UNIPRO GROUP

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

30 JUNE 2019

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Report on Review of Condensed Consolidated 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 (together – the "Group") as at 30 June 2019 and the related condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and the related notes. 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 condensed consolidated 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.

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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".

8 August 2019

Moscow, Russian Federation

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

Audited entity: PJSC «Unipro»

Record made in the Unified State Register of Legal Entities on 4 March 2005 under State Registration Number № 1058602056985

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

Independent auditor: AO PricewaterhouseCoopers Audit

Registered by the Government Agency Moscow Registration Chamber on 28 February 1992 under No. 008.890

Record made in the Unified State Register of Legal Entities on 22 August 2002 under State Registration Number 1027700148431

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

Principal Registration Number of the Record in the Register of Auditors and Audit Organizations – 11603050547

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

	Note	At 30 June 2019 Unaudited	At 31 December 2018 Audited
ASSETS			
Non-current assets			
Property, plant and equipment	4	116,644,891	113,931,935
Intangible assets		332,725	349,446
Investments in joint ventures	5	186,907	110,256
Long-term financial assets		27,341	21,950
Other non-current assets	6	559,595	704,862
Total non-current assets		**117,751,459**	**115,118,449**
Current assets			
Cash and cash equivalents		6,343,817	4,788,075
Accounts receivables and prepayments	8	5,512,082	6,403,119
Inventories	7	3,598,746	3,423,869
Current income tax prepayments		1,623,656	328,287
Short-term financial assets	9	841,525	963,700
Total current assets		**17,919,826**	**15,907,050**
TOTAL ASSETS		**135,671,285**	**131,025,499**
EQUITY AND LIABILITIES			
Equity			
Share capital		25,219,482	25,219,482
Share premium		40,052,405	40,052,405
Other reserves	10	409,138	678,482
Retained earnings		54,290,104	50,283,971
Total equity		**119,971,129**	**116,234,340**
Non-current liabilities			
Deferred income tax liabilities		5,558,187	5,331,646
Pension liabilities		598,833	594,086
Long-term lease liabilities		420,543	515,844
Asset retirement obligations		549,374	529,077
Total non-current liabilities		**7,126,937**	**6,970,653**
Current liabilities			
Current portion of long-term lease liabilities		237,238	237,238
Accounts payable and accruals	11	6,862,294	5,668,344
Taxes payable other than income tax	12	1,473,687	1,914,924
Total current liabilities		**8,573,219**	**7,820,506**
Total liabilities		**15,700,156**	**14,791,159**
TOTAL EQUITY AND LIABILITIES		**135,671,285**	**131,025,499**

Approved and signed 8 August 2019

General Director M.G. Shirokov

Deputy General Director of finance and economy U. Backmeyer

Unipro Group
Condensed Consolidated Interim Statement of Comprehensive Income
(RUB thousand)

	Note	Six months ended 30 June 2019 Unaudited	Six months ended 30 June 2018 Unaudited
Revenues	13	42,715,985	37,595,594
Operating expenses	14	(29,598,497)	(27,770,880)
Other operating income		224,159	146,572
Operating profit		**13 341 647**	**9,971,286**
Finance income	15	404,560	379,716
Finance expense	15	(93,427)	(181,781)
Share of results of joint venture	5	76,651	34,376
Profit before income tax		**13,729,431**	**10,203,597**
Income tax charge	16	(2,723,298)	(2,021,381)
Profit for the period		**11,006,133**	8,182,216
Other comprehensive income/ (loss) after income tax:			
Items that may be reclassified subsequently to profit or loss			
Gain/ (loss) from change in fair value of financial assets available-for sale		5,391	(2,004)
(Loss)/ gain from cash flow hedge		(202,029)	107,594
Reclassification of cash flow hedge loss to profit and loss		(72,706)	(117,720)
Total items that may be reclassified subsequently to profit or loss		**(269,344)**	**(12,130)**
Total comprehensive income for the period		**10,736,789**	**8,170,086**
Earnings per ordinary share for profit attributable to the shareholders of PJSC Unipro- basic and diluted (in Russian roubles)	17	0.175	0.130

Unipro Group
Condensed Consolidated Interim Statement of Changes in Equity
(RUB thousand)

