DTEK Finance PLC

Annual Report and Consolidated Financial Statements

For the year ended 31 December 2016

Company Number: 08422508

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COMPANY INFORMATION

DIRECTORS	Maksym Timchenko Accomplish Corporate Services Ltd
COMPANY SECRETARY	Paul Cooper
INDEPENDENT AUDITORS	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH
REGISTERED OFFICE	3rd Floor 11-12 St. James's Square London United Kingdom SW1Y 4LB

STRATEGIC REPORT

The directors of DTEK Finance PLC (the "Company") present their report in order to disclose the results of the activities of the Company and its subsidiary DTEK Investments Limited (together the "Group") for the year ended 31 December 2016 and its likely future development.

Principal activities and business review

The principal activity of the Company and Group is to serve as a finance vehicle for DTEK Energy Group ("DTEK").

DTEK is a vertically integrated power generating and distribution group. Its principal activities are coal mining for further supply to its power generating facilities and finally distribution of electricity to end customers primarily in Ukraine. DTEK's coal mines, power generation plants and distribution facilities are located in the Donetsk, Dnipropetrovsk, Lugansk, Lviv, Ivano-Frankivsk, Vinnitsya, Zaporizhzhya and Kyiv regions, the City of Kyiv in Ukraine and the Rostov region of the Russian Federation. DTEK sells all electricity generated to Energorynok SE, the state-owned electricity metering and distribution pool, at prices determined based on the competitive pool model adopted by the National Electricity Regulatory Committee of Ukraine. DTEK distribution entities then repurchase electricity for supply to final customers.

In April 2016 the Company announced the Scheme of Arrangement in relation to the USD 750 million 7.875% senior Notes (bonds) due 4 April 2018 issued by DTEK Finance PLC pursuant to an indenture dated 4 April 2013 and supplemental indenture dated 30 April 2013, and the US$ 160 million 10.375% senior Notes (bonds) due 28 March 2018 issued by DTEK Finance PLC pursuant to an indenture dated 28 April 2015. The Scheme of Arrangement became effective on 26 April 2016 by the respective sanction order of the High Court of Justice of England and Wales. The Scheme provided for a moratorium which prevented the bond holders from taking enforcement action in accordance with the terms of the bonds during the standstill period. The standstill with the bond holders expired on 28 October 2016.

On 18 November 2016, the Company entered into a Lock-up agreement with a number of the Scheme Noteholders pursuant to which they agreed to support the key terms of the future restructuring, as specified therein. Under the Lock-up agreement, the Group paid in cash to Scheme Noteholders USD 13 million (UAH 351 million) of lock-up and restructuring fees, as included in 'Look-up and restructuring fee relayed to exchange the Eurobonds' in amount of USD 11 million and in 'interest expenses on Eurobonds issued' in amount of USD 2 million. On 21 December 2016, the Court issued a sanction order sanctioning the Second Scheme under which the Scheme Notes were cancelled and replaced with a single new issue of Senior PIK Toggle Notes (the "New Notes") in an aggregate principal amount of USD 1,275 million (UAH 34,289 million), calculated as follows: (1) the nominal amount of USD 894.8 million (being the aggregate nominal amount of the Scheme Notes outstanding as at the date of cancellation), plus (2) all deferred and unpaid interest of USD 70.2 million that accrued during the Standstill Period in accordance with the terms of the First Scheme, plus (3) all accrued and unpaid interest under the Scheme Notes for the period between 29 October 2016 and 29 December 2016, being USD 10.2 million, plus (4) USD 300 million, being the amount of bank debt that the Group's bank lenders elected to exchange for New Notes at par in accordance with the terms of the bank debt exchange offer authorised under the Second Scheme (the "Bank Exchange Offer"). As at 31 December 2016, USD 300 million of bank loans which are subject to exchange for New Notes are classified as bank borrowings.

Principal risks and uncertainties

The operations of DTEK are mainly in Ukraine.

The recent political and economic instability in Ukraine has continued in 2016 and has led to a deterioration of State finances, volatility of financial markets, illiquidity on capital markets, higher inflation and a depreciation of the national currency against major foreign currencies (though the devaluation of the national currency and inflation were less in 2016 when compared to 2014 and 2015). It had a significant impact on DTEK's financial performance in 2016 as further disclosed in Note 1.

Financing activity of the Company is managed centrally by DTEK's Corporate Finance department together with the Treasury department. The overall risk management policies seek to minimise the potential adverse effects on the Company's financial performance for those risks that are manageable.

The Company's activities expose it to a variety of financial risks: market risk (including price risk, currency risk and cash flow and fair value interest rate risk), credit risk and liquidity risk.

Exposure of the Company to different financial risks is disclosed in Note 20 of the consolidated financial statements.

Risk management and internal control

The Management Board of the Group (the “Board”) has overall responsibility for the Group’s system of internal control and for monitoring its effectiveness. The Board has established a continuous process for identifying, evaluating and managing the significant risks the Group faces. The Board regularly reviews the effectiveness of the Group’s internal controls, which have been in place from the start of the year to the date of approval of this report.

Financial risk management is carried out by a centralised Treasury department working closely with the operating units, under policies approved by the Supervisory Board. The Treasury department identifies, evaluates and proposes risk management techniques to minimise these exposures.

Additionally, DTEK developed a compliance function to monitor and analyse financial, reputation or legal risks connected with its business activities.

During 2016 DTEK concentrated on management following main risks:

Strategic risks:
- In a view of declining electricity demand and export markets pressure on coal prices, maintain balanced vertical integration model through optimum levels in coal mining, electricity production and third party coal sales;
- To minimise risks of economically unjustified tariffs for power generation, support implementation of the best practices for tariffs setting through cooperation with regulatory authorities, other electricity market players, public and international organisations.

Operational risks:

Loss of control over assets located on non-controlled territory. While there has been no significant damage to the Group’s assets as a result of military action, from mid-2014 volumes and activity at these assets has been negatively impacted by the situation which continues to date.

Financial risks:
- Management of payment collections by distribution companies in declining economy and tariffs growth for industry and population.

IT risks:
- To prevent errors in technological processes functioning and external interference to key operational processes, were introduced systems to prevent network intrusions (IPS), security information and event management (SIEM) and security vulnerability management system (VMS).

Compliance risk:

- The Group takes appropriate measures to mitigate any compliance risk (risk of non-compliance with laws and regulations, including but not limited to the financial reporting, health and safety related regulations).

Key performance indicators

There are no specific key performance indicators set for the Company.

Future development

The Management Board does not expect any significant changes or developments in the operations, financial position and performance of the Company in the foreseeable future. The Company follows the same development strategy as DTEK.

Environmental issues

DTEK’s activities are tightly connected with production cycles impacting the environment heavily. That is why maintaining high ecological compliance standards is a crucial point for the business development of DTEK both in Ukraine and European markets.

Social responsibility

A balance is a necessary condition for developing DTEK’s business, for increasing its competitiveness in the European energy market and for the performing of its obligations in the area of corporate social responsibility (CSR). That is why sustainable growth in economic and environment protection areas is an important part of DTEK’s strategy. DTEK systematically develops its activity in CSR, and strives to work in accordance with international CSR standards, while remaining a domestic employer and social investor, aiding the social and economic development of the regions where it operates, and not replacing the functions of the State.

DTEK supports various initiatives to protect the environment, such as the Declaration on Responsible Business Partnership, initiated by the Centre for Corporate Social Responsibility Development with the support of the Royal Norwegian Embassy in Ukraine. DTEK is also committed to the Declaration on Responsible Business Partnership to ensure compliance with environmental protection and health and safety standards in our operations with suppliers and partners. DTEK continues reporting on social corporate responsibility and sustainable growth.

Maksym Timchenko, Director	Accomplish Corporate Services Ltd, Director

Approved by the Directors on 27 April 2017

DIRECTORS' REPORT

The directors present their report and the audited consolidated financial statements of DTEK Finance Plc and its subsidiary (the "Group") for the year ended 31 December 2016.

Incorporation

DTEK Finance PLC (the "Company") is a public limited company incorporated on 27 February 2013 in England and Wales through the contribution by DTEK Energy B.V. of 100% of its equity interest. Its registered office is 3rd Floor 11-12 St. James's Square, London, United Kingdom, SW1Y 4LB.

DTEK Finance PLC owns 100% of the issued share capital of DTEK Investments Limited, a company incorporated in England and Wales. The total amount of the investment as of 31 December 2016 was US$ 287,951 thousand (31 December 2015: US$ 326,225 thousand). The decrease of the investment is due to the UAH devaluation and the conversion from functional currency to presentation currency.

