in practice, the Company used Integrated Internal Procedure "Customer Base Management" in 2017. Supplier Reliability Check and Pre-Qualification" intended for the assessment of the risks of cooperating with Suppliers during the procurement of goods, works, and services for the Company's needs. On the basis of the said regulation, at the assessment stage, counterparties and suppliers of the Company are evaluated subject, in particular, to the following criteria:

- Capability to perform operations in reality;
- Sufficiency of material, production and labour resources to perform the contract;
- Regularity of business activities;
- Performance of operations involving real goods, etc.

On 16 January 2017, the Company obtained the Decision on the results of the field tax inspection for 2012-2014 No. 03-1-28/1/1 dated 09 January 2017 that determined the amount of additional tax liabilities at RUB 268,486,000. This decision was appealed against in the Federal Tax Service of the Russian Federation, but the Company's appeal No. 20-0182 dated 13 February 2017 was dismissed under Decision of the Federal Tax Service No. SA-4-9/8008@ dated 26 April 2017. After the Decision dated 16 January 2017 came into legal force, Inter-District Inspectorate No. 4 of the Federal Tax Service for major taxpayers put in Claim No. 9 dated 03 May 2017 totalling at RUB 268,486,000, which claim was satisfied by the Company on 16 May 2017. The Company used its right to appeal against the tax body's Decision and filed a claim to the Moscow Arbitration Court to the effect of declaring Decision No. 03-1-28/1/1 dated 09 January 2017 of Inter-District Inspectorate No. 4 of the Federal Tax Service for major taxpayers partly void. The Company requested that the tax body be placed under an obligation to reflect the actual tax liabilities based on the results of the tax inspection due to inclusion of expenses associated with environmental protection measures, implementation of new technologies, and compliance with

the mobilisation assignment in the historic value of fixed assets, and therefore, reduce the Company's income tax liabilities for 2012-2014 by RUB 247,099,000.

Following the session held on 15 February 2018, the court of first instance fully satisfied the Company's claim appealing against the tax body's Decision based on the results of the field tax inspection for 2012-2014. This judgment is not final and the tax body is highly likely to use its right of appeal.

In 2017, the Company filed revised income tax returns for 2015-2016 in the part of adjusting the depreciation expenses; meanwhile, the amount of income tax to be refunded from the budget accounted for RUB 269,501,000.

Value Added Tax

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

A comparison of the indicators used for the calculation of the VAT amount payable in 2017 and 2016 is presented in the table below.

'000 RUB		
Indicators	2017	2016
VAT payable to the budget after the sale of goods, works, services with account of the revised tax returns submitted	15,690 919	15,424,570
Including VAT payable to the budget by the Company as a tax agent	14,208	73,386
Tax-exempt operations	74,045	70,250
Including the sale of metal scrap and non-ferrous metals	50,620	42,863
VAT for deduction from the budget with account of the revised tax returns submitted	12,411,596	12,058,519
including:		
On tax agents	15,207	72,739
On advances paid to suppliers	546,667	1,340,536
Total VAT payable with account of the revised tax returns:	3,279,323	3,366,051

Property Tax

In 2017, the Company recorded the property tax of RUB 976,826,000 as expenses for the payments due to the budget (as compared to RUB 1,033,435,000 in 2016).

The Company calculates the property tax in full compliance with the rules established by the current tax laws. The Company uses the benefits permitted by the laws. In 2017, the Company applied the following benefits:

'000 RUB			
Benefit type	2017	2016	Difference
Federal benefits – total	597,523	722,520	-124,997
Clause 25, Article 381 of the Tax Code of the Russian Federation – movable property entered on the books after 01 January 2013	575,970	684,301	-108,331
Clause 3, Article 380 of the Tax Code of the Russian Federation – a reduced tax rate for power transmission lines and facilities directly related thereto	21,553	38,219	-16,666
Regional benefits – total	202,032	224,109	-22,077
for Perm Territory (Clause 2, Article 19 and Clause 7, Article 19.1 of Law of Perm Region No. 1685-296 dated 30 August 2001)	4,076	4,587	-511
for Krasnoyarsk Territory (Subclause C, Clause 3, Article 2 of Law of Krasnoyarsk Territory No. 3-674 dated 08 November 2007)	195,878	219,522	-23,644
for Khanty-Mansi Autonomous District – Yugra (Subclause 13, Clause 3, Article 4 of Law of KhMAD – Yugra No. 190-oz dated 29 November 2010)	2,078	-	+2,078

TOTAL:	799,555	946,629	-147,074
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In 2018, the Company is expecting growth in property tax assessment:

- in the amount of RUB 194,437,000 due to expiry of the tax benefit provided for by Law of Krasnoyarsk Territory No. 3-674 dated 08 November 2007;
- in the amount of RUB 260,470,000 due to the setting of the rate of 1.1% for the movable property registered after 01 January 2013.