	Equity attributable to shareholders of PJSC Unipro				
	Ordinary share capital	**Share premium**	**Other reserves**	**Retained earnings**	**Total equity**
At 31 December 2017 (Audited)	**25,219,482**	**40,052,405**	**597,674**	**47,677,914**	**113,547,475**
IFRS 9	-	-	-	(11,857)	**(11,857)**
At 1 January 2018 (Unaudited)	**25,219,482**	**40,052,405**	**597,674**	**47,666,057**	**113,535,618**
Profit for the period	-	-	-	8,182,216	**8,182,216**
Other comprehensive income/(loss):	-	-	-	-	**-**
Available-for-sale financial assets revaluation	-	-	(2,004)	-	**(2,004)**
Gain from cash flow hedge	-	-	107,594	-	**107,594**
Reclassification of cash flow hedge loss to profit and loss	-		(117,720)	**-**	**(117,720)**
Total comprehensive income/(loss) for the period	**-**	**-**	**(12,130)**	**8,182,216**	**8,170,086**
Dividends	-	-	-	(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**
At 31 December 2018 (Audited)	**25,219,482**	**40,052,405**	**678,482**	**50,283,971**	**116,234,340**
Profit for the period	-	-	-	11,006,133	**11,006,133**
Other comprehensive income/(loss):					
Available-for-sale financial assets revaluation	-	-	5,391	-	**5,391**
Loss from cash flow hedge	-	-	(202,029)	-	**(202,029)**
Reclassification of cash flow hedge loss to profit and loss	-	-	(72,706)	-	**(72,706)**
Total comprehensive income/(loss) for the period	**-**	**-**	**(269,344)**	**11,006,133**	**10,736,789**
Dividends	-	-	-	(7,000,000)	**(7,000,000)**
At 30 June 2019 (Unaudited)	**25,219,482**	**40,052,405**	**409,138**	**54,290,104**	**119,971,129**

Unipro Group
Condensed Consolidated Interim Statement of Cash Flow
(RUB thousand)

	Note	Six months ended 30 June 2019 Unaudited	Six months ended 30 June 2018 Unaudited
CASH FLOW FROM OPERATING ACTIVITIES:			
Profit before income tax		**13,729,431**	**10,203,597**
Adjustments to profit:			
Depreciation and amortization	14	2,938,033	3,027,881
Loss on impairment of PPE and intangible assets	14	146,321	83,364
Reclassification of cash flow hedge (gain)/loss to profit and loss	10	(83,422)	64,044
Credit loss allowance	8	249,749	28,003
Interest income and effect of discounting	15	(367,286)	(379,716)
Interest expense and effect of discounting	15	93,427	88,007
Foreign exchange (gain)/loss	15	(37,274)	93,774
Share of results of joint ventures	5	(76,651)	(34,376)
Other non-cash items		145,661	106,275
Operating cash flows before working capital changes and income tax paid		**16,737,989**	**13,280,853**
Working capital changes:			
Decrease in accounts receivable and prepayments	8	16,276	321,343
Decrease in VAT recoverable	8	72,402	17,860
Increase in inventories	7	(174,877)	(324,307)
Increae/ (decrease) in accounts payable and accruals	11	98,127	(538,100)
(Decrease)/ increase in taxes payable other than income tax	12	(441,237)	964,305
Income tax paid	16	(3,723,254)	(1,314)
Net cash generated from operating activities		**12,585,426**	**13,720,640**
CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment and other non-current assets	4	(6,052,520)	(5,796,217)
Settlement of securities		765,057	700,824
Loans issued	3	(5,056,762)	(6,074,160)
Loans repaid		5,012,399	3,010,244
Interest received		308,715	310,014
Net cash used in investing activities		**(5,023,111)**	**(7,849,295)**
CASH FLOW FROM FINANCING ACTIVITIES:			
Dividends paid	3	(5,861,270)	-
Interests repaid		(23,396)	(26,851)
Payments of lease liabilities		(124,423)	(144,413)
Net cash used in financing activities		**(6,009,089)**	**(171,264)**
Effect of exchange rate changes on cash and cash equivalents		2,516	10,493
Net increase in cash		**1,555,742**	**5,710,574**
Cash and cash equivalents at the beginning of the period		4,788,075	3,058,326
Cash and cash equivalents at the end of the period		6,343,817	8,768,900

(RUB thousand)

Note 1. The Group and its operations

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

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

The 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. The Company also runs a representative office in Moscow and a branch Engineering that coordinates all activities in connection with the reconstruction of the 3rd power unit PSU-800 on the basis of branch "Berezovskaya GRES" as well as other projects. 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 2019**	**At 31 December 2018**
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, Block B, Presnenskaya nab., Moscow, Russia, 123112.