DTEK Energy B.V. (the "Parent Company") is a private limited liability company incorporated in the Netherlands on 16 April 2009. The Parent Company was formed through the contribution by System Capital Management Limited (SCM ltd.) and InvestCom Services Limited of their 100% equity interest in DTEK Holding Limited, a Cyprus registered entity and predecessor to the Parent Company. On 19 September 2014 the Parent Company changed its ultimate parent company to DTEK B.V. (the "Ultimate Parent Company"). The Ultimate Parent Company and its subsidiaries ("DTEK Group") are beneficially owned by Mr. Rinat Akhmetov, through various entities commonly referred to as System Capital Management ("SCM").

The principal activity of the Company and its subsidiary (together referred to as "the Group") is to serve as a finance vehicle for DTEK Energy Group ("DTEK").

Future outlook

The DTEK Group continues the work towards restructuring under all of the remaining facilities, including the facility with VTB Capital PLC (Note 11), on the basis of binding heads of terms accepted by all of the bank lenders under the Bank Exchange Offer.

Going concern

DTEK Finance Plc and its subsidiary (the "Group") had an equity deficit of USD 34,812 thousand and the parent company had an equity deficit of US$ 680,871 thousand at 31 December 2016.

The Group's ability to continue as a going concern is highly dependent on the continued servicing of the interest payable on the loans issued to fellow subsidiaries of DTEK Energy B.V. ("DTEK") and repayment of principal on the loan on or before their due dates (and for the Company, on dividends from its subsidiary DTEK Investments Limited).

DTEK's business is concentrated in Ukraine, which continues to face ongoing political and economic uncertainty. This has led to a deterioration of state finances, volatility in the local financial market, illiquidity in capital markets, elevated inflation levels, and depreciation of the national currency against major foreign currencies. The situation has continued in 2016, albeit, to a lesser extent than in prior years.

This volatile political and economic environment has already impacted DTEK's operations, but depending on developments, there could potentially be significant future implications for the wider Ukrainian economy as well as DTEK's business.

The relationship between Ukraine and the Russian Federation remains strained. This has also contributed to the volatility in the Donbass region. Conflict in parts of Eastern Ukraine, which began in spring 2014, has not been resolved to date. An embargo on many key Ukrainian export products has been implemented by the Russian government. In response, the Ukrainian government implemented similar measures against Russian products. Furthermore, self-proclaimed authorities seized assets in the Donbass region of Ukraine in early March 2017. On 15 March 2017, management announced that they lost control over the assets in the conflict area. DTEK was forced to consider this as a theft of assets and informed the relevant Ukrainian law enforcement authorities.

The vast majority of DTEK's borrowings have financial and non-financial covenants. The majority of these borrowings have cross default clauses allowing lenders to demand repayment when covenants have been breached with respect to other loans above de-minimum amounts.

Due to the significant UAH devaluation during the period 2014 to 2016 DTEK commenced discussions with lenders on both a bi-lateral and an all-party basis. However, DTEK has not been able to finalise with all of its lenders its discussions or obtain a binding agreement to extend the terms of all of its debt as of the date of preparation of these consolidated financial statements. In December 2016 the Group's bonds were restructured. Existing all bonds with a value of US$ 910 million, due in 2018, were cancelled and replaced with new bonds with a value of value US$ 1,275 million; 50% of the new bonds are to be paid in December 2023 and the remaining 50% in December 2024.

Additionally, on 29 March 2017 a majority of DTEK's bank borrowings together with accrued but not paid interest were also restructured. DTEK continues the work on implementation of the restructuring under the all remaining facilities excluding sundry working capital loans on the basis of binding terms accepted by all of the bank lenders under the Bank Exchange Offer.

DTEK's management has prepared monthly cash flow projections for periods throughout 2017 and the first six months of 2018. Judgments with regard to future electricity prices, coal volumes and the timing of settlements with various counterparties were required for the preparation of the cash flow projections. DTEK's management has estimated that the overall cash flows are positive, indicating that there is no liquidity gap in any months, based on the important assumptions in the cash flow projections, including: electricity tariffs increasing to offset the impact of cost inflation; improvement of the payment discipline of Energorynok SE; stabilisation of the UAH; the ability of DTEK to export coal and electricity; and that lenders with whom DTEK has yet to complete debt restructuring will not demand principal repayment. DTEK's management have also included the impact of the loss of control over the operations from 15 March 2017 in the non-controlled territory and have concluded that this loss of control does not reduce cash flows to an extent that the Group will not be able to perform its payment obligations in accordance with the restructured New Notes and bank borrowings.

However, management acknowledges that, prior to restructuring of the remaining debt obligations that were subject to restructuring, there is a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

Taking into account the ongoing restructuring process of some of the facilities and based on the cash flow projections performed, the Directors of the Group consider that the application of the going concern assumption for the preparation of these consolidated financial statements is appropriate as disclosed in Note 1.

Results and dividends

The consolidated loss of DTEK Finance Plc and its subsidiary (the "Group") for the year ended 31 December 2016 amounted to US$ 34,286 thousand (for the year ended 31 December 2015: profit US$ 11,004 thousand). The directors have not recommended a dividend.

Corporate governance statement

The information on risk management and internal control is provided on page 2 of the Strategic Report.

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

Maksym Timchenko and
Accomplish Corporate Services Ltd

Independent auditors and disclosure information to them

PricewaterhouseCoopers LLP have been appointed as auditors of the Group for the financial year ended 31 December 2016.

In so far as the directors are aware:

- there is no relevant audit information of which the Group's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Maksym Timchenko, Director

Accomplish Corporate Services Ltd, Director

Approved by the Directors on 27 April 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group's and Company's financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.
The directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Maksym Timchenko, Director

Accomplish Corporate Services Ltd, Director

Approved by the Directors on 27 April 2017

Report on the financial statements

Our opinion

In our opinion, DTEK Finance PLC's group financial statements and parent company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2016 and of the group's and the parent company's loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Emphasis of matter - Group - Going concern

In forming our opinion on the group financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the group's and parent company's ability to continue as a going concern. The group is highly dependent on the continued servicing of the interest payable on the loans issued to its fellow subsidiaries of DTEK Energy B.V. ("DTEK Group companies") (and for the parent company, on dividends from its subsidiary DTEK Investments Limited) and repayment of the principal of the loans by those group companies on or before their due dates.

As a result of continuing political and economic uncertainties in Ukraine, which affect the operations of the ultimate parent company and fellow DTEK Group companies, the ability of fellow DTEK Group companies to repay the interest and principal is uncertain. In addition DTEK Group companies were negatively affected by the devaluation of the national currency of Ukraine. This resulted in a breach of certain bank covenants and thus gave a number of the Group's lenders the ability to legally require repayment of the respective debt on demand.

In December 2016 the Group's bonds were restructured. Existing bonds with a value of $910m, due in 2018, were cancelled and replaced with new bonds with a value of $1,275m; 50% of the new bonds are to be paid in December 2023 and the remaining 50% in December 2024. Furthermore, in March 2017 a majority of DTEK Group companies' bank borrowings were also restructured. The Group continues having discussions with the goal of restructuring its debt with the majority of the remaining lenders. In order for the Group as a whole to achieve its positive cash flow estimates for periods throughout 2017 and the first six months of 2018, the Group is dependent on the willingness of the remaining lenders not to demand repayment of principal, and to continue their support of the Group by postponing the payment of due interest in future periods.

These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and parent company's ability to continue as a going concern. The group financial statements do not include the adjustments that would result if the group was unable to continue as a going concern.

What we have audited

The financial statements, included within the Annual Report and Consolidated Financial Statements (the "Annual Report"), comprise:

- the consolidated and company statements of financial position as at 31 December 2016;
- the consolidated and company statements of comprehensive income for the year then ended;
- the consolidated and company statements of cash flows for the year then ended;
- the consolidated and company statements of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the group, the parent company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

I Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

II Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Timothy McAllister (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
__ April 2017

Consolidated Statement of Comprehensive Income

thousands of US$	Note	Year ended 31 December 2016	Year ended 31 December 2015
Finance income	4	91,674	94,591
Finance costs	4	(113,618)	(87,050)
Other finance income		36	-
Other income		23	-
General and administrative expense	5	(483)	(303)
Net foreign exchange (loss)/gain		(14,299)	6,731
(Loss)/Profit before income tax		**(36,667)**	**13,969**
Income tax credit/(expense)	16	2 381	(2,965)
(Loss)/Profit for the year		**(34,286)**	**11,004**
Other comprehensive (expence)/income			
Items that may be subsequently reclassified to profit or loss:			
Reclassification adjustment in relation to cash flow hedges		-	440
Foreign currency translation		(1,292)	3,690
Total other comprehensive (expense)/income		**(1,292)**	**4,130**
Total comprehensive (expense)/income for the year		**(35,578)**	**15,134**

