UNIPRO GROUP

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED) PREPARED IN ACCORDANCE WITH IAS 34, INTERIM FINANCIAL REPORTING

30 JUNE 2018

CONTENTS

Report on Review of Interim Financial Information

To the Shareholders and Board of Directors of PJSC Unipro:

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of PJSC Unipro and its subsidiaries (the "Group") as of 30 June 2018 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

7 August 2018

Moscow, Russian Federation

A.F. Kamalova, certified auditor (licence no. 01-001621), AO PricewaterhouseCoopers Audit

Audited entity: PJSC Unipro

Certificate of inclusion in the Unified State Register of Legal Entities issued on 4 March 2005 under registration № 1058602056985

Russian Federation, 628406, Tyumen Region, Khanty-Mansiysk A.O. - Yugra, Surgut, Energostroitiley street, 23, building 34

Independent auditor: AO PricewaterhouseCoopers Audit

State registration certificate № 008.890, issued by the Moscow Registration Chamber on 28 February 1992

Certificate of inclusion in the Unified State Register of Legal Entities issued on 22 August 2002 under registration № 1027700148431

Member of Self-regulated organization of auditors «Russian Union of auditors» (Association)

ORNZ 11603050547 in the register of auditors and audit organizations

Unipro Group
Condensed Consolidated Interim Statement of Financial Position
(RUB thousand)

	Note	At 30 June 2018 Unaudited	At 1 January 2018 Unaudited
ASSETS			
Non-current assets			
Property, plant and equipment	4	109,275,903	107,182,213
Intangible assets		419,054	337,742
Investments in joint ventures	5	74,366	39,990
Long-term financial assets		30,851	16,381
Other non-current assets	6	504,763	852,687
Total non-current assets		**110,304,937**	**108,429,013**
Current assets			
Cash and cash equivalents		8,768,900	3,058,326
Accounts receivables and prepayments	8	4,948,084	5,560,829
Inventories	7	3,518,179	2,506,880
Current income tax prepayments		1,844,448	3,722,751
Short-term financial assets	9	6,699,474	3,698,786
Total current assets		**25,779,085**	**18,547,572**
TOTAL ASSETS		**136,084,022**	**126,976,585**
EQUITY AND LIABILITIES			
Equity			
Share capital		25,219,482	25,219,482
Share premium		40,052,405	40,052,405
Other reserves	13	585,544	597,674
Retained earnings		48,848,273	47,666,057
Total equity		**114,705,704**	**113,535,618**
Non-current liabilities			
Deferred income tax liabilities		5,513,980	5,373,629
Pension liabilities		842,347	723,627
Long-term lease liabilities	2	602,248	746,755
Asset retirement obligations	2	509,529	-
Total non-current liabilities		**7,468,104**	**6,844,011**
Current liabilities			
Current portion of long-term lease liabilities	2	221,947	221,947
Accounts payable and accruals	14	11,531,635	5,182,682
Taxes payable other than income tax	15	2,156,632	1,192,327
Total current liabilities		**13,910,214**	**6,596,956**
Total liabilities		**21,378,318**	**13,440,967**
TOTAL EQUITY AND LIABILITIES		**136,084,022**	**126,976,585**

Approved and signed 7 August 2018

General Director M.G. Shirokov

Financial Director U. Backmeyer

(RUB thousand)

	Note	Six months ended 30 June 2018 Unaudited	Six months ended 30 June 2017 Unaudited
Revenues	10	37,595,594	37,750,739
Operating expenses	11	(27,770,880)	(28,249,583)
Other operating income	2	146,572	20,540,767
Operating profit		**9,971,286**	**30,041,923**
Finance income	12	379,716	516,509
Finance expense	12	(181,781)	(135,657)
Share of results of joint venture	5	34,376	21,634
Profit before income tax		**10,203,597**	**30,444,409**
Income tax charge	16	(2,021,381)	(5,944,990)
Profit for the period		8,182,216	**24,499,419**
Profit for the period attributable to:			
Shareholders of PJSC Unipro		8,182,216	24,496,473
Non-controlling interest		-	2,946
Other comprehensive income after income tax:			
Items that may be reclassified subsequently to profit or loss			
Loss from change in fair value of financial assets available-for sale		(2,004)	(5,730)
Gain/ (loss) from cash flow hedge		107,594	(201,941)
Reclassification of cash flow hedge loss to profit and loss		(117,720)	(207,476)
Total items that may be reclassified subsequently to profit or loss		**(12,130)**	**(415,147)**
Total comprehensive income for the period		**8,170,086**	**24,084,272**
Total Comprehensive income attributable to:			
Shareholders of PJSC Unipro		8,170,086	24,081,326
Non-controlling interest		-	2,946
Earnings per ordinary share for profit attributable to the shareholders of PJSC Unipro- basic and diluted (in Russian roubles)	17	0.130	0.389

(RUB thousand)

	Equity attributable to shareholders of PJSC Unipro						
	Ordinary share capital	**Share premium**	**Other reserves**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
At 1 January 2017 (Audited)	**25,219,482**	**40,052,405**	**1,171,376**	**27,868,063**	**94,311,326**	**200,981**	**94,512,307**
Profit for the period	-	-	-	24,496,473	**24,496,473**	2,946	**24,499,419**
Other comprehensive loss:							
Available-for-sale financial assets revaluation	-	-	(5,730)	-	**(5,730)**	-	**(5,730)**
Loss from cash flow hedge	-	-	(201,941)	-	**(201,941)**	-	**(201,941)**
Reclassification of cash flow hedge loss to profit and loss	-	-	(207,476)	-	**(207,476)**	-	**(207,476)**
Total comprehensive income/(loss) for the period	**-**	**-**	**(415,147)**	**24,496,473**	**24,081,326**	**2,946**	**24,084,272**
Dividends	-	-	-	(7,000,000)	**(7,000,000)**	-	**(7,000,000)**
At 30 June 2017 (Unaudited)	**25,219,482**	**40,052,405**	**756,229**	**45,364,536**	**111,392,652**	**203,927**	**111,596,579**
At 31 December 2017 (Audited)	**25,219,482**	**40,052,405**	**597,674**	**47,677,914**	**113,547,475**	**-**	**113,547,475**
IFRS 9 (Note 2)	-	-	-	(11,857)	(11,857)	-	(11,857)
At 1 January 2018 (Unaudited)	**25,219,482**	**40,052,405**	**597,674**	**47,666,057**	**113,535,618**	**-**	**113,535,618**
Profit for the period	-	-	-	**8,182,216**	**8,182,216**	**-**	**8,182,216**
Other comprehensive income/(loss):							
Available-for-sale financial assets revaluation	-	-	(2,004)	**-**	**(2,004)**	**-**	**(2,004)**
Gain from cash flow hedge	-	-	107,594	**-**	**107,594**	**-**	**107,594**
Reclassification of cash flow hedge loss to profit and loss	-	-	(117,720)	**-**	**(117,720)**	**-**	**(117,720)**
Total comprehensive income/(loss) for the period	**-**	**-**	**(12,130)**	**8,182,216**	**8,170,086**	**-**	**8,170,086**
Dividends	-	-	-	(7,000,000)	**(7,000,000)**	-	**(7,000,000)**
At 30 June 2018 (Unaudited)	**25,219,482**	**40,052,405**	**585,544**	**48,848,273**	**114,705,704**	**-**	**114,705,704**