Income Tax

The income tax amount calculated on the basis of accounting profit (contingent expense on the income tax) in 2017 was RUB 7,352,716,000 (as compared to RUB 2,716,532,000 in 2016).

Line 2410 'Current Income Tax' shows the income tax amount of RUB 7,504,217,000 (as compared to RUB 3,020,534,000 in 2016) calculated on the basis of tax accounting data and presented in the corporate income tax return for 2017.

When calculating the income tax payable to the regional budget, the Company applied the reduced tax rates:

For standalone business unit Surgutskaya GRES-2 Branch, the Company applied the reduced rate of 15% pursuant to the regional laws (Clause 5, Article 2 of Law of KhMAD–Yugra No. 87-oz dated 30 September 2011). The income tax effect for 2017 totalled at RUB 265,478,000.

For standalone business unit Yaivinskaya GRES Branch, the Company applied the reduced rate that was set at 14.2% with due regard to the reduction indicator due to capital investments during the tax period, (Clauses 1, 2, Article 15.1 of Law of Perm Region No. 1685-296 dated 30 August 2001). The cumulative effect amounted to RUB 167,797,000.

The general rate of the tax payable to the regional budget by the Company in the reporting period was 15.91% (as compared to 16.94% in 2016).

Permanent and Temporary Differences

In the reporting year, the Company assessed permanent tax assets reduced by the amount of permanent income tax liabilities in compliance with the rules established by RAS 18/02 in the amount of RUB 335,047,000 (in 2016, permanent tax liabilities reduced by the amount of permanent tax assets accounted for RUB 330,946,000).

Starting from 2017, the Company has recognised the effect of reduced rates of the income tax credit to the regional budget by Company branches as a permanent tax asset. In 2017, the amount of this permanent tax asset reached RUB 433 275,000.

Permanent differences of RUB 98,227,000 are due to the differences in recognition of income and expenses for accounting and tax accounting purposes as follows:

	'000 RUB	
Profit (+)/loss (-) item on the books	2017	2016
Profit/losses of past years	37,496	(11,311)
Recovery of estimated liabilities	32,475	244,133
Profit from the valuation of shares at the market value	(8,846)	11,515
Profit/loss due to the accrual of foreign exchange differences in accounting records	1,580	12,943
Recognition of fines at the Wholesale Electricity and Capacity Market in tax accounting only	-	445,895
Other income	627,480	14,577
Expenses for the write-off of fixed assets and other property	(13,263)	(1,842,582)
Accrual of estimated liabilities	(386,368)	(245,905)
Labour costs and other expenses for the benefit of the employees	(83,509)	(113,142)
Charity	(31,197)	(48,615)
Expenses for compulsory and voluntary property and liability insurance	-	(43,136)
Expenses for sports and mass cultural events	(35,917)	(24,197)
Expenses for holding meetings of shareholders, legal services, and other similar expenses	(2,838)	(22,343)
Non-refundable VAT	(4,393)	(8,694)
Adjustment in tax accounting with respect to the sale of depreciable property	(2,018)	(128)

Profit (+)/loss (-) item on the books	2017	2016
Expenses associated with the sale of securities	-	-
Expenses under the partnership agreement	-	-
Other expenses not reflected in tax accounting	(621,818)	(27,707)

The factor contributing to the increase in the permanent differences was requalification of the differences arising during the creation of the bad debt provision from temporary into permanent differences.

Based on the results of the impairment test for investments in the subsidiaries' authorised capitals, the Company created an impairment provision for E.ON Connecting Energie LLC in the amount of RUB 1,011,009,000. The amount of this provision was not recognised for income tax purposes, a permanent tax liability of RUB 202,200,000 was created.