Company Statement of Comprehensive Income

In thousands of US$	Note	Year ended 31 December 2016	Year ended 31 December 2015
Dividend income		112,896	56,006
Finance income	4	16,572	11,446
Finance costs	4	(102,071)	(76,183)
General and administrative expenses	5	(279)	(131)
Net foreign exchange loss		(117,046)	(371,946)
Loss before income tax		**(89,928)**	**(380,808)**
Income tax (credit)/expense		7	(8)
Loss for the year		**(89,921)**	**(380,816)**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Foreign currency translation		78,863	201,644
Total other comprehensive income for the year		**78,863**	**201,644**
Total comprehensive expense for the year		**(11,058)**	**(179,172)**

Consolidated Statement of Financial Position

In thousands of US$	**Note**	**31 December 2016**	**31 December 2015**
ASSETS			
Non-current assets			
Loans receivable	7	532,194	432,620
Total non-current assets		**532,194**	**432,620**
Current assets			
Loans receivable	7	471,277	540,759
Interest receivable	7	44,189	30,478
Trade and other receivables		1	13
Cash and cash equivalents	8	2,738	57
Total current assets		**518,205**	**571,307**
TOTAL ASSETS		**1,050,399**	**1,003,927**
EQUITY			
Share capital	9	78	78
Other reserves	9	(1,116)	(1,116)
Currency translation reserve		(8,407)	(7,115)
(Accumulated losses)/Retained earnings		(25,367)	8,919
TOTAL EQUITY		**(34,812)**	**766**
LIABILITIES			
Non-current liabilities			
Borrowings	11	971,116	905,509
Deferred income tax liability	16	-	2,662
Total non-current liabilities		**971,116**	**908,171**
Current liabilities			
Borrowings	11	80,837	70,011
Interest payable	11	20,993	23,663
Trade and other payables	12	12,159	1,250
Current income tax payable		106	66
Total current liabilities		**114,095**	**94,990**
TOTAL LIABILITIES		**1,085,211**	**1,003,161**
TOTAL LIABILITIES AND EQUITY		**1,050,399**	**1,003,927**

The financial statements on pages 11 to 34 were approved and signed by the Directors on 27 April 2017

Maksym Timchenko, Director

Accomplish Corporate Services Ltd, Director

Company Statement of Financial Position

In thousands of US$	Note	31 December 2016	31 December 2015
ASSETS			
Non-current assets			
Investments in subsidiaries	6	287,951	326,225
Loans receivable	7	144,800	160,000
Total non-current assets		**432,751**	**486,225**
Current assets			
Interest receivable	7	13,607	4,557
Trade and other receivables		1	13
Dividends		64,861	-
Cash and cash equivalents		372	30
Total current assets		**78,841**	**4,600**
TOTAL ASSETS		**511,592**	**490,825**
EQUITY			
Share capital	9	78	78
Currency translation reserve	9	447, 570	368,707
Accumulated losses		(1,128,519)	(1,038,598)
TOTAL EQUITY		**(680,871)**	**(669,813)**
LIABILITIES			
Non-current liabilities			
Eurobonds issued	11	971,116	901,260
Borrowings	11	-	34,249
Total non-current liabilities		**971,116**	**935,509**
Current liabilities			
Interest payable	11	3,785	18,807
Trade and other payables	12	217,562	206,315
Current income tax payable		-	7
Total current liabilities		**221,347**	**225,129**
TOTAL LIABILITIES		**1,192,463**	**1,160,638**
TOTAL LIABILITIES AND EQUITY		**511,592**	**490,825**

The financial statements on pages 11 to 34 were approved and signed by the Directors on 27 April 2017

Maksym Timchenko, Director

Accomplish Corporate Services Ltd, Director

Consolidated Statement of Changes in Equity

In thousands of US$	**Share capital**	**Other reserves**	**Currency translation reserve**	**(Accumulated losses)/ Retained earnings**	**Total equity**
At 1 January 2015	**78**	**(1,556)**	**(10,805)**	**(2,085)**	**(14,368)**
Comprehensive income					
Profit for the year	-	-	-	11,004	**11,004**
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss:					
Reclassification adjustment in relation to cash flow hedges	-	440	-	-	**440**
Foreign currency translation	**-**	**-**	3,690	-	**3,690**
Total other comprehensive income	**-**	**440**	**3,690**	**-**	**4,130**
Total comprehensive income for the year	**-**	**440**	**3,690**	**11,004**	**15,134**
At 31 December 2015	**78**	**(1,116)**	**(7,115)**	**8,919**	**766**
Comprehensive expense					
Loss for the year	-	-	-	(34,286)	**(34,286)**
Other comprehensive expense					
Items that may be subsequently reclassified to profit or loss:					
Foreign currency translation	**-**	**-**	(1,292)	-	**(1,292)**
Total other comprehensive expense	**-**	**-**	(1,292)	**-**	**(1,292)**
Total comprehensive expense for the year	**-**	**-**	**(1,292)**	**(34,286)**	**(35,578)**
At 31 December 2016	**78**	**(1,116)**	**(8,407)**	**(25,367)**	**(34,812)**

Company Statement of Changes in Equity

In thousands of US$		**Share capital**	**Currency translation reserve**	**Accumulated losses**	**Total equity**
At 1 January 2015		**78**	**167,063**	**(657,782)**	**(490,641)**
Comprehensive expense					
Loss for the year		-	-	(380,816)	**(380,816)**
Other comprehensive income					
Foreign currency translation	-	-	201,644	-	201,644
Total other comprehensive income	-	**-**	**201,644**	**-**	**201,644**
Total comprehensive expense for the year		**-**	**201,644**	**(380,816)**	**(179,172)**
At 31 December 2015		**78**	**368,707**	**(1,038,598)**	**(669,813)**
Comprehensive expense					
Loss for the year		-	-	(89,921)	**(89,921)**
Other comprehensive income					
Foreign currency translation	-	-	78,863	-	78,863
Total other comprehensive income	-	**-**	**78,863**	**-**	**78,863**
Total comprehensive expense for the year		**-**	**78,863**	**(89,921)**	**(11,058)**
At 31 December 2016		**78**	**447,570**	**(1,128,519)**	**(680,871)**

Consolidated Statement of Cash Flows

In thousands of US$	Note	Year ended 31 December 2016	Year ended 31 December 2015
Cash flows from operating activities			
(Loss)/profit before tax		**(36,667)**	**13,969**
Adjustments for:			
Interest income	4	(91,674)	(94,591)
Finance costs	4	113,582	87,050
Net foreign exchange loss/(gain)		14,299	(8,538)
Operating cash flows before working capital changes		**(460)**	**(2,110)**
Increase in trade and other receivables		(12)	(13)
(Decrease)/Increase in trade and other payables		(5,693)	897
Increase in income tax payable		291	-
Cash used in operations		**(5,874)**	**(1,226)**
Interest received		76,637	76,038
Interest paid		(11,145)	(79,570)
Income tax paid		(251)	(284)
Net cash generated from/(used in) operating activities		**59,367**	**(5,042)**
Cash flows from investing activities			
Deposits placed		-	17,650
Loans granted		(123,124)	(243,669)
Repayment of loans receivable		74,574	396,535
Net cash (used in)/generated from investing activities		**(48,550)**	**170,516**
Cash flows from financing activities			
Eurobonds issue		-	12,694
Commitment fees on Eurobonds issue paid		(3,348)	-
Borrowings received net of bank commission paid		-	77,064
Repayment of borrowings		(4,729)	(258,584)
Net cash used in financing activities		**(8,077)**	**(168,826)**
Net increase/(decrease) in cash and cash equivalents		**2,740**	**(3,352)**
Cash and cash equivalents at beginning of the year		**57**	**5,246**
Exchange losses on cash and cash equivalents		(59)	(1,837)
Cash and cash equivalents at end of the year		**2,738**	**57**

Company Statement of Cash Flows

In thousands of US$	**Note**	**Year ended 31 December 2016**	**Year ended 31 December 2015**
Cash flows from operating activities			
Loss before tax		(89,928)	(380,808)
Adjustments for:			
Dividend income		(112,896)	(56,006)
Interest income	4	(16,572)	(11,446)
Finance costs	4	102,071	76,183
Net foreign exchange loss		117,046	370,152
Operating cash flows before working capital changes		**(279)**	**(1,925)**
Increase in trade and other receivables		(12)	(13)
Decrease in trade and other payables		(5,354)	(14)
Decrease in income tax payable		(7)	-
Cash used in operations		**(5,652)**	**(1,952)**
Interest received		6,640	6,889
Interest paid		(10,504)	(68,804)
Net cash used in operating activities		**(9,516)**	**(63,867)**
Cash flows from investing activities			
Loans granted		-	(12,694)
Dividends received from subsidiary		48,034	56,006
Net cash generated from investing activities		**48,034**	**43,312**
Cash flows from financing activities			
Eurobonds issue		-	12,694
Commitment fees on Eurobonds issue paid		(3,348)	-
Repayment of borrowings		(34,729)	(54,665)
Proceeds from borrowings		-	62,914
Net cash (used in) / generated from financing activities		**(38,077)**	**20,943**
Net increase in cash and cash equivalents		**441**	**388**
Cash and cash equivalents at beginning of the year		**30**	**23**
Exchange losses on cash and cash equivalents		(99)	(381)
Cash and cash equivalents at end of the year		**372**	**30**

1 The Organisation and its Operations

General

The principal activity of the DTEK Finance Plc and its subsidiary ("the Group") is to serve as a finance vehicle for DTEK Energy Group ("DTEK").