The Group sells electricity on the Russia 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 Republics of Tyva, Buryatia, Karelia.

A part of electricity and capacity, as well as heat is sold under regulated contracts. Tariffs for electricity (capacity) and heat for the Group's entities are governed by normative documents on the state regulation of prices (tariffs).

For regulated 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 wassignificantly differ from International Financial Reporting Standards (IFRS). In practice, tariff decisions are significantly affected by social and political considerations causing significant delays in tariff increases required to compensate increasing costs.

Uniper Group

The international energy company Uniper SE (until June 2018 - Uniper Russia Holding GmbH – a wholly-owned subsidiary of Uniper SE) owns 83.73% of shares of the Company.

Uniper SE, the major shareholder of PJSC Unipro, is a leader in the traditional power generation sector and related services in Europe. The Company operates in European countries, Russia and several other countries of the world.

Uniper's assets include hydroelectric power plants, gas-fired power plants, coal power plants and nuclear power plant with the total capacity of 36 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.

On 7 November 2017, Fortum Deutschland SE, a subsidiary of the Finnish energy company Fortum Oyj, 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. Fortum Deutschland SE's takeover bid was completed effective 26 June 2018.

According to Fortum Oyj's public announcement of 1 February 2019 (publication of Fortum Oyj's 2018 financial statements and operating and financial review), the share of voting rights in Uniper SE attributable to Fortum Oyj amounted to 49.99%. There has been no change in this share of voting rightes during the first 6 months 2019.

Operating environment

Russian Federation. The economy of 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. The Russian economy continues to be negatively impacted by ongoing political tension in the region and international sanctions against certain Russian companies and individuals. Firm oil prices, low unemployment and rising wages supported a modest growth of the economy during the first 6 months 2019. The 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.

For the purpose of measurement of expected credit losses ("ECL") the Group uses supportable forward-looking information, including forecasts of macroeconomic variables. As with any economic forecast, however, the projections and likelihoods of their occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different from those projected.

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

These 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.

Changes in Industry

In 2018-2019, the following events took place in the sectoral regulation:

- Indexation of the Competitive Capacity Auction prices from 1 January 2019 by 4.2% in comparison with 2018 in accordance with the Capacity Price Index Regulation Rules approved by RF Government Decree No. 238 of 13 April 2010. The final increase in the Competitive Capacity Auction prices in 2019 in comparison with 2018, taking into account this indexation and changes in capacity supply and demand, was 3.6% in the European price zone and 6.7% in the Siberian price zone;
- Indexation of gas prices since 21 August 2018 by 3.4% on the order of the Federal Antimonopoly Service No. 1088/18 of 3 August 2018.

The Resolution of the RF Government №43 dated 25 January 2019 changes Competitive Capacity Auction (CCA) procedure and determines rules of auctions for modernization projects (CCAMod) in the power-plant sector.

CCA in 2019 will select capacities for 2022-2024, i.e. shift to a 6-year-ahead CCA. Moreover, CCA for 2025 will be carried out in 2019 as well. The values of the price parameters in points 1 and 2 of demand curve for CCA auction are determined by the Government Resolution according to the indexing algorithm.

On 30 April 2019, the System Operator published a preliminary schedule for the implementation of modernization projects based on the results of CCAMod for 2022-2024. The list includes units No.1 and No.6 of Unipro's Surgutskaya GRES-2 with COD in 2022 and 2024. On 29 May 2019, the Government Commission supplemented this list by projects within 15% of the government quota. Thus, about 10.4 GW totally were selected. The list of modernization projects was approved by the Resolution of the Government of the Russian Federation No. 1713-R of August 2, 2019.

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 the destruction and the need for replacement of a significant part of the boiler room of the Power Unit 3.

Following the accident, the 800MW power unit was shut down for unscheduled repairs, and it will not be producing electric power and not be 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 first quarter of 2020. According to the current market rules, no fines are expected for the failure to supply the capacity.