Key lines generating the amount of other income and expenses:

'000 RUB		
Indicators	2017	2016
Other income, including:	627,480	14,577
Recovered TAX amount under the revised tax returns previously reflected as expenses	239,237	-
Amount of recovered bad debt provision in accounting records	369,898	787
Dividends received	10,001	1,587
Other income	8,344	12,203
Other expenses not reflected in tax accounting, including:	(621,818)	(27,707)
Amount of assessed bad debt provision in accounting records	(883,891)	(2,711)
Depreciation of fixed assets in tax accounting	324,926	18,859
Write-down of tax receivables	(26,217)	-
Charges for excess emissions of pollutants into the environment	(32,352)	(3,025)
Other costs	(4,282)	(40,830)

In 2017, to add to the income tax for the reporting period, the Company assessed deferred tax assets amounting to RUB 13,348,000 (in 2016, the amount of deferred tax assets assessed was equal to RUB 25,770,000).

In 2017, to add to the net income for the reporting period due to the withdrawal of assets, the Company wrote off the deferred tax assets previously assessed in the amount of RUB 3,889,000 (as compared to RUB 30,403,000 in 2016). This write-off is recorded in line 'Other' of the profit and loss statement.

In 2017, the deferred tax liabilities previously assessed were discharged in the amount of RUB 473,200,000 (in 2016, deferred tax liabilities were discharge in the amount of RUB 89,195,000). The main reason for discharging deferred tax liabilities was expiry of the useful life of fixed assets from the perspective of tax accounting subject to depreciation assessment in accounting records, as well as withdrawal of depreciable assets due to the accident at Bere-zovskaya GRES Branch Power Unit No. 3.

In 2017, to add to the income for the reporting period, the Company wrote off the deferred tax liabilities previously assessed in the amount of RUB 100,630,000 (in 2016, deferred tax liabilities were written off in the amount of RUB 251,414,000). This write-off of deferred tax liability is reflected in line 'Other' of the profit and loss statement. The key reason for writing off the deferred tax liabilities was recalculation of depreciation charge and depreciation bonus amounts associated with the previously assumed one-time expenses on the mobilisation assignment and subject to inclusion in expenses for the purposes of assessing the income tax for 2010-2012 and requalification of the differences arising during the generation of the bad debt provision from temporary into permanent differences.

According to tax accounting data, taxable income in 2017 amounted to RUB 39,687,459,000 (as compared to RUB 15,944,716,000 in 2016).

Line 'Other' of the profit and loss statement shows the following amounts:

'000 RUB

Name	2017	2016
Amount of deferred tax liabilities/assets written off	100,630	251,414
Amount of deferred tax assets written off	3,889	30,403
Income tax amount to be additionally paid (-)/returned (+) based on the revised returns for the previous tax periods	273,440	(372,280)
Penalties and fines for violation of tax laws, administrative laws, and road traffic regulations	10,450	(96,626)
Total Line 2460 'Other' of the profit and loss statement	388,409	(187,088)

3.18. Security of Liabilities

Securities for obligations by types and groups are disclosed in Clause 8 of the tabular notes to the balance sheet and profit and loss statement.

The guarantees received as of 31 December 2017 amount to RUB 5,836,162,000 (as compared to RUB 7,142,045,000 as of 31 December 2016 and RUB 1,017,395,000 as of 31 December 2015). The most significant guarantees are those granted by the Company's counterparties to secure the performance of their obligations for the advance payments received under contracts, namely:

- Bank guarantees amounting to RUB 2,621,714,000 issued by Sberbank of Russia PJSC. Guarantees secure proper quality of the overhaul in the boiler cell of Berezovskaya GRES Branch Power Unit No. 3 under the contract with Institute Orgenergostroy JSC.
- Bank guarantee amounting to RUB 1,954,638,000 issued by Sberbank of Russia PJSC. The guarantee secures the delivery of equipment under the contract with Machine-Building Factory of Podolsk OJSC to manage the accident that occurred in Power Unit No. 3 of Berezovskaya GRES Branch on 01 February 2016.

3.19. Earnings per Share

The Company discloses the information about earnings per share in compliance with the 'Guidelines on the Disclosure of the Information about Earnings per Share' approved by Order of the Ministry of Finance of the Russian Federation No. 29n dated 21 March 2000.