(RUB thousand)

	Note	Six months ended 30 June 2018 Unaudited	Six months ended 30 June 2017 Unaudited
CASH FLOW FROM OPERATING ACTIVITIES:			
Profit before income tax		**10,203,597**	**30,444,409**
Adjustments to profit for non-cash items:			
Depreciation and amortization	11	3,027,881	2,997,801
Loss on impairment of PPE and intangible assets	11	83,364	-
Reclassification of cash flow hedge loss/(gain) to profit and loss	13	64,044	(190,166)
Provision for impairment of accounts receivable	8	28,003	216,517
Interest income and effect of discounting	12	(379,716)	(443,613)
Interest expense and effect of discounting	12	88,007	135,657
Foreign exchange loss/ (gain)	12	93,774	(72,896)
Share of results of joint ventures	5	(34,376)	(21,634)
Other non-cash items		106,275	(2,729)
Operating cash flows before working capital changes and income tax paid		**13,280,853**	**33,063,346**
Working capital changes:			
Decrease/ (increase) in accounts receivable and prepayments	8	321,343	(26,626)
Decrease/ (increase) in VAT recoverable	8	17,860	(107,662)
Increase in inventories	7	(324,307)	(307,419)
Decrease in accounts payable and accruals	14	(538,100)	(1,073,943)
Increase in taxes payable other than income tax	15	964,305	1,090,542
Income tax paid	16	(1,314)	(2,815,336)
Net cash generated from operating activities		**13,720,640**	**29,822,902**
CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment and other non-current assets	4	(5,796,217)	(4,110,324)
Settlement of securities		700,824	411,363
Loans issued	3	(6,074,160)	(12,075,405)
Loans repaid		3,010,244	6,273
Interest received	12	310,014	50,588
Net cash used in investing activities		**(7,849,295)**	**(15,717,505)**
CASH FLOW FROM FINANCING ACTIVITIES:			
Loan repaid		-	(2,300,000)
Interests repaid	12	(26,851)	(73,374)
Payments of lease liabilities		(144,413)	-
Net cash used in financing activities		**(171,264)**	**(2,373,374)**
Effect of exchange rate changes on cash and cash equivalents		10,493	5,068
Net increase in cash		**5,710,574**	**11,737,091**
Cash and cash equivalents at the beginning of the year period		3,058,326	1,724,888
Cash and cash equivalents at the end of the year period		8,768,900	13,461,979

(RUB thousand)

Note 1. The Group and its operations

23 June 2016 Open Joint Stock Company E.ON Russia (OJSC "E. ON Russia") officially became known as PJSC "Unipro". This step that shows it's belonging to Group Uniper which was separated from the E.ON Group in 1 January 2016.

Public Joint-Stock Company Unipro (PJSC Unipro or the Company) was established on 4 March 2005.

The Company's principal activities are generation and sale of electricity and heat.

Shares of PJSC Unipro are listed in the Moscow Exchange (MOEX).

The Company operates the following five power plants (GRES) as branches: Surgutskaya GRES-2, Shaturskaya GRES, Berezovskaya GRES, Smolenskaya GRES and Yayvinskaya GRES. All references to the "Group" refer to the Company, its branches and subsidiaries.

The structure of the Group, including all consolidated entities and joint venture, is presented in the table below:

		Ownership, %	
	Principal activity	**At 30 June 2018**	**At 31 December 2017**
Subsidiaries and joint venture of PJSC "Unipro"			
LLC Unipro Engineering	Engineering activities	100	100
LLC Agro-industrial Park «Siberia»	Wholesale of electricity and heat without transfer and distribution, and management of uninhabited fund	100	100
LLC E.ON Connecting Energies	Provision of distributed energy solutions to all types of customers	50	50

The Company is registered with the District Inspectorate of the Federal Tax Service of Surgut, Tyumen Region, Khanty-Mansiysk Autonomous District (Yugra). The Company's office is located at bld. 10, Presnenskaya nab. Moscow, Russia, 123112.

The Group sells electricity on the wholesale electricity and capacity market. The wholesale electricity market has a number of sectors varying in contractual terms, conditions and delivery time frames: sector of regulated contracts, day-ahead market, sector of unregulated bilateral contracts and the balancing market. The electricity traded in both pricing zones of the wholesale market was sold at unregulated prices except for volumes designated for delivery to the population, groups of customers equivalent to population and customers located in the Northern Caucasus and in the Republic of Tyva.

Tariffs for electricity (capacity) and heat for the Group's entities are mainly governed by normative documents on the state regulation of prices (tariffs).

For regulating prices (tariffs) both a cost-plus method and tariff indexation are used. When applying a cost-plus method costs are determined in accordance with Russian Accounting Rules (RAR), which significantly differ from International Financial Reporting Standards (IFRS). In practice, tariff decisions are significantly affected by social and political considerations causing significant restrictions in tariff increases required to compensate increasing costs.

Uniper Group Establishing

83.73% of shares of the Company are owned by Uniper SE (before 28 May 2018 – Uniper Russia Holding GmbH, which is subsidiary of the international energy company Uniper SE).

Uniper SE, the major shareholder of PJSC «Unipro», is a leader in the traditional power generation sector. The Company operates in European countries, Russia and several other countries of the world. Uniper comprises hydroelectric power plants, gas-fired power plants and coal power plants with the total capacity of 40 GW. Due to these key assets and the use of different types of fuel, Uniper is a major and reliable supplier of electricity a large portion of which is produced using environmentally friendly technologies, such as gas-fired power plants and hydroelectric power plants.

Note 1 The Group and its operations (continued)

On 7 November 2017, Fortum Deutschland SE, a subsidiary of the Finnish energy company Fortum Oyi, published a voluntary public takeover bid to purchase all shares of Uniper SE. Overall, shareholders of Uniper SE with a stake totalling 47.12% in Uniper SE accepted Fortum Deutschland SE's offer to acquire the shares of Uniper SE. In particular, E.ON SE tendered its 46.65% stake in Uniper SE – indirectly held via E.ON Beteiligungen GmbH – for sale to Fortum Deutschland as part of the takeover offer. Fortum Deutschland SE's takeover bid was completed effective 26 June 2018. E.ON is thus no longer a shareholder in Uniper SE. Fortum Deutschland SE is now the company's new major shareholder.

Operating environment

Russian Federation. The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations. During 6 months 2018 the Russian economy continued to be negatively impacted by low oil prices, ongoing political tension in the region and international sanctions against certain Russian companies and individuals. The financial markets continue to be volatile and are characterised by frequent significant price movements and increased trading spreads. Russia's credit rating was downgraded to below investment grade. This operating environment has a significant impact on the Group's operations and financial position. Management is taking necessary measures to ensure sustainability of the Group's operations. However, the future effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from actual results.

To varying degrees, the Group'ss operations and its profit depend on regulatory changes in the electricity market, financial, administrative and environmental legislation of the Russian Federation.

This condensed consolidated interim financial information reflect management's assessment of the manner in which the business environment in the Russian Federation has an effect on the Group's operations and financial position. Actual results may differ from the estimates made by management.