The results of a detailed examination of auxiliary equipment and the 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 the dismantling after the accident at Power Unit 3 of Berezovskaya GRES materials and fixed assets in the amount of RUB 4,112,989 thousand (accumulated depreciation in the amount of RUB 43,331 thousand) were recognized for six months 2019 (for six months 2018: RUB 706,567 thousand) (Note 4). They were classified as construction in progress due to intention to use them in the future for installation.

As of 30 June 2019 about RUB 33 billion were spent on refurbishment. The amount of the project budget on refurbishment including contingencies and risks amounted about RUB 44 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.

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 2019 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 2018, 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 2018, and as at this date, except for standards and interpretations coming in force starting from 1 January 2019. Income taxes is determined at interim reporting periods based on the best estimated weighted average of annual income tax rate expected for the full financial year.

(RUB thousand)

Application of new and revised standards and clarifications

The following new standards and interpretations became effective from 1 January 2019, but did not have a material impact on the Group:

- IFRIC 23 Uncertainty over Income Tax Treatments (issued 7 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.
- Annual Improvements to IFRSs 2015-2017 cycle – Amendments to IFRS 3, IFRS 11 and IAS 12 (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).

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 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, and thus starting from this date Uniper SE became the Group’s immediate parent and ultimate controlling party. The change of shareholder occurred due to organizational changes within Uniper SE.

Due to the fact that Fortum Deutschland SE is the largest shareholder of Uniper SE since June 2018 (Note 1), Fortum Group companies are also considered being related parties.

The Group had the following transactions and balances with the ultimate parent and other related parties:

	At 30 June 2019	**At 31 December 2018**
Accounts receivable	590	637
Accounts payable and accruals	215,391	288,335

	Six months ended 30 June 2019	**Six months ended 30 June 2018**
Revenues (less VAT)	8,134	7,035
Operating expesess	(690)	-
Services received (less VAT)	(2,032)	(2,796)
Positive currency difference	25,256	11,013
Negative currency difference	(605)	(25,004)
Interest income (loan issued)	81,250	8,297

(RUB thousand)

For the six months ended 30 June 2019 the revenue includes the lease of offices and cars in the amount of RUB 2,976 thousand (for the six months ended 30 June 2018: RUB 6,110 thousand).

Services received for the six months ended 30 June 2019 include guarantees provided by Uniper SE in the amount of RUB 1,847 thousand (for the six months ended 30 June 2018: RUB 1,903 thousand).

Accounts payable and accruals at 30 June 2019 include the Uniper & Technology GmbH's accrual of these consulting services and purchase of equipment in the amount of RUB 214,877 thousand (at 31 December 2018: RUB 282,194 thousand).

On 9 April 2019 the Group provided a loan to Uniper SE in the amount of RUB 5,000,000 thousand with interest rate 7.5% due on 26 June 2019. On 26 June 2019 the loan was fully repaid in the amount of RUB 5,000,000 thousand. The amount of accrued interest for the period amounted to RUB 81,250 thousand.

In the first half of 2019 the Group accrued dividends for the results of 2018 in the amount of RUB 7,000,000 thousand (in the first half of 2018 the Group accrued dividends for the results of 2017: RUB 7,000,000 thousand). The dividend payable directly to the parent Uniper SE Group amounted to RUB 5,861,270 thousand (in the first half of 2018: 5,861,240 thousand rubles). On 27 June 2019 this part of dividends was paid.

Directors' and Management Board's compensation

Members of the Company's Management Board receive a 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 2019	**Six months ended 30 June 2018**
Salary and bonuses, other benefits	228,831	179,347
Contributions to non-state pension fund	21,161	90,045
Cash-settled share-based compensation	18,355	420,087
Total	**268,347**	**689,479**