The basic earnings per share reflect the portion of the earnings in the reporting period that may be potentially distributed among shareholders owning ordinary shares. It is calculated as a ratio between the basic earnings in the reporting period and the weighted average number of ordinary shares outstanding within the reporting year. The basic earnings is equal to the net profit in the reporting year (line 2400 of the profit and loss statement).

Basic earnings per share:

	2017	2016
Basic earnings in the reporting year, '000 RUB	30,134,323	10,490,023
Weighted average number of ordinary shares outstanding within the reporting year, pcs	63,048,706,145 and 44,925,042,874/ 49,130,625,974	63,048,706,145 and 44,925,042,874/ 49,130,625,974
Basic earnings per share, RUB	0.4780	0.1664

The Company does not have any securities having a dilutive effect.

The General Meeting of Company Shareholders held on 23 June 2017 passed the resolution to pay dividends:

in the amount of RUB 5,906,169,000 on ordinary shares following the results of 2016 FY at the rate of RUB 0.0936 per one ordinary share;

in the amount of RUB 1,093,831,000 on ordinary shares following the results of Q1 2017 at the rate of RUB 0.0173 per one ordinary share;

The extraordinary General Meeting of Company Shareholders held on 07 December 2017 passed the resolution to pay dividends in the amount of RUB 7,000,000,000 following the results of nine months of 2017 on ordinary shares at the rate of RUB 0.111 per one ordinary share (in 2016, pursuant to the resolution of the General Meeting of Shareholders held on 08 December 2016, the Company paid dividends in the amount of RUB 4,583,641,000 following the results of nine months of 2016 on ordinary shares at the rate of RUB 0.0727 per one ordinary share and RUB 2,717,399,000 from undistributed profit of previous years at the rate of RUB 0.0431 per one ordinary share).

3.20. Related Parties

The Company is controlled by Uniper Russia Holding GmbH and is a member of Uniper Group that comprises Uniper SE and its subsidiaries.

List of related parties of the Company as of 31 December 2017:

Item No.	Related party	Relation justification
1	Uniper Global Commodities SE	Uniper Group
2	Representative office of Uniper Global Commodities SE	Uniper Group
3	Uniper NefteGaz LLC	Uniper Group
4	Uniper Trend s.r.o.	Uniper Group
5	Uniper Beteiligungs GmbH	Uniper Group
6	Uniper Holding GmbH	Uniper Group
7	Uniper Technologies GmbH	Uniper Group
8	Uniper SE	Ultimate parent entity
9	Uniper Russia Holding GmbH	Principal entity
10	Gazprom YRGM Development CJSC	Uniper Group
11	Severneftegazprom OJSC	Uniper Group
12	Uniper Technologies Limited	Uniper Group
13	E.ON Connecting Energies LLC	Affiliated company
14	Noginsk Heat Centre LLC	Affiliated company
15	NATEC Invest-Energo JSC	Affiliated company
18	Siberia AIP LLC	Subsidiary
19	Unipro Engineering LLC	Subsidiary
20	E.ON IT LLC	Uniper Group

The list of related parties equally includes the members of the Board of Directors and the Management Board of the Company (the information is disclosed in Section I of the notes to the balance sheet and profit and loss statement).

Related-Party Transactions:

‘000 RUB			
Items	As of 31.12.2017	As of 31.12.2016	As of 31.12.2015
Accounts Receivable	56,031	20,522	1,173
Accounts payable	250,194	917	310,249
Loans granted	3,219,874	156,383	-
Loans received	-	2,307,756	-
Estimated liabilities – expenses under the contract	146,179	64,519	-

‘000 RUB		
Indicators	for 2017	for 2016
Revenue (net of VAT)	86,718	82,391
Services received (net of VAT)	847,070	594,405
Interest received on the loan	273,233	2,642
Interest charged on the loan	62,049	124,880

The payment terms of related-party transactions must be proved by contractual relations that are subject to prior authorisation by the Company's Board of Directors.