DTEK Finance PLC is a public limited company incorporated on 27 February 2013 in England and Wales through the contribution by DTEK Energy B.V. of 100% its equity interest. Its registered office is 3rd Floor 11-12 St. James's Square, London, United Kingdom, SW1Y 4LB. The Company is limited by shares.

DTEK Finance PLC owns 100% of the issued share capital of DTEK Investments Limited (its registered and domicile office is 3rd Floor 11-12 St. James's Square, London, United Kingdom, SW1Y 4LB), a company incorporated in England and Wales. The total amount of the investment as of 31 December 2016 was US$ 287,951 thousand (31 December 2015: US$ 326,225 thousand).

Group structure

The parent company - DTEK Energy B.V. (the "Parent Company") is a private limited liability company incorporated in the Netherlands on 16 April 2009. The Parent Company was formed through the contribution by System Capital Management Limited (SCM ltd.) and InvestCom Services Limited of their 100% equity interest in DTEK Holding Limited, a Cyprus registered entity and predecessor to the Parent Company. On 19 September 2014 the Parent Company changed its ultimate parent company to DTEK B.V. (the "Ultimate Parent Company"). The Ultimate Parent Company and its subsidiaries ("DTEK Group") are beneficially owned by Mr. Rinat Akhmetov, through various entities commonly referred to as System Capital Management ("SCM").

Going concern

DTEK Finance Plc and its subsidiary (the "Group") had an equity deficit of US$ 34,812 thousand and the parent company had an equity deficit of US$ 680,871 thousand at 31 December 2016.

The Group's ability to continue as a going concern is highly dependent on the continued servicing of the interest payable on the loans issued to fellow subsidiaries of DTEK Energy B.V. ("DTEK") and repayment of principal on the loan on or before their due dates (and for the Company, on dividends from its subsidiary DTEK Investments Limited).

DTEK's business is concentrated in Ukraine, which continues to face ongoing political and economic uncertainty. This has led to a deterioration of state finances, volatility in the local financial market, illiquidity in capital markets, elevated inflation levels, and depreciation of the national currency against major foreign currencies. The situation has continued in 2016, albeit, to a lesser extent than in prior years.

This volatile political and economic environment has already impacted DTEK's operations, but depending on developments, there could potentially be significant future implications for the wider Ukrainian economy as well as DTEK's business.

The relationship between Ukraine and the Russian Federation remains strained. This has also contributed to the volatility in the Donbass region. Conflict in parts of Eastern Ukraine, which began in spring 2014, has not been resolved to date. An embargo on many key Ukrainian export products has been implemented by the Russian government. In response, the Ukrainian government implemented similar measures against Russian products. Furthermore, self-proclaimed authorities seized assets in the Donbass region of Ukraine in early March 2017. On 15 March 2017, management announced that they lost control over the assets in the conflict area. DTEK was forced to consider this as a theft of assets and informed the relevant Ukrainian law enforcement authorities.

The vast majority of DTEK's borrowings have financial and non-financial covenants. The majority of these borrowings have cross default clauses allowing lenders to demand repayment when covenants have been breached with respect to other loans above de-minimum amounts.

Due to the significant UAH devaluation during the period 2014 to 2016 DTEK commenced discussions with lenders on both a bi-lateral and an all-party basis. However, DTEK has not been able to finalise with all of its lenders its discussions or obtain a binding agreement to extend the terms of all of its debt as of the date of preparation of these consolidated financial statements. In December 2016 the Group's bonds were restructured. Existing all bonds with a value of US$ 910 million, due in 2018, were cancelled and replaced with new bonds with a value of value US$ 1,275 million; 50% of the new bonds are to be paid in December 2023 and the remaining 50% in December 2024. Additionally, on 29 March 2017 a majority of DTEK's bank borrowings together with accrued but not paid interest were also restructured. DTEK continues the work on implementation of the restructuring under the all remaining facilities excluding sundry working capital loans on the basis of binding terms accepted by all of the bank lenders under the Bank Exchange Offer.

1 The Organisation and its Operations (Continued)

DTEK's management has prepared monthly cash flow projections for periods throughout 2017 and the first six months of 2018. Judgments with regard to future electricity prices, coal volumes and the timing of settlements with various counterparties were required for the preparation of the cash flow projections. DTEK's management has estimated that the overall cash flows are positive, indicating that there is no liquidity gap in any months, based on the important assumptions in the cash flow projections, including: electricity tariffs increasing to offset the impact of cost inflation; improvement of the payment discipline of Energorynok SE; stabilisation of the UAH; the ability of DTEK to export coal and electricity; and that lenders with whom DTEK has yet to complete debt restructuring will not demand principal repayment. DTEK's management have also included the impact of the loss of control over the operations from 15 March 2017 in the non-controlled territory and have concluded that this loss of control does not reduce cash flows to an extent that the Group will not be able to perform its payment obligations in accordance with the restructured New Notes and bank borrowings.

However, management acknowledges that, prior to restructuring of the remaining debt obligations that were subject to restructuring, there is a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

Taking into account the ongoing restructuring process of some of the facilities and based on the cash flow projections performed, the Directors of the Group consider that the application of the going concern assumption for the preparation of these consolidated financial statements is appropriate.

2 Critical accounting estimates and judgments

The Group performs an analysis of risk factors, which, if any should realise, would materially and adversely affect the results and financial position of DTEK and therefore of the Group.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of income and expenses for the year. These estimates and assumptions are based on management's knowledge of the relevant facts and awareness of circumstances, having regard to prior experience.

The key accounting estimates and significant judgements relate to the evaluation of the loans granted to related parties. Management estimates the likelihood of the collection of loans receivable based on an impairment analysis on the consolidated net assets of DTEK.

DTEK is required to perform impairment tests for its cash-generating units where goodwill was recognised and for those cash-generated units where impairment indicators are identified. One of the determining factors in identifying a cash-generating unit is the ability to measure independent cash flows for that unit. For many of DTEK's identified cash-generating units a significant proportion of their output is input to another cash-generating unit.

DTEK also determines whether goodwill is impaired at least on an annual basis. This requires estimation of the value in use/ fair value less costs of disposal of the cash-generating units to which goodwill is allocated. Estimating value in use/ fair value less costs of disposal requires DTEK to make an estimate of expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

3 Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee (IFRS IC) as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS using the historical cost convention. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Segment reporting

The Company and its subsidiary operate in a single segment, and are created to serve as a finance vehicle for DTEK.

Related-party transactions

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also, entities which can control the company or under common control are considered a related party. In addition, statutory directors, other key management of DTEK Finance PLC or the Ultimate Parent Company and close relatives are regarded as related parties.

3 Accounting policies (Continued)

Notes to the cash flow statement

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement are comprised of cash and cash equivalents. Interest paid and received, dividends received and income taxes are included in cash from operating activities. Transactions not resulting in inflow or outflow of cash are not recognised in the cash flow statement. In the Statement of cash flows, proceeds from and repayment of borrowings are presented within financing activity and the loans granted to fellow DTEK Group companies are presented within investing activity. Interest associated with loans and borrowings is presented within operating activity.

Functional and presentation currency

Items included in the financial statements of the Company and its subsidiary are measured using the currency of the primary economic environment in which the respective company operates (the functional currency). The functional currency of the Group is Ukrainian Hryvnia. The Group is a treasury centre and is effectively an extension of the treasury department of the Parent Company, located in Ukraine.

The annual financial statements are presented in thousands of United States dollars ("US$"). Management has determined the US dollar as a presentation currency that provides the best appropriate presentation of the Group's financial statements for investors and other intended users of financial statements.

Transactions denominated in currencies other than the relevant functional currency are translated into the functional currency, using the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses, resulting from settlement of such transactions and from the translation of foreign currency denominated monetary assets and liabilities at year end, are recognised in the income statement. Translation at year end does not apply to non-monetary items including equity investments.

The results and financial position are translated from the functional into the presentation currency as follows:

(a) assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position;

(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting exchange differences are recognised in other comprehensive income.

The exchange rate used for the revaluation of the Statement of financial position from functional to presentation currency was 27.191 UAH/USD and 1.0453 EUR/USD as at 31 December 2016 (31 December 2015: 24.000 UAH/USD and 1.0926 EUR/USD). Average exchange rate for 2016 was 25,547 UAH/USD and 1.1069 EUR/USD (2015: 21.829 UAH/USD and 1.1089 EUR/USD).

Investments in subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The Company carries the investments in subsidiaries at cost less any impairment in its separate financial statements.

Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected cash flows. Interest gains are recognised using the effective interest method. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and deposits held at call with maturities of less than 3 months. Cash and cash equivalents are stated at face value.

Income taxes

Income taxes have been provided for in the financial statements in accordance with United Kingdom legislation enacted or substantively enacted by the reporting date. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity or other comprehensive income. In this case, the tax is also recognised directly in equity or other comprehensive income.

3 Accounting policies (Continued)

Current tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxes other than on income are recorded within operating expenses.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax liability is settled or the related deferred income tax asset is realised.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Borrowings

Borrowings comprise bank borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method.

Derivative financial instruments, including hedge accounting

The Group enters into various derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk and applies hedge accounting to such transactions.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates certain derivatives as a cash flow hedges - hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80% - 125%.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement in finance income or expense. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss.
If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective will remain separately in equity and reclassified to profit or loss in the periods when the forecast transaction occurs.

Changes in the fair value of the derivatives after the date when the hedge accounting is discontinued are recognised in the income statement in finance income or expense.

Finance income and costs

Finance income and costs comprise interest expense on borrowings, and interest income on loans receivable. All interest and other costs incurred in connection with borrowings are expensed using the effective interest rate method. Interest income is recognised as it accrues, taking into account the effective yield on the asset.

Financial guarantees

Financial guarantees are initially recognised at fair value and are subsequently measured at the higher of (a) the amount determined in accordance with IAS 37 and (b) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with IAS 18.

3 Accounting policies (Continued)

New and amended standards mandatory for the first time for the financial year beginning 1 January 2016 relevant to the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2016:

- Accounting for acquisitions of interests in joint operations – Amendments to IFRS 11;
- Investment entities: Applying the consolidation exception – Amendments to IFRS 10, IFRS 12 and IAS 28;
- Clarification of acceptable methods of depreciation and amortisation – Amendments to IAS 16 and IAS 38;
- Annual improvements to IFRSs 2012 – 2014 cycle, and
- Disclosure initiative – amendments to IAS 1.

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

New Standards and revisions to existing standards issued that are not yet effective

IFRS 15 Revenue from Contracts with Customers: In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which covers principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. Application of the standard is mandatory for annual reporting periods beginning on or after 1 January 2017 with earlier application permitted. There is no an impact of adopting this standard on the Group's consolidated financial statements.

IFRS 9 *Financial Instruments: Classification and Measurement*: In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. The mandatory effective date of IRFS 9 would be annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group currently assessing the impact of adopting IFRS 9 on our consolidated financial statements.

IFRS 16 Leases: In January 2016 International Accounting Standards Board (IASB) issued IFRS 16 Leases which sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the entity. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. There is no an impact of adopting this standard on the Group's consolidated financial statements.

4 Interest income and Finance costs

As at 31 December, interest income and finance costs of the Group were as follows:

In thousands of US$	**Year ended 31 December 2016**	**Year ended 31 December 2015**
Finance income		
Interest income on loans receivable	91,674	81,029
Change in fair value of derivative financial instruments	-	13,562
Total finance income	**91,674**	**94,591**
Finance costs		
Interest expense		
- Eurobonds issued	77,924	70,347
- bank borrowings	12,408	9,470
- loans from related parties	97	3,942
Commitment fees on Eurobonds issue	3,348	-
Bank commitment fees	-	95
Amortised cost expenses on Eurobonds issue	3,567	3,196
Unwinding of discounts on Eurobonds	5,117	-
Lock-up and restructuring fee related to exchange the Eurobonds	11,157	-
Total finance expenses	**113,618**	**87,050**
Total finance (expenses)/income, net	**(21,944)**	**7,541**

4 Interest income and Finance costs (Continued)

As at 31 December, finance costs of the Company were as follows:

In thousands of US$	Year ended 31 December 2016	Year ended 31 December 2015
Finance income		
Interest income on loans receivable	16,572	11,446
Total finance income	**16,572**	**11,446**
Interest expense		
- Eurobonds issued	77,924	70,347
- loans from related subsidiaries	958	2,640
Commitment fees on Eurobonds issue	3,348	-
Amortised cost expenses on Eurobonds issue	3,567	3,196
Unwinding of discounts on Eurobonds	5,117	-
Lock-up and restructuring fee related to exchange the Eurobonds	11,157	-
Total finance expenses	**102,071**	**76,183**
Total finance expenses, net	**(85,499)**	**(64,737)**

5 General and administrative expenses

As at 31 December 2016 general and administrative expenses of the Group were as follows:

In thousands of US$	Year ended 31 December 2016	Year ended 31 December 2015
Professional fees	300	130
Audit remuneration	132	163
Bank charges	51	10
Total	**483**	**303**

As at 31 December 2016 general and administrative expenses of the Company were as follows:

In thousands of US$	Year ended 31 December 2016	Year ended 31 December 2015
Professional fees	212	83
Audit remuneration	42	45
Bank charges	25	3
Total	**279**	**131**

During the year the Group obtained the following services from the Company's auditors:

In thousands of US$	Year ended 31 December 2016	Year ended 31 December 2015
Fees payable to the Company's auditors and its subsidiary for the audit of Company and consolidated financial statements	42	45
Fees payable to the Company's auditors and its subsidiary for other services:		
The audit of the Company's subsidiaries	42	45
Tax compliance services	-	55
Tax advisory services	48	18
Total	**132**	**163**

6 Investments in subsidiaries

The Company owns 100% of the issued share capital of DTEK Investments Limited, a company incorporated in England and Wales. As at 31 December 2016 the total amount of the investment was US$ 287,951 thousand (as at 31 December 2015: US$ 326,225 thousand).

In thousands of US$	**As at 31 December 2016**	**As at 31 December 2015**
Beginning of year	**326,225**	**496,534**
Foreign currency translation	(38,274)	(170,309)
End of year	**287,951**	**326,225**

7 Loans and interest receivable

As at 31 December, loans and interest receivable of the Group were as follows:

In thousands of US$	**31 December 2016**	**31 December 2015**
Non-current		
Loans granted to related parties	532,194	432,620
Total non-current loans receivable	**532,194**	**432,620**
Current		
Loans granted to related parties	471,277	540,759
Interest receivable	44,189	30,478
Total current loans and interest receivable	**515,466**	**571,237**

The current loan receivables are all due within one year. As at 31 December 2016 the current loans are EUR 24,141 thousand (equivalent to US$ 25,235 thousand) and the current loans are US$ 446,042 thousand issued to the companies of DTEK Group and carry interest of 9% per annum. As at 31 December 2015 the current loans were EUR 25,526 thousand (equivalent to US$ 27,889 thousand) and US$ 512,870 thousand issued to the companies of DTEK Group, carry interest ranging from 8 % to 9% per annum.

As at 31 December 2016 the non-current loans are EUR 43,937 thousand (equivalent to US$ 45,927 thousand) and US$ 486,267 thousand issued to the companies of DTEK Group and repayable in the years from 2018 to 2026 and carry interest ranging from 7% to 9% per annum. As at 31 December 2015 the non-current loans were EUR 40,335 thousand (equivalent to US$ 44,070 thousand) and US$ 388,550 thousand issued to the companies of DTEK Group and repayable between 2018 and 2026 and carrying interest ranging from 7% to 11% per annum. The principal and interest amounts are payable at any time before the cut-off date at the behest of the borrower. For some contracts the interest is repayable on a quarterly basis.

As at 31 December, loans and interest receivable of the Company were as follows:

In thousands of US$	**31 December 2016**	**31 December 2015**
Non-current		
Loans granted to related parties	144,800	160,000
Total non-current loans receivable	**144,800**	**160,000**
Current		
Interest receivable	13,607	4,557
Total current loans and interest receivable	**13,607**	**4,557**

As at 31 December 2015 the non-current loan of US$ 144,800 thousand was issued to the companies of DTEK Group and repayable by 2020, carrying interest of 11 % per annum.

8 Cash and Cash Equivalents

As at 31 December 2016 cash and cash equivalents of US$ 2,718 thousand were denominated in US dollars, US$ 11 thousand were denominated in EUR, US$ 7 thousand were denominated in GBR, US$ 2 thousand were denominated in RUB. As at 31 December 2015 cash and cash equivalents of the Group of US$ 19 thousand were denominated in US dollars, US$ 1 thousand were denominated in EUR, US$ 36 thousand were denominated in GBR, US$ 1 thousand were denominated in RUB.

As at 31 December 2016 cash and cash equivalents of the Company of US$ 370 thousand were denominated in US dollars, US$ 1 thousand were denominated in EUR, US$ 1 thousand were denominated in GBP. As at 31 December 2015 cash and cash equivalents of the Company of US$ 4 thousand were denominated in US dollars, US$ 26 thousand were denominated in GBP.

Amounts of cash and cash equivalents relate to the amounts of cash at bank accounts. As at 31 December 2016 and at 31 December 2015 no cash and cash equivalents were restricted in use.