As at 30 June 2019 the Group has payables to the Board of Directors and Management Board in the amount of RUB 60 372 thousand (31 December 2018: RUB 32,245 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 2018	**493,575**	**130,671,422**	**10,043,116**	**1,284,085**	**35,396,340**	**17,711,694**	**195,600,232**
Additions	-	-	-	-	5,860,155	23,126	**5,883,281**
Transfers	-	305,080	4,605	-	(453,259)	143,574	**-**
Disposals	-	(871,940)	-	-	(9,258)	(126,196)	**(1,007,394)**
Removing undamaged parts (Note 1)	-	(4,112,989)	-	-	4,112,989	-	**-**
Closing balance as at 30 June 2019	**493,575**	**125,991,573**	**10,047,721**	**1,284,085**	**44,906,967**	**17,752,198**	**200,476,119**
Accumulated depreciation (including impairment)							
Opening balance as at 31 December 2018	**128,590**	**62,599,500**	**6,189,259**	**1,016,972**	**339,282**	**11,394,694**	**81,668,297**
Charge for the period (depreciation)	3,301	2,299,067	204,806	12,988	-	389,004	**2,909,166**
Impairment loss	-	37,589	4,605	-	46,722	56,865	**145,781**
Disposals	-	(852,161)	-	-	-	(39,855)	**(892,016)**
Reclassification of impairment	-	96,165	-	-	(100,247)	4,082	**-**
Removing undamaged parts (Note 1)	-	(43,331)	-	-	43,331	-	**-**
Closing balance as at 30 June 2019	**131,891**	**64,136,829**	**6,398,670**	**1,029,960**	**329,088**	**11,804,790**	**83,831,228**
Net book value as at 31 December 2018	**364,985**	**68,071,922**	**3,853,857**	**267,113**	**35,057,058**	**6,317,000**	**113,931,935**
Net book value as at 30 June 2019	**361,684**	**61,854,744**	**3,649,051**	**254,125**	**44,577,879**	**5,947,408**	**116,644,891**

(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 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	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 (Note 1)	-	(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)

As of 30 June 2019, the carrying amount of property, plant and equipment reflects impairment and obsolescence loss of RUB 6,725,858 thousand (31 December 2018: RUB 7,062,476 thousand).

Disposals of assets in Construction in Progress include inventories related to current activities – RUB 9,258 thousand (for 6 months 2018: RUB 684,907 thousand).

The Group performed a write-off of capital costs with 100% depreciation in the amount of RUB 843,693 thousand (for 6 months 2018: RUB 7,345,005 thousand).

The recoverable amount of property, plant and equipment was not estimated as at 30 June 2019 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 2019 and 31 December 2018 are summarised below:

	At 30 June 2019	At 31 December 2018
OOO E.ON Connecting Energies	186,907	110,256
Total investments	**186,907**	**110,256**

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 2018
Carrying amount as of 1 January	**110,256**	**39,990**
Share of results of joint venture	76,651	34,376
Carrying amount as of 30 June	**186,907**	**74,366**

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 2019	At 31 December 2018
Non-current assets	20,762	42,716
Current assets (including cash and cash equivalents 30 June 2019: RUB 694,142 thousand, 31 December 2018: RUB 679,127 thousand)	1,135,292	965,923
Non-current liabilities	(137,054)	(216,250)
Current liabilities	(391,415)	(245,093)
Net assets	**627,585**	**547,296**

(RUB thousand)

Note 5 Investments in joint ventures (continued)

	Six months ended 30 June 2019	Six months ended 30 June 2018
Revenue	540,401	384,517
Operating expenses	(406,262)	(206,872)
Operating income	114,698	2,856
Interest income	16,196	4,192
Interest expense	(3,380)	(11,482)
Income tax	(49,364)	(39,576)
Total comprehensive income	**212,289**	**133,635**

Note 6. Other non-current assets

	At 30 June 2019	At 31 December 2018
Promissory notes	349,278	509,065
Loans issued to employees	210,317	195,797
Total	**559,595**	**704,862**

Note 7. Inventories

	At 30 June 2019	At 31 December 2018
Materials and supplies	2,309,063	2,087,401
Fuel production supplies	1,301,835	1,348,620
Other inventory	4,602	4,602
Write-down of inventory	(16,754)	(16,754)
Total	**3,598,746**	**3,423,869**

Note 8. Accounts receivable and prepayments

	At 30 June 2019	At 31 December 2018
Trade receivables	8,722,292	9,669,189
Other financial receivables	730,247	390,559
Less credit loss allowance	(4,319,842)	(4,079,151)
Total financial assets within trade and other receivables	**5,132,697**	**5,980,597**
Prepayments to suppliers	321,806	273,592
VAT recoverable	38,526	133,869
Due from budget (excluding VAT)	19,053	15,061
Total account receivable and prepayments	**5,512,082**	**6,403,119**