In December 2017, the Company made an additional agreement to the loan contract providing for the issue of a loan to Unipro Engineering LLC until 31 December 2019 at the rate of 7.02% p.a. applicable to the newly received notices. In 2017, the amount of the issued loan accounted for RUB 219,874,000. The interest on the loan issued to Unipro Engineering LLC amounted to RUB 20,312,000 in 2017. In 2016, the interest on the issued loan received by the Company amounted to RUB 2,642,000.

In May 2017, the Company made a loan contract providing for the issue of a loan of RUB 12,000,000,000 to Uniper SE until July 2017 at the rate of 8.52% p.a. In June, a loan in the amount of RUB 9,000,000,000 was repaid and an additional agreement was made to renew the contract until December 2017 at the rate of 8.30% p.a. In December, the 2nd additional agreement

was made to renew the contract until January 2018 at the rate of 7.81% p.a. In 2017, the total interest on the loan issued to Uniper SE accounted for RUB 252,921,000.

In March 2017, the loan of RUB 2,300,000,000 received under contract from Uniper SE was repaid in full. Interest for 2017 amounted to RUB 62,049,000. Interest for 2016 amounted to RUB 124,880,000. In 2017, the Company paid dividends to Uniper Russia Holding GmbH in the amount of RUB 11,136,413,000. In 2016, the amount of dividends paid to Uniper Russia Holding GmbH was RUB 15,700,461,000.

Remuneration to Key Managers

The key managers named as such by the Company are the members of the Board of Directors and the Management Board.

In 2017, the Company paid a total of RUB 244,226,000 as remuneration to the members of the Board of Directors and the Management Board (as compared to RUB 358,392,000 in 2016). The remuneration to the members of the Board of Directors includes the remuneration for the participation in the meetings of the Board of Directors.

Compulsory pension insurance contributions for the members of the Company's Management Board and Board of Directors in 2017 amounted to RUB 37,754,000 (as compared to RUB 44,933,000 in 2016).

No severance payments were made to the members of the Management Board in 2017 (as compared to RUB 17,471,000 in 2016).

The members of the Board of Directors and the Management Board are listed in Section 'General Information' of the notes to the balance sheet and profit and loss statement.

3.21. Management of Financial Risks

Risk management is a task of current relevance for the Company that strives to manage risks effectively in order to ensure a stable and predictable financial situation, observe the business development strategy, and implement the mission.

The integrated risk management system was established to identify risks in due time and to take the relevant risk management steps. The Company regularly reviews the planning, controlling, and reporting processes to ensure their efficiency.

The key elements of the risk management system are the Company's strategy, internal regulations, controlling, planning, internal control system, and internal audit, as well as risk and opportunity reports and operation of the Risk and Finance Committee of Unipro PJSC.

The information about the risks relating to assets and liabilities is provided in the relevant sections of these notes to the Company's financial statements.

The information about the Company's position in the industry, main priority activities of the Company with the description of development prospects, as well as the key information about the risk factors associated with the Company's activities is posted on the Company's official website.

3.22. Estimated and Contingent liabilities

Estimated Liabilities

As of 31 December 2017, the Company entered RUB 930,820,000 worth of estimated liabilities on the books (as compared to RUB 999,106,000 as of 31 December 2016), including:

- Estimated liabilities for annual and quarterly bonuses payable to employees amounted to RUB 434,884,000 as of 31 December 2017 (RUB 398 945,000 as of 31 December 2016). The amounts were validated by the findings of the liability measurement inventory audit as of the reporting date for the payment of the compensation for the period of work performed, but with a later payment date in compliance with the applicable local regulations of the Company.

- Estimated liabilities for vacation allowances amounted to RUB 240,604,000 as of 31 December 2017 (RUB 237 455,000 as of 31 December 2016). Total estimated liabilities are further validated by the findings of the inventory audit based on the number of used vacation days and the average earned monthly income per employee.

- Estimated liabilities for litigation in progress, the results of which are assessed as unfavourable by the Company with the likelihood ratio “above the average”, amounted to RUB 8,093,000 as of 31 December 2017. (31 December 2016 – RUB 8,410,000).
- Other estimated liabilities amounted to RUB 247,239,000 as of 31 December 2017. (31 December 2016 – RUB 354,296,000). The Company reflected estimated liabilities under concluded contracts for works and services in this line, whenever the works/services under such contracts were performed as of the reporting date, but were not accepted by the Company due to various reasons.