Regulatory risk. In early 2017, the expert energy community entered into a debate concerning the feasibility of making changes to the Rules of Wholesale Market and the terms of Capacity Contracts (CCs). The changes provide for the collection of fines in the amount of 25% of the capacity payment and the possibility of unilateral termination of CCs in the event that generating equipment remains under unscheduled repair for an extended period. Despite the clear position of all the generating companies and regulator on the inadmissibility of changes to CCs, the company cannot completely prevent the debate from being protracted or, in the worst-case scenario, this risk from being partially or fully realized.

Sensitivity and significant judgments disclosures have been updated to reflect current volatility in financial markets.

Changes in Industry

In 2017-2018, the following events take place in the sectoral regulation:

- Indexation of competitive power selection prices for 2018 from 1 January 2018 by 7.8% in accordance with the Power Price Index Regulation Rules approved by RF Government Decree No. 238 of 13 April 2010;
- Indexation of gas prices since 1 July 2017 by 3.9% on the orders of the Federal Antimonopoly Service No. 776/17 of 13 June 2017;

Note 1 The Group and its operations (continued)

- Change in the procedure for calculating the prices for capacity supplied under capacity agreements (DPM) in connection with the release of Order No. 107 of the Ministry of Energy of Russia of 17 February 2017 “On approval of the methodology for calculating the share of compensated costs reflecting the projected profit from the sale of electricity for Suppliers of electrical energy (power)”. This Methodology determines the procedure for calculating the CPR - coefficient, which is one of the parameters involved in the calculation of the price of the DPM objects and excluding from the price for capacity that part of the profit that the DPM objects receive in the electricity market. In the first three years of the operation of the DPM, the reference values of the CRs are applied, which are established by Government Decision No. 238 of April 13, 2010. After the expiry of three and six years from the beginning of the supply of power, the CRS is specified in accordance with the above Methodology.

Seasonality

Demand for electricity and heat is influenced by both the seasons of the year and the relative severity of the weather. Major revenues from heat sales are generated over the period from October to March. Similarly, though not so evidently, major electricity sales fall within the same period. Seasonality of heat and electricity generation influences fuel consumption and energy purchases accordingly.

In addition, repairs and maintenance expenses increase in the period of reduced generation from April to September. This seasonality does not impact the revenue or cost recognition policies of the Group.

The accident at the branch Berezovskaya GRES

On 1 February 2016, a fire occurred in the boiler room of Power Unit 3 of Berezovskaya GRES Branch of PJSC Unipro, resulting in a destruction and need for replacement of a significant part of the boiler room of the Power Unit 3.

Following the accident, an 800MW power unit was shut down for unscheduled repairs, and it will not be producing electric power or amortised during the performance thereof. According to current estimates, PJSC Unipro plans to recommission the unit and to restart receiving payments for the capacity of the Power Unit 3 of Berezovskaya GRES in the third quarter of 2019. According to the current market rules, no fines are expected for the failure to supply the capacity (Note 2).

The current results of detailed examination of auxiliary equipment and dismantling of damaged equipment confirmed the preliminary estimation of the cost of the damaged part of the boiler room equal to 50% of the boiler value, 25% of the cost of the building and auxiliary equipment.

As a result of dismantling after the accident at Power Unit 3 of Berezovskaya GRES materials in the amount of RUB 706,567 thousand were recognized for six months 2018 (for six months 2017: RUB 334,965 thousand) (Note 4). They were classified as construction in progress due to intention to use them in the future in capital construction.

As of 30 June 2018 about RUB 23 billion were spent on refurbishment. The amount of future expenses on refurbishment will amount about RUB 16 billion. The Group's management estimates the risk of a possible additional increase in the project budget due to the implementation of known or unforeseen risks within RUB 5 billion.

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

The power station was insured against damages to property and business interruption. The Group has received the full indemnity for losses due to the accident according an insurance contract in the amount of RUB 26,100,000 thousand: the first payment in the amount of RUB 5,651,285 thousand in 2016, the final payment in the amount of RUB 20,448,715 thousand was received in May 2017. This amount was shown in «Other operating income» for the relevant periods.

(RUB thousand)

Note 2. Basis of preparation of the condensed consolidated interim financial information

This condensed consolidated interim financial information for the six months ended 30 June 2018 has been prepared in accordance with IAS 34, Interim Financial Reporting.

This condensed consolidated interim financial information should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2017, which have been prepared in accordance with IFRS.

Changes in principal accounting policies, accounting estimates and assumptions

The principal accounting policies, accounting estimates and assumptions followed by the Group in this are consistent with those disclosed in the audited consolidated financial statements for the year ended 31 December 2017, and as at this date, except for standards and interpretations come in force starting from 1 January 2018, and income taxes determined at interim reporting periods based on the best estimated weighted average of annual income tax rate expected for the full financial year.

Application of new and revised standards and clarifications

In 2018 the Group adopted all IFRSs, amendments and additions, effective from 1 January 2018 and are relevant to the operations of the Group, including IFRS 15 «Revenue from Contracts with Customers» and IFRS 9 "Financial Instruments The application of these changes will not have a material impact on the Group's condensed consolidated interim financial information.

As of 1 January 2018 the Group early adopted ***IFRS 16, Leases (issued on January 2016 and effective for annual periods beginning on or after 1 January 2019).***

The standard requires lessees to recognize right-of-use assets and lease liabilities for most leases.

In accordance with the transition rules in IFRS 16, the Group chose to apply the new rules retrospectively with the cumulative effect of initially applying the standard recognized at 1 January 2018. The Group used permitted practical simplifications and elected not to apply accounting requirements under this standard to short-term leases.

As the result, at 1 January 2018 the Group will recognize in the consolidated interim condensed statement of financial position right-of-use assets and lease liabilities in the amount of RUB 968 702 thousand, with no effect on opening retained earnings.

The incremental borrowing rate for lease liabilities initially recognized as of 1 January 2018, was in the range of 4.37 – 7.66%.

	At 31 December 2017
Minimum lease payments under operating leases as of 31 December 2017	**2,172,699**
Recognition exemption	(91)
for short-term leases	(91)
Effect from discounting at the incremental borrowing rate as of 1 January 2018	(1,203,906)
Liabilities additionally recognized based on the initial application of IFRS 16 as of January 1, 2018	**968,702**
Liabilities from finance leases as of 31 December 2017	-
Liabilities from leases as of 1 January 2018	**968,702**

In the condensed consolidated interim statement of comprehensive income for six months 2018, the Group has recorded RUB 48,844 thousand and RUB 26,851 thousand in depreciation and interest expense, respectively, in relation to leases accounted for under IFRS 16.

Summarized Presentation of Changes in Opening Balances as of 1 January 2018

The major changes arising from the initial application of IFRS 9 and IFRS 16 are shown in the following table. It contains only those balance sheet items affected by the initial application, and therefore cannot be fully reconciled with the balance sheet.