9 Equity

The authorised share capital of the Group comprises fifty thousand ordinary shares with a nominal value of GBP 1.00 per share (US$1.55086 per share). All issued shares are fully paid. All shares rank equally and have equal voting rights.

Other reserves comprise movements on the hedging reserve in other comprehensive income as described in Note 3.

10 Derivatives

During 2013 DTEK Investments Limited concluded agreements for a swap of RUB loans with floating rate for EUR loans with fixed rate. As described in Note 3, the Group adopted hedge accounting for these transactions. The Group designated these swap agreements as cash flow hedge and in 2014 recognised a net loss of US$ 5,230 thousand in other comprehensive income that was reclassified to foreign exchange gains from borrowings in amount of US$ 3,480 thousand and finance costs in amount of US$ 21 thousand.

Starting from 1 July 2014 management decided to discontinue the hedge accounting application since it does not expect the hedge will be highly effective in the future. The cumulative loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective will remain as a separate component reclassified to profit or loss in the periods when the forecast transaction occurs. Accordingly, cash flow hedging was discontinued prospectively.

From January to July 2015 the Group recorded a decrease in the derivative liability of US$ 10,709 thousand due to the change in fair value of derivative financial instruments recognised in finance income for the amount of US$ 13,562 thousand as offset by US$ 2,853 thousand realised portion of the swap.

In July 2015 an agreement to early terminate the swap derivative was signed. As a consequence, the derivative financial instrument of US$ 35,125 thousand was offset with a related deposit for the amount of US$ 19,750 thousand. The remaining portion of liability amounting to US$ 15,375 thousand is expected to be repaid by 7 August 2018.

The derivative liability at 31 December 2016 was US$ nil (at 31 December 2015 was US$ nil).

11 Borrowings and interest accrual

As at 31 December, borrowings of the Group were as follows:

In thousands of US$	**31 December 2016**	**31 December 2015**
Non-current		
Eurobonds– nominal value	977,258	910,000
Amortised organisational fees	(6,142)	(8,740)
Loans from related parties	-	4,249
Total non-current borrowings	**971,116**	**905,509**
Current		
Bank borrowings	80,837	70,011
Interest accrual on Eurobonds	3,785	18,477
Interest accrual on bank borrowings	16,311	4,143
Interest accrual on loans from related parties	897	1,043
Total current borrowings and interest accrual	**101,830**	**93,674**

11 Borrowings and interest accrual (Continued)

As at 31 December, borrowings of the Company were as follows:

In thousands of US$	31 December 2016	31 December 2015
Non-current		
Eurobonds– nominal value	977,258	910,000
Amortised organisational fees	(6,142)	(8,740)
Loans from related parties	-	34,249
Total non-current borrowings	**971,116**	**935,509**
Current		
Interest accrual on Eurobonds	3,785	18,477
Interest accrual on loans from related parties	-	330
Total current borrowings and interest accrual	**3,785**	**18,807**

In April 2016, DTEK Finance PLC (the “Issuer”) launched a Scheme of Arrangement (the “First Scheme”) in relation to its US$ 750 million 7.875% senior Notes due 4 April 2018 issued pursuant to an indenture dated 4 April 2013 and supplemental indenture dated 30 April 2013 (the “2013 Notes”), and its US$ 160 million 10.375% senior Notes due 28 March 2018 issued pursuant to an indenture dated 28 April 2015 (the “2015 Notes” and, together with the 2013 Notes, the “Scheme Notes”). The purpose of the First Scheme was to manage the liquidity of the Group and achieve a standstill with the holders of the Scheme Notes (the “Scheme Noteholders”) in order to create a stable platform during the period in which the Group could seek to negotiate with its creditors and finalise a full-scale restructuring of its capital structure. The First Scheme became effective on 26 April 2016 upon receipt of a sanction order of the High Court of Justice of England and Wales (the “Court”). The First Scheme provided for a moratorium which prevented the Scheme Noteholders from taking enforcement action in accordance with the terms of the Scheme Notes during the standstill period, which commenced on 26 April 2016 and expired on 28 October 2016 (the “Standstill Period”).

In connection with a second Scheme of Arrangement launched by the Issuer in respect of the Scheme Notes in December 2016 (the “Second Scheme”), on 18 November 2016, the Group entered into a Lock-up agreement with a number of the Scheme Noteholders pursuant to which they agreed to support the key terms of the future restructuring, as specified therein. Under the Lock-up agreement, the Group paid in cash to Scheme Noteholders US$ 13 million (UAH 351 million) of lock-up and restructuring fees, as included in ‘Look-up and restructuring fee relayed to exchange the Eurobonds’ in amount of US$ 11 million and in ‘interest expenses on Eurobonds issued’ in amount of US$ 2 million. On 21 December 2016, the Court issued a sanction order sanctioning the Second Scheme under which the Scheme Notes were cancelled and replaced with a single new issue of Senior PIK Toggle Notes (the “New Notes”) in an aggregate principal amount of US$ 1,275 million (UAH 34,289 million), calculated as follows: (1) the nominal amount of US$ 894.8 million (being the aggregate nominal amount of the Scheme Notes outstanding as at the date of cancellation), plus (2) all deferred and unpaid interest of US$ 70.2 million that accrued during the Standstill Period in accordance with the terms of the First Scheme, plus (3) all accrued and unpaid interest under the Scheme Notes for the period between 29 October 2016 and 29 December 2016, being US$ 10.2 million, plus (4) US$ 300 million, being the amount of bank debt that the Group’s bank lenders elected to exchange for New Notes at par in accordance with the terms of the bank debt exchange offer authorised under Second Scheme (the “Bank Exchange Offer”). As at 31 December 2016, US$ 300 million of bank loans which are subject to exchange for New Notes are classified as bank borrowings.

Fifty percent of the principal amount of the New Notes outstanding on 29 December 2023 will be redeemed by the Issuer on such date. The remaining principal amount of the New Notes will be repaid on 31 December 2024. Interest is payable on the New Notes in cash or PIK from 21 December 2016 until maturity at a rate of 10.75% payable quarterly, provided that the minimum amount of such interest that must be paid in cash is: 5.5 percent per annum until the end of 2018, 6.5 percent per annum in 2019, 7.5 percent per annum in 2020, 8.5 percent per annum in 2021, 9.5 percent per annum in 2022, and 10.75 percent per annum thereafter. The effective interest rate under the new senior Notes is 11.387%. Any previous events of default under the Scheme Notes were waived under the Second Scheme.

The New Notes are secured by (i) the assignment by the Company in favour of the trustee for the New Notes (the “New Notes Trustee”) on behalf of the holders of the New Notes (the “Noteholders”) of all its rights in respect of two loans provided to the Group’s related party DTEK Oil&Gas Group, whereby the loans are due in 31 December 2023 and 31 December 2024, respectively (the “DTEK Oil&Gas Loans”); and (ii) a pledge in favour of the New Notes Trustee, on behalf of the Noteholders, over the bank account (and all amounts credited thereto from time to time) established and maintained to receive all proceeds from DTEK Oil&Gas Loans. The New Notes indenture contains specific covenants, including restrictions on the distribution of dividends (which are subject to certain restricted payment conditions, restrictions on permissible business activities, requirements for arm’s length affiliate transactions, financial disclosure requirements and a maximum permissible level of additional incurred financial indebtedness. Events of default are comprehensive and include cross-default provisions related to other debt and certain events of default under DTEK Oil&Gas Loans.

11 Borrowings and interest accrual (Continued)

The differences between the terms of the Scheme Notes and the terms of the New Notes are considered substantial by management based on a combination of qualitative and quantitative factors, including the new conversion element of up to US$ 300 million of bank loans to New Notes, providing of security over the receivables under DTEK Oil&Gas Loans, and the changes in the covenants and in the repayment schedule. Consequently, the transaction was accounted as an extinguishment of the Scheme Notes and the recognition of the New Notes.

In September 2013 the Group entered into a credit line agreement with VTB Capital PLC for the total amount RUB 5.4 billion, RUB 4 billion of which was drawn down at 31 December 2016 (US$ 66,356 thousand). The availability of the undrawn facility expired in 2014. The loan is unsecured and carries interest charged at MOSPRIME rate plus 4.5% payable on a quarterly basis. The loan agreement contains specific covenants, including restrictions on permissible business activities, financial disclosure requirements and maximum permissible level of leverage. Events of default among others include cross-default to other DTEK debt.

At 31 December 2015 the bank borrowings include US$ 15,375 thousand, which was reclassified from the derivative financial instrument in July 2015. The loan is unsecured and carries interest charged at Euribor rate plus 8% payable on a quarterly basis.