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

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

Note 9. Short-term financial assets

	At 30 June 2019	At 31 December 2018
Promissory notes	841,525	963,700
Total	**841,525**	**963,700**

(RUB thousand)

Note 10. Other reserves

	At 30 June 2019			At 31 December 2018		
	Pre-tax amount	**Income tax expense**	**Post-tax amount**	**Pre-tax amount**	**Income tax expense**	**Post-tax amount**
Equity instruments at FVOCI	15,617	-	**15,617**	10,226	-	**10,226**
Actuarial gain/(loss)	795,428	(159,086)	**636,342**	795,428	(159,086)	**636,342**
Cash flow hedges	(303,526)	60,705	**(242,821)**	39,892	(7,978)	**31,914**
Total	**507,519**	**(98,381)**	**409,138**	**845,546**	**(167,064)**	**678,482**

Note 11. Accounts payable and accruals

	At 30 June 2019	At 31 December 2018
Financial liabilities	**5,879,504**	**4,540,993**
Trade payables	2,092,585	2,205,165
Accounts payable to capital construction contractors	1,897,900	2,009,518
Dividends payable	1,293,135	260,132
Other payables	595,884	66,178
Non-financial liabilities	**982,790**	**1,127,351**
Payables to employees	968,695	1,086,756
Advances from customers	14,095	40,595
Total	**6,862,294**	**5,668,344**

Note 12. Taxes payable other than income tax

	At 30 June 2019	At 31 December 2018
VAT	1,180,855	1,482,453
Property tax	169,445	332,942
Social taxes	104,713	82,050
Other	18,674	17,479
Total	**1,473,687**	**1,914,924**

Note 13. Revenues

	Six months ended 30 June 2019	Six months ended 30 June 2018
Electricity and capacity	41,621,296	36,530,734
Heating	767,244	774,740
Other revenues	327,445	290,120
Total	**42,715,985**	**37,595,594**

Note 14. Operating expenses

	Six months ended 30 June 2019	Six months ended 30 June 2018
Fuel	18,257,024	16,264,368
Staff costs	3,491,466	4,143,783
Depreciation and amortization	2,938,033	3,027,881
Purchase of electricity and heat	831,927	740,438
Repairs and maintenance	796,220	643,743
Operational dispatch management	665,786	636,103
Taxes other than income tax	599,990	830,382
Raw materials and supplies	411,357	431,719
Security	254,928	233,191
Provision for impairment of accounts receivable	249,749	28,003
Water usage expenses	106,773	88,346
Impairment of property, plant and equipment and intangible assets	146,321	83,364
Other expenses	848,923	619,559
Total	**29,598,497**	**27,770,880**

Staff costs include:

	Six months ended 30 June 2019	Six months ended 30 June 2018
Salaries and wages, including social payments	2,828,991	3,436,081
Pension costs – defined contribution plans (including state pension fund)	630,382	659,959
Pension costs – defined benefit plans	10,183	30,851
Termination benefits	21,910	16,892
Total staff costs	**3,491,466**	**4,143,783**

The decrease in salaries and wages, including social payments, is due to the accrual and payment in 2018 of the premium calculated on the basis of the results achieved by Uniper SE (long-term motivation program (LTI)) and PJSC UniPro for 2018.

Note 15. Finance income and expense

Finance income	Six months ended 30 June 2019	Six months ended 30 June 2018
Interest income (deposits and loan issued)	303,902	313,730
Other interest income	63,384	65,986
Foreign exchange gain	37,274	-
Total	**404,560**	**379,716**

Finance expense	Six months ended 30 June 2019	Six months ended 30 June 2018
Effect of liability and pension obligation discounting	49,733	61,156
Interest expense	43,694	26,851
Foreign exchange loss	-	93,774
Total	**93,427**	**181,781**

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 2019 is 19.84% (for the six months of 2018 – 19.89%).