(RUB thousand)

Note 2 Basis of preparation of the condensed consolidated interim financial information (continued)

	At 31 December 2017	Adjustment basis			At 1 January 2018
		IFRS 9	IFRS 16	Total	
ASSETS					
Non-current assets					
Property, plant and equipment	106,213,511	-	968,702	968,702	107,182,213
Other non-current assets	854,656	(1,969)		(1,969)	852,687
Total non-current assets	**107,068,167**	**(1,969)**	**968,702**	**966,733**	**108,034,900**
Current assets					
Accounts receivable and prepayments	5,568,667	(7,838)	-	(7,838)	5,560,829
Short-term financial assets	3,700,836	(2,050)	-	(2,050)	3,698,786
Total current assets	**9,269,503**	**(9,888)**		**(9,888)**	**9,259,615**
TOTAL ASSETS	**116,337,670**	**(11,857)**	**968,702**	**956,845**	**117,294,515**
EQUITY AND LIABILITIES					
Equity					
Retained earnings	597,674	(11,857)	-	(11,857)	585,817
Total equity attributable to shareholders of PJSC Unipro	**597,674**	**(11,857)**	**-**	**(11,857)**	**585,817**
Total equity	**597,674**	**(11,857)**	**-**	**(11,857)**	**585,817**
Non-current liabilities					
Long-term lease liabilities	-	-	746,755	746,755	746,755
Total non-current liabilities	**-**	**-**	**746,755**	**746,755**	**746,755**
Current liabilities					
Current portion of long-term lease liabilities	-	-	221,947	221,947	221,947
Total current liabilities	**-**	**-**	**221,947**	**221,947**	**221,947**
Total liabilities	-	-	**968,702**	**968,702**	**968,702**
TOTAL EQUITY AND LIABILITIES	**597,674**	**(11,857)**	**968,702**	**956,845**	**1,554,519**

The following table provides a reconciliation of the classes of financial assets from IAS 39 to IFRS 9:

Classification according to IAS 39	IAS 39 carrying amount as of Dec. 31, 2017	Expected credit losses	IFRS 9 carrying amount as of Jan. 1, 2018	Classification according to IFRS 9
ASSETS				
Loans and receivables				
Accounts receivable (Note 8)	**5,257,350**	**(7,838)**	**5,249,512**	
Trade receivables	5,000,856	(7,838)	4,993,018	Amortized cost
Other financial receivables	256,494	-	256,494	Amortized cost
Short-term financial assets (Note 9)	**3,700,836**	**(2,050)**	**3,698,786**	
Loans issued	3,000,000	-	3,000,000	Amortized cost
Promissory notes	700,836	(2,050)	698,786	Amortized cost
Non-current assets (Note 6)	**854,656**	**(1,969)**	**852,687**	
Promissory notes	674,774	(1,969)	672,805	Amortized cost
Loans issued to employees	179,882	-	179,882	Amortized cost
Cash and cash equivalents	**3,058,326**	**-**	**3,058,326**	Amortized cost
Total loans and receivables	**12,871,168**	**(11,857)**	**12,859,311**	
Available-for-sale financial assets				
Long-term financial assets	16,381	-	16,381	Fair value through other comprehensive income
Total available-for-sale financial assets	**16,381**		**16,381**	
Total financial assets	**12,887,549**	**(11,857)**	**12,875,692**	

The effects arising from the initial application of the IFRS 9 impairment model are shown in the following table:

(RUB thousand)

Note 2 Basis of preparation of the condensed consolidated interim financial information (continued)

Reconciliation of IAS 39 Impairment Allowances to IFRS 9 Loss Allowances

Classification according to IAS 39	IAS 39 impairment allowances	Expected credit losses	IFRS 9 loss allowances as of Jan. 1, 2018	Classification according to IFRS 9
Other financial assets	-	(4,019)	(4,019)	Amortized cost
Trade receivables	(3,987,182)	(7,838)	(3,995,020)	Amortized cost
Total	**(3,987,182)**	**(11,857)**	**(3,999,039)**	

Standards, Interpretations and Amendments to existing Standards that are not yet effective and have not been early adopted by the Group

Certain new standards, interpretations and amendments have been issued that are mandatory for the annual periods beginning on or after 1 January 2019. In particular, the Group has not early adopted the standards and amendments:

- IFRIC 23 Uncertainty over Income Tax Treatments (issued in June 2017 and effective for annual periods beginning on or after 1 January 2019) provides requirements in respect of recognising and measuring of a tax liability or a tax asset when there is uncertainty over income tax treatments.
- Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28 (issued on 12 October 2017 and effective for annual periods beginning on or after 1 January 2019). These amendments clarify that long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture should be accounted in accordance with IFRS 9 Financial Instruments.
- The amendments to IAS 23 Borrowing Costs (issued in December 2017 and effective for annual periods beginning on or after 1 January 2019). These amendments clarify which borrowing costs are eligible for capitalization in particular circumstances.

It is expected that the following standards and interpretations are not expected to have any material impact on the Group's financial statements when adopted:

- Annual Improvements to IFRSs 2015-2017 cycle – Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 (issued on 12 December 2017 and effective for annual periods beginning on or after 1 January 2019).
- Plan Amendment, Curtailment or Settlement – Amendments to IAS 19 (issued on 7 February 2018 and effective for annual periods beginning on or after 1 January 2019).
- Prepayment Features with Negative Compensation – Amendments to IFRS 9 (issued on 12 October 2017 and effective for annual periods beginning on or after 1 January 2019).

Asset retirement obligations. The Group has decided evaluates its asset retirement obligations. The Group's activities involve the use of natural assets such as of land, wells, and quarries.

An asset retirement obligation is recognized when the Group has a present legal or constructive obligation to dismantle, remove and restore items of property, plant and equipment whose construction is substantially completed. The obligation is recognized when incurred at the present value of the estimated costs of dismantling the assets, including abandonment and site restoration costs, and are included within the carrying value of property, plant and equipment.

Changes in the asset retirement obligation relating to a change in the expected pattern of settlement of the obligation, or in the estimated amount of the obligation or in the discount rates, are treated as a change in an accounting estimate in the current period. Such changes are reflected as adjustments to the carrying value of property, plant and equipment and the corresponding liability. Changes in the obligation resulting from the passage of time are recognized in the condensed consolidated interim statement of comprehensive income as interest expense.

(RUB thousand)

Note 2 Basis of preparation of the condensed consolidated interim financial information (continued)

In accordance with the guidelines of IFRIC 1, Changes in Existing Decommissioning, Restoration and Similar Liabilities, the amount recognized as a provision is the best estimate of the expenditures required to settle the present obligation at the reporting date based on current legislation where the Group's respective operating assets are located, and is subject to change because of modifications, revisions and changes in laws and regulations and their interpretation thereof. Estimating future asset retirement obligations is complex and requires management to make estimates and judgments with respect to removal obligations that will occur many years in the future.

As the result at 30 June 2018, the Group will recognize in the consolidated interim condensed statement of financial position asset retirement costs and asset retirement obligations in the amount of RUB 509,529 thousand, with no effect on opening retained earnings.

Note 3. Related Parties

Parties are generally considered to be related if they are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions as defined by IAS 24, Related Party Disclosure.

Uniper SE is the Company's ultimate and immediate parent and ultimate controlling party.

Until on 28 May 2018 the Group's immediate parent was Uniper Russia Holding GmbH. On 28 May 2018 Uniper SE became the owner of 83.73% of the Group. The change of shareholder occurred due to organizational changes within the Uniper SE (Note 1).