The Group have performed an assessment of DTEK's compliance with certain financial covenants and have noted noncompliance with certain covenants. When financial covenants are calculated in UAH terms DTEK breached (as a result of the remeasurement of borrowings using the year end exchange rate) certain financial covenants on a number of loans related to the ratio of indebtedness to EBITDA. Additionally, covenants in relation to tangible net worth for some loans were also breached. Furthermore, as a consequence of these loan covenant breaches, some other loan covenants were also breached. As a consequence, at 31 December 2015 borrowings of US$ 70,011 thousand were reclassified from non-current to current liabilities.

As at 15 December 2016 the loan was transferred from VTB Capital PLC to Eastal Holdings Ltd and at 31 December 2016 amount of this borrowing was US$ 14,472 thousand.

In 2016 the Group's loans from related parties were paid and at 31 December 2016 were nil. As at 31 December 2015 the Group's loans from related parties are unsecured, repayable by 2025 and carry interest of 7.875%.

In 2016 the Company's loans from related parties were paid and at 31 December 2016 were nil. As at 31 December 2015 the Company's loans from subsidiaries are unsecured, repayable by 2018 and carry interest of 8%.

12 Trade and other payables

As at 31 December, trade and other payables of the Group were as follows:

In thousands of US$	**31 December 2016**	**31 December 2015**
Accrued costs related to Eurobonds issue	11,239	257
Other payables to related parties	583	927
Other payables	337	66
Total	12,159	1,250

As at 31 December, trade and other payables of the Company were as follows:

In thousands of US$	**31 December 2016**	**31 December 2015**
Payables for financial investments	206,025	206,025
Accrued costs related to Eurobonds issue	11,239	-
Other payables	298	290
Total	**217,562**	**206,315**

13 Management of Capital

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return on capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of gearing ratio. This ratio is calculated as net liabilities divided by total capital under management. Net debt is calculated as total borrowings (current and long-term as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital under management equals equity as shown in the consolidated statement of financial position.

13 Management of Capital (Continued)

DTEK has yet to determine its optimum gearing ratio. As at 31 December 2016 approximately 50% of debt is classified as current due to the terms of stand-still agreement with bank lenders and DTEK is actively pursuing mechanisms to extend the credit terms to match its long-term investment strategy.

As at 31 December 2016 the total net debt and total equity of the Group were US$ 1,070,208 thousand and US$ (34,812) thousand respectively (31 December 2015: US$ 999,126 thousand and US$ 766 thousand), the net debt to equity ratio was (3,074) % (31 December 2015: 130,434%).

14 Related party transactions

At 31 December 2016 the outstanding balances, income and expense items with related parties of the Group were as follows:

In thousands of US$	**2016**	**2015**
Interest income (Note 4)	91,674	81,029
Interest expense (Note 4)	97	3,942
Loans granted and interest accrued (Note 7)	1,047,660	1,003,857
Loans received and interest accrued (Note 11)	897	5,292
Trade and other payables (Note 12)	583	927

At 31 December 2016 the outstanding balances, income and expense items with related parties of the Company were as follows:

In thousands of US$	**2016**	**2015**
Interest income (Note 4)	16,572	11,446
Interest expense (Note 4)	958	2,640
Loans granted and interest accrued (Note 7)	158,407	164,557
Loans received and interest accrued (Note 11)	-	34,579
Trade and other payables (Note 12)	206,025	206,025

15 Ultimate controlling parties

DTEK Energy B.V., a company registered in the Netherlands, is the immediate parent company and DTEK B.V., a company registered in the Netherlands, is the ultimate parent company, which is beneficially owned by Mr. Rinat Akhmetov. DTEK Energy B.V. is the parent undertaking of the largest and the smallest group of undertakings to consolidate these financial statements.

16 Income tax (credit)/expense

In thousands of US$	**Year ended 31 December 2016**	**Year ended 31 December 2015**
Current income tax expense	281	303
Deferred income tax (credit)/expense	(2,662)	2,662
Income tax (credit)/expense	**(2,381)**	**2,965**

The following table reconciles the expected income tax at the statutory income tax rate to the amounts recognised in the Consolidated Statement of Comprehensive Income:

In thousands of US$	**31 December 2016**	**31 December 2015**
(Loss)/Profit before income taxes	(36,667)	13,969
Income tax rate	20%	20.25%
Income tax at statutory rates	(7,333)	2,828
Tax effect of:		
- items not deductible or assessable for taxation purposes	4,952	307
- Adjustments in respect of prior periods	-	(170)
Income tax	(2,381)	2,965

There was a change in the UK main corporation tax rate from 21% to 20%, effective from 1 April 2015. Further changes in the UK tax rates were substantively enacted. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred tax balances at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

16 Income tax (credit)/expense (Continued)

The Group manages its tax affairs under Advanced Pricing Agreement signed with HMRC (APA). The APA stipulates the interest spread between the loans given and loans received of 11-15 bps.

The deferred income tax liability of US$ 2,662 thousand reflected in the Statement of Financial Position as of 31 December 2015 and written-off 31 December 2016 is attributable to the following items:

In thousands of US$	**1 January 2015**	**Charged to Income tax expense**	**31 December 2015**
Tax effect of deductible temporary differences			
Derivative liability (Note 10)	-	2,662	**2,662**
Recognised deferred tax liability	**-**	**2,662**	**2,662**

In thousands of US$	**1 January 2016**	**Charged to Income tax expense**	**31 December 2016**
Tax effect of deductible temporary differences			
Derivative liability (Note 10)	**2,662**	(2,662)	**-**
Recognised deferred tax liability	**2,662**	**(2,662)**	**-**

17 Personnel

The Company and its subsidiary have no employees (2015: nil).

18 Directors' remuneration

During 2016, the remuneration of the directors was US$ 4 thousand represented by short-term employee benefits (2015: US$ 6 thousand). Mr Timchenko provides management services to both the ultimate parent and DTEK Finance Plc. The remuneration of Mr Timchenko is paid by other Group companies and it is not possible to make an accurate apportionment of his remuneration in respect of each of the companies. Accordingly, the above details include no remuneration in respect of Mr Timchenko. His total remuneration is included in the aggregate of directors' remuneration disclosed in the financial statements of the ultimate parent company.

19 Contingent liabilities

The Company together with other subsidiaries of DTEK Group have given guarantees in respect of the bank borrowings and available credit limits of fellow subsidiaries and affiliates, which amounted to EUR 412,656 thousand, US$ 339,442 thousand and UAH 707,150 thousand at 31 December 2016 (at 31 December 2015: EUR 620,566 thousand, US$ 36,744 thousand, RUB 17,184,581 thousand and UAH 571,399 thousand). The actual borrowings, including interest due, of fellow subsidiaries amounted to US$ 796,797 thousand at 31 December 2016 (at 31 December 2015: US$ 973,953 thousand).

Covenants. The New Notes indenture and the loan agreements with respect to bank borrowings contain specific covenants. As at 31 December 2016 DTEK was in compliance with the covenants for the New Notes, but not for bank borrowings. Following the signing of the Override Agreement DTEK is in compliance with the covenants relating to this debt. Covenants on the remaining unrestructured bank borrowings remain not in compliance.

Events of default are comprehensive and include cross-default to other debt of DTEK. However, the cross-default clauses in the New Notes and the debt covered by the Override Agreement excludes existing cross default in relation to the remaining unrestructured bank borrowings.

As at 31 December 2015, DTEK was in breach (as a result of the remeasurement of borrowings using the year end exchange rate) of certain financial covenants on a number of loans related to the ratio of indebtedness to EBITDA. Additionally, covenants as at 31 December 2015 in relation to tangible net worth for some loans were also breached. As a consequence of these loan covenant breaches, some other loans covenants were also breached. Throughout 2016, DTEK continued to be in breach of bank financial covenants and therefore all bank borrowings are classified as current.

20 Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including price risk, currency risk and cash flow and fair value interest rate risk), credit risk and liquidity risk.

Risk management is carried out by a centralised treasury department of DTEK Group working closely with the operating units, under policies approved by the supervisory board. The DTEK Group Treasury department identifies, evaluates and proposes risk management techniques to minimise these exposures.

20 Financial risk management (Continued)

Credit risk. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date.

The maximum consolidated exposure of credit risk is shown in the table below:

In thousands of US$	**31 December 2016**	**31 December 2015**
Loans receivable (Note 7)	1,003,471	973,379
Interest receivable (Note 7)	44,189	30,478
Cash and cash equivalents (Note 8)	2,738	57
Total	**1,050,398**	**1,003,914**

All the loans receivable are neither past due nor impaired.

As at 31 December 2016 cash and cash equivalents of US$ 2,733 thousand were placed in banks rated by Moody's Investors Service as A3, of US$ 5 thousand were placed in banks rated by Moody's Investors Service as Caa2.

Market risk. The Group takes on exposure to market risks. Market risks arise from open positions in (a) foreign currencies, (b) interest bearing assets and liabilities and (c) equity investments, all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Currency risk. The Group functional currency is Ukrainian Hryvnia and accordingly its exposure to foreign currency risk is determined mainly by borrowings, gross settled derivative financial instruments, cash balances and deposits, which are denominated in or linked to US$, EUR and RUB. Increasing domestic uncertainty, led to volatility in the currency exchange market and resulted in significant downward pressure on the Ukrainian Hryvnia relative to major foreign currencies.