Income tax charge

	Six months ended 30 June 2019	Six months ended 30 June 2018
Current income tax charge	2,428,074	1,878,498
Deferred income tax charge	295,224	142,883
Total	**2,723,298**	**2,021,381**

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

	Six months ended 30 June 2019	Six months ended 30 June 2018
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)	11,006,133	8,182,216
Earnings per ordinary share for profit attributable to the shareholders of PJSC Unipro – basic and diluted (in Russian roubles	**0.175**	**0.130**

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 2019, the Group had contractual capital expenditure commitments with respect to property, plant and equipment totalling RUB 12,968,171 thousand (as of 31 December 2018: RUB 15,995,836 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 369,299 thousand (as of 31 December 2018: RUB 508,110 thousand) and restoration commitments of unit 3 at Berezovskaya GRES the 800 MW after the accident in February 2016 (Note 1) amounted RUB 9,930,318 thousand (as of 31 December 2018: RUB 12,952,061 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.

Sustainable Development. The Group is dedicated to sustainable development principles and undertakes the responsibility to create favorable living conditions for the population of the regions where it operates, to provide jobs and minimize damage to the environment.

In terms of corporate social responsibility, the Group is actively involved in funding social and charitable programs that deal with support to disadvantaged groups of the population, primarily children with special needs and elderly people. The Group is also involved in developing educational, cultural and sports programs.

Special attention is paid to cultural heritage restoration projects. The Group funded the main cultural event of the Universiade in Krasnoyarsk – an exhibition of works by the Great Russian artist V.I. Surikov. In addition, the unique initiative “Reviving the heritage of Russian composers” was developed. During yet another stage of the project, the works by Leonid Polovinkin, a Russian composer of the first half of the twentieth century, were restored. On 14 May 2019, a unique radio concert “The Tale of a Fairy Tale” was held at the Galina Vishnevskaya Opera Centre. The concert featured works by Leonid Alekseevich and was performed by the Orpheus Radio Symphony Orchestra under the management of Sergei Kondrashev. And in June, as part of the Golden Mask Festival in Sharypovo, the performances of the Moscow Trickster Theatre, Novosibirsk Globus and St. Petersburg Workshop were shown. The Group became the general sponsor of the event.

The Group spent RUB 52,617 thousand on these programmes for the six months ended 30 June 2019 (for the six months ended 30 June 2018: RUB 61,876 thousand).

Tax contingencies. Russian tax legislation which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged by tax authorities. Russian tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax incompliant counterparties. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year when the decision about the review was made. Under certain circumstances reviews may cover longer periods.

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.

Russian transfer pricing (TP) legislation is generally aligned with the international TP principles developed by the Organisation for Economic Cooperation and Development (OECD), although it has specific features. The TP legislation provides for the possibility of an additional tax assessment for controlled transactions (transactions between related parties and certain transactions between unrelated parties) if such transactions are not on an arm's-length basis. The Management has implemented internal controls to comply with current TP legislation.

Tax liabilities arising from controlled transactions are determined based on their actual transaction prices. It is possible, with the evolution of the interpretation of TP rules, that such prices could be challenged. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the Group's operations.

Management believes that as of 30 June 2019 its interpretation of the relevant law is appropriate and that the Group's position is sustainable as it relates to the application of tax, currency and customs legislation.

Termination of the CSA. On 20 December 2018 RUSAL Bratsk PJSC filed a lawsuit to the Commercial Court of Moscow against Unipro PJSC, the System Operator of the United Power System JSC (hereinafter - SO UPS), the Administrator of the Trading System JSC (hereinafter – ATS) and non-commercial partnership association Market Council on the termination of the capacity supply agreement concluded in respect of the Unit 3 Berezovskaya GRES, as well as demanding the return of unjust enrichment. January 22 and 23, 2019 three more organizations from RUSAL group of companies: RUSAL Sayanogorsk JSC, RUSAL Novokuznetsk JSC and RUSAL Energo LLC filed similar claims to the Commercial Court of Moscow (hereinafter referred to as the Court of the first instance). The total amount of the claims is RUB 385,854 thousand rubles.

On 17 April 2019 the Court of the first instance in case No.A40-307364/18 (RUSAL Bratsk PJSC) refused to satisfy the claim. At the same time, on 14 May 2019 and 21 May 2019 the Court of the first instance took decisions in case No. A40-12454/2019 (RUSAL Sayanogorsk JSC) and in case No.A40-13761/19 (RUSAL Novokuznetsk JSC) respectively in which it satisfied in full the claims of the plaintiffs from the RUSAL group of companies. In case No.A40-13754/2019 (RUSAL Energo LLC) the decision has not been taken yet, since the Court of the first instance adjourned the consideration of the case to 12 September 2019.