The Group had the following transactions and balances with the ultimate parent and other entities under common control:

	At 30 June 2018	At 31 December 2017
Accounts receivable	3,966	8,202
Accounts payable and accruals	220,592	219,670
Loan issued	6,000,000	3,000,000

	Six months ended 30 June 2018	Six months ended 30 June 2017
Revenues (less VAT	7,035	7,863
Services provided and works performed (less VAT)	(2,796)	(67,785)
Positive currency difference	11,013	2
Negative currency difference	(25,004)	(55)
Interest income (loan issued)	8,297	107,920
Interest expenses (loan received)	-	(62,049)

For the six months ended 30 June2018 the revenue include the lease of offices and cars in the amount of RUB 6,110 thousand (for the six months ended 30 June 2017: RUB 6,488 thousand).

Services recieved for the six months ended 30 June2018 include the Uniper & Technology GmbH's consulting services regarding of assessment and expert analysis for the financial technical and administrative issues in the 3rd Unit at Berezovskaya GRES project for the period 2014-2016 in the amount of RUB 53,919 thousand.

Accounts payable and accruals at 30 June 2018 include the Uniper & Technology GmbH's accrual of these consulting services and purchase of equipment in the amount of RUB 218,114 thousand (at 31 December 2017: RUB 217,943 thousand).

On 24 May 2017 the Group provided a loan to Uniper SE in the amount of RUB 12,000,000 thousand due on 11 July 2017. On 11 July 2017 the loan was partially repaid in the amount of RUB 9,000,000 thousand. Balance amount of the loan in the amount RUB 3,000,000 thousand was prolonged until 9 January 2018. On 9 January 2018 the loan was fully repaid in the amount of RUB 3,000,000 thousand.

(RUB thousand)

Note 3 Related Parties (continued)

The amount of the interest accrued and the interest exchange rate for this period are presented below:

Loan	Provided date	Repaid date	Interest rate	Interest accrued for the previuos period	Interest accrued for the period	Repayment of the loan
12,000,000	24.05.2017	11.07.2017	8.52	136,320	-	(9,000,000)
	11.07.2017	10.10.2017	8.30	62,942	-	-
	10.10.2017	20.12.2017	7.81	46,209	-	-
	20.12.2017	09.01.2018	7.45	7,450	4,967	(3,000,000)
Total				**252,921**	**4,967**	**(12,000,000)**

On 28 June 2018, the Group provided a loan to Uniper SE in the amount of RUB 6,000,000 thousand due on 3 August 2018.

The amount of the interest accrued and the interest exchange rate for this period are presented below:

Loan	Provided date	Repaid date	Interest rate	Interest accrued for the period	Repayment of the loan
6,000,000	28.06.2018	03.08.2018	6.66	3,330	-
Total				**3,330**	**-**

In the first half of 2018 the Group accrual dividends for the results of 2017 in the amount of RUB 7,000,000 thousand (in the first half of 2017 the Group accrued dividends for the results of 2016 and 1 quarter of 2017: RUB 7,000,000 thousand). The dividend payable directly to the parent Uniper SE Group amounted to RUB 5,861,240 thousand (in the first half of 2017: 5,861,240 thousand rubles) (Note 14).

Directors' and Management Board's compensation

Members of the Company's Management Board receive compensation for their services in full-time management positions. Compensation is made up of a contractual salary, non-cash benefits and a performance bonus depending on results for the period according to Uniper SE Accounting Manual

Members of the Board of Directors receive fees and compensation for their services and for attending board meetings as well as a bonus depending on the results for the year.

Total remuneration in the form of salary and bonuses accrued to members of the Board of Directors and Management Board amounted:

	Six months ended 30 June 2018	Six months ended 30 June 2017
Salary and bonuses, other benefits	179,347	152,089
Contributions to non-state pension fund	90,045	23,971
Cash-settled share-based compensation	420,087	2,922
Total	**689,479**	**178,982**

As at 30 June 2018 the Group has payables to the Board of Directors and Management Board in the amount of RUB 339,072 thousand (31 December 2017: RUB 4,502 thousand).

(RUB thousand)

Note 4. Property, plant and equipment

	Land	Electricity and heat generation	Electricity distribution	Heating network	Construction in progress	Other	Total
Cost							
Opening balance as at 31 December 2017	**69,893**	**133,461,678**	**9,787,631**	**1,207,491**	**26,671,782**	**16,777,103**	**187,975,578**
IFRS 16 (Note 2)	423,692	523,945	-	-	-	21,065	**968,702**
Opening balance as at 1 January 2018	**493,585**	**133,985,623**	**9,787,631**	**1,207,491**	**26,671,782**	**16,798,168**	**188,944,280**
Additions	-	-	-	-	5,359,876	-	**5,359,876**
Additions Asset retirement obligations	-	509,529	-	-	-	-	**509,529**
Transfers	-	2,519,287	75,864	-	(3,082,557)	487,406	**-**
Disposals	-	(7,345,005)	-	-	(684,907)	(28,726)	**(8,058,638)**
Removing undamaged parts (Note2)	-	(706,567)	-	-	706,567	-	**-**
Closing balance as at 30 June 2018	**493,585**	**128,962,867**	**9,863,495**	**1,207,491**	**28,970,761**	**17,256,848**	**186,755,047**
Accumulated depreciation (including impairment)							
Opening balance as at 31 December 2017	**15,222**	**64,346,072**	**5,690,266**	**927,684**	**512,387**	**10,270,436**	**81,762,067**
Charge for the period (depreciation)	4,413	2,428,587	211,672	12,862	-	363,531	**3,021,065**
Impairment loss		33,683	1,387	-	12,746	20,159	**67,975**
Disposals	-	(7,345,005)	-	-	-	(26,958)	**(7,371,963)**
Reclassification of impairment	-	193,124	(1,387)	-	(337,566)	145,829	**-**
Closing balance as at 30 June 2018	**19,635**	**59,656,461**	**5,901,938**	**940,546**	**187,567**	**10,772,997**	**77,479,144**
Net book value as at 31 December 2017	**54,671**	**69,115,606**	**4,097,365**	**279,807**	**26,159,395**	**6,506,667**	**106,213,511**
Net book value as at 1 January 2018	**478,363**	**69,639,551**	**4,097,365**	**279,807**	**26,159,395**	**6,527,732**	**107,182,213**
Net book value as at 30 June 2018	**473,950**	**69,306,406**	**3,961,557**	**266,945**	**28,783,194**	**6,483,851**	**109,275,903**

(RUB thousand)

Note 4 Property, plant and equipment (continued)

	Land	Electricity and heat generation	Electricity distribution	Heating network	Construction in progress	Other	Total
Cost							
Opening balance as at 1 January 2017	**69,893**	**128,553,026**	**9,720,722**	**1,170,532**	**16,862,915**	**16,348,283**	**172,725,371**
Additions	-	-	-	-	5,380,829	-	**5,380,829**
Transfers	-	699,537	24,880	420	(1,108,428)	383,591	**-**
Disposals	-	(64,890)	-	-	(172,913)	(37,932)	**(275,735)**
Removing undamaged parts (Note 2)	-	(334,965)	-	-	334,965	-	**-**
Closing balance as at 30 June 2017	**69,893**	**128,852,708**	**9,745,602**	**1,170,952**	**21,297,368**	**16,693,942**	**177,830,465**
Accumulated depreciation (including impairment)							
Opening balance as at 1 January 2017	**15,222**	**59,748,082**	**5,213,372**	**900,926**	**567,526**	**9,579,020**	**76,024,148**
Charge for the period	-	2,469,832	241,300	13,554	-	309,693	**3,034,379**
Disposals	-	(61,014)	-	-	-	(37,612)	**(98,626)**
Reclassification of impairment	-	103,458	-	-	(118,191)	14,733	**-**
Closing balance as at 30 June 2017	**15,222**	**62,260,358**	**5,454,672**	**914,480**	**449,335**	**9,865,834**	**78,959,901**
Net book value as at 1 January 2017	**54,671**	**68,804,944**	**4,507,350**	**269,606**	**16,295,389**	**6,769,263**	**96,701,223**
Net book value as at 30 June 2017	**54,671**	**66,592,350**	**4,290,930**	**256,472**	**20,848,033**	**6,828,108**	**98,870,564**

(RUB thousand)

Note 4. Property, plant and equipment (continued)

As of 30 June 2018, the carrying amount of property, plant and equipment reflects impairment and obsolescence loss of RUB 6,087,226 thousand (31 December 2017: RUB 6,225,594 thousand).