The following table presents sensitivities of profit or loss and equity before tax to reasonably possible changes in exchange rates applied at the balance sheet date relative to the functional currency.

The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the Group.

	At 31 December 2016		**At 31 December 2015**	
In thousands of US$	**Impact on profit or loss**	**Impact on equity**	**Impact on profit or loss**	**Impact on equity**
US$ strengthening by 50% (2015: 50%)	(8,649)	(8,649)	277	277
US$ weakening by 50% (2015: 50%)	8,649	8,649	(277)	(277)
Euro strengthening by 50% (2015: 50%)	(125)	(125)	31,373	31,373
Euro weakening by 50% (2015: 50%)	125	125	(31,373)	(31,373)
RUB strengthening by 50% (2015: 50%)	(39,629)	(39,629)	(29,208)	(29,208)
RUB weakening by 50% (2015: 50%)	39,629	39,629	29,208	29,208
GBP strengthening by 50% (2015: 50%)	(146)	(146)	-	-
GBP weakening by 50% (2015: 50%)	146	146	-	-

The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the Company.

	At 31 December 2016		**At 31 December 2015**	
In thousands of US$	**Impact on profit or loss**	**Impact on equity**	**Impact on profit or loss**	**Impact on equity**
US$ strengthening by 50% (2015: 50%)	(369,771)	(369,771)	(231,671)	(231,671)
US$ weakening by 50% (2015: 50%)	369,771	369,771	231,671	231,671
GBP strengthening by 50% (2015: 50%)	(20)	(20)	-	-
GBP weakening by 50% (2015: 50%)	20	20	-	-

Interest rate risk. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable interest rates expose the Group to interest rate risk. Borrowings at fixed rate expose the Group to fair value interest rate risk.

The Group's exposure to fixed or variable rates is determined at the time of issuing new debt. Management uses its judgment to decide whether fixed or variable rate would be more favorable to the Group over the expected period until maturity. The risk of increase in market interest rates is monitored by DTEK Corporate Finance Department together with the Treasury Department. The Corporate Finance Department is responsible for planning the financing structure (levels of leverage) and borrowing activities. The key objectives to financing is a reduction of borrowing costs, matching the currency of borrowings with the currency of proceeds from operating activities, and agreeing the maturity profile of borrowings with liquidity needs.

20 Financial risk management (Continued)

The maturity dates and interest rates of financial instruments are disclosed in Note 11. Re-pricing for fixed rate financial instruments occurs at maturity of fixed rate financial instruments. Re-pricing of floating rate financial instruments occurs continually.

At 31 December 2016, if interest rates on EUR and RUB denominated borrowings had been 200 basis points higher (2015: 200 basis points higher) with all other variables held constant, post-tax loss for the year would have been US$ 1,618 million higher (2015: US$ 1,110 million higher).

Liquidity risk. Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding to meet existing obligations as they fall due.
The following table analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are undiscounted cash flows.

The maturity analysis of financial liabilities of the Group at 31 December 2016 is as follows:

In thousands of US$	**Up to 6 months**	**6 -12 months**	**1 - 2 years**	**2 - 5 years**	**Over 5 years**	**Total**
Liabilities						
Eurobonds	25,606	35,972	165,787	237,043	2,009,977	2,474,385
Bank borrowings	40,056	47,556	-	-	-	87,612
Loans from related parties	-	897	-	-	-	897
Trade and other payables (Note 12)	11,574	585	-	-	-	12,159
Total future payments, including future principal and interest payments	**77,236**	**85,010**	**165,787**	**237,043**	**2,009,977**	**2,575,053**

The maturity analysis of financial liabilities of the Group at 31 December 2015 is as follows:

In thousands of US$	**Up to 6 months**	**6 -12 months**	**1 - 2 years**	**2 - 5 years**	**Over 5 years**	**Total**
Liabilities						
Eurobonds	37,074	35,831	143,787	854,624	-	1,071,316
Bank borrowings	-	77,806	-	-	-	77,806
Loans from related parties	-	917	-	-	7,661	8,578
Trade and other payables (Note 12)	409	841	-	-	-	1,250
Total future payments, including future principal and interest payments	**37,483**	**115,395**	**143,787**	**854,624**	**7,661**	**1,158,950**

The maturity analysis of financial liabilities of the Company at 31 December 2016 is as follows:

In thousands of US$	**Up to 6 months**	**6 -12 months**	**1 - 2 years**	**2 - 5 years**	**Over 5 years**	**Total**
Liabilities						
Eurobonds	25,606	35,972	165,787	237,043	2,009,977	2,474,385
Loans from subsidiaries	-	-	-	-	-	-
Trade and other payables (Note 12)	11,537	206,025	-	-	-	217,562
Total future payments, including future principal and interest payments	**37,143**	**241,997**	**165,787**	**237,043**	**2,009,977**	**2,691,947**

The maturity analysis of financial liabilities of the Company at 31 December 2015 is as follows:

In thousands of US$	**Up to 6 months**	**6 -12 months**	**1 - 2 years**	**2 - 5 years**	**Over 5 years**	**Total**
Liabilities						
Eurobonds	37,074	35,831	143,787	854,624	-	1,071,316
Loans from subsidiaries	-	-	-	35,694	7,661	43,355
Trade and other payables (Note 12)	290	206,025	-	-	-	206,315
Total future payments, including future principal and interest payments	**37,364**	**241,856**	**143,787**	**890,318**	**7,661**	**1,320,986**

21 Fair value of Financial Instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by an active quoted market price.

The estimated fair values of financial instruments have been determined by the Group using available market information, where it exists, and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to determine the estimated fair value. Management has used all available market information in estimating the fair value of financial instruments.

Financial instruments carried at fair value. Fair values were determined based on quoted market prices or third party valuations using discounted cash flows techniques.

Financial assets carried at amortised cost. The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows, expected to be received, discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on credit risk of the counterparty.

Liabilities carried at amortised cost. Fair values of other liabilities were determined using valuation techniques. The estimated fair value of fixed interest rate instruments with stated maturity was estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity. The fair value of liabilities repayable on demand or after a notice period is estimated as the amount payable on demand, discounted from the first date that the amount could be required to be paid. The estimated fair values of the financial liabilities are summarised in the table below. Carrying amounts of trade and other payables approximate fair values.

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs).

Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

(a) Assets and liabilities not measured at fair value but for which fair value is disclosed

Fair values analysed by level in the fair value hierarchy of assets and liabilities of the Group not measured at fair value are as follows:

	31 December 2016			31 December 2015		
In thousands of US$	**Level 1**	**Level 2**	**Carrying value**	**Level 1**	**Level 2**	**Carrying value**
Financial assets						
Loans and interest receivable (Note 7)	-	676,626	1,047,660	-	668,770	1,003,857
TOTAL ASSETS	**-**	**676,626**	**1,047,660**	**-**	**668,770**	**1,003,857**
Financial liabilities						
Eurobonds (Note 11)	906,047	-	971,116	396,100	-	901,071
Borrowings and interest accrual (Note 11)	-	101,830	101,830	-	98,430	98,430
TOTAL LIABILITIES	**906,047**	**101,830**	**1,072,946**	**396,100**	**98,430**	**999,501**

Fair values analysed by level in the fair value hierarchy of assets and liabilities of the Company not measured at fair value are as follows:

	31 December 2016			31 December 2015		
In thousands of US$	**Level 1**	**Level 2**	**Carrying value**	**Level 1**	**Level 2**	**Carrying value**
Financial assets						
Loans and interest receivable (Note 7)	-	91,579	158,407	-	72,801	164,557
TOTAL ASSETS	**-**	**91,579**	**158,407**	**-**	**72,801**	**164,557**
Financial liabilities						
Eurobonds (Note 11)	906,047	-	971,116	396,100	-	901,071
Borrowings and interest accrual (Note 11)	-	3,785	3,785	-	53,601	53,601
TOTAL LIABILITIES	**906,047**	**3,785**	**974,901**	**396,100**	**53,601**	**954,672**

21 Fair value of Financial Instruments (Continued)

The description of valuation technique used in the fair value measurement for level 2 measurements:

	Fair value level 2		
In thousands of US$	**2016**	**2015**	**Valuation technique**
Financial assets			
Loans and interest receivable (Note 7)	676,626	668,770	Current cost accounting adjusted
Total assets	**676,626**	**668,770**	
Financial liabilities			
Borrowings and interest accrual (Note 11)	101,830	98,430	Current cost accounting
Total liabilities	**101,830**	**98,430**	

Subsequent events

The developments after the balance sheet date which are related to the operating environment and the debt restructuring are disclosed in the Notes 1 and 11.