Contingent Tax Liabilities

The tax laws of the Russian Federation, whether current or enacted as at the end of the reporting period, allow for different interpretations of certain facts of the Company's business life. Due to this fact, the management's standpoint with regard to taxes and the documents justifying this standpoint may be challenged by tax authorities. The tax control in the Russian Federation is becoming more stringent, as a result, the risk of inspections of the impact on the tax base of the transactions with no clear financial and business purpose or the transactions with the counterparties, which do not comply with the tax law requirements, is increasing. Tax inspections may cover the three calendar years preceding the year, in which a decision was made to conduct the inspection. In certain situations, earlier periods may be inspected as well.

The Russian transfer pricing laws are generally in line with international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD), even though they have some peculiarities. The transfer pricing laws provide for the possibility of charging additional tax liabilities under controlled transactions (transactions with related parties and certain types of transactions with non-related parties), if the transaction price does not correspond to the market price. The management introduced the internal control system to meet the requirements of the applicable transfer pricing laws.

The tax liabilities incurred as a result of the activities between the Group entities are determined on the basis of the actual transaction price. It is likely that as the practice of applying the transfer pricing rules further develops, these prices may be challenged. The effect of such a scenario cannot be estimated with sufficient reliability; however, it may be material from the standpoint of the Company's financial standing and/or business activity.

At present, the management believes that its standpoint on taxes and the Company's interpretation of the laws may be validated; however, there is a risk that the Company will incur extra expenses, if the management's standpoint on taxes and the Company's interpretation of the laws is challenged by tax authorities. The effect of such a scenario cannot be estimated with sufficient reliability; however, it may be material from the standpoint of the Company's financial standing and performance.

3.23. Events after the Reporting Date

On 4 June 2017, the Company received a notification of the Federal Antimonopoly Service of the Russian Federation on the initiation of a case against the Company and SO UES JSC suggesting potential violation of antitrust laws (Part 1, Article 10 and Part 4, Article 11 of Federal Law No. 135-FZ dated 26 July 2006 'On Protection of Competition'). The case was initiated on the grounds of the complaint received by the Antimonopoly Service from the Energy Consumers Association pointing at the evidence of abuse of the dominant position and anti-competitive agreement on the part of the Company and SO UES JSC resulting in unjustified charges under the capacity supply agreements set for consumers of Pricing Zone 2 at the Wholesale Electricity (Capacity) Market for a part of Berezovskaya GRES Branch Power Unit No. 3 capacity following the accident at the power unit (in the period from 01 February 2016 up to 01 November 2016) in the amount of around RUB 950,000,000.

On 26 January 2018, the Federal Antimonopoly Service made a decision (the full text was published on 08 February 2018) declaring Unipro PJSC and SO UES JSC guilty of abuse of dominant position manifested in refusal to launch the testing of the equipment at Berezovskaya GRES

Branch Power Unit No. 3 right after the accident. As for the charge of an anti-competitive agreement, the case was dismissed for lack of evidence.

An administrative offence case is expected to be initiated in April 2018 in order to determine the amount of fine.

Considering that the amount of potential fine cannot be currently estimated with sufficient reliability, no provision for 31 December 2017 was assessed.

In October 2017, Finnish energy company Fortum Oyj and German E.ON Group announced the signing of an agreement on public sale of 46.65% of shares of Uniper international energy company held by E.ON for EUR 3.65 bln. Fortum Oyj announced its plans to submit an offer for the acquisition of Uniper shares to all company shareholders; the amount of the deal may reach EUR 8.05 bln. The deal was initially scheduled for the beginning of 2018 and is subject to regulators' approval.

Starting from 07 November 2017, Fortum Oyj launched the official purchase procedure for Uniper shares. The offer was valid until 16 January 2018. On 08 January 2018, E.ON announced its intention to sell its stake in the company – 46.65% of shares and votes. An additional call for proposals was valid from 20 January to 02 February 2018. Fortum Oyj expects that the purchase deal for Uniper shares will be closed by mid-2018.

In January 2018, Uniper SE repaid a loan of RUB 3,000,000,000.

General Director, Unipro PJSC _____ M. G. Shirokov

Chief Accountant, Unipro PJSC _____ E. A. Dubtsova

21 March 2018