Disposals of assets in Construction in Progress include inventories related to current activities – RUB 684,907 thousand.

The Group performed write-off of capital costs with 100% depreciation in the amount of RUB 7,345,005 thousand.

The recoverable amount of property, plant and equipment was not estimated as at 30 June 2018 because the Group's management did not note any indicators of impairment.

Other property, plant and equipment include auxiliary production equipment, motor vehicles, computer equipment, office equipment and others.

Note 5. Investments in joint ventures

Group E.ON Connecting Energies

The Group's investment in OOO Noginsky Teplovoy Center and AO NATEK Invest-Energo is held through OOO E.ON Connecting Energies (an entity jointly controlled by the Group and E.ON Connecting Energies GmbH.

The carrying values of the investments joint ventures as of 30 June 2018 and 31 December 2017 are summarised below:

	At 30 June 2018	At 31 December 2017
OOO E.ON Connecting Energies	74,366	39,990
Total investments	**74,366**	**39,990**

The reconciliation of carrying amount of investments in joint ventures as of the beginning of the reporting period and as of the end of the reporting period is shown below:

	Six months ended 30 June 2018	Six months ended 30 June 2017
Carrying amount as of 1 January	**39,990**	**1,198,353**
Share of results of joint venture	34,376	21,634
Carrying amount as of 30 June	**74,366**	**1,219,987**

The following is the summarised financial information in respect of Group E.ON Connecting Energies, including OOO Noginsky Teplovoy Center and AO NATEK Invest-Energo. The values, disclosed in the tables; represent total assets, liabilities, revenues, income of the Group's joint venture and not the Group's share.

The financial information may differ from information in the financial statements of the joint venture prepared and presented in accordance with IFRS, due to adjustments required in application of equity method of accounting, such as excluding intercompany adjustments.

	At 30 June 2018	At 31 December 2017
Non-current assets	48,737	44,190
Current assets (including cash and cash equivalents 30 June 2018: RUB 659,501 thousand, 31 December 2017: RUB 531,605 thousand)	942,080	877,515
Non-current liabilities	(138,798)	(173,213)
Current liabilities	(426,442)	(456,550)
Net assets	**425,577**	**291,942**

(RUB thousand)

Note 5 Investments in joint ventures (continued)

	Six months ended 30 June 2018	Six months ended 30 June 2017
Revenue	384,517	415,244
Operating expenses	(206,872)	(328,809)
Operating income	2,856	664
Interest income	4,192	13,335
Interest expense	(11,482)	(5,285)
Income tax	(39,576)	(13,925)
Total comprehensive income	**133,635**	**81,224**

Note 6. Other non-current assets

	At 30 June 2018	At 31 December 2017
Promissory notes	298,587	672,805
Loans issued to employees	206,176	179,882
Total	**504,763**	**852,687**

Note 7. Inventories

	At 30 June 2018	At 31 December 2017
Materials and supplies	2,336,712	1,301,485
Fuel production supplies	1,196,917	1,212,505
Other inventory	3,085	16,794
Write-down of inventory	(18,535)	(23,904)
Total	**3,518,179**	**2,506,880**

Increase of мaterials and supplies at 30 June 2018 was mainly due to the reclassification from fixed assets to inventories relating to current activities in the amount of RUB 684,907 thousand (Note 4).

Note 8. Accounts receivable and prepayments

	At 30 June 2018	At 31 December 2017
Trade and other receivables		
Trade receivables	8,395,920	8,988,038
Other financial receivables	242,557	256,494
Less provision for impairment of accounts receivable	(3,996,940)	(3,995,020)
Total financial assets within trade and other receivables	**4,641,537**	**5,249,512**
Prepayments to suppliers	192,027	174,829
VAT recoverable	93,068	110,928
Due from budget (excluding VAT)	21,452	25,560
Total account receivable and prepayments	**4,948,084**	**5,560,829**

Management has determined the provision for impairment of accounts receivable based on the customers' credit history, customer payment trends, the outlook for payments and settlements, and an analysis of expected future cash flows. Management believes that the Group will be able to realise the net realisable amount through direct collections and other non-cash settlements and that the recorded value therefore approximates their fair value.

The above-mentioned accounts receivable and prepayments include amounts receivable from related parties (Note 3).

(RUB thousand)

Note 9. Short-term financial assets

	At 30 June 2018	At 31 December 2017
Loans issued	6,000,965	3,000,000
Promissory notes	698,509	698,786
Total	**6,699,474**	**3,698,786**

On 28 June 2018 the Group provided a loan to Uniper SE in the amount of RUB 6,000,000 thousand due on 3 August 2018. The interest rate in this period was 6.66% per annum (Note 3).

Note 10. Revenues

	Six months ended 30 June 2018	Six months ended 30 June 2017
Electricity and capacity	36,530,734	36,435,921
Heating	774,740	725,949
Other revenues	290,120	588,869
Total	**37,595,594**	**37,750,739**

Note 11. Operating expenses

	Six months ended 30 June 2018	Six months ended 30 June 2017
Fuel	16,264,368	16,362,795
Staff costs	4,143,783	3,542,196
Depreciation and amortization	3,027,881	2,997,801
Taxes other than income tax	830,382	628,525
Purchase of electricity and heat	740,438	586,590
Repairs and maintenance	643,743	1,644,378
Operational dispatch management	636,103	637,208
Raw materials and supplies	431,719	435,156
Security	233,191	233,737
Water usage expenses	88,346	88,153
Impairment of property, plant and equipment and intangible assets	83,364	-
Provision for impairment of accounts receivable	28,003	216,517
Other expenses	619,559	876,527
Total	**27,770,880**	**28,249,583**

Staff costs include:

	Six months ended 30 June 2018	Six months ended 30 June 2017
Salaries and wages, including social payments	3,436,081	2,887,455
Pension costs – defined contribution plans (including state pension fund)	659,959	612,232
Pension costs – defined benefit plans	30,851	19,059
Termination benefits	16,892	23,450
Total staff costs	**4,143,783**	**3,542,196**

The reduction in repair and maintenance costs for the 6 months of 2018 was mainly due to the increase in the same costs for 6 months of 2017 because of the restoration of Unit 3 of Berezovskaya GRES.