All three taken decisions on the claims of the companies from RUSAL group have been appealed in the court of appeal. Currently, an appeal is already filed by RUSAL Bratsk PJSC against the decision in case No. A40-307364/18. Unipro PJSC, for its part, has filed appeals against the decisions in cases No.A40-12454/2019 (RUSAL Sayanogorsk JSC) and No.A40-13761/19 (RUSAL Novokuznetsk JSC).

Due to the fact that the decisions of the Court of the first instance have been appealed to the court of appeal, these decisions will enter into force only after the consideration of these cases in the court of appeal. When considering appeals, the court of appeal has the right to cancel the decisions of the Court of the first instance and take new decisions.

Due to the fact that the decisions made by the Court of the first instance on the claims of the companies from the RUSAL group have not yet entered into legal force and have been appealed to the court of appeal, as well as due to the fact that the decisions made by the Court of the first instance are opposite, the provision as of 30 June 2019 for the claims made by the companies from the RUSAL group against Unipro PJSC has not been accrued.

In addition, the parties to these disputes are currently negotiating peaceful settlement of the court cases.

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.

(RUB thousand)

Note 20. Segment information

The Group's chief operating decision-maker is the General Director and Management board (hereinafter «Responsible person»), 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.

The Responsible person 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 Responsible person 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) before non-operating effects is provided to the Responsible person. Information regarding assets and liabilities of a segment base are not provided to the Responsible person.

	Six months ended 30 June 2019	**Six months ended 30 June 2018**
Earnings before interest, tax, depreciation and amortization (EBITDA) before non-operating effects for:		
5 power plants	17,568,557	14,749,425
Other segments	(1,309,976)	(1,166,305)
Total earnings before interest, tax, depreciation and amortization (EBITDA) before non-operating effects	**16,258,581**	**13,583,120**
Depreciation and amortization	(3,445,074)	(3,311,893)
Total earnings before interest and tax (EBIT) before non-operating effects	**12,813,507**	**10,271,227**

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

	Six months ended 30 June 2019	**Six months ended 30 June 2018**
Earnings before interest and tax (EBIT) before non-operating effects	**12,813,507**	**10,271,227**
Adjustment of non-operating expenses		
Impairment non-current assets	*(146,321)*	-
Expenses (less credit loss allowance)	*(1,120)*	*(7,480)*
Impairment securities	*(386)*	*(257)*
Expenses (provision of a long-term incentive for achieving the strategic goals of the Goup)	-	*(547,863)*
Profit before income tax	**12,665,680**	**9,715,627**
Adjustment of positive currency difference in EBIT	(37,291)	(93,774)
Finance income	404,560	379,716
Finance expense	(93,427)	(181,781)
Share of results of joint venture	76,651	34,376
Other adjustments	713,258	349,433
Profit before income tax	**13,729,431**	**10,203,597**

Impairment of non-current assets is reflected in the Uniper Group's consolidated financial statement as non-operating expenses according to the Uniper Group's Accounting Manual.

(RUB thousand)

Other adjustments are mainly related to the following items:

	Six months ended 30 June 2019	Six months ended 30 June 2018
Difference in depreciation of property, plant and equipment and capitalised repair costs	533,691	200,550
Difference in value of disposed property, plant and equipment	91,561	1,985
Other	88,005	146,898
Differences in amounts for the purposes of Uniper SE consolidated financial statements	**713,257**	**349,433**

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

	Six months ended 30 June 2019	Six months ended 30 June 2018
External revenue of 5 power plants	42,613,423	37,517,951
Other segments	241,845	451,609
Intersegment revenue (eliminations)	(139,283)	(373,966)
Total revenues according to the Group`s financial statements	**42,715,985**	**37,595,594**

The Group's revenues are analysed by products and services in Note 13.

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

	Six months ended 30 June 2019	Six months ended 30 June 2018
AO CFS	19,315,469	16,635,876
PAO Mosenergosbyt	2,937,978	5,507,666
Others (mainly distribution companies under 10% each)	20,462,538	15,452,052
Total revenues according to the Group`s financial statements	**42,715,985**	**37,595,594**

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

Note 21. Events subsequent to the balance sheet date

Dividends payment

On 3 July 2019 remaining part of dividends (Note3) have been paid to the depositary for further distribution to shareholders in the amount of the RUB 1,138,730 thousand.