(RUB thousand)

Note 12. Finance income and expense

Finance income	Six months ended 30 June 2018	Six months ended 30 June 2017
Interest income (deposits and loan issued)	313,730	347,335
Other interest income	65,986	96,278
Foreign exchange gain	-	72,896
Total	**379,716**	**516,509**

Finance expense	Six months ended 30 June 2018	Six months ended 30 June 2017
Foreign exchange loss	93,774	-
Effect of liability and pension obligation discounting	61,156	69,259
Interest expense	26,851	66,398
Total	**181,781**	**135,657**

Note 13. Other reserves

	At 30 June 2018			At 31 December 2017		
	Before tax	Income tax expense	After tax	Before tax	Income tax expense	After tax
Available-for-sale financial assets	8,222	-	8,222	10,226	-	10,226
Actuarial gain	634,964	(126,993)	507,971	634,964	(126,993)	507,971
Cash flow hedging	86,688	(17,337)	69,351	99,346	(19,869)	79,477
Total	**729,874**	**(144,330)**	**585,544**	**744,536**	**(146,862)**	**597,674**

Note 14. Accounts payable and accruals

	At 30 June 2018	At 31 December 2017
Financial liabilities	**10,043,177**	**4,075,522**
Dividends payable	6,851,259	350,234
Trade payables	1,601,768	1,846,865
Accounts payable to capital construction contractors	1,529,043	1,878,423
Other payables	61,107	-
Non-financial liabilities	**1,488,458**	**1,107,160**
Payables to employees	1,477,862	1,096,755
Advances from customers	10,596	10,405
Total	**11,531,635**	**5,182,682**

The Annual General Shareholder`s Meeting of PJSC Unipro decided on 14 June 2018 to pay dividends on the Group`s common stock based on the financial results for 2017 in the amount of RUB 7,000,000 thousand (in 2017: RUB 14,000,000 thousand)

Management believes that the fair value of financial assets and liabilities approximates their carrying value (Level 3 and Level 2 fair value hierarchy).

Note 15. Taxes payable other than income tax

	At 30 June 2018	At 31 December 2017
VAT	1,212,278	739,356
Tax liabilities on income of dividends	441,102	-
Property tax	339,491	226,529
Social taxes	121,947	120,541
Other	41,814	105,901
Total	**2,156,632**	**1,192,327**

Increase of VAT liability as of 30 June 2018 is mainly caused by drop of VAT liabilities as of 31 December 2017 due to increase of input VAT refunded from advance payments to main contractors involved in repair works at Block 3 BGRES.

Note 16. Income tax

Income tax expense is recognized based on management's best estimate of weighted average income tax rate expected for the full financial year. The estimated average income tax rate used for the six months of 2018 is 19.89% (for the six months of 2017 – 19.53%).

Income tax charge

	Six months ended 30 June 2018	Six months ended 30 June 2017
Current income tax charge	1,878,498	5,441,192
Deferred income tax charge	142,883	503,798
Total	**2,021,381**	**5,944,990**

Note 17. Earnings per ordinary share for profit attributable to the shareholders of PJSC Unipro

	Six months ended 30 June 2018	Six months ended 30 June 2017
Weighted average number of ordinary shares in circulation during the reporting period	63,048,706,145	63,048,706,145
Earnings attributable to the shareholders of PJSC Unipro (RUB thousand)	8,182,216	24,496,473
Earnings per ordinary share for profit attributable to the shareholders of PJSC Unipro – basic and diluted (in Russian roubles	**0.130**	**0.389**

Diluted earnings per share are equal to basic earnings as there were no contracts with a potential dilutive effect during the reporting period.

Note 18. Capital commitments

As of 30 June 2018, the Group had contractual capital expenditure commitments with respect to property, plant and equipment totalling RUB 16,689,808 thousand (as of 31 December 2017: RUB 18,487,651 thousand).

The commitments with respect to property, plant and equipment include to commitments of realization of the project «Construction of the 3rd power unit PSU-800 on the basis of branch Berezovskaya GRES» RUB 566,875 thousand (2017: RUB 1,070,951 thousand) and restoration commitments of unit 3 at Berezovskaya GRES the 800 MW after the accident in February 2016 (Note 1) as of 30 June 2018 amounted RUB 12,702,387 thousand (as of 31 December 2017: RUB 14,955,571 thousand).

Note 19. Contingencies

Political environment. The Group's operations and earnings continue, intermittently and to varying degrees, to feel the impact of Russian political, legislative, fiscal and regulatory developments, including those related to environmental protection.

Insurance. The Group holds limited insurance policies for its assets, operations, public liability and other insurable risks. Consequently, the Group is exposed to those risks for which it does not have insurance.

Social obligations. The Group has a responsibility to those regions where it operates to contribute to the development of favourable living conditions, create jobs and minimise harm to the environment. It also has a responsibility to the public and government authorities to pay taxes, support important public initiatives, and participate in the social and economic development of the regions.

Note 19 Contingencies (continued)

Guided by the principles of corporate responsibility, the Group believes it is important to contribute to the development of those regions where it has a presence. Following this, the Group is extensively involved in funding social and charity programmes to support vulnerable segments of society, first and foremost: children and pensioners. Particular attention is paid to the development of educational programmes for schoolchildren and students. A variety of sports events are also supported.

The Group continues traditions present in power plants which have come under its control: providing charity support to various organisations, public associations and individuals in those regions where these power plants operate. The Group spent RUB 61,876 thousand on these programmes for the six months ended 30 June 2018 (for the six months ended 30 June 2017: RUB 24,160 thousand).

Tax contingencies. The Russian tax, currency and customs legislation is subject to varying interpretations and changes, which can occur frequently. The Group management's interpretation of such legislation as applied to the Group's transactions and activity may be challenged by the regional and federal authorities.

On 16 January 2017, the Group received the Decision on field tax audit for 2012-2014 dated 9 January 2017 №03-1-28/1/1 with the final amount of additional tax assessment of RUB 268,486 thousand which was fully covered by the provision recognized as of 31 December 2016.

The Group tried to challenge the Decision with the higher tax authority and filed an appeal dated 13 February 2017. The higher tax authority in its Decision dated 26 April 2017 № CA-4-9/8008@ did not satisfy the Company's appeal. Once the Decision was enacted, the tax authority issued a Demand for tax payment dated 3 May 2017 №9 with an order to cover RUB 268,486 thousand of outstanding tax liability which was done by Group on 16 May 2017.

The Group exercised its right to litigate the Decision of tax authority dated 9 January 2017 № 03-1-28/1/1 and filed an appeal to the Arbitration Court of Moscow with the demand to oblige the tax authority to reflect real tax liabilities as a result of the audit which should be affected by the recalculation of depreciation expenses related to revised approach to recognize mobilization, environmental and costs for bringing new technologies as well calculation of increased property tax liability for the corporate tax purposes.

In case of the successful court litigation, tax assessment for 2012-2014 should de decreased by RUB 247,099 thousand.

The hearing for challenging the Decision of the tax authority following the results of the tax audit for 2012-2014 in the court of the first instance was held on 15 February 2018 and was resolved in favor of Group.

The Court of Appeal, held on 12 July 2018, left the decision of the first instance unchanged. The tax authority has the right to file a cassation against the Decision of the appeal court within two month from the date of the court Decision.

The decision of the Court of Appeal took effect, the decrease in income tax in the amount of RUB 247,099 thousand will be reflected in the accounts of profits and losses in second half of 2018.

Group expects the litigation to be finalized within 2018.

The Russian tax authorities may take a more assertive and sophisticated approach in their interpretation of the legislation and tax assessments. This includes the Supreme Arbitration Court's resolutions on anti-avoidance claims based on reviewing the substance and business purpose of transactions. In addition, this position is affected by a possible increase in tax collection efforts in response to budget pressures.

The Russian transfer pricing legislation is generally aligned with the international transfer pricing principles developed by the Organization for Economic Cooperation and Development (OECD) but has specific characteristics. This legislation provides the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controlled transactions (transactions with related parties and some types of transactions with unrelated parties), provided that the transaction price is not arm's length. Management has implemented internal controls to be in compliance with this transfer pricing legislation.

Note 19 Contingencies (continued)

Management believes that as of 30 June 2018 its interpretation of the relevant law is appropriate and that the Group's position is sustainable as it relates to application of tax, currency and customs legislation.

Antitrust Case. On 23 June 2017 the Federal Antitrust Service (FAS) opened an antitrust case against the Group and JSC System Operator of the United Power System («SO UPS») for abuse of dominant position and the conclusion of an anti-competitive agreement expressed in intentional omission to test the Unit 3 of Berezovskaya GRES after the accident, which resulted in the payments for the period of 9 months from 1 February 2016 under capacity supply agreements with customers of the second price zone of the wholesale market for electricity and power which got capacity from Unit 3 of Berezovskaya GRES, in the amount of approximately RUB 950 million, which was not actually supplied.

However, according to the wholesale electricity market regulations the capacity payments shall be made in reduced amount (about 7 %) from the date of accident and, respectively, from the stop of unit operation. SO UPS shall send the capacity testing notification right after the 6 months starting from the date of accident. If the test is not performed within 3 months after notification, SO UPS shall fix the capacity volume at zero level, and the payments should not anymore be charged.

On 26 January 2018 (full text issued on 8 February 2018), FAS took the decision in which it found Group and SO UPS guilty in abuse of dominance expressed in refusal to initiate the testing of the equipment of the Unit 3 of Berezovskaya GRES right after the accident. The case was closed in the part of anti-competitive agreement charge due to lack of evidences.

On 28 March 2018 the Group and SO UPS challenged the decision of the Federal Antimonopoly Service in the Moscow Arbitration Court (each plaintiff appealed against the decision in the relevant part).

On 11 July 2018 the Moscow Arbitration Court dismissed the plaintiffs' claims in full. On 18 July 2018 the the Moscow Arbitration Court has produced a full judgment.

Group management does not agree with the decision of the Moscow Arbitration Court and intends to contest the ruling under the established procedure.

In Group management opinion, the likelihood that the arbitral award by the court of appeal will be in our favour is above 50%.

On 25 May 2018 the officers of the Federal Antimonopoly Service of the Russian Federation drew up an administrative offence report against the Group. However, the date of the administrative proceedings has not been fixed yet.

Based on the above as of 30 June 2018 no provision was accrued.

Environmental matters. The Group has a long history of operating in the Russian electricity industry. The enforcement of Russian environmental regulation is evolving, and the position of government authorities on enforcing these regulations is continually being reconsidered. Management believes that in the conditions of effective legislation on environmental protection the Group does not have material liabilities associated with environmental pollution.

Note 20. Segment information

The Group's chief operating decision-maker is the General Director and Management board (hereinafter «Chief operating decision-maker»), who review the Group's internal reporting forms prepared in accordance with UNIPER Group's Accounting Manual in order to assess the Group's performance and allocate resources efficiently. UNIPER Group's Accounting Manual is based on IFRS; however, the amounts may differ as the Company's internal reporting forms are intended for the purpose of the preparing consolidated financial statements for the entire UNIPER Group. Operating segments are determined based on the above internal reporting forms.

(RUB thousand)

Note 20 Segment information (continued)

The Chief operating decision-maker assess performance on a plant-by-plant basis, i.e. the performance of each of the 5 power plants: Surgutskaya GRES-2, Berezovskaya GRES, Shaturskaya GRES, Yayvinskaya GRES and Smolenskaya GRES. All GRES are combined into one operating segment, as they have similar economic and other characteristics.

The Chief operating decision-maker assesses the performance of the operating segments based on earnings before interest, tax, depreciation and amortization (EBITDA) and revenue. In addition, the information on amortization of non-current assets and earnings before interest and tax (EBIT) is provided to the Chief operating decision-maker. Information regarding assets and liabilities of a segment base are not provided to the Chief operating decision-maker.

	Six months ended 30 June 2018	**Six months ended 30 June 2017**
EBITDA for 5 power plants	14,749,425	34,414,753
Other segments	(1,166,305)	(1,217,094)
EBITDA	**13,583,120**	**33,197,659**
Depreciation and amortization	(3,311,893)	(2,975,802)
Total EBIT	**10,271,227**	**30,221,857**

Reconciliation of earnings before interest and tax (EBIT) for operating segments provided to the Chief operating decision-maker, with profit before tax as in this consolidated financial information of the Group, is provided below:

EBIT	**10,271,227**	**30,221,857**
Adjustment of currency difference in EBIT	(93,774)	63,590
Finance income	379,716	516,509
Finance expense	(181,781)	(135,657)
Share of results of joint venture	34,376	21,634
Other adjustments	(206,167)	(243,524)
Profit before income tax	**10,203,597**	**30,444,409**

Other adjustments are mainly related to the following items:

	Six months ended 30 June 2018	**Six months ended 30 June 2017**
Difference in value of disposed property, plant and equipment	1,985	(43,678)
Difference in capitalized enterest	(253,120)	(158,965)
Difference in depreciation of property, plant and equipment and capitalised repair costs	200,550	3,831
Other	(155,582)	(44,712)
Differences in amounts for the purposes of Uniper SE consolidated financial statements	**(206,167)**	**(243,524)**

Reconciliation of revenue from external customers for all 5 power plants to total revenue:

	Six months ended 30 June 2018	**Six months ended 30 June 2017**
External revenue of 5 power plants	37,517,951	37,229,698
Other segments	77,643	521,041
Total revenues according to the Group`s financial statements	**37,595,594**	**37,750,739**

(RUB thousand)

Note 20 Segment information (continued)

The Group's revenues are analysed by products and services in Note 10.

Revenues from customers representing 10% or more of the total revenues are as follows:

	Six months ended 30 June 2018	Six months ended 30 June 2017
ZAO CFS	16,635,876	17,982,710
PAO Mosenergosbyt	5,507,666	4,353,971
Others (mainly distribution companies under 10% each)	15,452,052	15,414,058
Total revenues according to the Group`s financial statements	**37,595,594**	**37,750,739**

The Group operates and owns the assets only on the territory of the Russian Federation.

Note 21. Events subsequent to the balance sheet date

Repayment of the Loan to Uniper SE

The full repayment of the Loan in the amount of RUB 6 000 000 thousand was made on 3 August 2018.

Dividends payment

On 6 August 2018 dividends have been paid to the depositary for further distribution to shareholders and have been directly paid to shareholders total in the amount of the RUB 7,000,000 thousand.

Antitrust investigation

Disclosure is in Note 19.